27. Contingent liabilities

The Group had contingent liabilities at 30 June 2013 in respect of guarantees. Bank guarantees have been given by Kingsgate's controlled entities to participating banks in the syndicated loan facility and corporate loan facility as described in Note 16 as part of the security package. These guarantees may give rise to liabilities in the parent entity if the controlled entities do not meet their obligations under the terms of the loans subject to guarantees. No material losses are anticipated in respect of the above contingent liabilities.

Included in non-current other asset is $1,838,000 relating to restricted cash deposits against bank guarantees supporting the rehabilitation bond requirements against the Group's mining operations.

28. Financial risk management and instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk, fair value risk, and interest rate risk), credit risk and liquidity risk.

At this point, the Directors believe that it is in the interest of shareholders to expose the Group to foreign currency risk, price risk and interest rate risk. Therefore, the Group does not employ any derivative hedging of foreign currency or interest rate risks though has entered into forward gold sale contracts to manage Australian gold price risk in respect of the forecast production from the Challenger Mine (refer "commodity price risk" section below). The Directors and management monitor these risks, in particular market forecasts of future movements in foreign currency and prices movements and if it is to be believed to be in the interests of shareholders will implement risk management strategies to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the senior executive team. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group holds the following financial instruments:

	2013 $'000	2012 $'000
Financial assets		
Cash and cash equivalents	**32,987**	90,623
Receivables	**9,431**	12,226
Restricted cash	**5,474**	-
Available-for-sale financial assets	**767**	1,751
Other financial assets	**7,808**	4,670
Total financial assets	**56,467**	109,270
Financial liabilities		
Payables	**(47,106)**	(49,278)
Borrowings	**(202,565)**	(157,544)
Derivatives held for trading	**(1,271)**	(2,685)
Total financial liabilities	**(250,942)**	(209,507)

(a) Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar and Thai Baht and as discussed earlier, no financial instruments are employed to mitigate the exposed risks. This is the Group's current policy and it is reviewed regularly including forecast movements in these currencies by management and the Board.

Current year foreign exchange risks arise primarily from:

- the sale of gold, which is in US dollars;
- payables denominated in US dollars; and
- cash balances in US dollars.

The functional currency of the Thai subsidiaries is Thai Baht.

continued