



Herald Sun
Wednesday 23/7/2008
Page: 32
Section: Business News
Region: Melbourne Circulation: 535,000
Type: Capital City Daily
Size: 95.92 sq.cms.
Published: MTWTFS-

Brief: KINGSGATE

Kingsgate becoming a target

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GOLDMINER Kingsgate Consolidated is set to become an acquisition target after securing key mining leases in Thailand, according to its managing director.

Kingsgate yesterday received approval from the Thai Government to expand its operating Chatree gold mine in central Thailand, with exploration drilling to begin on the new leases at Chatree North in the next few weeks.

Managing director Gavin Thomas said the Chatree North project was expected to contain enough gold ore to extend the life of the neighbouring Chatree mine.

Mr Thomas said the existing mine was "down to its last month or so" but now that its continuation was more likely, he would "not be surprised if someone was running the ruler over Kingsgate".

"We were down to remnant mining and needed this (lease approval) to continue," he said.

Kingsgate shares jumped 28.78 per cent, or \$1.35, to \$6.04 — giving it a value of \$559.79 million.

Mr Thomas said the company was not in takeover talks with any party and did not know of any potential suitors.

"But we're talking months away from anyone being serious," he added. "We're not for sale at these (current share) prices. It's got a long way to go."

But potential suitors could be interested in Chatree because there are "very, very few really good gold assets out there", Mr Thomas said.

"You can't have the production and exploration potential Kingsgate has and not be attractive," he said.

"All large (gold) companies today are finding it difficult to find low-cost production.

"They certainly need large, new gold deposits. They want to pay a fair price for what's there and they want the exploration growth upside, just as I do."

- AAP