



Thais grant Kingsgate reprieve on ore leases

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Mining

GOLD miner Kingsgate Consolidated has been given an 11th-hour go-ahead by the Thai Government to expand its Chatree operations.

The announcement, which was flagged last week when Kingsgate shares went into a trading halt, sent the Sydney miner's stock surging 29 per cent to a two-year-high close of \$6.04.

If the approvals, which let Kingsgate mine higher-quality ore nearby, had not been granted by the end of this month, the mine would have had to go into care and maintenance, Merrill Lynch analysts said.

The leases would enable the extension of the A pit at Chatree North and the opening of new pits nearby, allowing for a "major increase in the grade of gold mined and the life of the mine", Kingsgate said.

The shares had fallen almost 20 per cent from around \$5.70 in the past two months as the deadline to gain approval ap-

proached.

Thai Deputy Prime Minister Khun Suwit Khunkitti approved the mining leases at Chatree North, Kingsgate said yesterday.

"It's a landmark day," Kingsgate chief executive Gavin Thomas said. He thought rerating of the stock would occur shortly and extra cash become available to expand the company.

Mr Thomas said Kingsgate had met a full-year production target of between 60,000 and 80,000 ounces of gold and would announce full-year production at the mid to high end of that range in its quarterly report later this month.

The company was still aiming to produce between 100,000 and 140,000 ounces of gold this year, he said.

The planned expansion, which Mr Thomas said was yet to be fully costed, was designed to more than double mining capacity to about 5 million tonnes a year by the end of the next financial year, up from a current rate of about 2.4 million tonnes a year.

The latest Kingsgate presentation slides, from May, said the company was planning to hit a rate of about 300,000 ounces a year by the end of 2009-10.

But Mr Thomas said the initial average grade would be about 2 grams of gold per tonne of ore, indicating output closer to 250,000 ounces. He said he would now set about finalising costs with contractor Ausenco.

Mining on the new leases is set to start in the next few weeks, during which time a bigger, new mining fleet will be brought from Bangkok, where it is currently in storage.

"The grant of the new mining leases will return the company to its former position as a profitable, low-cost gold producer with considerable upside potential," chairman Ross Smyth-Kirk said.

The Chatree mine is in central Thailand, about 280km north of Bangkok.

Kingsgate said its exploration program would now restart, focusing on drilling on known extensions to current orebodies within the new leases.



Go-ahead: Kingsgate will now be able to mine higher-quality ore and open more pits