



Miner gears up for Thai bonanza

■ MINING

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LOYAL investors in Kingsgate Consolidated were rewarded handsomely yesterday when the Australia goldminer was granted the long-delayed mining leases to its Chatree North deposit in Thailand.

Kingsgate shares exited a trading halt to surge \$1.35, or 29 per cent, to \$6.04, its highest price in more than two years.

"This is a landmark day," said Kingsgate's chief executive, Gavin Thomas. The company has been waiting for the leases to be granted since before Thailand's September 2006 coup.

It would have been forced to close its operations within a month or two if it had not received the approvals from the deputy prime minister of Thailand, Suwit Khunkitti.

Kingsgate had been processing low-grade ore from its original Chatree operation for nearly two years while waiting for the leases

to be approved.

The Sydney company yesterday started mobilising a new fleet of mining equipment, including Caterpillar trucks, from a storage site in Bangkok.

Mr Thomas said Kingsgate expected to produce 100,000 to 140,000 ounces of gold this year, rising to 300,000 next year once the company completed an expansion of its processing plant.

It has already ordered long lead-time items for the expansion and hopes to fund much of it through its own cash flows. Its production costs should fall from the \$US404-an-ounce cash costs in the March quarter as it mines higher grades at Chatree North.

Kingsgate has 1.6 million ounces of reserves and 3.4 million ounces of resources at Chatree North and is completely unhedged.

Mr Thomas said there was the potential to find similar deposits

in the district once Kingsgate restarted its dormant exploration program. "It is a cracker of a region," he said.

An analyst for Wilson HTM, Keith Williams, said yesterday's breakthrough should result in the return of some of the institutional investors that had deserted Kingsgate during the long period of uncertainty about its future.

He said Kingsgate was also an attractive takeover target for Oxiana or the world's big gold companies due to its ability to produce at least 300,000 ounces a year at a favourable cash cost.

"The company has effectively secured its future," Mr Williams said, noting he had a \$8.13 price target on the stock.

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