

Kingsgate Consolidated Limited: Chairman Address to 2010 Annual General Meeting

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Sydney, Australia (ABN Newswire) - Kingsgate Consolidated Limited (ASX: KCN) (PINK: KSKGF) is pleased to release Chairman's Address for the 2010 Annual General Meeting.

The year to 30th June, 2010 was the most successful year for your company since we commenced production nearly 9 years ago, producing a record profit and delivering the highest dividend yet distributed. Added to this Kingsgate was the third best performing stock in the ASX 200 for the 10 years to December, 2009.

The first full year of production from the North Chatree leases fortuitously coinciding with the strong rise in the gold price to new highs were the enabling factors in this result, but the continued rise in the gold price since year end and ongoing exploration success inside the mining leases has resulted in a substantial upgrade to the long term future of the Chatree mine.

Reserves now stand at 1.9 million ounces and resources at 4.3 million ounces of gold and these are expected to continue to grow over coming years. Our current pits are designed based on a gold price of \$US950 per ounce and, as explained in our September Quarterly Report, if current gold prices were to hold for a further year or so and without any further drilling, pits based on a \$US1,250 per ounce gold price would increase tonnage by over 45% and reserves by over 25%. Clearly if this scenario was to hold consideration will need to be given over the next couple of years to both revisiting the size of the production plant going forward as well as the overall method of mining, i.e. whether we should look at bulk mining in the future as opposed to the current more selective operation. Over the next year or so we expect to have gained a more detailed assessment of the potential for underground operations, which is likely in a number of areas in the mining leases.

The current plant expansion was given the go ahead during the year following the granting of Thai Board of Investment incentives. Construction is on schedule for completion by the end of June 2011 with the plant hoped to be up and running at close to full capacity of 5 million tonnes per annum by the end of the September quarter next year. Production levels will naturally rise but the full production from the plant for the 2011-2012 fiscal year is dependent on the timing of the startup as well as the overall grade for the year.

Over the past 5 years or so we have expounded the philosophy of the need to expand from our Thai base. Whilst we have at Chatree a major world resource, the safest gold mine in the world and reason to believe that our extensive regional exploration targets will produce further projects, there is little doubt that the fact of us being a one project company and the perceived geopolitical risk in some investors' minds relating to Thailand, has impacted on the upside potential of your company.

Now that we are successfully mining the North Chatree leases, expanding our resources and expanding our gold production to 200,000 ounces a year, we have a firm base from which to build a significant gold mining company. Coupled with this, the recent takeover of Lihir by Newcrest has created a world ranked mining company, but in so doing has left a void in the ranks of Australian listed gold producers. Kingsgate is already now the second largest listed Australian gold producer by capitalisation and we have signalled our intention to build the company and in so doing help fill that void.

Our first move was announced recently when we made an agreed bid for listed Australian gold producer Dominion Mining Ltd. Dominion has an operating mine - the underground Challenger Mine in South Australia which should produce over 100,000 ounces of gold this year - plus an extensive exploration portfolio in Australia and Laos.

This will have the effect of not only increasing the reserves and resources and the production profile of the company but add significantly to profitability as Challenger is expected to return to strong profits after a couple of tough years.

We have since made a recommended takeover bid for Laguna Resources NL which has a silver/gold deposit in Chile, which, being a low sulphidation epithermal deposit, has many of the characteristics of Chatree. The

combination of our expertise in these types of deposit with the current management of Laguna is expected to provide a beachhead for further expansion in South America.

We continue to look at a number of other projects that could be added to our portfolio over coming years. To satisfy your Board's criteria any future investment would need to not only increase production but be highly profitable as well. In the meantime these two takeovers will take another 2 to 3 months to put to bed and the unfortunate consequence of which is that our shares will be at the mercy of arbitragers and market manipulators.

On a broader front there has been much comment of late on the need for business leaders to be heard on important subjects, Unfortunately the climate change caravan has reared its ugly head again this time based on two false premises. The first espousing the inevitability of a price on carbon (the expression of which is, of course, intended to be self-fulfilling) and the second that business needs certainty. As always in these cases the first casualties are the truth aligned with the misuse of statistics. At the moment the portents are not looking good what with a government still unwilling to acknowledge the severe and lasting damage it did to Australia's international investment reputation with its ham-fisted and ill-fated attempt at a mining tax earlier in the year.

With the outlook for the world economy and more particularly that of the US and Europe taking longer to show real signs of improvement, despite short term variations the gold price would look to have more upside potential than downside. Therefore with a projected production of 120,000 to 130,000 ounces for this year, and with the hopeful addition of Dominion's production, your company is looking forward to another very good year.

The achievements of your company over the past few years have only been made because of a classic combination of persistence and perseverance of all involved. We have been fortunate to have a dedicated workforce on the ground, a committed and effective management team ably led at the mine by Phil MacIntyre and at head office by Gavin Thomas, and a strong Board. I would like to thank all of them for their contributions. I would also like to welcome the new members to the management team and hopefully those from our new acquisitions - Dominion and Laguna.

There will undoubtedly be new challenges over the years ahead as we embark on the next step towards creating a new mid-tier Australian gold mining house. I consider the combined group will be well equipped to meet any new challenges.

ROSS SMYTH-KIRK
Chairman

About Kingsgate Consolidated Limited:

[Kingsgate Consolidated Limited](#) (ASX:KCN) is a low cost gold producer and a highly successful gold mining and exploration company, traded on the Australian Stock Exchange. The company owns and operates the Chatree gold mine in central Thailand through its Thai subsidiary, Akara Mining Limited, using world's best practice for safe, environmental and socially responsible operations.

A growing reserve/resource position within granted mining leases lies in a gold province which exhibits world class potential, with recent near mine gold discoveries.

Contact:

Peter Warren
Company Secretary
Kingsgate Consolidated Limited
Tel: +61-2-8256-4800
<http://www.kingsgate.com.au>

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