



Mine to go ahead

80 jobs in \$81m Kingsgate project

By Tim Hughes

THE Glen Innes economy received an early Christmas present yesterday with news that mining exploration company Auzex Resources will go ahead with developing an \$81million project at Kingsgate, creating 80 jobs.

Auzex executive chairman John Lawton yesterday told the Australian Stock Exchange yesterday a feasibility study into the development of the project forecasts that the mine will generate \$445 million during its first five years. The study was based on an overall process rate of 250,000 tonnes per annum recovering molybdenum, bismuth and silica at the Kingsgate mine site 20km east of Glen Innes.

Despite the tightening economy, he said even based on "today's seriously depressed metal prices" the mine was estimated to generate total revenue of \$445 million, creating \$283.2 million in cashflow after operating costs, and

\$138.8 million after capital expenditure, royalties and tax.

Start up costs have been estimated at \$80.9 million, of which the process plant is \$69.1 million.

"This is a project for the times with a relatively low start-up capital cost, strong financials, high margins and short payback period," Mr Lawton said.

"Based upon this study, Auzex will seek investment from interested parties to participate in the Kingsgate project." He said this may involve mining companies, product end-users or private equity, but would most likely come from offshore.

Approval for the project is likely to take up to 12 months, although Mr Lawton said operations could start by mid-2010.

The mine will employ more than 80 people during its operation, mainly

from the local area, and more workers during construction.

Glen Innes Severn mayor Steve Toms said the announcement was a "positive note given the economic times".

"As far as economic development goes it will be seen as very positive for employment for some mining to return to the area. We'll await to see some proposals and how the approval process will work," he said.

It was still unclear yesterday whether Glen Innes Severn Council or the NSW Department of Planning would be the consent authority for the project. The old Kingsgate mine was Australia's second largest producer of molybdenum between the 1880s and 1920s, with little exploration of the area until Auzex acquired the project in 2003 and commenced groundwork the following year.