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**HISTORY may be repeating itself with Crescent Gold saying it is close to a decision to re-develop the Laverton gold processing mill in central WA, a plant which was once worked by the failed Sons of Gwalia. By Tim Treadgold**

So far, the market has reacted coolly to news about Crescent's plans which include spending about \$9.2 million to refurbish the mill so it can process two million tonnes of ore a year for a recovery of around 200,000 ounces annually.

Since November 22 when Crescent said it had received the results of a bankable feasibility study, the stock has risen from 12.5c to 14.5c, a somewhat modest 2c increase which looks better when translated into a 16% gain.

Investors, while liking the idea of re-opening the Laverton mill, appear to be keeping their powder dry until Crescent produces more definite numbers than the promise of 200,000oz at a cash cost of between \$A416 and \$A439/oz – indicative costs which, at first glance, seem high.

Whether Crescent can reduce its cost estimates remains to be seen with the company battling the pincer effect of a rising US dollar gold price and a rising Australian dollar which effectively leaves the domestic gold price steady.

Crescent executive director Andrew Haythorpe said the feasibility study had generated "unexpected opportunities to increase reserves, reduce costs and improve milling performance at Laverton."

"This study has Crescent on target to join Australia's gold producing ranks in 2005," he said.

Essentially, the greatest benefit comes from lifting capacity from an initial plan of one million tonnes a year (costing \$5.1 million) to two million at the capital cost of \$9.2 million.

The bigger mill capacity would lift operating cash flow from \$21 million a year to \$31 million – if the company successfully hedges its output at \$A625/oz.

Crescent's studies have, so far, focused on mining four of a potential 10 prospects close to the Laverton mill, with capacity to handle ore from neighbouring projects. The resource in Sickle alone is estimated at 2.08Mt at 2gpt for 133,000oz using a cut-off of 0.8gpt.

Haythorpe said discussions were underway with financiers to secure development debt based on hedging 75% of the reserves at the time of a deal being settled. He said Crescent was confident of continuing to expand its known reserves at its different potential pits with the Sickle deposit holding the greatest promise.

"We really are in pit design mode at the moment, but the more drilling we are doing the more we are getting results pointing to additional ounces," he said.

"Some of the hits we are getting are only 10m to 20m away from the current pit design (of Sickle) so already we are seeing the potential for a bigger pit." -**Australia's Mining Monthly**

