

# US Backers Support Sickle

**United States investors have thrown additional financial support behind an extended drilling program at Western Australia's promising Sickle gold project as owner, Crescent Gold Ltd, optimises its mine start-up options.**

Announcing a new \$A3.9 million capital raising program today, Crescent Gold said North American private and institutional investors had contributed \$A945,000 in a private placement at an issue price of \$A0.135 per share, with attaching options.



Drilling at Sickle

The second tier of the fundraising program comprises a Rights Offer to existing Crescent Gold shareholders on a one-for-five basis – also at an issue price of \$A0.135, with attaching (CREO) options - to generate a further \$A2.95 million.

The latest US support for Crescent Gold follows the injection of \$A2.5 million by North American investors and Directors last year to accelerate work on the company's exploration assets in both Australia and China.

This contributed to the completion of a Bankable Feasibility Study (BFS) in November last year, endorsing a start-up of the company's wholly-owned Laverton gold plant, 250km north of Kalgoorlie, using Sickle ore as feedstock.

Additional drilling since the completion of the BFS has identified even more encouraging drill results in outer areas from the current existing open-pit site.

"We are in the fortunate position of having experienced US institutional investors prepared to underwrite further intensive drilling of the Sickle area. This will allow the Company to add further value to the project and reduce project risks on start-up, placing us on a strong footing for the commencement of milling," Crescent Gold's Managing Director, Andrew Haythorpe, said yesterday.

"While the BFS provided sufficient comfort levels on grades and reserves to allow a start to processing, it would be remiss of the company to ignore the now emerging picture of equally good, if not better lodes in several step-out directions from the planned Sickle pit area," Mr Haythorpe said.

"We are still looking at a sooner rather than later start-up for the mill but the financial support and encouragement of US investors to continue to pursue further drill success at Sickle to build up mill inventory, needs full consideration and opportunity."

The Laverton project already has reserves of 239,000 ounces of gold at a 2 million tonnes per annum throughput rate, targets which include a variety of anomalies, and highly encouraging but isolated drill results.

"Two significant RC holes drilled in November outside of the Sickle pit design returned 24m at 4.9 g/t from 24m depth (SKRC135) and 15m at 4.7 g/t from 68m depth (SKRC150), demonstrating

that the deposit is open to the north," Mr Haythorpe said.

"The RAB drilling program completed last month tested only 5 of the 17 identified geophysical anomalies within tenement E38/915, which hosts the Sickle project and covers an area of more than 100sqkm."

The most significant drill result available to date from this RAB program, situated at Anomaly S3, returned an intersection of 11m at 2.2 g/t gold from 67m (SKRB024).

#### Funding package

Under the capital raising detailed today, 7 million shares will be issued in the Private Placement, with the free attaching November 2005 options exercisable at \$0.20.

The Rights Offer, which can include participants in the Private Placement, will result in the issue of just under 22 million shares, each with a free attaching November 2005 option exercisable at \$0.20.

The North American investors will underwrite 80% of any shortfall from the rights offer, with Crescent Gold Directors underwriting the remainder. The Company will have 131.9 million shares on issue once the capital raising is completed with shareholders voting on the proposals in mid-March.

"The package finances the Company's total 2005 exploration programs in Laverton and China and will progress recommendations within the BFS," Mr Haythorpe said.

These include completion of risk assessment, a project finance facility of up to \$A10 million, and detailed scheduling of the plant refurbishment to 1mtpa (est. \$A5m capex) and detailed costings to expand the plant to 2mtpa (est. to cost a further \$A5m capex).

Minebox

19 January 2005