

Regulatory Story

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Company [Peninsular Gold Limited](#)
TIDM PGL
Headline Plant Upgrade at Raub
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Peninsular Gold Limited
("Peninsular" or "the Company")
AIM: PGL

Plant upgrade at Raub

* Planned plant upgrade to raise throughput at Raub to two million tonnes per annum

* Debt financing for plant upgrade secured

Raub Australian Gold Mining Sdn. Bhd. ("RAGM"), a wholly owned subsidiary of the Company, today announces its intended strategy to upgrade the Raub processing facility to a two million tonnes per annum ("mtpa") plant ("the Plant") following encouraging progress of its operations at Raub since first gold production in February this year. RAGM has obtained necessary funding for the upgrade and associated mine infrastructure costs.

The planned upgrade is expected to bring the Plant's throughput up to two mtpa, with anticipated completion set for the end of Q4 2010 and falls within its existing environmental approval from the Department of Environment. The increase in throughput will also enable the business to reap greater benefits from its five year Malaysian Pioneer Status tax incentive for the

Raub project. There is not expected to be any impact on production levels due to the upgrade work. The project will be managed by the Time Mining Group of South Africa.

The agreed Islamic financing facility ("Facility") is for up to Ringgit Malaysia 100million (approximately US\$28million) with a local Malaysian financial institution. Apart from the upgrade to the processing plant, the scope of the work will include an additional tailings circuit, ancillary services, environmental protection measures and other mine infrastructure.

The principal terms of the financing facility are as follows:

1.	A profit rate of 2.0% above the base funding rate (currently 5.95%)
2.	Repayable over 48 months inclusive of an initial 12 month grace period
3.	RAGM debt:equity ratio does not exceed 80:20
4.	80% of the cost of the upgrade to be funded by the bank.
5.	Security by way of:
	a. Facilities Agreement referred to as Asset Sale Agreement and Asset Purchase Agreement under the Bai' Al Inah principle
	b. A third party third fixed legal charge ("Charge") over the land known as Pajakan Lombong 1669, Lot No. 17478, Bukit Koman, Mukim Gali, District of Raub Raub Pahang owned by Akay Holdings Sdn. Bhd ("Akay"). Akay is a privately owned Malaysian company with a 23.4% interest in Peninsular and is 99.9% owned by Dato' Sri Andrew Tai Yeow Kam ("Andrew Kam"), the Chairman and Chief Executive of Peninsular who is also a director of RAGM and Akay
	c. A debenture incorporating fixed and floating

		charges over the present and future assets and undertakings of RAGM
	d.	A corporate guarantee by Peninsular.

Akay Agreement

To facilitate the grant of the Facility, Peninsular and RAGM have entered into an Agreement with Akay (the "Akay Agreement") setting out the terms upon which Akay have agreed to grant the Charge to the Bank as security for the Facilities. The key terms of the Akay Agreement provide that:

- (i) Akay shall receive an annual fee from RAGM of Ringgit Malaysia 1,390,000 payable in four (4) equal quarterly installments, until such time as the Charge is fully released / discharged;
- (ii) Akay has the right at any time to give to RAGM not less than 90 days notice requiring Peninsular and RAGM to procure the release of the Charge;
- (iii) Akay however agrees and undertakes that it will not issue any proceedings against Peninsular and/ or RAGM whilst Dato' Sri Andrew Kam is a director of Peninsular or he or any of his family (as defined in the AIM Rules for Companies (the "AIM Rules")) are interested in aggregate, directly or indirectly, in excess of 50% of the Company's issued share capital;
- (iv) Peninsular and RAGM have agreed to indemnify Akay against any loss which it may suffer arising from the creation of the Charge.

The Company's independent board of directors (excluding Andrew Kam due to his interest in the Akay Agreement) after deliberation and in compliance with the AIM rules having also consulted with its nominated adviser, Ambrian Partners Limited, considers that the terms of the Akay Agreement are fair and reasonable insofar as its shareholders are concerned.

In addition to this planned step up in throughput, the Company also intends to undertake further exploration activities to identify additional mineralised zones, both near surface and at depth, within the Raub project area with the aim of adding to its defined resources and reserves.

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