

## Regulatory Story

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**TIDM** PGL  
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**23 August 2010**

**Peninsular Gold Limited**  
**("The Company")**  
**Operations and Exploration Update**

**Peninsular announces record monthly production and positive  
drill results at its Raub gold project in Malaysia**

**Highlights:**

- **Operations**
  - **Improved throughput and gold production at Raub mining operation**
  - **Successful transition to Company-managed operations**
  - **Improved recovery and throughput under RAGM's Technical Chief Operating Officer Laurie Mann - an industry leader in gold processing technology**
  
- **Exploration**

- **Encouraging results drilling below historic Raub mine site oxides**
- **Significant intersections of 3.67 metres @ 8.25g/t Au and 31 metres @ 1.62g/t Au**
- **Record production of 1,880 ounces in July**
- **Planning for an expanded drill programme targeting one million-ounces of additional resources**



The Directors of Peninsular Gold Limited are pleased to present the following operations, exploration and management update for the Company's wholly-owned subsidiary, Raub Australian Gold Mining Sdn. Bhd. (RAGM).

### **Operations**

Record gold production of 1,880 ozs in July capped a period of stabilisation in the Company's gold operations at Raub. The record production in July followed May and June gold production of 1,438 ozs and 1,618 ozs respectively. July was also the highest ore processing month to date with a throughput of 105,000 tonnes.

Extended unfavourable weather conditions restricted access to some of RAGM's scheduled mining areas - including zones with higher grade material. These conditions also adversely affected the achievable mining rate and prolonged the period of lower grade feed resulting in average cash operating costs of around US\$550 per ounce. The recent rise in cash operating costs has also been driven by increased environmental management costs, some higher reagent costs and the strengthening of the Malaysian Ringgit against the US dollar.

The RAGM team's ongoing commitment to safeguarding the environment is and will remain paramount. This commitment is reflected in specific, best practice led, operating procedures and activities for mining, processing and tailings management.

### **Exploration**

Encouraging first assay results have been received from the Company's current diamond drilling (DD) programme. Assay results received from the first three holes from which assay results have been received reinforce data from the only previous DD holes drilled by the Company at Raub - an extension of a hole twinning exercise during the JORC evaluation of the oxide resource in 2006.

The drilling has been focused on the Raub Lode structure below an oxide zone containing a previously announced JORC-compliant

218,000 ounce resource (3<sup>rd</sup> June 2008).

Key details of the drill programme are listed below:

- The current DD programme comprised of a total 1,304 metres in six holes, all of which have now been completed
- Five holes tested the deeper exploration potential along the historic Raub mineralised structure and one hole was a sterilisation hole testing beneath the main valley where the current tailings reserves are held
- The average distance between the exploration holes was about 120 metres except between holes DDH2 and DDH3 where the distance was about 400 metres
- The holes were inclined between 45 to 55 degrees with four holes west facing and two holes east facing
- The holes ranged in depth from 162 to 300 metres
- Drill core is being logged, split and sampled
- Samples are being prepared at the commercial Raub mine-site laboratory and gold determinations are being completed by fire assay using a 50g charge and an AAS finish at the Intertek laboratory in Jakarta, Indonesia
- Final assay returns have been received for DD holes 2, 3 and 4. The results of the final two exploration DD holes 5 and 6 are yet to be received.

Highlights of the results available to date include the following selections:

Hole Reference	Width Metres	Grade g/t	Depth (metres downhole)		Notes
			From:	To:	
2010 Diamond Drilling					
DDH 2	31.00	1.62	6.60	37.60	Incl. 3.13m @ 4.03g/t
DDH 3	3.65	3.07	26.55	30.20	
	2.80	1.28	34.80	37.60	
	2.72	1.68	54.40	57.12	
DDH4	1.75	3.38	69.75	71.50	

	3.67	8.25	82.93	86.60	Incl. 1.00m @ 28.60g/t
	2.60	2.50	101.90	104.50	
2006 Diamond Drilling (not previously announced)					
DDH 1	5.60	3.43	273.10	278.70	Incl. 1.72m @ 12.30g/t
DDH 460	7.20	4.14	219.00	226.20	Incl. 1.80m @ 12.27g/t
DDH460	1.80	5.57	231.60	233.40	

Dr. Yves Cheze, a geologist and Director of Peninsular Gold considers that the latest results are highly encouraging, confirming the extension of oxide mineralisation in the primary ore.

The programme, which included drilling within the envelope of the old underground workings, has reinforced the Company's confidence in the potential of the Raub project.

Once all results from this initial DD programme have been received and analysed, the next steps will include the design and execution of a more extensive drilling programme with a target to identify at least one million ounces of gold within the envelope of the old underground mine.

### **Management**

RAGM has completed the transition from an operations management contract to an in-house operations team led by Technical Chief Operating Officer, Laurie Mann.

Mr. Mann, who has 40 years experience in the resources industry spanning a diverse range of world-class projects, joined RAGM in January this year and has played a leading role in optimising operations and enabling the transition to an in-house operational management team. He will play a key role in the plan to double throughput at the project to two million tonnes a year and begin treating oxide ore. Immediately prior to joining RAGM he was the Commissioning and Ramp-Up Manager at Newmont's Boddington Gold Mine in Western Australia - the world's largest gold processing plant. His other previous positions include Resident Manager at Kaltails, the world's third-largest tailings retreatment plant. He also successfully re-established the Malaysian gold mine at Bau, in Sarawak in 1984, using the Carbon-In-Leach process.

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### **Independent Adviser's Declaration**

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves for the Raub area is based on information compiled by Bryan (Mort) Cowan who is a Member of the Australasian Institute of Mining and Metallurgy. Mort Cowan is an independent consultant geologist to the Company. The Directors of the Company are satisfied that he has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves" as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. Mort Cowan is qualified as a qualified person as defined in the March 2006 Edition of the AIM Note for Mining, Oil and Gas Companies. Mort Cowan consents to the inclusion in the report of the matters based on his information in the form and context in which it appears and confirms that this information is accurate and not false or misleading.

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