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Peninsular Gold Limited
(the "Company" or "Peninsular") (AIM: PGL)

Production and Exploration Update, Malaysia

Peninsular Gold Limited today announces an operations update from its gold production and exploration projects in Malaysia. All of the Peninsular projects sit within 25km of each other in central Malaysia with the Raub plant producing approximately 26,190 oz since commissioning in February 2009. Following the £5.6m fundraising in October of this year the Company is aggressively pursuing an expansion strategy of its existing production and resource base delineated to internationally recognised standards.

Highlights

Production

- Raub gold plant reaches record throughput of approximately 113,580 tonnes in October
- Approximately 5,840 ounces produced from 384,504 tonnes during the four months to the end of October
- Recoveries maintained over 75% despite mining of lower grade areas
- All gold produced by Peninsular is sold un-hedged at market price

Production Expansion from 1.1mtpa to 2.0mtpa

- Plant expansion construction at Raub on target for commissioning at the end of Q1 2011.
 - piling of the leach circuit nearing completion
 - majority of key contracts for fabrication, construction and long lead items all awarded
- Mining of oxide material at Raub on target to commence in H2 2011

Exploration

- At Raub 2 diamond drill rigs have commenced drilling below the oxide zones
- Exploration in Northern licence areas commenced:
 - Trenching at the Chunchok outcrops (up to 12.3g/t previously sampled) completed and samples sent for assay
 - The first drill rig (RC) expected to arrive at Tersang within two weeks
 - Exploration of other nearby targets to commence before the end of calendar year

Dato' Sri Andrew Kam, Chairman and Chief Executive of the Company commented:

"Our current operations at Raub saw record throughput rates since the start of the new financial year and I look forward to continuing to expand gold production at the plant through the ongoing expansion programme. Following our recent fundraising, we are now aggressively pushing ahead with exploration at Raub and our Northern licences with the objective of significantly increasing our overall JORC compliant resource base. I look forward to updating shareholders with further production and exploration news in the near future as we seek to realise value from a significant gold region in Malaysia."

Production and Exploration Update

The production expansion operations are on schedule with the Raub plant currently processing in excess of its design throughput capacity of 90,000 tpm with a record throughput of 113,580 tonnes in October 2010. Monthly results of the plant's operation can be seen below:

Raub plant operations report from July 2010

	Tonnes Processed	Gold Production Ounces
July	105,000	1,880
August	82,504	1,287
September	83,420	1,043
October	<u>113,580</u>	<u>1,629</u>
Total	384,504	5,839

Recoveries have been maintained over 75% in spite of mining in slightly lower grade areas. As part of the expansion programme, mining of oxide material is targeted to begin during H2 2011.

The Raub plant is currently being expanded in anticipation of new feedstock and is expected to be commissioned at the end of Q1 2011, with a targeted capacity of 2mtpa. Piling of the leach circuit is nearing completion and most of the contracts for fabrication, construction and the longer lead items having been awarded.

Exploration

Two diamond drill rigs are on site at Raub and the next phase of drilling has commenced targeting the zone below the oxides. The Raub project currently has a resource of approximately 218,000 ounces of gold in the oxide material and the Company is targeting the highly prospective zone below the oxide resource for exploration. The September drilling programme in this area returned high grade intersections including the previously announced 5.9m @ 99.60 g/t Au (incl. 2.1 m @ 280 g/t).

The first drill rig for exploration in the Northern licence areas is expected to be on site within a week. There are currently a number of high rank exploration targets within the Northern licences, including Tersang, Chunchok, Chenua, Tengellan and Kekabu.

Trenching at Chunchok (previous surface sampling in 1995 returned values up to 12.3g/t Au) has been completed, with the first batch of samples sent for assay. Results are expected due back before the calendar year end.

The Geological team has also been strengthened with the addition of an experienced senior geologist to lead the exploration in the northern licence areas.

Further information:-

Dato' Sri Andrew TY Kam Chairman and Chief Executive Peninsular Gold Limited Tel: +60 (0)3 2698 8381	Patrick Watson Finance Director Peninsular Gold Ltd. Tel: +44 (0)7799 885653
Samantha Harrison Nominated Advisor Ambrian Partners Limited Tel: +44 (0)20 7634 4712	Colin Rowbury Broker Daniel Stewart & Co. Ltd. Tel: +44 (0)20 7776 6936
Laurence Read / Beth Harris Public Relations Threadneedle Communications Ltd. Tel: +44 (0)20 7653 9855	

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 June 2009 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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Peninsular Project Background

Peninsular Gold Limited is a gold producer in the Malaysian peninsular that is currently expanding existing production through a plant expansion programme and exploration at its producing mine at Raub, and at other prospective licenses all within a 25 km radius.

At the operating Raub site, the Company's wholly owned subsidiary, Raub Australian Gold Mining Sdn. Bhd., is currently producing gold from the processing of tailings through its carbon-in-leach plant. The tailings had 217,400 ounces (JORC) of gold resource prior to commencement of production, which has produced approximately 26,190 ounces since commissioning in February 2009. During 2011, production from the plant is on target to increase significantly as its throughput design capacity is expanded from 1.1 million tonnes per annum ("mtpa") to a rate of 2mtpa. The expanded carbon-in-leach plant is expected to be commissioned towards the end of Q1 2011 and production ramped up on tailings material before the inclusion of oxides later. All gold production from Peninsular is un-hedged with prices set to the gold price available at the time of sale.

In addition to the tailings, there are approximately 218,000 ounces (JORC) of gold resources adjacent to the plant in free digging oxide material. The Company is undertaking an exploration programme to expand the gold resources at Raub. The recently completed initial diamond drilling programme successfully identified significant gold mineralisation below the oxides within the envelope of the historic underground mine.

The exploration work at Raub and the northern targets represent the next stage in building value from Peninsular's approximately 12,000 hectares of exploration licence areas. Delineation work shall initially focus on established resources areas at Raub and in similar areas to the north, such as Tersang, which has a 528,000 ounces historic inferred resource (non JORC). The exploration in these areas is designed to rapidly bring the most highly prospective areas in Peninsular's land portfolio into established, JORC compliant resource categories.

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