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High-margin hopes for Kin send shares soaring

■ Stuart McKinnon

Shares in Kin Mining rallied yesterday after a definitive feasibility study confirmed its Leonora gold project could be a high-margin mine.

The study estimated a capital cost of $35.4 million for the project and a capital payback of just 11 months. Leonora's maiden 373,000oz reserve provides for an initial seven-year mine life, which is likely to increase with further exploration.

The mine would generate forecast revenue of $596.1 million over its life and surplus operating cashflow of $167.9 million, based on a gold price of $1600/oz and all-in sustaining costs of $1038/oz.

Kin noted the projections included the assumption that the State Government's proposed 50 per cent gold royalty rate hike would be introduced.

The project would have a net present value of $107.4 million based on a 9 per cent discount and before corporate costs and tax, and an internal rate of return of 77 per cent. Leonora is based on three open-pit mining centres delivering ore to a centrally located 1.5mtpa carbon-in-leach processing plant.

Kin will target plant commissioning and first gold by the second half of next year.

Managing director Don Harper said the study showed the project would enjoy low pre-production and operating costs and have a short payback period and strong free cash flow.

Shares in the company closed up 5¢, or 20.83 per cent, at 29¢.

KIN MINING

Past six months