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Wilton

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Indonesian miner to start excavating its first mine

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One way mining boss Wijaya Lawrence knows there is gold to be found beneath land he has leased is that local villagers have been digging it up.

That might get some people's backs up but Mr Lawrence, the executive chairman and president of Indonesian gold miner Wilton Resources, is not bothered.

"They are the pre-exploration," he jokes. "We notice they do the mining there, we will do drilling there. You can call them pathfinders."

Wilton, which listed on the Catalist board through a reverse takeover in December 2013, will this year begin excavation at its first mine – the Ciemas Gold Project in the rolling hills of Sukabumi regency, West Java.

The 3,000ha concession fell into Wilton's hands in 2008 after three successive Australian miners had explored the plot since 1985 but stopped short of excavating due to funding shortages, Mr Lawrence says. Wilton estimates the 200ha it has explored so far contains 4.6 million tonnes of ore and 39 tonnes of gold.

The firm will begin mining at a pilot project in August or September, on a scale of 300 tonnes of ore per



Mr Lawrence (left), executive chairman and president of Wilton Resources, and Mr Wang, chairman of Yunnan Chihong, have signed a framework agreement to build a mining, processing and smelting facility at the prospect area in Sukabumi regency, West Java. ST PHOTO: ALICIA CHAN

day, before starting commercial production next year, with a target capacity of 2,000 tonnes per day, Mr Lawrence said. That leaves another 2,878.5ha unexplored, which he said he will assess soon.

And while the village miners can dig no more than 20m below the surface, Wilton, with the help of its new Chinese partners, can easily tunnel as far as 1km down, he added.

After a year of discussions, Wilton inked a framework agreement with Chinese state-owned miner Yunnan Chihong Resources Exploration & Development last month to build a mining, process-

ing and smelting facility at the prospect area.

The deal is yet to be finalised, but Mr Lawrence plans to keep the cost of production at the Wilton mine in the range of US\$600 (\$855) to US\$700 per troy ounce of gold, with the help of the Chinese firm's tunnel mining and gold processing expertise.

The price of gold has fallen 12.8 per cent over the past 12 months, to about US\$1,112 an ounce last Friday. Some analysts expect it could fall below US\$1,000 an ounce by the end of the year.

Mr Lawrence said: "The global

average cost of production is US\$800 to US\$900 per troy ounce. Of course, China is more competitive because a lot depends on the type of ore – is it easy to process or not, and the capacity of the production – higher capacity will bring cost lower."

Mr Wang Feng, chairman of Yunnan Chihong, said the sheer richness of the gold deposits at the Ciemas projects creates a huge opportunity. "The slowdown in China is only temporary. In the long term, resource demand will rise again."

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