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# Kalgoorlie Miner

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HD Super Pit bid a sign of confidence

AU [Josh Chiat](#)  
BY Josh Chiat  
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LP Some 27 years after Alan Bond's dream to amalgamate the Golden Mile into a single operation came to fruition, a \$US1.3 billion bid for a half stake from an unheralded party is a vote of confidence in Kalgoorlie Consolidated Gold Mines' belief the project still has legs.

The offer from Chinese group Minjar Gold blew others out of the water by a reported \$US400 million, and exploded analysts' expectations of the mine's value.

TD Earlier this year, MinesOnline. com put a \$US547 million to \$US1.4 billion on Canadian colossus Barrick Gold's portion of the pit, with a preferred value of \$US922m.

This year, KCGM has brought forward plans that will keep mining of the open pit going past its slated end date of 2019, albeit on a smaller scale.

The addition of further mining at the Morrison and Brown Hill deposits on the western side of the pit will keep trucks working at KCGM until 2025, with low-grade stockpiles available for processing until 2035.

However, its fleet will be reduced to just 12 trucks over that time.

Further drilling is slated for the Morrison area, where exploration teams believe a greater reserve can be delineated.

That is before taking into account KCGM general manager Ian Butler's commitment that the Super Pit's future is underground, and the potential of a 15th cutback.

At a conference in Kalgoorlie-Boulder last week, Mr Butler said he hoped the sale would proceed quickly to move forward on plans for the mine's underground future.

KCGM has eight million ounces of reserves still to mine, about \$6 billion profit on current costs and the present \$1640/oz gold price.

At 3.5km long, 1.5km wide and 600m deep, the Super Pit has contributed about 20Moz of the Golden Mile's estimated 60Moz of gold since the precious metal was discovered at Mt Charlotte in 1893.

But there are significant costs involved with the closure of the mine that will require a large injection of capital, including hefty environmental and rehabilitation expenses.

Kalgoorlie-Boulder Mayor John Bowler echoed those concerns this week, telling the Kalgoorlie Miner Minjar would need to contribute significant capital to fulfil its obligations.

That remains the \$1.3 billion dollar question.

CO kgcmpl : Kalgoorlie Consolidated Gold Mines Pty. Ltd. | bari : Barrick Gold Corp | newmnt : Newmont Mining Corp  
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