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Strong rise in Australian gold production

by [Paula Wallace](#) — created Mar 10, 2010 08:42 AM

Australian gold production rose strongly in the December 2009 quarter, according to consultants Surbiton Associates in its latest overview of the Australian gold sector.



Gold output rose by seven tonnes or 13 per cent to 62 tonnes (2.0 million ounces), compared with the September quarter 2009 and by 14 per cent compared with the December quarter 2008. For the full 2009 calendar year Australia produced 227 tonnes (7.3 million ounces) of gold, an increase of 3 per cent on the 2008 year. “The increase in production to 227 tonnes cemented Australia’s position as the world’s second largest gold producing country,” said Dr Sandra Close, a director of Surbiton Associates. “China was the largest producer in 2009 at 314 tonnes, with preliminary figures putting the US third at about 216 tonnes and South Africa fourth at about 210 tonnes.”

At the current Australian gold price of around A\$1,250 per ounce, the 227 tonnes produced in 2009 is worth over A\$9 billion, making gold a significant contributor to Australian export earnings.

“The increase in Australian gold output in the December quarter was assisted by the long-awaited opening of the giant, re-developed Boddington operation,” Dr Close said. “As well, several other operations increased production substantially, taking advantage of the attractive gold price and attractive operating margins.”

The Boddington mine in WA, owned by Newmont Mining Corp is still in the ramp-up phase and produced 118,000 ounces or about 3.7 tonnes of gold in the December quarter. It was re-developed at a total cost of more than A\$3 billion and is expected to produce at a rate of more than 200,000 ounces of gold per quarter this year. Several of the larger producers increased output in the December quarter. These

included the Super Pit at Kalgoorlie (Newmont/Barrick) with production up 28,000 ounces and Cadia Hill (Newcrest) with production up 23,000 ounces, both due to higher grade ore. Also, output at Yilgarn South operations (Barrick) rose 23,000 ounces due to a large increase in ore throughput.

Among the smaller producers, Ramelius Resources' new, high-grade, underground mine at Wattle Dam added 21,000 ounces to the total.

"Gold production should increase in the near term, with the continued ramp up of Boddington plus output from additional producers in WA," Dr Close said. "Despite the low level of exploration, which is still a real cause for concern in the longer term, the current attractive gold price and margins are fostering the redevelopment of old operations and there are even a few new developments as well."

Focus Minerals recently recommissioned its Three Mile Hill treatment plant near Coolgardie and will no longer need to rely on scarce toll-milling capacity in the area. Saracen poured the first gold from its redeveloped Carosue Dam mine near Leonora at the end of January, while Navigator Resources is expected to restart its Bronzewing operation in the next few weeks. As well, **Catalpa Resources** should begin producing in June from the re-juvenated Edna May project at Westonia.

A1 Minerals' BrightStar project north of Laverton is a new operation which poured its first gold recently, while Integra Mining's Randalls project and Regis Resources' Moolart Well project are both new developments which are expected to produce their first gold in September.

The only operation expected to close shortly is Intrepid Resources' Paulsens mine which produced about 16,000 ounces in the December quarter.

Dr Close said that many of the recently developed gold projects are owned by Australian companies, so that the level of foreign control in the industry has fallen since the major takeover activity in the late 1990s and early 2000s.

"From around 20 per cent in 1997, overseas control of Australia's gold mining industry peaked at over 70 per cent in 2003," Dr Close said. "It then trended down slowly and was just under 60 per cent by the end of 2009."

The top five producing gold operations in 2009:

Super Pit – JV (Newmont Mining Corp 50 per cent/Barrick Gold Corp 50 per cent) - 688,000 oz

Telfer (Newcrest Mining Ltd) - 674,445 oz

Lefroy (Gold Fields Ltd) - 414,590 oz

Jundee (Newmont Mining Corp) - 411,000 oz

Sunrise Dam (AngloGold Ashanti Ltd) - 401,112 oz