

## NEWS

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February 07, 2007

### Wedgetail Gets Ready To Fly

By Our Man In Oz

It's been a long time between drinks for investors who put their money into exploration companies looking for gold in the Nullagine area of Western Australia. In fact, it's been so long that anyone who claims to remember would be aged around 120 – which is also the standard daytime temperature (on the old Fahrenheit scale) in the water bag on the front of the Land Cruiser outside the Nullagine Road House. Nullagine's main claim to fame is that it's about 100kms south of Marble Bar, the town which holds the record as Australia's hottest spot posting 161 consecutive days when the temperature failed to drop below 100 degrees Fahrenheit. Oh, and someone found gold there in 1888, but was quickly forgotten because of the big gold strikes at Coolgardie and Kalgoorlie in 1892. Armed with this potted background it's time to dust off the Nullagine file because over the next 12 months a small Australian gold explorer will make the transition to gold producer, restoring a name to a forgotten sly spec back on the map of outback Australia.

**Wedgetail** Mining, which takes its name from the magnificent **Wedgetail** Eagles also found in the outback, is leading the charge back to Nullagine, followed closely by BC Iron, the iron ore spin-off created by the merging of adjoining exploration interests held by **Consolidated Minerals** and **Alkane** Exploration. But, while BC is just learning to crawl, **Wedgetail** is getting ready to fly. By the end of the year it should be pouring first gold from its Nullagine project, an event which should also put a spring into what has been a lacklustre share price – and put a big beaming smile on the face of the man who has more than most riding on the success of **Wedgetail**, Clive Donner, boss of the investment fund, Linq Resources.



Mount Bruce, Pilbara Region

Donner, a man with gold running through his veins after spending part of his career running the Rothschild Gold Arrow Fund, has taken a serious liking to **Wedgetail**, backing every step the company has made. Late last year he converted two convertible notes Linq held in **Wedgetail**, lifting the fund's stake in the emerging producer to an eye-catching 29 per cent. The good news is that the notes were swapped at a price of A22 cents, which means they are modestly "in the money" with **Wedgetail** closing on the ASX on Wednesday at A25.5 cents. The trick now for Donner, and **Wedgetail** management, which shares space in Linq's ground floor offices in West Perth, is to deliver on the promise of a profitable start-up operation, and expansion via exploration across what is one of Australia's least explored gold belts.

"The project is very much on track," said **Wedgetail** chief executive, Peter Woodman, when Minesite tracked him down in his office. "We've got the funding in place, located the equipment we need, including a new SAG mill which arrived in

Port Hedland last week. There's plenty happening on the ground." If all goes to plan, **Wedgetail** will have its final bits of government paper, including the all-important mining approval, completed by the end of January, clearing the way to finalise the appointment of mining contractors who should start extracting ore in September, with first gold out of the plant before Christmas. "We're saying late 2007, and that is looking very achievable," Woodman said.

Start-up production at the Nullagine project, from a series of open pits, will be at a rate of around 70,000 ounces a year at an estimated cost of A\$540 an ounce which, given the latest Australian gold price of A\$812/oz leaves **Wedgetail** with a reasonable margin of A\$272/oz, but with the banks requiring a limited amount of hedging to lock in the margin. Capital costs are estimated at A\$43 million, with savings being made by sourcing a number of items of second hand equipment, including process tanks acquired from the old Mt Todd goldmine in the Northern Territory.

For anyone looking closely at **Wedgetail** the trick is to see work at Nullagine as a first phase. The long-term value lies in what the company's exploration crews will find in what is effectively a private goldfield. "We're starting with a mine that has a five-year life producing just over 300,000 ounces of gold," Woodman said. "We've got a goldfield that's never had an openpit on it. The exploration we've done over the past few quarters has been picking away at high grade prospects with results from those being announced in the current quarter." It's at this point that Minesite displays its naivety suggesting that **Wedgetail** was returning to the rich pods worked by the oldtimers. "No," said Woodman. "These are greenfield exploration targets that we've picked up. What we're looking at is high-grade zones and potential bulk tonnage," he said. "We announced in the pre-Christmas update results from an area called Angela which is 1.5 kilometres from the plant site which has signatures similar to the bulk tonnage Golden Eagle project."

A map of what **Wedgetail** is doing at Nullagine comes in handy for the serious follower of the company because it shows a series of orebodies/targets stretching along 20 kilometres of strike. Recent best drill hits include 10 metres at 5.05 g/t gold from a depth of 31metres at the Falcon prospect, and 16metres at 3.72g/t from a depth of 47metres at the Condor prospect. "For a company our size we've been a very aggressive explorer," Woodman said. "To date we've sunk over A\$20 million into the project, and the bulk of that has been into the ground." With the gold price looking stronger by the week **Wedgetail** is a stock for any mining investors' watch list. It certainly occupies a prominent position on the register kept by Clive Donner at Linq.

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