



Wedgetail defers gold project

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THE weakening Australian-dollar gold price has claimed another victim, Wedgetail Mining, which will defer further development of its Nullagine gold project in Western Australia.

An increase in operating costs over the past six months prompted the company to reassess its feasibility studies, which it said had found the project economically viable.

The "substantial fall" in the Australian-dollar gold price, due to the appreciation in the Australian/US dollar exchange rate, forced the deferment, Wedgetail said.



"This has adversely impacted the proposed project development returns to the point where the board has had to reassess the current development option for the project," Wedgetail said in an announcement.

"As a result, the board has elected to defer the development until such time as the project economics improve."

During the evaluation period, Wedgetail said it would continue exploration over the project with an aim of increasing resources and reserves and further assessing the potential of heap leaching to boost gold production.

The company will sit down with advisors to consider strategies to advance the project.

Nullagine has a mining reserve of 342,000 ounces of gold and is expected to produce 70,000 ounces per annum over an initial mine life of five years.

News of the postponement saw Wedgetail's share price dip to a 12-month low of 7.3c – a drop of over 41% – before gaining some momentum to trade at 8c late this morning.

The share price followed the same course as that of Perseverance, which yesterday said a weakening Australian-dollar gold price coupled with adverse weather in Victoria will cut production forecasts for the June quarter and put its cash position under greater pressure.

Currently the Australian dollar is fetching US85.9c

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