

Wedgetail Exploration Should Be Approaching Production By This Time Next Year

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When we last wrote about Wedgetail Exploration nearly a year ago it had changed the thinking on the Pilbara region of Western Australia. Previously the Pilbara was dismissed as being the poor relation of Kalgoorlie. Up in the sweaty north of the country it was known for iron ore. What gold there was appeared to be low grade and largely alluvial. Under the Wedgetail exploration team successive high grade gold interceptions at increasing depths have been obtained from drilling and chief executive Frank Vanspeybroeck can now claim that it has not only developed a good geological model, but the methodology of exploration has been proved.

In 2002 the company, previously known as Cloncurry Mining, amalgamated a number of tenement holdings in the Nullagine goldfield, following a detailed analysis from satellite photographs, and now has a dominant position covering 600 sq km along about 45 kms of strike of the prospective Middle Creek shear zone. The historic production from this goldfield is reported to be around 130,000 ounces of gold, but the region remains very much under-explored. In May this year, however, its consultants completed a review of most of the known resources at the Nullagine gold project which showed that the global resources had risen by 39 per cent to 886,000 ozs gold at a 1g/t cut-off. Of this total the measured and indicated resources amounted to 501,000 ozs which is a 41 per cent increase since the last estimate in September 2004. If the cut-off is reduced to 0.6 g/t, which could just be profitable for a shallow open pit operation, the global resources tip over the million ounce mark.

It is interesting to note that the consultants were instructed to produce combined measured and indicated resources on only the Golden Eagle, Barton and All Nations projects as these have been drilled recently and the figures could therefore be included in optimisation/feasibility studies. These three projects constitute the Nullagine gold project feasibility study, centred on Golden Eagle, which is ongoing. The inferred resources were based on historic estimates of other known deposits which have yet to be re-drilled. The object was to give an idea of the optimal resource development programme for 2005/6. The majority of these reported resources are less than 100 metres deep which confirms that very little exploration and development was previously carried out on the ground holdings at Nullagine.

One of the strengths of Wedgetail is that it owns a complete carbon-in-pulp gold recovery plant currently situated at Bullfinch, some 2,000 kms to the south between Kalgoorlie and Perth. Previously used by Sons of Gwalia it has been dismantled and the directors are considering how best to optimise the parts. When it was acquired they were thinking solely of a modest oxide operation. Now they are considering a much bigger and deeper operation with a throughput of 1 million tonnes a year, according to Peter Woodman, the development manager. More parts are being sought elsewhere and these may include an elution plant and a gold room as a result of the higher grades. The crushers should be of use, and perhaps the mill, but he will not be drawn too far at this stage.

The company had around A\$4.3 million in the kitty at the end of April so the planned drilling this year will be no problem, but development of a mine will need project debt. The focus of exploration this year is now on production from Golden Eagle and its satellite pits, but drilling will also test their extensions as well as regional exploration targets. In the meantime independent consultants have been appointed to undertake metallurgical and geotechnical studies and to commence hydrological studies. The full feasibility study should be completed shortly and a decision will then be made on development. If all goes well Wedgetail could be well on the way to production by this time next year.

The latest news from the company concerns results from the first 16 holes of an infill/extensional RC drilling program at the Golden Gate project. All returned high grade results, including 15 metres at 4.39g/t from 29 metres and 7 metres at 23.51 from 58 metres, which confirm the continuity of mineralisation along strike and at depth. Golden Gate is 40 kms to the north east of Golden Eagle and 15 kms in the same direction from All Nations. The current programme is designed to improve the confidence category of the inferred resource to measured and/or indicated by validating the historic drilling data and also to expand the resource. Wedgetail has some busy months ahead of it and the Nullagine gold project is one of Australia's most exciting.