

Junior gold explorer starts to soar

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Royce Burke

It is not often a junior rock kicker can put its boot on an entire mineral province but that's what Wedgetail Exploration has at Nullagine - 65km of potential mines.

For the past five years, Wedgetail Exploration managing director Frank Vanspeybroeck has been carefully preening the fledgling explorer, stretching its wings over 570 square kilometres of one of Australia's oldest yet least explored goldfields and lining up the financing and people who will help it soar.

Now he is ready to take off.

"This is an explorer's dream," Vanspeybroeck said. "We have a belt that is in different stages of development, from reserves to resources, drill targets to grass roots.

"We can start mining - and that's the objective of the company, to start cash flow, and from that cash flow we can exploit our other regional exploration acreage."

Vanspeybroeck is not the first prospector to recognise the gold potential around Nullagine in Western Australia's rugged Pilbara region.

Old workings, some dating back to the 1890s, dot the rocky outcrops that are peppered along Wedgetail's 65km of strike length.

But what the old timers failed to recognise is that these rocky outcrops are just the tip of the iceberg - 70% is lurking beneath a thin veneer of overburden.

Only four metres thick in most places, this transported cover presents problems for geochemical analysis and also meant that for decades nobody thought to consolidate the myriad of small tenements staked out over the Middle Creek Shear Zone and step back to take in the bigger picture.

That is until Vanspeybroeck - a Belgian physiotherapist who learnt the mining game in the Eastern Goldfields during the 1980s and early 90s - scooped failed gold and copper miner Cloncurry Mining Co out of the hands of administrators, renamed it Wedgetail Exploration, and started piecing together the Nullagine jigsaw.

As the picture became clearer, Vanspeybroeck - ignoring the advice of the naysayers - took his vision to Clive Donner at LinQ Resources Fund (formerly Golden Arrow Fund), who provided the initial capital to refinance a second-hand plant and funding for the first stage exploration.

LinQ Resources Fund recognised the potential and became a believer. It is now Wedgetail's number one shareholder, speaking for around 24% of the register if the convertible notes it holds are exercised, and (CEO) Clive Donner of LinQ Resources Fund chairs the company. Mr Donner has added substantial value and credibility to the company through the provision of capital, market awareness of the project and assisted Wedgetail in sourcing quality technical and geological resources to undertake the initial phase of exploration and prefeasibility work. The market capitalisation of Wedgetail has grown six-fold since LinQ Resources Fund came aboard.

At the request of Wedgetail, LinQ Resources Fund sourced one of the best exploration geologists, Greg Cunnold, who was involved in the discovery of the 15 million ounce Rosa Montana gold deposit in Europe.

"When he saw the whole land holding he took a satellite approach and the structures just popped up," Vanspeybroeck said.

Mr Cunnold suggested using aeromagnetics, so Wedgetail flew the first 20km of the strike, generating 17 targets.

Two have been drilled so far, yielding the Linq and Barton South prospects.

"Both times we hit very good gold mineralisation - Linq had six metres at 100grams per tonne," Vanspeybroeck said.

"At Barton we drilled three lines and every line hit mineralised zones ranging from 12gpt to 3gpt."

But Wedgetail's focus for the coming months will be on a raptor of a different kind - the high grade Golden Eagle deposit, which will provide a solid cash flow to fund the unfolding of the bigger exploration picture.

Wedgetail has bought the Bullfinch CIP plant from Sons of Gwalia and is in the process of refurbishing the facility before trucking it up to Nullagine.

Clough is undertaking a study to decide how to best optimise the plant and what size it needs to be.

"The key is to generate a lot of cash with low capital costs - operating costs will be around \$22 per tonne so we're looking probably at today's prices at a \$230-240 an ounce profit."

Capital costs are projected to be as low as \$13-16 million.

"Golden Eagle is a series of lenses that get richer as they go deeper and is shaping into a large structure, particularly towards the western end of the pit," Vanspeybroeck said.

The mineralisation is now around 400m wide at the western end and the pit is 1.5km long.

"We keep on finding extensions so we had to draw a line in the sand and we're waiting now for the latest results from the infill drilling. We will then give it to RSG Global to do another independent resource optimisation."

Heritage clearance is also continuing, but Vanspeybroeck said the company enjoys good relationships with the claimants and hopes to reach an overall agreement for the future rather than limiting it to the Golden Eagle area.

"We would really like to proceed immediately with an agreement with all of the claimants in the area so that we have no surprises down the track and everybody knows where they stand and we can work together," he said.

"We hope to finish the bankable feasibility study off this year, commission the plant next year and be in production some time next year, weather permitting," Vanspeybroeck said.

Heavy rains in February and March kept Wedgetail off the ground for a couple of months but also filled up its aquifers ahead of the start of production.

Significant underground water resources have also been identified near the Fortescue River, 30km from Wedgetail's property, and are largely potable.

The Golden Eagle operation will be overseen by development manager Peter Woodman, who was involved in bringing the Chatree gold mine in Thailand to production for Kingsgate Consolidated.

Cash flow from Golden Eagle will be ploughed back into exploration of the rest of Wedgetail's Nullagine tenements.

"The only problem we have is time and resources - there's a new boom, the assay labs are stretched and drill rigs are very hard to come by so I don't let them go," Vanspeybroeck said.

But one thing Wedgetail has no shortage of is drill targets.

"We have targets generated by structural geology and targets generated by geophysics, which make this a highly significant area for us to work in," he said.

Aeromagnetism is crucial to the exploration methodology. It has already thrown up a string of targets and although Wedgetail has only managed to drill test a couple so far, both have come up trumps.

Vanspeybroeck expects Wedgetail to be re-rated by the financial institutions once it makes the transition to producer next year, particularly at current gold prices.

"Investors from overseas can't believe their eyes that such a big patch is still in Australia undrilled - it's virgin ground, it's all from surface, 65km of potential mines," he said.

"Together with Chairman Clive Donner, who has an enormous amount of experience in the financing side of things and in developing and growing resource companies, I think we're well equipped to make this a very successful producer."

HEAD OFFICE

Ground Floor
24 Outram St
West Perth WA 6005
Ph: (08) 9488 8800
Fax: (08) 9481 0288
Email: info@wedgetail.net.au
www.wedgetail.net.au

DIRECTORS

Clive Donner (Chairman), Frank Vanspeybroeck (Managing Director), Ross Gillon, Geoff Lambert, Evan Kirby

MARKET CAPITALISATION

\$39.44 million (at press time)

MAJOR SHAREHOLDERS

LinQ Resources Fund (24%)
Golden Prospect (10%)