

Wedgetail eyes gold in Pilbara

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Wedgetail Exploration is set to join the growing number of emerging producers exploiting the strong gold price, after a feasibility study established the viability of a 70,000 ounce a year mine in Western Australia's Pilbara region.

Wedgetail is believed to be in preliminary talks with a number of banks to secure project finance of more than \$40 million within the next few months.

The Perth-based company plans to move into production at its Nullagine project, 185 kilometres north-east of Newman, towards the end of the first quarter of 2007.

The economics of the project, which is expected to deliver net operating cash flow of up to \$105 million, has been underpinned by the surge in the gold price to close to \$US600 a ounce.

Gold closed at \$US583 on Friday.

The rising gold price has been fuelled by growing demand, new levels of investor and speculative interest and a dearth of discoveries.

The consolidation of key land positions in the under-explored Nullagine Goldfield (which has historically produced about 128,000 ounces) has delivered Wedgetail more than 1500 square kilometres.

The junior explorer is targeting annual production of about 70,000 ounces, initially from the Golden Eagle open cut, based on an existing reserve of just over 300,000 ounces.

The total gold resource stands at 860,000 ounces.

That includes the recently upgraded resource at the Golden Gate deposit of 69,000 ounces.

Drilling has also returned high grades two kilometres west of Golden Gate at the Falcon project.

Wedgetail has already sent a mining tender package to prospective contractors and intends to construct a 1 million tonnes a year treatment plant at Golden Eagle, incorporating equipment from the Bullfinch plant previously operated by Sons of Gwalia.

The company's management team was boosted in February with the appointment of Snowden Mining Industry Consultants' Beng Ko as mining manager.

This followed the promotion of project development manager Peter Woodman to managing director in January.