

Wedgetail ticks Nullagine

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WEDGETAIL Exploration has given the go-ahead to its Nullagine gold project and is looking at adding a heap leach operation to the \$A43 million development in Western Australia, where first gold is set for the end of the March quarter 2007.

Following the completion of the bankable feasibility for Nullagine, the company says it is already in discussions with major banks regarding a debt facility for the project.

At Nullagine Wedgetail is planning on constructing a 1 million tonne per annum CIL plant to produce 70,000 ounces of gold per annum over the 4.8 year mine life of the project.

Cash costs have been forecast at \$513 per ounce.

Using a gold price of \$800/oz the project will have an operating margin of \$287/oz for \$81 million net cash flow over the project's life. This scenario gives an internal rate of return of 27%.

Applying a gold price of \$880/oz, assuming a spot price of \$A800 plus hedging for 65% of production, the cash flow improves to \$105 million and the IRR to 42%.

Wedgetail chief executive Peter Woodman told *MiningNews.net* the company would also be conducting a scoping study over the next two quarters looking at running a parallel heap-leach project processing the lower-grade ore in the Nullagine region.

The company plans to run ore with an average grade of 2.38 grams per tonne gold through the CIL plant, however at Golden Eagle deposit, Wedgetail has 2.3Mt of material graded 0.68gpt and designated as waste material.

This lower grade material would be used in the proposed heap leach operation.

"The upside is that west of Golden Eagle ... we have about six or seven RC holes that had large widths of low grade material, around about one gram (per tonne gold)," Woodman said.

"Now that we know the heap leach circuit may grow we'll go and do some exploration up there to see if we can prove up bulk tonnes of that material so that we can augment that 4.8 year life of the CIL plant parallel with a heap leach so we're using everything."

Preliminary metallurgical testwork has shown recoveries of about 70% are achievable and further testwork will be conducted.

Meanwhile, coinciding with its transition from explorer to producer, Wedgetail Exploration plans to change its name to Wedgetail Mining.

Shares in Wedgetail were up 0.4c (11.43%) at 3.9c in midday trade.



Wedgetail
Exploration's
Golden Eagle
deposit