



Nickel play refloated in nick of good time



JOHN PHACEAS

WA mining veterans Ross Kennedy and Tom Bannerman showed their knack for impeccable timing when they lodged their prospectus for the refloat of Kalgoorlie nickel explorer Great Western Exploration last week.

For a start, nickel prices have continued to soar in recent months — again passing the magical \$US50,000-per-tonne mark on Thursday — or roughly double the price last May when the original GWE morphed into the Kate Hobbs/Michael Kiernan-led Eurasian uranium developer Uran on the back of continued delays in developing new mines and China's insatiable appetite for nickel to make stainless steel.

GWE's refloat also coincides with a double dose of good news from the Forrestania region where GWE's key prospects lie.

GWE holds a wide tract of ground covering the south-eastern extension of the famed Forrestania nickel belt, which it has shown extends at least 12km farther south than previously believed but hidden under cover.

The belt is already a rich nickel province and hosts both the historic Forrestania mine, developed by Finnish giant Outokumpu, and the prized Flying Fox mine now being brought onstream by local nickel hero Western Areas, about 40km north of GWE's turf.

Flying Fox has fairly and squarely put the belt back at the

forefront of investors' minds as one of the highest grade mines to be developed anywhere in the world in recent years, hosting about 75,000t of nickel at grades between 5 and 7 per cent, from which Western Areas expects to produce 10,000t to 12,000t of nickel a year. That does not include fresh results from extension drilling at the T Zero, T1 and T2 pods, which are expected to push Flying Fox's nickel resource past 100,000t of metal.

Kim Robinson's Kagara Zinc, which paid \$25 million for a single lease hosting a likely extension of Flying Fox late last year, further highlighted the area's potential last week by announcing it would start drilling within two weeks.

But of potentially greater significance for GWE is Western Areas' confirmation 10 days ago that resources at its Diggers South deposit — where Outokumpu previously developed a small open pit — had jumped almost 50 per cent to 44,700t of contained nickel.

Western Areas is aiming to approve its second mine at Diggers South later this year, potentially boosting output by 3000t a year.

GWE's Mt Gibb tenements lie directly adjacent to and along strike to the south from Diggers, where it controls 190sqkm of ground that has been only sparsely explored apart from a small program of electromagnetic surveying and RAB drilling undertaken by the company before it became Uran last year.

The initial program identified a number of anomalies worthy of follow up but left on the backburner when the company switched focus to uranium last year.

GWE's initial program will be to test a 7.3km-long zone of ultramafics, where it previously identified pegmatite bodies considered potentially similar to those hosting the Flying Fox deposits to the north. Fresh ground EM (GEM) work is planned, followed by at least five 400m-deep holes to test anomalies identified and allow downhole EM surveying.

GWE plans to raise \$3 million with the offer of 15 million shares at 20¢ each. Uran investors will have a priority entitlement to 11 million shares, while Uran will also distribute another five million GWE shares via an in-specie distribution. The priority offer closes on April 26 followed by the public offer on May 4.

Mr Kennedy will resume his former role as chairman while Mr Bannerman will take the reins as managing director.

• Meanwhile, Peter Andrew's newly listed gold-uranium explorer Pegasus Metals has significantly bolstered its asset base by snaring a 2700sqkm portfolio of uranium leases in the East Kimberley from veteran geologist Peter Lewis.

The leases include the Sturt Palaeochannel, McClintock Range and Giant Placer projects south of Halls Creek, where a score of uranium prospects were identified from the late 1960s.

With uranium prices continuing to soar, the pick-up was endorsed by investors who sent Pegasus shares rising 11 per cent to 30¢ on Thursday. Pegasus listed a month ago after raising \$3.5 million at 20¢ a share.



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Focus: Flying Fox has put Forresterania at the forefront of attention.