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Page 1 of 1

[back](#)

Blackham taps debt facility to fast-track Wiluna plant

Jarrod Lucas

Fledgling gold miner Blackham Resources is dipping into a \$30 million debt facility to begin refurbishing its Wiluna processing plant.

Blackham yesterday revealed its New York-based backers, Orion Mine Finance Group, had agreed to the early drawdown of \$7 million to fast-track the Matilda project towards production.

The funds will be used for initial plant and infrastructure refurbishment, additional drilling to extend the mine life inventory and the completion of a definitive feasibility study by January.

“The early drawdown of these funds allows the Blackham team to look beyond the studies and begin the first stages of development work,” managing director Bryan Dixon said.

“Starting the refurbishment of the plant and infrastructure will allow a more orderly progression into gold production, planned for the middle of next year.”

Blackham said it expects payment within 10 business days.

Since a \$38.5 million funding package with Orion was announced in May, Blackham has now either received or issued a drawdown notice for \$15.5 million.

In October, Blackham published its preliminary feasibility study,

telling investors it would cost \$28 million to develop Matilda.

Matilda has 4.7Moz of gold resources within a 20km radius of the 1.3Mtpa Wiluna plant, gas power station, borefields and 350-person accommodation village.

Blackham said it expected to be producing on average 98,000oz of gold annually over the 4.75-year mine life.

Meanwhile, Evolution Mining executive chairman Jake Klein says this year’s fall in the Australian dollar has put the investor spotlight back on gold companies.

“Despite the US-dollar gold price falling during financial year 2015, we experienced some tailwinds at a macroeconomic level through the depreciation of the Australian dollar against the US dollar and a reduction in key input costs as activity levels in the resources sector fell,” he said. “Our results demonstrate that Australia’s reputation as a high-cost mining destination is no longer correct.

“In fact, we are now becoming one of the best regions in the world to operate gold mines.”

Evolution has seven operations in Australia and this year acquired the Cowal operations in NSW and Mungari assets near Kalgoorlie-Boulder. The new additions are set to boost the miner’s production to between 730,000 and 810,000 ounces in the 2015-16 financial year.