

JUNIOR MINING
MURCHISON RESURRECTION
Old hands put new life into West Australian gold field

A team of mining executives who have worked nickel and gold mines in the Kambalda region of Western Australia are behind a serious push to put new life into the state's once great Murchison goldfield.

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PERTH -

The late 2007 listing Silver Lake Resources Ltd (ASX: SLR) which is already producing from the small, rich-grade Daisy Milano mine, south of Kalgoorlie, has begun a pre-feasibility study on its Murchison goldfield projects at the old mining camps of Tuckabianna, Comet and Moyagee, north and south of Cue.

Managing director, Les Davis, said the combined resources of these three projects were 4.844 million tonnes grading 4.42 grams/tonne for 693,000 ounces of gold.

The company today announced that experienced mining identity Graham Crew had been appointed project manager for the Murchison operations.

Davis said the pre-feasibility was expected to be completed in the December quarter.

"These prospects are in a highly prospective region and have near-term production potential," Davis said.

"Silver Lake's strategy is to develop large production centres at Mt Monger and at the Murchison, with multiple mines at each centre."

While there was a mining revival at these centres in the 1980s, particularly when new technologies allowed economic treatment of oxide ores, they have been relatively quiet since the early 1990s. To the west are the famous Big Bell (4 million oz) and Great Fingall (2 M oz) operations, now mothballed, and to the south the big Mt Magnet operations are on care and maintenance while Monarch Gold Mines undertakes detailed exploration on mines mined until recently by South African Harmony Gold which has exited Australia.

Silver Lake began operations at Daisy Milana in December last year and by June this year aims to produce between 10-15,000 oz and ramp up in fiscal 2008-09 to between 35-40,000 oz. The company says the Mt Monger region has "multi mine" potential with the Lorna Doone and Costello open cut deposits now being assessed. The company owns the 300,000 tonnes per annum Lakewood gold processing plant, 5 km east of Kalgoorlie and 45 km from Daisy Milana that is undergoing refurbishing. This plan was being re-commissioned this month.

The Silver Lake board is a re-visit to Kambalda's recent past. Peter Johnston, a former top WMC executive and now CEO of nickel-cobalt miner and refiner Minara Resources; exploration director Chris Banasik once ran WMC search programmes at Kambalda; Brian Kennedy was in mine management and David Griffiths ran WMC's Kambalda public affairs. Les Davis is also an ex Kambalda manager whose last job was running Consolidated Nickel for Consolidated Minerals there.

The company's name was, no doubt, derived from the Silver Lake mine, the first nickel mine developed at Kambalda.