

July 08, 2009 03:47pm AEST

## Navigator in gallop

Robin Bromby | July 08, 2009

Article from: [The Australian](#)

### **A simple, low risk open pit gold mine - words that are music to the investor's ears.**

Where View Resources failed (both as a miner and a company), **Navigator Resources** plans to succeed. It has given a big tick to its plan for re-opening the famed Bronzewing gold operation.

But while technical problems seem to have been ironed out, the mine will be on the high side of the cost curve.

A report by Coffey Mining, a division of **Coffey International**, said no technical issues had been identified and the planned operation had an indicated resource of 396,000 contained ounces of gold at an average grade of 1.9 grams/tonne. The capital cost of cranking up Bronzewing has been put at a modest \$6.9 million.

Navigator vows to "implement a simple low risk open pity" mining plan and discussions are well advanced on financing. The plan is to produce 100,000oz a year for 3.5 years, and also hope extensions to the body can be confirmed.

A note out from BGF Equities following the NAV announcement says the company offers a low-risk entry to the emerging gold sector with two projects that could come on stream by 2010.

BGF says that, while NAV is better known for its Leonora gold project, the acquisition of Bronzewing (at a cost of just \$4/oz) had taken priority as it offers a much shorter path to production.

However, the broker identifies the gold price as the greatest risk factor. The mine will have a cash operating cost of between \$750 and \$800 an ounce (against the recent average of \$1150/oz). This could be managed by hedging.

"In any event, investors should not be buying a gold stock today unless they thought there was a strong chance of a much higher gold price," the note warns. "In this event, NAV would offer excellent leverage – more so than low cost producers."

NAV is one of the few companies selling at a discount to its NPV (net present value) on current gold prices and exchange rates.

*The writer implies no investment recommendation and this report contains material that is speculative in nature. Investors should seek professional investment advice.*

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