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# Wolf Minerals shares lifted by progress report for Hemerdon tungsten project

Wolf Minerals (LON:WLFE, ASX:WLF) has made impressive progress in the last few months with developing the Hemerdon tungsten mine in Devon.

An activity update from the company covering the quarter to end-December 2011 seemingly served as a reminder to investors that this project could become one of the AIM success stories of 2012.

The stock rose in morning trade to reach 26 pence at 10.40 am, up 4 per cent on the day.

The Australian group listed on AIM at the end of November. Access to the broader mining expertise in London, the project's proximity and the access to development money were the reasons behind deciding to add a listing in the UK.

A string of progress updates has propelled the shares from just over 15 pence in mid-December to the current levels.

Hemerdon, about 10 miles north of Plymouth, houses the fourth largest tungsten deposit in the world. It also contains tin and a smattering of aggregates as potential by-products.

Tungsten is classified as a strategic product by the US, China and Europe and as a "critical mineral" by the UK government due to its use in weapons and by aerospace and energy firms, and new sources of supply are dwindling.

It was this potential supply/demand imbalance that initially encouraged Wolf's managing director Humphrey Hale to take an option on Hemerdon in 2007.

A lot of work has been completed by a previous owner, and Wolf benefits from planning permission for the mine that is still valid until 2021.

In May 2011, Wolf published a definitive feasibility study, which estimated Hemerdon's base case value at £74 million based on a mine life in excess of nine years producing 350,000 metric tonnes of tungsten and 450 tonnes of tin each year. Tungsten will generate 90 per cent of the revenues of the project.

The mine is expected to cost around £120 million to build, and as of early January nearly half of that is all but secured through senior debt. The company is in

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discussions with potential off-take partners to provide subordinated debt for the remainder of the cost, in order to minimise the equity component of the funding package.

As if that wasn't enough to get investors to take a very close look, the UK government endorses the development of Hemerdon.

About a fortnight ago, Minister of State for Trade Lord Green wrote to the company expressing his support, adding he hoped the company would proceed quickly with the development of the project.

The minister said Hemerdon was important both for jobs and wealth creation in the local community and also to secure supplies of tungsten to the UK and wider European Union.

Wolf has appointed a contractor to build the 600 metre access road to the project. The work will start shortly and is expected to be completed in June this year.

The road will place the company in a position to break ground on the Hemerdon project in the near future.

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<http://www.proactiveinvestors.co.uk/companies/news/38349/wolf-minerals-shares-lifted-by-progress-report-for-hemerdon-tungsten-project-38349.html>