

## The Australian Online

### Gold rush: Ghana in spotlight

THE DIRT: Robin Bromby July 07, 2009

IT'S not quite Bendigo in the 1850s or the Klondike in 1897, but Ghana seems the nearest we've got these days to a red blooded gold rush.

The fact that separates Ghana today from the gold rushes of the past is that, of course, the West African country is already an established producer of the yellow metal. But there is enormous exploration remaining -- like in much of West Africa.

The pace is really picking up there -- and, fortunately, Australian companies are in the vanguard of the charge.

Today we hear Signature Metals outlining its strategy to accelerate development of its Konongo deposit into a producing mine. The plan is to review the existing resource of more than 975,000 ounces with a view to producing more than 100,000oz a year. SBL also has an exploration target at Konongo of up to 2.5 million ounces. Past production at this site totalled 1.6m ounces at an average grade of 11.8 grams/tonne; the open cut operation had cash costs of \$US300/oz.

Everything is being looked at in Ghana. A Canadian company, PMI Corp, is planning to re-open the old Obotan mine operated by Resolute Mining. Another Toronto-listed company, Midland Minerals, is looking to reactivate the Sian gold mine operated by a Chinese company between 2001 and 2004, an operation closed because the Chinese managed to make it uneconomic with a strip ratio of 12:1. Midland believes can prove up a million ounces still sitting there -- and engineer the operation better to reduce the amount of overburden to be stripped per ounce of gold.

The leader of the Australian pack in Ghana is Perseus Mining with more than 5m ounces of gold and plenty of money in the bank.

We have just seen Azumah Resources report some spectacular drilling results from its Wa project in Ghana, including an intersection of 12m at 13.13 grams/tonne, with 3m of that assaying at 45.9g/t, or 1.50z a tonne.

Blackswan Equities' latest note on AZM is headed: "Azumah -- Potential to punch above its weight?" It puts a price target at between 17c and 28.5c a share.

Azumah's project lies in the northwestern corner of Ghana running up to the border with Burkina Faso. South of its Wa project lies another gold play -- also, confusingly, called Wa -- owned by Perth-based Castle Minerals, a company that has 8000sq km and

which, so far, has discovered a virgin high grade vein called Julie West with 400,000 tonnes at 4.5g/t in the 50m immediately below surface. Further details will be available in CDT's quarterly later this month.

Adamus Resources has also been seeing some broker interest. Lonsec calls it a "speculative buy" and a company "set to go in 2009". ADU has a resource of 2.1m ounces and looks to be aiming at production of 90,000oz a year.

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