



# Success stories emerge despite distractions



By Ross Louthean

There is a saying in West Africa when communications fail, deliveries fail to appear, government officials are dithering or where some other exasperating event happens – it's Wawa (West Africa wins again) time.

WHILE THAT TERM may still be used loosely in the region, Ghana is still one of the models of where to explore and do business on the continent.

It continues to have one of Africa's most stable political situations with mining laws based on the statutes used in Western Australia and, as Castle Minerals Ltd's chief executive Mike Ivey says: "They speak English, smile at you and don't throw stones."

Above all, it is a leading producer of gold, and recent exploration forays by Australian and Canadian companies have shown the geology is favourable for new discoveries.

The detractors in several African countries are many – take Zimbabwe's megalomaniac Robert Mugabe or, in West Africa, a new regime which is making it tough for some existing gold producers. Resolving that problem may be costly.

For this writer Ghana has only two detractors – the mosquitoes that can carry malaria and the gaboon viper, the most aggressive deadly snake you will encounter. With sensible management both are minor issues.

A hang-up right now is the fact that while Australian gold juniors are back on the share market radar thanks to the strong gold price and relative weakness of the Australian dollar to the US greenback, successful gold seekers in Ghana and

West Africa in general are not gaining any market traction.

Aussie quests into Ghana have produced some great results – Golden Shamrock Mines Ltd was a pioneer of modern open cut mining before being taken over by Ashanti Goldfields (now part of AngloGold Ashanti Ltd), while Red Back Mining Incorporated advanced to the Toronto Stock Exchange and has a market capitalisation many mid-tier miners would envy.

Meanwhile some other Australian miners were taken over or sold mining assets in Ghana, but still gave shareholders a good run for their money. And, of course, there were a few turkeys.

## Undervalued assets

Australian juniors in Ghana today are just a few rungs above being a penny stock, whereas if their projects were transferred to Australia, they would have achieved greater investor appeal. For three examples of this, one needn't look past Azumah Resources Ltd, Perseus Mining Ltd and Castle Minerals.

Late last year Azumah decided to hold off raising fresh capital – at the time of writing it had less than \$2 million in the bank – to undertake more drilling on key properties, and results announced early in April showed the reserve and resource picture was growing.

The Kunche and Bekpong leases

collectively contain shallow resources of 754,300 ounces, while the Julie and Wa leases, under an acquisition agreement, are being drilled to provide an initial resource that owner Crew Gold Corporation considers could be about 300,000 oz.

Azumah's executive chairman Stephen Stone said the two latest drilling programs highlighted that the near-surface 212,000 oz indicated-inferred resource at Bekpong was likely to continue to expand. It also indicated due diligence on the Wa prospect was "progressing positively and that its acquisition (from Crew) could position Azumah to grow in the short term its near-surface resources in the region".

"Azumah remains entirely focused on achieving its primary objective of delineating sufficient gold mineralisation to underpin a stand alone, open cut mining operation in north west Ghana," he said.



Castle Mineral's Mike Ivey (left) and Mike Fowler inspect some Boizan drill cuttings



back



Meanwhile, Perseus Mining's managing director Mark Calderwood knows only too well that when times get tough Australian investors see risk in places like West Africa, despite the good track record for project developments.



Stephen Stone

Perseus' resource inventory in the region is 7 million oz, of which 6 million oz are in Ghana, mainly on the Ayanfuri project, which takes in leases where in the 1990s two companies – including the original Ashanti Goldfields – mined 23 shallow pits to produce 300,000 oz.

Calderwood has an image of Perseus being in production by mid 2011, with one of the important stepping stones being the release of a definitive feasibility study this July. The blueprint is to establish a mill with the capacity between 4.5-5 Mt a year to produce about 210,000 ozpa. The capital outlay may be about US\$134 million and Calderwood would like to keep the debt factor to about half this amount.

Once Ayanfuri is advanced, Perseus will look at advancing the Tengrela project on the Ivory Coast, where a current 1 million oz resource could be developed for US\$89 million to produce 128,000 ozpa from 2012.

### Promising results

Castle Minerals has not been able to raise stock market eyebrows despite drilling success at its most advanced properties Julie West and Akoko, including the December quarter gold hits of 5 metres at 28.5 grams/t, 2m at 41.7 g/t and 3m at 13.02 g/t.

The Julie West Vein now has a known strike extent for at least 1.2 km, and rock chip sampling on an outcropping vein 1.4 km south gave grades of up to 30 g/t gold.

Ivey, who is also on the Azumah board, said resource calculations were currently being completed on the main Julie West vein and several development and process options were being considered.