

The Accidental Geologist

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WHILE every man and his dog active in West Africa invariably makes claims about the huge potential of their respective gold exploration projects, the affable young Kiwi running Gryphon Minerals, Steve Parsons, has a head start when it comes to justifying the rhetoric.

That's because Gryphon is apparently the only junior in West Africa outside Ghana that major gold miner Newmont Mining Corp has bothered investing in.

"There's a truckload of juniors that don't have precedence for big discoveries on their belts (in West Africa) and those that do have got tired old projects that have been picked over a million times before," Parsons said when asked why Gryphon's Banfora project was better than others in the region.

"Our very big landholding [about 1200sq.km] on a major belt is basically virgin ground that never been looked at before and we're along strike from three of the biggest gold deposits in West Africa."

Not that Parsons comes across as the denigrating-type. In fact he comes across as the total opposite.

The 36-year-old from the Hibiscus Coast on the east coast of the Auckland region studied geology at the University of Canterbury on New Zealand's South Island after walking into the wrong room during an "open day" at Auckland University after he completed high school. Instead of hearing about physics, he was introduced to the world of geology.

Arriving in Perth about Christmas 1994, he hired a car and drove to the mining companies that had offices in the suburbs - such as CRA, Western Mining, Newcrest and the like - and asked to see the exploration manager. Getting three job offers on each of the first two days probably reflects his affability, and after 18 months with CRA he headed off for 12 months or so travel. (Being prior to 911 means his visits to the frontiers of Iran, Afghanistan and Pakistan probably attracted less attention from ASIO and the CIA than they might now!).

Deciding to then get serious with his geology, he worked back in Western Australia with Platinum Australia and Placer Dome, before linking up with Nathan MacMahon and Clive Jones at International Goldfields. Around that time the resources market was pretty dire, recalls Parsons, and he and the mate that had travelled to Canterbury to study geology with, Hamish Halliday (the former managing director of Ghana gold hopeful Adamus Resources), formed a private company that started picking up ground in Western Australia that others were dropping left, right and centre.

The various, mainly grass roots ground holdings became the basis of the Gryphon Minerals' IPO back in April 2004, with the Banfora opportunity being picked up just under 18 months later. Along the way Parson met and married a girl from the Perth hills area, with Freya a local artist and former chef. They have two sons, Jasper and Arkie, with the latter sharing a name with the actress daughter of renowned Australian artist Brett Whiteley. (However, Parsons wouldn't be drawn too deeply into any conversation on art - "you'll have to ask my wife" - other than to say he really enjoys it).

Parsons says Perth is now definitely "home". He has no intentions of moving back to New Zealand, with an early surf in the morning and barbecues with friends in the outdoor city among the attractions.

Meanwhile, fresh back from a roadshow to institutional shareholders on Australia's east coast, Parsons says current market conditions will now see Gryphon being a little more cautious in terms of spend in the months ahead.

"We've got \$A8.5 million in the bank [after a well-timed \$A10 million raising in May], and having just got back from a roadshow, the moral is 'cash is king'," Parsons said. "We've basically had three rigs going most of the year and we're probably going to cut that back to two, and probably down to one for a period of time.

"We still think we can get the ounces in the timeframe we've announced. We'll re-evaluate at the end of the year, but I think we're going to be a bit cautious. When you relay that to your geological team it's all a matter of making sure that the guys are still right onto proving up what they think is good … and not changing the geological focus at all. In fact it's just going to give them more time to spend on the ground without drill rigs turning 24/7, and that will help geological understanding a bit more and hopefully that might turn out to be better for us in the long run."

Gryphon's aim to date has been to reach the one million ounce milestone as soon as possible, and that now looks more likely to be around the end of the first quarter of 2009 or early in the second quarter. An interim resource is expected by the end of the year. Desk top studies and a pre-feasibility in 2009 are anticipated, with shallow oxide ore grading about 2.5gpt seen as both attractive and achievable.

According to Parsons, Banfora's location right on the border of Cote D'Ivoire and Mali is a huge advantage in terms of development given a major power grid supplying power to Cote D'Ivoire next door - the "cheapest and most reliable power in West Africa" - while potential water is also plentiful. "It's looking great (in terms of development), without a doubt," Parsons says.

However, he agrees it remains early days.

"People are always expecting you to pull out 1Moz, 2Moz, 3Moz, but you forget at the end of the day this was only a soil anomaly 1.5-2 years ago (generated) by another company. So to turn something from a soil anomaly into a maiden resource and on top of that understand the geology and turn it into something big is a lot of work.

"For us it's like walking into the Laverton region 20 years ago. Think of the big discoveries made there over the past 20 years."

Gryphon's story has certainly got some real traction for a junior - albeit the shareprice has been whacked in more recent months in line with resource companies across the sector. Aside from Newmont's 8% stake, various funds and investment banks hold interests in the junior, with the top-40 shareholders speaking for some 70% of the issued shares (including management with about 14% on a fully diluted basis).

Analyst coverage includes the likes of Argonaut, Austock, Euroz and DJ Carmichael, with the company capitalised this week at a mere \$A20 million or so

- despite cash of \$A8.5 million, already established resources of more than 400,000oz and some 40-50 prospects yet to be followed up by drilling on a greenstone belt containing plus-5Moz deposits such as Morila, Syama and Obuasi.

No surprise Newmont was interested.