

## Gryphon Aims to Double Again

STEVE Parsons the managing director of Gryphon Minerals can't say too much about the potential of the company's Banfora gold project beyond the 820,000oz resource currently outlined. But Parsons the geologist is clearly enthused about what lies ahead.

The ASX-listed junior has just raised \$A10 million, taking its cash balance back past \$A13 million, and will now put the foot back on the accelerator at Banfora, in south-west Burkina Faso, in the expectation of significantly extending and firming the resource numbers by the end of 2009. On its current run rate - a discovery cost of about \$A15/oz - and on the basis that there is plenty more of the shallow mineralisation Gryphon has been finding since making its initial blind discovery at Nogbele and announcing a maiden 410,000oz resource in 2007, Gryphon could be looking at a 1.5 million ounce model by the end of 2009.

Parsons says 1Moz above 100m vertical depth is the minimum target, but maintains that is already within reach.

"The whole goal with the money raised is we want to increase the size of the resource; to get over 1Moz is key," he told HighGrade this week. "We think we're well on the way to that anyway.

"We also want to do some infill drilling on it as well to get the resource into the measured/indicated category. So we'll be coming out with a resource statement around [the start of] August, and that will be [bigger] inferred, and then at the end of the year when we come out with another resource statement some of that will be in the measured/indicated category.

"The reality is that it does look like a big system. We've just doubled the resource [earlier this month]. But at the end of the day it was a soil anomaly, a virgin discovery, only a couple of years ago and while there's absolutely huge upside on the whole thing we've got a lot of work to do this year to realise some of that.

"Most of the resource is in one small area of about 5km strike down at Nogbele, so it's a few square kilometres and we've got 1200sq.km. The reality is this one prospect that we're drilling on might not even turn out to be the best target."

Parsons said another factor in a climbing resource-ounce accumulation rate for the dollars being spent was grade. The current Banfora inferred resource is 10.6Mt grading an average 2.4gpt, including 9.5Mt at 2.4gpt at Nogbele and 1.1Mt of 2.7gpt at Fourkoura, 7km away. An estimate 90% of the total is above 100m depth. Gryphon reported in March a new high grade gold structure had been identified at Nogbele (initial drilling intercepts included 9m of 9.9gpt from 38m depth, 11m of 4.4gpt from 50m, and 8m of 8.87gpt from 108m) which remained open along strike and at depth.

The gold mineralisation in this and other northwest and southeast mineralised zones at Nogbele is said to be shear hosted with little or no quartz veining and strong-to-moderate hematite, carbonate, sericite and pyritic alteration, within a granitoid about 500m north-west of the Nogbele granodiorite intrusion. Gryphon's Nogbele deposit is about 30km north of Randgold's Tongon gold project, with its 4.2Moz of resources (average grade about 2.4gpt), in Cote d'Ivoire.

"Our grade's going up," Parsons said.

"People say two-gram dirt is a bit ordinary, but it's actually quite good in West Africa where most of the deposits are around 1.5-2gpt. We're certainly at the upper end of the scale with 2.4g at the moment and some of our intersections - the last lot of drill results included 24m at 4.7gpt which is very high grade - show there is excellent grade there. We're targeting these high grade zones now, now that we know where they go. So I think the grade will keep on going up as we increase the resource.

"With the infill drilling we've got to do I see our discovery costs will probably remain about the same as they have been this year. But if you're looking ahead, in terms of cash costs as we get to scoping a mine, I think we're going to be ahead of the curve because we've got the high grade from surface."

Parsons said deeper drilling to follow up some of the strong intercepts recorded below 100m would be resisted for now. "We want to prove up an economic resource close to surface and then probably at the end of this year or the start of next year we might do some deeper drilling," he said.

Parsons said at a Perth gold conference earlier this month the company had commenced project scoping studies and would "soon be pushing the button on feasibility" work.

Underexplored Burkina Faso is getting more of the attention gold majors and juniors alike have lavished on neighbouring West African countries, particularly Ghana but also in more recent times Mali, Cote d'Ivoire, Mauritania and Senegal, and is charging ahead of a government agenda set two years ago to have five new gold mines in production within five years.

"They [Burkina Government] really are pushing for new mines," Parsons said.

"The new mining act [2003] is attractive ... a 2% royalty; the govt will own 10% of a mine, so we'll have 90%; a five-year tax break then company tax at about 20% from there.

"They've looked at Cote d'Ivoire and Ghana and Mali and realised these countries were making a lot of money from royalties and taxes, from gold mining, and so they've really been pushing to get mining up and running. From no mines there are now four that are pouring gold at the moment and another one starting up very soon, and another two are going to be on track within the next 12 months."

An RBC Capital report released in the middle of last year after an analyst tour of the Taparko, Youga and Mana mines and (now IAMGOLD's) Essakane project in the country's far north, which cited Burkina Faso's lack of infrastructure, power and water, and grinding poverty, as significant barriers to low-cost mine development and operation, was criticised by several Australian companies for describing the country's potential to yield new "large shallow deposits [as] rather limited".

While RBC's predictions about Burkina Faso mines being vulnerable to cost inflation - and that was during a period when costs were climbing everywhere - has so far proven accurate, based on the early production reports of Canadian-listed Semafo (Mana), High River Gold (Taparko) and Etruscan Resources (Youga), Parsons labelled the exploration claims as "absolute rubbish".

"You get people who know a little bit about West Africa and think that actual border crossings play a part in geology and the reality is of course that they don't," he said. "Where we are there's three borders within close proximity and three world class mines in three different countries. The geology is absolutely identical.

"I would say that the potential where we are in West Africa - on a greenstone belt with three world class gold deposits on it and the portion of ground - is absolutely fantastic. The 1200sq.km that we've got is like owning half of the Laverton district [in Western Australia] when no-one has ever done any work on it before - before actual soil sampling. So I really believe that a lot of big deposits are going to be found in West Africa and it's at least 20 years behind where WA is in terms of what people have found and what their understanding is.

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"I also believe there is a lot of shallow, high-grade gold to be found in Burkina Faso and that cash costs [operating] in West Africa will definitely be at the lower end of things compared to WA and other mature gold mining jurisdictions.

"We don't have any problems with water where we are; there's a sealed highway 30km from Nogbele, and a power grid 10km away.

"West Africa definitely has its problems because it's an emerging, developing area. But at the end of the day it's already a major gold producing district and all of the majors are there."

One of those majors, Newmont Mining, is understood to have passed on the opportunity to increase its Gryphon stake beyond 8% in the latest funding raising by the junior. It instead will be diluted to 5% or less.