

Explorer with a golden future

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GRYPHON Minerals has big hopes for its flagship Banfora deposit, including the definition of one million ounces of gold, or more, within a year. By Kate Haycock - RESOURCESTOCKS*

Burkina Faso is a small West African nation that is developing a reputation as having the same sort of potential as Ghana, which hosts a couple of impressive multi-million ounce gold deposits.

The country's first productive gold mine – the Youga project, owned by Canadian miner Etruscan Resources – started up this year with a resource of 6.6 million tonnes with an average grade of 2.7 grams per tonne containing 580,000oz of gold, and should produce 50,000-60,000oz per annum.

Other tasty deposits in the region include Resolute Mining's 5 million ounce (Moz) Syama project, and Randgold Resources' 6.5Moz Morila project, both in Mali.

Gryphon managing director Steve Parsons is hoping Banfora will turn out to be one of these decent sized plays – as is, no doubt, the company's major shareholder Newmont Mining, which holds around 7% of Gryphon's shares that it picked up last year.

Banfora is a 12,000 square kilometre set of tenements some 350km from the capital city of Ougadougou where the company's major focus has been the Nogbele prospect, which hosts Banfora's first resource of 410,000oz of gold.

Before Gryphon's drilling started at Banfora two years ago, Nogbele had just been a soil anomaly, originally defined by Western Mining Corporation. Luckily for Gryphon, WMC simply walked away from the anomaly – despite its size and tenor.

"It was such a big soil anomaly – it was 3 kilometres by 3 kilometres in strike and even then you could argue it was bigger than that," Parsons told *RESOURCESTOCKS*.

"We all thought, 'my god, this is amazing', we couldn't believe how much gold was there.

"We took rock chip samples, and took them back to Australia, and nearly everything came back with gold in it.

"We drilled a few holes and got a maiden resource of 410,000 ounces. Some of the shareholders think we might be onto something pretty big as well, and some of them only get involved in 3-5 million ounce deposits," he added.

The Perth-based mineral explorer hopes to have the "magical million ounce" deposit delineated by the time Africa's biggest resources conference, Mining Indaba, rolls around at Cape Town in February next year.

"In West Africa a million ounces is a number that you need," Parsons continued.

"Then we can sit back and do some desktop studies and see how much money we could make by moving into production sooner, or consider if we should to try and turn it into a bigger deposit.

"And after you get that one million ounces you have to prove it is economic and not just a number you've plucked from the air."

The deposit is grading around 2.1gpt, which is a similar grade to other deposits in the region, but all the mineralisation so far defined at Nogbele is sitting at less than 100m deep.

The company is now going ahead with deeper drilling beyond that 100m limit and in May released the first details from a deeper hole that skimmed just below the resource level.

That hole intersected 10m at 13gpt gold from 78m, a good result for the first such exploratory drilling. The mineralisation also appeared to be open at depth.

"Over the next six months we'd like to get down to 250 metres," Parsons said.

"Everyone once thought the open-pittable, shallow deposits were the key to everything in West Africa," he added.

"But if you look at other deposits in the region, sometimes the actual mineralisation doesn't start until 200 metres down – often you get all this low-grade ore at the top.

"The thing we're seeing now in the diamond holes and the structures we're seeing is that it is blowing out at depth at

higher grades. This really could be something very big."

Beyond Nogbele, the company has identified a further 50 targets at Banfora in soil anomalies.

"And then on top of that we've got 50 percent of the property that hasn't had any work done on it at all," Parsons said.

"So the game plan leading up to the end of the year is to also do soil sampling on that."

Work at Banfora is suspended for the Burkina Faso wet season, but once everything dries out Gryphon's percussion rotary airblast drilling (RAB) rig will be moving around the property, looking at other targets and drilling first pass holes into these anomalies.

Nogbele has been such a consuming project for the company that until now its regional exploration has been limited, but in May the company released details from a new deposit, called Muddi, which returned one intersection of 24m at 2.52gpt gold from surface and rockchip samples as high as 150gpt.

In the meantime, a diamond and reverse circulation rig will be working on Nogbele extensions.

Parsons said the company spent the first 12 months at Banfora getting "our heads around how to do business in the country" and then defining a resource. Next the company will be looking at increasing its landholdings and project base.

Gryphon's "first mover status" in Burkina Faso is a good place to be as interest in the country grows, but the company isn't limiting itself to just the one location and has set its sights further afield identifying Ghana, Liberia, Mali and Cote d'Ivoire as potentially being of interest.

But Burkina Faso also has unpegged grounds of interest.

"We've got our foot in the door in Burkina Faso and there are plenty of opportunities there," Parsons said.

"We didn't look for other opportunities in the first year, and that was part of our strategy, but now we're completely comfortable in the region so you'll see us moving into new projects."

In May the company completed a \$10 million capital raising, leaving cash in the bank to fund it well into next year.

Gryphon has also attracted some glowing reports from investment houses Austock and Euroz, which Parsons said was very positive.

"To be a junior explorer in Africa is difficult and you don't get much traction – but they're talking us up as a 70c target in the near term," Parsons said.

Euroz, in its note, said while it was too early for any formal valuation of Gryphon's value, Banfora's prospectivity justified a \$70-80 million market capitalisation. The company is currently sitting at about \$38 million.

The broker also noted the recent Equigold-Lihir merger highlighted the prospectivity of West African gold and it remained one of the few regions in the world where a junior may be able to find and develop a "high-quality" orebody.

Raising Equigold of course raises the possibility of a buyer swooping in to take Banfora over and into development, especially if Banfora turns out to be the million ounce-plus high-quality deposit Gryphon is targeting.

"To go from being a sole anomaly to five million ounces takes several years – there is an expectation from some shareholders that you can bring that on overnight. But everything geologically looks like we're onto something big," Parsons said.