

CRITERION

Gryphon Minerals (GRY) 22.5c

ELSEWHERE in Africa -- the bulbous western side -- Gryphon Minerals is in striking distance of firming up a targeted 1 million ounce gold resource at its Banfora project in Burkina Faso.

Gryphon yesterday doubled its inferred resource to 820,000 ounces of the yellow stuff, at a pleasing average grade of 2.4g a tonne. "It's a significant upgrade in terms of both grade and number of ounces," says chief geologist Steve Parsons.

Much more needs to be done to upgrade the resource to reserve status, but at least Gryphon has a plan to get to staged open-pit production before the next Ice Age.

Parsons envisages an initial heap-leach plant, operating from next January, to process low-grade stuff sitting near the surface. The plan is to pour 45,000oz to fund a 100,000oz-a-year carbon-in-leach plant (costing \$60-\$100 million).

Gryphon has cash of \$5million to contribute to the \$15-\$20 million cost of the heap-leach plant. Management plans to raise a further \$20million, tapping a receptive shareholder base that includes Macquarie Group, Newmont Mining, Standard Bank and the emerging-market fund Genesis.

Gryphon shares stacked on 5.5c yesterday, which values Banfora at \$21 million. Put another way, Gryphon's reserves are valued at \$US25 per resource ounce, compared with the average of more like \$US120/oz.

We rate Gryphon a speculative buy, even after the standard Africa discount. For fans of nearism, other mines in the same zone include Resolute's 11.5 million ounce Syama mine -- which has been mined for 1000 years -- and Randgold/Anglo Ashanti's Morila, otherwise known as Morila the Gorilla.