

West African boss Hyde talks up mine prospects

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RESOURCES

Any predators interested in snapping up emerging gold play West African Resources "better get their skates on", says West African managing director Richard Hyde.

West African on Friday released the results of an updated feasibility study into its Sanbrado gold deposit in Burkina Faso, finding that the project could support more than 200,000 ounces a year of gold production for five years at an initial cash cost of just \$US551 an ounce.

The release of the study comes at a time when consolidation in the gold sector is starting to rise.

Northern Ireland-focused gold play Dalradian Resources on Thursday night agreed to a \$C537 million (\$543m) takeover offer from private equity group Orion Mine Finance, while West African — which has long been touted as a potential takeover target — was itself one of several Africa-focused listed gold plays named by British broker RFC Ambrian this week as among the prime candidates for corporate activity.

Mr Hyde told *The Australian* that the study suggested Sanbrado should sit in the lowest cost quartile once it was in production.

"Given there's a lack of quality pre-development projects worldwide, this is one of the few that re-

ally stands out now," Mr Hyde said. The study estimated that it would only take 16 months Sanbrado to cover the \$US185m in pre-production capital cost.

Mr Hyde said the forecast numbers out of Sanbrado compared very favourably with those of Dalradian.

"If you look at Dalradian's metrics, their internal rate of return after tax is 25 per cent and ours is about 49 per cent so it's a clear standout," he said.

Dalradian, he said, did not deserve a higher valuation because of the location of its project, noting that Burkina Faso had approved far more goldmines in the past several years.

"While Ireland might be a great place for a pint of Guinness, West Africa is the place you want to go if you want to build a goldmine," he said.

West African now plans to study financing options, with the company on Friday announcing that it planned to appoint a banking syndicate by the end of this year.

That could help hasten any takeover plans by bigger players, given they may have cheaper financing options available to them than West African.

"Those groups have got to get their skates on if they're keen," he said.

Shares in West African closed 6 per cent higher on Friday at 35c each, giving it a market capitalisation of \$228m.