

West African charts path to low-cost gold production

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VANCOUVER — In the six months since it acquired the Tanlouka gold project in Burkina Faso, West African Resources (TSXV: WAF) has drilled 124 holes, updated the resource, tested Mankanga's metallurgy and shown that a US\$44-million investment could allow for the deposit to be mined as a 4,400-tonne-per-day heap-leach operation, with good returns.

West African acquired Tanlouka in late January when it took over Channel Resources in an all-share deal. Tanlouka was the reason West African wanted Channel and the company began exploring the property as soon as the deal closed.

By April West African had enough data to update the resource estimate for the project's main deposit, known as Mankarga 5. The update boosted the indicated gold count by 12% to 437,000 contained oz. in 10.8 million tonnes grading 1.3 grams gold per tonne. Inferred resources rose 74% to 1.05 million contained oz. in 32.7 million tonnes averaging 1 gram gold.

The resource is already due for another update, as West African has completed 14,000 metres of drilling since March. The data will be incorporated into an estimate

planned for December. Rather than wait for the numbers, though, the company used the current Mankarga resource for a scoping study that outlines an inexpensive and profitable mine.

The Mankarga mine would annually produce 44,100 oz. gold on average over a 5.4-year mine life, with higher production in the first three years. The open pit would extend along 2.8 km strike and reach 300 metres wide, and 60 metres deep. The current resource generates a strip ratio of 1-to-1.

Metallurgical test work suggests a conventional heap leach facility would recover 82.5% of the gold from Mankarga's mineralization. Cyanide consumption is low, averaging 0.3 to 0.4 kilograms of cyanide per tonne of mineralized material.

West African has already lined up the plant and equipment needed for such an operation, having signed a deal to buy a second-hand plant from Ghana in February. The plant includes crushers, an agglomerator and conveyors. The only major upgrade needed is a new secondary crusher.

Tanlouka is in central Burkina Faso, 90 km southeast of the capital Ouagadougou. There is limited infrastructure in the area. Power for a mine at Mankarga would come from diesel-fired generators. Water would be collected during the wet-season rains.

It would cost US\$43.9 million to build the mine. Once operational the mine would produce gold at an all-in sustaining cost of US\$685 per oz. Using a US\$1,300 per oz. gold price at a 5% discount rate, the mine carries a US\$64-million net present value with a 49% internal rate of return, enabling capital payback in 18 months.

The scoping study only assesses the oxide and transition resources at Mankarga, which total 6.6 million indicated tonnes grading 1.2 grams gold, plus 2.7 million inferred tonnes averaging 0.9 gram gold.

The rest is sulphide mineralization, which West African hopes to mine someday in a second-stage expansion. West African's metallurgical test work confirms that

Mankarga's sulphide mineralization is not refractory and amenable to conventional milling and carbon-in-leach processing, with gold recoveries averaging almost 94%.

The company will conduct a scoping study next year on the economics of adding a sulphide-processing circuit at Mankarga once the oxide mine is operational.

If such an expansion looks economic, the resource feeding it could be considerable. West African sees "significant potential" to define more sulphide resources near the current resource. The company has also defined several sulphide-exploration targets within a few kilometres of Mankarga that it plans to drill later this year.

On the exploration front, the company is working through data from a 16,000-metre auger drill program over the Tanlouka permit area.

Once the wet season is over West African will return to Tanlouka and test the targets that emerge from that work, as well as several historic prospects.

West African holds a 90% interest in Tanlouka. In March the company inked a deal for the other 10%, but the acquisition is conditional upon completion of a feasibility study by September 2015. The Burkina Faso government also has a right to a free-carried 10% interest in all mining projects in the country.

West African is getting to work on the feasibility study right away and hopes to complete it by year-end. That would enable the company to start construction at the beginning of 2015, provided it gets the necessary permits. With this timeline Mankarga could be putting ore on its leach pads before the end of 2015.

On the Mankarga scoping study news, West African shares gained 1¢ to 13.5¢. Shares have a 52-week trading range of 10¢ to 17¢, and 270 million shares are outstanding.