

# Sanbrado sets West African up as target

■ **Stuart McKinnon**

West African Resources has boosted its credentials as a potential takeover target with an updated definitive feasibility study showing its high-grade Sanbrado gold project in Burkina Faso could produce 211,000 ounces of gold a year for its first five years.

The Richard Hyde-led company announced yesterday it would cost about \$US185 million to develop Sanbrado, which would operate at all-in sustaining costs of \$US551/oz over its first five years and \$US640/oz over an initial 11-year mine life.

The project will deliver a post-tax net present value of \$US405 million for an internal rate of return of 49 per cent and a 16-month payback period.

The study revealed a 76 per cent increase in probable reserves to 1.6 million ounces on the company's previous feasibility study released last year.

But Mr Hyde said the updated study was merely a snapshot of the project, where further drilling had already revealed more mineralisation at depth, improving further the economics of Sanbrado.

He said West African was in discussions with project financiers and it expected to be in a position to appoint a banking syndicate later this year.

Chaired by Mark Connelly, who previously led Mali-based explorer Papillon Resources before negotiating a \$US570 mil-

lion takeover by B2 Gold in 2014, West African has long been touted as a potential takeover target.

Mr Connelly joined West African as chairman in 2015 and has a history of deal-making experience on the continent.

Macquarie Research maintained its outperform recommendation on the stock with a target price of 50¢.

West African shares closed up 2¢, or 6 per cent, at 35¢.