

CANADIANS IN AFRICA



\$1 BILLION AND COUNTING

The Toronto Stock Exchange and TSX Venture Exchange are fascinated with the mineral wealth of Africa – and how to secure the best returns from it.



THE TSX and TSXV are home to 58% of the world's public mining companies and raise 60% of the world's mining capital.

Africa's mineral wealth is playing her part, while Toronto-based conferences such as the influential MineAfrica stimulate local interest.

According to the TMX Group, which owns both exchanges, \$C1 billion was raised in equity capital for African mining projects from January to November 2011 – on par with the \$1.1 billion for South America and \$940 million for Australia.

The same period saw 21 new TSX/TSXV mining listings with projects in Africa; TSX/TSXV companies have a presence in 35 African countries, with eight companies in North Africa, 78 in west Africa, 36 in central Africa, 61 in East Africa, and 44 in Southern Africa.

Individual projects unthinkable just a few years ago have taken root. For example, the Democratic Republic of the Congo has seen a resurgence in its mining sector.

Banro Corporation, listed in both Toronto and New York, acquired four concessions along the 210km Twangiza-Namoya gold belt.

A \$US9 million exploration program comprised 10,490km of airborne geophysics, 1613 samples from 16 adits and 8577 drill core samples from 9122m for core drilling along 800m of strike.

In total, the four mines will yield approximately 11 million ounces of gold but even this might change as continuing exploration has caused Banro to raise its estimates for one site from 1.13Moz of gold to 1.58Moz. Production costs are expected to be under \$500/oz subject to both surface mining and hydro-generation.

If Banro's achievement is outstanding for a single company or

country, then west Africa is the region with the most outstanding growth.

One key factor in this success is that west African states implement mining-friendly policies, invite foreign investment and cooperate when it comes to mining codes and legislation.

In just one example from Burkina Faso, TSXV-listed Goldrush Resources holds 12 permits covering more than 2000sq.km; all in the west African Birimian greenstone belts, with their own history of prolific gold production.

As this article went to print, Goldrush's flagship Ronguen gold deposit was reporting intersections of 4.49 grams per tonne of gold over 17m and 1.64gpt gold over 29m during infill drilling.

Goldrush commenced operations in Burkina Faso in 2006. It acknowledges stiff competition, noting Burkina Faso's rise in popularity, with six gold mines having opened in the country in the last five years.

Also exploiting the Birimian gold belt in neighbouring Mali is TSXV-quoted Legend Gold Corporation, which has made significant discoveries since it began exploring in 2002.

Seven gold exploration projects are spread over 730sq.km, Legend Gold's most advanced discovery being Tiekoumala, where NI43-101 calculations show 7.88Mt at 0.95gpt for 241,000oz of gold indicated and 10.55Mt at 1.05gpt for 353,000oz.

A key part of Legend Gold's strategy is to expand its discoveries around the 11Moz Sadiola Hill mine.

Its Lakanfla and Tintimbu permits contain four gold occurrences along the Sadiola mine trend which has itself produced more than 17Moz of gold from the Yatela and Sadiola Hill ore bodies and the Fe3 and Fe4 satellite pits.

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Along with these developments, Legend Gold has recently acquired the Mougina early stage gold exploration property. The property comprises an exploration permit covering approximately 120sq.km in the south Mali gold belt.

Legend Gold's diligence and strong performance have been rewarded by classification within 2011's TSX Venture 50 companies. ►





Pacific Wildcat drilling at the Mrima Hill project in Kenya

On average, these companies delivered a return of 82% while their shares are currently enjoying a highly liquid market, with a total of 2.8 billion shares trading over the course of 2011.

West African mining operations are helped greatly by the speed at which applications are decided.

A time-scale of three months to determine applications was given by Niger's director-general of mines and geology in the spring of 2011 – and even that was exceeded by Cameroon's secretary of state for mines, who informed MineAfrica: "If we don't process your exploration application in 45 days, you get your licence."

Even if there are good grounds for delay, only 45 more days can be granted.

In the east of the continent, Tanzania is one of the most rapidly growing minerals markets.

At a time of intense interest in rare earths, Tanzania's high-grade but undeveloped light rare earth element (REE) properties are set for exploration and mining.

TSXV-listed Montero Mining and Exploration, which has 54.7 million shares outstanding, is one such mineral exploration and development company, engaged in its flagship Wigu Hill REE project 170km southwest of Dar es Salaam and 12km from a rail siding on the Tazara railway.

Montero has put a NI43-101 compliant resource of 3.3Mt at 2.6% total rare earth oxides based

on 2225m of drilling on a fraction of the Wigu Hill large carbonatite complex, and targets a small-scale mining operation in that area while continuing to define a larger resource.

Montero has also successfully completed hydro-metallurgical test work with Mintek, aimed at assessing design efficiencies of a multiple leach process.

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On occasion, a successful economy's mining sector may lag behind. Kenya is East Africa's dominant economy but mining in Kenya has not been as successful. It constitutes less than 1% of GDP and lags well behind Tanzania.

Kenya Vision 2030, a national development blueprint, acknowledges the importance of mining; Kenya has recently attracted interest from some exploration companies.

Little more than 25km from Tanzania, the Mrima Hill rare earth and niobium property is TSXV-quoted Pacific Wildcat's flagship project in Kenya. Near Mombasa, East Africa's largest deepwater port, it is

also close to essential infrastructure, with sealed roads and mains power running adjacent.

Mrima Hill's niobium and rare earth oxide rich carbonatite, along with other surrounding alkaline intrusions, principally at Kiruku Hill and Jombo Hill, have now been proved to be components of the single very large (17km by 9km) Dzombo alkaline igneous complex.

This discovery has substantially increased the area of prospectivity around Mrima Hill to more than 110sq.km. A world-class project is in the making.

Pacific Wildcat corporate communications manager Don Willoughby outlines investment opportunities, saying: "I think the TSXV would have to be considered the leading exchange for raising risk capital for natural resource exploration projects in the world. While Africa is not as well understood by local investors as some other areas there is no reluctance to invest in African projects as long as the overall financing picture is healthy".

Amid all the interest created by Africa's emerging markets, there are still encouraging developments within the more established countries.

Botswana, for example, is the highest ranking African country in the Fraser Institute's latest survey of metal mining and exploration companies, aimed at assessing how minerals endowments, taxation and regulation affect exploration investment.

At 17th worldwide, Botswana is 17 places clear of the next African country, Morocco and 37 places clear of neighbouring South Africa.

Hana Mining is an explorer and developer based in Vancouver and focused on the Ghanzi copper-silver project in Botswana.

The project area comprises five licence blocks covering 2169sq. km. The project lands are host to widespread sediment-hosted copper-silver mineralisation – perhaps suggesting a future world-class copper-silver district.

Generalisation is difficult in Africa's case. There are countries with established mining industries – South Africa, Ghana and Botswana are examples.

Then there are the newcomers: Tanzania exemplifies a single country which has received great investment through mining, while by region west Africa currently attracts more TSX/TSXV projects than any other on the continent.

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