

February 21, 2013

## **An Illuminating Gravity Survey Points West African Minerals Towards More High Grade Iron Ore In Cameroon**

*By Alastair Ford*

**“It’s really all about the discovery of large scale haematite operations”, says Brad Mills of [West African Minerals](#).**

“We started looking for high grade direct shipping ore back in 2010. A focus on where we could find good quality DSO led us to West Africa. At that time we were aware of the emerging discovery of Sundance, and we ended up taking a large package in Cameroon.”

Since then the iron ore price has been up, and been down, and been up again. And along the way [West African Minerals](#) picked up an award as best performing Aim share 2012.

But from Brad’s point of view the company is a longer-term play on the price of iron ore, looking out four of five years from now and further.

“There’s about 130 million tonnes of iron ore produced in China at a cost of about US\$120 per tonne”, he says. “That’s an incremental pricing point. When the recent fall came it was immediately under pressure.”

So was he surprised when the iron ore price subsequently rebounded sharply at the beginning of this year? No.

And over the next few years there’s likely to be plenty more volatility. “It’ll be more or less a story of a struggle between the big consumers and the big producers around pricing”, he says. “But we would expect iron ore pricing to hold in that US\$100 to US\$140 range in the next four to five years.”

All of which bodes well for the portfolio of projects in Cameroon, which essentially consists of one smaller scale property near the coast, Binga, and two larger projects further inland, Lélé and Djadom. These are still at a relatively early stage, but already Brad is talking about all-in costs of US\$40 for Binga, US\$49 for Lélé, and somewhere in the low US\$50s for Djadom South.”

A rolling drill programme is currently underway, following an extremely illuminating gravity survey which was conducted last year.

“We flew all the properties with 6,000 metres of high resolution aeromag to identify the underlying BIF formations”, says Brad. “And we identified significant anomalies at Lélé and Djadom inland, and closer to the coast at Binga.”

That work was followed up by a Falcon gravity survey conducted over Lélé and Djadom in November and December, which identified several high density areas co-incident with the magnetic anomalies already identified by the aeromag.

The thinking is that these are areas of potential haematite enrichment of the BIF. Which is why the priority now is to get on and drill anywhere that shows weakly magnetic or non-magnetic material at or near surface in association with the magnetic source material.

It's there that the company hopes to find large-scale deposits of haematite-rich direct shipping ore derived from the oxidation of the primary BIF deposits.

And the pace is now heating up. “We've been drilling on Djadom South for a couple of months”, says Brad.

“We'll then go to Djadom North, then back to Lélé and then to Binga. We're drilling 20,000 to 25,000 metres in this campaign, about ten times faster than anybody else in Cameroon, about 250 metres a day. If it's below 50 metres we're not really interested. We're really looking for high grade haematite that's right at the surface.”

At this stage the correlation between what was indicated by the gravity survey and what's coming out of the ground is pretty encouraging, although Brad doesn't want to get too carried away. “The first couple of serious anomalies have been successful, but we need to drill more anomalies. It's certainly pointing us in the right direction.”

At the moment there's only one drill turning on the [West African Minerals](#) portfolio, but if the drilling success continues it seems likely there'll be more.

“We might take a bit of a parallel approach”, says Brad. “The 20,000 metres is covering all four projects on all anomalies of substance. But we might add a second rig into the mix to do infill drilling.”

At Djadom for example certain promising showings of continuous mineralisation have been identified by holes drilled a kilometre apart. To firm up the potential there, the drill spacing will need to be closer.

But in terms of newsflow it'll be the results of the wide-spaced drilling that come out next, to be followed in about six months time by a preliminary resource statement once infill drilling work has been completed.

The company's US\$17 million cash pile should fund all of that work, though if real momentum builds and Brad wants to crank up the pace, there's always the possibility that he will take the opportunity to replenish the company's coffers.

As a former head of Lonmin he knows his way around the mining capital markets as well as anyone. But he's not the only heavy hitter at West African able to bring capital and influence to bear.

Veteran mining financier Steve Dattels is executive co-chairman. He has founded and/or financed many successful mining ventures including UraMin Inc., Polo Resources and Regent Pacific and was a senior exec at Barrick Gold during its formative years.

He's joined by Jim Mellon as non-executive co-chairman, a man with extensive interests in mining, also including Polo and Regent Pacific, as well as other companies well known to Minesite readers like Condor Gold. Gerard Holden, the former head honcho at Barclays Capital, provides added weight as a non-exec.

All that corporate expertise will come in very handy when [West African Minerals](#) starts to gain a real critical mass.

There's already been plenty of recent corporate activity in and around iron ore in Cameroon, although Brad says now's not the time for West African to get involved. "We do feel that our hands are really full", he says.

But the sale of Sundance's Hanlong project ought to close fairly soon, and Afferro Mining is currently the subject of what looks to be an opportunistic bid from junior investment company IMIC. A successful conclusion to either of those deals will give a big boost to sentiment in the region, and probably to [West African Minerals](#) shares too.

But even if the Sundance deal continues to falter, Brad reckons momentum will continue on pretty strong. "Cameroon wants to get the industry up and running", he says. "If Hanlong doesn't go forward are there other interested players who might want to come in? Yes, there are a number of players. We've seen a lot of interest in our neighbours, and we know a couple of parties have talked to us."