



Azumah battered but not out



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The World Gold Council's bullish summary of demand for the precious metal, released late last week, will have no doubt provided some comfort to junior gold explorers who have been savaged during the latest bout of market jitters.

According to the WGC, physical gold demand hit record levels in the June quarter on the back of surging jewellery buying by the burgeoning middle classes of India and China.

Small explorers without near-term production potential have been among the hardest hit stocks over the past few weeks, typically losing around 30 per cent of their value as investors started trimming their exposure to the speculative end of the mining sector.

Perth-based junior Azumah Resources is a typical example, shedding 35 per cent over the past six weeks and 20 per cent in the last fortnight, though it remarkably held steady at 17¢ on Thursday and Friday's rollercoaster ride.

Wisely — in hindsight — Azumah was also among those companies which raised money while the market was at its strongest earlier this year, raising \$4.4 million at 24¢ in April which boosted its reserves to around \$5.2 million and should be sufficient to fund exploration for the next 18 to 24 months.

Azumah has been working steadily at its flagship Wa-Lawra gold project in northern Ghana since listing in late

2005, and by September last year had doubled resources at its central Kunche gold deposit to more than 500,000 ounces at a modest grade of 1.9 grams per tonne.

Since then, however, it has been beavering away in the Kunche area in the hope of doubling the resource again to attain the scale needed for the deposit to become economic.

That quest should receive a significant boost this week with the release of new mapping and rock-chip sampling results that confirm a major new target zone comprising a different style of mineralisation immediately east of the Kunche deposit.

While Kunche is a typical Ghana-style sediment hosted modest-grade gold deposit, similar to the big Poura mine to the north in Burkina Faso and Newmont's huge Ahafo mine to the south, sampling at the Kunche East prospect has identified multiple zones of higher grade mineralised quartz veining just 300m east of the main Kunche resource.

The results from Kunche East are expected to be analogous to recent drilling results from the Doggo and Yagha prospects 10-20km to the north of Kunche, where mineralised zones up to 400m long were encountered which returned broad intersections grading one to 2gpt but included one bumper hit of 4m at 28.5gpt.

The veining at Kunche East covers an area measuring about 1km long and 500m wide in which auger sam-

pling has just been completed and a major RC drilling program of up to 10,000m is planned in September.

Pending the outcome of the sampling and drilling campaigns, Azumah hopes to complete an initial resource estimate for Kunche East by the end of April that could potentially boost the overall Kunche resource to around the million-ounce mark.

● Still in Ghana, fellow explorer Castle Minerals is also eyeing a major gold strike after outlining a 3km long gold anomaly at its Akoko project in the heart of the rich Ashanti gold belt in Ghana's south-west.

Castle last week revealed the first detailed sampling results from Akoko which confirmed seven separate mineralised zones within the 3km long anomaly.

Some 23 samples grading better than 0.5gpt were collected, including bonanza samples grading 23gpt and 15gpt, and a major follow-up drilling program is planned in September.

What is exciting Castle is that the Akoko prospect lies just a few kilometres east of the 1.2 million ounce Salman gold project being explored by Perth explorer Adamus Resources.

Castle also took advantage of strong market conditions before the recent shake-out to shore up its finances, raising \$2.8 million at 28¢ a share.

The promising results at Akoko helped Castle defy the falling market on Friday, pushing the stock 11 per cent higher to 30¢.



Precious: Jewellery buying in China and India has boosted demand for gold.