

## KEYNOTE ADDRESS: EXPLORATION AND MINING IN AFRICA

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### Why out of Australia and into Africa?

In late 1995 the Resolute Group had reached a cross-road. It had become a medium sized gold producer in Australia but had need to obtain, by one means or another, additional half million to one million ounce gold deposits. Production of those “new” deposits could thus follow the very profitable but relatively short mine life of the four Western Australia deposits in Resolute’s portfolio at the time.

It was a year of fairly low exploration success by Resolute (in contrast to 1996 and 1997), and so replacement deposits were some time off. In addition, purchase of suitable deposits in Australia at a sane price seemed impossible.

The decision was made to look offshore and in doing so Africa was selected utilising the following major parameters:-

- ◆ Gold mineralisation ideally drilled out to the resource stage and which could be acquired corporately after positive due diligence by Resolute’s geoscientific and engineering staff, many of whom had previous African experience.
- ◆ Considerable exploration upside in the tenure containing the resource. Decisions were made against committing to explore solely greenfields areas in Africa and against becoming involved in South East Asia or Commonwealth of Independent States where there were perceived differences in regulatory practices and with exploration/development budgets perhaps being filleted deftly; and against the Americas where Resolute had no previous exposure — and therefore limited expertise.
- ◆ Archaean or early Proterozoic geology where Resolute believed it had a competitive advantage because of the experience of its geologists.
- ◆ Laterisation, ideally gold bearing — for the same reason as above.
- ◆ English speaking, to be able to cut out middlemen and reduce costs.
- ◆ A Westminster-style Mining Act similar to that of Western Australia and ideally an established culture of gold mining.

It is all about managing risk.

After on-site review of several projects in Zimbabwe and lack of success with resulting tenders, Resolute became aware of a 1.4 million ounce resource at Obotan in the early Proterozoic Birimian sedimentary rocks and near-surface intrusions of southwestern Ghana (Figures 1 and 2). Subsequent work has enabled that resource estimate to be substantially increased.

The due diligence team was issued with a fairly daunting check list for reviewing this, possibly the first of Resolute’s many adventures outside Australia. It was reminiscent of the trepidation with which one buys one’s first house or first car.

The project passed with flying colours. The immediate exploration upside was great, and twelve months after committing to mine Resolute was in production — under budget and ahead of schedule.

It has been a great educational experience and a great credit to Resolute’s development and mining people because Things are Different in Ghana.

Some of these matters were discussed in the oral presentation — and include particularly people, their perceptions and their skills.

The successful Ghanaian exercise satisfied the immediate need for a highly profitable, long-life gold producer. As is widely known in the resources industry, the god of chance works in a curious manner and very shortly after committing to Ghana, Resolute became aware of an unexploited gold deposit of 2.4 million ounces in the Archaean Lake Victoria goldfield of Tanzania. While Tanzania had a long mining history as a British Protectorate, the 1970s and 1980s saw mineral production decline due to the failure of collectivism style government policies. Current government policy is very much pro development.

Very astute negotiations by Resolute’s corporate people led to acquisition of a 50% share and operatorship of the Golden Pride Deposit (Figure 3). It is currently undergoing feasibility studies, with production aimed at mid-1998. Things are Different in Tanzania and these include exploration/development logistics and the ubiquitous people, perception, and health considerations. Resolute is most fortunate in having a highly experienced expatriate exploration and development

team who, having delivered the goods so superbly in Ghana and our Australian operations, are now swinging into Tanzania.

Figure 1. Locality map showing the Ashanti Gold Belt of southwestern Ghana.

Figure 2. Plan for the Obotan Project, Ghana. Also shown are various prospective zones.

Note: Traditional units have been used for gold production, etc. 1 ounce(oz)(Troy) = 31.103477 gm.

Figure 3. Goldfields near Lake Victoria, Tanzania

