

## NEWS

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### West Wits Moves To Within Sight Of First Gold Production

Our Man In Oz

**No-one ever doubted that West Wits Mining would find plenty of gold on its tenements near South Africa's gold capital, Johannesburg. What is interesting is the speed at which the Australian-listed explorer is getting through its ambitious drilling programme, the high quality of the assay results, and the rapid jump to a mine scoping study. If all goes well over the next few months, West Wits should be producing gold by the end of 2009, little more than two years since the company floated.**

"We're confident of hitting our target of first production by the end of 2009," West Wits chief executive, Grant Ferguson, told Minesite's Man in Oz. "We've completed 25 kilometres of drilling and now we're pulling together all the assay results. The aim is to have an initial resource number out on our first target area in the March quarter."

As part of the data assessment process one of a series of targets being pursued by West Wits on its extensive package of tenements located on the western flank of the Witwatersrand Basin has been elevated to the status of a pre-feasibility scoping study due for completion in May. Key decisions to flow from the study include mine design (likely to be a long, shallow, pit), and process route which could be in the form of toll treating at one of many nearby gold plants.

The release of a clearer resource and production picture should put more life into the West Wits share price which has recently shown signs of reversing a year-long slide. On Christmas Eve, the day after the company announced the move to a scoping study and reported the final assays from the Emerald and Princess drill targets, West Wits jumped by 22.5 per cent, arguably its best percentage rise since listing little more than a year ago. The December 24 rise looks less impressive when reduced to a monetary move from A4 cents to A4.9 cents, but the rise was an important sign that some investors are taking a fresh interest in a company which is well positioned in terms of gold in the ground, cash in the bank, a plan to benefit from the rising gold price, and the falling value of the South African rand.

Not a company which has received much publicity, West Wits faded from view partly because of the overall market slump, and partly because of investor uncertainty over a company with an Australian head office and stock exchange listing, and assets in South Africa. There were the issues which helped drive down the company's share price from A56 cents in early 2008 to a low a few weeks ago of A3 cents. Despite the slump the appeal of West Wits remains intact, especially its large package of heavily-mineralised ground transferred across by its major shareholders, the well-established gold producers, DRD Gold and **Mintails**.

The purpose behind their creation of West Wits was to have a business focused on the development (and re-development) of areas previously worked for gold and uranium. "Essentially, the guys behind the float were concentrating on their tailings and other projects and the question was asked, what's underneath," Ferguson said. "Historically, our tenements have produced 61 million ounces of gold and 37 million pounds of uranium, and there's every

reason to believe there's a lot more to come out."

The good news behind all this is that the ground is obviously rich in gold and uranium. The bad news is concern that perhaps the best bits have already been extracted. That's why the company started life in top gear with its massive 25km drilling programme aimed at proving that plenty of gold remains for the next generation of miners.

"We're working on three production models with the over-riding aim being to go from being a gold explorer to producer as quickly as possible," Ferguson said. "Shallow open-cut mining is the first model, developing unmined (gold) reefs is the second model, and the third model is more the traditional model of deeper mining, pillar recovery and chasing parallel reef systems."

The conceptual target being pursued by West Wits is to establish a resource of between 3.95 and 5.2 million ounces of gold, plus between 17 and 22 million pounds of uranium. The three primary target areas out of a large number identified are designated Emerald, Marquise and Radiant. As would be expected from drilling in a region of such high historic gold production the assays results have looked good as they have trickled in with the major area of interest for early gold production being their shallow depth.

Results highlighted at the annual meeting of West Wits in November included assays from the Emerald target of up to 7.68 grams a tonne over 4 metres from a depth of 31.5 metres, including 2 metres at 13.95 grams a tonne. The latest results, reported just before Christmas and included with scoping study announcement, included 5 metres at 4.27 grams a tonne from a depth of just 7.5 metres – highlighting Ferguson's point about the appeal to a quick start on mining the shallow material as exploration tests for deeper material.

Looking back at how West Wits started it is possible to see a plan which could lead to something significant unfolding. "Our pitch was that we should have a look, start small, and there might be opportunities further down the track," Ferguson said. "I personally thought there was a lot more gold to be found. The South Africans are very good at underground mining, but as an Australian I'm used to ferreting-out the ounces. This structure lets DRD and **Mintails** get on with what they're good at, and we work on a plan to create a new business built on early cash flow generation, and then see how quickly we can grow."

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