

July 08, 2008

## **Minerva Resources Is More Advanced With Its Gold, But Longer-Term Platinum May Turn Out To Be The Company Maker**

*By Alastair Ford*

“People are more enamoured with gold than with platinum at the moment, and we’re more advanced with the gold”. So says Minerva Resources chief Terry Ward as he embarks on a new round of fundraising. It’s a tough ask in these markets, but given that some of the money’s already in, Mr Ward is optimistic that Minerva’s £3 million raise at 3p a share will get most of the way there. After all, people may be more enamoured of gold at the moment, but they’re not exactly switched off by platinum either. The metal went through US\$2,000 again this week, and power constraints and political uncertainty in South Africa should keep it strong for several years yet. Two things hold Minerva back on that score though. The first is the relatively early stage of the company’s Yubdo platinum deposit: “We don’t know enough about it yet”, says Mr Ward. The second is its location: Ethiopia.

Minerva is currently an Ethiopia-focussed company. There aren’t too many of those about, but investors with a vague predilection for precious metals won’t find it such a stretch to believe a small scale gold story focussed on the former Italian colony. Platinum in Ethiopia, on the other hand, may be just a stretch too far – too many unknowns and not enough appetite for the risk. So for now the immediate focus is on gold. We’ll come back to the platinum later - as will Minerva.

Minerva has several attractive-looking potential gold projects on the Arabian-Nubian Shield, around 600 kilometres to the west of Addis Ababa. It’s a band of ultramafics, “like elephants’ backs”, says Mr Ward, “with stick-out bald patches”. In a broad sense, this is anything but a new mining area. Not only were the Italians all over Minerva’s Tulu Kapi project in the 1930s, but the Arabian-Nubian Shield itself plays host to some of the oldest ever mine workings, those initiated by Egyptians in the time of the Pharaohs. Legend has it that King Solomon’s gold was mined from this rock structure, so it certainly has a history as a gold province. But does it have a future?

The Chinese operating to the north of Minerva certainly think so, and the £3 million that Minerva is currently after will go a long way to determining the answer as regards the company's own little portion of it. The plan is to put an inferred resource number on Tulu Kapi by the end of December. Early indications about the company's ability to do so are favourable. Not only does Minerva have decades-worth of old - if not always perfectly preserved - data to work off, but, says Mr Ward, "we're finding gold nuggets after the rains, we're finding visible gold in the core". It may not be the California of the 1849 rush, but there's no doubt that the old clarion cry "there's gold in them thar hills!" holds as true here now as it was in the Sierra Nevadas back then. The company has the gold to prove it.

A scoping study on Tulu Kapi is underway, and Minerva's competent person reckons another 14 holes will be enough drilling to deliver an inferred resource on. That takes money, but not too much, and there should be plenty of headroom if the market proves unkind and not all the £3 million comes in. Mr Ward, not a natural promoter, feels that there is at least potential for a million ounces. To date, Minerva's drilling has delivered some nice looking results, including 37.9 metres grading 4.61 grammes per tonne, although that does drop when a top-cut of 31 grammes is used. "The idea is one treatment plant, multiple feed locations", says Mr Ward. That's because if Tulu Kapi can get up and running the company will be able to augment it with feed from satellite projects in the neighbourhood that it also has under license.

How easy it will be to sell Ethiopian gold in this market remains to be seen, but some things have improved. "When I first went", says Terry Ward, "it took us two days to drive from Addis. Now it takes 13 hours". Grid power isn't far away either, since the mountainous nature of the country lends itself perfectly to hydro. And a tributary of the White Nile passes fairly close by, so when the rains let up water will still be available. War with Eritrea or Somalia might be off-putting for investors, but all that seems to have quietened down just at the minute. What's more, Ethiopia can now - technically - call itself a platinum producer, so the country can fairly claim to have more strings to its bow than funny bread and Rastafarianism.

Ethiopia's claim to be a platinum producer is all down to activities at Yubdo, where Minerva's free-dig on the upper laterite section is expanding historic production of between 300 and 400 ounces per year, and using a gravity plant to recover more metal. The real potential for Yubdo remains untapped, as Terry Ward now thinks the original seller's assessment of the property as alluvial was mistaken, and that 35 metres down, underneath the laterite, lies something much more structured. What it is, remains to be seen. But once gold operations at Tulu Kapi can support more serious work on Yubdo, it'll be worth a detailed look. Because it might just be a company maker.

**For more articles like this, register for FREE at [www.minesite.com](http://www.minesite.com)**