

Bold move pays off for Drake

Drake Resources Ltd chief executive Jason Stirbinskis believes his company will continue to reap the rewards of some "bold" decisions made amidst the gloom of a tough market.

The past two years have seen a lack of sentiment towards junior explorers searching for gold in West Africa and very few ASX-listed companies operating in those jurisdictions emerged unscathed from the fallout.

Stirbinskis is the first to acknowledge his company was not immune to some tough times during that period, but he is a firm believer Drake is benefitting from the way it fought back against the market downturn.

Drake's approach was bold but simple: raise capital during the second half of 2013 and commit to spending all of it on exploration across the company's diverse portfolio of assets, including the Seimana project in Guinea, before the end of the last financial year.

"You could say that we were being a little bit counter-trend last year rather than being dormant and trying to retain assets, but I figured let's go hard and see what happens," Stirbinskis told **Paydirt**.



Recent exploration work at the Seimana project in Guinea returned grades of 70.8 g/t gold

"We were either going to have something or nothing by April and we were duly rewarded for being bold. We were oversubscribed on that raising [\$1.5 million] and that's not something you heard very often in 2013.

"I think we tapped into some market sentiment last year when we did that because people were wanting to see some on-ground traction and the potential for near-term share

price growth, rather than preserving assets and sitting and waiting for better times to come along.

"We're essentially doing the same thing now. We've just raised some more money [\$1.3 million] and it was also oversubscribed and there was no discount to market so that's another very encouraging result."

Confidence in Guinea as an investment opportunity was boosted in early June when mining giants Rio Tinto Ltd and Chinalco committed to spending \$US20 billion on the development of the Simandou South hematite project.

Drake recently completed a 17-hole RC drilling programme at Seimana to test seven priority targets identified from earlier field work. Visible gold was identified from panned drill cuttings at the Fouwa prospect, however official assay results were not available at the time of print.

The latest drilling programme followed up earlier work where grades of up to 70.8 g/t gold were recorded. It comes less than six months after the company acquired the ground north of and along strike from Avocet Mining plc's 3 moz gold deposit.

"I'm surprised it hasn't seen any serious exploration up to this point, given its proximity to Avocet just 7km away, and the fact it sits in the same Birimian rock unit that has generated some of the biggest gold deposits throughout Africa," Stirbinskis said.

"It was a great decision to buy this land. Of course, I stress these are very early results but I haven't seen results like this before in my career, so it does bode well for the future."

Drake is yet to outline what the next drilling programme at Seimana might hold, but Stirbinskis predicted it might contain a combination of deeper drilling on the best of the seven targets and some base-level work on the remaining 48.

Stirbinskis said his company was well-funded to carry out the remainder of the current work programmes and hinted he would once again turn to Drake's "loyal investor base" for future capital raisings.

But while money will flow towards progressing Seimana, the company's Mauritania asset is likely to remain idle.

Drake has cut back its interests in the country to just one project at Tasiast South, although plans could quickly be revived if the Seimana story continues to gain traction.

"Tasiast South has the potential to be something really big and exciting, but the trouble is the nature of the mineralisation requires a very bold exploration programme to be certain of getting good results," Stirbinskis said.

"The analogy I tend to give is that if you



Jason Stirbinskis

can only afford one or two darts, the chances of hitting the bullseye are pretty slim, but if you can afford 100 darts then your probabilities are much higher.

"However, there are opportunities, if Seimana takes off, to reactivate Mauritania and become another major West African story by combining those assets."

Elsewhere, the company continues to actively explore its Scandinavian assets, particularly the Granmuren nickel project in Sweden and the Joma copper-zinc prospect in Norway.

Stirbinskis believed having a spread of assets had served Drake well during the downturn, although he acknowledged it was a challenge to progress all projects on a limited



Drake has wasted no time exploring new tenements at Seimana since acquiring the land earlier this year

budget.

"It's hard to be a pure explorer in this market – no matter what commodity – so if I can describe an ideal situation for Drake it would be to have something other than exploration to talk about," Stirbinskis said.

"I think that adds to any explorer's profile if you can talk about something that isn't pure greenfields exploration. We're open to ideas there, but at this stage we're doing OK in terms of progressing our main assets."

– Michael Washbourne

Lycopodium