

AIM's Perkoa project on the right track

THE TEAM

MARC FLORY

Non-executive chairman

Mr Marc Flory has 25 years' experience in financial markets and the mining industry, in South Africa and Australasia. He has held senior positions at Goldfields of SA, JCI, Canadian Imperial Bank of Commerce, Citibank, and AMP. At AMP he headed Australia's first International Private Capital Fund, and ran the large direct investment unit that invested directly in mining, infrastructure and industrial projects. In this capacity he held a number of directorships. He holds graduate and postgraduate qualifications in geology, mineral economics and economics.



WILLIAM CASH

Acting managing director

Bill Cash has consulted to AIM Resources for some two years and assisted in the negotiation of international sales agreements for the Perkoa Zinc Project. Mr Cash is a director of Cudeco, an exploration company holding prospective copper assets. Mr Cash has worked at a senior level for MIM Holdings and the Lisheen Zinc and Lead mine in Ireland, where his extensive experience of over 20 years, in logistics, feasibility studies and sales for zinc, lead and copper concentrates was gained.



VICTOR BRADLEY

Non-executive director

Victor Bradley is a chartered accountant with 42 years' in the minerals industry, including 15 years at Teck Cominco in a variety of financial positions to controller. He is lead director of Yamana Gold. He was the founder, and until November 2007 chairman, of Aura Minerals. Mr Bradley is executive deputy chairman of Nevoro and is also a director at Osisko Exploration, Castillian Resource Corp, Nortec Ventures and Frontier Pacific Mining.



LOUIS MNGUNI

Non-executive director

Mr Mnguni was a philosophy lecturer at the University of the North, South Africa. He became president of the United Democratic Front, Northern Transvaal and a member of its national executive committee. The UDF was an affiliate of the ANC. From 1994 to 1999, Mr Mnguni was a member of the National Assembly, representing the ANC, and served in the portfolio committees of foreign affairs, education and the reconstruction and development program. From February 1999 to March 2004, he was the South African High Commissioner to the Republic of Mauritius. Currently he works within the South African Department of Foreign Affairs with specific responsibility to the area encompassing the Horn of Africa.



ALL THE necessary equipment is either on order, under construction, in transit or already on location. AIM Resources' timetable for the Perkoa zinc project in Burkina Faso is on track.

The Perkoa Zinc Mine, located in the Sanguie province 120km west of the capital, Ouagadougou, is buzzing with activity with Banlaw Africa finalising the civil construction works, and the underground mining contractor, Byrnegut, due onsite in February. First ore is expected to be extracted by November 2008 and the plant commissioned around the first quarter of 2009. A temporary power supply has been hooked up (a permanent one will follow), the site accommodation village is near completion and three temporary bores have been sunk to provide fresh water, pending completion of the pipe line from the nearby Seboun Dam. An off-take agreement for a third of the mine's zinc concentrate output is already in place with Brazil's Votorantim Metais and there are letters of intent signed with Xstrata's Asturiana de Zinc and with Boliden, for their smelters in Spain, Germany, Finland and Norway.

AIM Resources is in negotiations with the French investment group Bolloré which operates the railway from Burkina Faso to the Côte d'Ivoire port of Abidjan. Acting managing director Bill Cash said Bolloré operated transport and port facilities at Abidjan and its vertical integration would allow it to store the concentrate, load it on vessels, and do all the paperwork including the cross-border documentation for the zinc concentrate to pass through to Côte d'Ivoire.

"We don't want to build a huge internal empire at AIM," says Mr Cash. "Instead, we will look for companies like Bolloré that can offer a package deal."

Even the retreat in the zinc price has not upset mining plans. Mr Cash says with the zinc price at the end January still holding around the US\$2,300/t level, the three month price is comfortable to provide for solid return on investment.

Mr Cash, who worked for the former Australian base metals major MIM in Australia and for Anglo American in Ireland, believes the outlook for the metal is still bullish. "At US\$2,300/t, it's way better than what I lived with

for 15 years," he says referring to zinc's long languish at or below the US\$1,000/t level.

Mr Cash has taken over as managing director in an acting capacity. Former managing director Marc Flory has moved to be non-executive chairman. Mr Flory, in moving out of the day-to-day running of the company, says it has always been the company's plan to engage a chief executive with mine operation experience once the exploration and development phases were over. At the time of writing, the search was still on for the right person.

There have been a few recent hiccups regarding Perkoa that have since been addressed. One was heavy rain that caused some flooding in the box cut. The water was all removed from the box cut by the end of last year and remedial work is currently being completed.

In the meantime, AIM Resources does not immediately need the US\$25 million it was going to raise from a convertible debenture offering in late 2007. The company is still re-assessing its Toronto Stock Exchange listing plans and the delay in raising the extra money will not have any immediate impact on the progress at Perkoa. AIM Resources has about A\$80 million in the bank thanks to a timely fund raising in mid-2007 before the first market turbulence hit and, as Mr Cash adds, "time is up our sleeve."

The deposit has a reserve according to Australia's JORC Code of 6.3Mt at 14.5% zinc (at a 9% cut-off grade), or a contained 908,000t of metal.

There is a planned 12.5 year mine life. And, when it comes into operation, Perkoa will stand out as the only zinc mine in West Africa.

Perkoa is a volcanic massive sulphide zinc deposit located on the same Birimian greenstone belt that hosts some of Ghana's largest gold mines, including Obuasi, as well as the Syama deposit in Mali and Sabodala in Senegal.

When Mr Flory took over running the company he took options over the Mokopane nickel-platinum project in South Africa's Bushveld and Perkoa. AIM Resources also farmed into BHP Billiton's Mumbwa copper-gold project in Zambia.



Perkoa Accommodation Village



Left: Perkoa box cut in construction, and above: exploration drilling

One zone at Mokopane has an inferred resource of 39.7Mt at 0.146% nickel, 0.085% copper, 0.22g/t of platinum and 0.33g/t of palladium. A drill program is planned in order to define the resource status at all five mineralised areas.

In January, AIM Resources announced it was about to begin drilling at Mumbwa where it has the right to earn a 70% interest by spending US\$3 million on exploration. The company has hired three drill rigs, the work being designed to follow up previous intersections reported last May which yielded up to 0.46% copper, although that particular hole had high grade zones, one of 4m at about 5% copper.

The Zambian and South African projects will continue to be part of AIM Resources' portfolio, and the company will be open to opportunities in Africa generally.

But Mr Cash says AIM Resources will always give the highest priority to the Perkoa project as it is the founda-

tion of the company.

Burkina Faso, generally, will be the priority area of focus. "We take the view that there are interesting things in Burkina Faso and we should take a look at them," says Mr Cash. "We look at Burkina Faso as our own backyard."

AIM Resources in December announced that it had picked up what it termed highly prospective gold ground close to Perkoa. The ground covers 300km² and lies along strike from the Poura gold mine which has produced more than 600,000oz. Poura operated between 1960 and 1966, and then was re-opened in 1984 as a joint venture between the mining agencies of the Burkina Faso and French governments. Its average grade in the latter period was 11.3g/t and, by then in new hands, was closed in 1999 due to the flat gold price.

The new ground picked up by AIM Resources has not, to the company's knowledge, been previously drilled, but evidence of small scale artisanal gold work-

ings are scattered throughout the properties. So this Australian-based firm has a mix of projects: one mine being developed and within a year of first concentrate being produced; another two exploration projects with some work done that has established there is mineralisation and with plenty of exploration upside; and now a greenfields project with gold the target as that metal's price is now in record territory.

Mining in developing countries now usually means foreign companies picking up social obligations, and AIM Resources has done that. Apart from providing jobs in what is essentially a subsistence lifestyle area, it has built a school, paid for teachers and is also underwriting a medical clinic.

It is also financing a foundation to help local women get into the business of making shea butter. The oil from the shea nut tree provides UV protection and is used in a number of skin products as well as in shampoo and cosmetics. AIM Resources is committed to the long term sustainable development of communities in Burkina Faso, and expects the positive influence to exist long after the mining operation.

VITAL STATISTICS

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SHARE INFORMATION

Listed (ticker): ASX (AIM), AIM (AIMR)
Market cap: A\$94 million
Net cash: A\$80 million
Shares on issue: 1,068,849,953

ASSOCIATES

Auditors: Alcock Davis Danieli
Nominated Advisor: Grant Thornton, UK
Nominated Broker: Thomas Weisel Partners, UK
EPC manager for Perkoa: DRA Mineral Projects
Mining contractor for Perkoa: Byrnescut Mining
Civil construction contractor: Banlaw Africa
Technical adviser: Snowden Mining Industry Consultants
Exploration manager for Zambia: MSA Geoservices
Public relations: Professional Public Relations
Share registrars: Security Transfers Registrars, Australia; Computershare Investor Services, UK

