

Turaco emerging as a gold developer of note in West Africa

It's not often analysts from two different banks initiate on the same junior stock within half an hour of each other – but that's exactly what happened last Friday with Turaco Gold.

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Turaco (ASX: TCG) has been in Cote d'Ivoire since late 2018, when it was called Manas Resources.

Managing director Justin Tremain joined in 2020.

Tremain previously ran former Cote d'Ivoire explorer Exore Resources, acquired by Perseus Mining in 2020, and Renaissance Minerals, acquired by Emerald Resources in 2016.

Long-time Northern Star Resources director and former Exore chairman John Fitzgerald chairs Turaco, while former Papillon Resources managing director Alan Campbell and Resolute Mining general manager of exploration Bruce Mowat sit on the board.

"Each of the companies we've been involved with have become mines and have been taken over by much larger companies," Tremain told the Precious Metals Summit in Colorado a few weeks back.

The stock was drifting along at about A5c until November last year, when Turaco agreed to acquire 70% of the advanced Afema project in Cote d'Ivoire from Endeavour Mining for US\$1.5 million in cash and 46.5 million shares.

London-listed Endeavour, which now holds 6% of Turaco, picked up the project via the 2021 merger with Teranga Gold Corporation and deemed it as non-core.

The project covers 1,250 square kilometres of south-east Cote d'Ivoire, including a granted mining permit valid until 2033 covering 227 square kilometres.

The mining permit area has been subject to more than US\$40 million of expenditure, including 250,000m of drilling.

In late August, Turaco reported an initial JORC resource of 2.52 million ounces across three deposits, Woulo Woulo, Jonction and Anuri – 60% of which is in the indicated category.

Mineralisation remains open in all directions, while four known deposits were not included and will be subject to further drilling.

Woulo Woulo is the largest of the three, with a resource of 42.6 million tonnes at 0.9 grams per tonne for 1.25Moz of gold, at a 0.5g/t cut-off.

Last week, Turaco reported results for a further five diamond holes at Woulo Woulo, which extended the known mineralisation.

Results included 92m at 1.65g/t gold from 181m, 211m at 0.9g/t gold from 206m and 89m at 1g/t gold from 149m.

Metallurgical test work has demonstrated 90-94% gold extraction from conventional cyanide leaching.

“We’ve really demonstrated this will be a mine,” Tremain said.

Diamond drilling is continuing with a reverse circulation drill rig expected to arrive this week for a program of regional exploration.

“Without question, [the deposits] are going to get bigger with more drilling,” Tremain said.

Turaco is planning another resource update next year, followed by one in the first half of 2026, which is when a prefeasibility study is expected to be completed.

Banks take notice

Last Friday, both Argonaut and Canaccord Genuity initiated coverage on Turaco.

Unlike Canaccord’s Paul Howard, Argonaut’s Patrick Streater has visited site – but both have been impressed by the emerging development story.

Streater described Woulo Woulo as “a technically low risk deposit with wide continuous zones of mineralisation, low strip ratios and preliminary metallurgical test work indicating free milling mineralisation”, while the historically mined Jonction and Anuri deposits add higher grade feed.

Howard models a 10-year, 4Mt per annum open pit operation based on the current resource

“Life-of-mine production averages 130,000oz per annum with 169,000ozpa averaged in the first five years of operations,” he said.

“All-in sustaining costs average US\$1,250/oz with upfront capital of US\$300 million assumed for a 4Mtpa plant.”

Both analysts cited Turaco’s enormous exploration potential, in particular the untested southern portion of the 20km anomalous Nianemlessa Shear, which is set to be the focus of upcoming drilling.

It sits within 5-10km of Woulo Woulo and has returned results of 28m at 3.06g/t gold and 13m at 3.63g/t gold in channel sampling and trenching.

Stock performing strongly

Turaco is up 560% in the past 12 months and more than 150% since the start of this year. The stock gained nearly 27% in September alone.

With a market capitalisation of more than A\$200 million, analyst coverage was inevitable.

Argonaut's Streater initiated with a speculative buy rating and a A49c price target.

"Key upcoming catalysts include first-pass drilling results along the Nianemlessa Shear along with further drilling results at Jonction and exploration drilling along the Herman Mine trend," he said.

Canaccord's Howard initiated with a spec buy rating and a A65c price target, almost double current levels, with an un-risked net asset value of A80c.

"Our valuation is risked to 75% and is preliminary in nature and should be viewed as a what-if case given no formal mining studies have been published," he said. "It should also be viewed as an initial base case given a maiden JORC resource has recently been published and exploration is ongoing."

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