

PURE SPECULATION | WITH ROBIN BROMBY

PERSEUS ON AN AFRICAN SAFARI

IT DIDN'T RATE much of a mention, but possibly the most intriguing deal of the week was the move by Perseus Mining (PRU) to take a 19.9 per cent stake in Burey Gold (BYR).

It has now found a real bargain in Burey Gold

Perseus is gearing up to become a gold miner in Ghana, for which it has been raising big money, and has advanced exploration in Ivory Coast. So, at first blush, it seems an unnecessary diversion to be ploughing \$1.39 million into a company that has few exploration runs on the board and is working in Guinea, a country just emerging from military rule and way up the political risk list.

Here at *Pure Speculation* (where, admittedly, we often put two and two together and come up with 28) the theory is that Perseus saw a bargain and grabbed it. Burey's share price has been hit by the political risk factor and Perseus, being a West Africa veteran, could see past that.

Moreover, if you want to make acquisitions in the region, there aren't many cheapies around. Burey is capitalised at just \$7.8m, compared with \$21.5m for the other penny stock, **Signature Metals (SBL)**. Then it's a step up to **Azumah Resources (AZM)** at \$39.3m and **Adamus Resources (ADU)** at \$113m. Burey was probably the last of the bargain buys.

And while many thought Perseus's interest was the Mansounia gold project in Guinea, it is believed the Burey project to which it is most attracted is Balatindi, previously explored by Mining Italiana, which identified it as a primary gold, uranium and copper occurrence. While there has been plenty of work done at Mansounia, by contrast, none of it has lifted that project above its large but low-grade status.

Meanwhile, Stock Resource has put a "buy at up to \$1.88" on Perseus, describing the company as one of its favoured West African gold explorers. Last month Perseus dual-listed on the Toronto Stock Exchange, and Stock Resource believes that move will see the company replicate the experience of the former Australia-listed company, **Red**

Back Mining. Since moving to Toronto in 2004, Red Back's value soared and now stands at about \$6 billion, 10 times that of Perseus. In other words, the PRU action should be on the upside.

Adamus called a trading halt on Friday. The word is that the junior is making a \$9m placement to institutions, which we believe is several times oversubscribed, and will be raising another \$21.5m through a one-for-five rights issue at 36c a share. The stock closed on Friday at 40c.