

West African Iron Ore (WAI-TSX.V)

The following editorial is extracted from the December 2011-3 Issue

WAI is exploring two large iron ore concessions in Guinea, West Africa. Other companies, including one of the majors, are developing iron mines in Guinea. WAI will benefit from the infrastructure developed for those mines.

Very importantly, the WAI projects are near the port that would ship the iron from those mines.

A report from a highly regarded engineering firm determined that the WAI permits had potential for a multi-billion tonne resource. That report was based on extensive surface sampling and comparison with similar projects.

Initial drilling earlier this year took longer than expected and the results fell short of investor expectations. In the current unfavourable market, the share price fell hard. Recent results reconfirm the potential of the project, but have been ignored by investors in the current sell-off of resource stocks.

The recent holes have intersected an enriched zone at surface with 8 to 12 meters in

excess of 56% iron. Metallurgical testing of that material indicates the potential for direct shipping ore (DSO). That is, the material might be shipped to a smelter with only minimal upgrading.

More importantly, there is a substantial zone of iron beneath that surface zone. For example, hole 11 averaged 28% iron for 120 meters from surface. That grade is in line with many producing iron mines.

The mining code in Guinea was recently updated and grants the government the right to a 15% carried interest in projects like that of WAI. The government can acquire another 20% participating interest, but that would be on commercial terms. Other aspects of the new code are favourable for mining companies.

Drilling is expected to resume early in the new year with an initial resource estimate expected by mid-year. The company is well-funded to continue the drilling, with \$7.4 million of working capital at Septem-

(Continued on page 2)



ber 30.

After a slow start to the drilling, WAI is now advancing quickly toward a large iron deposit in a very favourable location. That potential is not being recognized in the current share price.

Price December 19, 2011: C\$0.065
Updated Price January 11, 2012: \$0.17
Shares Outstanding: 175 million
Shares Fully Diluted: 236 million
Market Cap: C\$29.8 million
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