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Resources push in West Africa

A NUMBER of Western Australian resources companies currently with operations in West Africa face challenges in developing projects because of political risk, underdeveloped infrastructure and a lack of modern technology in the region.

However, it seems the situation is improving, and a good understanding of the risks involved combined with strong links to the area is helping these groups come to terms with the challenge.

Newly formed WA company Baraka Petroleum, which listed on the Australian Stock Exchange this week, is one group to confront this challenge, with 272,300 square kilometres of exploration ground in the Republic of Mali and neighbouring Mauritania.

Max de Vietri is the inaugural managing director and chief executive of Baraka, which was established to acquire, consolidate and develop oil and gas assets located in potential hydrocarbon basins off West Africa.

But Mr de Vietri will have to juggle these management commitments with another inaugural appointment as Australian Honorary Consul for Mali.

Mr de Vietri was appointed as a result of a long involvement with Africa, through promoting trade in the region and assisting the countries in their economic development.

Mali has also recently passed a new Petroleum Code, developed with the support of Baraka Petroleum, opening up large acreages in the Taoudeni Basin, where companies such as Woodside and Hardman Resources have already secured tenement holdings.

Mali and Mauritania have recently become democratic republics and Mr de Vietri said the biggest issue facing foreign companies in the area was a lack of infrastructure, but the situation is improving.

"There are about 120,000km



FACING CHALLENGES: Baraka Petroleum chief executive and Australian Honorary Consul for Mali Max de Vietri (left) with Amadou Toumani Touré, president of the Republic of Mali.

of sealed road in WA and about 80,000km in Ivory Coast for example," Mr De Vietri said.

Possible destinations for petroleum from the basin include Europe and Northern Africa and Mr de Vietri is confident of a pipeline between the Nigerian city of Warri and Algeria being built within ten years.

"To my mind it [Mali] is well-placed to feed a Trans Warri-Algiers pipeline," he said.

Another local to encounter challenges in West Africa is established gold producer, Equigold, which is currently pursuing a feasibility study into the Bonikro gold project in Ivory Coast.

Six months ago the company voluntarily withdrew its expatriate workforce, including WA geologists, in response to a conflict that arose in the country. An attack on a French peace keeping base by the

Ivory Coast air force lead to retaliatory destruction of most of the Ivory Coast air force by the French, which in turn caused rioting and anti French violence in the capital Abidjan.

Equigold managing director Nick Georgetta said the company withdrew its staff as a precautionary measure.

"The rebels decided not to disarm.

"Up until 2002, the Ivory Coast was relatively calm, but it has become more volatile," he said.

Johan Dippenaar, chief executive of Crown Diamonds, which is exploring the Kono prospect in Sierra Leone, said while the company monitors the political situation in the country closely, a more significant problem was a lack of technology, fuel and drilling rigs.

"A severe lack of computers and other technology means things take longer and that

means you have to be more patient," he said.

"A lack of diesel fuel can make it hard, but electricity pylons are going up, they just need to add the lines," Mr Dippenaar said.

He also said that the Kimberley Process, set up in 2000 to wipe out the practice of rough diamonds being used by rebel movements to finance wars against governments, was an important step towards avoiding future conflict in the area.

Christopher Daws, chief executive of Niagara Mining, which is currently exploring the Dadwen gold prospect in Ghana, said the lack of computer age technology meant mapping is harder.

"We actually had an encroachment with a third party over our patch that was drilled - it wasn't a big deal, but it was a waste of their money," he said.