

GUYANE/FRENCH GUIANA

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French Guiana or Guyane is a curious mixture of space age and stone age, with a population ranging from technicians for the European Agency's Ariane unmanned rocket and Hmong farmers to indigenous people in the interior accessible by river travel with a few authorised landing strips. As a Department of France since 1946, Guyane is the oldest of the overseas possessions of France and the only French territory on the American mainland. With an area of 91,000 km² and an average density of 2.1 persons/km², this small country with under 200,000 inhabitants is dominated by thinly-populated rain forests which swallow all but the low marshy coastal areas. Situated on the northeastern coast of South America, it is bounded to the north by the Atlantic Ocean, to the east and south by Brazil, and to the west by Suriname. It lies in the equatorial forest zone of South America.

Guyane's economy is tied closely to that of France, through mining laws, imports, and subsidies; the latter afford a relatively high standard of living regionally. Extensive forests, cover more than four-fifths of the entire land surface and are rich in timber of commercial importance. Less than 1% of the land is devoted to agriculture. The principal food crops are corn, rice, cassava, pineapples, yams, and bananas. Sugarcane is the only significant cash crop. Fishing, largely shrimp for export, is of growing importance. A satellite-launching base (established 1968) is located at Kourou.

In the mining sector, placer gold mining for gold is important, and commercial reserves of bauxite, clay, and cinnabar also exist. A dozen companies and more than 100 small-scale artisanal operations produce gold. In fact, gold has been mined at a number of placer sites in the interior since 1853, with most exported to France. The value of production has amounted to about 4% of the total GDP, which last year had a purchasing power parity estimated at some US\$1.55 billion.

In late 2003, Guyanor Ressources SA (Guyanor), 73%-owned by Golden Star Resources Ltd, acquired the Bon Espoir Exploration Permit from Gold Fields Exploration BV for US\$300,000. Bon Espoir is located north of Guyanor's Paul Isnard properties in western Guyane. Payment will be via the issuance of 1.5 million common shares and 1.5 million warrants of Guyanor once the issuance of the common shares and warrants have been approved by the regulatory authorities and by Guyanor's shareholders in an extraordinary general meeting which will have to be held at the latest, within eight months from the signature of the agreement. Under the terms of the agreement, Gold Fields will receive a sliding scale royalty (0.5% to 2.0% of the net smelter returns) and retains a back-in right to acquire a 65% participating interest in a future gold project on the Bon Espoir property. The back-in right will be

triggered if Guyanor delivers a future feasibility study that demonstrates in excess of 1.5 Moz of gold reserves. Gold Fields may exercise the back-in right by reimbursing 300% of Guyanor's expenditure on the property and committing to provide a debt finance facility for 65% of Guyanor's share of any capital expenditure for the future gold mine project.

Exploration continues with Guyanor's other interests, including the Yaou and Dorlin exploration permits some 200 km southwest of Cayenne. Exploration there has involved intensive deep augering, trenching, and core drilling to evaluate three principal zones of gold mineralisation – Yaou Central, Chaina and IJK. At Dorlin, exploration has identified an 11 km long zone of soil geochemistry anomalies including one major, north trending gold mineralised system, Montagne Nivre. Based on a gold price assumption of US\$300/oz, the total mineralised material (measured and indicated mineral resources) at Yaou and Dorlin has been estimated at 13.8 Mt averaging 2.1 g/t Au. The company's Paul Isnard project, some 200 km west of Cayenne in the western part of the country, includes disseminated zones or stringer mineralisation and semi-massive mineralisation of pyrite with lesser pyrrhotite, chalcopyrite, sphalerite, and arsenopyrite. The total mineralised material at a US\$325/oz gold price has been estimated at 6.0 Mt averaging 2.8 g/t Au.

In late 2003, Cambior acquired Ariane Gold Corp (Ariane), which was delisted from the Toronto Stock Exchange. The company holds the Camp Caiman Gold Project, as well as the Matarani exploration permit, with another pending exploration permit, all located in the eastern part of the country. Camp Caiman is located approximately 45 km southeast of Cayenne, with access to the site entry road by paved highway. To date, more than 90,500 m of diamond and reverse circulation drilling have been undertaken. As per the Ariane's preliminary assessment study completed in August 2003, the project contains 1.2 Moz of gold resources. It is estimated that the Camp Caiman property has a high potential for the discovery of additional ounces.

Deposits of bauxite (reserves of 42 Mt) and kaolin (40 Mt) identified in Guyane have not been exploited, although some kaolin mining has been reported in the Mana area. There are also reserves of silica, niobium, and tantalite. Although Guyane depends on imports for its other mineral requirements, especially cement and fuels shipped through the port at Cayenne. Sand and stone are mined and consumed by the local construction industry. Sand is dredged from the major rivers, mainly the Mahury and Maroni in the west and stone has been quarried at Cayenne and to the southeast of Kourou. A tile and brick-making plant, based on fields of red clay, operates in the Cayenne neighbourhood.

The Ministry of Industry's Direction Regionale de l'Industries, de la Recherche et de L'Environnement (DRIRE) is responsible for the minerals exploration permitting process, assessing applications, and awarding titles, so a referral from DRIRE to the Bureau de Recherches Geologiques et Minieres (BRGM) of France is necessary for access to public records of geological mapping and mineral inventory studies.