

3<sup>rd</sup> November 2010

The Manager  
Company Announcements Office  
Australian Securities Exchange Ltd.

## **WARATAH SUCCESSFULLY COMPLETES DUE DILIGENCE ON YOUKOU IRON ORE PROJECT**

### **Highlights**

- **Finalised due diligence and made payment for Youkou Iron Ore Project in the Republic of Congo.**
- **Youkou is located in an emerging iron ore province with potential for large scale iron ore mineralisation**
- **Favourable geological province with large scale hematite DSO and magnetite potential**
- **High grade historic sampling returned 69% Fe**
- **Waratah plans an aggressive exploration programme to identify and delineate resources**
- **A relationship with RRL Grindrod a South African railway services company with an office in country**
- **Stable and encouraging investment environment with supportive pro-mining government**
- **Project area hosts numerous large scale iron ore projects including;**
  - **Sundance Resources' Nabeba deposit,**
  - **Core Mining's Avima Iron ore project**
  - **Equatorial Resources' Badondo iron project.**
  - **Xstrata, Equatorial Resources and Cape Lambert also have other large scale projects in the country**

Waratah Gold Limited (ASX:WGO) (Waratah) is pleased to announce that it has completed technical and legal due diligence on the Youkou Iron Ore Project (Youkou) in the Republic of Congo (ROC) and has made the payments as per the commercial terms of the transaction.

The issue of shares under the terms of the transaction are still subject to shareholder approval at the company's Annual General Meeting on November 29<sup>th</sup> 2010.

On completion Waratah will purchase 90% of Afiresources Congo S.A., which holds 100% of the Youkou Iron Ore Project (Youkou) which is located in an emerging iron ore province in the ROC in Central West Africa.

Youkou is located on the Ivindo Massif in the north west of ROC which is host to a number of large scale iron ore projects.

Projects in the area include Sundance Resources' Limited (ASX:SDL) (Sundance) Nabeba iron ore deposit; Core Mining's (Core) Avima iron ore project and Equatorial Resources' Limited (ASX:EQX) (Equatorial) Badondo Iron Project. The CEMEC owned Belinga project in Gabon is also only 135 km from Youkou. Other major companies operating in the ROC include Xstrata (Zanaga Iron Ore project) and Cape Lambert Resources Limited/DMC (Mayoko Iron Ore project).



Figure 1: Project Location

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## Geological Summary

Youkou is hosted within the Haut Ivindo Massif, the northern equivalent of the granitic Chaillu Massif to the south. Limited recent exploration has been undertaken at Youkou however, based on information compiled by the Geological Survey of South Africa, Waratah is of the opinion that Youkou is prospective for hematite and magnetite rich itabirite iron ore mineralisation.

A historic outcrop of iron ore workings occurs in the license area with recorded hematite and itabirite. An assay grading 69% Fe, 0.08% P<sub>2</sub> O<sub>5</sub> and 0.5% SiO<sub>2</sub> has been returned from a specimen between the years of 1936 and 1939.

More recent sampling reported in July 2010 at Youkou has confirmed the high grade tenor of the project with assays returning 68.66% Fe, 0.1% P<sub>2</sub> O<sub>5</sub> and 0.56% SiO<sub>2</sub>. The sample is pictured below for reference.



Figure 1 : Youkou Ore

A metallogenic map of the project area indicates an iron quartz schist of approximately 20km in strike length. The local geology compares favourably with other nearby projects.

Most projects in West and Central Africa have potential DSO iron ore mineralisation which occurs as a capping derived from supergene enrichment of the underlying upright itabirite protore lithologies. Magnetite rich bands have typical thicknesses of up to 200 metres in the ROC.

The iron quartzite ridge trends in a north north west to south-east striking package of rocks represented by phyllites, quartzites, itabirites, micaceous- quartz schists and magnetite amphibole schists. The Youkou ridge is interpreted to be an antiformal structure plunging southwards.

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Waratah is presently accessing any information relating to the project area held by the Bureau De Recherches Geologique et Minières "BRGM" in France.

An airborne magnetic and radiometric survey is also planned over the license area as soon as it is possible to mobilise the necessary equipment. Waratah will keep the market informed on its progress with respect to its aggressive exploration program.

## **The Republic of the Congo**

The Republic of Congo (ROC) is also sometimes referred to as Congo Brazzaville to distinguish it from its neighbour to the east, the Democratic Republic of Congo (DRC). The ROC is a unitary republic and the current government has been in power since 1997.

The ROC enjoys relative political and social stability and has a government which is supportive of mineral development and foreign investment is actively encouraged. A number of Australian and other foreign mining and oil companies have been successfully operating in the ROC for many years.

## **Infrastructure**

Waratah proposes to partner with Solethu Investments (Solethu) as Solethu has played an important role in securing the project for Waratah. Solethu has a Joint Venture with Grindrod Limited in RRL Grindrod developing rail infrastructure on the African Continent. Grindrod Limited is a dynamic organisation with more than 100 years experience in South Africa's freight movement and related industries, providing a world class freight logistics and shipping offering to its clients. Grindrod Limited is listed on the South African Stock Exchange.

RRL Grindrod has the capability of manufacturing and leasing of rolling stock, locomotive operations and building railway lines through a partnership with RACEC Limited. Together with Grindrod Limited, RRL Grindrod has the ability to provide a total logistics solution from pit to port for its customers.

RRL Grindrod and Solethu has a long standing relationship with the state railways of the Republic of Congo, the Chemin de Fer Congo-Ocean (CFCO) and are involved in several locomotive initiatives to develop the rail infrastructure of the Republic of Congo.

RRL Grindrod has been invited by the Mining ministry to develop the appropriate rail infrastructure to unlock the resources within the country. Waratah has had constructive discussions with RRL Grindrod executives to ascertain the most appropriate way forward in addressing its infrastructure options.

## **Capital Raising**

Waratah has a commitment from sophisticated investors to raise AU\$1,700,000 at 15 cents to assist with the acquisition of the project. The capital raising will be subject to shareholder approval.

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**Risks**

Due Diligence and Risk Factors - Whilst the company has undertaken a technical, title, legal and operational due diligence process on the acquisition we advise that the usual risks associated with exploration and mining projects will be applicable to the project. These include risks associated with exploration success, title, operating, environmental, economic, market conditions, insurance, competition, reliance on key management and requirements for additional capital.

**Competent Person Statement**

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr J Downes, B.Sc (Geol), MAIG a director of Waratah Gold Limited. Mr Downes has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Downes consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

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