



African Gold Group: assets in established Ghanaian and Malian mining districts

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Market: TX-V

Epic: AGG

Market Cap: C\$31 million

Sector: Metals & Mining

Website: www.africangoldgroup.com

The success of mining giants such as Anglo Gold Ashanti, Goldfields and Newmont in Ghana and Mali, has propelled them to become the largest gold producers in Africa. While investors have awarded due credit to producing companies with assets in Africa, many exploration companies have yet to attract investor attention and present compelling investment cases. With assets located within the established mining districts of Ghana and Mali, and surrounded by producing properties of majors, Toronto listed African Gold Group, Inc. (TSX-V: AGG) beckons investors.

Traditionally, Africa has been a hotbed for resource companies with mining giants such as BHP Billiton, Rio Tinto, Anglo Gold Ashanti, and Newmont mining finding comfortable homes for their operations across the continent. The resources sector is the mainstay of several African economies. Despite prolonged civil conflicts and deep rooted corruption amongst some leaders, Africa's vast natural resources have continued to attract miners around the world.

Among the African nations, Ghana and Mali warrant special attention. Both enjoy stable political environments, mining-friendly regulatory frameworks, world class deposits and have been popular mining destinations. For instance, Ghana's Ashanti Gold Belt is the home for Newmont Mining. Mali's Berimian Series greenstone belt has elevated the country to become Africa's third largest gold producer after South Africa and Ghana. Toronto listed African Gold Group, Inc (TSX-V: AGG) provides exposure to both Ghana and Mali.

It is hard not to get excited about AGG. Flanked by producing properties in prolific mining districts, including the world famous Ashanti Gold Belt, the company has twelve gold concessions that are consolidated into five distinct standalone exploration projects – three in Ghana and two in Mali. Extensive development activity is



Visible gold in core, Kobada, Mali



currently underway on three of its standalone projects for a closer look.

Take a look at AGG's Asankrangwa project, for instance; situated in the northern segment of the Asankrangwa gold belt, which is located midway between the Ashanti and Sefwi gold belts in Ghana. The project consists of five contiguous gold concessions occupying a total of 456 sq. km, containing 24 km of known mineralised strike length. This region of the Asankrangwa gold belt has a significant history of exploration and gold mining.

More specifically, Resolute Resources mined approximately 30 million tonnes of ore grading 2.0 grams per tonne gold (g/t Au) from a number of pits, to the immediate south of AGG's five concession footprint at Asankrangwa. Immediately to the west and draining from the contiguous Assuowunu concession, Bonte Gold Mines produced approximately 500,000 oz of alluvial gold from 1992 to 2002. Keegan Resources now controls the Bonte Gold Mines region via its Esaase concession. Highlights of Keegan's diamond drill campaign include 85 metres of 2.07 g/t Au, 12 metres of 9.76 g/t Au, and 36 metres of 1.2 g/t Au.

Of note, Keegan's land holdings represent approximately 5% of AGG's total Asankrangwa footprint. A surface exploration programme just completed at AGG's Assuowunu concession, has identified three main gold-in-soil anomalies that trend into Keegan's contiguous Esaase concession. Currently, Keegan is projecting the main structure onto the north-western flank (Assuowunu concession) of AGG's Asankrangwa Holdings. AngloGold Ashanti also has a producing operation in the close vicinity.

Meanwhile, AGG has secured final government approval for the acquisition of the Manso Atwere gold mining concession from Gyampo Mining Co. Ltd. The concession forms the most southerly extent of AGG's Asankrangwa Holdings. In November 2007, AGG reported assay results from 52 channel samples that span 104 metres of an exposed footwall within an excavated artisanal pit at this concession. The results were extremely encouraging with the best yielding 22 metres of 2.36 g/t Au from the footwall of the pit. Ground geochem and geophysical surveys are being

Artisanal miners processing ore, Asankrangwa, Ghana



Artisanal pit, Asankrangwa, Ghana



AGG is making great strides in Mali as well. Mali is Africa's third largest gold producer after Ghana and South Africa. AGG's Kobada concession is located in the Kangaba region of south-western Mali and hosts a significant geochemical anomaly defined by 12 km of strike length with a corresponding width of 1 km. This property was formerly controlled by the famous French parastatal research organisation - BRGM. Since acquisition, AGG has infill drilled a 1.2 km section (10% of anomaly) of strike, representing 20,000 metres of core drilling on 50 metre collars to generate an initial resource estimate.

AGG is currently awaiting assay results on an additional 10,000 metres of RC holes that cover a



total of 5.3 km of the 12 km anomaly, along strike. Highlight holes from the infill diamond drill programme have yielded some promising results, including: KBO5-4 with 48 metres of 2.95 g/t Au including 19.20 metres of 5.91 g/t Au, 81 metres of 1.21 g/t Au, KB06-7 with 18 metres of 2.26 g/t Au and KB06-10 with 62.0 metres of 1.71 g/t Au, including 21.0 metres of 3.57 g/t Au. AGG's recent addition of the Foroko and Acoma concessions to the Kobada footprint has increased its landholdings five fold to 216 sq km.

AGG acquired the Bagoé East and West concessions in February 2006, as part of its Kobada acquisition. The two neighbouring concessions are located in the Sikasso region of Mali, approximately 50 km south-east of the Morila mine. Morila is one of the most significant gold discoveries in Africa in recent times, jointly owned by Randgold Resources, AngloGold Ashanti and the Government of Mali. AGG has entered into a Joint Venture ("JV") Agreement with Randgold Resources Ltd (NASDAQ: GOLD) to explore AGG's Bagoé East & West concessions. The JV would enable AGG to focus on its Kobada project in Mali and its Asankrangwa Holdings in Ghana.

AGG has two other prospects in Ghana, namely the Mankranho project and the Nyankumasi concession. Mankranho represents the northern mineralised extension of Newmont's 20 million ounce Ahafo project. Mankranho shares nine common borders and surrounds the northern extension of Ahafo on three sides. Newmont made a formal request to access the Mankranho concession in June 2005, in order to complete an IP survey up to the common Mankranho/Ahafo borders.

AGG's Nyankumasi concession is also bordering projects owned by two majors. The concession is located 30 km south-southwest of Newmont's 5.4 million ounce Akyem project and approximately 48 km east of AngloGold Ashanti's Obuasi mine. The Akyem project is slated for production following the construction of a US\$550 million processing plant. Meanwhile, the Obuasi mine is expected to produce 450,000 ounces p.a. over the next three years.

Summing up

Similar to many other jurisdictions, much of exploration in Africa is currently undertaken by smaller companies; their relatively small-scale operations, however, cause them to go unnoticed amongst institutions. Political uncertainties and unpredictable regimes, such as that in Zimbabwe, further dilute their investment case. Ghana and Mali, however, are two of the most stable countries in Africa with virtually no political uncertainty. Progress made by majors in camps around AGG inspires optimism for the future of the company - watch out for its drill results. The news flow will begin in January 2008, with regular updates to follow throughout the year.

