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## African Gold fires up drills in Ghana Closes \$10-million bought deal with Sprott

Toronto-based **African Gold Group** (AGG-V) has kicked off a 10,000-metre program of diamond drilling as part of a US\$2.4-million first round of exploration at its 108-sq.-km Mankranho concession in Ghana.

Mankranho represents an 8-km portion of the northernmost extension of the Yamfo-Sefwi gold belt (*T.N.M.*, March 5/04).

The property is in a prospective neighbourhood, because immediately to the southwest, **Newmont Mining** (NEM-N) has assembled a 45-km-long concession hosting a shallow, 7.6-million-oz. reserve contained in 108.6 million tonnes grading 2.4 grams gold per tonne. Newmont expects to be mining from this, the Ahafo project, in late 2006 at a production rate of 500,000 oz. per year and a total cash cost of US\$185 per oz.

African Gold Group has divided its Mankranho concession into five areas for the purpose of its 28-week exploration program, and will focus on Area 1, in the southwestern corner of the concession, contiguous with Ahafo.

The Mankranho concession was

staked four years ago by U.S.-based **Columbia River Resources** (CRVV-O). Follow-up work included ground-magnetic and induced-polarization surveys, soil and silt sampling, the digging of 14 trenches that produced low gold values, and the drilling of 15 reverse-circulation holes totalling 1,500 metres.

This drilling mainly cut a section of greywackes and phyllites, with occasional thin interbeds of volcanoclastic tuffs and basalt.

African Gold owns a 68.8% interest in Columbia River and recently entered into an earn-in agreement with Columbia whereby African Gold can earn a 51% interest in the Mankranho licence by spending US\$1.25 million. The company can earn a further 34% by spending another US\$1 million on the property.

Elsewhere in Ghana, African Gold holds options to acquire the Twedee and Moseaso licences, about 70 km southeast of Mankranho on a 9-km segment of the northern tip of the Asankrangwa gold belt.

At Twedee, the company may acquire, for US\$25,000, privately held

Arziki Mining, which holds the 295-sq.-km concession. Work at Twedee in the late 1990s included an airborne survey and reconnaissance work.

At Moseaso, the group has a 5-year option agreement with Ghana-based Moseaso Mining to acquire the 9.3-sq.-km licence, subject to a 15% net profits interest if there is any production. To fulfil the option, African Gold must pay US\$25,000 each January for five years. The first payment has already been made.

In late April, just a month after it began publicly trading, African Gold closed a \$10-million bought deal with a syndicate of underwriters led by Sprott Securities and including GMP Securities and Octagon Capital. AGG issued 3.6 million units priced at \$2.80 apiece, with a single unit comprising a share and half a warrant. A full warrant entitles the holder to buy another share for \$3.60 within 18 months.

Proceeds are earmarked for exploration and development.

At presstime, shares were trading at \$1.95, generating a market capitalization of \$37 million.