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## African Gold extends mineralization at Kobada

BY TRISH SAYWELL

Northern stepout holes drilled at the Kobada gold project in southern Mali will have a positive impact on a revised resource estimate due later this year, **African Gold Group** (AGG-V) says.

Eight near-surface stepout holes were collared up to 200 metres north of zone 1. Highlights include hole 6, which returned 70 metres of 1.83 grams gold per tonne and ended in mineralization, and hole 3, which cut 84 metres of 1.26 grams gold and also ended in mineralization. Other notable intercepts were 21 metres of 1.07 grams gold in hole 4 and 21 metres of 1.15 grams gold in hole 5.

Last November the company released the first set of northern stepout holes collared up to 100 metres north of zone 1, including highlights of 112 metres grading 2.14 grams gold, with 1 metre of 90.19 grams gold that ended in mineralization in hole 189; and 88 metres of 1.66 grams gold, including 2 metres of 25.60 grams gold in hole 192.

The company has recently completed a 25,000-metre drill program that is expected to take the strike length of the deposit from 1.7 km to 3.2 km, says Michael Nikiforuk, African Gold's president and a director.

The deposit has a 41.8-million-tonne inferred resource grading 0.64 gram gold

per tonne for 1.1 million oz. gold based on a bulk-mining model.

The company plans to release an updated resource estimate in September.

"It will be upgraded to indicated from inferred and a percentage of that will go into measured," says company founder Nikiforuk. "We also anticipate a meaningful increase in grade."

And the blue sky is "in no way, shape or form constrained," he adds. "We have not delineated it either to the north, south or at depth."

A preliminary economic assessment (PEA) completed last year evaluated the potential of an open-pit, bulk-mining model using a gravity recovery process plant and included drill data up to the end of December 2010. No drill data from 2011 was incorporated into the PEA.

The PEA findings estimated an after-tax net present value of US\$216.9 million and a 90.6% after-tax internal rate of return using a base case of US\$1,100 per oz. gold and a 5% discount rate. It also indicated that the project could produce gold at US\$470.90 per oz. processing 20,000 tonnes per day, for a total of 7 million tonnes a year. Average annual operating costs were estimated to be US\$8.27 per tonne for the first five years, with a US\$122.5-million capital expenditure.

The Kobada project is in the Kangaba region of Mali on the Birimian greenstone belt, 125 km — or a four-hour drive — south of Bamako, the country's capital. The western boundary of the 41-sq.-km concession is marked by the Niger River, and the eastern boundary is marked by the Fie River. To the south is Mali's international border with Guinea.

Kobada is located 50 km from a hydroelectric dam.

African Gold has a fully built pilot plant on-site in the commissioning stage that could operate by the end of the month.

Nikiforuk notes that African Gold benefits from the deep knowledge of career geologist Pierre Lalande, who spent much of his 40 years of field experience in West Africa.

Lalande worked in West Africa as chief geologist for **Iamgold** from 1994 to 2001, and as a technical advisor to **Orezone Resources** from 2001 to 2005. The West African projects he has worked on include Sadiola and Yatela in Mali; Siguri and Kiniero in Guinea; Samira and Libiri in Niger; and Essakane and Inata in Burkina Faso.

At presstime African Gold traded at 36¢ per share within a 52-week trading range of 29.5¢ to \$1 per share. The junior has 115 million shares, fully diluted.