

African Gold Group, Inc. Announces Filing of Preliminary Economic Assessment and Year-End Progress Report

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TORONTO, ONTARIO--(Marketwired - Dec 23, 2014) - **African Gold Group, Inc.** (TSX VENTURE:AGG) ("AGG" or the "Company") is pleased to advise it has filed the Resource Update and PEA on SEDAR in accordance with National Instrument 43-101, on 23 December, 2014 for its 100%-owned Kobada gold deposit in Mali, West Africa ("Kobada" or the "Project")

The cash flow forecast for the final version of the PEA, filed on SEDAR, has been updated to provide the Project's financial metrics after the payment of royalties, taxes and dividends to the Government of Mali. Production schedules, gold production and all other physical parameter estimates that were presented in the November 25 press release have not changed in the final version of the PEA, filed on SEDAR.

As previously announced, the PEA envisions a relatively simple and low capital cost gravity concentration and concentrate leaching operation with an initial fifteen year mine life. Mining output is modeled at 1.6 million tonnes per annum.

PEA HIGHLIGHTS:

- Cash flow attributable to AGG's 100% owned subsidiary, AGG Mali SARL, of US\$204 million (~CAD\$237 million) after mining royalty (US\$24.8 million), gold tax (US\$22.3 million), company taxation (US\$32.7 million), and dividends payable to the Malian Government (US\$18.8 million - reflecting a 10% free carried interest);
- Pre-tax NPV_{5%} cash flow of US\$172 million (~CAD200 million) and IRR of 62%;
- Post-tax NPV_{5%} cash flow of US\$128 million (~CAD148 million) and IRR of 53%;
- Total pre-production capital of US\$46.6 million, including a contingency of US\$6.1 million;
- Cash costs of US\$482 per Au ounce for the first two years of operations, with cash costs of US\$694 per Au ounce, life of mine. All in sustaining costs (AISC) of USD 792 per Au ounce, life of mine;
- Annual production, in the first two years of operation, exceeding 50,000 Au ounces. Average gold production of 44,000 Au ounces over 15 year life of mine;
- Base case is stated assuming US\$1,250 per ounce of gold as a long term metal price

By all financial metrics (i.e. gross cash flows, discounted pre or post-tax cash flow), the Project displays robust economics which result from the relatively high initial gold production and low waste to ore ratio during the first two years of operation. Further details of this summary can be found in the Kobada Gold Project Technical Report, filed on SEDAR.

To view the chart associated with this press release, please visit the following link:
<http://media3.marketwire.com/docs/AGGFigure1.pdf>.

The Preliminary Economic Assessment was prepared under the supervision of John Dunlop (John Dunlop and Associates), Tim Hughes (Gekko Systems Pty Ltd) and Brian Wolfe (International Resource Solutions Pty Ltd). All three are independent of African Gold Group and are Qualified Persons as defined by NI 43-101. Declan Franzmann (CEO of AGG) is the Company's designated Qualified Person for the study. All QP's have reviewed the content of this press release.

2014 YEAR-END CORPORATE UPDATE

The Company is pleased to provide stakeholders with a year-end corporate update, as AGG took definitive steps to transform the Company from a green fields gold explorer to a mine developer over 2014. Accomplishments funded and achieved by AGG in 2014 include:

- Employment of Declan Franzmann as President and CEO, Torben Michalsen as Construction and Infrastructure Manager and Misha Collins as Feasibility Study Co-ordinator. The Company now possesses the key personnel to form the nucleus of a mine development team.
- The Company secured the services of John Dunlop (BEng Mining, MSc(Mining), FAusIMM(CP)), Brian Wolfe (B Sc (Hons), P Grad Cert (Geostats), MAIG) and Tim Hughes (B Eng (Hons), P Grad Cert (Min Proc), FAusIMM) to act as independent Qualified Persons for the studies AGG embarked on during the year;
- Completion of 2014 drilling campaign at Kobada, with the collection of metallurgical bulk samples.
- Completion of gravity recovery test work by Gekko Systems, located at Ballarat, Australia between August and November 2014. Testwork clearly demonstrated the benefit of low cost pre-concentration, gravity concentration and concentrate leaching operations and confirmed the operating parameters determined in previous independent test work conducted in 2010;
- The Environmental and Social Impact Assessment for access roads and bridge upgrade was submitted in December. Government approvals for this infrastructure work are expected in January 2015.
- The Environmental baseline report and impact assessment for the Kobada concession has been completed by the Company's Malian Environmental consultant. A review process is underway prior to submission of the document to the relevant Government Departments;
- The Project's technical documentation to support the application for the mining (exploitation) license has been completed, translated to French and was submitted in December, 2014 for review by the Malian Government's Mining and Environmental Ministries;
- The Company has continued to meet regularly with local contractors and subsequent to the capital expenditure estimates detailed in the PEA, savings on particular capital expenditures are possible. This includes a saving of approximately US\$850,000 on access roads as a result of recent government initiatives to improve access to the area, and savings of around US\$700,000 on camp infrastructure through the use of standardized building layout and designs. The Company will continue to look for additional savings in pre-production capital requirements to be included in higher level studies; and
- Throughout 2014 the Company has continued regular dialogue with ministers and senior public servants in order to facilitate the permitting process and to keep stakeholders abreast of AGG's plans.

President and CEO of African Gold Group, Mr. Declan Franzmann, FAusIMM, comments:

"The inclusion of cash flow analysis accounting for taxes, royalties and dividend payments to the Government of Mali completes the financial assessment for the Kobada Gold Project. The Project displays robust economics, low capital cost, and provides a development route with opportunity for organic expansion of the Kobada resource base and production profile, which is achievable from cash flow. The Company's aim is to maximise the value of the Kobada Project and provide shareholders with a long term sustainable return on their investment.

On the Project development front, 2014 has been a year of great change for AGG as it honed the development strategy for Kobada and strengthened the mine development team with the aim of gold production in 2016. I look forward with great anticipation to 2015, as the Company progresses through further milestones and into the construction phase of the Project."

On Behalf of the Board of Directors:

Declan Franzmann, President and CEO

About African Gold Group

African Gold Group is a Canadian exploration and development company with a strong focus on West Africa. African Gold Group is positioned to grow in value as it progresses its Kobada Gold Project through a feasibility study, development and into production. For more information regarding African Gold Group visit

our website at www.africangoldgroup.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

This press release includes certain "Forward-Looking Statements." All statements, other than statements of historical fact included herein, including without limitation, statements regarding future plans and objectives of African Gold Group; and statements regarding the ability to develop and achieve production at Kobada are forward-looking statements that involve various risks and uncertainties.

There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from African Gold Group's expectations have been disclosed under the heading "Risk Factors" and elsewhere in African Gold Group's documents filed from time-to-time with the TSX Venture Exchange and other regulatory authorities. African Gold Group disclaims any intention or obligation to update or revise any forward looking statements whether resulting from new information, future events or otherwise, except as required by applicable law.

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