

African Gold Group, Inc.

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Mwana Africa hit hard by massive full year loss and need for further capital

Shares in Mwana Africa PLC (AIM: MWA), formerly African Gold PLC, plummeted after the group posted a massive loss in the full year to end-March 2009, mainly due to an asset writedown, and it announced it probably has to raise more money to keep going.

The stock was trading 37 percent lower in afternoon deals, having extended losses throughout the session in London.

The Zimbabwe-focused gold and nickel miner had to increase the impairment charge for the period to £174.1 million from the £121.0 million figure it had flagged when reporting interims, as a result of exchange rate movements. The charge was a result of lower commodity prices and production halts at the Zimbabwean mines.

Mwana swung to a pretax loss of £228.1 million from a £28.6 million loss previously, while revenue plunged to £28.3 million from £79.27 million.

At June 26 2009 the group, excluding Bindura Nickel Corp, held cash of £13.8 million, which it believes will be sufficient to complete the first phase of refurbishment at the Freda Rebecca gold mine.

The £4 million first phase of the Freda Rebecca restart programme, funded from existing cash resources, is scheduled for completion at the end of September 2009. Mwana is targeting annualised production of 50,000 ounces gold by the end of 2010 from the second phase of the programme.

Investment opportunities at BNC, development of the group's base and precious metal exploration prospects in the Democratic Republic of Congo, and working capital needs are likely to require additional financing in due course.

"We are hopeful that the current gradual recovery in commodity prices and improvements in the Zimbabwean economic climate will allow us to rebuild our operations, as well as give us the opportunity for improved valuations of our assets in the future," chairman Oliver Baring said.

Price: 0.19

Market Cap: \$14.53 m

1 Year Share Price Graph



January 2019 July 2019 January 2020

Share Information

Code: AGG

Listing: TSX-V

52 week High Low
0.59 0.075

Sector: Gold & silver

Website: www.africangoldgroup.com

Company Synopsis:

African Gold Group is a Canadian exploration and development company with its focus on developing a gold platform in West Africa. African Gold Group is focused on the development of the Kobada Gold Project in Mali, a low capital and low operating cost gold project with the potential to produce more than 50,000 ounces of gold per annum.

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