TSX: ASO
AIM: ASO

TORONTO, Aug. 11, 2017 /CNW/ - Avesoro Resources Inc. ("Avesoro" or the "Company"), the TSX and AIM listed West African gold producer, is pleased to announce the release of its unaudited results for the quarter ended 30 June 2017 (the "Quarter").

Financial Highlights

- Revenues of US$19.3 million for the Quarter, a 31% increase on Q2 2016, from gold sales of 15,382 ounces, with an average realised gold price of US$1,255 per ounce;
- EBITDA of US$0.9 million;
- Cash of US$2.8 million and inventory of US$15.1 million at the end of the Quarter;
- Debt of US$107.4 million, including US$15.6 million borrowed from Avesoro Jersey Limited ("Avesoro Jersey"), the Company's majority shareholder; and
- Capital expenditure of US$5.4 million during the Quarter, predominantly consisting of capitalised stripping costs and upgrades to the process plant.

Operational Highlights

- Total gold production for the Quarter was 15,825 ounces, an increase of 6% on the prior quarter, and a 91% increase on Q2 2016;
- Total Material Movement of 3.8 million tonnes, including 214,000 tonnes of ore, a decrease of 12% on the prior quarter, and a 38% increase on Q2 2016;
- Mined ore grades averaged 2.64 g/t during the Quarter, whilst plant feed grades averaged 2.0 g/t;
- Mill throughput increased from 145 tonnes per hour to 175 tonnes per hour, resulting in record plant throughput in the Quarter of 295,000 tonnes, an increase of 5% on the previous quarter, and a 196% increase on Q2 2016;
- Plant utilisation of 89% compared with 92% in the previous quarter. The reduction in plant utilisation during the Quarter was due to a planned mill reline and other plant optimisation works;
- Mining cost of US$2.38 per tonne mined and processing costs of US$27.34 per tonne processed;
- Operating cash costs of US$1,035 per ounce, a reduction of 2% compared to the US$1,051 per ounce achieved in the previous quarter, and
- All-in Sustaining Costs ("AISC") of US$1,600 per ounce sold.

Operational Review

Total gold production for the Quarter was 15,825 ounces, an increase of 6% on the prior quarter, at an operating cash cost of US$1,035 per ounce.

Total material movement of 3,779,000 tonnes was achieved during the Quarter which equates to a reduction of 12% on that achieved during the previous quarter. This reduction was primarily caused by a decrease in drill rig availability which had a knock-on effect on the availability of broken stock for mining, resulting in an under-utilisation of available mining equipment.

Notwithstanding reduced drill rig availability, the Company continued to focus on opening access to new areas of fresh ore and catching up on previously postponed waste pushbacks, resulting in a stripping ratio of 16.7:1 (Waste: Ore) throughout the Quarter, an increase from 11.2:1 during Q1 2017. As a result of the reduced material movement, unit mining cost increased from US$2.19/t mined during Q1 2017 to US$2.38/t mined during Q2 2017. The Company expects to produce a significant increase in broken stock throughout the remainder of 2017 following the purchase of three further production drill rigs which are now operational at New Liberty. This will in turn improve mining equipment utilisation and further reduce unit mining costs.

During the Quarter, total ore mined was 214,000 tonnes at an average mined grade of 2.64 g/t, reflecting a month on month positive improvement throughout the Quarter of approximately 55,500 tonnes of ore at an average grade of 2.47 g/t in April, 64,000 tonnes at an average grade of 2.60 g/t in May and 94,200 tonnes at an average grade of 2.76 g/t in June.

Throughout the Quarter, various activities were undertaken with the aim of fine-tuning the grade control measures to reduce ore loss and dilution levels. Blast monitoring technology, which tracks the effects of blasting on ore movement and heave, was introduced to improve ore blast designs and limit movement during blasting. As a result, bench heights in ore blasts have been reduced to 5m in the Marvoe pit to reduce ore dilution. Additionally, revised grade control procedures have been implemented, including reducing the reverse circulation drill spacing to a 10m x 10m grid in the more sensitive areas of the pits, and close spaced channel sampling across the pit floor has been introduced to tighten up the grade definition and ore boundaries. During June, the Company also commenced a more selective mining approach by tightening up on ore boundary outlines in critical areas of the pits and resampling the waste rock mined from the boundary of the ore to minimise ore loss and dilution. This approach has continued to give positive results, with 78,000 tonnes of ore mined throughout July at an average grade of 3.18 g/t.

Process plant performance remained stable throughout the Quarter, with record quarterly plant throughput of 295,000 tonnes of ore achieved, an increase of 5% on the previous quarter, and a direct result of the plant optimisations and upgrades put into place during the last six months.

Mill throughput increased from 145 tonnes per hour to 175 tonnes per hour throughout the Quarter. The mill is now performing consistently above its designed throughput levels with plant utilisation reaching a record 97% during June 2017 and averaging 89% for the Quarter. The reduction in utilisation from the previous quarter was the result of planned plant shut downs for various scheduled maintenance programmes, including a mill reline during late May 2017, during which time the relining of the mill inlet, shell and the discharge grate were completed, alongside the re-routing of pipes within the mill area in preparation for the recommissioning of the vertimill.

Whilst plant feed grades averaged 2.0 g/t for the Quarter, gold recovery levels reduced to 88%, predominantly due to a high proportion of transitional ore from the Marvoe pit within the plant feed during May, with recovery levels returning to 89% and 90% in June and July respectively.

H2 2017 Outlook

As a result of the improvements in mined ore grade, increased process plant throughput and lower unit costs achieved in recent months, the Company's 2017 production guidance remains unchanged, with management's expectation that the lower range of production guidance will be achieved. Unit costs are expected to move materially lower throughout the second half of the year as operational efficiencies put into place during the first half of the year are realised.

Following the draw down during the Quarter of US$15.6 million of the US$35 million loan facility from Avesoro Jersey, the Company has made advanced payments to suppliers to secure lower unit cost pricing and to accelerate the acquisition of capital items that will further increase mining efficiency and process plant throughput.

As previously announced, following the improved cost and operational performance achieved by the Company in H1 2017 and the further cost savings and efficiencies that are anticipated, the Company has commenced work on a revised open pit optimisation exercise and the production of a new life of mine ("LOM") production schedule for New Liberty. The Company expects to be able to update the market on the results of this exercise during Q3 2017.

The Company also continues to consider a range of growth opportunities to deliver on its strategy to become a premier mid-tier African gold producer, including the potential acquisition of the Youga Gold Mine and Balogo deposit in Burkina Faso, currently owned by Avesoro Jersey.

Serhan Umurhan, Chief Executive Officer of Avesoro Resources, commented: "I am pleased that the optimisations that we have worked hard to implement at New Liberty have resulted in a second consecutive positive quarter EBITDA for New Liberty.

The focus for the second half of 2017 will be to build upon our improved grade control practices, mining performance and increased plant throughput to increase our gold production levels and move our unit costs materially lower.

Looking forward we maintain our production guidance for the year although we are now targeting the lower end of the guidance range of 90,000 – 100,000 ounces. I also look forward to updating the market on a revised life of mine production schedule for the mine later in Q3 2017."

About Avesoro Resources Inc.

The Company's assets include the New Liberty Gold Mine in Liberia (the "New Liberty Gold Mine," "New Liberty" or the "mine") which has an estimated proven and probable mineral reserve of 8.5 Mt with 924,000 ounces of gold grading 3.4 g/t and an estimated measured and indicated mineral resource of 9,796 Kt with 1,143,000 ounces of gold grading 3.63 g/t and an estimated inferred mineral resource of 5,730 Kt with 593,000 ounces of gold grading 3.2 g/t. A Definitive Feasibility Study ("DFS") has been completed, the first gold pour has taken place and commercial production has been declared. The foregoing mineral reserve and mineral resource estimates and additional information in connection therewith are set out in the Company's technical report dated March 25, 2015 and entitled "New Liberty Gold Project, Bea Mountain Mining Licence Southern Block, Liberia, West Africa, Definitive Project Plan.

The New Liberty Gold Mine is located within the Southern Block of the 100% owned Bea Mountain mining licence. This licence covers 478 km^2 and has a 25 year, renewable, mineral development agreement. The Bea Mountain mining license also hosts additional gold projects of Ndablama, Gondoja, Weaju and Leopard Rock which are the focus of exploration programs during 2016. Ndablama has an indicated mineral resource of 386,000 ounces of gold grading 1.6 g/t and inferred mineral resource of 515,000 ounces of gold grading 1.7 g/t and Weaju has an inferred mineral resource of 178,000 ounces of gold grading 2.1 g/t. The Yambesei (473 km^2), Archaen West (56 km^2), Mabong (36.6 km^2) and Mafa West (15.6 km^2) licences will also be subject to preliminary reconnaissance geological work. The foregoing mineral resource estimates and additional information in connection therewith are set out in the Company's technical report dated December 1, 2014 and entitled "Ndablama and Weaju Gold

Projects, Bea Mountain Mining Licence, Northern Block, Technical Report on Mineral Resources" ("Ndablama and Weaju Technical Report 2014").

The Company also has a gold exploration permit in Cameroon.

Qualified Persons

The Company's Qualified Person is Mark J. Pryor, who holds a BSc (Hons) in Geology & Mineralogy from Aberdeen University, United Kingdom and is a Fellow of the Geological Society of London, a Fellow of the Society of Economic Geologists and a registered Professional Natural Scientist (Pr.Sci.Nat) of the South African Council for Natural Scientific Professions. Mark Pryor is an independent technical consultant with over 25 years of extensive global experience in exploration, mining and mine development and is a "Qualified Person" as defined in National Instrument 43 -101 "Standards of Disclosure for Mineral Projects" of the Canadian Securities Administrators and has reviewed and approves this press release.

Forward Looking Statements

Certain information contained in this Announcement constitutes forward looking information. This information may relate to future events or the Company's future performance. All information other than information of historical fact is forward looking information. The use of any of the words "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict" and "potential" and similar expressions are intended to identify forward looking information. Specific statements that constitute forward looking information include statements regarding the timing and completion of legal documentation required to amend the loan facilities and to document the guarantees. This forward looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking information. No assurance can be given that this information will prove to be correct and such forward looking information included in this Announcement should not be unduly relied upon. This information speaks only as of the date of this Announcement.

Actual results could differ materially from those anticipated in the forward looking information contained in this news release as a result of the risk factors, including: the risk that the waiver and standstill agreement will terminate; the risk that legal documentation may not be completed as anticipated; risks normally incidental to exploration and development of mineral properties; the inability to obtain required waivers and amendments from the Company's creditors in respect of its debt repayment obligations and consequential risks of default thereon; risks related to operating in West Africa; health risks associated with the mining workforce in West Africa; risks related to the Company's title to its mineral properties; adverse changes in commodity prices; risks related to current global financial conditions; the inability of the Company to obtain, maintain, renew and/or extend required licences, permits, authorizations and/or approvals from the appropriate regulatory authorities and other risks relating to the legal and regulatory frameworks in Liberia, including adverse changes in applicable laws; competitive conditions in the mineral exploration and mining industry; risks related to obtaining insurance or adequate levels of insurance for the Company's operations; risks related to environmental regulations; uncertainties in the interpretation of results from drilling; risks related to the legal systems in Liberia; risks related to the tax residency of the Company; changes in exchange and interest rates; risks related to the activities of artisanal miners; actions of third parties that the Company is reliant upon; lack of availability at a reasonable cost or at all, of plants, equipment or labour, including required equipment, explosives and other necessary material not being delivered in the expected time frame, or at all; the inability to attract and retain key management and personnel; political risks; and future unforeseen liabilities and other factors.

The forward looking information included in this Announcement is expressly qualified by this cautionary statement and is made as of the date of this Announcement. The Company does not undertake any obligation to publicly update or revise any forward looking information except as required by applicable securities laws.

SOURCE Avesoro Resources Inc.

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