

# Cluff Gold plc: Baomahun Exploration Results and Feasibility Study Update

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LONDON, Feb. 29, 2012) - [Cluff Gold](#) ("Cluff Gold" or the "Company") (AIM:CLF) (TSX:CFG), the dual AIM/TSX listed West African focused gold mining company, is pleased to announce an exploration and feasibility study update for the Company's 100% owned Baomahun Gold Project ("Baomahun") in Sierra Leone.

## Highlights:

- Feasibility study on track for delivery in H1 2012, incorporating additional results from a completed in-fill drilling programme in the resource area, with results including:
  - 12m at 3.0g/t from 264m, 31m at 1.4g/t from 290m and 2m at 1.4g/t from 334m;
  - 3m at 6.3g/t from 4m and 27m at 2.3g/t from 30m;
  - 6m at 7.9g/t from 291m and 9m at 2.2g/t from 381m;
  - 8m at 5.7g/t from 95m and 2m at 2.2g/t from 140m.
- An updated resource is expected in April 2012 incorporating the in-fill drilling results.
- Early infrastructure work is on-going whilst the feasibility study is expected to be complete in Q2 2012.
- Exploration drilling along strike from the resource area has also recommenced. Notable multiple intersections include:
  - 5m at 2.1g/t from 17m, 10m at 1.5g/t from 37m and 8m at 1.5g/t from 118m;
  - 3m at 2.3g/t from 33m, 3m at 2.2g/t from 77m, 5m at 1.5g/t from 84m, 3m at 1.6g/t from 123m and 2m at 1.0g/t from 169m;
  - 3m at 1.7g/t from 33m and 5m at 4.1g/t from 53m.
- Additional value created by the completion of a feasibility study for a run-of-river hydro-electric power station, demonstrating potential for significant operating cost savings.

## Peter Spivey, Chief Executive Officer of Cluff Gold, commented:

"We are pleased with our recent progress at Baomahun, which continues to underline the opportunity for Cluff Gold to achieve its objective of developing an open pit gold mine capable of producing over 130,000 ounces of gold per annum.

"We continue to see the Baomahun project developing into a world class mine, encompassing not only the initial open pit development that will be the subject of our feasibility study, but also the longer term potential for additional resources along strike, high-grade feed from underground sources, and cost efficient hydro-electric power generation de-coupling the project economics from the long term oil price."

## Definitive Feasibility Study

The environmental permit is currently subject to the final demarcation of a formerly unmarked forest boundary by the government, with final resolution of this issue expected in Q1 2012. It has been agreed with the Government of Sierra Leone that the final position of this boundary will not affect the physical project infrastructure footprint. Delivery of this permit will allow us to complete the environmental impact assessment, which is the remaining outstanding part of the feasibility study.

In an effort to consistently improve the economics of the project, work for the definitive feasibility study is on-going under a multi-disciplinary team of consultants led by the Company's new senior project manager, Richard Quarmby. The final study is expected to be available in Q2 2012. Richard has extensive experience including working on the development of Randgold's Loulo and Morila mines before leading the recent feasibility study for Axmin's Passendro project in the Central African Republic.

Focused studies have also identified the optimum location for the Tailings Management Facility and Water

Storage Dam, with respect to minimum environmental impact, land use, location to operations, infrastructure and economics.

### **Site Development Activity**

In order to ensure that mine construction can commence in a timely manner following the completion of the feasibility study, the Company is undertaking a number of site development initiatives whilst the feasibility study is being completed. The access road from the town of Mongeri is being upgraded to ensure that site access does not cause any delays to the final mine construction timetable. In addition, the exploration camp is being upgraded to ensure a seamless springboard from which the early project team can commence its construction activities. Further early project construction activities will commence once the environmental licensing process is complete, subject to normal seasonal considerations.

### **In-fill Drilling Programme**

Since the last mineral resource estimate for Baomahun, which included a 2.1Moz indicated resource (25.6Mt at 2.5g/t) and a 0.9Moz inferred resource (9.6Mt at 2.8g/t) announced on 5 September 2011(1), a total of 7,024m over 33 holes have been drilled in the main resource area of Baomahun. In addition, 4,518m were drilled over 18 holes prior to the last mineral resource estimate but the results were not available to be included in the September estimate. Assay results have been received for 40 holes as set out in Appendix 1, with the remaining outstanding assays expected by the end of March 2012. Results include significant multiple intersects which continue to demonstrate the rich potential of the Baomahun deposit including:

- Hole DDH398: 1m at 2.9g/t from 47m, 8m at 5.7g/t from 95m and 2m at 2.2g/t from 140m
- Hole DDH401: 14m at 2.4g/t from 36m
- Hole DDH405: 2m at 0.6g/t from 70m and 16m at 2.6g/t from 84m
- Hole DDH415: 6m at 7.9g/t from 291m and 9m at 2.2g/t from 381m
- Hole DDH417: 12m at 3.0g/t from 264m, 31m at 1.4g/t from 290m and 2m at 1.4g/t from 334m
- Hole DDH422: 7m at 3.4g/t from 61m, 6m at 2.2g/t from 83m and 2m at 0.7g/t from 164m
- Hole DDH434: 3m at 6.3g/t from 4m and 27m at 2.3g/t from 30m

Following the receipt of the remaining assays, a revised mineral resource estimate for Baomahun will be completed, which will form the basis of the final feasibility study. This resource update is expected to be available in April 2012. The Company expects to convert some of the current inferred resources to the indicated category as a result of the in-fill drilling completed earlier this month. This work is expected to result in an updated pit shell with a lower strip ratio. With mine construction expected to commence in 2012, the Company is confident that the project economics are robust.

### **Along Strike Exploration**

With the in-fill drilling now completed, the exploration focus at Baomahun has returned to the opportunity for additional ounces to be defined along strike. The area immediately north of the current resources, following a 4km strike extension, has similar geology to the resource area and is the focus of our along strike exploration programme in 2012. This area incorporates the Pujehun South prospect and Target 5 from the VTEM (Versatile Time Domain Electromagnetics) survey.

A small part of the 2011 drilling programme, totalling six holes, centred on the Pujehun South prospect, which was also subject to some historical drilling in 2006. A full table of all drilling results received from Pujehun South to date, including five holes from the 2011 programme, is set out in Appendix 2. The 2011 drilling results include a number of promising intercepts including:

- Hole DDH378: 5m at 2.1g/t from 17m, 10m at 1.5g/t from 37m and 8m at 1.5g/t from 118m
- Hole EDH007: 3m at 2.3g/t from 33m, 3m at 2.2g/t from 77m, 5m at 1.5g/t from 84m, 3m at 1.6g/t from 123m and 2m at 1.0g/t from 169m
- Hole EDH054: 3m at 1.7g/t from 33m and 5m at 4.1g/t from 53m

To assist in our exploration planning, including the next phase of drilling at Pujehun South, the Company has recently received two detailed reports on the potential to extend the resource base at Baomahun along strike:

- The data from the VTEM survey conducted in late 2010 has been re-interpreted using a 3D inversion

technique. This has resulted in the discovery of a weak conductor that appears to extend from the Western Zone of the resource area to Target 5c, a distance of 2.4km. A plan showing this conductor extending north from the current resource area is included on the Company's website at [www.cluffgold.com](http://www.cluffgold.com).

- A number of high priority targets have been defined by combining the 3D inversion results with other data such as lithological and structural mapping, magnetic data and geochemical sampling.

A 4,000m drill programme has been planned to follow up on these targets in the 4km strike extension to the north of the resource area and also at the Kavoma prospect to the west of the current resource area, of which 1,972m have been drilled to date. Results from this programme will be announced once they are received.

### **Hydro-Electric Power Opportunity**

The Company has received a draft feasibility study, prepared by Knight Piesold Vancouver, setting out the potential for a run of river hydro-electric power facility 40km north of the Baomahun project site. The feasibility study, based on 12 months of river flow gauge testing, has demonstrated the capacity for 24MW of power generation, which is more than sufficient for the estimated power requirements of the Baomahun project. Due to the seasonality of the rainfall, the power generation capacity falls short of the Baomahun project's estimated power requirements for approximately 3 months of the year. As a result, a heavy fuel oil power station would be required to operate in those periods as envisaged in the base case feasibility study.

The Company envisages that the capital cost for such a hydro-electric power station would be funded by a third party, with the Baomahun project securing a long term power off-take agreement at costs significantly below the cost of generation through heavy fuel oil. A number of groups, including international development agencies and original equipment manufacturers, have expressed an interest in pursuing this opportunity.

Typically, the cost of running a hydro-electric power facility is less than US\$0.01/kWh, such that with a margin to recoup capital costs the Company could save over 50% of its power costs through the hydro-electric power opportunity compared to heavy fuel oil generation. Not only could this lead to significant operating cost savings for the Company, expected to be between US\$50-100/oz of gold produced, such a facility will also significantly de-risk the long term cost base of the project by de-coupling the power generation from the long term oil price.

### **Quality Assurance and Quality Control**

Drill intersections from both the in-fill drill holes and Pujehun South were calculated using a minimum width of 2m, and a cut-off of 0.5g/t and up to two metres of internal waste. The intersections set out in Appendix 1 are from in-fill drill holes within the resource area and do not necessarily represent extensions to already defined zones of mineralisation. The true thickness of the mineralisation may vary from 40% to 100% of the intersected widths.

Drill cores for assaying were taken at a maximum of one metre intervals and were cut with a diamond saw. One half of the core was placed in sealed bags and sent to the Company's sample preparation facility at Baomahun, Sierra Leone. The core samples were then crushed to minus 4mm and split, with 1.0kg of sample pulverised down to 95% passing 106 microns. Approximately 120 grams of the pulverised sample were then shipped to the SGS Laboratories (which are independent of the Company) in Siguiri, Guinea, and Tarkwa, Ghana, where the samples were analysed for gold by fire assay using a 50g charge. As part of the Company's QA/QC procedures, internationally recognised standards, blanks and duplicate samples were inserted into the sample batches.

### **About Cluff Gold**

Cluff Gold is a gold developer-producer with assets in West Africa. The Company generates significant cash flow through its Kalsaka gold mine in Burkina Faso, and is rapidly exploring the significant sulphide potential at its Yaoure project in Côte d'Ivoire. The Company remains focused on its objective of becoming a mid-tier producer through the development of its wholly-owned Baomahun project in Sierra Leone, which is expected to contribute an additional 135,000oz of gold per annum, with significant exploration potential along strike. With its experience of bringing new mines into production and a project pipeline spanning Burkina Faso, Côte d'Ivoire and Mali, the Company aims to further increase its production profile with its highly prospective exploration work across all assets.

Baomahun is Cluff Gold's defining development gold project in Sierra Leone. Definitive feasibility study work

is progressing in the immediate resource area, where 2.1Moz of indicated resources (25.6Mt at 2.5g/t) and a further 0.9Moz of inferred resources (comprising 9.6Mt at 2.8g/t) have been delineated to date. The current resource base is limited to only 1.5km of a total 12km strike length. Exploration drilling is on-going, targeting the 4km northerly strike extension of the current resource area.

This report includes certain "forward-looking information" within the meaning of applicable Canadian securities legislation.

All statements other than statements of historical fact included in this report, including, without limitation, the positioning of the Company for future success, statements regarding exploration, the completion of a feasibility study, resource calculations, drilling programmes, mine construction, the hydro-electric power station, and future capital plans and objectives of Cluff Gold, are forward-looking information 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 Cluff Gold's expectations include, among others, risks related to international operations, the actual results of current exploration and drilling activities, changes in project parameters as plans continue to be refined as well as future price of gold. Although Cluff Gold has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Cluff Gold does not undertake to update any forward-looking statements that are included herein, except in accordance with applicable securities laws.

Peter Brown is a "Qualified Person" within the definition of National Instrument 43-101 and has verified the data disclosed in this release, including the drilling data, and reviewed and approved the technical information contained in this announcement. Mr Brown (MIMMM) is Cluff Gold's Group Exploration Manager.

## Appendix 1 - Baomahun resource area in-fill drilling results

Interval lengths are not true widths. Composite intersections are based on a minimum width of 2m and a cut-off of 0.5g/t gold. Internal dilution of up to 2m has been allowed for continuity. No top cut. All holes, for which results have been received, are included in the table.

Hole ID	From(m)	To(m)	Interval(m)	Gold(g/t)	UTM East	UTM North	Elevation	Azimuth	Dip	Zone	Comments
DDH398	95	103	8.00	5.70	206167	932410	315	242	65	Central Zone	
140	142	2.00	2.15								
DDH399	206241	932455	349	30	60	Central Zone	No intersection that meets criteria				
DDH400	206283	932451	353	5	56	Central Zone	No intersection that meets criteria				
DDH401	36	50	14.00	2.44	206647	932614	343	200	80	Eastern Zone	Includes 4m @ 6.16 g/t from 44m
DDH402	7	14	7.00	1.16	206647	932613	342	200	55	Eastern Zone	
20	24	4.00	2.72								Includes 1m @ 7.71 g/t from 20m
DDH403	23	26	3.00	1.42	206640	932623	343	230	78	Eastern Zone	
34	37	3.00	2.02								
50	52	2.00	1.02								
DDH404	48	50	2.00	1.47	206640	932623	343	258	78	Eastern Zone	
64	80	16.00	1.90								Includes 4m @ 4.7 g/t from 66m
100	103	3.00	1.19								
DDH405	70	72	2.00	0.60	206647	932614	343	140	78	Eastern Zone	
84	100	16.00	2.57								Includes 3m @ 7.06g/t from 85
DDH406	29	33	4.00	3.03	206375	932784	455	186	55	Fold Area	
43	47	4.00	0.73								
51	55	4.00	1.25								
89	93	4.00	0.80								
106	109	3.00	1.70								
196	201	5.00	1.80								
DDH407	206423	932796	443	185	55	Fold Area	No intersection that meets criteria				
DDH408	57	60	3.00	0.50	206423	932797	443	200	70	Fold Area	
136	140	4.00	0.60								
144	146	2.00	1.00								
DDH409	60	62	2.00	0.51	206474	932609	370	8	51	Fold Area	
69	72	3.00	0.71								
DDH410	106	109	3.00	1.50	206439	932787	439	197	70	Fold Area	
141	146	5.00	1.07								
DDH411	126	130	4.00	1.80	206353	932690	438	192	74		Includes 1m @ 4.07 g/t from 127m

185 188 3.00 5.10 Fold Area Includes 1m @ 11.60 g/t from 187m  
DDH412 38 58 20.00 1.13 206374 932418 306 520 65 Central Zone  
65 68 3.00 1.62  
DDH413 416 420 4.00 1.01 205920 932510 250 72 60 Central Zone  
457 462 5.00 5.95 Includes 2m @ 12.04 g/t from 458m  
DDH414 237 239 2.00 4.19 205943 932476 244 70 60 Central Zone  
DDH415 291 297 6.00 7.88 205867 932443 235 70 45 Central Zone  
381 390 9.00 2.17  
DDH416 105 107 2.00 1.04 205642 933132 224 74 47 Western Zone  
DDH417 264 276 12.00 3.03 205601 933090 219 74 60 Western Zone Includes 5m @ 5.41 g/t from 271m  
290 321 31.00 1.42  
334 336 2.00 1.37  
DDH418 339 347 8.00 2.06 205615 933052 231 72 60 Western Zone  
DDH419 9 13 4.00 1.34 206348 932282 287 252.5 64 Central Zone  
DDH420 47 50 3.00 1.22 206411 932772 443 186.5 48 Fold Area  
81 84 3.00 1.91  
DDH421 154 157 3.00 1.29 206628 932877 399 207 55 Eastern Zone  
221 224 3.00 7.51 Includes 2m @ 10.44g/t from 222m  
236 240 4.00 0.88  
DDH422 61 68 7.00 3.38 206250 932681 469 158 77 Fold Area  
83 89 6.00 2.16  
164 166 2.00 0.74  
DDH423 36 38 2.00 0.64 206251 932680 468 155 49 Fold Area  
131 134 3.00 0.88  
193 196 3.00 3.19 Includes 1m @ 8.31g/t from 193m  
DDH424 6 11 5.00 2.50 206282 932706 461 197 60 Fold Area Includes 2m @ 5.47g/t from 6m  
89 91 2.00 6.18  
193 195 2.00 0.98  
DDH425 206288 932710 460 111 48 Fold Area No intersection that meets criteria  
DDH426 40 43 3.00 0.77 206392 932764 446 181 53 Fold Area  
67 69 2.00 2.17  
DDH427 17 20 3.00 1.87 206628 932877 399 208 70 Eastern Zone  
65 67 2.00 0.90  
DDH428 6 10 4.00 1.35 205961 932786 361 253 53 Central Zone  
26 28 2.00 0.62  
58 60 2.00 1.65  
64 71 7.00 0.93  
76 79 3.00 0.71  
91 95 4.00 1.57  
106 109 3.00 1.56  
DDH429 43 45 2.00 1.56 206355 932693 438 1 48 Fold Area  
114 116 2.00 1.56  
133 138 5.00 1.56  
DDH430 144 151 7.00 0.77 206345 932488 345 203 58 Central Zone  
DDH431 136 139 3.00 1.03 206827 932834 322 Eastern Zone  
142 148 6.00 0.83  
151 161 10.00 2.26 including 1m @ 6.33g/t  
DDH432 40 46 6.00 1.08 206606 932632 372 201 45 Eastern Zone  
81 86 5.00 0.63  
DDH433 66 76 10.00 1.12 206606 932631 372 205 45 Eastern Zone  
81 90 9.00 0.94  
93 96 3.00 1.24  
DDH434 4 7 3.00 6.33 206893 932754 298 200 60 Eastern Zone Includes 1m @ 13.20g/t from  
5m  
30 57 27.00 2.25 Includes 2m @ 10.88g/t from 49m  
DDH435 13 20 7.00 3.07 206883 932722 287 202 45 Eastern Zone Includes 2m @ 5.11g/t from  
13m  
DDH436 205775 933085 295 72 45 Western Zone No intersection that meets criteria  
DDH437 15 17 2.00 0.76 205756 933171 288 72 45 Western Zone  
58 60 2.00 1.36  
122 124 2.00 0.95

## Appendix 2 - Pujehun South drilling results

Interval lengths are not true widths. Composite intersections are based on a minimum width of 2m and a

cut-off of 0.5g/t gold. Internal dilution of up to 2m has been allowed for continuity. No top cut. All holes, for which results have been received, are included in the table.

Hole ID	From(m)	To(m)	Interval(m)	Gold(g/t)	UTM East	UTM North	Elevation	UTM RL	Azimuth	Dip	Comments	Year
DDH051	205585	933471	242	255	45	No intersection that meets criteria	2006					
DDH052	205546	933581	302	255	45	No intersection that meets criteria	2006					
DDH053	205435	933645	296	255	45	No intersection that meets criteria	2006					
DDH054	205481	933561	277	255	45	No intersection that meets criteria	2006					
DDH055	205496	933663	329	255	45	No intersection that meets criteria	2006					
DDH056	51.00	54.00	3.00	0.78	205459	933755	352	255	45			
DDH057	45.00	47.00	2.00	0.93	205421	933821	377	255	45			
	69.00	72.00	3.00	1.5								
DDH058	43.00	48.00	5.00	0.84	205419	933958	335	255	45	2006		
	68.00	80.00	12.00	1.05								
	87.00	90.00	3.00	0.97								
	110.00	115.00	5.00	0.94								
	122.00	126.00	4.00	0.67								
	130.00	132.00	2.00	1.03								
DDH059	22.00	26.00	4.00	0.65	205366	933925	323	255	45	2006		
DDH060	205308	933899	300	255	45	No intersection that meets criteria	2006					
DDH377	15.00	18.00	3.00	1.48	205360	934034	262	255	45	2011		
	0.00	11.00	11.00	1.12								
DDH378	17.00	22.00	5.00	2.05	205387	933984	303	255	45	Includes 2m @ 4.33 g/t from 17m	2011	
	37.00	47.00	10.00	1.45						Includes 1m @ 6.43 g/t from 39m		
	118.00	126.00	8.00	1.52						Includes 1m @ 5.30 g/t from 121m		
EDH007	33.00	36.00	3.00	2.26	205387	933984	303	255	45	2011		
	77.00	80.00	3.00	2.24								
	84.00	89.00	5.00	1.48								
	123.00	126.00	3.00	1.55								
	169.00	171.00	2.00	1.02								
EDH053	24.00	28.00	4.00	0.86	205475	933840	366	255	45			
	51.00	55.00	4.00	0.55	2011							
	82.00	84.00	2.00	0.71								
	86.00	88.00	2.00	0.7								
EDH054	33.00	36.00	3.00	1.67	205585	933869	422	255	45	Includes 1m @ 3.98 g/t from 33m	2011	
	53.00	58.00	5.00	4.14						Includes 2m @ 9.60 g/t from 54m		

(1) See news release dated 5 September 2011 entitled "Cluff Gold: Significant Resource Increase at Baomahun".

NO REGULATORY AUTHORITY HAS APPROVED OR DISAPPROVED THE CONTENT OF THIS PRESS RELEASE.

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