Cluff Gold 2011 Unaudited Full Year Results

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Cluff Gold Announces 92% Increase in EBITDA

LONDON, UNITED KINGDOM -- (Marketwire - April 16, 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 its results for the year ended 31 December 2011 and progress since the year end.

The Company made significant progress during the year, despite a challenging financial and political environment globally. It increased its cash position by 38% driven by a 92% improvement in EBITDA supported by strong gold production from the Kalsaka mine in Burkina Faso.

HIGHLIGHTS

- Record Company EBITDA of US$43.5m, a 92% increase year on year (2010: US$22.6m)

- Closing consolidated cash balance of US$28.9m following significant operational performance at Kalsaka in 2011

- Operational cash flow of US$41.1m, representing an increase of 75% over 2010

- Average price of gold sold: US$1,581/oz (2010: US$1,228/oz)

- Well-contained cash cost: US$902/oz (2010: US$883/oz)

Kalsaka/Sega, Burkina Faso

- Exceeded production guidance for the second consecutive year at 71,500oz

- 2011 EBITDA: US$51.9m, representing a 78% increase over 2010 (US$29.1m) and reflecting strong operational performance during the year

- The addition of the Sega project is expected to provide mine life extension with additional exploration potential

Baomahun, Sierra Leone

- Significant resource increase throughout the year to 2.1 million ounces in indicated category (46% increase over the previously announced measured and indicated resources), and 0.9 million ounces of inferred resources

- Accelerated investment in 2011 increasing by over US$10m to US$16.3m as the project transitions to construction

- Environmental permit expected to be issued imminently

- Feasibility study remains on track for completion in June 2012 with construction commencing in November 2012 and first gold pour targeted for 2014

Yaoure, Côte d'Ivoire

- Drill results from 2011, announced in early 2012, confirm the potential for a large, mineralised, sulphide ore body underlying oxide deposits

- Upgraded resource anticipated for release in the second half of the year

- Re-commencement of heap leach operations based on near-mine lateritic oxide targets, which are easily mined and processed, expected in 2012

Mamoudouya, Mali

- Regional mapping, trenching and geochemical sampling of termite mounds has defined a 3.5km by 0.8km gold anomaly, which was followed up by a ground-based induced polarisation (IP) geophysical survey

- Testing of identified targets with a 10,000m RC programme started in March 2012

Corporate Developments

- John McGloin, previously Head of Mining at Collins Stewart, appointed as Executive Chairman as JG Cluff to step down at the Company's next Annual General Meeting

- Completed a £23m (US$36m; amounting to £21.6m net of expenses) equity fund raise in March 2012, demonstrating continued market support for growth strategy

The Company will host an analyst presentation covering the results, which can be attended live at 09:30BST today via teleconference at the following numbers:

UK C/Paid: 44 20 7190 1595
UK Freephone: 0800 358 5263

A replay facility will also be available shortly after the conclusion of the presentation via the following access numbers:

UK C/Paid: 44 20 7959 6720
UK Freephone: 0800 358 9369
Access Code: 4532192#

Peter Spivey, Chief Executive of Cluff Gold, commented:

"Cluff Gold has delivered a strong set of financial results for the period, which has strengthened our financial position and which will contribute to our development plans looking forward as we look to take Cluff Gold through to the next phase of growth.

Additionally, we warmly welcome John McGloin to the Cluff Gold team. The appointment of John is a necessary step for Cluff Gold. The Company has now reached a stage in its development where it needs an Executive Chairman who can spend significant time liaising with shareholders and the wider financial community in both London and North America whilst helping to define the future corporate strategy of the business.

Finally, on behalf of the Board and all our employees, I would like to thank Algy Cluff, as the founder of Cluff Gold, for his invaluable contribution to the Company. He has secured a strong portfolio of assets and built a leading management team that has enabled the Company to grow in to what it is has become today with a strong platform for significant future growth. We wish Algy every success for the future, and look forward to his continued support in his new role as a consultant."

Chairman's Statement

I founded Cluff Gold in 2003, the fourth in a series of natural resource companies commencing with Cluff Oil in 1972. The others were acquired by third parties when they had become established producers of oil or gold. As Cluff Gold seeks to establish itself as a mid-tier producer, I have come to the conclusion that the Company now requires a strengthening of its executive team with an Executive Chairman based in London, since our Chief Executive is quite properly based in West Africa.

I am pleased to have secured an Executive Chairman with exceptional technical and financial knowledge and experience to replace me. I look forward to working with the entire executive team as a consultant over the next 12 months during a critical phase of development across our asset base.

The company has a portfolio of excellent production, development and exploration assets distributed through four West African countries and I, with the considerable help and support from my fellow directors, have negotiated the acquisition of these properties and raised the necessary capital to advance them. I have put in place a management team possessed not only of the appropriate disciplines but also with the collaborative temperament essential for a good team. I leave the company with a strong, debt free balance sheet. I can assure shareholders that our team of mostly African engineers, mine managers and geologists is of the highest calibre. I firmly believe the stage is set for the Company to add significant value to its entire asset base over the next few years, and intend to remain invested to capitalise on that growth.

Over the past thirty five years I have led teams, which variously have discovered an offshore oil field in the North Sea; discovered and brought into production numerous gas fields in the USA, Canada and Australia; discovered and developed five gold mines in Zimbabwe, Ghana, Burkina Faso, Côte d'Ivoire and Sierra Leone; and discovered what is now the Geita Mine in Tanzania, the largest gold discovery in Africa for many years. I now feel the entrepreneurial urge to continue this process and look forward to leading another team at a new natural resource company charged with making more discoveries. I am excited at resuming the entrepreneurial challenge of building another company, safe in the knowledge that I leave Cluff Gold in an exciting position of future growth with strong operational hands to manage the next phase of its development.

J.G Cluff
Non-Executive Chairman
16 April 2012

Chairman Elect's Statement

I am delighted to be joining the Cluff Gold team at this point in the Company's development. The Company has secured continued production at Kalsaka through the acquisition of Sega, and has the potential for significant future growth from Baomahun, Yaoure and other exploration and development targets in the region. I believe that my background and experience from within the mining industry as well as banking complements the skills of the other executives. Together I believe we can move the Company forward to unlock the latent value of its people and projects.

Over the past nine years, the Company has established itself in one of the world's great gold regions and has assembled a number of quality assets. We are now well placed financially and regionally to continue to grow the Company both organically and through asset acquisition. Adopting a rigorous approach where we weigh up our portfolio in light of economic, geological and mining inputs will ensure that we continue to deliver value to shareholders. With a strong management team led by Mr Peter Spivey, whose development and operational capabilities are well proven, I have no doubt we can deliver on our expansion plans.

The Company is also at a point where its current cash position and strong cash flow from producing assets allows it to self-fund its existing exploration and has the capacity to grow this further. With this in mind, the Company is set to strengthen its exploration team to accelerate progress amongst its growth projects.

Furthermore, we have an experienced team of country managers in West Africa and we will continue to focus our efforts in this region, where I believe there are many world class gold projects yet to be discovered.

To allow the Company to effectively and economically exploit its current asset base, and to take advantage of opportunities that may arise as we continue to move through difficult markets, we have conducted a thorough review of the Board, its structure and its effectiveness. As recently announced, a number of changes have already been made and, in time, we will be making some further changes to reflect the Company's transition to a mid-tier gold producer.

I would also like to thank Mr Algy Cluff for his vision and efforts in building the Company, gathering the assets, and nurturing a team of people that are ready to take the Company to the next stage of development. I look forward to drawing on his knowledge in his capacity as a Consultant to the Company and wish him well as he embarks on a new venture in the natural resources space.

John McGloin
Chairman Elect
16 April 2012

Chief Executive's Statement

Over the past twelve months, my priority as Chief Executive has been to ensure the effective implementation of Cluff Gold's strategy focused on the successful development of the Company's mining assets. At an operational and corporate level we have had significant success in progressing our full asset portfolio, with a number of key milestones achieved. Additionally Cluff Gold has delivered a strong set of financial results for the period, which has strengthened our financial position and which will contribute to our development plans looking forward as we look to take Cluff Gold through to the next phase of growth. The work undertaken to implement and strengthen the management systems, such as the improvement of the supply chain and inventory management, has enabled Kalsaka to achieve strong operational performance over the twelve month period. I am also pleased to report that we have exceeded production guidance for the second year running. The combination of constrained cash costs and a robust gold price has generated a healthy cash margin for the Company and this is a testament to both the management team and the work force at all the operations.

The acquisition of Sega in January of this year has assisted us in achieving our objective of significantly increasing the oxide life at Kalsaka to deliver and maintain near term production. The final approval from the government which completes the Sega transaction is due shortly. Continuing to deliver significant operational cashflow at Kalsaka is fundamental as we further our exploration programme across all of our mining operations.

Our flagship project, Baomahun, continues to progress well, and is now at a pivotal time in its development. Indicated resources increased by 46% in September and we look forward to the updated resource statement due for completion later this month. The environmental permit, which is now the only outstanding item in the regulatory process, is expected to be issued shortly, and the feasibility study remains on track for completion in June 2012. The work undertaken for the run-of-river hydro-electric power project has demonstrated that it could provide substantial savings in operating costs, in addition to de-coupling the project economics from the long term oil price.

In Côte d'Ivoire, we have delivered on our strategy to focus on the sulphide potential at the Yaoure mine, with extremely encouraging drilling results. This is a new and exciting opportunity for the Company and it seems fitting to distinguish this new project from the previous small heap leach oxide property, which is the reason why we have re-named the project.

Going forward, the Company's focus of concentrating on assets capable of sustaining over 100,000 ounces of annual gold production, rather than smaller heap leach plants, re-iterates our stated aim for becoming a mid-tier producer.

In March 2012, the Company successfully completed a £23 million fundraising. It was encouraging to see the investor support, which was oversubscribed, from both existing and new shareholders. The Company has further strengthened its balance sheet, which will assist Cluff Gold in bringing Sega into production and fully capitalising on the significant growth opportunities that exist across our asset portfolio.

Good assets can only be realised by the right people. This year we have continued to strengthen the management team both in London and in West Africa. Of critical importance has been the strengthening of our exploration team. The appointment of Peter Brown as Group Exploration Manager has already delivered in terms of the progress we are seeing in Côte d'Ivoire. We have also appointed a new country manager for Côte d'Ivoire, Mr Moussa Serifou, to re-inforce our commitment to that country. On the project development side, Mr Richard Quarmby has joined the Executive Committee as Group Project Manager. Not only is he taking a leading role in the Baomahun feasibility study, we have also relied heavily on his expertise to complete our understanding of the Sega project, and have entrusted him to manage the plans to bring Sega into production.

Additionally, we warmly welcome John McGloin to the Cluff Gold team. The appointment of John is a necessary step for Cluff Gold. The Company has now reached a stage in its development where it needs an Executive Chairman who can spend significant time liaising with shareholders and the wider financial community in both London and North America. His role will also be to help to define the future corporate strategy of the business, as I continue to focus on building the operations and identify other business opportunities in Africa. His technical and financial experience will be of significant value to the Board, as we look to maximise returns for our shareholders and emerge as one of the leading gold producers in West Africa.

Finally, on behalf of the Board and all our employees, I would like to thank Algy Cluff, as the founder of Cluff Gold, for his invaluable contribution to the Company. He has secured a strong portfolio of assets and built a leading management team that has enabled the Company to achieve a strong and stable platform for significant future growth. We wish Algy every success for the future, and look forward to his continued support in his new role as a consultant.

Peter Spivey

Chief Executive Officer
16 April 2012

Review of Operations

Kalsaka/Sega, Burkina Faso

		2011	2010	% Change
Ore mined	(t)	1,898,711	1,539,557	23%
Waste mined	(t)	12,670,996	11,135,933	14%
Total tonnage mined	(t)	14,569,707	12,675,490	15%
Strip ratio	(ratio)	6.67	7.23	(8%)
Ore processed	(t)	1,646,166	1,550,373	6%
Average ore head grade	(g/t)	1.45	1.56	(7%)
Gold production	(oz)	71,505	74,073	(3%)
Cash costs excl. royalties	(US$/oz)	823	793	4%
Average realised gold price	(US$/oz)	1,586	1,221	30 %

The Company's cash generating asset, Kalsaka, delivered excellent results in 2011, exceeding production guidance for the second consecutive year by pouring over 71,500 ounces of fine gold. This generated EBITDA of US$51.9m, an increase of 78% from the previous year, to fund the Company's activities. This significant EBITDA generation was assisted by the robust gold price, with an average price of US$1,586 per ounce realised in 2011, representing a 30% increase on the previous year. Cash costs were well contained, at US$823 per ounce, a 4% increase compared to the prior year. Cash margins were therefore very strong, at US$763 per ounce for the year, representing a 78% increase compared to 2010.

This EBITDA performance reflects a strong operational performance for the mine during the year. The mining team delivered a total of 1.90Mt of ore in 2011, a 23% increase compared to the prior year, at a strip ratio of 6.67. The strip ratio represented an 8% reduction compared to 2010 reflecting a natural reduction at depth in the primary mining zones. A total of 1.65Mt of ore was stacked in 2011, a 6% increase on 2010, reflecting good ore availability and utilisation of the plant throughout the year to reduce plant downtime.

The average reported head grade of 1.45g/t was slightly lower than achieved in 2010, reflecting lower grade areas of the mine which were processed in H1. This variation in grade is reflected in the comparative performance in H1 and H2, with 56% of production generated in the second half at a time of higher gold prices.

2012 Expectations

Kalsaka is forecast to produce between 60,000 and 70,000 ounces of gold in 2012, slightly below the performance in 2011. This is based on 1.6Mt of ore being processed at an average head grade of approximately 1.4g/t.

The forecast production range takes into account the nature of the ore the Company is expecting to process in 2012. During Q4 2011, a crushing circuit was successfully installed at the Kalsaka mine, allowing previously stockpiled quartz material to be processed alongside more quartz rich material being encountered in one of the pits. This quartz material has a longer leach cycle than the softer ore with which it is being blended. Accordingly, we have set out a production range which will allow for a larger gold lock-up in working capital at 31 December 2012 than previously experienced and we expect 2012 production to be stronger in the second half of the year.

Sega

The existing known reserves and stockpiles at Kalsaka are expected to be stacked until Q1 2013. Some mine life extension is expected from near term exploration targets currently under evaluation, together with the processing of transitional ore. However, the Board is keenly aware of the importance of on-going operational cash flow during the construction phase at Baomahun. Accordingly, on 3 February 2012, the Company announced the legally binding, conditional acquisition of the Sega project from Orezone Gold Corporation ("Orezone"). Completion of the acquisition remains conditional on the approval of the Government of Burkina Faso, which the Company expects to receive shortly. The acquisition will provide an immediate mine life extension at Kalsaka to ensure that production continues past 2013. The Sega project has an area of 313k sq. km across two adjacent licences, which host an indicated mineral resource of 450,366 ounces (8.3Mt at 1.7g/t) and an inferred mineral resource of 147,344 ounces (2.9Mt at 1.6g/t) with additional exploration potential.

To optimise the exploitation of the Sega ore body, it is intended that the oxide and transitional resources will be processed through the existing Kalsaka heap leach plant. This will keep capital expenditure to a minimum, reduce the environmental footprint and ensure a rapid start to production. Whilst the total resources at Sega have a similar grade to the existing Kalsaka operation at 1.7g/t, the deposit actually contains a higher grade core of mineralisation averaging over 2g/t that is expected to have positive operating cost implications once production commences. Detailed metallurgical test work completed by Orezone has indicated average heap leach recoveries of 85% for oxide and transitional ore with favourable agglomeration properties. Therefore, the cash cost per ounce from the processing of the Sega ore, including the costs of haulage, is expected to be lower than currently incurred at Kalsaka.

Work has commenced on a Preliminary Economic Assessment to confirm the technical plans to mine and process the Sega resources, which is expected to be completed in May 2012. Work is currently underway in respect of an environmental and social impact assessment, under the guidance of Digby Wells, to ensure that the licencing of the Sega property can be concluded in good time to allow a smooth transition for processing from Kalsaka to Sega ore sources.

Exploration

The Company believes there is a strong potential to further increase oxide resources across its combined current and recently acquired licences, thereby extending the life of the existing heap leach operations at Kalsaka. The acquisition of the Sega project does not diminish the focus on exploration, with the recent acceleration of activity to be maintained. Exploration targets will be generated and prioritised systematically across the various licences in the vicinity.

In 2011, a total of 36,546m of RAB and 39,859m of RC drilling was completed across the Kalsaka and Yako licences. Promising results were received at the Zoungwa and Rondo prospects, which are expected to add to the oxide mine life at Kalsaka. In 2012, drilling has continued within both the Kalsaka and Yako licence areas. In addition, Orezone has completed 10,000m of RC drilling at the Sega property focusing on a number of new targets for which results are expected soon.

The Company's near term strategy at Kalsaka is to maintain the heap leach operation, which does not require significant high cost power consumption usually associated with milling. In the longer term, the exploration team are tasked with demonstrating the sulphide potential across the region, with a view to developing a CIL plant once grid power is available in the region.

Kalsaka Reserves and Resources as at 31 December 2011 *1*

Resources at 0.5g/t cut-off	Tonne (Mt)	Grade (g/t)	Content (Oz)
Oxide and Transitional			
Measured	0.7	1.6	36,000
Indicated	4.0	1.4	177,000
Measured and Indicated	4.7	1.4	213,000
Inferred	0.8	1.4	36,000
Sulphide			
Measured	0.2	1.6	8,000
Indicated	1.0	1.7	55,000
Measured and Indicated	1.2	1.7	63,000
Inferred	2.3	1.5	111,000
Reserves at 0.5g/t cut-off and US$950/oz gold price *1*			
Oxide, Transitional and Stockpile			
Proven	0.4	1.6	20,300
Probable	1.3	1.5	61,700
Proven & Probable	1.7	1.5	82,000

Sega Resources as at 18 January 2010 *2*

	Tonne(Mt)	Grade(g/t)	Content(Oz)
Indicated			
Oxide and Transitional	4.9	1.6	257,572
Sulphide	3.4	1.8	192,794
Total indicated	8.3	1.7	450,366
Inferred			
Oxide and Transitional	1.2	1.5	56,258
Sulphide	1.7	1.6	91,086
Total inferred	2.9	1.6	147,344

Baomahun, Sierra Leone

Baomahun is the Company's wholly owned flagship development project in Sierra Leone, with 2.1 million ounces of indicated mineral resources (25.6Mt at 2.5g/t) and a further 0.9 million ounces of inferred mineral resources (9.6Mt at 2.8g/t) defined to date. The Company's investment at Baomahun has significantly accelerated in 2011, with the annual expenditure increasing by over US$10m to US$16.3m as the project enters a pivotal stage transitioning to construction.

The Company's strategy at Baomahun is two-fold:

- Progressing towards open-pit production focused on the currently defined resources.

- Demonstrating the long term potential for resource and production growth, both along strike and underground.

Feasibility Study expected June 2012

A number of milestones were achieved at Baomahun in 2011, including an updated resource statement in September 2011 setting out a 46% increase in indicated resources. This resource was optimised into an open pit by SRK Consulting Limited, demonstrating that the project is capable of producing at 135,000 ounces per annum for a robust eight year mine life. In the optimal economic scenario, the steeply dipping nature of ore body generates a high strip ratio, estimated at 12.6:1. With nearly 100,000 ounces of inferred resources contained within this open pit being treated as waste, the Company believes that there is good scope for the recently completed in-fill drilling programme to have reduced this figure by converting some of the inferred resources into measured or indicated categories. Resource modelling is underway and an updated resource statement is expected to be completed later in April 2012. This is the next key milestone for the project.

Baomahun is a straightforward project relative to other West African mining projects. It has a clean ore with good recovery from a conventional CIL plant and no significant impediments to mine development. Following the payment of regulatory fees for the environmental permit, the final regulatory hurdle for development, the permit is expected imminently and the feasibility study remains on track for completion in June 2012.

To allow a smooth transition from the feasibility study to the construction phase, early infrastructure investment commenced in Q4 2011 and is progressing in 2012. The 17km access road to site is being upgraded along with the exploration camp, which will be ready before the next rainy season commences to accommodate the construction team. Following delivery of the feasibility study and financing, construction is planned to commence in November 2012 after the rains ease with an 18 month construction period expected. The first gold pour is therefore expected in 2014 with steady state production anticipated in 2015.

Feasibility Study - Proposed Initial Operational Parameters

Mine type	Initial open pit based on US$1,150/oz pit shell
Total LOM Production	1.1Moz
Average grade	2.23g/t
Strip ratio	12.6:1
Average production	135,000oz p.a.
Mine life	8 years

Hydro-electric power

In parallel with the mine feasibility study, a separate study has been completed for a 24MW run-of-river hydro-electric power generation project within 40km of Baomahun. This is estimated to have sufficient capacity to provide the project's power needs for 72% of the year, with a heavy fuel oil power station required for the height of the dry season. During the wet season there will be surplus power available for external sale, and accordingly the Company plans to utilise an independent power producer structure to finance the opportunity without the need for significant up-front investment from Cluff Gold.

For a conventional CIL plant, the power requirements for grinding are a significant element of the total production costs. Accordingly, hydro-electric power can provide substantial savings in operating costs compared to the high cost of power from oil. The hydro-electric power opportunity will also de-couple the project economics from the long term oil price, creating an effective mechanism to contain cash costs into the future.

Financing

The financing of Baomahun will be a key milestone for the Company, and there is a clear appetite for financing this project through debt funding from a number of institutions that will help minimise equity dilution. Management is committed to delivering the most cost effective means of financing the project in the interest of shareholders, which could mean a mixture of debt and equity. Discussions are on-going with a number of potential financiers, and the Company intends to announce the preferred financing solution alongside the feasibility study.

Long Term Potential

In addition to the initial open pit, which will be the subject of the feasibility study, the Baomahun project has considerable scope for further long term resource and production growth both along strike and underground.

Initial analysis shows that the resources at depth are high grade, suitable for exploitation via underground mining techniques. The ore body remains open at depth, with potential for significant resource growth in high grade areas. The management team's preference is to focus on growth along strike in the near term as the optimal path to adding value. However, the Company will also examine the potential for economic extraction of deeper higher grade zones post the commissioning of the project in 2014 to ensure that the full value of the project is demonstrated to the satisfaction of all stakeholders.

The Company's main focus has been on the potential to delineate gold along strike from the presently defined resources. In addition to work in the Baomahun mining lease and Victoria exploration licence, the recent award of the Makong South licence, north of the existing exploration licence, further enhances the Company's opportunity for expansion.

A series of high priority drill targets were originally identified through a geophysical VTEM survey, which was completed in 2010. These targets highlighted possible conductors which had the potential to be caused by sulphide minerals associated with gold as in the resource area. An initial drilling campaign in 2011 had mixed success. Targets located 1.5km to 3.5km north of the resource area were shown to be associated with pyrrhotite and arsenopyrite with some gold mineralisation, close to banded iron formation-schist contacts, as seen in the resource area. However, conductors in areas to the northwest of the licence were demonstrated to be caused by pyrite-dominated sulphide mineralisation in a different geological setting (granite-schist contacts) and no gold was found.

Following these initial results, a more detailed 3D inversion technique was used to refine the geophysical targets to the north of the resource area. Drill results in the area 300m to 900m north of the resource area have confirmed the presence of gold. Multiple intercepts, which have previously been reported, include 5m at 2.1g/t from 17m, 10m at 1.5g/t from 37m and 8m at 1.5g/t from 118m all within a single drill hole.3 Further drilling is continuing as part of the Company's initially planned 9,000m diamond programme in 2012. This is expected to increase as results dictate.

Baomahun Resources as at 5 September 2011 *4*

	Tonne (Mt)	Grade (g/t)	Content (Oz)
Indicated	25.6	2.5	2,070,000
Inferred	9.6	2.8	860,000

Yaoure, Côte d'Ivoire

As drill results began to emerge this year confirming the potential for a large, mineralised, sulphide deposit underlying oxide deposits at the Angovia property in Côte d'Ivoire, the project was renamed Yaoure. This was done in order to distinguish the previous small heap leach oxide property from the larger underlying sulphide target. Whilst sulphide mineralisation had been identified early on and formed part of the resource base, the Company previously focused on bringing an oxide operation into production rapidly, ignoring the significant sulphide potential. There is currently a measured and indicated sulphide resource totalling 292,000 ounces at Yaoure (3.4Mt at 1.5g/t measured and 2.2Mt at 1.7g/t indicated).5 In the Yaoure Central pit, this resource was based upon RC drilling to a depth of 100m below the original surface, extending approximately 60m below the current pit floor.

The favourable infrastructure in the area including access via sealed roads from Abidjan to within a few kilometres of the mine, easy access to water, and most importantly, cheap hydro-electric power from the nearby Kossou barrage, make Yaoure an ideal third operation in the Cluff Gold portfolio. It provides the opportunity to establish the Company as a mid-tier producer from the development of its existing assets.

Diamond drilling at Yaoure in 2011 totalled 3,067m in 29 holes, with a further 18 holes completed in 2012 to date. The focus of this drilling has been on the northern half of the existing Yaoure Central pit over a strike length of 700m down to a depth of 275m. The drilling targeted both the main shallow-dipping North-South structure in which gold is mainly associated with disseminated pyrite in greenstones and subsidiary East-West subvertical structures in which visible gold is more associated with quartz veining. This drilling has continued to demonstrate the continuity of a shallow-dipping (25 -35 degrees to the east) mineralised zone over significant widths - up to 31m thick. The best results received to date, as previously announced, include 28.35m at 3.24g/t gold and 31.60m at 1.97g/t gold, at depths of 25m to 60m below the current pit.6 Initial metallurgical testwork has indicated that the mineralisation is non-refractory and suitable for treatment in a conventional CIL/CIP circuit.

Recent drilling results continue to support our hypothesis of a low-strip open-pittable target. We have therefore recently decided to double the number of diamond drill rigs on site to four, in order to rapidly test the upside potential, stepping out along the entire 1.1km length of the existing pit as well as testing for parallel ore-bodies. We hope to be in a position to announce an upgraded resource in the second half of this year.

The Yaoure Central pit covers only a third of a substantial +200ppb gold in soil anomaly stretching over 3.0km within the Mount Yaoure exploitation permit. In addition to the two diamond drill rigs currently focusing on Yaoure Central, the Company is continuing exploration along a separate 2.25km long soil anomaly with one RAB drilling rig and two RC drilling rigs.

In addition to drilling within the exploitation permit, an airborne magnetic survey has recently commenced covering the Company's entire 367 square kilometre exploration and exploitation permits. This, in conjunction with a remote sensing imagery interpretation, will be used to help define exploration targets outside of the presently identified geochemical anomalies and ensure that the entire permit areas are appropriately explored.

Existing operations

The existing heap leach operations at Yaoure were placed on care and maintenance in Q1 2011. Stacking of previously mined ore and spraying of the previously stacked heaps re-commenced in Q3 2011. Overall, Yaoure produced 6,470 ounces of gold in 2011, providing useful on-going cash flow to sustain the operations.

The Company intends to re-commence operations utilising the existing heap leach infrastructure in 2012. This will produce a small amount of gold from near mine lateritic oxide targets, which are simple to mine and process and that have been identified close to the existing operation. A full technical study is expected to be completed during H1 2012. By re-commencing heap leach operations, the Company will be able to demonstrate its commitment to the local population and the government of Cote d'Ivoire. This commitment will ensure that our existing workforce is retained and enable the Company to maintain our operating licences, whilst focusing on bringing a larger operation to account.

Yaoure Resources as at 31 December 20115

Resources at 0.5g/t cut-off	(Mt)	(g/t)	(Oz)
Laterite			
Measured & Indicated	2.4	0.6	46,000
Inferred	0.5	0.5	8,000
Other Oxide and Transitional			
Measured & Indicated	4.2	1.4	179,800
Inferred	0.8	1.4	38,000
Sulphide			
Measured & Indicated	5.6	1.6	292,000
Inferred	0.5	1.5	25,000

Mamoudouya, Mali

The Mamoudouya exploration licence in Mali contains a number of early stage exploration targets and forms part of our renewed focus on building a pipeline of assets from early stage exploration through development to production. The licence, covering an area of 109 square kilometres, was granted in early 2011 for an initial term of three years.

The licence is situated in the southwest of the country in the highly prospective Kedougou-Kenieba inlier; a belt of Birimian greenstones associated with a regional-scale shear zone which is host to some of West Africa's largest deposits. Regional mapping, trenching and geochemical sampling of termite mounds defined a 3.5km by 0.8km gold anomaly in early 2011. This was followed up by a ground-based induced polarisation (IP) geophysical survey, generating a number of drill targets, which the Company began to test with a 10,000m RC drilling program in March 2012. This program is currently on-going. Whilst our personnel were unaffected by the recent disturbances in Mali, our drill contractor did suspend operations. With the imminent return to constitutional rule in early April, we expect to recommence drilling shortly and anticipate releasing results in H2 2012.

Finance

The year under review has seen the Company capitalise upon the continued record gold price and the operational performance at the Kalsaka mine in Burkina Faso to record an annual profit after tax for the first time. This financial performance has enabled the Company to self-fund exploration work across its growing asset base, move towards completion of the feasibility study on Baomahun, and plan and commence early stage infrastructure construction work at Baomahun.

Cash generated by the operating mine at Kalsaka provided a year-end cash balance of US$28.9m. Subsequently, some of this cash was utilised to complete the acquisition of the Sega gold project in Burkina Faso. The placing of 25m shares at 92p in March 2012 has ensured that the cash element of the acquisition consideration does not constrain the Company's strategy going forward.

Financial Highlights

US$000	2011	2010	2009
Revenue	121,684	115,804	39,659
Gross profit	46,978	21,628	4,574
EBITDAPro	43,544	22,626	4,261
Profit/(loss) before taxation	25,376	(976)	(35,495)
Basic EPS (cents per share)	9.40	(4.92)	(30.25)
Cash generated from/(used in) operating activities	41,104	23,444	
Net cash inflow/(outflow)	7,998	18,634	(2,143)
Total cash	28,905	20,907	2,273
Total assets	140,698	122,001	113,871
Total liabilities	(28,535)	(24,995)	(27,564)

Kalsaka's revenue rose 26% in 2011 from US$90.6m to US$114.2m from similar production levels to 2010, due to an increase in the average gold price from c. US$1,200/oz to c. US$1,550/oz. Cash costs per ounce at Kalsaka rose only marginally to US$823/oz from US$793/oz in 2010 despite inflationary pressures. Increases were evident for fuel (irrecoverable VAT was charged on fuel for the first time in 2011), labour and processing reagents. These were countered by operational efficiencies, with lower stripping ratios for mining and greater plant throughput off-setting a small decrease in head grade. As a result, Kalsaka recorded EBITDA totalling US$51.9m in 2011, an increase of 78% on 2010.

At Yaoure, revenue totalled approximately US$10m from production in Q1 and leaching operations which resumed in Q3. Overall, the operation recorded a small loss in the year as a result of the political crisis and cessation of mining activities.

Total corporate overheads amounted to US$6.4m in 2011, an increase of US$0.8m. Other operating overheads relate to costs of administration, site and country management in Burkina Faso and Cote d'Ivoire which are not contained within cost of sales as they do not wholly relate to direct costs of gold production. These costs are included within EBITDA reported for both the Kalsaka and Yaoure mines. Total other operating costs rose to US$12.4m from US$11.8m. The US$7.4m total tax charge, of which US$1m relates to deferred tax, relates wholly to Burkina Faso.

Total EBITDA of US$43.5m represents nearly double the 2010 result. This improvement is also seen in all other metrics, including a maiden profit after tax of US$12.4m attributable to equity shareholders of the Company, equating to 9.4c per share.

Cash flow

The strong operational performance combined with the high gold price environment ensured excellent cash generation throughout the year. Total operating cash inflow was US$35.9m (net of US$5.2m taxation paid in Burkina Faso), of which US$24.8m was utilised for capital expenditure and exploration projects across the asset base. A further US$3.4m was paid as dividends to minority shareholders of the Kalsaka mine. As a result, the total increase in cash in the year was US$8.2m before exchange differences.

Capital expenditure

Total capital expenditure in the year was US$25.6m, of which US$6.8m was incurred at Kalsaka and US$16.3m at Baomahun. At Kalsaka, US$4.1m related to exploration programmes focusing on oxide targets to extend the mine life. At Baomahun, expenditure focused on in-fill and along strike drilling, together with work to complete the feasibility study. Overall, exploration expenditure increased by 257% compared to 2010, reflecting the Company's renews focus on its exploration activities across all assets.

US$000	Intangible assets	Property, plant and equipment	Total
Kalsaka	4,140	2,674	6,814
Yaoure	1,617	353	1,970
Baomahun	15,613	736	16,349
Other	325	144	469
	21,695	3,907	25,602

Assets and liabilities

In previous years, the Company has faced significant difficulties recovering VAT from both operational jurisdictions. It has been pleasing to note that following the resolution of the political unrest in Cote d'Ivoire we have received a steady stream of repayments. As a result, the Company has reversed a significant proportion of the provision against VAT and reallocated US$1.8m of the debt as being due within one year. Matters in Burkina Faso are now fully resolved and all but a small amount of VAT is deemed fully recoverable.

The Company remains debt free and subsequent to the year-end raised a further £21.6m (after expenses) by issuing 25m new ordinary shares. This fund-raising enables the Company to complete the acquisition of the Sega gold project in Burkina Faso whilst maintaining a fully funded exploration programme for the remainder of the year.

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 the exploration, drilling results and potential future production at Yaoure, Kalsaka, Baomahun and Mamoudouya, the assumptions and proposed operating parameters used in the feasibility study and the timing of the feasibility study for Baomahun, and future capital plans and objectives of Cliff 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.

Non IFRS Measures - EBITDA (Earnings Before Interest, Income Taxes, Depreciation and Amortization), cash cost per ounce and average realised gold price are financial measures used by many investors to compare mining companies on the basis of operating results, asset value and the ability to incur and service debt. EBITDA is used because Cluff Gold's net income alone does not give an accurate picture of its cash generating potential. Management believes that EBITDA is an important measure in evaluating the Company's financial performance, ability to fund future capital expenditures and repay any future project financing, and in determining whether to invest in Cluff Gold. Similarly, cash cost per ounce and average realised gold price are measures that are considered key measures by Cluff Gold in evaluating the Corporation's operating performance. However, EBITDA, cash cost per ounce sold and average realised gold price are not measures of financial performance, nor do they have a standardized meaning prescribed by IFRS, and may not be comparable to similar measures presented by other companies.

Investors are cautioned that EBITDA should not be construed as an alternative to net income or loss determined in accordance with IFRS as an indicator of Cluff Gold's performance or to cash flows from operating, investing and financing activities of liquidity and cash flows. These measures have been described and presented in this document in order to provide shareholders and potential investors with additional information regarding the Company's operational performance, liquidity and its ability generate funds to finance its operations.

Peter Brown is a "Qualified Person" within the definition of National Instrument 43-101 and has reviewed and approved the information contained within this announcement. Mr Brown (MIMMM) is the Group Exploration Manager.

Data Verification

The RC drilling programme at Kalsaka was undertaken by an independent drilling contractor. All the drill holes collar positions were pegged using a total station theodolite and re-surveyed after drilling. The drill collars after survey were checked by onsite geologist. Each 1.0m RC chipping passing through a cyclone is collected in a plastic bag and reduced in a multistage splitter to get a split of between 2kg and 4kg. Sampling was done under the supervision of the site geologist. Duplicate samples were collected at every 10th sample point and one blank inserted at every 20th point. Samples were submitted to the in-house laboratory, dried, crushed and pulverised to 85-90% passing 106ìm and analysed by bulk leach extractable gold assays for twelve hours.

The RAB drilling programme at Kalsaka was undertaken by an independent drilling contractor. All the drill holes collar positions were pegged using a Garmin GPS unit and re-surveyed after drilling. The drill collars after survey were checked by onsite geologist. Each 1.0m RAB chipping passing through a cyclone is collected in a plastic bag and 2m-composites are reduced in a multistage splitter to get a split of between 2kg and 4kg. Sampling was done under the supervision of the site geologist. Duplicate samples were collected at every 20th sample point and one blank inserted at every 20th point. Samples were submitted to the in-house laboratory, dried, crushed and pulverised to 85-90% passing 106ìm and analysed by bulk leach extractable gold assays for twelve hours.

RAB and RC check assays were also submitted to external commercial laboratories in Burkina Faso as part of the Company's quality control procedures.

At Baomahun, 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.

The diamond drilling programme at Yaoure was undertaken by an independent drilling contractor. All holes at the Yaoure Central Pit were drilled from within the pit and collared at a depth of between 20m and 35m below the original surface level. All holes were drilled at inclinations of between -50º and -60º. The 13 holes testing the E-W structures were drilled towards both the north and south with an average down-hole depth of 64m and a maximum down-hole depth of 72m. The 10 holes testing the main N-S structure were all drilled towards the west at an inclination of -60º, with an average down-hole depth of 113m and a maximum down-hole depth of 136m.

Drill cores for assaying were taken at a maximum of two metre intervals and were cut with a diamond saw with one-half of the core placed in sealed bags and sent to the SGS sample preparation facility in Yamoussoukro, Côte d'Ivoire. The core samples were then crushed down to minus 2 mm, split with half the sample then being pulverised down to 85% passing 75 microns. About 200g of the pulverised sample was then shipped to the SGS Laboratory in Tarkwa, in Ghana, an independent laboratory to the Company, where the samples were analysed for gold by fire assay using a 50 g sample. As part of the Company's QA/QC procedures, internationally recognised standards, duplicates and blanks were inserted and check assays will also be submitted to other external laboratories.

Resource and reserve data may not compute exactly due to rounding.

References

1 A technical report titled "Technical Review of the Kalsaka Gold Mine, Burkina Faso" and dated October 16 2008, has been prepared by SRK Consulting (UK) Ltd and filed on SEDAR. Resource estimation has been subsequently updated for production changes. Resources at 0.5g/t Au cut off and reserves at 0.5g/t Au cut off and US$950/oz gold price.

2 A technical report titled "Technical Report on the Mineral Resource of the Sega Gold Project" and dated January 18, 2010, was previously prepared by Orezone Gold Corporation and filed in SEDAR.

3 As per Company press release titled "Baomahun Exploration Results and Feasibility Study Update", dated 29 February 2012 and filed on SEDAR.

4 As per Company press release titled "Cluff Gold: Significant Resource Increase at Baomahun", dated 5 September 2011 and filed on SEDAR.

5 A technical report titled "Technical Review of the Angovia Gold Mine, Mount Yaoure, Cotê D'Ivoire" and dated October 16, 2008 has been prepared by SRK Consulting (UK) Ltd and filed on SEDAR. Resource estimation has been subsequently updated for production and exploration changes. Resources at 0.33g/t Au cut off.

6 As per Company press release titled "Yaoure Project drilling results", dated 19 January 2012 and filed on SEDAR.

The statutory accounts for 2011 on which the auditor has not yet expressed an opinion are expected to be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the year ended 31 December 2011

Notes 2011 2010
US$000 US$000
Continuing operations
Revenue 121,684 115,804
Cost of sales (74,706) (94,176)

Gross profit 46,978 21,628
General and administrative expenses (8,937) (7,684)
Other operating costs (12,543) (12,963)
Exploration expenses - (519)
Loss on disposal of property, plant & equipment - (12)

Operating profit 25,498 450

Investment income 124 349
Finance costs (246) (1,775)

Profit/(loss) before taxation 25,376 (976)

Income tax (8,164) (3,462)

Profit/(loss) for the year 17,212 (4,438)

Attributable to:
Equity shareholders of the parent company 12,389 (6,072)
Non-controlling interests 4,823 1,634

Profit/(loss) for the year 17,212 (4,438)

Other comprehensive income
Exchange differences on translating foreign operations - (1,309)

Other comprehensive income for the year, net of taxation - (1,309)

Total comprehensive income for the year 17,212 (5,747)

Attributable to:
Equity shareholders of the parent company 12,389 (7,759)
Non-controlling interests 4,823 2,012

17,212 (5,747)

Earnings/(loss) per share
Basic (cents per share) 5 9.40 (4.92)
Diluted (cents per share) 5 9.25 (4.92)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 December 2011
Notes 2011 2010
US$000 US$000
ASSETS
NON-CURRENT ASSETS
Intangible assets 6 68,027 48,351
Property, plant and equipment 7 17,453 27,885
Other receivables 1,452 2,324
Deferred tax asset - 693

Total non-current assets 86,932 79,253

CURRENT ASSETS
Inventories 18,275 12,767
Other receivables 6,586 9,074
Cash and cash equivalents 28,905 20,907

Total current assets 53,766 42,748

TOTAL ASSETS 140,698 122,001

CAPITAL AND RESERVES
Share capital 2,375 2,365
Share premium 117,823 117,410
Merger reserve 15,107 15,107
Share option reserve 3,316 2,556
Currency translation reserve 987 987
Accumulated losses (30,886) (43,431)

TOTAL EQUITY ATTRIBUTABLE TO THE PARENT 108,722 94,994
Non-controlling interests 3,441 2,012

TOTAL EQUITY 112,163 97,006

NON-CURRENT LIABILITIES
Provisions 8,578 6,059
Deferred tax liability 305 -

Total non-current liabilities 8,883 6,059

CURRENT LIABILITIES
Trade and other payables 14,705 15,920
Corporation tax 4,947 3,016

Total current liabilities 19,652 18,936

TOTAL LIABILITIES 28,535 24,995

TOTAL EQUITY AND LIABILITIES 140,698 122,001

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 31 December 2011
ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT
Share
capital Share
premium Merger
reserve Share
option
reserve Currency
translation
reserve Accumulated
losses Sub-
total Non-
controlling
interests Total
equity
US$000 US$000 US$000 US$000 US$000 US$000 US$000 US$000 US$000

BALANCE AT 1 JANUARY 2010 2,224 101,993 15,107 3,952 2,674 (39,643) 86,307 - 86,307

Loss for the year - - - - - (6,072) (6,072) 1,634 (4,438)
Exchange differences on translating foreign operations - - - - (1,687) - (1,687) 378 (1,309)

Total comprehensive income for the year - - - - (1,687) (6,072) (7,759) 2,012 (5,747)

Issue of ordinary share capital 141 15,423 - - - - 15,564 - 15,564
Share issue costs - (6) - - - - (6) - (6)
Share option charge - - - 888 - - 888 - 888
Reserve transfer on exercise or lapse of share options - - - (2,284) - 2,284 - - -

BALANCE AT 31 DECEMBER 2010 2,365 117,410 15,107 2,556 987 (43,431) 94,994 2,012 97,006

Profit for the year - - - - - 12,389 12,389 4,823 17,212

Total comprehensive income for the year - - - - - 12,389 12,389 4,823 17,212
Issue of ordinary share capital 10 413 - - - - 423 - 423
Dividend - - - - - - - (3,394) (3,394)
Share option charge - - - 916 - - 916 - 916
Reserve transfer on exercise or lapse of share options - - - (156) - 156 - - -

BALANCE AT 31 DECEMBER 2011 2,375 117,823 15,107 3,316 987 (30,886) 108,722 3,441 112,163

CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the year ended 31 December 2011
2011 2010
US$000 US$000
CASH FLOWS FROM OPERATING ACTIVITIES
Operating profit for the year 25,498 450
Depreciation and amortisation 14,966 19,858
Decrease/(increase) in other receivables 3,925 (856)
Decrease in trade and other payables (2,295) (1,698)
(Increase)/decrease in inventories (4,444) 2,994
Increase in provisions 2,519 1,481
Share option charge 916 888
Exploration costs written off - 7
Loss on disposal of property, plant & equipment 19 5
Exchange loss - 315

NET CASH FLOWS FROM OPERATING ACTIVITIES 41,104 23,444

Income taxes paid (5,235) -

CASH FLOWS USED IN INVESTING ACTIVITIES
Interest receivable 124 46
Interest payable (24) (1,775)
Purchase of property, plant and equipment (3,598) (6,317)
Purchase of intangible assets (21,180) (5,718)

NET CASH FLOWS USED IN INVESTING ACTIVITIES (24,678) (13,764)

CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES
Proceeds from the issue of share capital 423 15,564
Issue costs paid - (6)
Dividend (3,394) -
Repayment of borrowings - (6,000)

NET CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES (2,971) 9,558

NET INCREASE IN CASH AND CASH EQUIVALENTS 8,220 19,238
Cash and cash equivalents at start of period 20,907 2,273
Exchange losses on cash and cash equivalents (222) (604)

CASH AND CASH EQUIVALENTS AT END OF YEAR 28,905 20,907

CASH AND CASH EQUIVALENTS COMPRISE
Cash at bank 28,905 20,907

1 FINANCIAL STATEMENTS

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2011 or 2010. The financial information for 2010 is derived from the statutory accounts for 2010 which have been delivered to the registrar of companies. The auditor has reported on the 2010 accounts; their report was (i) unmodified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The statutory accounts for 2011 on which the auditor has not yet expressed an opinion are expected to be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the registrar of companies in due course.

Full financial statements for the year ended 31 December 2011 will shortly be published on the Groups website at www.cluffgold.com and posted to shareholders and, after adoption at the Annual General Meeting on 21 May 2012, they will be delivered to the registrar.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Whilst the financial information included in this preliminary announcement has been presented in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), this announcement in itself does not constitute full compliance with IFRS. Details of the accounting policies are those set out in the annual report for the year ended 31 December 2010. These accounting policies have remained unchanged for the financial year ended 31 December 2011 except for those new standards issued and adopted in the year.

3 DIVIDENDS

The directors do not recommend the payment of a dividend (2010: nil).

4 SEGMENTAL REPORTING

Operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker. The Group's chief operating decision maker is considered by management to be the board of Directors. The operating segments included in internal reports are determined on the basis of their significance to the Group. In particular, operating mines are reported as separate segments together with exploration projects that have significant capitalised expenditure. An analysis of the Group's business segments is set out below.
Kalsaka Yaoure Baomahun All other
segments Total
US$000 US$000 US$000 US$000 US$000
Year ended 31 December 2011
External revenue - sale of gold 114,209 9,878 - - 124,087
Direct costs of production (53,349) (8,473) - - (61,822)
Other operating and administrative costs (8,995) (3,356) - (6,370) (18,721)

Segmental result - EBITDA 51,865 (1,951) - (6,370) 43,544

Total assets 53,368 27,508 61,815 11,350 154,041
Capital expenditure 6,814 1,970 16,349 469 25,602

Kalsaka Yaoure Baomahun All other
segments Total
US$000 US$000 US$000 US$000 US$000
Year ended 31 December 2010
External revenue - sale of gold 90,643 24,208 - - 114,851
Direct costs of production (53,850) (20,984) - - (74,834)
Other operating and administrative costs (7,687) (4,100) - (5,604) (17,391)

Segmental result - EBITDA 29,106 (876) - (5,604) 22,626

Total assets 48,726 25,636 44,552 14,676 133,590
Capital expenditure 2,642 3,608 6,179 27 12,456

In 2011 the Group had one customer (2010: one).

The segmental result reported represents earnings before interest, tax, depreciation and amortisation (EBITDA) and excludes share option charges, which is the measure of segmental profit regularly reported to the board of Directors. The accounting policies of the reporting segments are different from the Group's accounting policies as follows:

Pre-commissioning income and expenditure at operating mines is not capitalised in the segmental results.
Income is accrued for gold bullion on hand at the period end in segmental results and, accordingly, no stock is recognised for this item.
The depreciation charge against segmental assets is based on a different total asset cost compared to the statutory accounts due, to the fact that income and expenditure is not capitalised during the commissioning period. In addition, the total asset cost is depreciated from the commencement of mining operations.

A reconciliation of segmental revenue to the statutory financial statements is as follows:
2011
US$000 2010
US$000

Revenue for reportable segments 124,087 114,851
Change in accrued revenue for gold bullion stock at year-end (2,403) 953

Revenue for statutory accounts 121,684 115,804

A reconciliation of EBITDA to profit/(loss) before taxation is as follows:
2011
US$000 2010
US$000

EBITDA for reportable segments 43,544 22,626
Depreciation and amortisation (14,966) (19,858)
Share based payments (916) (888)
Net interest received / (payable) 100 (1,729)
Loss on disposal of fixed assets (19) (12)
Change in accrued revenue for gold bullion stock at year-end (1,433) 436
Exploration costs written-off - (520)
Exchange rate variance (742) 303
VAT provided net of direct fees in year (192) (1,334)

Profit/(loss) before taxation 25,376 (976)

A reconciliation of segmental assets to the statutory financial statements is as follows:
2011
US$000 2010
US$000

Total assets for reportable segments 154,041 133,590
EBITDA capitalised during commissioning phase of mining operations 5,962 5,962
Differences in depreciation and amortisation 1,176 4,799
Impairment of non-current assets (21,914) (21,914)
Accrued revenue for gold bullion stock at year-end 1,433 (436)

Total assets 140,698 122,001

A reconciliation of segmental capital expenditure to the statutory financial statements is as follows:
2011
US$000 2010
US$000

Capital expenditure for reportable segments 25,602 12,456

Geographic information

Burkina
Faso Côte
d'Ivoire Sierra
Leone UK Other Total
US$000 US$000 US$000 US$000 US$000 US$000
Year ended 31 December 2011
Revenue 111,806 9,878 - - - 121,684
Non-current assets 14,947 11,470 60,097 76 342 86,932

Year ended 31 December 2010
Revenue 90,281 25,523 - - - 115,804
Non-current assets 22,167 12,816 44,173 94 3 79,253

5 EARNINGS/(LOSS) PER SHARE
2011 2010
The calculation of the basic and diluted earnings/loss) per share is based on the following data: US$000 US$000

Profit / (losses) for the purposes of earnings/loss) per share (net profit/ (loss) for the year attributable to equity holders of the parent) 12,389 (6,072)

Number of shares
Weighted average number of ordinary shares for the year ('000's) 131,765 123,415
Effect of share options in issue 2,193 -

Weighted average for the purposes of diluted earnings/(loss) per share ('000's) 133,958 123,415

Due to the loss incurred in 2010 the effect of the share options in issue (totalling 7,813,260) is anti-dilutive and consequently not included in the calculation of diluted earnings/(loss) per share.

6 INTANGIBLE ASSETS

GROUP

Exploration and
mining rights
US$000
Deferred
exploration and
evaluation costs
US$000

Total
US$000
COST
At 1 January 2010 30,223 16,654 46,877
Additions - 6,078 6,078
Exploration costs written off - (7) (7)
Exchange differences - (483) (483)

At 31 December 2010 30,223 22,242 52,465
Additions - 21,695 21,695

At 31 December 2011 30,223 43,937 74,160

AMORTISATION
At 1 January 2010 2,182 - 2,182
Charge for the year 1,932 - 1,932

At 31 December 2010 4,114 - 4,114
Charge for the year 2,019 - 2,019

At 31 December 2011 6,133 - 6,133

NET BOOK VALUE
At 31 December 2011 24,090 43,937 68,027

At 31 December 2010 26,109 22,242 48,351

At 1 January 2010 28,041 16,654 44,695

Included within Exploration and mining rights is an amount of US$21.8 million in relation to the Baomahun Gold Project. This amount is recoverable through the exploitation of the project.

In addition, the Group holds two mining exploitation licences relating to the Kalsaka and Yaoure Gold Mines. The value assigned to these licences on issue amounted to US$6.0 million and US$2.4 million respectively. The licence at Kalsaka is due for renewal in 2024 and Yaoure is due for renewal in 2013.

7 PROPERTY, PLANT AND EQUIPMENT

GROUP Mining,
development and
associated
property, plant and
equipment cost
US$000 Motor vehicles,
office
equipment,
fixtures &
computers
US$000

Total
US$000
COST
At 1 January 2010 65,047 3,999 69,046
Additions 5,568 810 6,378
Disposals - (60) (60)
Exchange differences (11) (51) (62)

At 31 December 2010 70,604 4,698 75,302
Additions 2,526 1,381 3,907
Transfer 161 (161) -
Disposal (24) - (24)

At 31 December 2011 73,267 5,918 79,185

DEPRECIATION
At 1 January 2010 27,575 1,986 29,561
Charge for the year 16,865 1,093 17,958
Disposals - (55) (55)
Exchange differences (1) (46) (47)

At 31 December 2010 44,439 2,978 47,417
Charge for the year 13,074 1,246 14,320
Transfer 133 (133) -
Disposal (5) - (5)
At 31 December 2011 57,641 4,091 61,732
NET BOOK VALUE
At 31 December 2011 15,626 1,827 17,453
At 31 December 2010 26,165 1,720 27,885
At 1 January 2010 37,472 2,013 39,485

8 CONTINGENT LIABILITY

In February 2011 the Company received a proposal for additional costs sustained by the mining contractor at the Yaoure Mine totalling US$9.2m. An updated claim was made in June 2011 totalling a further US$5.4m. Whilst the situation remains unresolved the Company has received external advice that confirms that the current provision of US$1.0m is, in the opinion of the Directors, the maximum payable under the terms of the contract.

The terms of the contract clearly state that the rates set out therein shall apply regardless of the difficulty in performing the works under the contract, such that the majority of the additional costs claimed cannot be recovered under the contract.

9 POST BALANCE SHEET EVENTS

On 3 February 2012 the Company entered into a legally binding, conditional sale and purchase agreement with Orezone Gold Corporation for the acquisition of the licences and associated property comprising Orezone's Sega Gold Project in Burkina Faso. Consideration comprises 11 million new ordinary shares in the Company and US$15m cash.

On 14 March the Company issued 25,000,000 ordinary shares of 1p at a price of 92p raising £21.6m after expenses.

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

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