

Avesoro Resources Inc. - Results for the Three Months Ended 30 September 2017

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TSX: ASO
AIM: ASO

TORONTO, Nov. 13, 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 September 2017 (the "Quarter").

Financial Highlights

- Revenues of US\$25.5 million, a 32% increase on Q2 2017, from gold sales of 19,797 ounces, with an average realised gold price of US\$1,286 per ounce;
- Adjusted EBITDA of US\$5.5 million, a fivefold increase on Q2 2017 and the Company's third consecutive quarter of EBITDA growth;
- EBITDA margin of 21%, predominantly due to reduced operating cash costs per ounce and an increase in realised gold price for sales during the Quarter;
- Capital expenditure of US\$9 million during the Quarter, including US\$5.4 million of capitalised stripping costs;
- Available cash facilities of US\$18.2 million and inventory of US\$12.9 million at the end of the Quarter; and
- Borrowings of US\$107.9 million at the end of the Quarter.

Operational Highlights

- Total gold production was 19,885 ounces, a 26% increase on the prior quarter, and a 38% increase on Q3 2016;
- Total material movement of 3.2 million tonnes, a decrease of 15% on the prior quarter, due to the impact of heavy rain towards the end of the wet season that caused periods of in-pit flooding;
- Ore mined 247,000 tonnes, an increase of 15% on the prior quarter at an average grade of 2.75g/t, an increase of 4% on the previous quarter;
- Ore processed 254,000 tonnes, a decrease of 14% on the previous quarter due to a lack of run of mine ore feed for a short period of time caused by pit flooding as a result of heavy rain which disrupted mining operations;
- Plant feed grade averaged 2.59g/t throughout the Quarter an improvement of 30% on the previous quarter;
- Gold recovery increased from 88% in the prior quarter to 91%, with recovery in excess of 92% achieved throughout September 2017;
- Mining cost US\$3.19 per tonne, compared to US\$2.38 per tonne achieved in the prior quarter as a result of reduced material movement;
- Processing costs of US\$26.17 per tonne, a decrease of 4% on the prior quarter due to reduced mill utilisation arising from a shortage of ore feed;
- Operating cash costs of US\$877 per ounce, an improvement of 15% compared to the prior quarter mainly due to higher mined ore grades, improved gold recoveries and the realisation of operational efficiencies implemented earlier in the year; and
- All-In Sustaining Costs ("AISC") of US\$1,447 per ounce sold, a 10% improvement from Q2 2017, but a slightly lower rate of improvement than achieved for operating cash costs due to the continued focus on waste stripping.

Commenting on the Company's improved quarterly performance, Serhan Umurhan, Chief Executive Officer of Avesoro Resources, said: "I am pleased with the continued improvement in performance at New Liberty, including strengthening revenues and further improvement in EBITDA margin to give us our third consecutive quarter of positive EBITDA and quarter on quarter increase in production levels. The focus at New Liberty throughout this year has been on delivering improvements in operational performance and the results achieved this Quarter further reflect our success in this regard.

We expect Q4 2017 to deliver further improvements across all these metrics, including a continued reduction in unit mining costs which were inflated this Quarter due to stoppages and inefficiencies arising from heavy rains during the tail end of the wet season. We expect to end the year with a strong final quarter and to deliver against our production guidance which is maintained at 70,000 - 80,000 ounces of gold.

The acquisition of the Youga and Balogo Gold Mines in Burkina Faso that we announced on 31 October

2017 will bring geographic diversity to our asset portfolio and significantly increase the Company's gold production levels. The transaction will also strengthen the Company as a platform for further growth as we continue on our path towards becoming a premier mid-tier African gold producer."

2017 Full Year Guidance

Gold production for the full year 2017 is expected to be between 70-80koz at an operating cash cost of between US\$900-950 per ounce with unit mining costs reducing during Q4 2017 as material movement ramps up throughout the dry season following the arrival of additional Heavy Mining Equipment ("HME").

The Company has now taken delivery of two Sandvik 1500i drill rigs, one Komatsu PC1250 excavator and four Komatsu HD785 haul trucks which are being commissioned on site and are expected to start work later this month.

Outlook

As announced on 31 October 2017, the Company has entered into a conditional agreement to acquire the Youga Gold Mine and Balogo Gold Mine in Burkina Faso for a total consideration of approximately US\$69.5 million, and has conditionally raised approximately US\$20.0 million to fund the cash component of the acquisition consideration and for working capital purposes. The acquisition and fundraising remain subject to shareholder approval and are expected to complete on or around 18 December 2017. The acquisition is expected to increase proforma 2017 combined gold production to 180-190koz, and increase forecast gold production for 2018 by approximately 60% to 230koz.

The Company also announced on 11 October 2017, the results of an updated Mineral Resource and Mineral Reserve estimate for New Liberty and an updated Life of Mine ("LOM") schedule. The updated Mineral Resource and Mineral Reserve estimates are as follows:

- Proven and Probable Mineral Reserve of 7.4Mt containing 717,000 ounces of gold grading 3.03g/t;
- Measured and Indicated Mineral Resource of 9.6Mt containing 985,000 ounces of gold grading 3.2g/t; and
- Inferred Mineral Resource of 6.4Mt containing 620,000 ounces of gold grading 3.0g/t.

The updated LOM schedule reflects the existing and planned further increase in process plant throughput rate of 140ktm by the end of the year. As a consequence, the future mining rates at New Liberty will also increase to provide this extra plant feed, reducing New Liberty's current LOM to 4.5 years based on existing Reserves. Additional HME is expected to be ordered later this year to support this increase in mining rate with delivery to site anticipated early in 2018. The Company also expects to complete an in-fill drilling programme to upgrade the resource classification of clearly identified in-pit resource upside during Q1 2018 and add several additional years to the LOM.

Notes

The financial statements should be read in conjunction with the accompanying management's discussion and analysis. These documents have been filed on SEDAR and are available on the Company's website www.avesoro.com or at www.sedar.com.

Non-GAAP Financial Measures: The Company has included certain non-GAAP financial measures in this press release, including operating cash costs and all-in sustaining costs ("AISC") per ounce of gold produced. These non-GAAP financial measures do not have any standardised meaning. Accordingly, these financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with International Financial Reporting Standards ("IFRS").

Operating cash costs and all-in-sustaining cash costs are a common financial performance measure in the mining industry but have no standard definition under IFRS. Operating cash costs are reflective of the cost of production and include a net-smelter royalty of 3%.

AISC include operating cash costs, corporate costs, sustaining capital expenditure, sustaining exploration expenditure and capitalised stripping costs.

Adjusted EBITDA is a non-IFRS financial measure calculated by excluding one-off costs or credits relating to non-routine transactions from EBITDA. It excludes other credits and charges, that individually or aggregate, if of a similar type, are of a nature or size that requires explanation to provide additional insight into the underlying business performance. Other companies may calculate adjusted EBITDA differently.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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 7.4Mt with 717,000 ounces of gold grading 3.03g/t and an estimated measured and indicated mineral resource of 9.6Mt with 985,000 ounces of gold grading 3.2g/t and an estimated inferred mineral resource of 6.4Mt with 620,000 ounces of gold grading 3.0g/t. The foregoing Mineral Reserve and Mineral Resource estimates and additional information in connection therewith will be set out in an NI 43-101 compliant Technical Report for the New Liberty Project to be filed on SEDAR within 45 days of the Company's disclosure of the new Mineral Resource estimate made on October 11, 2017.

The New Liberty Gold Mine is located within the Southern Block of the 100% owned Bea Mountain mining licence. This licence covers 478 km² 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 host indicated and inferred mineral resources. The Company also owns the Yambesei, Archaen West, Mabong and Mafa West licences, in addition to 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 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 approved this press release. Mr. Pryor has verified the underlying technical data disclosed in this press release.

Forward Looking Statements

Certain information contained in this press release constitutes forward looking information or forward looking statements with the meaning of applicable securities laws. This information or statements may relate to future events, facts, or circumstances or the Company's future financial or operating performance or other future events or circumstances. All information other than historical fact is forward looking information and involves known and unknown risks, uncertainties and other factors which may cause the actual results or performance to be materially different from any future results, performance, events or circumstances expressed or implied by such forward-looking statements or information. Such statements can be identified by the use of words such as "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "would", "project", "should", "believe", "target", "predict" and "potential". No assurance can be given that this information will prove to be correct and such forward looking information included in this press release should not be unduly relied upon. Forward looking information and statements speaks only as of the date of this press release.

Forward looking statements or information in this press release include, among other things, statements of

annual gold production guidance of 70,000 to 80,000 ounces of gold for 2017 at an operating cash cost of US\$900 to US\$950 per ounce, statements regarding forecasts of ore mined, head grade and material milled and statements regarding the timing and delivery of new HME, upgrade of the classification of resources, increasing the LOM and increased gold production rate per quarter in 2018 by approximately 60% to 230koz;

In making the forward looking information or statements contained in this press release, assumptions have been made regarding, among other things: general business, economic and mining industry conditions; interest rates and foreign exchange rates; the continuing accuracy of Mineral Resource and Reserve estimates; geological and metallurgical conditions (including with respect to the size, grade and recoverability of Mineral Resources and Reserves) and cost estimates on which the Mineral Resource and Reserve estimates are based; the supply and demand for commodities and precious and base metals and the level and volatility of the prices of gold; market competition; the ability of the Company to raise sufficient funds from capital markets and/or debt to meet its future obligations and planned activities and that unforeseen events do not impact the ability of the Company to use existing funds to fund future plans and projects as currently contemplated; the stability and predictability of the political environments and legal and regulatory frameworks including with respect to, among other things, the ability of the Company to obtain, maintain, renew and/or extend required permits, licences, authorizations and/or approvals from the appropriate regulatory authorities; that contractual counterparties perform as agreed; and the ability of the Company to continue to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demand.

Actual results could differ materially from those anticipated in the forward looking information or statements contained in this press release as a result of risks and uncertainties (both foreseen and unforeseen), and should not be read as guarantees of future performance or results, and will not necessarily be accurate indicators of whether or not such results will be achieved. These risks and uncertainties include the risks normally incidental to exploration and development of mineral projects and the conduct of mining operations (including exploration failure, cost overruns or increases, and operational difficulties resulting from plant or equipment failure, among others); the inability of the Company to obtain required financing when needed and/or on acceptable terms or at all; risks related to operating in West Africa, including potentially more limited infrastructure and/or less developed legal and regulatory regimes; health risks associated with the mining workforce in West Africa; risks related to the Company's title to its mineral properties; the risk of adverse changes in commodity prices; the risk that the Company's exploration for and development of mineral deposits may not be successful; 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 jurisdictions where the Company operates, including adverse or arbitrary changes in applicable laws or regulations or in their enforcement; competitive conditions in the mineral exploration and mining industry; risks related to obtaining insurance or adequate levels of insurance for the Company's operations; that Mineral Resource and Reserve estimates are only estimates and actual metal produced may be less than estimated in a Mineral Resource or Reserve estimate; the risk that the Company will be unable to delineate additional Mineral Resources; risks related to environmental regulations and cost of compliance, as well as costs associated with possible breaches of such regulations; uncertainties in the interpretation of results from drilling; risks related to the tax residency of the Company; the possibility that future exploration, development or mining results will not be consistent with expectations; the risk of delays in construction resulting from, among others, the failure to obtain materials in a timely manner or on a delayed schedule; inflation pressures which may increase the cost of production or of consumables beyond what is estimated in studies and forecasts; changes in exchange and interest rates; risks related to the activities of artisanal miners, whose activities could delay or hinder exploration or mining operations; the risk that third parties to contracts may not perform as contracted or may breach their agreements; the risk that plant, equipment or labour may not be available at a reasonable cost or at all, or cease to be available, or in the case of labour, may undertake strike or other labour actions; the inability to attract and retain key management and personnel; and the risk of political uncertainty, terrorism, civil strife, or war in the jurisdictions in which the Company operates, or in neighbouring jurisdictions which could impact on the Company's exploration, development and operating activities.

This press release also contains Mineral Resource and Mineral Reserve estimates. Information relating to Mineral Resource and Mineral Reserve contained in this press release is considered forward looking information in nature, as such estimates are estimates only, and that involve the implied assessment of the amount of minerals that may be economically extracted in a given area based on certain judgments and assumptions made by qualified persons, including the future economic viability of the deposit based on, among other things, future estimates of commodity prices. Such estimates are expressions of judgment and opinion based on the knowledge, mining experience, analysis of drilling results and industry practices of the qualified persons making the estimate. Valid estimates made at a given time may significantly change when new information becomes available, and may have to change as a result of numerous factors, including changes in the prevailing price of gold. By their nature, Mineral Resource and Mineral Reserve estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable.

If such Mineral Resource and Mineral Reserve estimates are inaccurate or are reduced in the future (including through changes in grade or tonnage), this could have a material adverse impact on the Company and its operating and financial performance. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Due to the uncertainty that may be attached to inferred mineral resources, it cannot be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration.

Although the forward-looking statements contained in this press release are based upon what management believes are reasonable assumptions, the Company cannot provide assurance that actual results or performance will be consistent with these forward-looking statements. The forward looking information and statements included in this press release are expressly qualified by this cautionary statement and are made only as of the date of this press release. 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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