
Update on Inata Life of Mine Plan

Avocet Mining PLC (“Avocet” or “the Company”) today announces an updated Life of Mine Plan (“LoMP”) at its Inata operation, and is seeking US\$11-14m financing aimed at substantially extending Inata’s life for the benefit all stakeholders, including the mine’s creditors and Avocet’s shareholders.

Summary

- Current Inata LoMP now extended to Q4 2019
- Ore Reserves increased to 340,400 ounces from 235,100 ounces at 31 December 2015.
- Financing of US\$11-14 million sought for the development of three satellite projects, including Souma, to add potentially up to seven years and 500-600,000 ounces of gold production to the mine life

Inata LoMP

The latest LoMP now includes additional Ore Reserves which have extended the operation to the end of Q4 2019. Inata’s Ore Reserves are now estimated to be 340,400 ounces as at 31 December 2016, an increase of 105,300 ounces from the Reserves declared at the end of 2015.

The increase in Ore Reserves can be primarily attributed to a higher gold price assumption (US\$1,150 per ounce compared with US\$1,100 per ounce at 31 December 2015), the identification of additional geological resources at Minfo, and improved recoveries now assumed in the treatment of carbonaceous (preg-robbing) ores.

Nevertheless, without the addition of further deposits (particularly Souma, Pali or Ouzeni, as outlined below), the LoMP at current gold prices remains unlikely to result in the full repayment of creditors. Furthermore, the operation continues to face ongoing day-to-day challenges, including:

- Cashflow constraints – meeting the payment demands from suppliers with overdue balances, at the same time as servicing bank loans (including the obligation to repay a 2.5bn CFA loan to Coris Bank by 31 March 2017)
- Security issues – implementing measures in response to the increase in security incidents in the region around the Inata site
- Mechanical availability – with stores of spare parts and repair cycles impacted by cash shortages, production continues to be exposed to mechanical outages affecting the mining fleet or the plant

Full year guidance for 2017 is 75-85,000 ounces at cash cost of US\$900-1,000 per ounce

The revised Reserves and Resources for Inata and the surrounding exploration licences at Souma, Pali and Ouzeni are shown in **Appendix 1**.

Funding sought to extend the LoMP

The Company is now seeking finance of approximately \$10-12 million for Souma and a further US\$1-2 million for Pali and Ouzeni, to extend the Inata LoMP by adding additional reserves at all three of these development projects.

It has been estimated, by way of a desktop scoping study, that the development of these three satellite sites could add a further six to seven years to the LOMP and additional gold production of 500-600,000 ounces. The work needed will focus on upgrading the largely inferred resources at the three projects, together with carrying out feasibility studies based on hauling ore from the satellite sites to the Inata processing plant.

In order to bring the Souma deposit into the mine life, an estimated US\$5-7 million will need to be spent on a drilling programme, completing a feasibility study for the new deposit, and submitting an application for a new mining permit. Upon receiving approval, capex of approximately US\$5 million has been estimated, mainly for haulage roads and enhancements to the comminution circuit at the Inata plant.

The deposits at Pali and Ouzeni are expected to require expenditure of US\$1-2 million, mainly for drilling work, in order to improve confidence sufficiently to convert resources into reserves. Although these sit outside the Inata mining permit, it is anticipated that the permit can be extended to include these deposits without the requirement for a separate mining permit application.

FOR FURTHER INFORMATION PLEASE CONTACT

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NOTES TO EDITORS

Avocet Mining PLC ("Avocet" or the "Company") is an unhedged gold mining and exploration company listed on the London Stock Exchange (ticker: AVM.L) and the Oslo Børs (ticker: AVM.OL). The Company's principal activities are gold mining and exploration in West Africa.

In Burkina Faso the Company owns 90 per cent of the Inata Gold Mine. The Inata Gold Mine poured its first gold in December 2009 and produced 72,485 ounces of gold in 2016. Other assets in Burkina Faso include five exploration permits surrounding the Inata Gold Mine in the broader Bélahouro region. The most advanced of these projects is Souma, some 20 kilometers from the Inata Gold Mine.

The Company also holds an interest in the Tri-K project in Guinea. On 10 October 2016, the Company announced that it had agreed to dispose of 40 per cent of the project to Managem, a Moroccan group listed on the Casablanca stock exchange, which remains subject to approval by the Guinean National Assembly, and which will increase upon completion of a bankable feasibility study for a CIL plant at the site, the incurring of expenditures of at least US\$10 million, and the enlarging of the ore reserve, to 70 per cent (in the event of an increase of the reserve to 1 million ounce or more) or 60 per cent (if less than 1 million ounces).

Appendix 1

BURKINA FASO ORE RESERVES AND MINERAL RESOURCES

Avocet Mining PLC owns 90% of Société des Mines de Bélahouro SA ("SMB"), owner of the Inata gold mine. Avocet owns 100% of the exploration permits surrounding the Inata mining licence through its wholly owned subsidiary, Goldbelt Resources (West Africa) SARL.

The Company's Burkina Faso Mineral Resource estimates are presented in the tables below, quoted for blocks above a nominated cut-off grade of 0.8g/t Au. The Inata and Minfo Mineral Resources reflect the depletion of the mining surfaces up to the end of December 2016.

Inata's Ore Reserves were estimated to be 0.34 million ounces as at 31 December 2016 based on pit shells optimised at US\$1,150 per ounce, increased from 0.24 million ounces as at 31 December 2015. Cut off grades within the US\$1,150 per ounce pit shells were based on a gold price assumption of US\$1,250 per ounce. The increase in Ore Reserves is attributable to an increased gold price assumption, the identification of additional geological resources at Minfo, and improved recoveries now assumed in the treatment of carbonaceous (preg-robbing) ores.

Inata, Minfo and Filio Ore Reserves

Ore Reserve estimates are reported below the 31st December 2016 topographic surface and above an effective weighted average 0.8 g/t Au economic cut-off grade within mine designs based on economic shell optimisations. Mineral Resources are reported above a 0.8 g/t Au cut-off and below the 31 December 2016 topographic surface.

	Gross			Attributable		
	Tonnes	Grade (g/t)	Contained ounces	Tonnes	Grade (g/t)	Contained ounces
Ore Reserves						
Proven	3,066,000	1.89	186,000	2,759,000	1.89	167,400
Probable	1,823,000	1.81	106,000	1,641,000	1.81	95,400
ROM stockpiles	873,000	1.72	48,400	786,000	1.72	43,600
Ore Reserves total	5,762,000	1.84	340,400	5,186,000	1.84	306,400

Inata Mineral Resources

	Gross			Attributable		
	Tonnes	Grade (g/t)	Contained ounces	Tonnes	Grade (g/t)	Contained ounces
Mineral Resources						
Measured	7,318,000	1.59	373,000	6,586,000	1.59	335,700
Indicated	22,217,000	1.74	1,245,300	19,995,000	1.74	1,120,800
Measured+Indicated	29,535,000	1.70	1,618,300	26,581,000	1.70	1,456,500
Inferred	29,018,000	1.61	1,506,000	26,116,000	1.61	1,355,400
Mineral Resources Total	58,553,000	1.66	3,124,300	52,697,000	1.66	2,811,900

Note: rounding errors may occur

Souma Mineral Resources

	Gross			Attributable		
	Tonnes	Grade (g/t)	Contained ounces	Tonnes	Grade (g/t)	Contained ounces
Mineral Resources						
Measured	-	-	-	-	-	-
Indicated	2,410,000	2.32	179,500	2,410,000	2.32	179,500
Measured + Indicated	2,410,000	2.32	179,500	2,410,000	2.32	179,500
Inferred	9,220,000	1.67	496,100	9,220,000	1.67	496,100
Mineral Resources total	11,630,000	1.81	675,600	11,630,000	1.81	675,600

Ouzeni and Pali Mineral Resources

	Gross			Attributable		
	Tonnes	Grade (g/t)	Contained ounces	Tonnes	Grade (g/t)	Contained ounces
Mineral Resources						
Measured	-	-	-	-	-	-
Indicated	-	-	-	-	-	-
Measured + Indicated	-	-	-	-	-	-
Inferred	5,190,000	1.62	269,700	5,190,000	1.62	269,700
Mineral Resources total	5,190,000	1.62	269,700	5,190,000	1.62	269,700

Total Burkina Faso Mineral Resources

	Gross			Attributable		
	Tonnes	Grade (g/t)	Contained ounces	Tonnes	Grade (g/t)	Contained ounces
Mineral Resources						
Measured	7,318,000	1.59	373,000	6,586,000	1.59	335,700
Indicated	24,627,000	1.80	1,424,800	22,405,000	1.80	1,300,300
Measured + Indicated	31,945,000	1.75	1,797,800	28,991,000	1.75	1,636,000
Inferred	43,428,000	1.62	2,271,800	40,526,000	1.62	2,121,200
Mineral Resources total	75,373,000	1.68	4,069,600	69,517,000	1.68	3,757,200

The information in this report that relates to Inata Ore Reserves in Burkina Faso is based on information compiled by Mr Martin Raml, who is a Qualified Person, as defined by NI 43.101. Martin Raml is employed by Avocet Mining PLC.

The information in this report that relates to Exploration results is based on information supplied by Mr Robert Seed, a competent person. Robert Seed is employed by Avocet Mining PLC and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Robert Seed consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.