

26 January 2017

2016 Q4 and Full Year Production Results and General Update

Avocet Mining PLC ("Avocet" or "the Company"), the West African focused gold mining and exploration company with operations in Burkina Faso and Guinea, today announces production and cash costs for the fourth quarter of 2016.

Summary

- Gold production in Q4 was 13,177 ounces at a cash cost of US\$1,156 per ounce, compared with 17,694 ounces at a cash cost of US\$1,047 per ounce in Q3
- This fall in production was predominantly due to operations at the mine being interrupted for a period of four weeks
- The 1,392 ounces of gold which had been seized in October, causing the interruption, have now been released and sold
- Full year production totalled 72,485 ounces, slightly below guidance, at a cash cost of US\$991 per ounce
- The Tri-K transaction with Managem was approved by shareholders on 22 December 2016
- This transaction will allow Managem to commence a US\$10 million work programme targeting a 1-million-ounce reserve and the completion of a bankable feasibility study for a Carbon-in-Leach ("CIL") operation.

Q4 2016 and Full Year production at Inata

Gold production in Q4 was 13,177 ounces at a cash cost of US\$1,156 per ounce compared with 17,694 ounces at a cash cost of US\$1,047 per ounce in Q3 2016.

This fall in production was predominantly due to operations at the mine being interrupted for a period of four weeks between 27 October and 25 November 2016, following the seizure of the gold shipment on 7 October 2016. The increase in cash costs in the quarter reflected the fact that fixed costs were still incurred in spite of there being no gold production during this period.

Full year production totaled 72,485 ounces at a cash cost of US\$991 per ounce, which was slightly below the guidance of 75-85,000 ounces notified prior to the stoppage in October.

Although production at Inata has returned to normal, the impact of the disruption on the cash position of the mine continues to be felt. Short term funding to allow for critical payments during the stoppage was provided by the mine's bankers, Ecobank and Coris Bank in Ouagadougou, and discussions are continuing with regard to the timing of repayments of these facilities as well as overdue balances with trade creditors.

The 1,392 ounces of gold which had been seized in October have now been released and sold, however the majority of the proceeds are to be used to settle agreed amounts in respect of the ex-workers' claim for back pay. Negotiations towards finalising the amount due in respect of this matter continue, however no further gold seizures are now expected.

Avocet's management has been concerned by the increase in security incidents in the Sahel region in the North of Burkina Faso, including in the vicinity of the Inata mine. The Company is treating the situation very seriously and is working with Burkinabe military representatives and third party advisers to identify and implement measures to mitigate these risks wherever possible.

The Company's full year financial results are due to be published on 13 April 2017.

Update on Tri-K project

The Tri-K transaction with Managem was approved by shareholders on 22 December 2016, and the only outstanding step ahead of completing the initial stage of the deal (defined as 'First Closing') is the ratification by the Guinean National Assembly of the project's Mining Convention, which is now expected to take place in February. The Mining Convention was signed by two Government Ministers, by Avocet and by Managem on 19 December 2016.

Once First Closing has been completed, Avocet will receive US\$4 million in funds (less approximately US\$1.5 million of transaction costs), and will transfer 40 per cent of its interest in the project to Managem, who will commence a US\$10 million work programme targeting a 1 million ounce reserve and the completion of a bankable feasibility study for a CIL operation.

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 Bélahouo 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

Inata Gold Mine quarterly production information 2015-16

	2015				2016				Q4	YTD
	Q1	Q2	Q3	Q4	2015	Q1	Q2	Q3		
Ore mined (k tonnes)	393	397	233	290	1,313	310	397	214	420	1,341
Waste mined (k tonnes)	1,420	3,563	4,349	3,494	12,826	2,993	2,855	2,505	1,458	9,811
Total mined (k tonnes)	1,813	3,960	4,582	3,784	14,139	3,303	3,252	2,719	1,878	11,152
Ore processed (k tonnes)	437	471	448	509	1,865	544	537	478	284	1,843
Average head grade (g/t)	2.50	2.27	1.50	1.22	1.85	1.21	1.32	1.46	2.20	1.46
Process recovery rate	52%	67%	72%	89%	67%	91%	93%	79%	68%	84%
Gold Produced (oz)	17,011	22,848	17,517	17,379	74,755	20,528	21,086	17,694	13,177	72,485
Cash costs (US\$/oz)	Q1	Q2	Q3	Q4	2015	Q1	Q2	Q3	Q4	YTD
Mining	262	313	362	335	318	291	298	346	333	314
Processing	540	408	486	430	462	375	347	417	483	397
Administration	236	155	188	251	203	183	163	182	270	193
Royalties	75	76	71	78	75	75	95	102	70	87
	1,113	952	1,107	1,094	1,058	925	903	1,047	1,156	991