

---

## New Inata life of mine plan shows 36% increase in gold produced

---

- Stronger cash generation - US\$65 million in hedge period, US\$190 million thereafter;
- Total production increase of 36% in life of mine ('LOM') plan recovered ounces to 960,000 ounces compared with March 2013 LOM plan of 707,000 ounces;
- New LOM plan based on US\$1,200 pit shells;
- Average annual production of 116,000 ounces, up 21% from 96,000 ounces in previous plan;
- Inata cash flows to fund US\$6 million carbon blinding circuit, with completion by mid-2014;
- Life of mine total cash cost (including royalties) of US\$906 per ounce, all in cost (including capex) of US\$958 per ounce;
- Capex reduced to an average of US\$7 million per annum over the next five years, including construction of new carbon blinding circuit; and
- New plan showing robust cash flow to be utilised in year end financing discussions.

Avocet Mining PLC ('Avocet' or the 'Company') today announces the new life of mine plan for its Inata gold mine ('Inata') in Burkina Faso. The announcement follows a phase of further drilling and evaluation of additional areas within the Inata mining licence and metallurgical testwork on the ore at Inata. A combination of the above two factors have resulted in a net increase in the total ounces recovered of 36%, or 253,000 ounces, compared with the previously published life of mine plan.

Annual production over the life of mine is now on average 21% higher at 116,000 ounces, with the mine life now extending to 2021. During 2013-2016, when mining was previously scheduled to occur, total tonnes mined are now reduced by 7%, but ounces recovered have increased by 16%. As a result, cash costs during this period (2013-2016) are on average 17% lower at US\$976 per ounce.

The new plan is therefore significantly more cash generative, with net cash flows (after capex) at current spot prices and hedging profile are estimated to average approximately US\$17 million in 2014 and 2015, and US\$30 million in 2016 to 2019. In 2020 and 2021, when mining has ceased and the plant is processing stockpiled material, over US\$100 million of net cash flow is forecast.

**Commenting on the new life of mine plan, CEO David Cather said:**

*"This new life of mine plan, modelled on \$1,200 pit shells, shows that Inata can produce robust cash flow in a lower gold price environment. The new plan increases operational efficiency and will deliver significantly higher value than we had previously indicated. Importantly, the solution to deliver higher recoveries from processing carbon rich ore is simple, with low capex and will be financed from Inata's operating cash flow. Souma is not included in the life of mine plan and therefore remains as upside for the future."*

## Management Conference Call

The Company will host a presentation at the offices of its PR Consultant (Pelham Bell Pottinger) for investors and analysts at 9am (UK) on Thursday 8 August 2013 to discuss both this release and the Company's Q2 results, which was also released today in a separate release. This presentation will be made available on Avocet's website ([www.avocetmining.com](http://www.avocetmining.com)) ahead of this meeting taking place.

A conference call facility is also available for this call; dial in details are as follows:

UK: 0800 6940257

Norway: 21563013

Alternative number: +44 (0)1452 555 566

Conference ID # 14084368

A recording of the conference call will also be made available on the Avocet website later on the same day.

### FOR FURTHER INFORMATION PLEASE CONTACT

---

Avocet Mining PLC	Pelham Bell Pottinger Financial PR Consultants	J.P. Morgan Cazenove Corporate Broker	Arctic Securities Financial Adviser & Market Maker	SEB Enskilda Financial Adviser & Market Maker
David Cather, CEO Mike Norris, FD Rob Simmons, IR	Daniel Thöle	Michael Wentworth-Stanley	Arne Wenger Petter Bakken	Fredrik Cappelen
+44 20 7766 7676	+44 20 7861 3232	+44 20 7742 4000	+47 2101 3100	+47 2100 8500

---

### NOTES TO EDITORS

Avocet Mining PLC is a 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% of the Inata Gold Mine. The deposit at Inata currently comprises a Mineral Resource of 4.7 million ounces and an Ore Reserve of 0.9 million ounces. The Inata Gold Mine poured its first gold in December 2009 and produced 135,189 ounces of gold in 2012.

Other assets in Burkina Faso include eight exploration permits surrounding the Inata Gold Mine in the broader Bélahouro region. The most advanced of these projects is Souma, some 20 kilometres from the Inata Gold Mine, where there is a Mineral Resources estimate of 0.8 million ounces.

In Guinea, Avocet owns exploration licences in the north east of the country. Mineral Resource development has been ongoing since 2005 and the Tri-K project is the most advanced project, which is currently in the feasibility study stage.

## New life of mine plan

As shown in the table below, the new LOMP has 1.15 million ounces of contained gold, a life of mine gold recovery of 83% and gold produced of over 960,000 ounces. The gold price assumption is unchanged at US\$1,200 per ounce. This plan only includes material mined from Inata and does not include Souma, which remains as upside for the project as a satellite deposit.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
<b>PRODUCTION</b>										
Waste Mined (kt)	32,117	28,715	25,435	25,842	28,551	28,983	20,746	-	-	190,389
Mined Ore (kt)	3,350	2,310	2,840	1,523	1,574	2,042	2,986	-	-	16,626
<b>Total Mined (kt)</b>	<b>35,467</b>	<b>31,025</b>	<b>28,275</b>	<b>27,365</b>	<b>30,125</b>	<b>31,025</b>	<b>23,732</b>	-	-	<b>207,015</b>
Strip ratio	9.59	12.43	8.96	16.96	18.14	14.20	6.95			<b>11.5</b>
Mined Ore Grade (g/t)	1.79	2.21	2.43	1.83	1.72	2.11	2.67	-	-	2.15
<b>Contained gold (oz)</b>	<b>193,215</b>	<b>164,043</b>	<b>222,034</b>	<b>89,825</b>	<b>86,840</b>	<b>138,661</b>	<b>256,300</b>	-	-	<b>1,150,919</b>
Milled Ore (kt)	2,523	2,040	1,933	2,062	2,293	2,188	1,686	1,513	388	16,626
Milled Ore Grade (g/t)	1.85	2.19	2.22	2.17	1.86	2.10	2.11	2.72	3.52	2.15
<b>Contained Gold (oz)</b>	<b>150,135</b>	<b>143,359</b>	<b>138,187</b>	<b>143,823</b>	<b>136,873</b>	<b>147,787</b>	<b>114,302</b>	<b>132,548</b>	<b>43,905</b>	<b>1,150,919</b>
Mill Recovery (%)	88%	86%	83%	84%	86%	84%	81%	77%	75%	83%
<b>Gold Recovered (oz)</b>	<b>131,495</b>	<b>123,497</b>	<b>114,332</b>	<b>120,945</b>	<b>117,422</b>	<b>124,302</b>	<b>93,045</b>	<b>102,463</b>	<b>32,802</b>	<b>960,302</b>
Gold in circuit	3,526									
<b>Gold sold</b>	<b>135,021</b>	<b>123,497</b>	<b>114,332</b>	<b>120,945</b>	<b>117,422</b>	<b>124,302</b>	<b>93,045</b>	<b>102,463</b>	<b>32,802</b>	<b>963,828</b>

<b>Total cash costs (incl. royalties)</b> (US\$/oz)	<b>1,042</b>	<b>965</b>	<b>971</b>	<b>925</b>	<b>1,023</b>	<b>968</b>	<b>996</b>	<b>439</b>	<b>371</b>	<b>906</b>
<b>All in cash cost (incl. capex)</b> (US\$/oz)	<b>1,169</b>	<b>1,042</b>	<b>1,026</b>	<b>973</b>	<b>1,067</b>	<b>1,007</b>	<b>1,009</b>	<b>439</b>	<b>371</b>	<b>958</b>

The new life of mine plan is the culmination of a phase of evaluation and planning to add new areas to the plan, metallurgical testwork and improvements to the predictability of processing carbonaceous ores and a plan for a low cost upgrade to the Inata processing plant that will increase both gold recoveries from carbonaceous ores and Inata's ability to process carbonaceous ore types earlier in the mine life rather than stockpiling this material for later in the mine life. In total 253,000 ounces of recovered gold have been added to the plan, from the sources as shown in the table below. A comparison table of the two LOM plans is shown later in this release.

Area of increase	Additional ounces of gold production
Increase in LOM recoveries and additional high PRI material	81,000
Additional Inferred oxide material	172,000
<b>Total</b>	<b>253,000</b>

## **Increased recoveries**

The March 2013 life of mine plan assumed no improvements to the Inata processing plant. Since March, metallurgical testwork has provided a more accurate method of modelling recoveries from the various Inata ore types. Unlike the previous processing model, which only considered each sample's Preg Robbing Index ('PRI'), the new method of modelling uses an algorithm that accounts for PRI, head grade, sulphur content and arsenic concentration of each ore sample.

The new recovery algorithm has now provided a means for estimating the potential impact of various engineering modifications to the Inata process plant. Testwork has shown that construction of a carbon blinding circuit at Inata would result in significantly improved gold recoveries when

processing ore with high PRI values. As shown in the comparison table below, this blinding circuit increases life of mine recoveries from 78% to 83%. Ordering of long lead items has been completed and the blinding circuit is expected to become operational in mid-2014. The estimated capital cost of this project is US\$6 million, with US\$3.4 million budgeted for 2013. This investment will be funded from Inata's own operating cash flow and is significantly lower cost than the flotation regrind solutions previously considered for processing of carbonaceous ore types.

### **Additional high-PRI material**

The carbon blinding circuit will also make carbonaceous (high PRI) ore economic that was previously excluded from the mine plan allowing additional areas of carbonaceous material to be mined and processed profitably.

Inata's enhanced ability to handle carbonaceous ore improves flexibility in the mining schedule. The blinding circuit will facilitate processing of carbonaceous ore as it is mined, rather than stockpiling ore for processing at the end of the mine life. Mining is therefore spread over seven years, rather than four in the previous plan, and this greatly reduces mining costs in the initial four years of the new plan. As a result, the peak stockpile balance is now 2.6 million tonnes, 51% lower than the previous peak stockpile balance.

Importantly, with the reduction in mining volumes in 2013-2016, total cash costs for this period are scheduled to be on average 17% lower. Total cash costs over the life of mine are also scheduled to be 6% lower at US\$906/oz; this reflects the increase in gold production and slightly offset by a higher strip ratio.

### **Additional Inferred oxide material**

Additional areas of Inferred material included in the new life of mine plan are located parallel to the existing pits at Minfo East and Inata South, and are near surface sources of oxide material that are located within the Inata mining licence. Infill drilling of this material to generate Measured and Indicated Mineral Resources has been completed and this work will be published before the end of the year. In total, these areas along with other Inferred material contained in the planned life of mine pit shells contribute 172,000 ounces of the additional gold production over the course of the mine life.

The tonnage and grade of Inferred material included in the current pit shells is approximately 2.6Mt @ 2.56 g/t. Mining of much of this oxide material is scheduled to take place during 2014 and 2015, providing time to construct and implement the plant upgrade to allow processing of the deeper carbonaceous ores.

As these areas have been included, the life of mine strip ratio has increased to 11.5, with higher phase of waste stripping scheduled for 2016 and 2017. The primary reasons for the higher strip ratio are an increase in the number of smaller satellite pits and larger, deeper pits due to higher recoveries of carbonaceous fresh ores, arising as a result of the carbon blinding circuit

### **Cash costs**

Life of mine total cash costs (including royalties) have fallen to US\$906 per ounce; this includes the benefit of an increase in overall production and improved recoveries when processing carbonaceous

ore types. The optimised scheduling of mining operations to better match the processing capabilities has resulted in more consistent and lower cash costs earlier in the life of mine.

### Comparison with previous life of mine plan

The table below shows a comparison between the life of mine plan announced in March.

PRODUCTION		Life of mine plan		
		Mar-13	Aug-13	% change
Waste Mined	(kt)	117,863	190,389	62%
Mined Ore	(kt)	13,532	16,626	23%
<b>Total Mined</b>	(kt)	<b>131,394</b>	<b>207,015</b>	58%
Strip ratio		<b>8.71</b>	<b>11.5</b>	31%
Mined Ore Grade	(g/t)	2.06	2.15	5%
<b>Contained gold</b>	(oz)	898,002	1,150,919	28%
Milled Ore	(kt)	13,873	16,626	20%
Milled Ore Grade	(g/t)	2.04	2.15	6%
<b>Contained Gold</b>	(oz)	<b>909,617</b>	<b>1,150,919</b>	27%
Mill Recovery	(%)	78%	83%	7%
<b>Gold Recovered</b>	(oz)	<b>707,480</b>	<b>960,302</b>	36%
<b>Total cash costs (incl. royalties)</b>	(US\$/oz)	<b>964</b>	<b>906</b>	-6%
<b>All in cash cost (incl. capex)</b>	(US\$/oz)	<b>1,028</b>	<b>958</b>	-7%

### Ore Reserves

Inata's new Ore Reserve is shown in the table below, which is dated as of 31 May 2013, and is based upon a gold price assumption of US\$1,200/oz. The new Ore Reserve of 0.95 million ounces is 4% higher than the Ore Reserve announced in March 2013, due to higher grades.

Open Pits	Gross			Net Attributable		
	Tonnes	Grade (Au g/t)	Contained Ounces	Tonnes	Grade (Au g/t)	Contained Ounces
<b>In situ</b>						
Proved	3,083,000	1.84	182,000	2,774,600	1.84	163,930
Probable	9,445,000	2.41	731,000	8,500,460	2.41	657,550
<b>ROM Stockpiles</b>						
Proved	883,000	0.98	27,700	794,800	0.98	24,940
Probable	219,000	1.49	10,500	196,800	1.49	9,420
<b>TOTAL</b>	<b>13,630,000</b>	<b>2.17</b>	<b>950,900</b>	<b>12,266,690</b>	<b>2.17</b>	<b>855,850</b>

*The above Ore Reserves estimated using a gold price assumption \$1,200 per ounce. Figures shown above are gross (100%) and 90% are attributable to Avocet. The government of Burkina Faso holds the remaining 10%. Ore Reserves were estimated by Mr Clayton Reeves (MSAIIM). Mr Reeves is a Competent Person as defined by the JORC Code. Mr Reeves has consented to the inclusion of the technical information in this report in the form and context in which it occurs.*

In addition to the above Ore Reserve, the life of mine plan announced today includes 2.6Mt of Inferred resources in the process of being upgraded to Measured or Indicated Mineral Resources, and is expected to be converted to Ore Reserves. Inata has historically had a high conversion rate of Inferred resources to Measured and Indicated resources Drilling on the additional material

highlighted in this release has been completed and the Company intends to publish the updated resource estimate prior to the year end.

### **Indicative life of mine plans at lower gold prices**

In view of recent gold price volatility, the Company has estimated the changes in life of mine parameters that would be adopted in response to lower gold spot prices in order to ensure that the mine could remain cash generative even in a very conservative scenario. The table below summarises the life of mine plans based on pit shell price of US\$1,200 per ounce, as announced today, as well as at a low price of US\$800 per ounce. In addition, LOMs have been estimated at intervening prices.

Gold Price (\$/oz)	Processed Tonnes (Mt)	Processed Grade (g/t)	Contained Metal (oz)	Waste tonnes (Mt)	Life of mine stripping ratio -
800	6.0	2.53	490,034	57.9	9.6
900	7.6	2.40	586,821	73.9	9.7
1000	10.4	2.29	765,933	105.6	10.2
1100	13.6	2.21	969,249	154.0	11.3
1200	16.6	2.15	1,150,919	190.4	11.5

*Note: aside from the \$800/oz and \$1,200/oz data, the above table represents estimates based on Whittle-optimised pit shells and should only be viewed as indicative.*

As indicated in the table, as spot prices decrease, Inata's life of mine plan would be optimised to provide a higher grade operation with lower mining volumes. The result would be lower cash costs and cash generative performance at each price level.