

Press Release

31 July 2018



JUNE 2018 QUARTERLY REPORT

West African Resources Limited (ASX: WAF) is pleased to report activities on its gold projects in Burkina Faso, West Africa, for the quarter ending 30 June 2018.

Highlights

Sanbrado Gold Project

- ✓ Updated Feasibility Study confirms Sanbrado as a +200,000ozpa gold producer
 - Updated Mineral Resource Estimate included 2.35Moz gold in Indicated Resources and 0.55Moz gold in Inferred Resources
 - Probable Ore Reserve of 20.4Mt at 2.4g/t Au for 1,574,000 ounces of gold
 - Average annual production of 211,000 ounces gold over first 5 years of mine life
 - 76% increase in Probable Reserves to 1.6 million ounces (20.4Mt at 2.4g/t gold)
 - 16-month post-tax pay back on US\$185 million pre-production capital costs
 - All-In Sustaining Costs (AISC) of US\$551/oz over first 5 years and US\$640 life of mine
 - Pre-tax NPV5% of US\$567m (A\$754m) and pre-tax IRR 62%
 - Post-tax NPV5% of US\$405m (A\$540m) and post-tax IRR 49%
- ✓ Sanbrado is fully permitted, with mining permit and environmental certificate granted
- ✓ Discussions with project lenders are in progress, and debt package is expected by end Q4 2018
- ✓ Early construction works are underway and gold production is expected by 2020.

M1 South

- ✓ Infill drilling at M1 South continued to confirm the continuity of high-grade mineralisation. Results at depth included (southeast to northwest):
 - TAN18-DD196: 8m at 7.0 g/t from 693 including 1.5m at 21.6 g/t Au and 1m at 9.2 g/t Au 705.5m
 - TAN18-DD189: 11m at 11.2 g/t from 654 including 1m at 39.8 g/t Au and 6m at 24.4 g/t Au from 675m including 0.5m at 240 g/t Au
 - TAN18-DD214A: 0.5m at 520 g/t Au from 578m and 23m at 7.3 g/t Au from 617m including 3.5m at 20.2 g/t Au, 4m at 24.4 g/t Au and 1.5m at 21.5 g/t Au
 - TAN18-DD217A: 6.5m at 6.8 g/t Au from 603.5m including 0.5m at 35.7 g/t Au.

M5 Deposit

- ✓ Drilling targeted higher grade mineralisation in the southern portion of M5, with results of:
 - TAN18-DD202A: 18m at 4.82g/t Au from 266m and 7m at 3.01g/t Au from 295m
 - TAN18-RC429A: 12m at 3.09 g/t Au from 4m
 - TAN18-DD198: 3m at 7.56 g/t Au from 225m
 - TAN18-DD199: 6m at 3.46 g/t Au from 426m
 - TAN18-DD200: 14m at 3.11 g/t Au from 232m
 - TAN18-DD201A: 31m at 2.39 g/t Au from 246m
 - TAN18-DD202A: 18m at 4.82 g/t Au from 266m

- TAN18-DD202A: 7m at 3.01 g/t Au from 295m
- TAN18-DD203: 4m at 12.34 g/t Au from 238m
- TAN18-DD207: 13m at 2.61 g/t Au from 454m.

Permitting

- ✓ Environmental approval received from the Burkina Faso Ministry of the Environment, Green Economy and Climate Change
- ✓ Updated mining permit granted approving changes to CIL processing and including underground mining for the Sanbrado Gold Project

Corporate

- ✓ \$35 million capital raising completed to commence key pre-development activities at Sanbrado, accelerate infill and extensional resource drilling at M1 South and M5, and expand regional exploration
- ✓ Ian Kerr appointed Non-Executive Director and Pdraig O'Donoghue appointed Chief Financial Officer
- ✓ \$42.6m cash at bank and no debt

June 2018 Quarter Summary

- ✓ 15,301.3m drilled
- ✓ \$6.2m Exploration and Development Expenditure
- ✓ \$0.6m Administration Costs
- ✓ \$42.6m cash at bank at 30 June 2018.

September 2018 Quarter Plans

- ✓ Further key management appointments
- ✓ Project finance process for debt funding ongoing
- ✓ Infill and extensional drilling at M1 and M5
- ✓ Completion of water storage pit for construction
- ✓ Detailed design and tender for underground portal
- ✓ M5 underground Scoping Study
- ✓ Regional exploration review and planning for 2018/19 field season

Sanbrado Gold Project*Updated Sanbrado Feasibility Study*

In June, West African announced its updated Feasibility Study for the Sanbrado Gold Project to include underground mining at M1 South. The study confirmed Sanbrado as a +200,000 ounce per annum gold producer. Highlights of the study included:

- Average annual production of 211,000 ounces gold over first 5 years of mine life
- 76% increase in Probable Reserves to 1.6 million ounces (20.4Mt at 2.4g/t gold)
- 16-month post-tax pay back on US\$185 million pre-production capital costs
- All-In Sustaining Costs (AISC) of US\$551/oz over first 5 years and US\$640 over life of mine
- Pre-tax NPV5% of US\$567m (A\$754m) and pre-tax IRR 62%
- Post-tax NPV5% of US\$405m (A\$540m) and post-tax IRR 49%

The Project is now fully permitted, with the mining permit updated post quarter end, and environmental approval granted

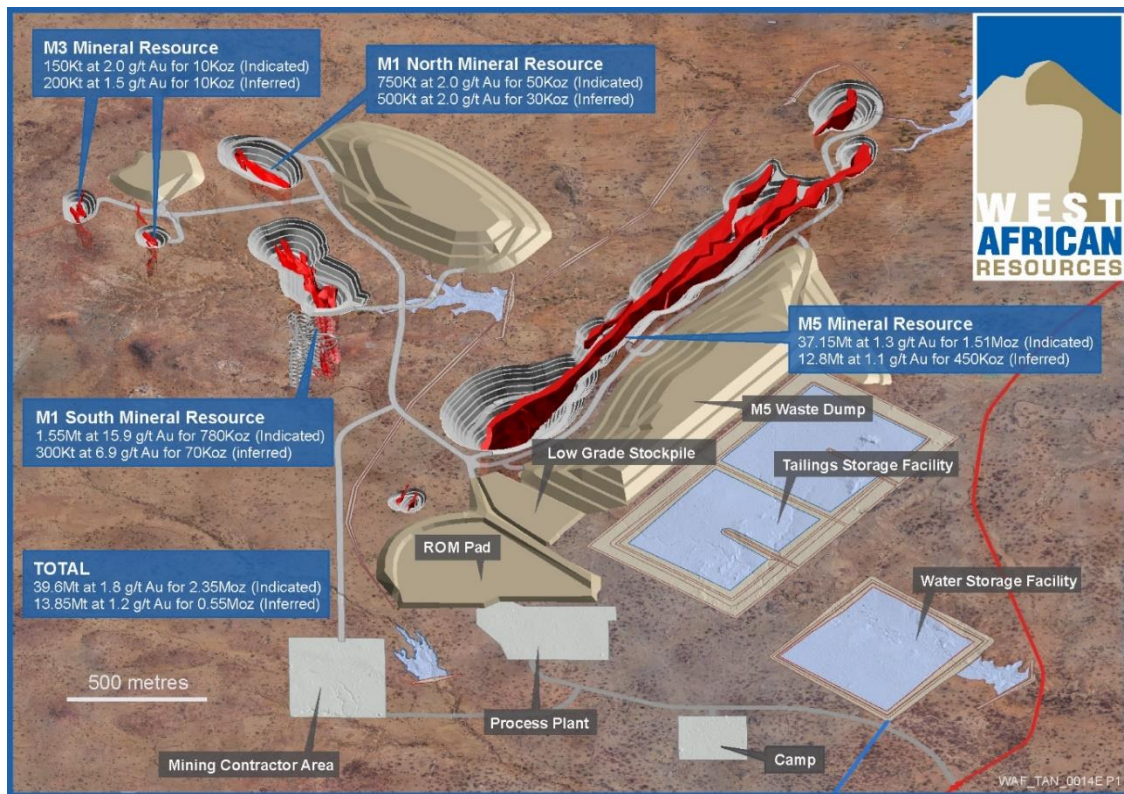
Discussions with project lenders are in progress and confirmation of a debt package is expected by end Q4 2018.

Early construction works are already underway at Sanbrado, and gold production is expected by 2020.

| Sanbrado Combined Open Pit and Underground Feasibility Study – Production and Financial Highlights | |
|---|---|
| Base case is stated on a 100% basis and gold price of US\$1300/oz | |
| Production Y1-5 | Average 211,000oz/year |
| Production LOM | Average 133,000oz/year |
| Production Costs^{1,2} Y1-5 | Average Cash Costs of US\$497/oz / A\$663/oz Average All-in Sustaining Costs (AISC) of US\$551/oz / A\$735/oz |
| Production Costs LOM | Average Cash Costs of US\$577/oz / A\$775/oz Average All-in Sustaining Costs (AISC) of US\$640/oz / A\$853 |
| IRR & Pay back | Pre-tax IRR of 62% and 12 month pay back on pre-production capital Post-tax IRR of 49% and 16 month pay back on pre-production capital |
| NPV | Pre-tax NPV5% of US\$567m / A\$756m Post-tax NPV5% of US\$405m / A\$540m |
| Capex | US\$185m (inclusive of all open-pit and underground pre-production mining & development costs, contingencies, duties & taxes) |
| Study Mine Life | 11 years |
| Probable Mineral Reserves³ | 20.4Mt at 2.4 g/t gold containing 1.57 million ounces of gold |
| LOM Recoveries | 92.9% recovering 1.46 million ounces of gold |

¹ USD:AUD exchange rate of 0.75, ² Cash costs include all mining and processing costs, site administration, royalties, refining and site rehabilitation costs. AISC includes Cash costs, sustaining capital, closure costs but excludes head office corporate costs. ³ Based on Indicated Resources only, in-pit Inferred Resources treated as waste in the study mining schedule.

Figure 1
Sanbrado Gold Project Resources and Site Layout



As part of the updated Feasibility Study for Sanbrado, the Mineral Resource Estimate was upgraded with a 40% increase in Indicated Resources at M1 South to 780,000oz gold (1.5Mt at 15.9g/t Au). The overall MRE included 2.35Moz gold in Indicated Resources and 0.55Moz gold in Inferred Resources and Sanbrado has a Probable Ore Reserve of 20.4Mt at 2.4g/t Au for 1,574,000 ounces of gold.

Recent high-grade intercepts at M1 South including 11m at 10.5g/t Au and 6m at 24.4g/t Au in TAN18-DD189, 70m beneath current resources and reserves provide scope to improve project value as drilling continues at both the M1 South and M5 deposits. Further resource and reserve updates are expected by year end.

M1 South Drilling

During the quarter drilling targeted extensions to known mineralisation at +500m depth at M1 South. Step out and down drilling in TAN18-DD214A returned significant results including 0.5m at 520 g/t Au from 578m and 23m at 7.3 g/t Au from 617m including 3.5m at 20.2 g/t Au, 4m at 24.4 g/t Au and 1.5m at 21.5 g/t Au. TAN18-DD217A also returned 6.5m at 6.8 g/t Au from 603.5m including 0.5m at 35.7 g/t Au. A further hole TAN18-DD216 has been completed 25m southeast of TAN18-DD196, assays are pending. All four step down holes across 100m strike have returned significant assays. From southeast to northwest significant results beneath existing reserves include:

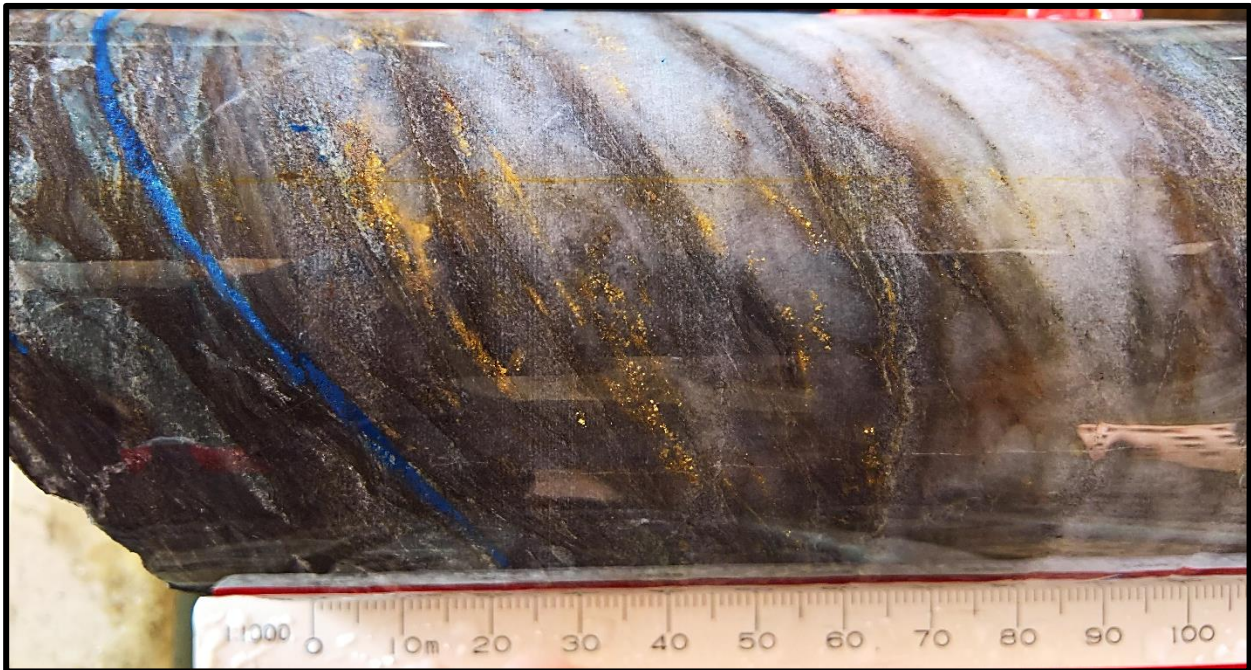
- TAN18-DD196: 8m at 7.0 g/t from 693 including 1.5m at 21.6 g/t Au and 1m at 9.2 g/t Au 705.5m
- TAN18-DD189: 11m at 11.2 g/t from 654 including 1m at 39.8 g/t Au and 6m at 24.4 g/t Au from 675m including 0.5m at 240 g/t Au

- TAN18-DD214A: 0.5m at 520 g/t Au from 578m and 23m at 7.3 g/t Au from 617m including 3.5m at 20.2 g/t Au, 4m at 24.4 g/t Au and 1.5m at 21.5 g/t Au
- TAN18-DD217A: 6.5m at 6.8 g/t Au from 603.5m including 0.5m at 35.7 g/t Au.

Mineralisation at 578m in TAN18-DD214A represents a potential new zone of high-grade mineralisation some 100m down-dip of TAN17-DD178 which returned 3m at 0.4 g/t Au. Lithology and alteration between TAN17-DD178 and TAN18-DD214A corollate well and infill drilling between the two results is required.

Results at depth from TAN18-DD196, TAN18-DD189, TAN18-DD214A and TAN18-DD217A demonstrate that step down drilling at depth remains a high priority in the Company's exploration strategy. Infill drilling using wedges off the four holes has commenced, which will bring the drill density up to 25m by 25m required for future resource estimation studies. This work will add significant value to the project and is expected to extend the underground mine life well past the current 4.5 years.

Photo 1: TAN18-DD214A: Strong visible gold at 578m down hole – 520 g/t Au



M5 Drilling

West African has commenced a Scoping Study to examine the underground potential of the M5 deposit beneath the proposed M5 open pit following recent drilling at M5 that has targeted higher grade mineralisation in the southern portion of the deposit on 25 metre sections. Higher grade mineralisation is interpreted to occur around the intersection of the M1 and M5 structures. Significant mineralisation occurs beneath the proposed open pit with detailed drilling now supporting the potential for two higher grade shoots.

TAN18-DD202A returned strong results in two zones including 18m at 4.82 g/t Au from 266m and 7m at 3.01 g/t Au from 295m. This remains open to the southwest and down plunge at depth.

Figure 1: M1 South – Long Section

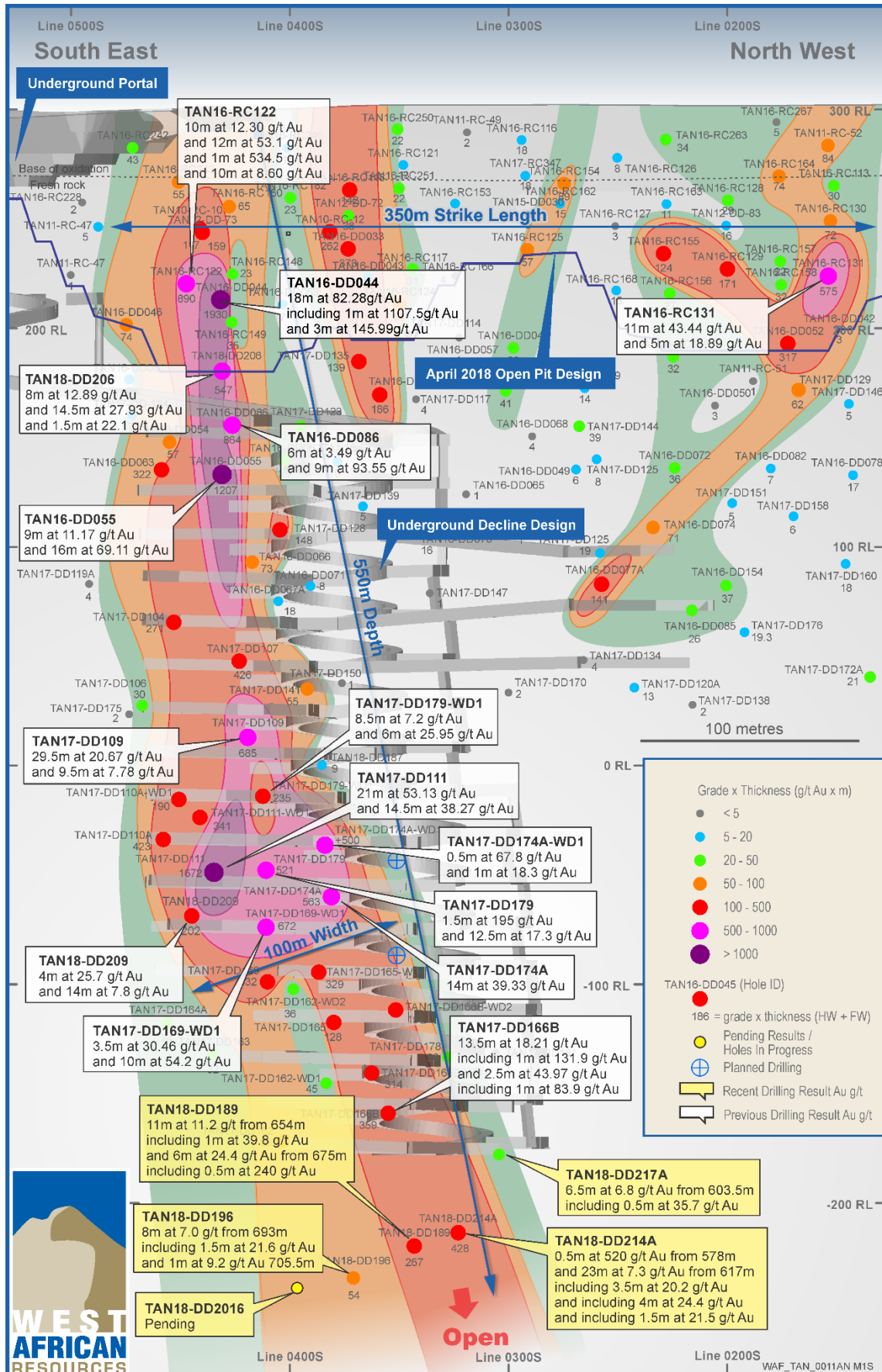
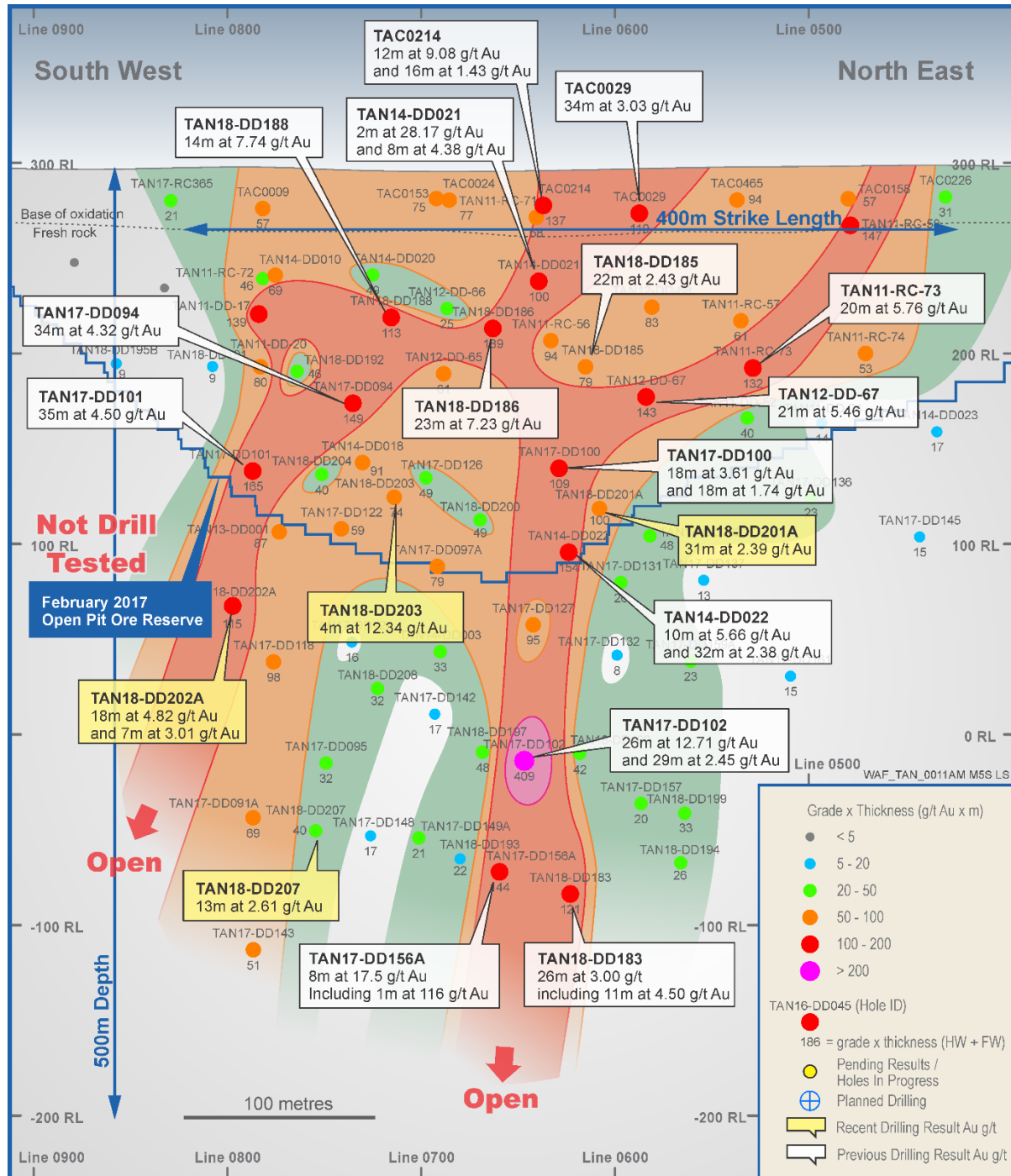


Figure 2: M5 South – Long Section



Significant results from recent drilling at M5 included:

- TAN18-RC429A: 12m at 3.09 g/t Au from 4m
- TAN18-DD198: 3m at 7.56 g/t Au from 225m
- TAN18-DD199: 6m at 3.46 g/t Au from 426m
- TAN18-DD200: 14m at 3.11 g/t Au from 232m
- TAN18-DD201A: 31m at 2.39 g/t Au from 246m
- TAN18-DD202A: 18m at 4.82 g/t Au from 266m
- TAN18-DD202A: 7m at 3.01 g/t Au from 295m
- TAN18-DD203: 4m at 12.34 g/t Au from 238m
- TAN18-DD207: 13m at 2.61 g/t Au from 454m.

Environmental Approval Received

As reported last quarter, in April 2018 WAF received environmental approval for its Sanbrado project from the Burkina Faso Ministry of the Environment, Green Economy and Climate Change. This included the updated Environmental and Social Impact Assessment (ESIA) and Resettlement Action Plan (RAP) for the project. These documents outlined how the project would be operated to Burkinabé and internationally recognised environmental and social standards, including the Performance Standards of the International Finance Corporation (IFC).

Mining Permit Granted

Post quarter end WAF reported that the Council of Ministers of the Government of Burkina Faso had approved changes to the original mining permit for the Sanbrado Gold Project encompassing revised mining and ore processing methods, detailed in the latest feasibility study announced on 22 June 2018. The updated mining permit approves changes to include underground mining in addition to open pit mining and approves using the carbon in leach (CIL) processing method.

Corporate

\$35 million Capital Raising

In May, West African received firm commitments to raise A\$35 million before costs through a placement of 109.375 million shares at A\$0.32 per share. The Placement was heavily over-subscribed, and supported by existing shareholders, as well as several new large institutional investors from European, North American and Australian markets.

Applications for the share placement were made by professional, sophisticated and institutional clients of Hartleys Limited and Sprott Capital Partners, a division of Sprott Private Wealth LP, who together were the Joint Lead Managers and Bookrunners to the Placement. Euroz Limited, Cormark Securities Inc. and Macquarie Capital Markets Canada Ltd were Co-Managers to the Placement. The Company issued the new fully paid ordinary shares on 14 May under ASX Listing Rule 7.1 and 7.1A.

West African is using the funds to commence key pre-development activities at Sanbrado including underground access into the high-grade at M1 South deposit, on site water storage for construction and an upgrade of camp facilities. It will also accelerate infill and extensional resource drilling at M1 South and M5, and expand its regional exploration program.

Board & Management appointments

During the quarter, West African announced the appointment of Ian Kerr as a Non-Executive Director. Mr Kerr will chair the Technical Committee that will oversee construction of the Sanbrado Gold Project and will be a member of the Audit Committee and Remuneration Committee. He will also provide direct guidance and support to the project management team during the build. Mr Kerr has more than 30 years' experience in mining construction and operations with several Australian and international mining companies including Placer Dome and WMC.

West African also announced the appointment of Padraig O'Donoghue as its Chief Financial Officer. Mr O'Donoghue has extensive experience in the mining industry and has held CFO and Company Secretarial positions with several private and ASX listed mining and contracting companies, including Consolidated Rutile, VDM, Navigator, Jabiru and Barminto.

As at 30 June 2018, West African had \$42.6 million cash at bank.

Other Projects

No work was completed during the quarter in the Company's other projects.

Further information is available at www.westafricanresources.com

For further information, contact:

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Summary of Tenements in Burkina Faso at 30 June 2018

| Summary of Tenements in Burkina Faso | | | | | | | | |
|---|--|--------|--|------------|-------------|---------------|-------------------|------------------------------|
| Tenement Name | Registered Holder | % Held | Tenement Number | Grant Date | Expiry Date | Tenement Type | Tenement Area km2 | Geographical Location |
| Damongto (2) | Wura Resources Pty Ltd SARL | 100% | Pending | 11/09/2017 | 1/03/2018 | EL | 36 | Ganzourgou Province |
| Goudré(2) | Wura Resources Pty Ltd SARL | 100% | Pending | 11/09/2017 | 23/03/2018 | EL | 175 | Ganzourgou Province |
| Manesse | Tanlouka SARL | 100% | N2017/014/MEMC/SG/DGCMIM | 13/01/2017 | 13/01/2020 | EL | 90,35 | Ganzourgou Province |
| Sartenga (1) | West African Resources Development SARL | 100% | Pending | 15/10/2014 | 4/08/2017 | EL | 130.7 | Namentenga Province |
| Sondo Sud | West African Resources Development SARL | 100% | No 2015 000-154/MME/SG/DGCM | 5/06/2015 | 1/12/2018 | EL | 18.3 | Ganzourgou Province |
| Toghin | Wura Resources Pty Ltd SARL | 100% | No 17 - 182/MMC/SG/DGCM | 18/07/2017 | 17/07/2020 | EL | 166 | Ganzourgou, Provinces |
| Vedaga | Wura Resources Pty Ltd SARL | 100% | No 17 - 232/MMC/SG/DGCM | 18/07/2017 | 17/07/2020 | EL | 154.7 | Gnagna, Kouritenga Provinces |
| Bollé | Wura Resources Pty Ltd SARL | 100% | No 17 – 223//MMC/SG/DGCM | 21/11/2017 | 20/11/2020 | EL | 205.5 | Ganzourgou Province |
| Zam Sud(2) | Wura Resources Pty Ltd SARL | 100% | Pending | 1/03/2015 | 1/03/2018 | EL | 23.46 | Ganzourgou Province |
| Sanbrado | Somisa SA (SOCIETE DES MINES DE SANBRADO SA) | 90% | No 2017 – 104/PRES/PM/MEMC/MINEFID/MEEV CC | 13/03/2017 | 12/03/2024 | ML | 26 | Ganzourgou Province |
| (1) An application for an exceptional renewal has been lodged for the Sartenga permit. Payment has been made. (2) An application for a second renewal has been lodged, and an invite to pay has been received. | | | | | | | | |

Qualified/Competent Person's Statement

Information in this announcement that relates to exploration results, exploration targets or mineral resources is based on, and fairly represents, information and supporting documentation prepared by Mr Brian Wolfe, an independent consultant specialising in mineral resource estimation, evaluation and exploration. Mr Wolfe is a Member of the Australian Institute of Geoscientists. Mr Wolfe 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 (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Wolfe has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Information in this announcement that relates to open pit ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Stuart Cruickshanks, an independent specialist mining consultant. Mr Cruickshanks is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Cruickshanks 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 (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Cruickshanks has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Information in this announcement that relates to underground ore reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Peter Wade, an independent specialist mining consultant. Mr Wade is a Fellow of the Australian Institute of Mining and Metallurgy. Mr Wade 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 (or "CP") as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code) and a Qualified Person under Canadian National Instrument 43-101. Mr Wade has reviewed the contents of this news release and consents to the inclusion in this announcement of all technical statements based on his information in the form and context in which they appear.

Forward Looking Information

This news release contains "forward-looking information" within the meaning of applicable Canadian and Australian securities legislation, including information relating to West African's future financial or operating performance that may be deemed "forward looking". All statements in this news release, other than statements of historical fact, that address events or developments that West African expects to occur, are "forward-looking statements". Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimates", "projects", "potential", "scheduled", "forecast", "budget" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or "might" occur. All such forward-looking statements are based on the opinions and estimates of the relevant management as of the date such statements are made and are subject to important risk factors and uncertainties, many of which are beyond West African's ability to control or predict. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements.

In the case of West African Resources Ltd, these facts include their anticipated operations in future periods, the expected enhancement to project economics following optimisation studies, planned exploration and development of its properties including project development commencing in Q4 2018 with an 18 month construction schedule, and plans related to its business and other matters that may occur in the future, including the availability of future funding for the development of the project. This information relates to analyses and other information that is based on expectations of future performance and planned work programs. Statements concerning mineral resource and ore reserve estimates may also be deemed to constitute forward-looking information to the extent that they involve estimates of the mineralisation that will be encountered if a mineral property is developed.

As well, all of the results of the feasibility study constitute forward-looking information, including estimates of internal rates of return, net present value, future production, estimates of cash cost, assumed long term price for gold, proposed mining plans and methods, mine life estimates, cashflow forecasts, metal recoveries, and estimates of capital and operating costs. Furthermore, with respect to this specific forward-looking information concerning the development of the Sanbrado Gold Project, the company has based its assumptions and analysis on certain factors that are inherently uncertain. Uncertainties include among others:

- i. the adequacy of infrastructure;
- ii. unforeseen changes in geological characteristics;
- iii. metallurgical characteristics of the mineralization;
- iv. the price of gold;
- v. the availability of equipment and facilities necessary to complete development and commence operations;
- vi. the cost of consumables and mining and processing equipment;

- vii. unforeseen technological and engineering problems;
- viii. accidents or acts of sabotage or terrorism;
- ix. currency fluctuations;
- x. changes in laws or regulations;
- xi. the availability and productivity of skilled labour;
- xii. the regulation of the mining industry by various governmental agencies; and
- xiii. political factors.

This release also contains references to estimates of Mineral Resources and Mineral Reserves. The estimation of Mineral Resources is inherently uncertain and involves subjective judgments about many relevant factors. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation (including estimated future production from the project, the anticipated tonnages and grades that will be mined and the estimated level of recovery that will be realized), which may prove to be unreliable and depend, to a certain extent, upon the analysis of drilling results and statistical inferences that may ultimately prove to be inaccurate. Mineral Resource estimates may have to be re-estimated based on:

- i. fluctuations in gold price;
- ii. results of drilling;
- iii. metallurgical testing and other studies;
- iv. proposed mining operations, including dilution;
- v. the evaluation of mine plans subsequent to the date of any estimates; and
- vi. the possible failure to receive, or changes in, required permits, approvals and licenses.

Mineral Reserves are also disclosed in this release. Mineral Reserves are those portions of Mineral Resources that have demonstrated economic viability after taking into account all mining factors. Mineral Reserves may, in the future, cease to be a Mineral Reserve if economic viability can no longer be demonstrated because of, among other things, adverse changes in commodity prices, changes in law or regulation or changes to mine plans. Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Forward-looking information is subject to a variety of known and unknown risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking information, including, without limitation: exploration hazards and risks; risks related to exploration and development of natural resource properties; uncertainty in West African's ability to obtain funding; gold price fluctuations; recent market events and conditions; risks related to the uncertainty of mineral resource calculations and the inclusion of inferred mineral resources in economic estimation; risks related to governmental regulations; risks related to obtaining necessary licenses and permits; risks related to their business being subject to environmental laws and regulations; risks related to their mineral properties being subject to prior unregistered agreements, transfers, or claims and other defects in title; risks relating to competition from larger companies with greater financial and technical resources; risks relating to the inability to meet financial obligations under agreements to which they are a party; ability to recruit and retain qualified personnel; and risks related to their directors and officers becoming associated with other natural resource companies which may give rise to conflicts of interests. This list is not exhaustive of the factors that may affect West African's forward-looking information. Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information.

West African's forward-looking information is based on the reasonable beliefs, expectations and opinions of their respective management on the date the statements are made and West African does not assume any obligation to update forward looking information if circumstances or management's beliefs, expectations or opinions change, except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking information. For a complete discussion with respect to West African, please refer to West African's financial statements and other filings all of which are filed on SEDAR at www.sedar.com.

Production Targets

The information and production target presented in this announcement is based on a feasibility study for the Sanbrado Gold Project, Burkina Faso ("Feasibility Study").

The Company has concluded that it has a reasonable basis for providing the forward-looking statements (including the production targets) included in this announcement. The detailed reasons for that conclusion are outlined throughout this announcement and all material assumptions, including the JORC modifying factors, upon which the forecast financial information is based were disclosed in the ASX/TSXV announcement on 22nd June 2018. This announcement has been prepared in accordance with the JORC Code (2012) and the ASX Listing Rules.

100% of the production target referred to in this announcement is based on Probable Reserves category.

The stated production target is based on the Company's current expectations of future results or events and should not be relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish further confidence that this target will be met.

The Company believes it has a reasonable basis to expect to be able to fund and develop the Sanbrado Gold Project for the reasons set out above. However, there is no certainty that the Company can raise funding when required.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.