



16 October 2017

Avesoro Resources Inc.

TSX: ASO

AIM: ASO

ACQUISITION OF HEAVY MINING EQUIPMENT AND DISCLOSURE OF SMALLER RELATED PARTY TRANSACTIONS

Avesoro Resources Inc. ("Avesoro" or the "Company"), the TSX and AIM listed West African gold producer, is pleased to announce that its wholly owned subsidiary Bea Mountain Mining Corporation ("BMMC") has entered into equipment finance facility agreements ("Finance Agreements") with Mapa İnşaat ve Ticaret A.Ş. ("Mapa"), a related party of the Company, to facilitate the purchase of heavy mining equipment ("HME") totaling approximately US\$6.1 million, as detailed below.

This follows the announcement by the Company on 11 October 2017 of an updated Mineral Resource and Mineral Reserve estimate for the New Liberty Gold Mine ("New Liberty") and details of the new mine plan for New Liberty, which requires the procurement of this additional equipment.

The Company had sought quotes for the HME from a number of providers, however, due to Mapa's purchasing power it can secure more competitive terms than can be achieved by the Company directly.

Mapa is part of the MNG group of companies owned by the Company's Non-Executive Chairman, Mr Mehmet Nazif Günal, and therefore, entering into the Finance Agreements constitutes a related party transaction for the Company under the AIM Rules.

Once the expanded mining fleet is complete, the Company expects to be able to ramp-up to a quarterly gold production rate of 36koz during 2018.

Equipment to be purchased

The Finance Agreements totaling approximately US\$6.1 million, relate to two Sandvik 1500i drill rigs, one Komatsu PC1250 excavator and four Komatsu HD785 haul trucks. Delivery to New Liberty is expected to occur in late October 2017. The loan principal of these agreements includes a mark-up of 2.5% over the cost incurred by Mapa in procuring the equipment.

BMMC expects to enter into further agreements with Mapa, on substantially similar terms to the Finance Agreements, to facilitate BMMC's purchase of additional new HME including three Komatsu PC1250 excavators and eight Komatsu HD785 haul trucks along with some auxiliary equipment for delivery to New Liberty throughout Q4 2017 and Q1 2018, as required under the updated mine plan announced by the Company on 11 October 2017. A further announcement will be made as appropriate if those additional Finance Agreements are entered into.

Financing terms

The equipment finance loans under each of the Finance Agreements are unsecured, with interest charged at 6.5% per annum on the US\$ denominated loan amount of approximately US\$3.7 million and 5.5% per annum on the Euro denominated loan amount of approximately €2.0 million (equivalent to approximately US\$2.4 million). The loans are repayable in cash in eight equal semi-annual instalments, the first of which will fall due six months after utilisation of the loan.

Opinion of the Independent Directors



The independent directors of the Company, consisting of Mr David Netherway, Mr Jean-Guy Martin and Mr Loudon Owen consider, having consulted with the Company's Nominated Adviser, that the terms of this transaction are fair and reasonable insofar as its shareholders are concerned.

Disclosure of smaller related party transactions

Avesoro Jersey Limited ("Avesoro Jersey"), the Company's majority shareholder, is part of a profitable gold mining group with producing mines in Burkina Faso and Liberia, West Africa (the "Avesoro Holdings Group"). The Company's Chairman, Mr Mehmet Nazif Günel, is a successful Turkish entrepreneur who is also Chairman of the MNG group of companies, which has interests in construction and contracting, tourism, air carriage, cargo carriage, finance and energy (the "MNG Group").

Under the umbrella of the MNG Group, Avesoro Jersey and its associated companies in the Avesoro Holdings Group have operated their gold mines at significantly lower cost than Avesoro Resources has been able to historically. Since Avesoro Jersey took control of the Company in 2016, the Company's new management team has identified a number of areas where the costs of the Company can be reduced by taking advantage of the infrastructure, technical expertise, human resources, experience, procurement expertise, balance sheet strength and purchasing power of the MNG Group in the same way as other associated companies do.

In order to maximise the potential benefit to the Company (and all of its shareholders) of having a supportive and well capitalised controlling shareholder and associated companies, the Company has put various arrangements in place to enable the Company to access various services via Avesoro Holdings and the MNG Group.

In accordance with the AIM Rules, the Company discloses at this time, the following smaller related party transactions that it has entered into during the past 12 months with entities within the MNG Group:

Administration services provided to the Company and Avesoro Services (UK) Limited by Avesoro Services (Jersey) Limited

Over the last 12 months Avesoro Services (Jersey) Limited ("ASJL"), a wholly owned subsidiary of Avesoro Jersey and part of the Avesoro Holdings Group has provided administrative services to the Company and Avesoro Services (UK) Limited ("ASUL"), a wholly owned subsidiary of the Company, including bookkeeping, human resources administration and general administration services. These services are recharged to the Company and ASUL on a monthly basis at a cost of approximately US\$15,000 per month which approximates the cost incurred by ASJL in providing these services. The total value of these services provided over the last 12 months is approximately US\$0.1 million, payable in cash.

Technical and managerial services provided to ASJL by the Company and ASUL

Over the last 12 months, the Company and ASUL have provided technical and managerial services to ASJL to support the other gold mines operated by Avesoro Jersey, the Youga, Balogo and Kokoya gold mines. These services are recharged to ASJL on a monthly basis at a mark-up of 5% over the cost incurred by the Company and ASUL in providing these services. The total value of these services provided over the last 12 months is approximately US\$0.4 million, payable in cash.

Management, procurement and operational assistance provided to ASLI by BMMC

On 6 September 2016, the Company announced the novation of the mining services contract between BMMC and MonuRent (Liberia) Limited, together with all underlying supplier contracts to Atmaca Services (Liberia) Inc. ("ASLI"), a Liberian company wholly owned by MNG Gold Jersey Limited (now renamed Avesoro Jersey Limited). That contract was terminated on 6 December 2016. Whilst the mining services contract was under the ownership of ASLI, various managerial, procurement and operational services were provided by BMMC, and a fee of US\$2.0 million was charged by BMMC to ASLI in respect of this, based on expected third party costs for similar services, payable in cash.



Travel services provided to BMMC by MNG Turizm ve Ticaret A.Ş.

Over the last 12 months, MNG Turizm ve Ticaret A.Ş. (“MNG Turizm”), a member of the MNG Group of companies, has provided travel agency services to BMMC. MNG Turizm is a commercial travel agency and the prices paid by BMMC are the same as those paid by their arms-length customers. The total value of these services provided over the last 12 months is approximately US\$0.04 million, payable in cash.

Drilling services provided to BMMC by Zwedru Mining Inc.

Over the last 12 months, Zwedru Mining Inc., a wholly owned subsidiary of Avesoro Jersey, has provided diamond and reverse circulation drilling services to BMMC. These services are provided on an arms-length basis at a rate of US\$40-85 per metre, a rate significantly more favourable than BMMC has previously been able to obtain from other third-party providers. The total value of these services provided over the last 12 months is approximately US\$0.4 million, payable in cash.

Technical and procurement services provided to BMMC by MNG Orko Madencilik A.Ş.

Over the last 12 months, MNG Orko Madencilik A. Ş. (“MNG Orko”), a member of the MNG Group of companies, has provided technical and procurement services to BMMC including geological consulting, mining engineering consulting, environmental consulting services and procurement assistance. These services are recharged to BMMC on an annual basis at a mark-up of between 5 and 10% over the cost incurred by MNG Orko in providing these services. The total value of these services provided over the last 12 months is approximately US\$0.35 million, payable in cash.

Charter jet services provided to BMMC by MNG Gold Liberia Inc.

Over the last 12 months, BMMC has chartered flights from MNG Gold Liberia Inc. (“MNGGL”), a member of the MNG Group of companies. BMMC undertook a benchmarking exercise and agreed an hourly rate to be paid to MNGGL in respect of these services and is charged US\$3,000 per flying hour. The total value of these services provided over the last 12 months is approximately US\$0.08 million, payable in cash.

Framework agreement

The Company is currently finalising a framework services agreement to cover the provision of similar services in the future and a further announcement to this effect will be made in due course.

Contact Information

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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 7.4 Mt with 717,000 ounces of gold grading 3.03 g/t and an estimated measured and indicated mineral resource of 9.6 Mt with 985,000 ounces of gold grading 3.2 g/t and an estimated inferred mineral resource of 6.4 Mt with 620,000 ounces of gold grading 3.0 g/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.

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 (473 km²), Archaen West (56 km²), Mabong (36.6 km²) and Mafa West (15.6 km²) licences, in addition to a gold exploration permit in Cameroon.