

TSX: **STGO**

DEVELOPMENT & DRILLING UPDATE

September 12, 2018



CAPITALIZATION

TSX Symbol:	STGO
Total Basic Shares O/S (M):	42.9

BOARD OF DIRECTORS

MATTHEW WOOD

Chairman, President and CEO

BATAA TUMUR-OCHIR

Director and Vice President Mongolia

ANEEL WARAICH

Director and Executive Vice President

PATRICK MICHAELS

Director

DR. ZAMBA BATJARGAL

Director

LEWIS MARKS

Director

SHELDON VANDERKOOY

Director

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Toronto, ON – Steppe Gold Limited (TSX: STGO) (the “Company” or “Steppe Gold”) is extremely pleased to announce the progress that has been made over summer at its Altan Tsagaan Ovoo and Uudam Khundii Gold Projects in Mongolia.

HIGHLIGHTS

- The ATO development is progressing well with some delays experienced over the summer period. The project CAPEX remains under budget.
- The ATO crushing circuit is now on site and is under construction with commissioning planned for the coming month.
- Pre-strip of the ATO1 deposit is nearing completion with material being stockpiled for later crushing.
- Heap leach pad construction materials delivered to site and ready to commence construction.
- ADR Plant fabrication completed with delivery to the ATO site scheduled for late September.
- Consultant appointed and bankable feasibility study commenced on 150,000oz gold per annum operation on fresh rock ores.
- The Stage 2 drilling program was completed with three diamond core drilling rigs completing a total of 36 drill holes for 9,006 meters.
- The Stage 2 drilling program was highly successful and focused on the ATO4 end of the ATO4-Mungu mineralized trend.
- First visible gold seen at ATO with super high grades being returned;

ATO299 1m at 212g/t gold from 104m

**ATO317 1m at 183g/t gold from 166m
1m at 382g/t gold from 182m**

- Better drilling results from the Stage 2 program include;

ATO297 63m at 6.28g/t gold & 5.91g/t silver from 54m

ATO299 54m at 6.17g/t gold & 4.48g/t silver from 70m (incl. 1m at 212g/t gold)

ATO300 68.5m at 4.38g/t gold & 6g/t silver from 33.5m

ATO301 13m at 6.07g/t gold & 5.96g/t silver from 89m

ATO304 144m at 1.55g/t gold & 5.08g/t silver from 36m

ATO310 101.7m at 1.53g/t gold & 30.43g/t silver from 0m

ATO314 54m at 2.96g/t gold & 5.32g/t silver from 45.5m

ATO315 88.4m at 1.55g/t gold & 93.46g/t silver from 9m

ATO313 43.35m at 1.75g/t gold & 3.43g/t silver from 83.65m

ATO318 54.8m at 1.77g/t gold & 5.64g/t silver from 29.5m

ATO322 78m at 2.56g/t gold & 13.7g/t silver from 42m

ATO317 22m at 30.15g/t gold & 7g/t silver from 164m (incl. 1m at 183g/t and 1m at 382g/t gold)

ATO326 61.25m at 2.48g/t gold & 5.93g/t silver from 100m.

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- The company has commissioned SRK Consulting to complete a structural review of the ATO - Mungu epithermal system. This is nearing completion and is expected to deliver significant gains to future drilling efforts.
- The Stage 3 drilling program targeted at the ATO4-Mungu trend will commence towards the end of September.
- Soil sampling, rock chip sampling and geophysics has highlighted four new discoveries at the Uudam Khundii Project in Bayankhongor gold province
- The largest of the new discoveries is the Altan Sum Discovery which is a gold anomaly measuring approximately 3km x 0.5km with soil samples up to 289 ppb gold and rock chips up to 1.38g/t gold.



Visible Gold in drill core from ATO299

ALTAI TSAGAAN OVOO GOLD PROJECT (ATO)

DEVELOPMENT

The Company is now targeting completion of site construction by the end of 2018 and will be pushing hard to deliver first gold as soon as possible. The Project has experienced some recent delays due to circumstances outside of the Companies control. These issues have now largely been resolved and construction is now full speed ahead.

All materials for the crusher and leach pad have been delivered to site and construction is now underway. Mining camp accommodation and restaurant has also been completed and commissioned.

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Initial mining and prestrip was completed on the ATO1 deposit with ores being stockpiled for crushing. Mining will now recommence on completion of the ADR plant and final licensing.

The ADR plant fabrication has been completed and has been inspected by company representatives. The plant will now be mobilized to site for immediate construction and commissioning.

The Company will be pushing hard to achieve all objectives by late 2018, but warns that weather events and the onset of winter could possibly hamper the production of initial gold.

DRA Global has been appointed to manage and undertake a bankable feasibility study on the expansion of the ATO Gold Project to a 150,000oz gold per annum CIL gold silver operation. The study will be based on existing fresh rock ores at ATO1,2,4, in addition to the potential being seen at ATO4 - Mungu.

A selection of photos has been included below demonstrating activities on site



Pre-Stripping of ATO1 Deposit



Crusher Construction Site



Crusher Construction Site



Crusher Footings Being Installed

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ATO DRILLING

The Company has now completed a total of 126 drill holes for 17,892 meters since acquiring the project in late 2017. Exploration results have been excellent and the exploration team led by Enkhtuvshin Khisigsuren is congratulated.

The Stage 2 drilling program was recently completed with three diamond core drilling rigs completing a total of 9,006 meters. Results have now been received and are reported in this release. The program was highly successful and focused on the ATO4 end of the ATO4-Mungu mineralized trend. The Stage 3 drilling program will commence towards the end of the month and will again focus on the ATO4 – Mungu trend. Some additional oxide infill drilling will also be completed at the ATO2 to improve the current resource and mine model on that deposit.

The completion of the Stage 2 drilling program saw the identification of the first ever visible gold seen at ATO project, with super high gold grades being returned in ATO299 and ATO317. This is highly encouraging as the company further develops its understanding of the ATO Mungu epithermal system as more high grade zones are being identified.

The company has commissioned SRK consulting to complete a structural review of the ATO - Mungu epithermal system with a particular view on developing a better understanding of high grade mineralization. This is nearing completion and is expected to deliver significant gains to future drilling efforts.



Diamond core drilling at the ATO 4 – Mungu Trend

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UUDAM KHUNDII GOLD PROJECT

The Company has had a very busy summer at the exciting Uudam Khundii Gold Project in the Bayankhongor gold province with some outstanding early results being returned. Soil sampling, rock chip sampling and geophysics has highlighted four new discoveries all of which will be further tested in the coming months with trenching and mapping prior to the commencement of initial drilling.

The largest of the new discoveries is the Altan Sum discovery which is a gold anomaly measuring approximately 3km x 0.5km with soil samples up to 289ppb gold and rock chips up to 1.38g/t gold.

Additional discoveries have been made at Golden Steppe discovery with a peak soil anomaly of 34ppb gold and rock chips up to 5.39g/t gold, the Blue Hills discovery with a peak soil anomaly of 38ppb gold and rock chips up to 1.37g/t gold and the Milky Way discovery with a peak soil anomaly of 82ppb gold and rock chips up to 2.04g/t gold

In total the Company has now completed 2,400km of ground magnetic surveys, 90.8km of IP Dipole-Dipole surveys, 8,427 soil samples and 346 rock chip samples.

ABOUT STEPPE GOLD

Steppe Gold is a precious metals exploration and development company with an aggressive growth strategy to build Steppe into the premier precious metals company in Mongolia. The Company owns 100% of the advanced staged Altan Tsaagan Ovoo Gold Project where resource expansion drilling and a heap leach development is currently underway. The Company also owns 80% of the exciting Uudam Khundii Gold Project where an active exploration program is underway and making new discoveries.

Matthew Wood, Executive Chairman said “Over the summer months the Company has experienced some delays too its development schedule from elements outside of the company’s control. These elements are now largely resolved and the Company is full speed ahead with the ATO mine development. Steppe Gold continues to receive very strong support for the development of the ATO Gold Project from federal, state and local stakeholders in Mongolia with the ATO mine already adding significantly to the local Soum and Dornod economy.

Steppe Gold is based in Mongolia with our head office in Ulaanbaatar. We are almost entirely staffed by Mongolians and are purely focused on developing precious metals in Mongolia. Mongolia is our home. We are extremely proud of the efforts our employees, contractors and consultants are making for shareholders and stakeholders in their efforts to sustainably develop and expand the gold sector in Mongolia. This is already creating increased employment and business opportunities as Steppe grows into the premier precious metals company in the country. Mongolia is open for business, pro mining development and one of the last great frontiers where giant mineral deposits can be found and developed.”

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Panoramic view of camp and firebreak

Oyungerel Bayanjargal

Independent Qualified Person
MAusIMM (CP)

Ms. Oyungerel (Gerlee) Bayanjargal has 25 years of experience in the Mongolian geology and mining environment and has also worked as a resource consultant at Snowden in Australia. Gerlee has specialized on gold and polymetallic deposits both hard rock and placer and estimated several gold deposits resources and reserves in Mongolia. Most recently she was the Chief Mine Geologist at Boroo Gold Mine where she had worked since 2004 for Centerra Gold Inc, a Canadian company. Gerlee has been involved with project reviews, exploration and mining for hard rock and alluvial gold deposits in Mongolia, Kirgizstan and Kazakhstan.

The exploration activities and their related results included in this announcement were reviewed by Gerlee. According to Gerlee, all exploration and drilling work carried out to date on the Company's projects mentioned in this release follow clear mining industry standards.

Gerlee is a Principal Consultant for GSTATS Consulting LL. She is Deputy Chair of the MRC for the Mongolian Professional Institute of Geosciences and Mining. Gerlee is a Member of the Australian Institute Mining and Metallurgy and accredited as a Chartered Professional under the Discipline of Geology. She is also a Professional Engineer of Mongolia in discipline of Geology. Gerlee holds a Master of Science degree in Mineral Resource Exploration from The Netherlands and the Bachelor of Science degrees in Geology and Mathematics both from Mongolia.

RESOURCE DEFINITION DRILLING

Location	Drill Hole	Depth, m		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)
Pipe-4	ATO-297	254		4.80	13.90	9.10	0.73	3.14
				21.00	25.00	4.00	0.78	1.98
				30.50	50.00	19.50	1.58	5.82
				54.00	117.00	63.00	6.28	5.91
			<i>including</i>	71.00	86.00	15.00	17.48	10.94
			<i>including</i>	78.00	79.00	1.00	161.5	52.8
			<i>including</i>	94.30	107.00	12.70	7.67	6.52
Pipe-4	ATO-298	167		20.00	39.75	19.75	0.71	6.57
Pipe-4	ATO-299	392		35.20	65.00	29.80	1.28	45.87
				70.00	124.00	54.00	6.17	4.48
				130.00	167.70	37.70	1.25	5.48
				233.00	249.00	16.00	1.51	9.42
			<i>including</i>	102.00	106.00	4.00	57.48	14.85
			<i>including</i>	104.00	105.00	1.00	212	49.3
Pipe-4	ATO-300	199		10.50	30.00	19.50	1.24	6.08
				33.50	102.00	68.50	4.38	6
			<i>including</i>	46.65	50.00	3.35	11.91	11.73
			<i>including</i>	67.00	71.00	4.00	52.92	24.4
			<i>including</i>	70.00	71.00	1.00	140	52.6
Pipe-4	ATO-301	302		59.40	80.00	20.60	1.28	4.16
				89.00	102.00	13.00	6.07	5.96
				108.00	150.00	42.00	1.68	3.77
				216.55	230.00	13.45	2.61	8.62
			<i>including</i>	95.00	97.00	2.00	35.15	20
			<i>including</i>	115.00	125.00	10.00	3.36	2.39
Pipe-4	ATO-302	161		8.25	33.80	25.55	1.33	4.48
			<i>including</i>	8.25	9.50	1.25	9.17	5.5
Pipe-4	ATO-303	169		3.75	48.00	44.25	1.3	7.16
			<i>including</i>	40.00	41.00	1.00	16.6	10.7
Pipe-4	ATO-304	271		6.00	10.00	4.00	0.6	62.8
				20.00	29.00	9.00	1.36	11.05
				36.00	180.00	144.00	1.55	5.08
			<i>including</i>	61.00	67.00	6.00	6.18	12.65
			<i>including</i>	89.00	96.00	7.00	9.56	17.1
Pipe-4	ATO-305	158		6.60	25.15	18.55	0.79	16.43
Pipe-4	ATO-306	443		48.85	59.00	10.15	0.67	4.26
				89.00	127.00	38.00	0.45	3.28
				141.00	146.00	5.00	0.81	1.18
				253.00	254.00	1.00	6.49	17

Location	Drill Hole	Depth, m		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)
Pipe-4	ATO-307	452		75.00	112.00	37.00	1.29	3.44
				120.00	158.00	38.00	1.34	2.73
				171.00	174.65	3.65	0.89	0.88
				179.95	195.00	15.05	2.78	6.6
				258.40	262.50	4.10	2.7	31.9
			including	90.00	98.00	8.00	4.04	7.15
			including	149.00	154.00	5.00	3.33	3.32
			including	179.95	187.00	7.05	5.51	9.54
			including	259.50	261.50	2.00	4.65	36.75
Pipe-4	ATO-308	407		97.00	103.00	6.00	0.52	2.78
				166.25	179.00	12.75	1.09	2.41
			including	177.00	179.00	2.00	4.58	1.75
Pipe-4	ATO-309	278		4.00	93.00	89.00	0.55	8.7
			including	52.00	53.00	1.00	10.7	11.7
Pipe-4	ATO-310	209		0.00	101.70	101.70	1.53	30.43
			including	37.50	52.00	14.50	6.71	138
			including	79.00	80.00	1.00	10.65	183
				197.00	198.00	1.00	0.56	17.3
Pipe-4	ATO-311	272		31.50	199.40	167.90	0.36	4.06
			including	59.00	70.00	11.00	1.94	11.7
				209.00	210.00	1.00	0.31	7.9
Pipe-4	ATO-312	182		5.00	101.00	96.00	1.32	35.13
			including	5.00	8.00	3.00	4.66	15.03
			including	18.50	21.50	3.00	4.7	10
			including	25.30	26.30	1.00	4.09	29.5
			including	34.00	43.00	9.00	4.19	13.54
			including	86.50	87.55	1.05	2.22	81.27
Pipe-4	ATO-313	200		83.65	127.00	43.35	1.75	3.43
			including	84.65	93.00	8.35	4.46	6.81
			including	105.80	107.80	2.00	3.82	2.75
			including	111.80	113.80	2.00	3.9	3.25
			including	117.00	118.00	1.00	3.22	6.1
				138.00	157.00	19.00	1.17	5.6
			including	139.00	141.00	2.00	3.64	2.85
			including	152.00	154.00	2.00	4.36	10.6
Pipe-4	ATO-314	269		45.50	99.50	54.00	2.96	5.32
			including	47.50	49.50	2.00	5.56	8.45
			including	51.50	52.50	1.00	3.55	4
			including	69.50	73.50	4.00	17	14.25
			including	83.50	92.60	9.10	5.75	7.01
				157.00	163.00	6.00	0.97	4.96
			including	159.00	160.00	1.00	2.02	10.9
				186.00	194.00	8.00	2.7	67.66

Location	Drill Hole	Depth, m		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)
			<i>including</i>	191.00	194.00	3.00	6	113
				243.00	245.00	2.00	1.57	12
Pipe-4	ATO-315	137		9.00	97.40	88.40	1.55	93.46
			<i>including</i>	14.00	25.30	11.30	6.25	224.23
			<i>including</i>	38.00	39.00	1.00	2.07	94.9
			<i>including</i>	45.00	49.00	4.00	2.32	304
			<i>including</i>	77.00	78.00	1.00	2.1	72.3
			<i>including</i>	87.00	89.00	2.00	3.12	57.9
Pipe-4	ATO-316	110		20.40	33.00	12.60	0.16	123.4
				49.00	58.00	9.00	0.42	137.64
Pipe-4	ATO-317	506		0.00	2.20	2.20	0.67	2.08
				76.45	82.00	5.55	0.35	4.77
				91.00	97.20	6.20	1.06	11.04
			<i>including</i>	92.00	93.00	1.00	3.26	11.9
				104.00	106.00	2.00	0.39	2.75
				115.00	116.00	1.00	0.8	1.6
				122.00	124.00	2.00	0.39	1.1
				126.00	131.20	5.20	0.37	0.6
				140.00	155.00	15.00	0.65	3.48
				164.00	186.00	22.00	30.15	7
			<i>including</i>	166.00	167.00	1.00	183	33.9
			<i>including</i>	182.00	183.00	1.00	382	67.2
				204.00	215.00	11.00	1.43	2.39
			<i>including</i>	204.00	205.00	1.00	2.6	7.7
			<i>including</i>	212.00	213.00	1.00	10.35	8.5
				307.00	310.00	3.00	0.98	43.23
				312.20	313.45	1.25	0.77	8.12
Pipe-4	ATO-318	188		29.50	84.30	54.80	1.77	5.64
			<i>including</i>	45.00	50.00	5.00	3.72	6.3
			<i>including</i>	55.00	59.00	4.00	12.95	12.97
				96.40	97.40	1.00	0.3	7.4
				113.40	119.65	6.25	0.41	10.62
Pipe-4	ATO-319	179		75.00	76.00	1.00	0.67	8.3
				88.00	108.00	20.00	1.17	1.79
			<i>including</i>	89.00	90.00	1.00	3.06	3.6
			<i>including</i>	94.90	96.00	1.10	2.25	3.85
			<i>including</i>	97.00	98.95	1.95	5.64	4.04
Pipe-5	ATO-320	242	<i>no significant intercepts</i>					
Pipe-4	ATO-321	176		45.00	46.00	1.00	0.72	122
				71.65	76.50	4.85	0.36	5.11
				82.20	84.00	1.80	0.6	22.81
				87.00	93.00	6.00	0.6	11.65
				100.00	102.00	2.00	0.4	34.75

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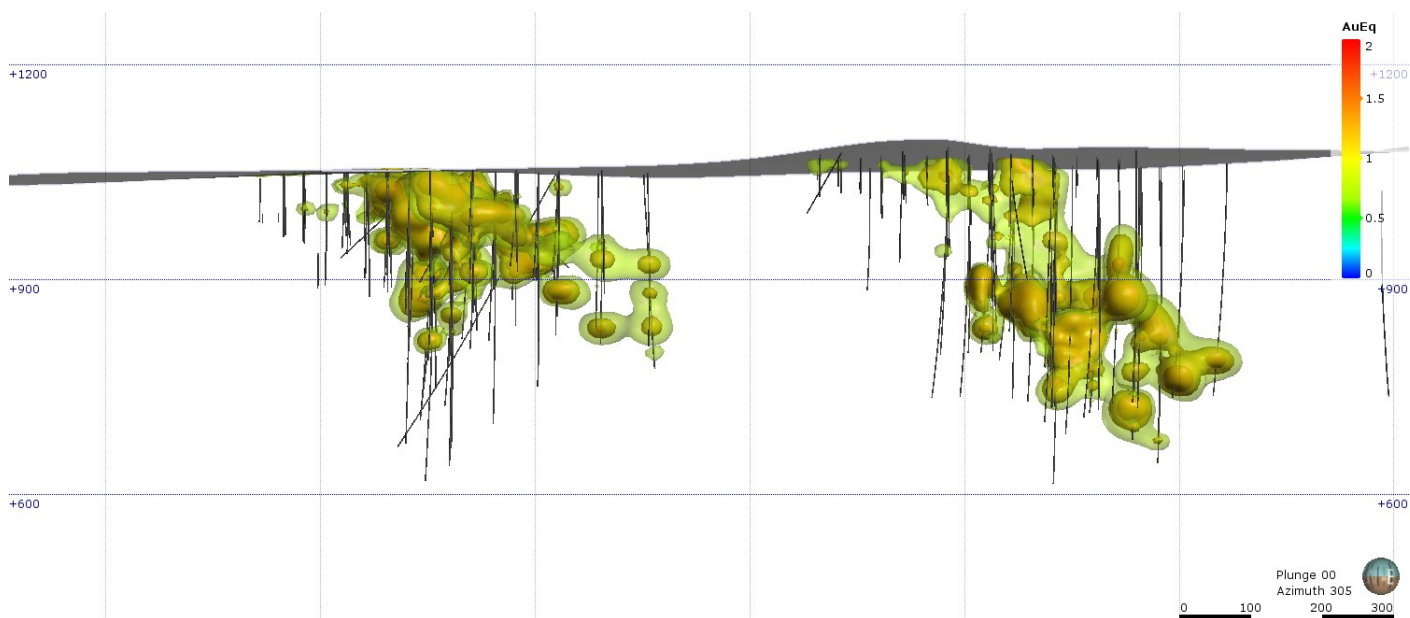
Location	Drill Hole	Depth, m		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)
				106.00	123.00	17.00	0.59	21.2
				126.00	127.20	1.20	0.33	6.5
				128.55	143.00	14.45	0.68	34.52
Pipe-4	ATO-322	170		24.30	31.00	6.70	0.54	11.23
				42.00	120.00	78.00	2.56	13.7
			<i>including</i>	56.00	71.00	15.00	10.67	28.73
Pipe-5	ATO-323	206	<i>no significant intercepts</i>					
Pipe-4	ATO-324	173		34.00	35.00	1.00	0.34	24.2
				37.20	38.40	1.20	0.48	78
				64.00	65.00	1.00	0.39	102
				103.00	104.00	1.00	0.43	35.5
				108.00	116.00	8.00	0.96	41.01
Pipe-4	ATO-325	149		18.00	20.15	2.15	0.5	19.93
				49.50	113.00	63.50	0.97	77.95
			<i>including</i>	64.00	66.00	2.00	2.44	339.5
			<i>including</i>	75.00	76.00	1.00	2.2	206
			<i>including</i>	81.00	82.00	1.00	2.05	20.4
Pipe-4	ATO-326	341		100.00	160.25	60.25	2.5	5.38
			<i>including</i>	104.00	108.00	4.00	4.33	13.7
			<i>including</i>	121.00	128.00	7.00	3.74	4.1
			<i>including</i>	138.00	140.00	2.00	12.08	8.7
			<i>including</i>	145.00	152.00	7.00	7.14	14.37
				171.50	194.00	22.50	0.43	2.35
				200.00	201.00	1.00	0.45	17.5
Pipe-2	ATO-327	251		0.00	7.00	7.00	0.86	3.45
			<i>including</i>	2.00	3.00	1.00	2.03	4.4
				12.00	14.20	2.20	0.69	6.23
				23.95	36.00	12.05	0.61	4.67
				40.00	42.00	2.00	2.04	4.65
			<i>including</i>	40.00	41.00	1.00	3.77	6.8
				44.00	48.00	4.00	0.9	9.4
				55.00	56.00	1.00	0.59	9.8
				59.85	61.80	1.95	0.35	7.05
				68.90	72.00	3.10	0.77	19.84
				75.00	76.00	1.00	2.41	3
				79.40	84.80	5.40	1.79	29.75
			<i>including</i>	80.40	81.50	1.10	2.23	40.5
			<i>including</i>	83.70	84.80	1.10	4.87	52.7
Pipe-4	ATO-328	479		0.00	0.40	0.40	0.35	1.2
				4.50	5.50	1.00	1.37	6.7
				74.00	75.00	1.00	0.55	5.2
				210.00	211.00	1.00	3.78	3.8
				219.00	220.00	1.00	1.79	5.1

Location	Drill Hole	Depth, m		From (m)	To (m)	Core Length (m)	Au (g/t)	Ag (g/t)
				236.95	238.00	1.05	2.64	9.2
				429.90	431.80	1.90	0.98	38.64
Pipe-4	ATO-329	308		143.00	144.00	1.00	0.32	1.3
				159.00	160.00	1.00	0.34	1.5
Pipe-2	ATO-330	197		0.00	5.00	5.00	0.44	2.46
				14.00	15.00	1.00	0.44	3.7
				41.00	42.00	1.00	0.57	3.2
				65.00	66.00	1.00	1.33	1.6
				114.00	115.00	1.00	0.3	14.1
Pipe-2	ATO-331	200		2.15	4.00	1.85	0.73	2.27
				45.00	46.00	1.00	0.33	1.7
				54.00	56.00	2.00	0.74	8
				58.00	60.00	2.00	1.38	4.4
				84.00	86.00	2.00	2.83	15.95
				120.50	121.65	1.15	0.44	1.4
				126.60	127.60	1.00	0.41	2.35
Pipe-2	ATO-332	209		2.00	10.00	8.00	1.18	4.24
				14.00	16.00	2.00	0.45	10.5
				27.00	28.00	1.00	0.55	6.4
				33.00	35.00	2.00	0.37	1.45
				42.00	44.00	2.00	0.88	7.15
				45.00	46.00	1.00	0.63	7.1
				49.00	51.00	2.00	0.57	2.75
				53.00	55.00	2.00	0.37	1.25
				102.00	103.00	1.00	0.47	2.3

Notes:

1. Mineralized intervals are greater than 0.30 g/t Au.
2. Higher grade sub-intervals are greater than 2.00 g/t Au.
3. From-To intervals are measured from the drill collar.
4. All intervals are reported as core length.
5. Information provided is not a true thickness (or width).

ATO4 - Mungu Trend at completion of the Stage 2 drilling program - Gold & Silver mineralization.



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