

# TSX: **STGO**

## DEVELOPMENT UPDATE

October 31, 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 pleased to announce the progress that has been made over the last month at Altan Tsagaan Ovoo (“ATO”) Gold Project in Mongolia.

## HIGHLIGHTS

- The ATO development is progressing well with the project CAPEX remaining under budget.
- The ATO crushing circuit is nearing construction completion and will be moving into commissioning in the coming weeks.
- Heap leach pad construction is well underway with significant advances made over the last month.
- Major ADR Plant equipment has been delivered to Mongolia with site works and construction commenced.
- Bankable feasibility study for a proposed 150,000oz gold per annum operation on fresh rock ores is ongoing.
- The Stage 3 drilling program on the ATO2 oxide zone has been completed with a total of 14 drill holes for 752.3 meters.
- Infill drilling has now been completed over all known oxide mineralized deposits at the ATO Project. This includes ATO1, ATO2, ATO3 and Mungu.
- SRK has completed a report on the structural aspects and additional targeting of the ATO Project. This has delivered a number of new targets for immediate and future drill testing. The first of these targets will be drill tested in the coming month.
- The Stage 3 drilling program targeted at the ATO4-Mungu trend has commenced with 8 drill holes being completed for 2,228.0 meters of drilling. All drilling rigs are currently operating on the ATO4 – Mungu trend.
- Further visible gold has been seen from drill core on the ATO – Mungu trend. Drilling results are pending.

## DEVELOPMENT

The Company is pushing hard for a completion of site construction by the end of 2018 with first gold in the first half of 2019. All materials for the crusher and leach pad have been delivered to site and construction is now underway.

The ATO crushing circuit is nearing construction completion with final work now underway. The crusher will be commissioned initially on mined ATO1 ore in the coming weeks. This material will be used as over liner for the heap leach pads and stacking of the pad should commence over the next month.

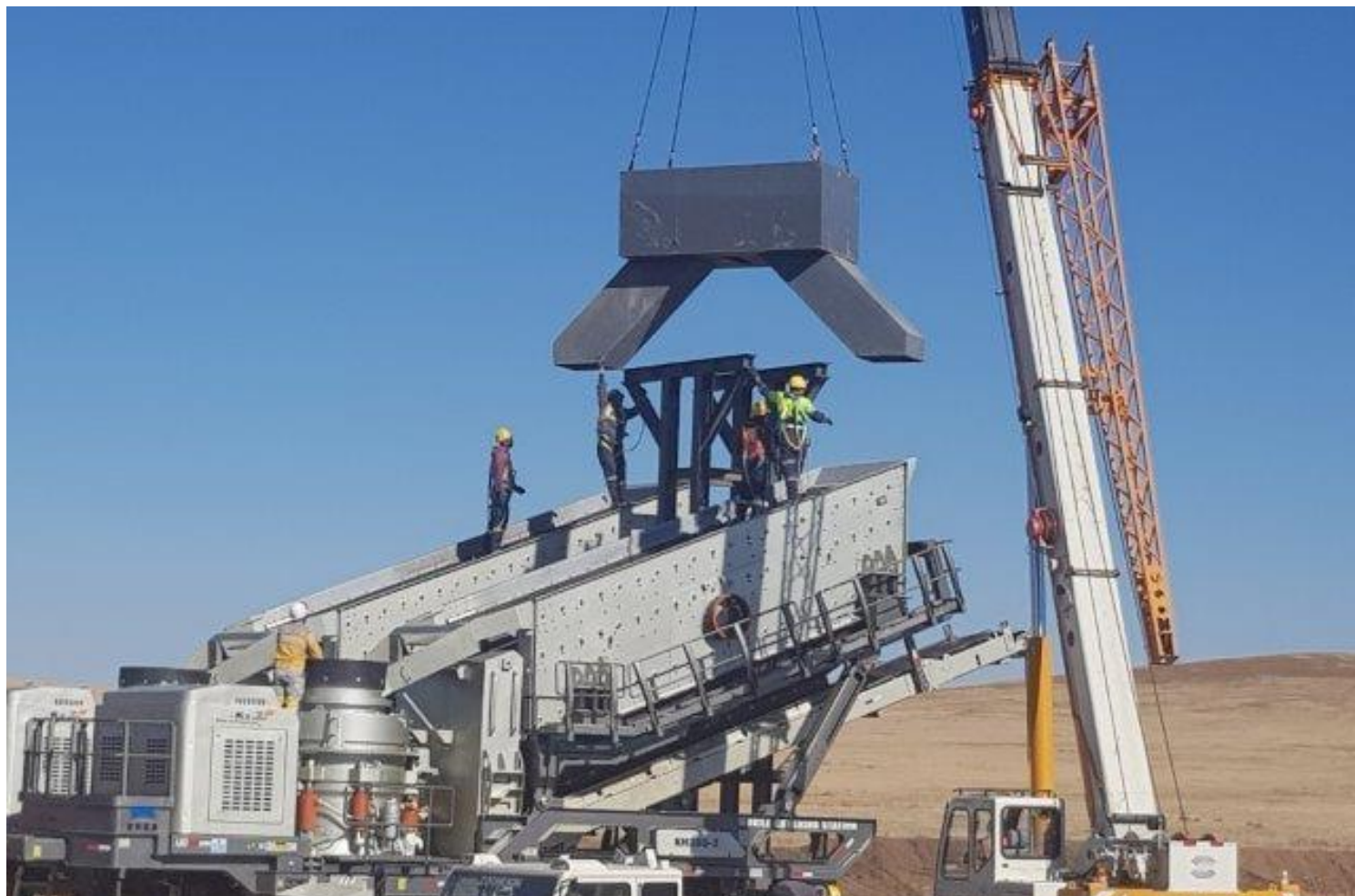
Heap leach pad construction is well underway with significant advances being made over the last month. Cell-1 is expected to be completed within the next two weeks and earthwork has now commenced on Cell-2.

Mining camp accommodation and restaurant is fully operational with 106 people on site.

The majority of the ADR plant equipment has been delivered to Mongolia and site works have commenced in preparation for construction next week.

DRA Global has been appointed and has begun to manage and undertake a bankable feasibility study for the construction and development expansion of the ATO Gold Project to 150,000oz gold per annum utilizing a CIL plant for gold and silver production. The study will be based on existing fresh rock ores at ATO1, ATO2 and ATO4, in addition to the potential being seen at the ATO4 – Mungu trend. This study is ongoing.

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



Crusher construction



Crusher construction



Barren & Pregnant Pond excavation



Barren & Pregnant Pond excavation



Cell 1 Embankment lining



Cell 1 HDPE lining



Cell 1 HDPE lining

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Cell 1 compaction



Cone Crusher construction

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**DEVELOPMENT UPDATE**

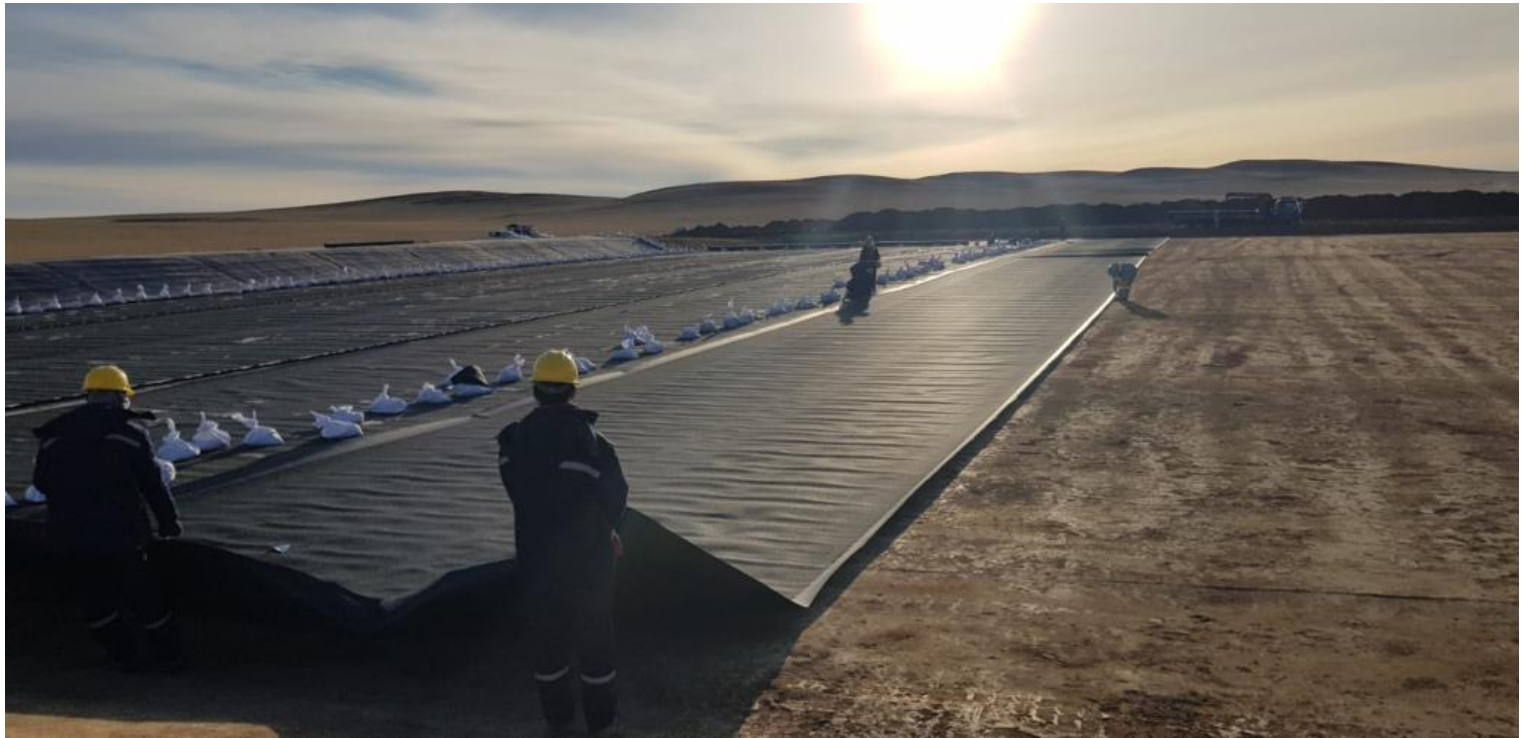
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Greg Wood, VP Operations, Grant Smith, GM Processing and Aruinbat Edenebataar, Senior Mining Engineer on Cell 1



Cell 1 HDPE Lining continuing



Cell 1 HDPE lining continuing



ADR Plant topsoil removal

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Overview cells 1 and 2

(more overleaf)



Hopper, bin construction complete



8 meter stacking ramp for cell 1 under construction



Liner being laid on cell 1



Liner being laid on cell 1



Cell 1 60% complete



Cell 2 conditioning underway



Overview Cell 1 and 2

## ATO DRILLING

The Company has now completed a total of 99 drill holes for 16,157.5 meters since acquiring the project in late 2017. Exploration results have been excellent and they demonstrate the high-grade potential of the ATO Gold Project.

The Stage 3 drill program has commenced with three diamond core drilling rigs initially completing the oxide zone drill out at the ATO2 deposit. A total of 752.3 meters in 14 drill holes have been completed by the Company at ATO with results pending.

The Company has now moved all three drilling rigs onto the exciting ATO4 – Mungu trend and to date a total of 3,270.3 meters have been completed in 22 drill holes. This drill program continues to deliver success with visible gold being identified already in ATO-348. This is incredibly encouraging so early in the program with all results pending.



Drill rigs on Mungu Gap

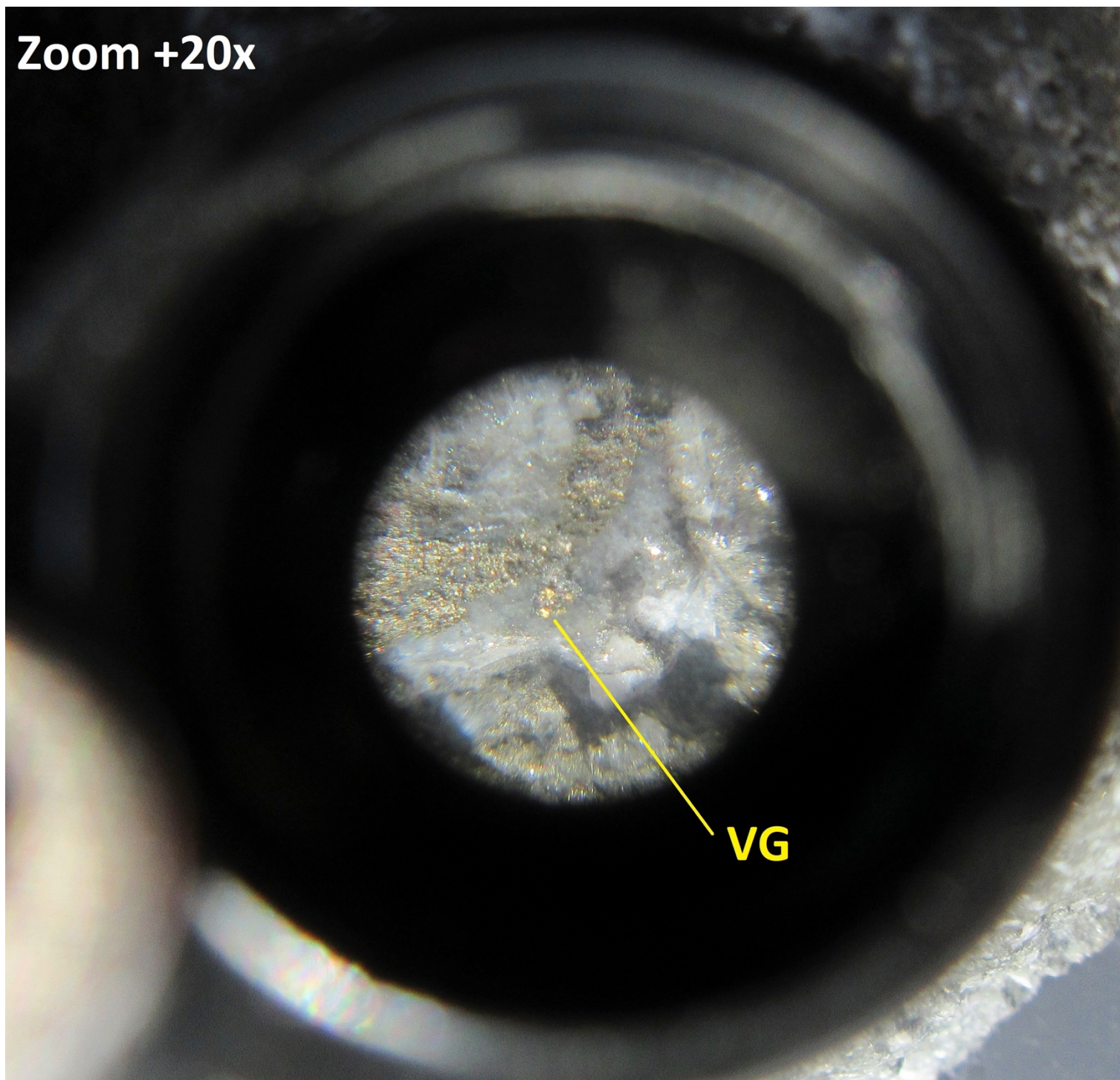
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## DEVELOPMENT UPDATE

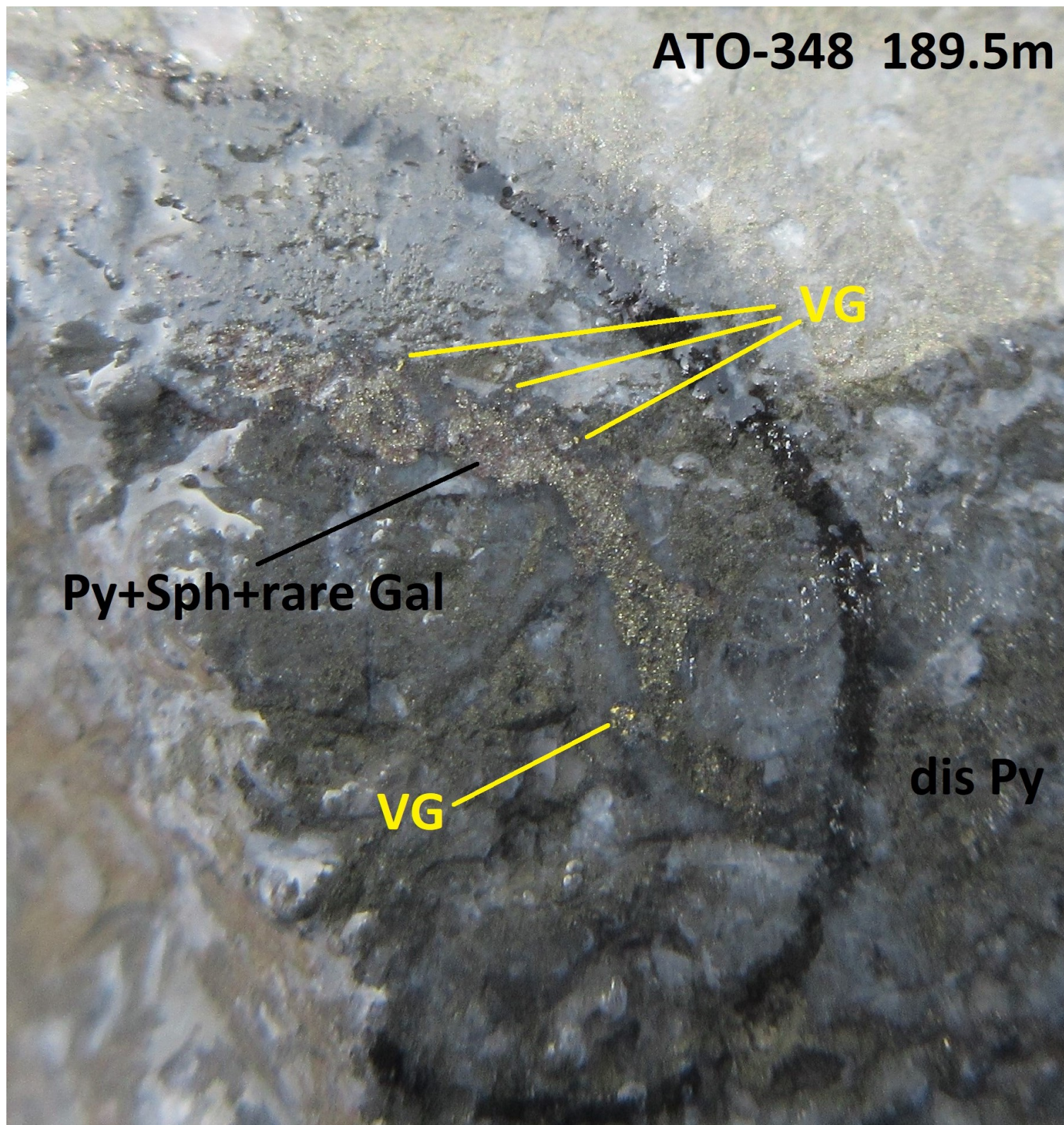
October 31, 2018



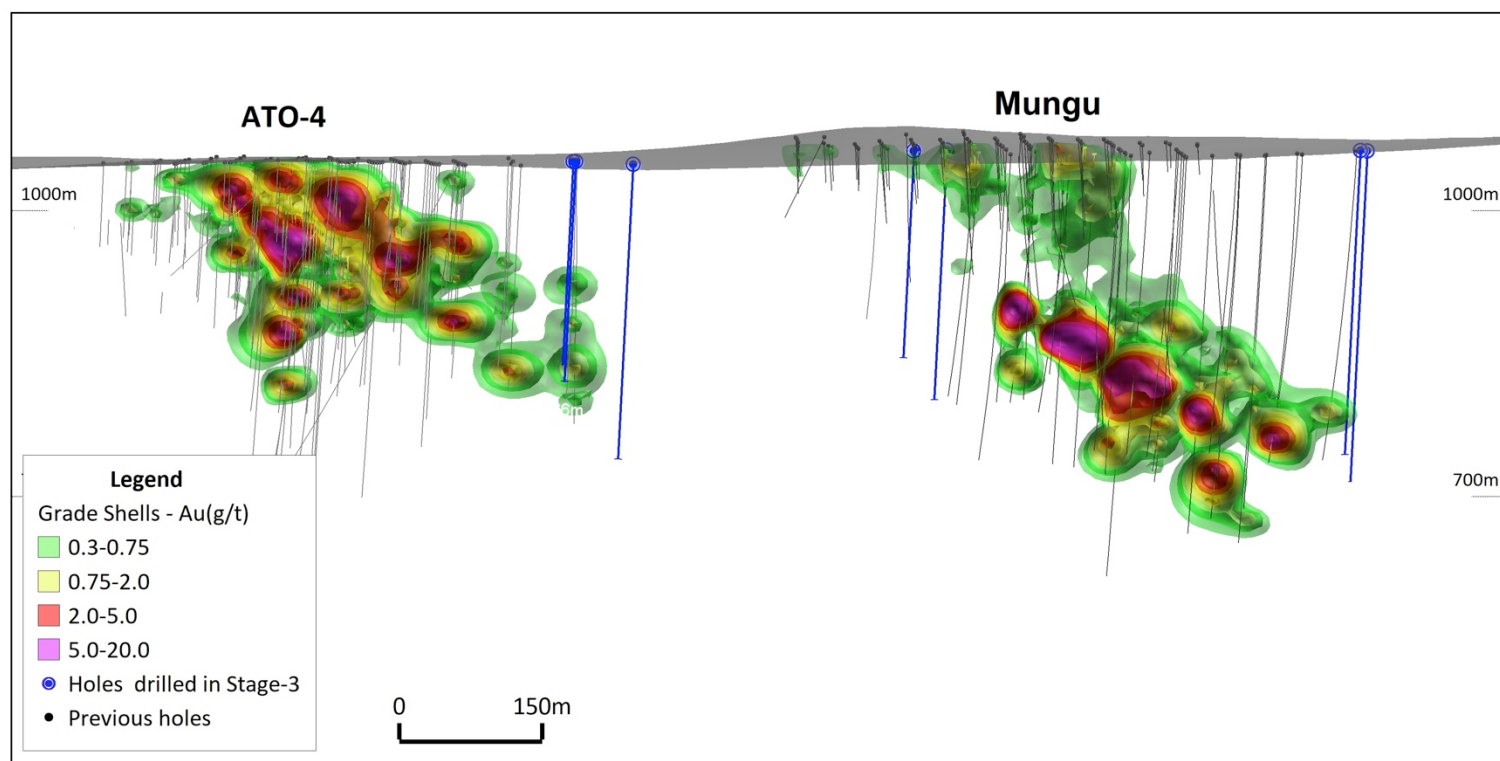
**Zoom +20x**



Visible gold in ATO-348



Visible gold in ATO-348



## ATO-4 to Mungu Gap long section

The company has also commissioned a structural review report by SRK. This has been completed and has highlighted a number of high-level undrilled targets close to known deposits which have not been drill tested. The first of these targets is expected to be drilled over the coming month.

## ABOUT STEPPE GOLD

Steppe Gold is a precious metals exploration and development company with an aggressive growth strategy to build Steppe Gold 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 to its development schedule from elements outside of the company’s control. These elements are now largely resolved and the Company is proceeding 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 is already adding significantly to the local Soum and Dornod economy.

Steppe Gold is based in Mongolia with its head office in Ulaanbaatar. We are almost entirely staffed by Mongolians and are purely focused on developing precious metals assets 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 Gold 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.”