



Avocet Mining Annual General Meeting

2nd May 2013

focused on **west africa**

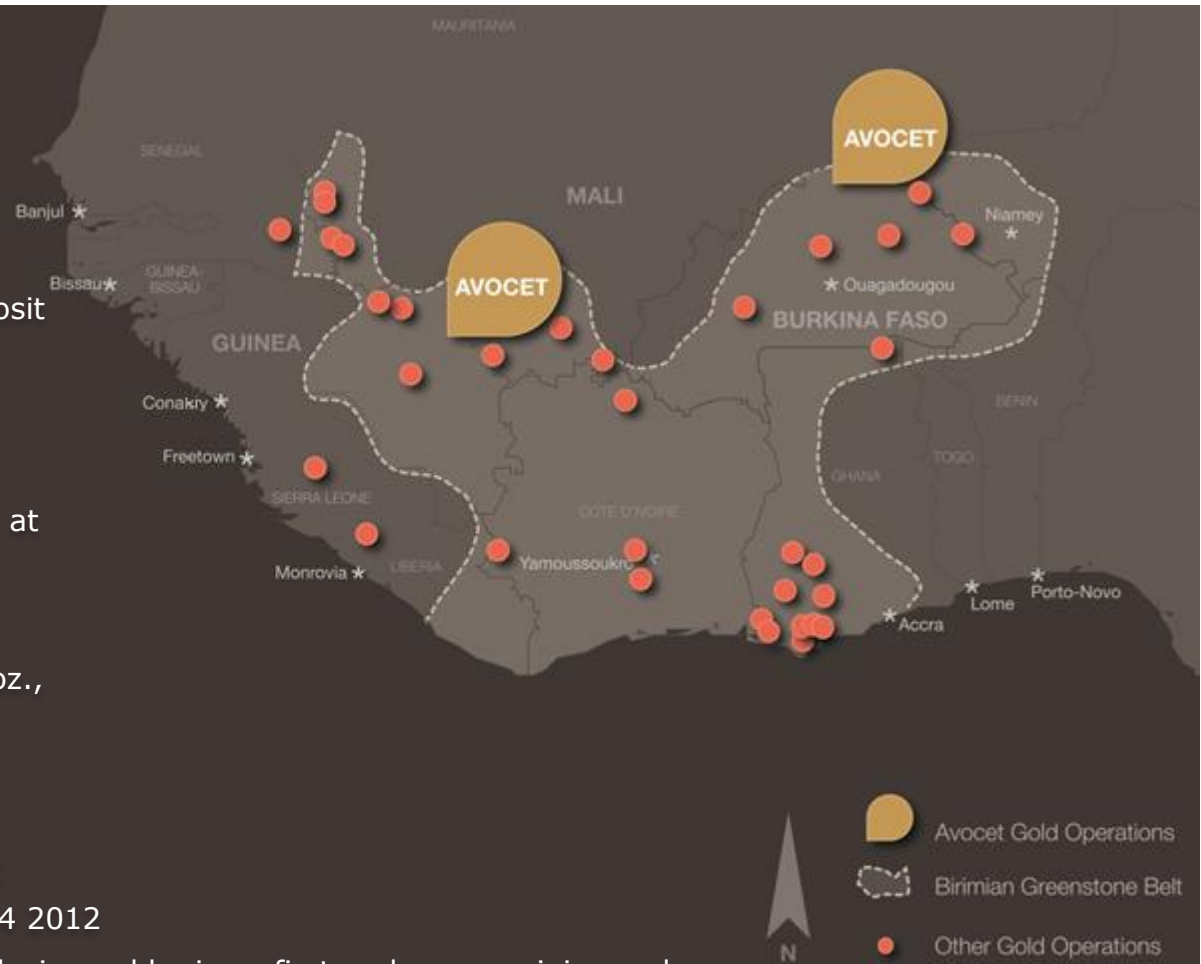


Inata Gold Mine

- Producing mine with significant exploration potential
- Inata cashflows strengthened following reprofiled hedge
- Upside from satellite **Souma** deposit 20km from Inata process plant – currently 0.8Moz with significant growth potential
- Guidance for 2013 of 135,000 oz. at total cash cost (incl. royalty) of US\$1,100/oz.
- Inata Mineral Resources of 5.5 Moz., including 0.8 Moz. at Souma

Tri-K Development Project

- Feasibility study commenced in Q4 2012
- Potential to be Guinea's next producing gold mine - first under new mining code
- Low capex development plan assumes initial heap leach project



- Gold production totalling 30,481 ounces (Q4 2012: 30,909 ounces)

- Mining volumes exceeded 9.9 million tonnes – highest achieved since mining at Inata began in 2008

- Plant throughput levels (616,000 tonnes) were 6% lower than Q4 2012 due to scheduled plant maintenance

- Guidance for the full year of 135,000 ounces at a total cash cost (including royalty) of \$1,100/oz.

- EBITDA for the quarter US\$6.7M (Q4 2012: US\$5.3M)

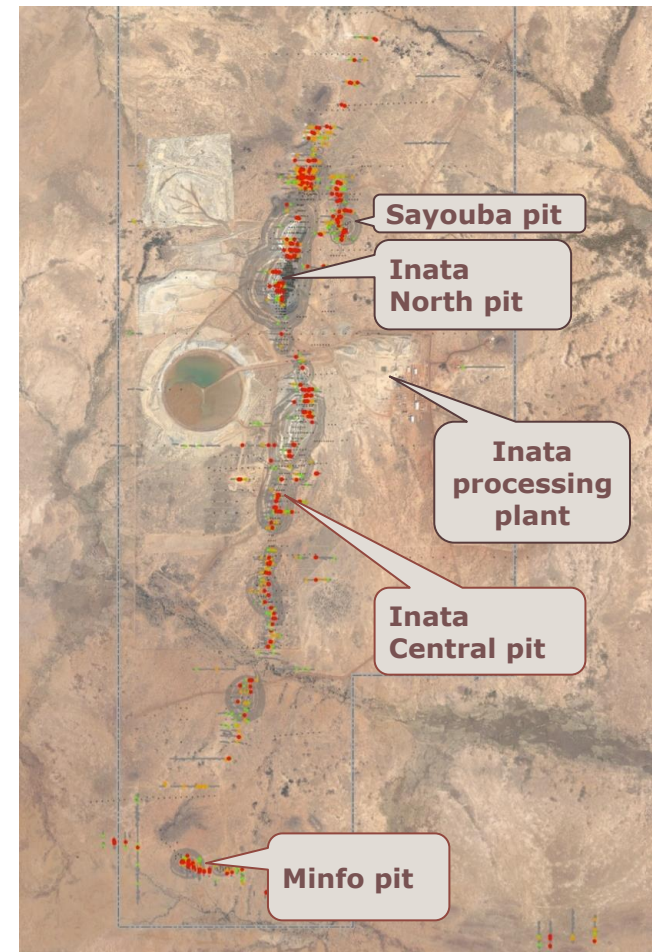
- Excluding US\$20.2M buyback of forward contracts, positive operating cash generated for the quarter of US\$4.8M (Q4 2012: US\$16.4M)

- Hedge buy back reduces Inata's hedge; remaining hedged ounces to be cleared 18 months earlier (31 December 2016)

- Loan agreement with affiliate of largest shareholder, Elliott Management, to finance feasibility study at Tri-K and corporate costs for remainder of 2013

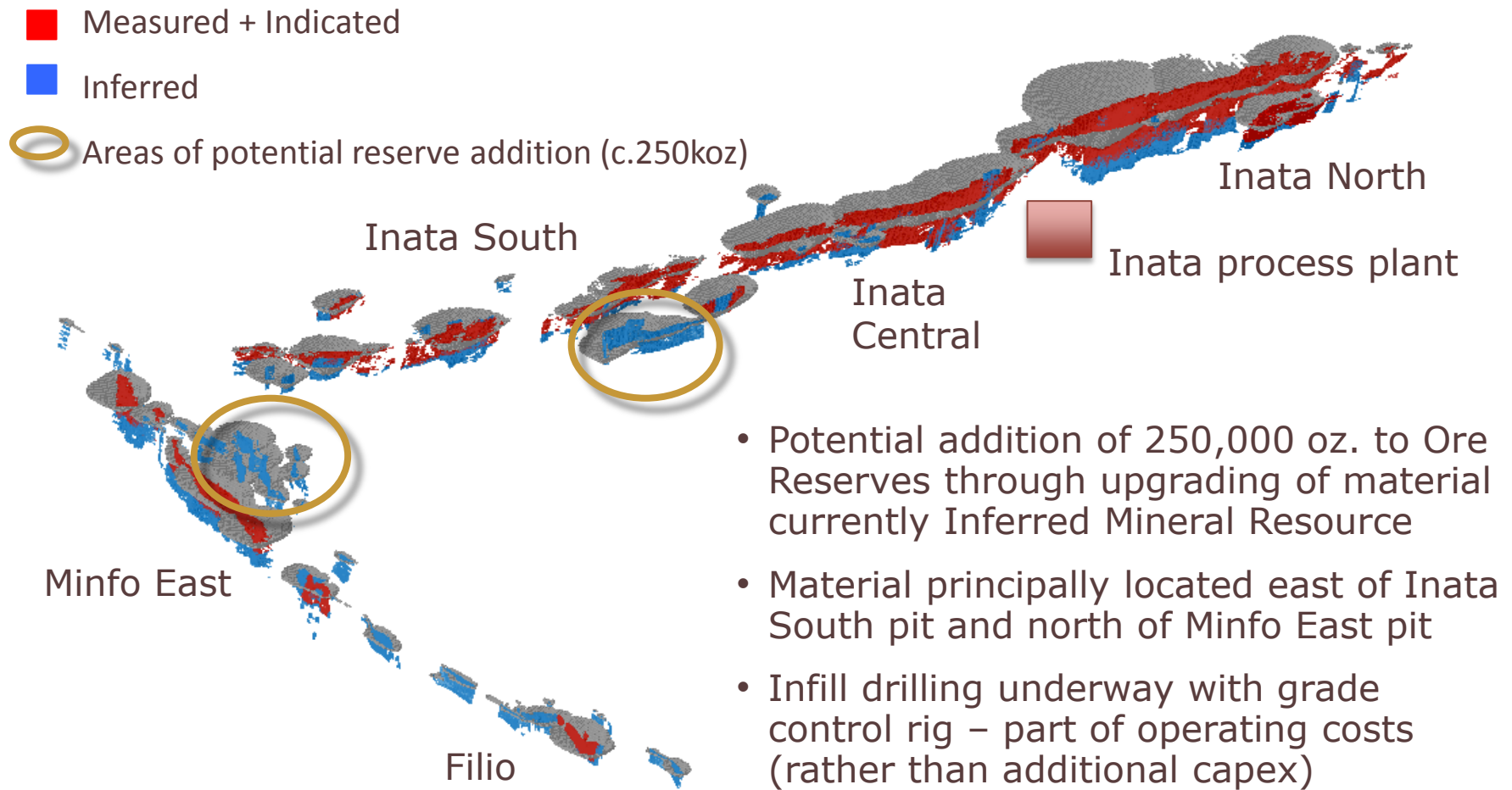
Inata gold mine – Q1 operations

	Q4 2012	Q1 2013
Ore mined (k tonnes)	906	817
Waste mined (k tonnes)	8,980	9,127
Total mined (k tonnes)	9,886	9,944
Ore processed (k tonnes)	654	616
Average head grade (g/t)	2.03	1.65
Process recovery rate	83%	82%
Gold Produced (oz)	30,909	30,481
Cash costs (US\$/oz)		
Mining	562	542
Processing	350	360
Administration	219	163
Royalties	115	104
	1,246	1,169



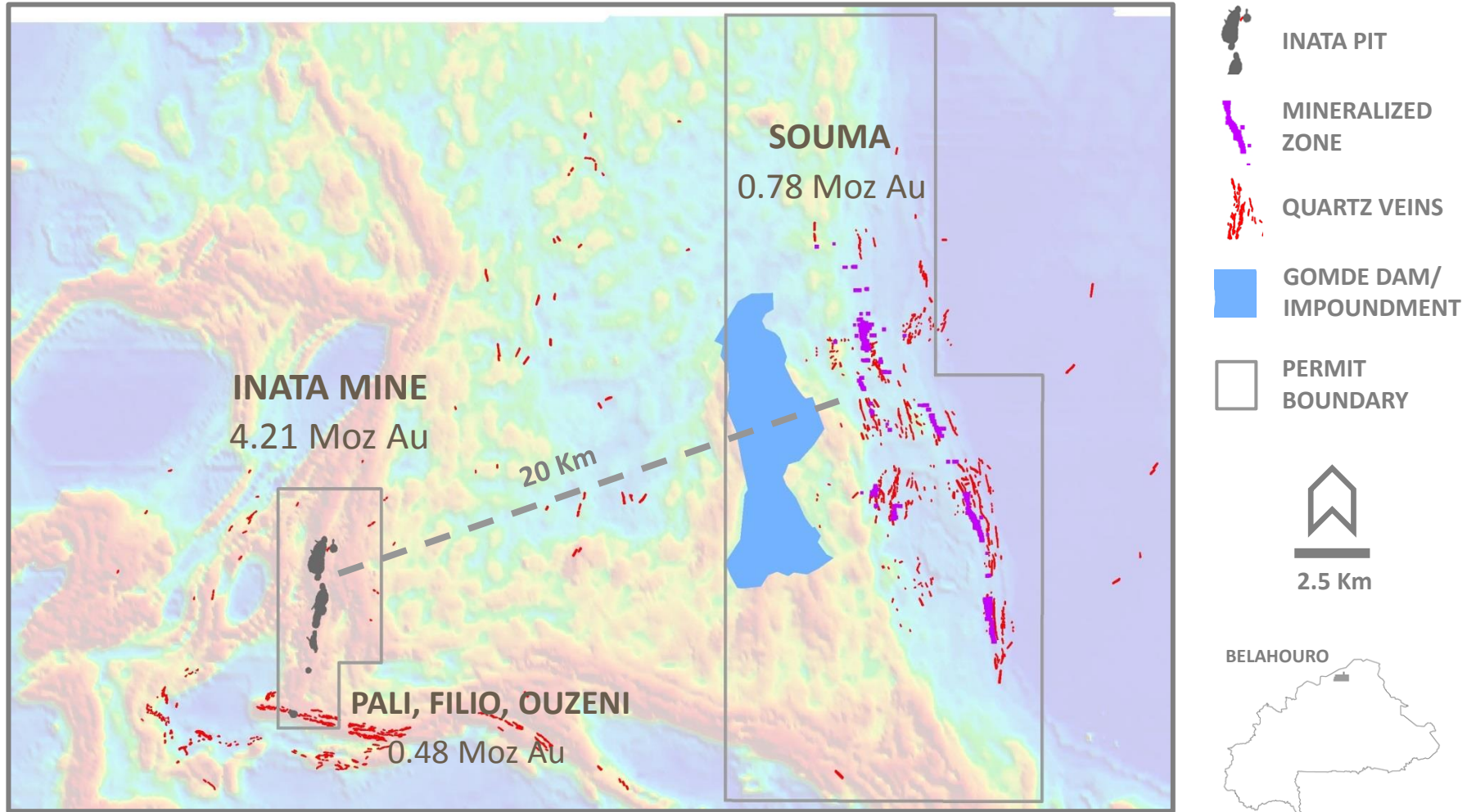
Production and costs in line with life of mine plan

Inata – potential near term reserve gains



Short term opportunity to increase reserve base

Souma – satellite deposit for Inata

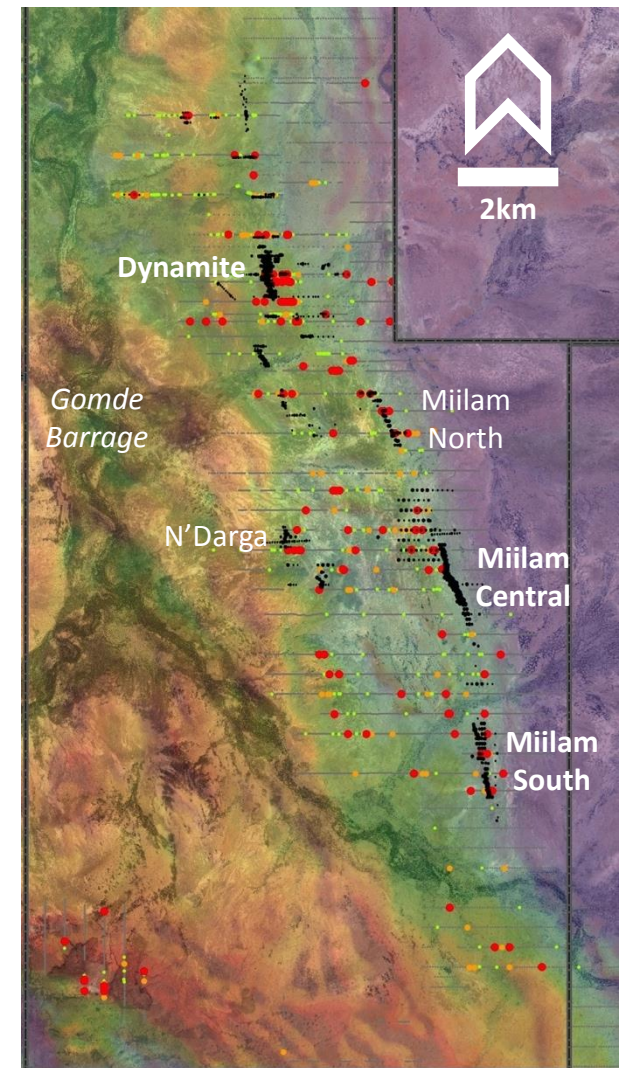


Souma – further upside for Inata

Mineral Resource estimate (Dec. 2012)

Tonnage (Mt)	Grade (g/t Au)	Contained Ounces
16.3	1.48	776,000

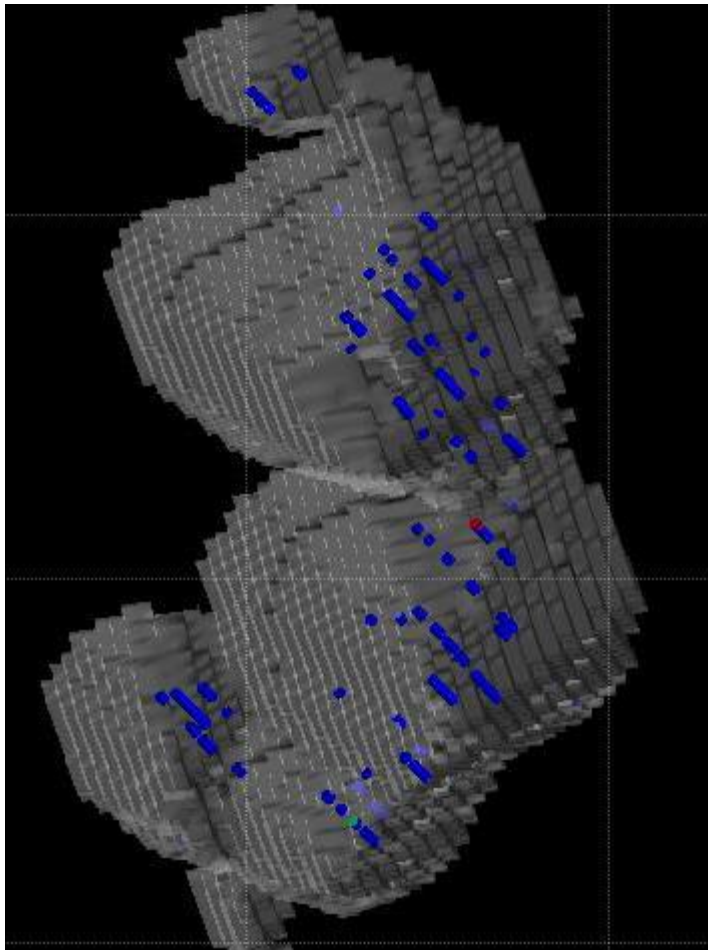
- 20km from Inata – within hauling distance across flat terrain
- 16 kilometre gold in soil anomaly
- High grade core of +2 g/t material
- Test work received to date:
 - Metallurgy – initial results show gold to be amenable to standard CIL processing methods (+90%)
 - Ore hardness – comminution work to date shows ore is harder than Inata



- Feasibility study to be completed in H2 2013
 - Work commenced in Q4 2012
 - Bateman (South Africa) contracted to complete technical studies
 - Development plan assumes initial heap leach project with low capex
- Heap leach project will target oxide portion of orebody
 - Represents 44% of current Kodiéran resource and 10% of Koulékoun resource



Mining permit application and maiden reserve expected in 2013



- Feasibility study work commenced late 2012
- National, regional and local authorities are very supportive of the project
- Technical work underway:
 - Final metallurgical testwork
 - Infill drilling for maiden reserve estimate
 - Process description complete – engineering design ongoing
 - Mine optimisation and design ongoing
 - Environmental and social impact assessment
 - Geotechnical drilling
 - Formation of Guinean Operating Company

Potential to be Guinea's next gold mine

- Addressed hedge following reserve downgrade, and provides 2013 funding for Souma, Tri-K & corporate activities, without equity raise
- Macquarie facility restructured:
 - 17% bought back for US\$20m; accelerated delivery eliminates hedge end 2016
 - Minimum cash balance required at Inata reduced from US\$37m to US\$12m
 - Souma may now be funded by Inata, subject to certain conditions
 - Avocet access to surplus Inata funds during 2014 , subject to certain conditions
- New loan with Elliott affiliate to fund Tri-K & corporate, comprising:
 - US\$5m initial facility: unsecured, drawn in March, repayable September 2013
 - US\$15m second facility: secured on Guinea assets with warrants on 4 million shares, subject to shareholder approval at 28 May EGM
 - First US\$5m of second facility will fund repayment of initial facility
 - Assuming approval, Elliott loan will be repayable end 2013
 - 9% coupon on both facilities

- Minimum objective to repay Elliott loan by end December and provide working capital for 2014
- Discussions ongoing to build on interest seen in February/March
- Potential sources (excluding equity) include bank debt, junior debt subordinated to MBL, convertible, gold/royalty stream, equity placement
- 2013 initiatives at Inata, Souma and Tri-K expected to assist refinancing
 - Unlocking significant value already within portfolio and creating additional value
 - Inata to benefit from metallurgical test work and other operational improvements during 2013, which are expected to boost Inata's reserve
 - Demonstrate potential of Souma and Tri-K to become production sources

Complete negotiations with Macquarie Bank on hedge and financing



Fully funded for 2013 exploration and production



Deliver Inata operating budget in line with guidance



Increase reserves at Inata – infill drill new reserve areas



Souma: position for feasibility study in 2014



Tri-K: complete feasibility study and generate maiden reserve



Refinancing for repayment of Elliott loan and future working capital





Avocet Mining – a West African
focused gold mining
and exploration company

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Appendix
Q1 Financial Performance

Income statement – Q1 2013



US\$ million	Q1 2013	Q4 2012
Revenue	40.9	44.5
Cash costs	(35.6)	(38.5)
Other costs of sale, administration, and finance costs	(5.2)	(10.7)
Exceptional items - Impairment of mining assets	-	(135.3)
- Partial reversal of impairment	72.2	-
- Impairment of Mali exploration	(0.3)	-
- Restructure of forward contracts	(20.2)	-
- Loss on recognition of forward contracts	(96.6)	-
Profit/(loss) before taxation	(44.8)	(140.0)
EBITDA	6.7	5.3

- Despite lower sales, EBITDA ahead of Q4 2012 due to lower cash costs and reduced other costs of sale
- Hedge restructure for US\$20.2m triggered by decrease in reserves
- Under IFRS, hedge restructure resulted in hedge liability being recognised on balance sheet, which in turn led to partial reversal of impairment made in December

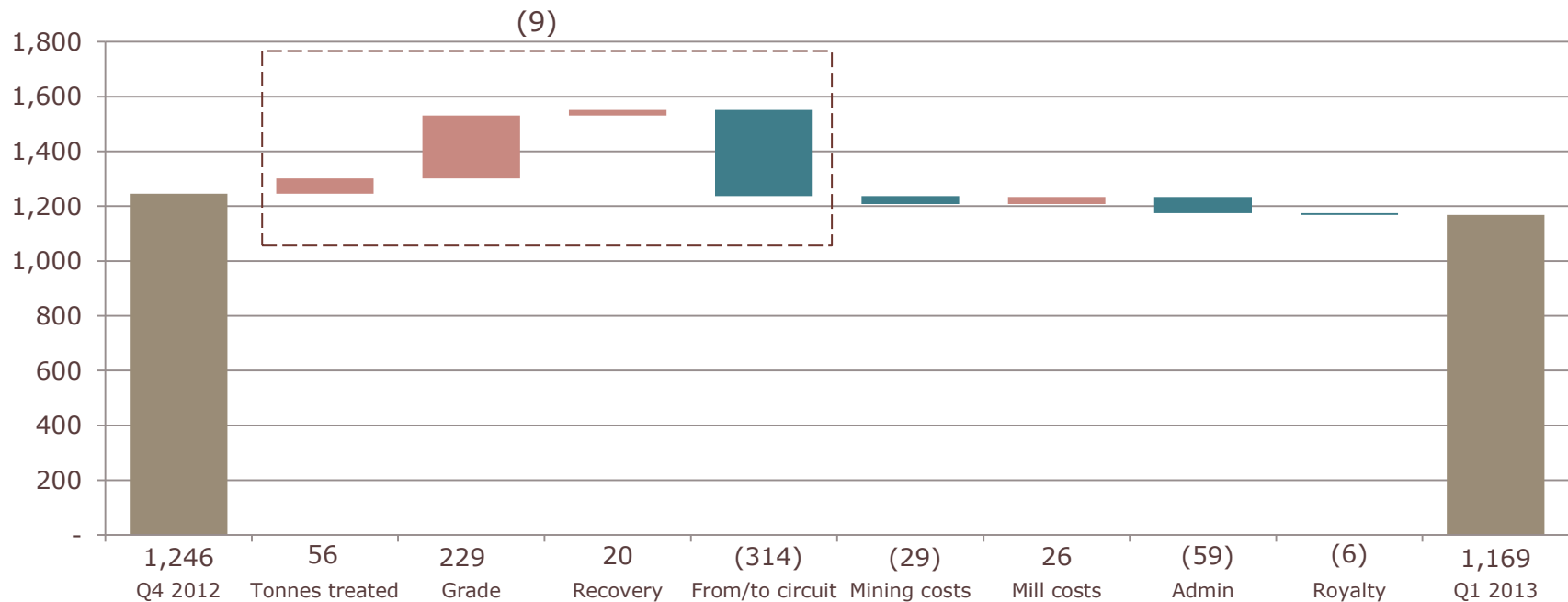
Cash flow statement – Q1 2013



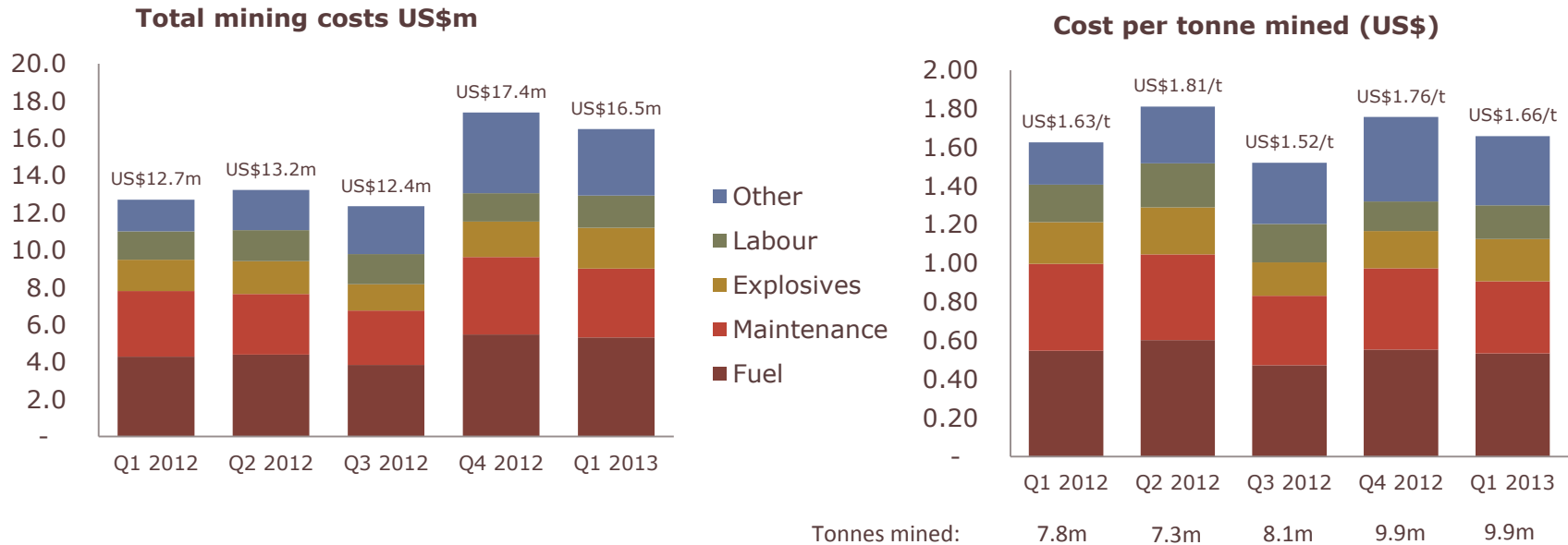
US\$ million	Q1 2013	Q4 2012
EBITDA	6.7	5.3
Working capital	(1.2)	10.0
Hedge restructure	(20.2)	-
Provision/other	(0.7)	1.1
Net cash generated by operating activities	(15.4)	16.4
Capex	(5.4)	(12.5)
Exploration	(5.7)	(4.9)
Loan repayment	-	(6.0)
Loan proceeds	5.0	-
Other cash movement	(0.5)	(0.1)
Total (decrease)/increase in cash	(22.0)	(7.1)
Opening cash	54.9	62.0
Closing cash	32.9	54.9
Loan balances outstanding	(10.0)	(5.0)
Closing net cash	22.9	49.9

- Cash flow impacted by hedge restructure – positive operating cash flow of US\$4.8m excluding buy back
- Working capital variance reflects quarterly timing differences
- Capex includes:
 - US\$2.6m mining equipment and rebuilds
 - US\$2.4m tailings facility
- US\$5m loan draw down under initial Elliott facility
- US\$5m loan outstanding to Macquarie – payable by 30/9/13
- Net cash at quarter end of US\$23m

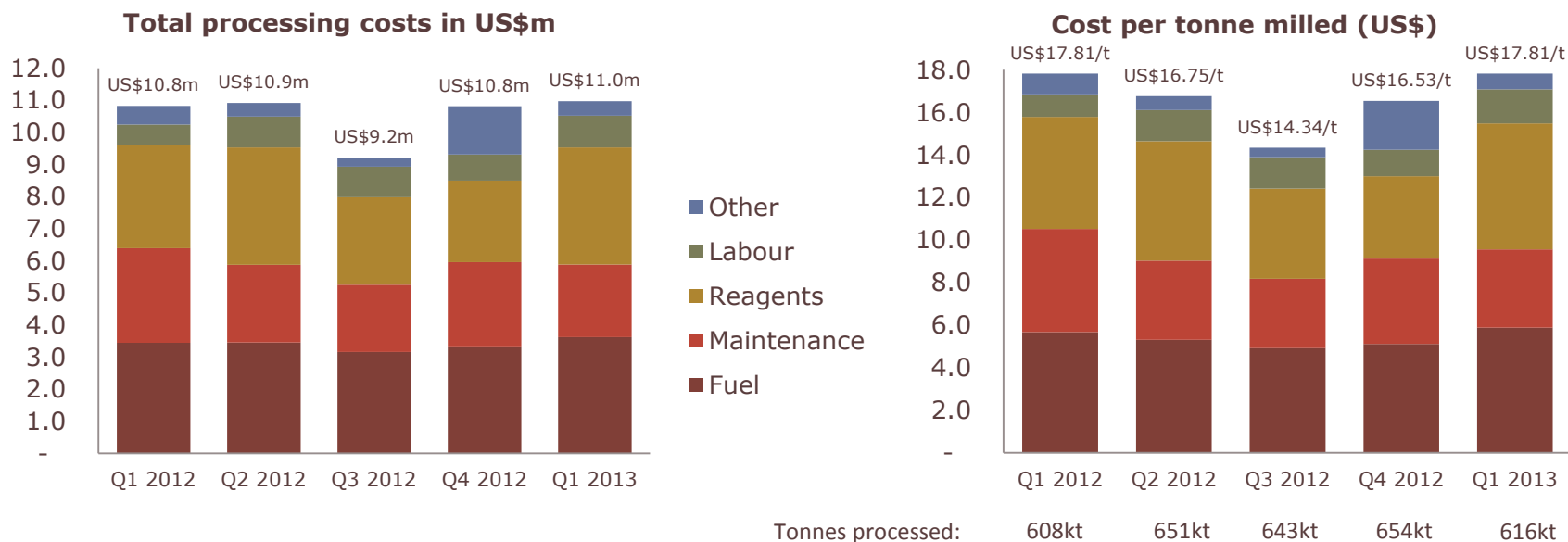
Q4 2012 VS. Q1 2013 cash costs



- Lower tonnes and grades offset by a drawdown of inventory from circuit
- Decrease in mining cost per ounce reflects lower Alexander Proudfoot cost, as well as shorter and shallower haul profiles
- Mill costs, esp. reagents, increased due to treatment of preg-robbing ore
- Lower cash cost despite fuel price per litre up from US\$1.35 to US\$1.42

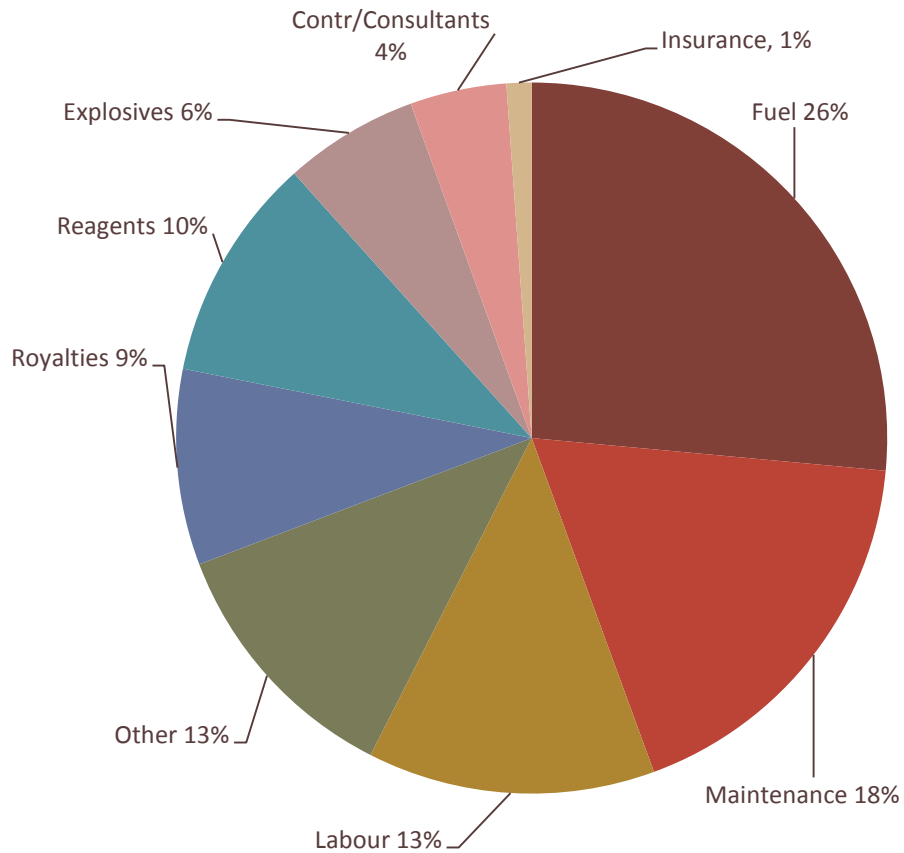


- Mining costs per tonne decreased 6% on 1% more tonnes mined
- Higher fuel prices offset by lower usage, reflecting shorter, shallower hauls
- Maintenance costs lower due to normal quarterly fluctuation
- Increased explosives costs due to hardness of ore
- Other: reduced consultants (Alexander Proudfoot) partially offset by increased equipment rental



- Milling costs up 8% on 6% fewer tonnes treated
- Fuel cost up 5% to US\$1.42/litre
- Lower maintenance reflects major SAG mill liner change in Q4 2012
- Reagent costs up due to increase cyanide usage associated with treatment of high PRI ore
- Labour increase reflects annual pay rises
- Other: lower consultant cost (Alexander Proudfoot)

Total cash cost per ounce – Q1 2013



	US\$/oz produced				Total
	Mining	Processing	Admin	Royalties	
Fuel	175	119	17	-	310
Maintenance	121	74	14	-	210
Labour	57	32	63	-	153
Reagents	-	120	-	-	120
Royalties	-	-	-	104	104
Explosives	71	-	-	-	71
Contractors/consultants	28	4	19	-	51
Insurance	-	-	13	-	13
Other	89	11	36	-	136
Total	542	360	163	104	1,169