

Asante Gold positioned for strong growth in Ghana

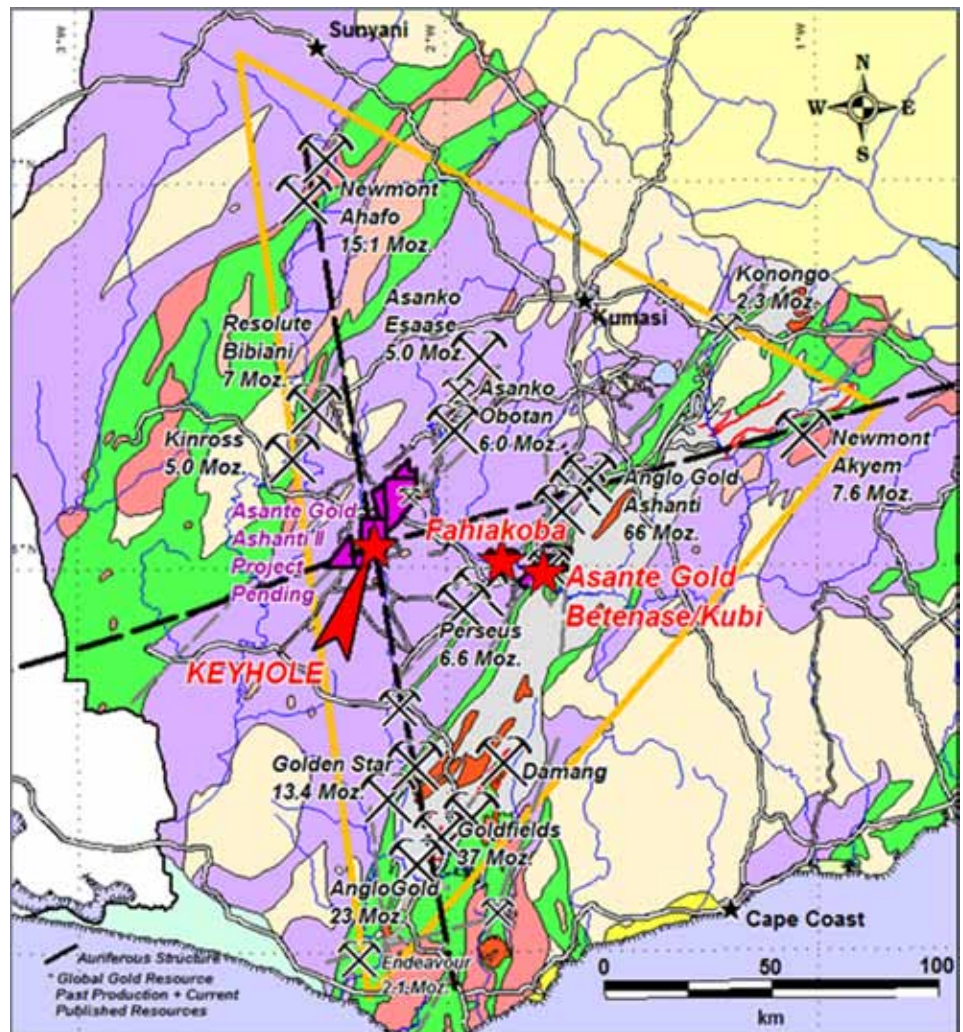
NATURAL RESOURCES | Increasing the asset value of a junior gold mining company

BY STOCKHOUSE EDITORIAL

Douglas MacQuarrie, President and CEO of Asante Gold Corporation knows all about increasing the asset value of a junior gold mining company. As a professional geoscientist, MacQuarrie has more than 40 years of mineral exploration experience. While he was CEO of PMI Gold Corporation, he was responsible for building up that corporation from assets valued at \$6 million (CAD) up to a package of assets that have now been advanced by Asanko Gold Inc. (after its merger with PMI) to approximately \$800 million (CAD).

That success story occurred in Ghana's "Golden Triangle", a world famous gold mining district, centered around AngloGold Ashanti's gigantic Obuasi Gold Mine. Now MacQuarrie is hunting more elephants in the Golden Triangle, this time at the helm of Asante Gold. While many larger mining companies view Ghana as a jurisdiction which has already been fully explored, Asante's management disagrees.

Part of the reason for its contrarian viewpoint is based on Ghana's geology. The high-grade gold formations for which the Golden Triangle is famous typically occur in steeply dipping "ore shoots". This means that a mining company can drill a particular area and find little, but move its drill rig just a few hundred yards away and it could strike a commercial deposit of high-grade gold – deposits which can (and do) often extend



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for several kilometers below the surface. Many of Ghana's active open cut mines are now being extended to exploit their deep underground ore.

The other reason why Asante Gold remains bullish on exploring for gold in Ghana is that not all of the most prospective land has been made available

to foreign mining companies. Formerly known as the Gold Coast, Ghana has a long domestic tradition of gold mining, and many areas which were/are rich in near-surface gold have previously been mined and prospected exclusively by domestic individuals and companies.

While other mining companies have moved on to less-developed jurisdictions, MacQuarrie and Asante Gold have had no difficulty in finding and acquiring prospective properties in Ghana. With an abundance of skilled labour and gold mining infrastructure, Ghana provides a highly mining-friendly jurisdiction in which ASE can develop its land packages. To date; the Company currently has one development stage project, and four exploration stage projects.

Asante's most advanced project is the Kubi Gold Mine, located immediately south of the Obuasi Mine, and 25 km east of Perseus Mining's 6.6 million ounce Edikan Gold Mine. The Company is now completing the purchase of Kubi from Goknet Mining Company Limited. As compensation, Asante agreed to issue Goknet 7 million shares, and deliver 8,000 ounces of gold once the mine is put back into production. ASE also agreed to provide Goknet with a (renegotiated) 1% NSR on Kubi.

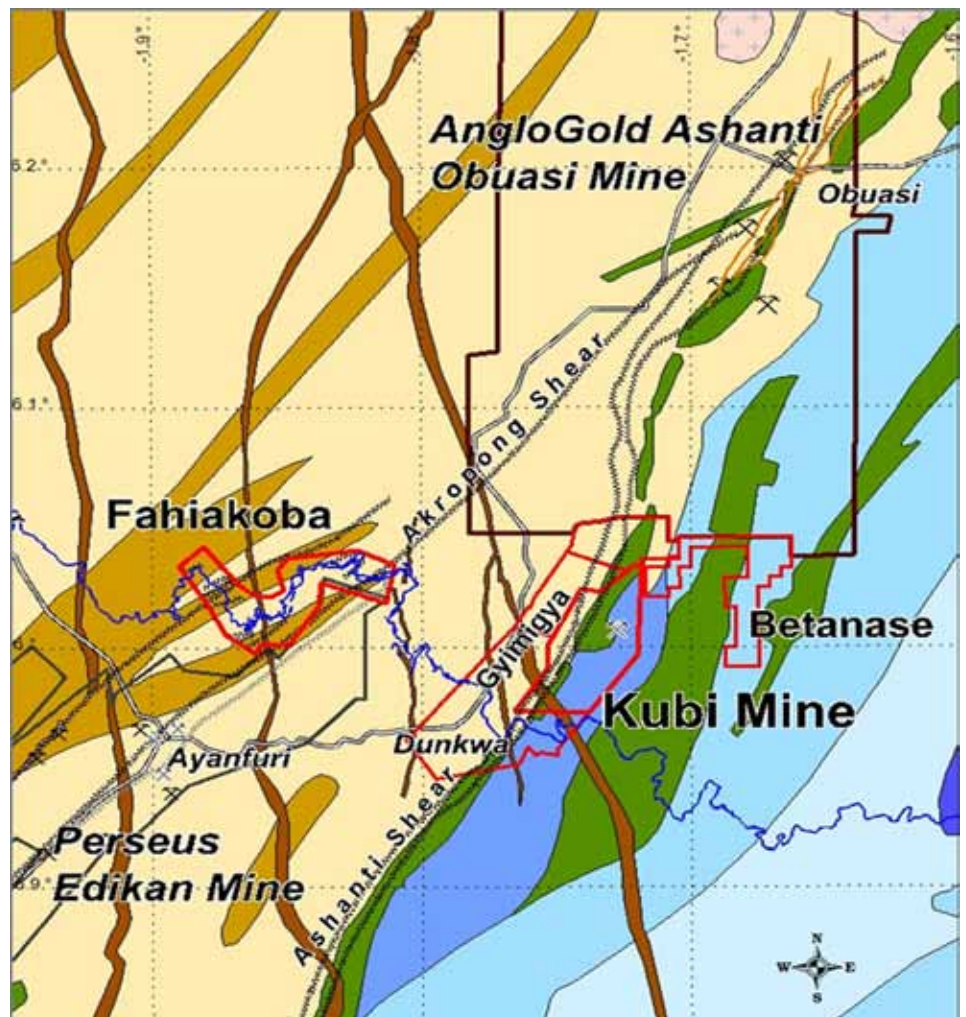
The Company negotiated this acquisition in August 2016, and then wasted no time in advancing the project. Earlier this month, Asante Gold was very pleased to announce a \$19.5 million (CAD) joint venture between the Company and BXC Company Limited. BXC is a wholly owned subsidiary of Beijing Fuxing Xiao-Cheng Electronic Technology Stock Co. Ltd., a \$600 million market cap company listed on the Shenzhen Stock Exchange.

The joint venture is on a 50/50 basis. BXC has agreed to provide \$19.5 million in funding. In return it will earn a 50% interest in the Kubi Gold JV as well as a 30% equity interest in Asante itself. MacQuarrie was ecstatic about bringing aboard a Chinese partner to take this project into production.

"China, as we all know, is the world's largest gold consumer and the largest gold producer. They are looking to regularize the Yuan as a major part of the world's reserve currencies, and to do that they need gold. Having a Chinese financial partner is one of the best partners to have for the next stage of the new gold bull market.

The Chinese don't believe in wasting a lot of money by over-engineering. With a 50:50 Chinese partner we'll certainly be able to trim our costs significantly from the type of costs which would be typical in the West and maintain western standards when it comes to other issues such as safety and social license spending."

The agreement is subject to BXC's final due diligence, and is expected to close by December 31, 2016. BXC has also agreed to provide additional funding for the Kubi Gold JV "on reasonable commercial terms" for production facilities such as a shaft, full processing facilities, and/



to provide additional funding for the Kubi Gold JV “on reasonable commercial terms” for production facilities such as a shaft, full processing facilities, and/or a mine expansion. Assuming the deal closes on schedule, the Company expects construction to commence early in 2017.

Asante has committed itself to paying out two, underlying Kubi royalties out of its share of the JV revenues. Along with the 1% Net Smelter Returns royalty payable to Goknet, the Company will also pay a 3% Net Proceeds of Production royalty to Royal Gold Inc.

The Company’s operational plans for Kubi envision a 12-month timeline to complete its drilling to define the reserve, engage in final mine planning, permitting and surface works. The target is to reach production within 18 months, at an initial production rate of approximately 35 koz/year. This is based upon a 500 tpd production facility, with an estimate of 6 to 8 g/t Au as a head grade.

Kubi currently has an NI 43-101 resource as follows: a Measured resource of 0.66 Mt @ 5.30 g/t Au (112,000 ozs); an Indicated resource of 0.66 Mt @ 5.65 g/t Au (121,000 ozs); and an Inferred resource of 0.67 Mt @ 5.31 g/t Au (115,000 ozs). The deposit remains open at depth.

Future drilling at Kubi will first focus on >8 g/t high grade zones, and the Company estimates that this additional definition drilling will cost ~ \$1.5 million (USD). The nearby Obuasi Mine has already outlined ore shoots at depths of over 2.5 km, suggesting a big upside at Kubi.

The Kubi Gold Mine, once commissioned, should provide Asante with a steady stream of operating capital, and the Company already has plans for those future revenues. Management is very

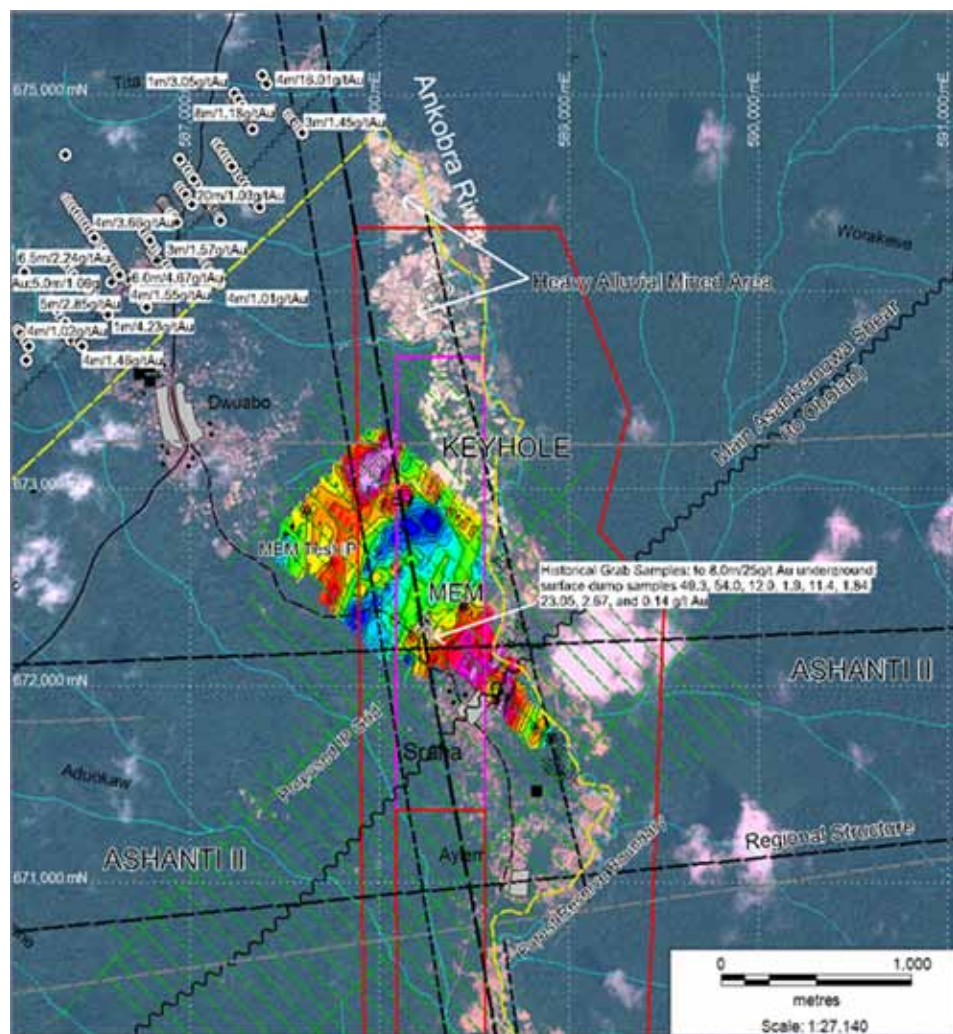
excited about the development potential of two of its exploration stage projects: the Keyhole and Betenase Concessions.

Asante was already in the process of completing a private placement of \$1 million, the raise is placed well below market price giving investors an interesting opportunity, full details on the raise are available here. The funds raised are earmarked for drilling on the Keyhole and Betenase, when it negotiated the deal with BXC. Because of this “material change” in the Company’s operations, that private placement was suspended.

However, with the Kubi Gold JV now in

place, Asante is looking to immediately re-open that PP, complete the financing, and then dedicate that funding for an initial drill program for Keyhole and additional drilling at Betenase, intended to commence as soon as practicable. While the Company has already done some preliminary drilling at Betenase and continues to believe in the potential of that project, management is most excited about Asante’s recently added Keyhole Concessions.

Asante has an option to earn up to a 100% interest in this land package, obtained from Sikasante Mining Company Limited. The Concessions cover a 6 km stretch



alongside major alluvial gold workings in the Ankobra River. Because of robust, domestic alluvial mining, this prospective area had previously been shut off to large scale mining interests.

However, the extensive alluvial mining at Ankobra has resulted in severe environmental degradation along the river, seriously harming agricultural interests in that region. Asante Gold saw an opening. The Company entered into talks for the Concessions, and successfully negotiated the acquisition by pledging to commence rehabilitation of the land for agricultural use if/when ASE makes a discovery and reaches profitable production.

Historical underground sampling has obtained results including an 8 meter width of 25 g/t Au, while surface grab samples from artisanal shafts include assays of up to 54 g/t Au. Keyhole is at an intersection point of three, major gold bearing structures, providing a strong target for a significant gold discovery.

Asante Gold also holds an interest in two other land packages: the Fahiakoba Concession and the Ashanti II Project. Fahiakoba dates back to the initial IPO of the Company, while the Ashanti II Concessions are still pending final acquisition.

As the Kubi Mine moves into production and begins to generate cash flow for the Company, this will enable Asante to advance its exploration projects, while keeping shareholder dilution to a minimum. With nearly 50% of Asante's shares held by management and directors, the Company's management team is strongly committed to minimizing dilution.

Asante's operational success in acquiring and developing assets is due to more than just the efforts of CEO

MacQuarrie. Asante's management team is also bolstered by Ned Goodman, the Company's Chairman. Goodman's dynamic career in the mining industry comprises company-building, merchant banking, and work as an investment advisor, spanning nearly half a century. As a driving force behind the Dundee group of companies, Goodman was instrumental in building that group from a \$300-million base to a \$50-billion mutual fund conglomerate.

Asante was also very pleased to add Bashir Ahmed to the Company's management team, as its VP of Production and Development. Ahmed has over 30 years of experience in mine operations in Ghana, most notably as Mine Manager at the big Obuasi Mine itself. With more than 32 million ounces of gold already extracted from that mine, and with more than 25 million ounces of reserves (in various categories), Obuasi is one of the world's largest gold mines.

With this combination of operational expertise and familiarity with Ghana's geology, Asante Gold is well-positioned to capitalize on the robust exploration and development opportunities which are still available in this African nation's gold mining industry. Asante Gold continues its hunt for the next "Obuasi" in the Golden Triangle, providing investors with the opportunity to buy into this Ghana growth story while still at an early stage of development.

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