CLARUS SECURITIES INC.

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Asanko Gold Corp.

AKG-TSX: $1.11
Rating: Hold
Target: $3.25 (was $6.25)

Estimates

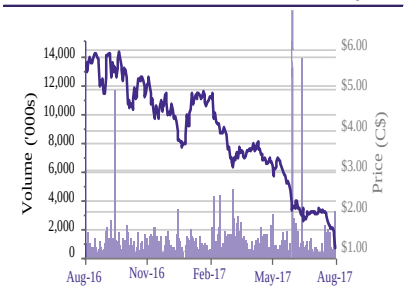
	2016A	2017E	2018E
Gold Price ($/oz)	$1,230	$ 1,259	$1,300
Equity Au Production (koz)	133	185	207
Consolidated Au Sales (koz)	148	207	230
Costs (US$/oz)			
Total Cash Costs ($/oz)	$ 658	$ 745	$ 852
Sustaining Capex ($/oz)	$ 309	$ 146	$ 40
G&A	$ 62	$ 61	$ 31
Exploration	$ 5	$ 9	$ 15
All-In Sustaining Costs (AISC)	**$1,034**	**$ 960**	**$ 939**
EPS	$(0.04)	$0.07	$0.09
CFPS	$(0.37	$0.41	$0.38

Valuation

P/E	nm	12.8x	9.6x
P/CFPS	2.4x	2.1x	2.3x

Market Data

Price (07/20/16):	$ 1.11
Potential Return (%):	193%
52-Week Range:	C$1.67-C$3.35
Basic Shares (MM)	203
Fully Diluted Shares (MM)	197
Management and Directors (%):	1.01%
Market Cap. ($mm):	C$225.8
Enterprise Val. ($mm):	$345.4
Cash (mm):	$55
Debt (mm):	$150
Dividend ($):	$0.00
Avg Daily Vol (3 Mo) ('000):	405
NAVPS:	$ 3.39
Price/NAV:	0.3x
Fiscal Year End	31-Dec



Source: FactSet

Top Holders (Source: Bloomberg)

VAN ECK ASSOCIATES C	15.1%
SUN VALLEY GOLD	7.4%
1832 ASSET MANAGEMENT	4.8%
M&G INVESTMENT MANAGEMENT	4.3%
MACKENZIE INVESTMENTS	3.9%

Company Information

Flagship Project/Location:	Esaase & Obotan
Total Land Package (km2):	1,000
Att. Global Gold Resource (MMoz):	4.5
AMC/oz Valuation (C$/oz)	$64.6

Unexpected Guidance Revision Disappoints, Downgrade To HOLD

August 4, 2017

Q2/17 financial results exceeded our estimates and street consensus with much more robust costs despite a previously announced lower production for the quarter. However, contrary to our expectation of a significant ramp up in production in H2 to meet guidance, management revised guidance lower due to ore losses at Nkran and lower than expected oxide ore contributions at Akwasiso. We have adjusted our model to reflect our revised outlook based on the uncertainty driven by the multiple revisions to the operational outlook over the past few quarters. We are lowering our target price to **$3.25** (was $6.25) and moving to a **HOLD** rating (was BUY). We would revisit our valuation and rating upon successful and consistent management execution over subsequent quarters.

Q2 FINANCIAL SUMMARY: Companywide production of 46.0 koz was pre-reported and Q2 AISC of US$930/oz was below our estimated US$1,215/oz, lower than in Q1, driven by lower unit costs. CFPS of $0.13 was higher than our $0.04 estimate and consensus of $0.05, driven by lower costs and higher tax recovery than estimated.

GUIDANCE REVISION: Initial results from ongoing mining reconciliation process identified blast movements as source of ore losses and dilution at the Nkran pit. At Akwasiso, deeper than expected levels of artisanal workings were identified, leading to less oxides and more fresh ore being available. Management has lowered 2017 operational guidance to 205 – 225 koz at AISC of US$920/oz – US$960/oz (Prior: 230 – 240 koz at AISC of US$880/oz – US$920/oz). We believe this is achievable with ~208k oz annualized H1 production at an AISC of US$945/oz.

VALUATION IMPACT: We have revised our model to align our estimates with the revised guidance. For 2017, we now estimate production of 207k oz (prior ~240k oz) at AISC of US$960/oz (prior US$890/oz). We have also adjusted our 2018 estimates conservatively lower to 230k oz (prior ~270k oz) at AISC of US$939/oz (prior US$890/oz). Our revised estimates reflect conservatively modelled lower throughput from the satellite pits and lower grades from both Nkran and the satellite pits. These changes drive our revised corporate NAV of US$689 MM or US$3.39/share and our 2018E CFPS of US$0.38/share (prior US$0.52/share). We have also lowered our target setting multiple on our 2018E CFPS to 4.0x (prior 11.0x), below peers trading at an average of 5.2x and are revising our target price to $3.25 per share.

LIQUIDITY & BALANCE SHEET IMPACT: We model capex spend for the conveyor from Q3/18 onwards and have assumed deferral of the debt repayment by one year, with repayment beginning in Q3/19. After reflecting management's revised guidance in our model, we estimate a minor cash short fall of (US$7 MM) by YE 2020 in our conservatively revised model (prior est. cash balance US$20 MM). We believe the Company could potentially plug this funding gap through potential cost savings from the optimized DFS or rescheduling amortizartion of debt/other WC management.

RECOMMENDATION: The revision of guidance has changed our liquidity outlook for the Company. In our opinion, any further operational slippage will increase our estimated cash deficit, resulting in increased funding requirement which we believe would be challenging under the prevailing market sentiments for AKG. In our opinion, it is imperative for the management to rebuild market confidence by delivering on operational milestones and demonstrating the ability to plug our estimated funding gap. We are moving to a **HOLD** rating (was BUY) at our revised target price of **$3.25** per share (was $6.25 per share).

Figure 1: Q2 Actuals vs Clarus Estimates

AKG Second Quarter 2017		2Q17 Actual	2Q17 Clarus	Variance (%)	1Q17 Actual	Variance (%)
OPERATING RESULTS						
Obotan						
Strip Ratio (Waste:Ore Milled)		6.2	6.2	0%	5.5	13%
Tonnes	kt	887	887	0%	908	-2%
Grade	g/t	1.70	1.70	0%	2.05	-17%
Recoveries	%	94%	94%	0%	95%	-1%
Consolidated Gold Production	**koz**	**46**	**46**	**0%**	58	-21%
Equity Gold Production	koz	41	41	0%	52	-21%
Cash Operating Costs	US$/t Milled	30	48	-38%	37	-20%
Cash Operating Costs	**US$/oz**	**572**	**916**	**-38%**	**578**	**-1%**
Total Cash Costs	(US$/oz)	634	978	-35%	638	-1%
Sustaining Capex	(US$/oz)	244	174	41%	274	-11%
G&A	(US$/oz)	70	58	21%	39	80%
Exploration	(US$/oz)	2	14	-88%	3	-49%
AISC	**(US$/oz)**	**930**	**1,215**	**-23%**	956	-3%

Source: Company Reports, Clarus Securities Inc.

Figure 2: AKG Liquidity Outlook

2020 Estimated Cash Balance At $1,300/oz gold *(amounts in US$ MM, unless stated otherwise)*	Clarus PRIOR	Clarus NEW
Beginning Cash Balance - Q2/17	$55	$55
Cummulative CFO (Q3/17 - Q4/20)	$326	$249
Sustaining Capex (Q3/17 - Q4/20)	$37	$31
P5M Expansion Capex (Q3/17 - Q4/20)	$31	$31
Conveyor Capex (Q3/17 - Q4/20)	$110	$110
Exploration (Q3/17 - Q4/20)	$7	$7
Debt Repayment (Q3/17 - Q4/20)	$150	$105 *
Ending Cash Balance	**$20**	**($7)**

* *Assumed 1 year deferral of debt repayment; Beyond 2020, no growth capex spend and Company starts generating FCF*

Source: Clarus Securities Inc.

Target Price Calculator: We value AKG using a blended corporate NAV (50% weight) and CFPS multiple (50% weight) approach. For our corporate NAV analysis we apply a 1.0x multiple to our project NAV (based on Project 5M only; no value attributed to Project 10M) estimate. We also account for corporate adjustments. Using the CFPS multiple approach we apply a multiple of 4.0x to our 2018E CFPS.

Key Risk to Target Price: Please refer to the risks disclosed in the initiating report dated 10/04/2012.

Asanko Gold (AKG - TSX), BUY, Target: $3.25

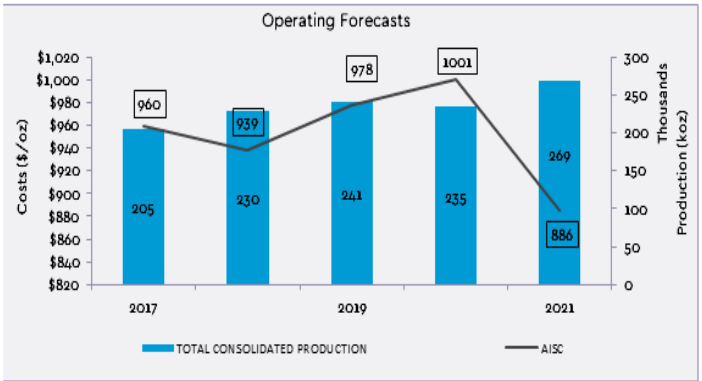
Rating	BUY	Target Price	$3.25	Basic Shares O/S	203.4
12-Month Return	192.8%	Previous Close	$1.11	Market Cap. C$M	$225.8
				Fully-Diluted Shares O/S	203.4

USD MM except per share data and unless otherwise noted

CAPITAL STRUCTURE	Strike Price $/share	Maturity Date	Number	Shares (MM)
Shares Outstanding				203.4
Warrants Outstanding	$1.83	Dec-18	4.0	0.0
Options Outstanding	$2.75	Mar-17	15.7	0.0
Assumed Equity Financing				0.0
FD Shares (incl. ITM Options plus Warrants)				**203.4**

NET ASSET VALUE (USD)	Discount rate	$M	$/share
Asanko Gold Mine (90.0%), Ghana	3.0%	$799	$3.93
Government Carried Capex (10%)	3.0%	($14)	($0.07)
Sub-Total		**$ 784**	**$ 3.86**
Multiple to Development Assets	**1.0x**		**$3.86**
In-Situ Valuation of Exploration Potential			
Gold Exploration Properties		$ -	$ -
Other		-	-
Sub-total		$ -	$ -
Corporate Adjustments			
Basic Working Capital		$55	$0.27
Value of ITM Instruments		$0	$0.00
Long-term Debt		($150)	($0.74)
Estimated Working Capital Additions		$0	$0.00
Estimated Debt Additions		$0	$0.00
Sub-total		**-$95**	**-$0.47**
Total Corporate NAV	**US$/share**	$689	$3.39
CFPS 2018E	**US$/share**	**$ 77**	**$0.38**
CFPS Multiple	4.0x	$309	$1.52
Blended Valuation	**US$/share**	**$ 659**	**$ 2.45**
Target Price	**C$/share**	**$689**	**$3.25**
P/NAV			0.26x

PRODUCTION ESTIMATES					
Calendar Year		**2016A**	**2017E**	**2018E**	**2019E**
Attibutable Production	koz	133	185	207	217
Consolidated Gold Sales	**koz**	**148**	**207**	**230**	**241**
COST ESTIMATES					
Calendar Year		**2016A**	**2017E**	**2018E**	**2019E**
Total Cash Costs	$/oz	$ 658	$ 745	$ 852	$ 900
Sustaining Capex	$/oz	$ 309	$ 146	$ 40	$ 38
G&A	$/oz	$ 62	$ 61	$ 31	$ 25
Exploration	$/oz	$ 5	$ 9	$ 15	$ 15
All-In Sustaining Costs (AISC)	**$/oz**	**$ 1,034**	**$ 960**	**$ 939**	**$ 978**



FINANCIAL SUMMARY				USD
Calendar Year	**2016A**	**2017E**	**2018E**	**2019E**
Gold Price (US$/oz)	$1,230	$1,259	$1,300	$1,300
Realised Gold Price (US$/oz)	$1,248	$1,257	$1,300	$1,300
**Realised Gold Price due to timing of sales*				
EPS	($0.04)	$0.07	$0.09	$0.09
P/EPS	nm	12.8x	9.6x	9.6x
Target/EPS	nm	35.6x	26.7x	26.9x
CFPS	$0.37	$0.41	$0.38	$0.36
P/CFFOPS	2.4x	2.1x	2.3x	2.5x
Target/CFPS	6.7x	6.0x	6.5x	6.9x
Income Statement				
Revenue	$185	$261	$298	$313
Operating Expenses	($98)	($156)	($196)	($217)
Depreciation	($53)	($47)	($39)	($35)
General & Adm.	($9)	($13)	($7)	($6)
Other	($7)	$0	$0	$0
Exploration Exp.	($1)	($2)	($3)	($4)
Net Interest Expense	($17)	($16)	($15)	($14)
Taxes Expense	($10)	($10)	($13)	($13)
Other	$2	($4)	($6)	($6)
Net Income	($8)	$14	$19	$19
Cash Flow from Combined Phase I & II				
Operating CF	$73	$84	$77	$72
Dividend	$0	$0	$0	$0
Borrowings	$0	$0	$0	$0
Repayments	$0	$0	$0	($45)
Share Issuance	$5	$4	$0	$0
Financing CF	($4)	($6)	($12)	($51)
Investing CF	($78)	($90)	($46)	($83)
Change in Cash	($12)	($20)	$19	($61)
Free Cash Flow (bef div and fin.)	($31)	$0	$31	($10)
Free Cash Flow Yield	-18.1%	0.1%	18.3%	-6.0%
Balance Sheet				
Cash & Equivalents	$60	$40	$59	($2)
Current Assets	$120	$103	$122	$60
Current Debt	$0	$0	$0	$60
Current Liabilities	$47	$43	$88	$103
Long-term Debt	$150	$150	$150	$90
Shareholder Equity	$416	$436	$455	$474

MODELLED RESERVES & RESOURCES	MMt	g/t	MMoz	Mine Life (yr)
Gold Assets				
Asanko Gold Mine (90.0%), Ghana	99.9	1.6	5.0	21.0

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The analyst has visited the Company's mining operations in Ghana. Partial payment or reimbursement was received from the issuer for the associated travel costs.
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Buy: Attractively valued and expected to appreciate significantly from the current price over the next 12-18 months.
Speculative Buy: Expected to appreciate significantly from the current price over the next 12-18 months. Financial and/or operational risk is high in the analyst's view.
Accumulate: Attractively valued, but given the current market price, is expected to appreciate moderately over the next 12 -18 months.
Hold: Fairly valued and expected to trade in line with the current price over the next 12-18 months.
Sell: Overvalued and expected to decline from the current price over the next 12-18 months.
Under review: Pending additional review and/or information. No rating presently assigned.
Tender: Company subject to an acquisition bid: accept offer.
A summary of our research ratings distribution can be found on our website.

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HAYWOOD CAPITAL MARKETS
SECURITIES INC.
Member of the Canadian Investor Protection Fund

Asanko Gold Inc. (AKG-T, $1.11)

Rating	**HOLD**	*(from Buy)*
Target Price	**$2.00**	*(from $4.50)*
Return	**80%**	
Overall Risk Rating	**High**	

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Q2/17 Financials Beat Estimates but Overshadowed by 2017 Guidance Revision

Company Profile
About the Company – Asanko Gold is a gold producing company now entering the 2nd year of gold production at the Asanko Gold Mine (AGM). The AGM is engaged in ramping through Project 5 M, and is expected to complete Project 10 M by 2021 that shows the potential for annual production of ~0.45 million ounces gold by 2022.
Website – www.asanko.com
CEO – Peter Breese

Company Data

52-Week High/Low	$6.09/ $1.29
YTD Performance	-73%
Dividend Yield	N/A
Shares O/S	203 M (basic)/ 206 M (F/D)
Market Capitalization	$226 M
Cash[1]	US$55 M
LT Debt[1]	US$156 M
Working Capital[1]	US$75 M
Enterprise Value	$328 M
Daily Volume	1,586,290
Currency	C$ unless noted

June 30th 2017 financials

Haywood Estimates
USD

	2016A	2017E	2018E
Revenue (M)	185	262	337
OCF (M)	74	89	100
OCF / sh	0.36	0.44	0.49
Prod (koz)	161	212	265
Cash Cost ($/oz)	593	727	799
AISC	896	942	899

Price Performance

Source: Capital IQ and Haywood Securities

Event | Q2/17 Financials and 2017 Guidance Downward Revision

Valuation | Our target price of $2.00 is based on an 0.5x P/NAV multiple to our estimated corporate net asset value (NAV)6% is $4.21 per share.

Impact – Negative | While financial results beat our estimates, lower 2017 production guidance (with a higher AISC) places another drag on operations and sentiment.

- **Q2/17 Financials:** The Company reported revenues of US$60 million, EBITDA of US$25 million, and operating cash flow (before changes in working capital) of US$26.7 million (US$0.13/sh), which exceeded our estimates of EBITDA of US$25 million, and operating cashflow (before changes in working capital) of US$13 million (US$0.06/sh). Q2/17 AISC of $930/oz gold came in better than our estimates of $988/oz gold and were lower than Q1/17 reported AISC of $956/oz gold. Total cash costs were reported at $634/oz, which was less than our expectations of US$902/oz largely on the deferral of US$11 million in waste stripping costs. Mining costs and processing costs for the quarter came in at $3.22/t and US$12.80/t respectively, which is lower than Q1/17 costs of $3.89/t and $13.36/t, and our estimates of US$3.90/t and US$13.50/t.
- **Q2/17 Operations:** Gold production of 46,017 ounces together with sales totalling 48,461 ounces gold. Operations data showed a dip in processing rates with processing of 887 kt of ore material (~9,747 tpd). Average mill head grade of 1.68 g/t gold. Gold recoveries continue to be stable at 94.1%. Mining strip ratios in Q2/17 were 6.2:1 with the exploitation of 1.048 Mt of ore grading 1.5 g/t gold. Notably grade reconciliation between the resource model and the grade control model for May to July were reportedly within 2%. In addition, the stated remediation of 1.1 Mt of West Wall has now been completed with the overall push back continuing. Plant tie-ins for the volumetric upgrade to 5 Mtpa are now complete with periods running at 625 tph.
- **Revised Guidance:** The Company has reduced the full year production and AISC guidance respectively to 205-225 Koz (previously 230-240 Koz) and US$920-US$960/oz (previously US$880–US$920/oz) reportedly due to a number of factors, including artisanal workings occurring to a greater than expected depth at Akwasiso, and the consequent less extensive nature of upper oxide gold mineralization than originally interpreted, as well as elevated mine dilution and ore loss experienced at Nkran. Such variances are now projected to translate to lower mining rates from Akwasiso, which are expected to be augmented by Dynamite Hill feed in late Q4/17.
- **2017 Forecasts:** We have revised our 2017 guidance to 212 koz of gold at a cash operating cost of $727/oz and AISC of US$942 per ounce. Our forecasts drive revenues of US$262 million, EBITDA of US$94 million, and OCFPS of US$0.44 per share.
- **Target Price, Ratings:** We have reduced our target to $2.00 and our rating to Hold on the consideration that sentiment will remain poor until such stage that management can demonstrate that operations are performing to the revised plan and that mining activities at Akwasiso, Dynamite Hill and Nkran are delivering to plan and executing planned improvements to mitigate reported levels of ore dilution and ore loss.

Catalysts | 1) Commissioning of 5M plant – Q4/17, and 2) Dynamite Hill start – Q4/17.

Please see page 9 for Analyst Certification, and pages 9 - 11 for Important Information, Legal Disclaimers, Rating Structure, and notes.

Asanko Gold Inc.	TSX:AKG	Price $1.11	Rating: Hold	Risk: High
3-Aug-17	Shares O/S (M) 203	MCap (C$) (M) $226	Target: $2.00	Return: 80%

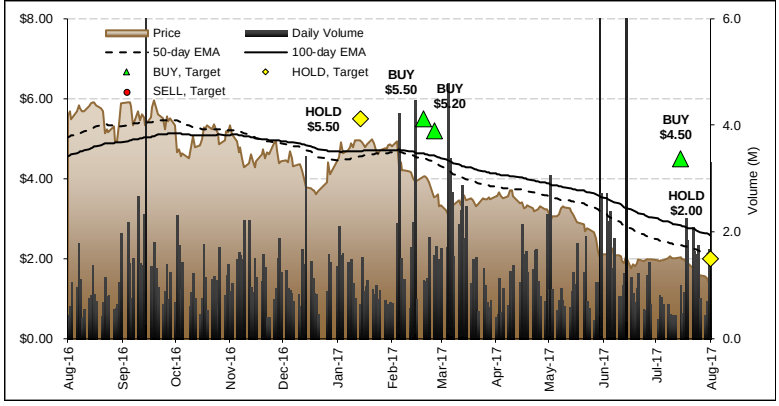
A gold producing company that implimented strategic asset and area consolidation to facilitate appreciable organize growth potential. We anticipate that Asanko offers the potential to deliver around 450 koz/yr by 2022. Asanko declared commerical production in Q2/16, and thereafter have been incrementally ramping production.

Investment Highlights

- **Asanko Gold Inc. is a cash-rich development stage gold company that holds >10 Moz gold in resources, and close to 5 Moz gold in 2P reserves that are now being from a central processing facility that is operating at beyond original capacity (3.0 Mtpa) and existed Q4/16 at a throughput rate of 3.6 Mtpa.**

- **Development of the processing plant will be staged (Initial Capacity- 3 Mpta: SABC whole rock CIL circuit), which commenced commerical production in Q2/16. Project 5M expansion of CIL plant, completion of overland conveyor and Esaase mine site by late 2018 with the plant expansion due to be complete around late 2017. Project 10 M is expected to be completed by 2021 and involve the ramp up of Esaase mining. Initial production from the 'Asanko Gold mine has started to exploit material from Nkran, and is due to exploit Dynamite Hill starting in late Q4/17 with Akwasiso having now commenced production.**

Asanko Gold Inc. Chart



Financials

	2013A	2014A	2015A	2016E	2017E	2018E
Commodity & Exchange Rate Forecasts						
Forecast Gold Price, US$/oz	$1,414	$1,266	$1,161	$1,248	$1,244	$1,300
C$/US$ FX Rate	1.01	1.09	1.28	1.32	1.34	1.33
Income Statement						
Net Revenue, $M	-	-	-	185.2	262.3	337.0
EBITDA, $M	(0.0)	(16.1)	(10.1)	43.2	94.0	116.3
Net Income, $M	(1.7)	(22.6)	(8.3)	(13.2)	(18.7)	(10.0)
Net Income per share	(0.02)	(0.14)	(0.04)	(0.07)	(0.09)	(0.05)
Balance Sheet						
Cash & Equiv, $M	174.6	228.7	114.8	59.7	69.7	102.6
Working Capital, $M	170.8	213.7	63.5	72.3	50.5	47.5
Shares Outstanding (M)	85.0	164.4	194.4	201.8	203.4	203.4
Cash Flow						
OCF before Δ in WC, $M	(10.1)	(16.3)	(8.3)	73.6	89.4	100.1
OCF before Δ in WC per share	(0.12)	(0.10)	(0.04)	0.36	0.44	0.49
Cash flow from Operations, $M	(9.6)	(22.8)	(10.8)	55.0	87.9	102.8
Cash Flow From Investing, $M	(14.9)	20.2	(219.8)	(105.9)	(74.6)	(36.8)
Cash Flow From Financing, $M	(3.8)	59.0	120.5	(3.9)	(3.4)	(33.1)

** All figures presented in United States dollars unless noted* *Spot Exchange Rate (C$/US$): 1.26*

Trading Statistics (C$) / Capital Structure

52 Week High/Low	$6.09 / $1.29		Average Daily Vol (M)	1.40
Ownership (M)	Shares O/S, M	% O/S	Major Shareholder (%)	
Institutional	87	43%	Fiera Capital Corporation	8%
Management & Insiders	16	8%	Sun Valley Gold LLC	5%
			Van Eck Associates Corporation	5%

Last Financing

11-Feb-15	C$40.0 million	Bought deal	19.8M shares at C$2.02/sh
Shares O/S - Basic, F.D.		203.4	223.1

(C$) (M)	Av Strike	Basic	ITM	Proceeds
Cash & Equiv				$69
Options	$1.97 - $6.10	15.7	-	-
Warrants	$2.54	4.0	-	-
Total Cash & ITM		19.7	-	$69
Market Cap				$226

Corporate NAV Summary

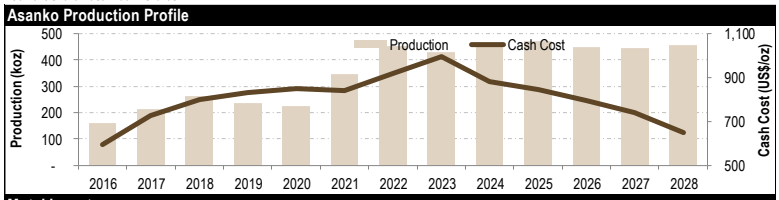
	NAV 8%		NAV 6%		NAV 5%	
Per Share	C$M	C$/share	C$M	C$/share	C$M	C$/share
Asanko Gold Mine PNAV	894	$4.35	1,025	$4.98	1,100	$5.35
Project NAV	894	$4.35	1,025	$4.98	1,100	$5.35
Corporate Adjustments	(131)	($0.64)	(147)	($0.71)	(155)	($0.75)
Corporate NAV	763	$3.71	878	$4.27	945	$4.59

Current Share Base: 203 M shares

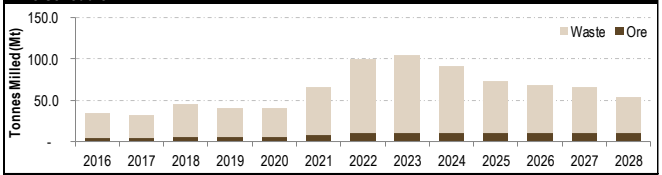
Production Profiles

Asanko Gold Mine (Ghana)	2016A	2017E	2018E	2019E	2020E	2021E	2022E
Material Mined (Mt)	29.4	28.1	40.0	35.0	35.1	58.7	89.5
Strip Ratio (waste:ore)	5.43	5.83	7.00	6.00	6.00	6.81	7.94
Mill Throughput (tpd)	8,325	10,536	13,700	13,700	13,700	20,606	27,400
Tonnes Milled (Mt)	3.0	3.8	5.0	5.0	5.0	7.5	10.0
Production (koz Au)	162	213	266	239	228	350	454
Head Grade (g/t Au)	1.8	1.8	1.8	1.6	1.5	1.6	1.5
Recoveries (% Au)	93%	94%	93%	93%	93%	93%	93%
Payable Production (koz Au)	161	212	265	238	227	348	451
Cash Cost, US$/oz Au	593	727	799	834	851	841	916
Operating Costs (US$/t milled)	32	43	42	40	38	39	41

Asanko Production Profile



Mine Schedule

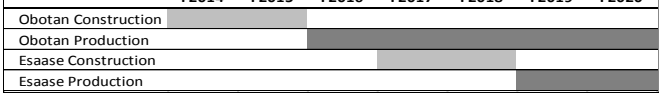


Metal Inventory

	Category	Tonnes (M)	Au (g/t)	Au Moz
Nkran	Proven & Probable	37.53	1.77	2.14
Open-Pit Project	Measured	8.87	1.65	0.47
	Indicated	53.96	1.61	2.79
	Inferred	9.86	1.55	0.49
Total	Proven & Probable	63.3	1.50	3.06
Open-Pit Project	Measured	28.5	1.34	1.23
	Indicated	69.1	1.35	3.00
	Inferred	0.5	1.09	0.02
Asanko Gold Mine	**Modelled**	**107.5**	**1.57**	**5.32**

Note: Reserves & resources presented on a 100%-basis *Resources inclusive of reserves*

Timelines



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Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

Investment Thesis

Our investment thesis for Asanko is built on our belief that it holds a critical mass of gold resources and reserves at Esaase and Obotan. These resources and reserves can be developed to provide the Company with growth capacity and processing optimality to start initial production at a cost low enough to weather potential commodity price volatility. The development framework envisages a single plant site at Obotan near the Nkran deposit. Development will be compartmentalized, with Phase 1 comprising a 3.0 million tonne per annum (Mtpa) semi-autogenous grinding / ball mill (SABC) whole-rock carbon in leach (CIL) processing circuit (now operating at 3.6 Mtpa). Initial feed will be delivered from Nkran, then after pre-stripping activity, from satellite deposits around Nkran to supply any latent mill capacity (we project throughput could track above a rate of ~4 Mtpa by late 2017). Mill throughput rates now well exceed nameplate, with recent data showing annualized rates of ~3.6 Mtpa. Thereafter, we expect mill throughput rates to lift to 5 Mtpa in early 2018, and given our view on positive movements in the gold price in the future, we project the commencement of the construction of the overland conveyor in 2018. On the expected completion of the overland conveyor around the end of 2019, oxide material from Esaase to anticipated to support the Project 5 M ore blend at a rate of ~ 2-3 Mtpa until such time that Project 10 M is completed. Project 10 M is expected to be completed in 2021 with rates of material supply from Esaase expected to lift to around 7 Mtpa to support two 5 Mtpa CIL processing lines. We estimate a total capital cost of US$350 million for the Project 5M and 10M expansions.

We note that the Company declared commercial operations in April 2016 at the Asanko gold mine (AGM). Phase 1 of the mine had ramped up to steady-state operations by the end of Q3/16, with throughput in H2/17 projected to move further up on current levels. We anticipate that higher throughput rates will require the addition of production supplied to the plant from satellite deposits (e.g., Akwasiso in mid-2017 (mining has now commenced, albeit somewhat stilted), and Dynamite Hill by late Q4/17). A protracted multi-phase development schedule to build Project 10M for commercial production in 2021 is consistent with our commodity price assumption with additional development capital funded through operating cash flow, and potentially the expansion of the prevailing debt capacity. For AGM Project 5M, we note the potential to integrate new satellite deposit discoveries proximal to Nkran (Adubiaso Extension) into the mine plan throughout its operating life.

Underlying the Asanko gold mine are defined proven and probable (2P) reserves containing 5.11 million ounces (Moz) of gold, and a global resource base containing 8.14 Moz of gold. At Obotan, the collective deposits host a global resources base containing 3.75 Moz of gold grading 1.61 grams per tonne (g/t) gold. The 2P reserves are estimated at 37.54 million tonnes (Mt) grading 1.77 g/t gold containing 2.14 Moz. The Esaase deposit hosts a global resources base containing 4.39 Moz of gold grading 1.34 g/t gold. The 2P reserves are estimated at 63.27 Mt grading 1.46 g/t gold containing 2.97 Moz.

In our latest estimate for these assets, we believe that an expanded single processing plant could have the potential to deliver ~13 years of production from an open-pit mining operation that feeds an up to 10 Mtpa processing plant (crush/grind comminution, gravity separation and CIL processing), to deliver an average annual output of 367,000 ounces of gold at a life-of-mine cash operating cost of ~US$812 per ounce (/oz) and all-in sustaining cost (AISC) ~US$885/oz. These modelled parameters and asset characteristics place Obotan-Esaase as an asset capable of delivering appreciable gold production for a 10^{+}-year period. As well, we model the introduction of oxide material from Esaase into an expanded 5 Mtpa CIL plant in 2019 and an additional 5 Mtpa plant in 2021 (for total combined capacity of 10 Mtpa: Project 10M). Assuming total capex of US$350 million and our current cost estimates, Asanko should be able to fund the development through cash flow and existing debt facilities.

Significant Investment Risks

The investment to which this report relates carries various risks which are reflected in our Overall Risk Rating. We consider the following to be the most significant of these investment risks:

- **Valuation Risk:** The Company trades at a discount to the risk-adjusted net asset value (NAV)6% that we derive for the Asanko gold mine in Ghana, plus corporate adjustments. Our forecasts are supported by the technical reports for the Asanko gold mine, including the most recent update for the Asanko Gold mine in the June 2017 DFS. Our model integrates data from these summaries and includes further modifications related to our projections in the commencement and completion of Projects 5 M and 10 M, as well as considered implications to related to recent mining and processing schedule revisions

- **Financial Risk:** As of June 30, 2017, Asanko had a cash position of US$55 million, working capital of US$75 million, and debt of US$156 million (all classified as long-term). Based on an amended debt agreement with Red Kite, we project Asanko as being fully funded for the development of Obotan and Esaase under an expanded scenario (redefined as Projects 5M and 10M). The debt facility with Red Kite has a ceiling of 2.22 Moz of gold within a defined offtake agreement. The offtake can be terminated for a fee that is variable and depends on the total funds drawn and the gold delivered into the offtake agreement. The offtake obligations started on first drawdown of debt. We note that our estimates assume the funding of Projects 5M and 10M are expected to be offset by cash flow generated from the Nkran and its satellites, although an accelerated development schedule, lower commodity price environment, or significant cost deviations from our estimates would require Asanko to seek additional funding to complete Project 10M.

- **Forecast Risk:** Haywood's assumptions on operating and cost parameters for the Asanko gold mine predicated on the 2015 Phase 2 PFS have been augmented for recent changes in scope for a phased two-stage development for Esaase, and for the Obotan (Nkran) project in the June 2017 DFS. For Obotan near-term production, we utilize the 2017 DFS and incorporate some of our own modifications. Modifications include variation of grade profile based on the results of recent mining activity, and reserves and guidance updates, as well as revised processing plant throughput projections. For the integration of Esaase, we have incorporated a staged development with the expansion of existing processing plant capacity to 5.0 Mtpa by late 2017 and contribution of Esaase oxide material after the completion of the overland conveyor that we project to commence construction later in 2018. Thereafter we estimate the construction of an additional 5.0 Mtpa plant for the commencement processing of Esaase sulphide ore material in 2021. For Projects 5M-10M, we model total capex of US$350 million.

  Given the ramp-up stage of the Asanko gold mine (effectively the Obotan project) and the resultant lack of operating history, we are ascribing a high forecast risk, as there is no assurance that Asanko will realize the parameters (production, costs, and timelines) outlined in the technical reports or our internal estimates. Additional considerations include variations in mining and processing schedule and costs. A protracted ramp-up period to commercial production or capital overruns (or lower synergies than estimated) may require Asanko to seek additional funding outside the debt financing captured in our formal valuation.

- **Political Risk:** Ghana has an extensive mining heritage, with numerous gold-mining operations run by companies including Newmont Mining (NEM-N; not rated), Kinross Gold (KGC-N; not rated), AngloGold Ashanti (AU-N; not rated), Perseus Mining (PRU-AU; not rated), Endeavour Mining (EDV-T, Buy, TP $35.00), and Golden Star Resources (GSC-T; not rated). In a global context, Ghana ranks within the top 10 gold-producing countries, accounting for 3.4% of global gold production in 2013 (source: Bloomberg) and is second in Africa behind South Africa. In light of the number of both gold operations and foreign investments within the sector, in addition to an established

history of political and fiscal stability, we assign an overall Moderate political risk rating to Asanko. In terms of broader survey data, 2016 Fraser Institute's Global Survey ranked Ghana as the 33rd jurisdiction in the Mineral Potential Index, assuming current regulations and land use restrictions. Ghana also ranks 34th in the Policy Perception Index, ahead of Burkina Faso at 51st and South Africa, the largest gold producer in Africa, at 84th.

Our Risk Profile Parameters ratings and Overall Risk Rating are set out on the cover page and are explained in our Rating Structure section under "Overall Risk Rating". These ratings are an integral part of our Report.

Q2/17 Financials and 2017 Guidance Update

Q2/17 Financials:

The company reported revenues of US$60 million, EBITDA of US$25 million, and operating cash flow (before changes in working capital) of US$26.7 million (US$0.13/sh), which exceeded our estimates of EBITDA of US$25 million, and operating cashflow (before changes in working capital) of US$13 million (US$0.06/sh).

Reported Q2/17 AISC of $930/oz gold came in better than our estimates of $988/oz gold and were lower than Q1/17 reported AISC of $956/oz gold. Total cash costs were reported at $634/oz, which was less than our expectations of US$902/oz largely on the deferral of US$11 million in waste stripping costs. Mining costs and processing costs for the quarter came in at $3.22/t and US$12.80/t respectively, which is lower than Q1/17 costs of $3.89/t and $13.36/t, and our Q2/17 estimates of US$3.90/t and US$13.50/t.

Figure 1: Selected Quarterly Financials and Operating Performance Data Q/Q Comparison

Financials (US$) - Asanko Gold	Q1/17 A	Q2/17 E	Q2/17 A
Revenues, net	$ 70	$ 60	$ 60
EBITDA	$ 29	$ 16	$ 25
Net Income (Loss)	$ 8	$ (15)	$ 1
Net Income (Loss) / sh	$ 0.04	$ (0.07)	$ 0.01
Operating CF before ΔWC	$ 29	$ 13	$ 27
Operating CF before ΔWC / sh	$ 0.14	$ 0.06	$ 0.13
Consolidated Operations	**Q1/17 A**	**Q2/17 E**	**Q2/17 A**
Total Cash Cost (US$/oz Au)	$ 638	$ 902	$ 634
All-In Sustaining Costs (US$/oz Au)	$ 956	$ 988	$ 930
Key Performance Data	**Q1/17 A**	**Q2/17 E**	**Q2/17 A**
Tonnes of ore mined (000s)	1,017	-	1,049
Tonnes of ore milled (000s)	908	-	887
Mining cost ($/t mined)	$ 3.89	$ 3.90	$ 3.22
Processing cost ($/t treated)	$ 13.36	$ 13.50	$ 12.80
Average mill head grade (g/t)	2.05	1.73	1.68
Average recovery rate (%)	95.0	94.0	94.1

Source: Haywood Securities

Q2/17 Operations:

Gold production for the quarter came in at 46,017 ounces with total gold sales amounting to 48,461 ounces sold at an average price of US$1,238 per ounce. For the period, operating data showed a dip in throughput rates with processing of 887 kt of ore material (~9,747 tpd). Average mill head grade was reported at 1.68 g/t gold.

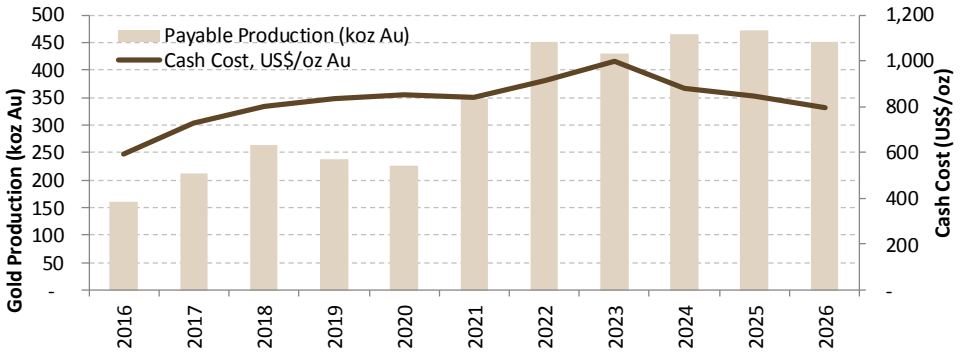
Gold recoveries through the processing plant continue to be stable at 94.1%. Mining strip ratios in Q2/17 were 6.2:1 with the exploitation of 1.048 Mt of ore grading 1.5 g/t gold. Total mined ore material at Akwasiso in Q2/17 amounted to 22,961 tonnes grading 1.2 g/t gold.

Notably grade reconciliation between the resource model and the grade control at Nkran for May to July were reportedly within 2%, although we note that such did not include the projected ore dilution and ore loss attributed to mining activities on extraction of ore to the mill. At Nkran, the Company reported experiencing greater than expected dilution and ore losses during the quarter (each about 10%) on exploiting material from the lower grade Central Sandstone, and are now looking to moderate such losses through the integration of blast movement technology to monitor material movement and better marry with mine planning, as well as better reconcile actual mining results with those dilution and ore loss parameters projected in the reserve model. We note that mining in the Nkran pit has recently moved to the south west portion of the pit with average ore grades reportedly being around 1.9 g/t gold. Average ore grade for Nkran over the remainder of the year was estimated to range between 1.80 g/t and 1.85 g/t gold. Grade control drilling now covers around 3 months of ore material ahead of production, and is expected be maintained at that level going forward. Further, the stated remediation of 1.1 Mt of West Wall has now been completed with the overall push back (now in the south east) continuing. Plant tie-ins for the volumetric upgrade to 5 Mtpa are now complete with periods running at 625 tph. The Knelson concentrator is expected to be commissioned in the second half of Q4/17.

2017 Guidance Revision

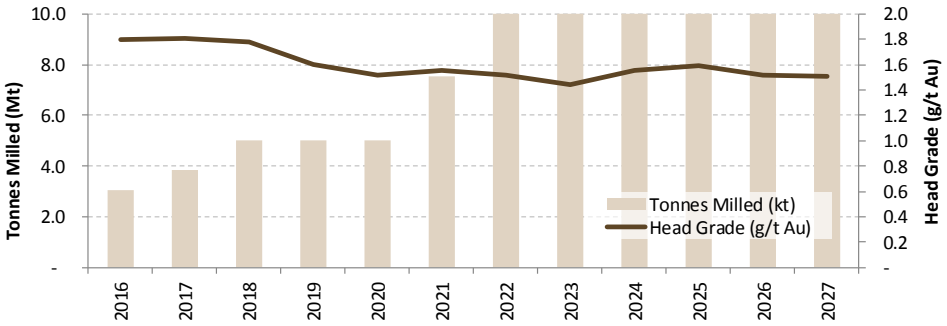
The company has reduced the full year production and AISC guidance to 205-225 Koz (previously 230-240 Koz) and US$920-US$960/oz respectively (previously US$880 – US$920/oz) reportedly due to a number of factors. These factors include artisanal workings occurring to a greater than expected depth at the Akwasiso deposit thereby heightening the amount of waste material above the now deeper ore interface, and consequently lowering the amount of total ore material. Further, upper oxide gold mineralization is now deemed to be less extensive nature of than originally interpreted, which affected overall mining and processing rates. Such variances are now projected to translate to lower rates of mining in H2/17 from Akwasiso, which are expected to be augmented by oxide feed from Dynamite Hill in late Q4/17. In addition, elevated mine dilution and ore loss experienced at Nkran was another factor attributed to inducing a reduction in the annual guidance, and measures are being undertaken in H2/17 to mitigate these reportedly high levels of ore loss and ore dilution.

Figure 2: Annual Gold Production and Cost Forecast Histogram



Source: Haywood Securities

Figure 3: Annual Mill Throughput Versus Average Head Grade (Asanko gold mine, including expansion)



Source: Haywood Securities

Figure 4: Operating and Financial Estimates

For the period ending	2015A Dec-15	2016A Dec-16	2017E Dec-17	2018E Dec-18	2019E Dec-19	2020E Dec-20	2021E Dec-21	2022E Dec-22
Financials (US$)								
Revenues, net	-	185	262	337	326	311	485	628
EBITDA	(10)	43	94	116	119	109	184	207
Net Income (Loss)	(8)	(13)	(19)	(10)	(71)	(78)	43	151
Net Income (Loss) / sh	(0.04)	(0.07)	(0.09)	(0.05)	(0.35)	(0.38)	0.21	0.73
Operating CF before ΔWC	(8)	74	89	100	113	108	178	162
Operating CF before ΔWC / sh	(0.04)	0.36	0.44	0.49	0.56	0.53	0.87	0.79
** All figures expressed in US dollars and millions except per share amounts*								
Consolidated Operations								
Gold Prod (Koz)	-	161	212	265	238	227	348	451
Cash Cost (US$/oz Au)	-	593	727	799	834	851	841	916
All-In Sustaining Costs (US$/oz Au)	-	896	942	899	987	968	900	961
Operating Costs (US$/t milled)	-	32	43	42	40	38	39	41
** Cash Operating Cost includes onsite costs but excludes royalties / production taxes and offsite costs*								

Source: Company reports and Haywood Securities

Valuation

We have lowered our target price to $2.00, also lowered our rating to Hold. Our target is based on using a 0.5x P/NAV multiple to our estimated corporate net asset value (NAV)6% of $4.21 per share.

Figure 5: Gold Producers Comparables Table

COMPANY COMPARABLES	M Cap	Ent Value	P/CF			EV/CF		
** Bloomberg Consensus*	US$M	US$M	2016	2017	2018	2016	2017	2018
Alamos Gold Inc. (TSX:AGI)*	$2,300	$2,150	13.6x	14.8x	11.9x	12.7x	13.9x	11.2x
Argonaut Gold Inc. (TSX:AR)*	$311	$253	7.7x	6.4x	4.1x	6.2x	5.2x	3.4x
Dundee Precious Metals Inc. (TSX:DPM)*	$378	$358	4.8x	4.4x	3.3x	4.5x	4.2x	3.1x
Klondex Mines Ltd. (TSX:KDX)*	$559	$558	7.5x	7.3x	4.2x	7.5x	7.2x	4.2x
Regis Resources Limited (ASX:RRL)*	$1,556	$1,484	11.7x	10.5x	9.2x	11.1x	10.0x	8.7x
SEMAFO Inc. (TSX:SMF)*	$750	$570	5.2x	9.0x	4.6x	3.9x	6.8x	3.5x
		Average	**8.4x**	**8.7x**	**6.2x**	**7.7x**	**7.9x**	**5.7x**
	Average (excl. H/L)		**8.0x**	**8.3x**	**5.5x**	**7.4x**	**7.3x**	**5.0x**
Asanko Gold Inc. (TSX:AKG)	$180	$ 261	2.4x	2.0x	1.8x	3.5x	2.9x	2.6x

Source: Bloomberg and Haywood Securities

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BUY –The analyst believes that the security will outperform other companies in their sector on a risk adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) BUY rating.

HOLD – The analyst believes that the security is expected to perform in line with other companies in their sector on a risk adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) HOLD rating.

SELL – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to under-perform other companies on a risk adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) SELL rating.

TENDER – The analyst is recommending that investors tender to a specific offering for the company's stock.

RESEARCH COMMENT – An analyst comment about an issuer event that does not include a rating or recommendation.

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Very High Risk: Venture type companies or more established micro, small, mid or large cap companies whose risk profile parameters and/or lack of liquidity warrant such a designation. These companies are only appropriate for investors who have a very high tolerance for risk and volatility and who are capable of incurring temporary or permanent loss of a very significant portion of their investment capital.

High Risk: Typically micro or small cap companies which have an above average investment risk relative to more established or mid to large cap companies. These companies will generally not form part of the broad senior stock market indices and often will have less liquidity than more established mid and large cap companies. These companies are only appropriate for investors who have a high tolerance for risk and volatility and who are capable of incurring a temporary or permanent loss of a significant loss of their investment capital.

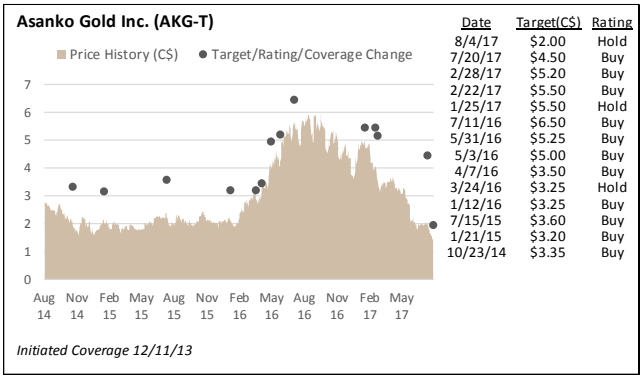
Medium-High Risk: Typically mid to large cap companies that have a medium to high investment risk. These companies will often form part of the broader senior stock market indices or sector specific indices. These companies are only appropriate for investors who have a medium to high tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital

Moderate Risk: Large to very large cap companies with established earnings who have a track record of lower volatility when compared against the broad senior stock market indices. These companies are only appropriate for investors who have a medium tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital.

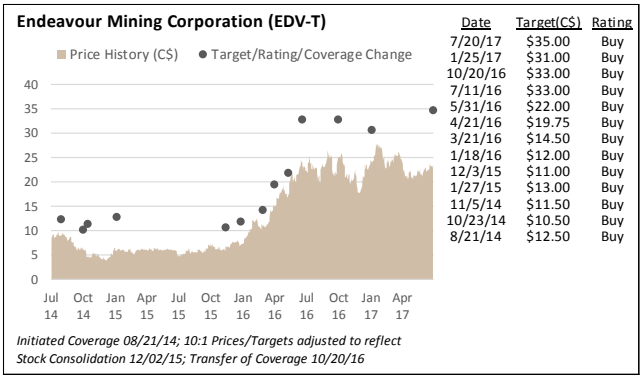
Distribution of Ratings (as of August 4, 2017)

	%	#	IB Clients (TTM)
Buy	69.7%	69	100.0%
Hold	8.1%	8	0.0%
Sell	0.0%	0	0.0%
Tender	1.0%	1	0.0%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	21.2%	21	0.0%

Price Chart, Rating and Target Price History (as of August 4, 2017)



Date	Target(C$)	Rating
8/4/17	$2.00	Hold
7/20/17	$4.50	Buy
2/28/17	$5.20	Buy
2/22/17	$5.50	Buy
1/25/17	$5.50	Hold
7/11/16	$6.50	Buy
5/31/16	$5.25	Buy
5/3/16	$5.00	Buy
4/7/16	$3.50	Buy
3/24/16	$3.25	Hold
1/12/16	$3.25	Buy
7/15/15	$3.60	Buy
1/21/15	$3.20	Buy
10/23/14	$3.35	Buy



Date	Target(C$)	Rating
7/20/17	$35.00	Buy
1/25/17	$31.00	Buy
10/20/16	$33.00	Buy
7/11/16	$33.00	Buy
5/31/16	$22.00	Buy
4/21/16	$19.75	Buy
3/21/16	$14.50	Buy
1/18/16	$12.00	Buy
12/3/15	$11.00	Buy
1/27/15	$13.00	Buy
11/5/14	$11.50	Buy
10/23/14	$10.50	Buy
8/21/14	$12.50	Buy

B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities

Asanko Gold Inc.

AKG-TSX | AKG-NYSE MKT
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Mining | Precious Metals - Gold

August 4, 2017
Company Comment

Outperform 2 ↓ old: Strong Buy 1
C$3.50 target price ↓ old: C$4.40

Current Price (Aug-03-17)	C$1.11
Total Return to Target	215%
52-Week Range	C$6.09 - C$1.09
Suitability	High Risk/Growth

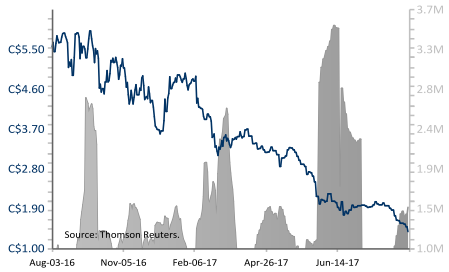
Market Data

Market Capitalization (mln)	C$226
Current Net Debt (mln)	US$101
Enterprise Value (mln)	C$359
Shares Outstanding (mln, f.d.)	222.1
10 Day Avg Daily Volume (000s)	1,578
Dividend/Yield	C$0.00/0.0%

Key Financial Metrics

	2016A	2017E	2018E
P/CFPS	2.4x	1.6x	1.7x
P/NAV		0.4x	NA
Au Price (US$/oz)	US$1,250	US$1,263	US$1,300
Au Production (oz's)			
Old	163	228	267
New	163	214	267
Au Total Cash Cost (US$/oz)			
Old	US$658	US$745	US$803
New	US$658	US$609	US$765
EPS			
Old	US$(0.04)	US$0.07	US$0.17
New	US$(0.04)	US$0.16	US$0.14
P/E	-13.3x	5.5x	6.3x

Company Description
Asanko Gold is a junior gold producer, focused on the Asanko Gold Mine project in Ghana



One Adjustment Too Many Prompts Selloff. Deep Value Remains

Recommendation

We take a look at our 2H17 expectations (production, costs) following AKG's release of 2Q17 financials and revised 2017 production/cost guidance. Whilst 2Q17 financials beat our expectations (see our Aug-3-17 *Brief*: First Look - 2Q17 Financials Beat. Guidance Revised Lower but Operating Plan Remains Intact, C$1.37) and revised production guidance was only slightly below our previous est. (revised cost guidance in-line with previous est.), another revision to an already complicated story cost AKG dearly. Whilst we continue to see deep value we now expect continued uncertainty to weigh heavily on the stock in the near-term, hence our re-rating to OP2. Our target cut to $3.50/share, effectively removes a premium to NAV (implied in our previous valuation) further reflecting a need for operational constancy. Despite our reduced rating + target, our investment thesis for AKG remains constructive, reflective of our OP2 rating, underpinned by management's ability to adapt its business to shifting operating parameters, which now need to be fewer in number.

Analysis

- **Guidance Revision = Affirms Uncertainty** – Regardless of the magnitude of the revision (more a tweak vs. our previous estimates) (6% less ozs, in-line costs), the revision adds to uncertainty which isn't want AKG needs right now. We have revised our 2017 expectations lower (215 koz vs. 228 koz prev., $920/oz AISC vs. $870/oz).
- **2H17 Operating Plan = Adjusted** – We have also adjusted our modelled operating plan for 2H17 lower by dialing back the mining rate for Akwasiso to 30,000 tpm (from 70,000 tpm). Our operating assumptions (tonnes, grade) for Nkran remain unchanged as does our expectation for new tonnes from Dynamite Hill (1Q18E).
- **Costs – Lower than Anticipated** – One positive from 2Q17 was lower than anticipated costs (AISC: $930/oz vs. $1090/oz E, RJL definition) driven by lower Opex and sustaining Capex. We have adjusted our Opex lower and sustaining Capex higher for 2H17 (more a re-allocation) and now estimate AISC of $920/oz which compares with $870/oz previously (~6% higher), mostly due to lower 2H17E production.
- **Balance Sheet = Firm** – After our 2H17 revisions and cost adjustments we now estimate ~$55 mln in cash at year-end 2017 (unchanged from 2Q17). We note that ~$50 mln E in Capex is earmarked for 2H17 for completion of Project 5 Mtpa and conveyor Capex (contractual obligations) and capitalized pre-stripping.

Valuation

Our C$3.50 target (revised from $4.40/sh) is derived by applying a 50/50 weighting on 5x NTM CFPS and 1.0x NAV (see Exhibit 1). Our target implies a 1.0x P/NAV multiple, which we feel is justified given AKG's growth profile. AKG currently trades at a 0.4x P/NAV.

CFPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	NAV
2016A	US$(0.02)	US$0.06	US$0.17	US$0.13	US$0.37	US$185	
Old 2017E	0.14A	(0.01)	0.07	0.12	0.31	287	C$3.56
New 2017E	**0.14A**	**0.13A**	**0.13**	**0.17**	**0.55**	**271**	**C$3.42**
Old 2018E	0.10	0.10	0.10	0.09	0.40	347	NA
New 2018E	**0.15**	**0.13**	**0.13**	**0.12**	**0.53**	**347**	**NA**

Source: Raymond James Ltd., Thomson One

Exhibit 1: Valuation Summary

Valuation (C$)				
Blended Target Price	**Value**	**Multiple**	**% Weighting**	**Target Value**
NAVPS (C$)	$3.72	1.0x	50%	$1.71
NTM CFPS Est. (C$)	$0.77	5.0x	50%	$1.92
				$3.63
Target Price			**$3.50**	
Return to Target			215%	
	Current Multiple	**Implied Target Multiple**	**US$/C$ FX Rate**	
Adj. P/NAV	0.4x	1.0x	0.76	
P/CFPS (NTM)	1.4x	4.6x		
NAV Summary	**C$ 000**	**C$/fd**	**% NAV**	
Asanko (DCF 5%)	$824,818	$3.72	109%	
Corporate Total	($65,556)	($0.30)	-9%	
Total NAV	$759,263	$3.42	100%	

Source: Raymond James Ltd.

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Underperform (Sell)	3%	4%	12%	20%	8%	0%

* Columns may not add to 100% due to rounding.

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Asanko Gold Inc.	Raymond James Ltd - the analyst and/or associate has viewed the material operations of AKG.

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Target Prices: The information below indicates our target price and rating changes for AKG stock over the past three years.

Rating & Target changes

Date	Curr.	Price	Target	Rating
Jun-23-17	C$	1.88	4.40	1
Apr-26-17	C$	3.19	4.60	1
Apr-05-17	C$	3.55	4.75	1
Feb-14-17	C$	4.19	5.25	2
Dec-22-16	C$	3.70	4.75	2
Jun-27-16	C$	5.56	6.75	2
May-16-16	C$	4.28	5.00	2
Apr-20-16	C$	3.28	4.50	2
Mar-14-16	C$	2.97	3.80	2
Oct-16-15	C$	2.29	2.50	2
Jul-24-15	C$	1.90	2.40	2
Nov-24-14	C$	2.23	3.50	2
Aug-04-14	C$	2.65	4.00	2

Valuation Methodology: We value Asanko by applying a P/NAV multiple to our mine-site NAVPS estimate.

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Risks - Asanko Gold Inc.

- Development Risk. 2014 and 2015 are critical years for Asanko as it advances its Obotan project (Phase 1 development) to production. A key catalyst will be the optimization of an operating plan for the whole Asanko Gold Mine project which will be initially driven by a revised resource estimate for the Nkran, Adubiaso, and Dynamite Hill deposits. This will prompt an investment decision and the commencement of full scale construction, initially at Obotan and subsequently at Esaase (contingent on the awarding of final permits). While RJL anticipates a positive investment decision triggered by an optimized operating plan and economics, potential exists for delays.
- Geopolitical Risk. Asanko's asset base is located in Ghana. Ghana ranks 33rd out of 112 jurisdictions worldwide by the Fraser Institute for investment attractiveness (behind only Botswana among African countries) with a score of 64.5 (out of a maximum total of 100). This compares with topped ranked Western Australia with a score of 85.3. While Ghana is a stable democracy and ranks as Africa's second

largest gold producer (behind South Africa), law makers have threatened to table a 10 % windfall profit tax on miners, although since the fall in metal prices, tax revisions have been put on hold.
- Gold Price Risk. A drop in the gold price could cause deterioration in Asanko's ability to fund its development project pipeline, part of which RJL estimates will be financed via cash flow.
- Cost Inflation Risk. Our outlook assumes certain future capital and operating costs for development projects. Although we apply conservative estimates to these assumptions there is a risk that we have understated these costs or that these costs may increase in the future.
- Operational and Labour Risk. There is a risk that the Asanko operations suffer accidents or disruptions to production or development which could impair the value of the assets. Risks of labour disruptions due to strike action may also impact production and profitability.

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