

VANCOUVER, BRITISH COLUMBIA--(Marketwired - Dec 17, 2015) - [Pinecrest Resources Ltd.](#) ("Pinecrest" or the "Company") (TSX VENTURE:PCR) announces the results from an alternative Preliminary Economic Assessment (the "PEA" or the "Study") using contract mining, carried out on the Company's 100% owned Enchi Gold Project ("Enchi" or "the Project") located in south-west Ghana, West Africa. Enchi is comprised of eight licenses covering a 50 kilometre (km) strike length of the Bibiani Shear zone a regional scale structure that hosts a number of major gold mines and deposits including [Kinross Gold Corp.](#)'s ("Kinross") Chirano Mine located 70 km north-east of the Project and the Bibiani Gold Deposit located 90 km north-east of the Project.

The PEA was prepared by WSP Canada Inc. ("WSP") using an Inferred Mineral Resource of 1.07 million ounces (oz) of gold (37.3 million tonnes grading 0.9 gram of gold per tonne (g/t Au), at a cut-off of 0.5 g/t Au). This Study evaluates both owner-operated and contract mining, open pit, heap leach operation processing of 3.0 million tonnes per annum (Mtpy). All currency figures are in US Dollars (US\$ or \$) and using a base case gold price of \$1,300/oz.

Contract Mining Option PEA Highlights (US\$ 1,300 /oz gold)

Average Mined Gold Grade (g/t)	0.91
Processing Rate (Mtpy)	3.0
Mine Life (years)	8.7
Life-of-Mine (LOM) Strip Ratio	3.16:1
Pre-tax NPV 5%	\$73.4 Million
Internal Rate of Return (Pre-tax)	44%
Payback (Pre-Tax) (years)	2.3
Post-tax NPV 5%	\$44.8 Million
Internal Rate of Return (Post tax)	31%
Initial Capital Cost (US\$Million)	61.6
Payback (Post-Tax) (years)	2.6
Metallurgical Recoveries (oxide/transition/sulphide%)	75/75/73
Total Recovered Gold (oz)	538,450
Average Annual Gold Production (oz)	61,749

Ryan King, President and Director stated, "The contract mining alternative presents an attractive initial capital cost of \$61.6 million (including 20% contingency) compared to \$84 million under an owner operated scenario. In an era where mining investors are seeking lower capital cost entry solutions into future gold production and cash-flow, we believe this presents an attractive scenario which fulfills this objective. The internal rate of return on a pre-tax basis is 44% representing an improvement from the 34% IRR presented in April 2015 with the owner operated option. On the exploration upside front, the entire project land package is 568 km² with numerous high priority drill targets situated immediately outside of the Inferred Resources, pointing to growth potential. This proposed mine plan accounts for less than 15% of the overall land package which hosts similar exploration potential covering the Bibiani Shear. Pinecrest currently has \$1.5 million in cash and has significantly reduced its burn rate, both at the corporate level and in the field.

Financial Models Sensitivity Analysis (Owner Operated versus Contract Mining)

The financial models were completed using a base case gold price of US\$1,300 per ounce.

Table 1 Pre-Tax Financial Model Sensitivity Analysis

Description	Units	Gold Price Scenarios (US\$/oz)				
		1,200	1,250	1,300	1,350	
Owner Operated						
NPV (5% discount)	US\$ M	62,554	82,547	101,882	122,534	
IRR	%	24	% 29	% 34	% 39	%
Payback	Year	3.4	3.0	2.8	2.7	
Contractor Option						
NPV (5% discount)	US\$ M	33,426	53,419	73,413	93,406	
IRR	%	26	% 36	% 44	% 52	%
Payback	Year	2.6	2.5	2.3	2.2	

The Pre-Tax financial model includes the following: an initial capital cost of \$61.6 million, including a contingency of \$8.1 million (20% of direct costs); sustaining capital of \$22.4 million including a contingency of \$2.9 million and reclamation and closure costs of \$18.3 million. The financial model was completed on a 100% Project basis and includes a 5% NSR to the Ghanaian Government and a 2% NSR to Red Back Mining Ghana, a subsidiary of Kinross. The Post-Tax financial model includes a 35% corporate tax rate, demonstrating a base case NPV of \$44.8 million at a discount rate of 5%. The Government of Ghana have the right to a 10% free carried interest in the Project.

The PEA was based on the 2015 NI 43-101 Inferred Mineral Resource estimate prepared by WSP and detailed in the Technical report entitled "Technical Report and Preliminary Economic Assessment on the Enchi Gold Project" dated April 2015 using a 0.5 g/t cut-off grade. (See Table 2 for details).

Table 2 Enchi Gold Project - Inferred Mineral Resource (0.5 g/t Cut-Off)

Cut-off Au (g/t)	Zone	Tonnes	Grade Au (g/t)	Contained Gold (ounces)
0.5	Boin	15,872,000	0.96	489,892
0.5	Nyamebekyere	5,350,000	0.96	165,129
0.5	Sewum	16,135,000	0.82	423,676
	Total	37,357,000	0.90	1,078,697

1. CIM definition standards were followed for the resource estimate.
2. The 2015 resource models used ordinary kriging (OK) grade estimation within a three-dimensional block model with mineralized zones defined by wireframed solids.
3. A base cut-off grade of 0.5 g/t Au was used for reporting resources with a capping of gold grades at 18 g/t.
4. A US\$1,300/ounce gold price, open pit with heap leach operation was used to determine the cut-off grade.
5. A density of 2.45 g/cm³ was applied.
6. Numbers may not add exactly due to rounding.
7. Mineral Resources that are not mineral reserves do not have economic viability

The 2015 Mineral Resource estimate was based on 52,385 metres of diamond and RC drilling in 646 holes as well as data from 102 surface trenches totalling 13,799 metres. The drilling is generally spaced at 25 to 50 metre intervals.

Initial Capital Cost

An initial capital expenditure of \$61.6 million is required to construct the project and is detailed in the following table.

Table 3 Initial Capital Cost (in US\$ Million)

Description	Owner Operated	Contract Mining
Direct Costs		
Mining (Owner's share included)	18.8	0.4
Process Plant	35.6	35.6
Infrastructure	4.4	4.7
Sub-total - Direct Costs	58.8	40.7
Indirect Costs		
Engineering and Procurement	4.9	4.6
Construction Indirect	5.9	5.0
Owners Costs	3.1	3.1
Sub-total - Indirect Costs	13.9	12.7
Total Capital Costs	72.7	53.4
Contingency: 20% of direct cost	11.8	8.1
Total Capital Costs with Contingency	84.4	61.6

Numbers may not add exactly due to rounding

This capital estimate is based on industry standard estimates. Sustaining capital of \$22.4 million includes \$18.3 million for mine closure and remediation (direct costs), \$0.9 million for mining, \$2.4 million for infrastructure, \$5.1 million for EPCM and construction indirect costs as well as \$4.9 million for additional contingencies and a residual value of \$7.2 million (mainly on processing equipment and infrastructures).

Site Operation Cost

The Project is modelled as a near surface open pit heap leach mine with heap leach feed material trucked from three proximal deposits (Boin, Nyamebekyere, Sewum) to a central crushing and process facility. Open pits have been designed with bench heights ranging between 10 - 20 metres, interramp slope angles ranging between 44 and 47 degrees for oxide material and 55 degrees for fresh material. Life of mine operating costs (including royalties and refining fees) are \$18.92/tonne processed as detailed in the following table.

Table 4 Site Operating Cost (in US\$ Million)

Description	Operating Cost (\$/tonne*)	
	Owners Operated	Contract Mining
Mining (including waste and labour)	9.19	12.84
Processing	5.18	5.18
Environment, Infrastructure	0.22	0.04
G & A, including mineral tenure fees	0.87	0.87
Operating Costs	15.45	18.92
Royalties and refining fees	2.01	2.01
Cash Costs (Operating + Royalties and Refining)	17.46	20.93
Sustaining Capital Costs	1.56	0.91
Total All-in site costs	19.02	21.84

* Per metric tonne of heap leach feed

Numbers may not add exactly due to rounding

Table 5 Life of Mine Production Schedule

Description	Units	Value
Oxide tonnes processed	million t	16.60
Transitional tonnes processed	million t	5.15
Sulphide tonnes processed	million t	2.97
Tonnes processed	million t	24.72
Waste mined	million t	78.02
Gold grade	g/t	0.91
Average Annual recovered gold	Troy ounce	61,749
Strip ratio	w/o	3.16:1

Infrastructure

The Enchi Gold Project is located in southwest Ghana, in the Aowin district of the Western Region, and is accessed from Accra on sealed roads via the regional port city of Takoradi or the mining center of Tarkwa. The district capital, Enchi, is located 5 km west of the Project. From either of these centers, access to Enchi (population 9,270) is available by paved and gravel roads. The Enchi Project currently totals 568 km² with 50 km covering the Bibiani Shear Zone, a well-known gold belt in Ghana. The Project is located 70 km southwest of the open pit and underground Chirano Mine owned and operated by Kinross and 90 km south of the Bibiani Mine (past production of 4 million ounces). Ghana's current electrical generation capacity of 2125 megawatt is made up of about 50% hydro and 50% thermal plants. There is a 33 kilovolt line available near the Enchi property with a couple of options for connection routes depending on demand and capacity required, with the utility company ultimately deciding on the preferred set up.

Metallurgy and Processing

The current Study utilized 75% for the oxide and transitional gold recoveries and 73% for the sulphide gold recovery. These recoveries are based on limited, preliminary basic bottle roll tests on oxide material and assume processing configurations to be similar to other heap leach facilities in the region. The initial tests show that cyanide leaching may be a viable option for the extraction of gold from the oxide domains. Further work on the metallurgical behavior and physical constraints associated with heap leaching is still required to definitively select heap leaching as the best technical process option.

The PEA is preliminary in nature, and it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. There is no certainty that the PEA will be realized. A technical report will be filed on www.sedar.com within 45 days.

Qualified Persons Statement

The NI 43-101 Technical Report is being prepared by Todd McCracken, P.Geo. (Geology), Ms. Joanne Robinson, P.Eng. (Mining), Mr. Mireno Dhe Paganon, Eng. (Metallurgical and processing), Mr. Bruce White, PrEng. (Infrastructure), and Mr. Jean-Sebastien Houle, Eng. (Environmental and social aspects and financial). All individuals providing certifications are Independent Qualified Persons as defined by NI 43-101.

Mr. Gregory Smith, P. Geo., Vice President, Exploration of Pinecrest is the Qualified Person as defined by NI 43-101 and has prepared and approved the technical data and information in this news release.

About Pinecrest

Pinecrest is a British Columbia corporation that is based in Vancouver, B.C. The Company engages principally in the acquisition, advancement and development of precious mineral properties and the Company intends to advance and develop the Company's 100% owned Enchi gold project located in South West Ghana. Major shareholders of the Company include; Red Back Mining Ghana Ltd. (a wholly-owned subsidiary of [Kinross Gold Corp.](#)), [Sandstorm Gold Ltd.](#), and management.

On Behalf of the Board of Directors

[Pinecrest Resources Ltd.](#)

Signed "Ryan King"

Ryan King, President, Director

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