



Oklo Resources Limited (ASX: OKU) – Update

Speculative Buy

Diabarou – high grade open pit gold prospect amongst the majors...(Price Target 23c)

Ryan Armstrong – Research Analyst
(02 9210 1338)
rarmstrong@taylorcollison.com.au

Capital Summary

Ordinary Shares	160.3m
Listed Options (12.5c strike, exp. June '17)	23.3m
Unlisted Options	12.4m
Market Capitalisation (m, undil.)	\$24.8
Cash & equivalents (m) – as at 31/12	\$3.1
Share Price (7/04/2016)	\$0.155
52 week high/low	\$0.155/\$0.05

Share Price Graph



Key Management & Directors

Simon Taylor	Managing Director
Dr Madani Diallo	Exploration Manager
Andrew Boyd	Technical Consultant
James Henderson	Non-Executive Chairman
Jeremy Bond	Non-Executive Director
Simon O'Loughlin	Non-Executive Director

Major Shareholders

Terra Capital Ltd.	7.87%
Madani Diallo	6.21%
William Richards	4.71%

Key Points

- Assay results received from recent 7-hole RC drilling program at Diabarou prospect within the Dandoko Project.
- Significant intersections include (using a bottle roll cyanide leach – average of 60% improvement on fire assays):
 - **6m at 53.77g/t gold (from 36m), including 2m at 153.50g/t gold**
 - **3m at 110.30g/t gold (from 120m), including 1m at 280.00g/t gold**
 - **28m at 3.90g/t gold (from 88m), including and 9m at 8.36g/t gold**
 - **21m at 2.00g/t gold (from 45m), including 2m at 7.63g/t gold**
- OKU is currently planning follow-up drilling at Diabarou to assess the open pit resource potential (fully funded). The program will start within the month.
- OKU reported coarse/nuggetty gold (often associated with visual gold) within the quartz veining (explains improvement in grade to what was recorded in fire assays), which is currently being exploited at shallower depths by artisanal miners.
- The Dandoko Project is located 30km to the east of B2Gold Resources' (formerly Papillon Resources) 5.15Moz Fekola Project.
- RC drilling (5 holes for 760m) completed at the Solona North-West prospect within the Yanfolila Project, with results expected in late April.

Summary

Artisanal mining at the Diabarou Prospect has provided a zone of interest and the potential for mineralisation continuity at depth has now been demonstrated. **High grade intersection within a much larger, lower grade alteration zone is encouraging at such an early stage** of the exploration program. This is the same style of mineralisation as the nearby Fekola Deposit (B2 Gold) and Oklo hopes to show that the high grade zone (as well as the lower grade alteration band) can extend further along strike and at depth. There is good potential for multiple lodes that (when optimised) will be mined economically in an open-pit scenario. Drilling has so far focussed on a tight area within the defined gold geochemical anomaly (see Figure 1) at depths no greater than 200m.

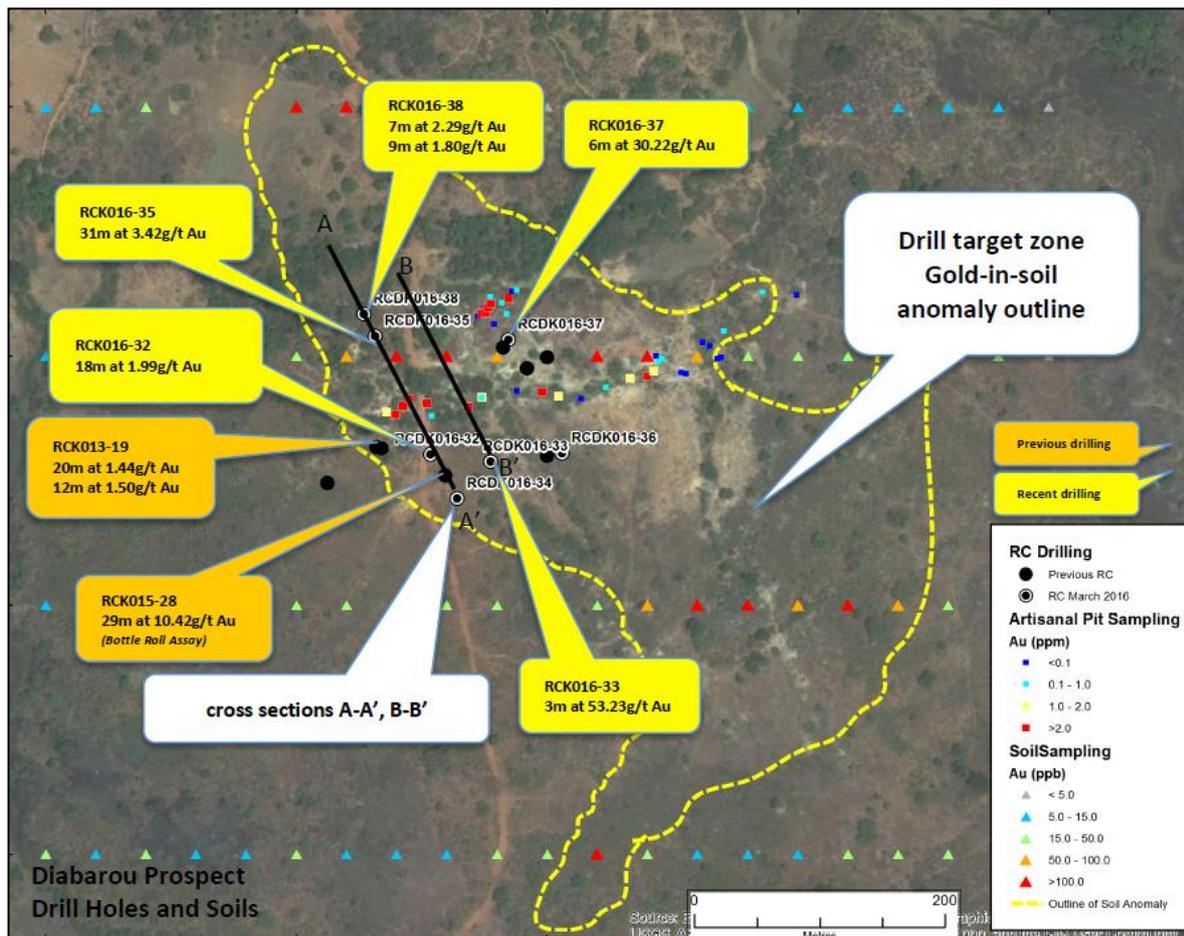


Figure 1 – Drilling at Diabarou Prospect

Interestingly, the short distance between Diabarou and B2 Gold's Fekola Deposit (hard rock – high bond work index) may offer greater opportunities to Oklo Resources; with the oxide resource being a strategic asset. The major gold producers are continually lacking softer feed to maintain throughputs (and relieve stress on the mill), so OKU's potential shallow resource within the prolific gold producing area will attract attention as things progress (potential to monetise quickly?).

We maintain our **Speculative Buy** recommendation (**Price Target of 23c**) and look forward to seeing additional drilling at Diabarou (coupled with further results from Yanfolila). OKU will be quickly looking to build upon what they have identified to date and a drilling program (RC and diamond) is currently being planned at Diabarou to follow-up on the recent high grade intersections.

Diabarou Prospect

The Diabarou Prospect is within a splay structure off the main Senegal-Mali Shear Zone. So far drilling has mainly focussed on targets below current artisanal workings (see Figure 2) – with great success. A high grade zone within a low grade halo at shallow depths has been identified, with what looks to be separate lodes that could ultimately be mined in a single open pit. This is important, as the strip ratio will only be reduced with a number of these potential ‘stacked deposits’. Every indication is the grade (although highly variable) is quite strong within the quartz veining.

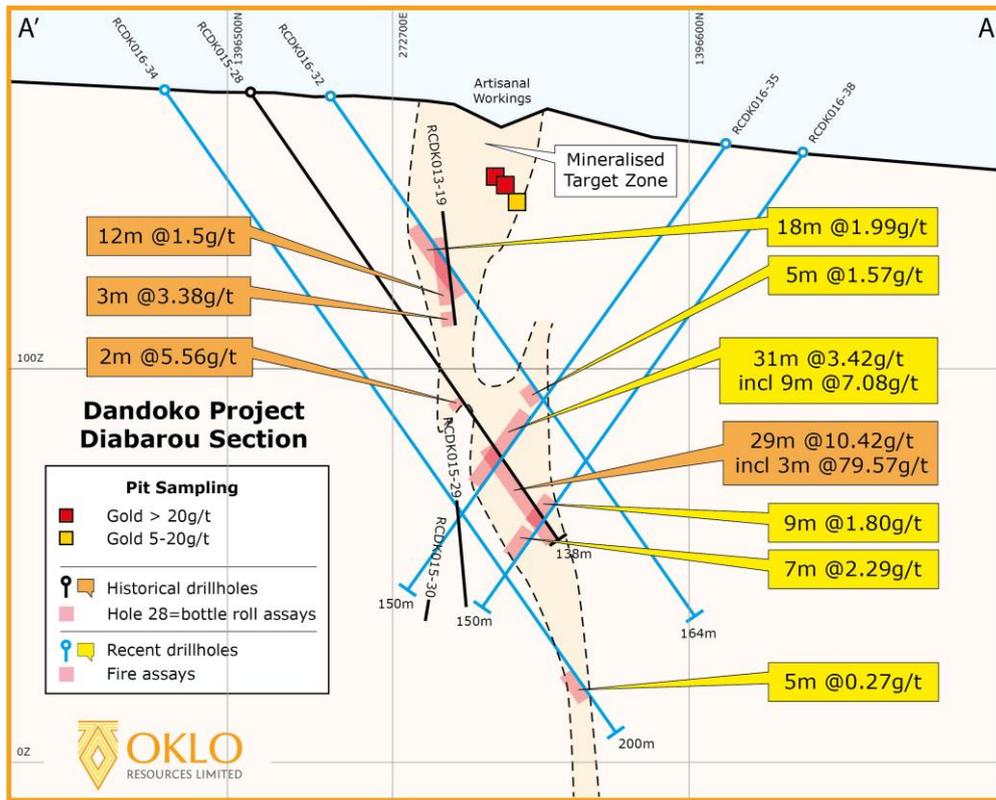


Figure 2 – Diabarou Prospect (drilling cross-section)

West African Gold Explorers (ASX)

West African hopefuls have seen a re-rate after recent drilling programs and Oklo Resources is the latest to announcement notable results. As Diabarou develops, we can see a further re-rating with continual high grade intersections.

Company	Price	Market Cap	Project	Description
West African Resources (WAF)	15.5c	\$47.9m	Tanlouka, Burkina Faso	Sub-vertical quartz veining – high grade (open pit potential)
Cardinal Resources (CDV)	15c	\$32.3m	Namdini, Ghana	Large, low grade (open pit potential)
Oklo Resources (OKU)	15.5c	\$24.8m	Dandoko, Mali	Sub-vertical quartz veining – high grade (open pit potential)

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Analyst: **Ryan Armstrong**

Release Authorised by: **David Cutten**

Taylor Collison Limited Sharebrokers and Investment Advisers A.B.N. 53 008 172 450 AFSL No. 247083	
Level 16, 211 Victoria Square Adelaide, South Australia, 5000 G.P.O. Box 2046, Adelaide, South Australia, 5001 Telephone: 08 8217 3900 Facsimile: 08 8231 3506 Email: broker@taylorcollison.com.au	Level 10, 167 Macquarie Street Sydney, New South Wales, 2000 G.P.O. Box 4261, Sydney, New South Wales, 2001 Telephone: 02 9377 1500 Facsimile: 02 9232 1677 Email: sydney1@taylorcollison.com.au
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