



Resolute

ASX Announcement

26 October 2016

Resolute secures increased stake in Kilo Goldmines

Resolute Mining Limited (Resolute or the Company) (ASX:RSG) is pleased to advise the Company has entered into a share swap agreement with Osisko Mining Incorporated (Osisko) to acquire Osisko's 12.9% interest in Kilo Goldmines Ltd (Kilo). Under the terms of the agreement, Resolute will purchase, via a wholly owned subsidiary, Osisko's 21,868,000 shares of Kilo by issuing 1,457,867 ordinary Resolute shares.

The acquisition of Osisko's stake in Kilo will increase Resolute's interest to 27.4% of Kilo's shares on issue. Resolute acquired an initial 14.6% interest in Kilo via participation in a private placement in August 2016 (See ASX Announcement dated 29 August 2016).

Commenting on the acquisition, Mr John Welborn, Managing Director and CEO of Resolute, was delighted to have secured a strategic 27.4% interest in Kilo:

"We are pleased to have increased our stake in Kilo at this exciting time. Kilo is about to commence drilling at a range of untested targets in close proximity to their Adumbi prospect in the Democratic Republic of Congo which forms part of the Somituri Project. Kilo has a large landholding in the Kilo-Moto region and, in addition to the Somituri Project, has a joint venture with Randgold on the Isiro Project. We see Resolute's expertise and skill set being a strong match with the ideology and strategy of Kilo's management and look forward to future exploration results."

"Resolute is seeking to build a portfolio of investments in well run, highly prospective, gold exploration assets in regions considered to hold potential for the development of future Resolute gold mines. Kilo is a perfect match for our criteria of existing asset quality, future prospectivity, relative value, and an experienced capable management team primarily focused on gold project exploration and development."

Strategic Acquisition

Kilo has been identified as an investment target consistent with Resolute's strategy of securing strategic stakes in companies which hold highly prospective gold exploration assets in regions considered to hold potential for the development of future Resolute gold mines. Kilo meets Resolute's criteria for pre-development assets and has appeal for the following reasons:

- Large landholding in the north east of the Democratic Republic of Congo, an emerging, under explored Archaean terrain;
- Modest market capitalisation of approximately C\$20M;
- Strong exploration group, with extensive central African exploration experience including members of the team who were responsible for the discovery of Geita in Tanzania;
- Existing joint venture and relationship with Randgold Resources Limited (Randgold) which operates the Kibali Gold Mine in the region; and
- Opportunity for Resolute to secure a strategic stake at a discount to market initially via a private placement and then via a share swap with a current major shareholder.



Transaction Details

A share purchase agreement (the Agreement) has been negotiated between Osisko and Resolute under the terms of which Osisko will receive one (1) ordinary Resolute share for each fifteen (15) Kilo shares transferred. The key terms of the transaction are:

- Resolute will acquire Osiskos holding of 21,868,000 common shares in Kilo;
- Osisko will receive 1,457,867 new ordinary shares to be issued by Resolute; and
- Osisko will grant to Resolute a right of first refusal to acquire Osisko's 21,100,000 warrants in Kilo.

Based on the most recent closing price for Resolute shares of A\$1.70, the price paid for Osisko's stake is equivalent to C\$0.11 per Kilo share. The recent trading histories of Kilo and Resolute at the time of concluding the transaction were as follows:

- Kilo share price of approximately C\$0.115 and a 30-day volume weighted average share price (VWAP) of C\$0.125; and
- Resolute share price of approximately A\$1.70 and a 30-day VWAP of A\$1.98.

The transaction was arranged by Arlington Group Asset Management Limited (Arlington). Resolute will pay an advisory and brokerage fee of 5% of the acquisition consideration. As a result, 72,893 new Resolute shares will be issued to Arlington upon settlement of the transaction.

Resolute has received legal advice from its Canadian lawyers which confirms the Company's ability to increase its shareholding in Kilo via the share swap with Osisko; the Agreement conforms to the compliance requirements of the Toronto Stock Exchange; and, that no takeover provisions are triggered by Resolute's increased shareholding in Kilo.

Resolute's holding in Kilo

Resolute's holdings in Kilo (pre and post transaction are summarised) in the table below.

	Resolute	Total	%
Current Holding			
Shares	24,700,000	169,699,855	14.6%
Warrants*	24,700,000	139,095,726	17.8%
Options	-	3,150,000	0.0%
Fully Diluted	49,400,000	311,945,581	15.8%
Post Transaction			
Shares	46,568,000	169,699,855	27.4%
Warrants"	24,700,000	139,095,726	17.8%
Options	-	3,150,000	0.0%
Fully Diluted	71,268,000	311,945,581	22.8%

Note: * RSG warrant exercise price of C\$0.135, expiring August 2018

Table 1: Resolute's holdings in Kilo

Discussion with Kilo's Board and management have commenced on possible technical co-operation and how Resolute can best support Kilo's operations and ambitions. It is expected that in due course Resolute will nominate a non-executive Director to join the Kilo Board.

About Kilo

Kilo is a Canadian gold exploration and development company listed on the Toronto Stock Exchange – Venture (TSX-V) under the symbol 'KGL' and holds gold prospects and resources in north-eastern Democratic Republic of Congo (DRC). Kilo's exploitation and exploration licences in the DRC cover some 2,417 km² of favourable Archaen Kabalian Greenstones in the Ngayu belt. This area is historically referred to as the Kilo-Moto region, a semi-continuous Archaean Kabalian greenstone belt hosting a number of active gold projects most notably the Kibali



Resolute

ASX Announcement

Gold mine operated by Randgold Resources Ltd (Randgold). Kilo's corporate strategy is to advance, solely or in partnership, gold prospects in the Kilo-Moto region.

Incorporated within Kilo's DRC licences are:

- The Somituri Project (71.25% owned by Kilo), comprising six non-contiguous licences (361km²) held by KGL Somituri SARL including the Imbo licence. Kilo's Somituri Project has delineated a NI 43-101 inferred gold resource estimate of 1.67 million ounces @ 2.5g/t at the Adumbi prospect. Kilo is currently delineating a number of other highly prospective targets within a 5km radius of the Adumbi resource, with the ultimate objective being to increase the gold resource base on this licence significantly and create a multi-pit operating mine of regional significance; and
- The KGL Isiro SARL Joint Venture (JV) with Randgold, for gold and associated minerals (2,056 km²). The JV is managed by Randgold under terms under which Randgold can finance the project through to pre-feasibility (PFS) for a 51% participation interest. Upon completion of the PFS, Kilo can participate in funding or Randgold will increase its participation to 65% by completing a full Feasibility Study. Areas which may be deemed of no interest to Randgold will be returned to Kilo.

Following the completion of the recent private placement in which Resolute participated, Kilo is well funded with approximately C\$9M in cash. Kilo is about to commence drilling at the untested targets of Adumbi West, Adumbi South and Kitenge, which are in close proximity to the Adumbi prospect. Kilo's aim is to outline a resource of ~3M ounces at ~3 g/t Au in order to commence a Preliminary Economic Study

For further information, contact:

John Welborn | *Managing Director and CEO*

Telephone: +61 8 9261 6100

Email: contact@rml.com.au

Web: www.rml.com.au

About Resolute

Resolute is a successful gold miner with more than 25 years of continuous production. The Company is an experienced explorer, developer, and operator having operated nine gold mines across Australia and Africa which have produced in excess of 7 million ounces of gold. The Company currently operates two mines, the Syama Gold Mine in Africa and the Ravenswood Gold Mine in Australia, and is one of the largest gold producers listed on the Australian Securities Exchange with FY17 guidance of 300,000 ounces of gold production at All-In Sustaining Costs of A\$1,280/oz (US\$934/oz).

Resolute's flagship Syama Gold Mine in Mali is a robust long life asset benefitting from fully operational parallel sulphide and oxide processing plants. The move to underground mining will continue the asset's history of strong cash generation and extend the mine life to out beyond 2028. The Ravenswood Gold Mine in Queensland, Australia demonstrates Resolute's significant underground expertise in the ongoing success in mining the Mt Wright ore body. In Ghana, the Company has completed a feasibility study on the Bibiani Gold Project focused on the development of an underground operation requiring modest capital and using existing plant infrastructure. Resolute also controls an extensive exploration footprint along the highly prospective Syama Shear and greenstone belts in Mali and Cote d'Ivoire and is active in reviewing new opportunities to build shareholder value.

ASX:RSG Capital Summary

Fully Paid Ordinary Shares: 735,421,396

Current Share Price: A\$1.70 as at 25 Oct, 2016

Market Capitalisation: A\$1.25 Billion

FY17 Guidance: 300,000oz @ AISC A\$1,280/oz

Board of Directors

Mr Peter Huston *Non-Executive Chairman*

Mr John Welborn *Managing Director & CEO*

Mr Peter Sullivan *Non-Executive Director*

Mr Martin Botha *Non-Executive Director*

Mr Bill Price *Non-Executive Director*

Contact

John Welborn *Managing Director & CEO*

4th Floor, BGC Centre | 28 The Esplanade
Perth, Western Australia 6000

T: +61 8 9261 6100 | F: +61 8 9322 7597

E: contact@rml.com.au