



Resolute

# ASX Announcement

28 May 2018

## Resolute Acquires 15% Interest in Orca Gold

### Highlights

- Resolute has agreed to subscribe for 32.4 million new shares in Orca in a transaction valued at ~A\$22.5 million
- The Orca placement will be in two equal tranches with consideration split between cash and Resolute shares
- Orca is a first mover in the emerging gold industry in Sudan with a current Mineral Resource of 3.8 million ounces of gold
- Resolute and Orca to collaborate on opportunities in Sudan, Côte D'Ivoire, and elsewhere in Africa
- The investment in Orca represents a strategic stake in an exciting development opportunity and expands Resolute's potential project pipeline

Resolute Mining Limited (**Resolute** or the **Company**) (ASX:RSG) is pleased to advise that it has subscribed for approximately 32.4 million new shares in Orca Gold Inc (**Orca**) (TSX.V:ORG) ([www.orcagold.com](http://www.orcagold.com)) through a share placement priced at C\$0.675 per share. A subscription agreement between Resolute and Orca outlines an investment by Resolute of approximately A\$22.5 million for a 15% interest in the fully diluted capital of Orca.

Orca is a Canadian public company engaged in the acquisition, exploration, and development of mineral properties in North and West Africa. Orca's principal asset is a 70% ownership interest in the Block 14 Gold Project (Block 14) located in northern Sudan (near the border with Egypt). Block 14 Gold represents one of the leading gold development projects in Africa. Orca has defined a Mineral Resource of approximately 3.8 million ounces (Moz) of gold (Indicated Resource of 72.7 million tonnes (Mt) @ 1.3 grams per tonne (g/t) of gold) for 3.05Moz and an Inferred Resource of 19.8 Mt @ 1.2 g/t Au, for 0.75 Moz) and is currently completing a feasibility study on a development expected to deliver annual production of more than 200,000oz of gold. Orca is also conducting active exploration of a strategic portfolio of highly prospective gold properties in Côte d'Ivoire.

Managing Director and Chief Executive Officer, Mr. John Welborn, indicated the investment in Orca was opportunistic and part of Resolute's ambitious growth strategy: "Orca is a first mover in a region which is host to the largest gold rush seen in Africa in centuries. Sudan's increasing political stability and highly prospective under explored geology has seen the country rapidly emerge as the second largest producer of gold in Africa. Current annual production from Sudan of more than 3 million ounces of gold is sourced from small scale and artisanal mining activity. Similar to Resolute's entry into Ghana and Tanzania in the late 1990's, we are convinced this region of Africa will soon host new modern gold mines.

"Resolute has established an initial strategic interest in Orca and we look forward to working with their well credentialed management team with the aim of collaborating to unlock value. We believe the combination of our mutual exploration and development expertise and resources will materially advance the existing asset position and advance regional exploration and development opportunities. Ultimately our ambition is to participate in the development of a major new gold mining district consistent with Resolute's Golden Pride legacy as a successful pioneer of the gold mining industry in East Africa".



## Transaction Overview

The Subscription Agreement includes the following terms:

- Resolute subscribes for and agrees to purchase 32,364,960 shares in Orca at a price of C\$0.675 per share.
- The placement will consist of two tranches with consideration split between cash and Resolute shares as follows:
  1. Tranche one issue of 16,182,480 shares in Orca is expected to complete prior to 30 May 2018 with consideration of approximately C\$10.9 million (\$A11.3m) to be paid in cash by Resolute to Orca; and
  2. Tranche two issue of a further 16,182,480 shares in Orca expected to complete in mid-July 2018 with consideration of C\$10.9 million to be paid by the issue to Orca of 8,953,421 Resolute Shares.
- Resolute has the right to appoint a director to the Board of Orca following completion of tranche 2.
- Resolute to receive 1,876,442 warrants priced at C\$0.675 to maintain a 15% interest in Orca upon the expected issue of a total of 10,633,169 Orca shares pursuant to an agreement between Orca and others dated 30 January 2017 related to the acquisition of Orca's Côte D'Ivoire tenements.
- Resolute and Orca have agreed to collaborate on the identification and development of orebodies in Africa.

## Orca Gold Inc.

### Block 14 Gold Project

Block 14 is located close to Sudan's border with Egypt, 900km north of the capital Khartoum. Orca originally secured the right to acquire a 70% interest in the Block 14 concession in 2011. The concession was renewed in May 2017 and currently covers 2,170km<sup>2</sup>. Access to Block 14 is by sealed road along the eastern bank of the River Nile to the town of Abu Hamad and then via a well-used desert road to the project area.

Orca has conducted an extensive exploration program at Block 14 including more than 112,000m of reverse circulation and diamond drilling completed between November 2012 and December 2017.

A Revised Preliminary Economic Assessment (PEA), available on [www.orcagold.com](http://www.orcagold.com), was completed in May 2017 based on an annual throughput of 3.4Mt per annum (Mtpa) which resulted in a development which produced average annual gold production of 135koz. Orca is currently progressing a feasibility study for an expanded project which is expected to be based on a 6Mtpa project expected to produce average annual gold production of 200koz over a +10 year mine life. This expanded capacity is considered possible based on the discovery of available water resources in 2016 and the granting of a water exploitation permit in 2018. Work supporting the feasibility study includes metallurgical variability test work and a 25,000m drill programme to extend resources below the current design pits. The feasibility study is scheduled for completion during 2018.

### Reserves and Resources

A Mineral Resource has been estimated in compliance with the Canadian NI 43-101 standard and was updated in January 2018 to include an Indicated Resource of 3.05Moz of gold (72.7Mt at 1.30 g/t Au) and an Inferred Resource of 752,000oz of gold (19.8Mt at 1.2 g/t Au). Please refer to Orca's News Release dated 29 January 2018 for details, notes and cautionary statements in relation to the Mineral Resource Estimate.

Resolute believes the Mineral Resource potential has been limited by a lack of drilling and that further exploration has the potential to significantly expand the existing inventory.



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## About Sudan

Sudan is the third largest country on the African continent with a total area of 1,882,000 km<sup>2</sup>. The country hosts a large parcel of the highly prospective and under explored Nubian Shield. In October 2017, the United States Government lifted its economic sanctions against Sudan recognising progress made in the region by one of the most stable governments in Africa.

Sudan has recently emerged as the 2<sup>nd</sup> largest gold producing country in Africa with estimated annual production of approximately 100 tonnes of gold (>3Moz). This gold production is currently sourced from small scale and artisanal gold mining with the government eager to encourage and establish modern large scale industrial mining activity.

## Strategic Rationale

Orca's Block 14 represents an exceptional development opportunity for a potential large scale, low-cost, long life gold mine in a country that is emerging as a significant gold producer. Resolute has acquired an initial stake in Orca and intends to closely collaborate with their management team on further exploration and development activity. The investment in Orca aligns with Resolute's strategy of establishing a portfolio of investments in emerging gold explorers to expand its project pipeline and provide a source of medium term potential growth opportunities. Equity investments in well managed African focused exploration teams holding promising tenure in highly prospective gold regions provide opportunities for the development of future Resolute gold mines.

For further information, contact:

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Figure 1: Resolute's footprint in Africa



Figure 2: Block 14 Gold Project

### ASX:RSG Capital Summary

Fully Paid Ordinary Shares: 741,477,595

Current Share Price:

A\$1.18 as at 25 May, 2018

Market Capitalisation:

A\$875 million

FY18 Guidance:

280,000oz @ AISC A\$1,360/oz

### Board of Directors

Mr Martin Botha *Non-Executive Chairman*  
Mr John Welborn *Managing Director & CEO*  
Mr Peter Sullivan *Non-Executive Director*  
Mr Mark Potts *Non-Executive Director*  
Mr Bill Price *Non-Executive Director*  
Ms Yasmin Broughton *Non-Executive Director*

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### 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 8 million ounces of gold. Resolute 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 FY18 guidance of 280,000 ounces of gold production at All-In Sustaining Costs of A\$1,360/oz (US\$1,020/oz).

Resolute's flagship Syama Gold Mine in Mali is a robust long life asset comprising parallel sulphide and oxide processing plants. The move to underground mining is expected to extend the mine life beyond 2028.

The Ravenswood Gold Mine in Queensland demonstrates Resolute's significant underground expertise in successfully mining the Mt Wright ore body, where operations are expected to cease in FY18. The Company's next stage of development in Queensland is the return to large scale open pit mining at the Ravenswood Expansion Project, which will extend the Company's local operations for a further 13 years to at least 2029.

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 is also exploring over 6,600km<sup>2</sup> of potential world class tenure in West Africa and Australia with active drilling programs in Mali, Ghana, Cote d'Ivoire and Queensland, Australia. The Company is focused on growth through exploration and development and is active in reviewing new opportunities to build shareholder value.

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