



Resolute

ASX Announcement

15 January 2020

Resolute sells Ravenswood Gold Mine for total proceeds of up to A\$300 million

World class consortium comprising EMR Capital and Golden Energy and Resources commits to progress the Ravenswood Expansion Project

Attractive commercial terms provide ongoing upside for Resolute from REP success

Immediate value to Resolute of A\$100 million with up to A\$200 million in contingent upside

Removes obligation for Resolute to fund future Ravenswood capital requirements

Transaction supports Resolute's strategy of focusing on African gold opportunities

Upside exposure retained through structured payments linked to production and gold price

Highlights

- Resolute has signed definitive agreements for the sale of the Ravenswood Gold Mine in Queensland to a consortium comprising a fund managed by private equity manager EMR Capital and leading energy and mining company Golden Energy and Resources
- Sale proceeds of up to A\$300 million in cash to be received by Resolute comprising A\$100 million of upfront value and up to A\$200 million in potential payments contingent on future gold prices, future gold production from the Ravenswood Gold Mine, and the investment outcomes from the Ravenswood Gold Mine for EMR Capital
- EMR Capital, led by Executive Chairman Owen Hegarty and Chief Executive Officer Jason Chang, is a globally leading specialist resources focused private equity group with outstanding credentials and a track record of achievement as a developer and operator of Australian-based mining assets
- GEAR is a leading energy and resources company in Asia Pacific that is listed on the Singapore Stock Exchange with producing coal assets in Indonesia and strategic stake investments in two ASX-listed mining companies
- EMR Capital and GEAR are committed to progressing the Ravenswood Expansion Project
- No immediate changes to Ravenswood Gold Mine employment or contract relationships, with current mine plan and development plans to continue
- The divestment provides strategic clarity and is consistent with Resolute's ambition of being a low-cost multi-mine African-focused gold producer
- Transaction terms maximise financial returns for Resolute from the Ravenswood Gold Mine with no future capital or funding requirements

Resolute Mining Limited (Resolute or the Company) (ASX/LSE: RSG) is pleased to announce that it has entered into definitive transaction documentation to sell the Ravenswood Gold Mine in Queensland (Ravenswood) to a consortium comprising a fund (EMR Fund) managed by specialist resources private equity manager EMR Capital Management Limited (EMR Capital), and Singapore-listed mining and energy company, Golden Energy and Resources Limited (SGX:AUE) (GEAR).



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Resolute will receive cash proceeds of up to **A\$300 million** comprising:

- A\$100 million of upfront value consisting of A\$50 million of cash and A\$50 million in promissory notes;
- up to A\$50 million linked to the average gold price over a four-year period (gold price contingent payment); and
- up to A\$150 million linked to the investment outcomes of Ravenswood for the EMR Fund (upside sharing payment).

The transaction has been structured to maximise Resolute's exposure to the future success of the Ravenswood Expansion Project while transferring the capital expenditure funding requirements and development obligation to a highly credentialed and experienced consortium with a strong relevant track record in successful project development.

During 2019, Resolute undertook a comprehensive strategic review of Ravenswood focused on maximising returns from the Ravenswood Expansion Project and evaluating development scenarios and funding requirements. The sale terms agreed with the EMR Capital and GEAR consortium ensure that Resolute retains upside exposure with no requirement to fund the future capital expenditure associated with the Ravenswood Expansion Project.

A summary of the key terms of the transaction is included as an appendix to this announcement. Completion of the transaction is subject to standard conditions precedent for a transaction of this nature including approvals from Australia's Foreign Investment Review Board, indicative Ministerial approval for the transfer of mining tenements, Ministerial consent for the transfer of a project specific environmental approval, approval from Resolute's existing lending bank syndicate and execution of deeds of assumption in relation to third party contracts.

Based on the current carrying value of the Ravenswood assets, Resolute will record a gain on the sale of Ravenswood in the Company's accounts for the 12 months to 31 December 2020 (FY20). Resolute does not expect the transaction will create a tax liability in the current tax accounting year.

Cash received from the transaction will be used to reduce debt and strengthen the Company's balance sheet.

Resolute is committed to ensuring an orderly transition of ownership at Ravenswood and given the commitment of EMR Capital and GEAR to rapidly proceed with the Ravenswood Expansion Project, the transaction is not expected to result in any immediate material changes to employment or contract relationships at Ravenswood. Progression of the Ravenswood Expansion Project development will continue to provide positive economic benefits for the local community and suppliers as well as the Queensland Government.

Completion of the transaction is targeted to occur prior to 31 March 2020 subject to the satisfaction of conditions precedent (Financial Close). Resolute intends to revise its current year production and cost guidance based on Ravenswood gold production attributable to Resolute for FY20 as at Financial Close.

Resolute's Managing Director and CEO, Mr John Welborn, was delighted with a strongly value accretive transaction:

"The sale of our Ravenswood Gold Mine on the terms announced today provides the opportunity for exceptional value for Resolute shareholders. We have strengthened our balance sheet with a combination of immediate cash and the potential for future upside as well as removing the requirement of a large near-term capital investment. The divestment has strong strategic merit for Resolute. We have delivered on our objective of ensuring a new long-life future for Ravenswood under a world-class operator and can now focus our attention and energy on our African portfolio and the abundant opportunities our experience provides for further growth and value creation.

"The transaction delivers a fair share to all parties from the future value of the Ravenswood Expansion Project and effectively balances risk and reward. Our modelling at current gold prices demonstrates the expansion project at Ravenswood will be highly successful for EMR Capital and GEAR, and that the maximum value of A\$300 million will be generated for Resolute. EMR Capital and GEAR are world-class mine developers and operators with outstanding track records of value generation. The EMR Capital and GEAR consortium are ideal parties to undertake the development of the Ravenswood Expansion Project. The upside sharing arrangement we have agreed aligns the interests of Resolute shareholders with those of EMR Capital and GEAR.

"Ravenswood has been a consistent performer for Resolute for more than 15 years. Since acquisition in 2004, Resolute has mined and processed over 40 million tonnes of ore and produced almost two million ounces of gold. I congratulate the Resolute team, both past and present, for our performance at Ravenswood. We are proud of our achievements at Ravenswood and the significant economic benefits we have provided to the local community, the Queensland Government, and Resolute shareholders. We are confident Resolute's legacy, and the interests of all stakeholders in Ravenswood, will be protected and enhanced by the new consortium."

For further information, contact:

John Welborn
Managing Director & CEO

Jeremy Meynert
General Manager – Business Development & Investor Relations



Appendix - Transaction Terms

Definitive transaction documents (Sale Agreement) have been executed by Resolute, Resolute's 100%-owned subsidiary Carpentaria Gold Pty Limited (CAG) which is the owner of the Ravenswood Gold Mine, Mining Gold Group Pty Ltd (TopCo) being an entity owned by GEAR and EMR Fund, and Mining Gold Investment Pty Limited (Buyer) being the acquiring entity which is a wholly owned subsidiary of TopCo. The Terms of the Sale Agreement, once the conditions precedents have been satisfied, give effect to the transfer of 100% of the assets, tenements, regulatory approvals, contractual rights, infrastructure, plant and equipment, inventory, mining information, and other assets associated with the Ravenswood Gold Mine from CAG to the Buyer.

Transaction consideration comprises total cash payments to Resolute of up to **A\$300 million** as follows:

- A\$100 million of immediate value paid on Financial Close, represented by:
 - A\$50 million of cash; and
 - A\$50 million in a Promissory Note;
- Up to A\$50 million via a Gold Price Contingent Payment instrument; and
- Up to A\$150 million via an Upside Sharing Payment instrument.

Promissory Note (A\$50 million)

- Quantum: A\$50 million to be paid in cash to Resolute at maturity.
- Interest Rate: Annual coupon of 6% to be capitalised and paid to Resolute at maturity.
- Maturity: Matures at the earlier of a Liquidity Event (defined as disposal, IPO or winding up) with a maximum term of seven years.
- Security: May be taken on a subordinated basis in conjunction with project financing to senior lenders.
- Distributions: Any equity distributions by the Buyer matched by equivalent repayment of the Promissory Note until such time as the Promissory Note has been repaid.

Gold Price Contingent Payment Instrument (up to A\$50 million)

- Gold Price Bands: A Gold Price Contingent Payment is payable to Resolute four years following Financial Close based on the following bands:
 - A\$10 million if the average gold price is greater than A\$1,900/oz;
 - A\$20 million if the average gold price is greater than A\$1,975/oz;
 - A\$30 million if the average gold price is greater than A\$2,050/oz;
 - A\$40 million if the average gold price is greater than A\$2,075/oz; and
 - A\$50 million if the average gold price is greater than A\$2,100/oz.
- Production Threshold: Payment of the Gold Price Contingent Payment is subject to the cumulative ounces produced from Ravenswood following Financial Close exceeding 500,000oz of gold over the four-year period and is subject to adjustment if the production plan adopted by the Buyer is reduced or lower than expected.

Upside Sharing Payment Instrument (up to A\$150 million)

- Objective: The Upside Sharing Payment is designed to align Resolute with investment outcomes of EMR Fund.
- Trigger: Any Liquidity Event including disposal or a qualifying IPO.
- Method: Determined by reference to the gross money multiple to EMR Fund which is the gross proceeds (before payment of the Upside Sharing Payment) divided by the total capital invested in the acquisition, development and operation of Ravenswood by EMR Fund.
- Quantum: Resolute will receive the Upside Sharing Payment from the Buyer based on the amount by which the gross money multiple exceeds a minimum threshold up to a cap of A\$150 million as follows:
 - A\$7.5 million for each 0.1 that the gross money multiple is above 2.5 up to 4.0; and
 - A\$5 million for each 0.1 that the gross money multiple is above 4.0.

Conditions Precedent to Financial Close

- Approval from Australia's Foreign Investment Review Board.
- Indicative Ministerial approval for the transfer for tenements.
- Ministerial consent to the transfer of a project specific environmental approval.
- Consent from Resolute's lenders.
- Other customary conditions precedent.



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Prior to closing, CAG must remove all existing security interests and mortgages over the Ravenswood assets held by Resolute's lenders and the parties must agree and execute the Vendor Promissory Note and separate promissory notes documenting the Gold Price Contingent Payment and Upside Sharing Payment.

About EMR Capital

EMR Capital is a specialist mining private equity manager with a proven track record in successful resources project development, operation and investment in a variety of commodities. EMR Capital currently owns and operates eight mining operations and projects in six countries globally with an enterprise value in excess of US\$5 billion and revenues in excess of US\$1.5 billion.

The Ravenswood Gold Mine will be EMR Capital's third mining operation in Queensland. It currently owns the Capricorn copper mine near Mt Isa and, with partners Adaro and Mitsui, the Kestrel coking coal mine near Emerald in the Bowen Basin.

EMR Capital was founded by Jason Chang and Owen Hegarty.

For more information on EMR Capital, please visit: www.emrcapital.com.

About Golden Energy and Resources

GEAR is a Singapore-listed leading energy and resources company in the Asia Pacific region. Its businesses include mining of thermal coal through its subsidiary PT Golden Energy Mines (GEMS) operating in Indonesia, mining of metallurgical coal through its associate company Stanmore Coal Limited (Stanmore) (~28%), mining of gold through a minority investment in Westgold Resources Limited (Westgold) (~9%) and various investments in renewable energy projects in Asia. GEAR is represented on the boards of both Stanmore and Westgold. GEAR is also engaged in the forestry business and owns forestry concession rights of 265,095 hectares in Kalimantan.

About the Ravenswood Gold Mine

Ravenswood has been in continuous operation since 1987 and currently employs 200 full-time workers. Gold has been mined at Ravenswood since the discovery of the goldfield in 1868. The first of two distinct periods of historic mining activity occurred from 1868 to 1880 and consisted of alluvial and shallow reef mining. The second consisted of major underground operations on the reefs from 1897 to 1914.

In 1978, Carpentaria Gold Pty Limited (Carpentaria Gold), then a subsidiary of MIM Holdings Limited (MIM), began exploration at Ravenswood and in 1987 commenced mining activity, initially from open pits and subsequently from underground mining. Carpentaria Gold's operations at Ravenswood have undergone continual expansion since 1987 having commenced as a 250,000 tonne per annum heap leach operation. The operation expanded to a 2.0 million tonne per annum (Mtpa) Carbon-in-Pulp operation in 1993 in joint venture with Haoma Mining NL (Haoma). In 2000, the operation was further expanded to 5.0Mtpa with processing equipment purchased from mines at Kidston and Mt Leyshon. During this period, ore was sourced from the Sarsfield and Nolans open pits. In 2003, Carpentaria Gold acquired the remaining interest in Nolans East from Haoma. During the same year, Xstrata plc (Xstrata) purchased MIM taking control of Carpentaria Gold and Ravenswood.

Resolute acquired Carpentaria Gold from Xstrata in 2004 for US\$45 million (A\$58 million) and assumed operating control of the Sarsfield Open Pit Mine and the Nolans processing plant (Nolans Plant) which was operating at 5.0Mtpa. Resolute developed the nearby Mt Wright Underground Mine, initially as a high-grade ore source to supplement Sarsfield ore and subsequently as the primary ore source for operations. In 2009 open cut mining operations ceased at the Sarsfield Open Pit Mine. The Nolans Plant treated both Sarsfield low grade stockpiles and Mt Wright Underground Mine ore at a 5.0Mtpa rate until 2012.

From 2012, the Nolans Plant was reconfigured and optimised for processing exclusively 1.5Mtpa of high-grade underground ore from the Mt Wright Underground Mine. In developing and operating the Mt Wright Underground Mine, Resolute pioneered the Sub-Level Shrinkage with Continuous Fill (SLS) underground mining method. The reconfigured plant used single stage crushing, SAG and ball milling and carbon-in-leach processing with gravity circuit for recovery of free gold. With grade of 2-3 grams per tonne of gold and recoveries of approximately 95%, this operation typically produced between 100,000oz and 140,000oz of gold per annum.

In 2015, with the Mt Wright Underground Mine coming to the end of its expected mine life, Resolute commenced evaluation of opportunities to extend mining operations by a return to surface mining of the various open pit deposits adjacent to the Nolans Plant. The Ravenswood Expansion Project (REP) was established to consider a return to mining at Nolans East, Sarsfield, and Buck Reef West.



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In September 2016, Resolute published the REP Study which outlined the Company's plans to complete the Mt Wright Underground Mine and maintain continuity of production at Ravenswood by commencing open pit mining at the Nolans East, Sarsfield, and Buck Reef West pits (see ASX Announcement dated 21 September 2016). The REP Study reinvigorated Resolute's Ravenswood operations and enabled a transition back to open pit mining.

Open pit mining operations commenced at the Nolans East deposit in August 2016 at which time the mill was upgraded to a capacity of 2.8Mtpa, processing a combination of Mt Wright and Nolans East ore and low-grade stockpiles.

In July 2018, Resolute published an REP Update which identified significant improvements to the proposed mine plan and processing schedule and included the successful receipt of all major required government approvals (see ASX Announcement dated 11 July 2018).

A strategic review was commenced in 2019 to assess possible technical and economic enhancements to the previously published REP study (see ASX announcement dated 11 July 2018). As part of the ongoing strategic review Resolute secured additional environmental approvals for an expansion of the existing Nolans tailings storage facility to support the potential for a significant increase in scale of the REP. The strategic review resulted in an updated Ore Reserve and Mineral Resource for Ravenswood (see ASX Announcement dated 22 July 2019) and included drilling of previously underexplored areas between the Sarsfield and Buck Reef West pits, examination of enhanced crushing and milling strategies, and the redesign and re-optimisation of the open pits. In preparation for the commencement of mining at the Buck Reef West deposit, Resolute provided funding for development of a new State School at Ravenswood. Construction of the new school is now nearing completion.

The REP strategic review provided strong encouragement for higher throughput and production rates than envisaged in the earlier REP studies. This work estimated an overall development period for the full REP of 24 months and demonstrated the potential for Ravenswood to deliver approximately 200,000oz of gold annually for 15 years from 2022. The full REP entails development and mining the Buck Reef West and Sarsfield open pits, and expansion of ore crushing and tailing storage facilities. All key approvals for commencement of operations have been received from the Queensland Government.

In December 2019, Resolute recommissioned the third ball mill at the Nolans Plant, which restored milling capacity to 5Mtpa. Mining and processing of ore from both Nolans East and Mt Wright was completed in late 2019. Pending the commencement of the REP, gold production at Ravenswood is currently sourced from low-grade stockpiles accumulated during earlier phases of mining, primarily from Sarsfield.

The transaction announced today commences the next stage of Ravenswood's long and successful history as an operating gold mine with the EMR Capital and GEAR consortium committing to the full development of the REP.

Since taking ownership of Ravenswood in 2004, Resolute has mined and processed 40 million tonnes of ore and produced more than 1.9 million ounces of gold.



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About Resolute

Resolute is a successful, dividend paying gold miner with more than 30 years of experience as an explorer, developer and operator of gold mines in Australia and Africa which have produced more than 8 million ounces of gold.

Resolute's production and cost guidance for the 2020 financial year is 500,000 ounces of gold at an All-In Sustaining Cost of US\$980 per ounce.

Resolute owns four gold mines with a Global Mineral Resource base of more than 18 million ounces of gold. Resolute's flagship asset is the world class Syama Gold Mine in Mali (Syama) which can produce more than 300,000 ounces of gold per annum from existing processing infrastructure. Resolute has commissioned the world's first fully automated underground mine at Syama which will deliver a low cost, large scale operation with a mine life beyond 2032. The Mako Gold Mine in Senegal is a high quality, low cost asset with average annual production of ~140,000 ounces of gold. The Ravenswood Gold Mine in Australia and the Bibiani Gold Mine in Ghana are existing largescale assets which provide significant optionality.

Resolute trades on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE) under the ticker RSG.

Contact Information

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Authorised by Mr John Welborn, Managing Director & CEO

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (MAR). Upon the publication of this announcement via a Regulatory Information Service (RIS), this inside information is now considered to be in the public domain.

ASX/LSE: RSG Capital Summary

Fully Paid Ordinary Shares: 903,153,734
Current Share Price (ASX):
A\$1.17 as at 14 January 2020
Market Capitalisation: A\$1.1 Billion
FY20 Guidance:
500,000oz at an AISC of US\$980/oz

Board of Directors

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

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