



Resolute

ASX Announcement

28 January 2020

Resolute Acquires Toro Gold Royalty

Highlights

- Resolute has agreed terms for the acquisition of the 1.1% gold royalty held by the original project financiers over the Mako Gold Mine in Senegal
- Acquisition and elimination of the royalty over Mako will boost future cash flows to Resolute and is consistent with the Company's preference to operating gold mines which are free from non-government royalties
- The royalty has an agreed termination value of US\$12 million with consideration to be paid in cash or in Resolute shares at the election of the royalty holders subject to shareholder approval
- All security associated with the royalty will be released as part of the transaction
- The acquisition of the royalty is expected to be finalised during the current quarter

Resolute Mining Limited (ASX/LSE: RSG, Resolute or the Company) is pleased to advise the Company has agreed to terms with Taurus Funds Management Pty Limited (Taurus) for the acquisition of the 1.1% royalty held by entities associated with Taurus over gold production from the Mako Gold Mine in Senegal (Mako). The termination value of the royalty has been agreed at US\$12 million with consideration to be paid in cash or in shares at the election of the royalty holders.

The royalty was established in 2017 as part of the project funding arrangements put in place by Toro Gold Limited (Toro) for the construction of Mako. Under the terms of the royalty Resolute is required to pay to the royalty holders an amount of 1.1% of the gold revenues associated with the first 1.4 million ounces of gold mined from Mako (the Toro Gold Royalty). The Toro Gold Royalty is currently secured over Mako and all related assets, including the shares of the companies within the Toro Gold structure that own Mako.

The Toro Gold Royalty contained a change of control provision which provided the royalty holders with the ability to demand a termination sum upon a change of control in Toro Gold. The termination sum was to be calculated by multiplying future gold production with the spot price and the applicable royalty rate. The terms of the Toro Gold Royalty were disclosed in the Acquisition of Toro Gold Offer Document (see ASX Announcement dated 31 July 2019).

Resolute's acquisition of Toro Gold during 2019 constituted a change of control event resulting in an ability for the royalty holders to demand the Toro Gold Royalty termination sum. As part of establishing the US\$130 million Toro Gold acquisition bridge facility, Resolute deferred the termination of the Toro Gold Royalty until such time the Company had repaid the acquisition bridge facility and the existing Mako project loan. Resolute has now negotiated the opportunity to acquire the Toro Gold Royalty for the termination sum of US\$12 million. The termination sum will be paid in cash or in Resolute shares at the election of the royalty holders within five business days of the repayment of all amounts outstanding under the finance facilities provided by Taurus. If the royalty holders elect to receive Resolute shares as consideration, these shares will be priced at A\$1.10, the same price as the Company's recent equity raising (see ASX Announcement dated 21 January 2020). The issue of shares in settlement of the royalty acquisition is subject to Resolute shareholder approval which will be sought at the Company's Extraordinary General Meeting expected to be held on 27 February 2020.

Repayment of the finance facilities provided by Taurus is expected to occur during the March 2020 quarter. The US\$130 million Toro Gold acquisition bridge facility will be repaid by the end of January 2020 with proceeds from Resolute's recent equity raising. The original Toro Gold project loan has a current outstanding balance of



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approximately US\$63 million and will be repaid from cash reserves within Toro Gold and the expansion of the Company's syndicated loan facility. Resolute is currently on track to complete the refinancing of the Company's existing syndicated loan facility by the end of February 2020. The agreed terms for the acquisition and removal of the Toro Gold Royalty will greatly simplify the refinancing process.

Managing Director and CEO, Mr John Welborn, said: "Acquisition of the Toro Gold Royalty will boost the future cash flows received by Resolute from Mako and further enhances our exposure to higher gold prices and future exploration success. We are working to simplify the Company's capital and debt structure and the termination of this external royalty on sound financial terms is value accretive for Resolute."

For further information, contact:

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Managing Director & CEO

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General Manager – Business Development & Investor Relations

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

Resolute has a Global Mineral Resource base of more than 18 million ounces of gold. The Company's flagship asset is the world class Syama Gold Mine in Mali which has the ability to produce 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 approximately 140,000 ounces of gold. A binding agreement has been signed to sell the Ravenswood Gold Mine in Queensland, Australia for up to A\$300 million. A strategic review is currently underway of the Bibiani Gold Mine in Ghana.

Resolute's guidance for FY20 has been set at production of 500,000 ounces of gold at an AISC of US\$980 per ounce. FY20 Guidance will be revised once the sale of Ravenswood has been finalised.

Contact Information

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Authorised by Mr John Welborn, Managing Director & CEO

ASX/LSE: RSG Capital Summary

Fully Paid Ordinary Shares: 903,153,734
Current Share Price (ASX):
A\$1.17 as at 24 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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