



**Resolute**

# Quarterly Activities Report

**31 January 2018**

## Development Progress and Steady Production

**FY18 guidance maintained of 300koz at AISC of A\$1,280/oz / US\$960/oz**

**December quarterly gold production of 66koz at AISC of A\$1,392/oz**

**Syama Underground Resource increased by 39% to 5.7Moz**

**Further opportunistic hedging of 72,000oz forward sold at A\$1,715/oz**

**Syama Underground mine on track with ground breaking mine-of-the-future  
Sandvik framework agreement executed**

**Syama workforce stability accord signed with local union**

**Ravenswood Expansion Project on track**

**~A\$200m in cash, bullion and listed investments**

**Challenging first half creates platform for long term growth**

### Highlights

- Gold production of 66,581 ounces of gold (September 2017: 76,168 ounces)
- All-In Sustaining Cost of A\$1,392 per ounce / US\$1,069 per ounce (September 2017: A\$1,397 / US\$1,133)
- Syama Underground Mineral Resource increased by 39% to 5.7 million ounces at 3.2 grams per tonne of gold
- Syama Underground mine development continues with pre-production ore of 30,665 tonnes at 2.8 grams per tonne of gold delivered to the processing plant
- Framework agreement signed with Sandvik AB to deliver leading global mining technologies to the Syama Underground mine
- Syama Workforce Stability Agreement signed with Syama Workers Union in Mali to secure industrial relation environment
- Ravenswood beneficiation trials confirm upgrade of low grade ores
- Average gold price received of A\$1,696 / US\$1,306 per ounce from gold sales of 60,000 ounces
- Additional A\$ hedging contracts locked in with 72,000 ounces forward sold at US\$1,715 per ounce to May 2019
- Cash, bullion and listed investments of A\$196 million / US\$150 million as at 31 December 2017
- Gold in circuit inventory as at 31 December 2017 of 94,462 ounces valued at A\$157 million / US\$120 million
- FY18 gold production and cost guidance maintained at 300,000 ounces at an All-In Sustaining Cost of A\$1,280 per ounce / US\$960 per ounce

Resolute Mining Limited (Resolute or the Company) (ASX: RSG) is pleased to present its Quarterly Activities Report for the period ended 31 December 2017. Managing Director and Chief Executive Officer, Mr. John Welborn, noted the Company was successfully focused on building new long life robust operations at Syama and Ravenswood and that operations were responding to the resulting operational challenges:



“Resolute is creating a new chapter for the Company at Syama. Our new underground mine development is now well underway with consistent delivery of development ore. The undoubted highlight of the quarter was the 39% increase in underground Mineral Resources to now total 5.7 million ounces of gold. We are well placed on a development pathway to a robust long life operational future.

“As expected the first half of the financial year has proved challenging as we have relied on declining stockpile grades at Syama and have received lower production from Mt Wright at Ravenswood. Importantly, while first half gold production and unit costs have been affected, Resolute remains on track to meet our guidance for the full financial year. Higher grades and improved process recoveries in the second half of the financial year are expected to result in increased production and lower unit costs at both Ravenswood and Syama.

“We maintain a strong balance sheet to fund the growth and longevity of the business. The updated feasibility study for Bibiani will be completed during the course of the current quarter, while optimisation studies at both Syama and Ravenswood are underway and expected to be completed by the end of the financial year. The results of this work will provide further growth options for Resolute on our journey towards becoming a long life, low cost gold miner.”

## Outlook – FY18 Production and Expenditure Guidance

A summary of production and cost performance for the first half of the 2018 financial year (FY18) and a forecast for the FY18 second half is provided in Table 1 below. Improved production and cost performance in the second half of the financial year is anticipated from a combination of:

- Improved head grades for the Syama sulphide operations due to increased contribution from underground development ore which will displace lower grade stockpiled material in the run-of-mine;
- Improved head grades for the Syama oxide circuits operations due to commencement of mining operations at higher grade satellite deposits;
- Increased recoveries in the Syama sulphide plant from higher head grades and the benefits of Project 85 recovery enhancements;
- Further reductions in Syama sulphide gold in circuit (GIC) through processing of concentrate stocks;
- Increased ore production at Ravenswood from Mt Wright underground operations; and
- Increased grade from successful implementation of beneficiation process of low grade open pit ore at Ravenswood.

	Actual Q1 Sep 2017	Actual Q2 Dec 2017	Actual H1 FY18	Forecast H2 FY18	Forecast FY18
<b>Ounces Produced</b>	76,168	66,581	142,749	~160,000	~300,000
<b>All-In Sustaining Cost</b>	A\$1,397	A\$1,392	A\$1,395	~A\$1,180	~A\$1,280

Table 1: FY18 H1 Actual and FY18 H2 Forecast

Guidance for FY18 remains unchanged at:

- Gold production forecast of **300,000oz**
- All-In Sustaining Cost (AISC) forecast of **A\$1,280/oz (US\$960/oz)**
- Capital expenditure for growth projects at Syama Underground and Ravenswood Expansion Project of A\$162M (US\$122M)
- Exploration budget of A\$38M (US\$29M)

	Gold Production* (oz)	AISC (A\$/oz)	AISC (US\$/oz)
Syama Sulphide	130,000	1,050	788
Syama Oxide	90,000	1,260	945
Ravenswood	80,000	1,520	1,145
<b>Total</b>	<b>300,000</b>	<b>1,280</b>	<b>960</b>

Table 2: FY18 production and costs guidance



## Quarterly summary

### December Quarter 2017 production and costs (unaudited)

December 2017 Quarter	Units	Syama Sulphide	Syama Oxide	Syama Total	Ravenswood	GROUP Total
UG lateral development	m	2,486	-	2,486	-	2,486
UG vertical development	m	-	-	-	28	28
Total UG lateral development	m	2,486	-	2,486	28	2,514
UG ore mined	t	30,665	-	30,665	116,265	146,930
UG grade mined	g/t	2.80	-	2.80	2.26	2.37
OP operating waste	BCM	103,484	960,606	1,064,090	313,512	1,377,602
OP ore mined	BCM	25,947	231,920	257,867	110,701	368,568
OP grade mined	g/t	1.43	2.03	1.95	0.73	1.53
Total ore mined	t	105,687	489,960	595,647	416,698	1,012,345
Total tonnes processed	t	463,111	374,563	837,674	613,824	1,451,498
Grade processed	g/t	2.18	1.97	2.09	1.07	1.66
Recovery	%	73.2	88.8	79.8	94.5	83.8
Gold recovered	oz	23,807	21,093	44,900	20,046	64,946
Gold in circuit drawdown/(addition)	oz	(2,148)	(660)	(2,808)	4,443	1,635
<b>Gold produced (poured)</b>	<b>oz</b>	<b>21,659</b>	<b>20,433</b>	<b>42,092</b>	<b>24,489</b>	<b>66,581</b>
Gold bullion in metal account movement (increase)/decrease	oz	(4,201)	9	(4,192)	(2,389)	(6,581)
Gold sold	oz	17,457	20,443	37,900	22,100	60,000
Achieved gold price	A\$/oz	1,678	1,678	1,678	1,726	1,696
	US\$/oz	1,294	1,294	1,294	1,327	1,306
<b>Mining</b>	<b>A\$/oz</b>	<b>1,116</b>	<b>664</b>	<b>897</b>	<b>503</b>	<b>753</b>
<b>Processing</b>	<b>A\$/oz</b>	<b>730</b>	<b>448</b>	<b>593</b>	<b>455</b>	<b>542</b>
<b>Administration</b>	<b>A\$/oz</b>	<b>307</b>	<b>223</b>	<b>266</b>	<b>199</b>	<b>241</b>
<b>Stockpile Adjustments</b>	<b>A\$/oz</b>	<b>338</b>	<b>(86)</b>	<b>132</b>	<b>(205)</b>	<b>8</b>
<b>Gold in Circuit Movement</b>	<b>A\$/oz</b>	<b>(236)</b>	<b>(63)</b>	<b>(152)</b>	<b>185</b>	<b>(28)</b>
<b>Amortisation/(Deferral) of stripping costs</b>	<b>A\$/oz</b>	<b>(33)</b>	<b>(125)</b>	<b>(78)</b>	<b>(18)</b>	<b>(56)</b>
<b>Transfer of underground development costs to development</b>	<b>A\$/oz</b>	<b>(1,042)</b>	<b>-</b>	<b>(536)</b>	<b>-</b>	<b>(339)</b>
<b>Cash Cost</b>	<b>A\$/oz</b>	<b>1,180</b>	<b>1,061</b>	<b>1,122</b>	<b>1,119</b>	<b>1,121</b>
	<b>US\$/oz</b>	<b>899</b>	<b>813</b>	<b>861</b>	<b>860</b>	<b>861</b>
Royalties	A\$/oz	91	88	90	76	86
By-product credits	A\$/oz	(1)	(1)	(1)	(7)	(3)
Amortisation/(Deferral) of stripping costs	A\$/oz	33	125	78	18	56
Sustaining capital + others	A\$/oz	86	66	76	37	63
Overhead costs	A\$/oz	36	34	34	49	40
Administration Costs	A\$/oz	-	-	-	-	29
<b>All-In Sustaining Cost (AISC)*</b>	<b>A\$/oz</b>	<b>1,425</b>	<b>1,373</b>	<b>1,399</b>	<b>1,292</b>	<b>1,392</b>
*AISC is calculated on gold produced (poured)	<b>US\$/oz</b>	<b>1,094</b>	<b>1,053</b>	<b>1,074</b>	<b>993</b>	<b>1,069</b>
Depreciation and amortisation	A\$/oz	106	33	71	26	54

Table 3: Detailed production and cost data December Quarter 2017



**December 2017 Year to Date production and costs (unaudited)**

December 2017 Year to Date	Units	Syama Sulphide	Syama Oxide	Syama Total	Ravens-wood	GROUP Total
UG lateral development	m	4,548	-	4,548	-	4,548
UG vertical development	m	-	-	-	238	238
Total UG lateral development	m	4,548	-	4,548	238	4,786
UG ore mined	t	59,073	-	59,073	218,530	277,603
UG grade mined	g/t	2.80	-	2.80	2.58	2.63
OP operating waste	BCM	152,941	1,627,057	1,779,998	515,081	2,295,079
OP ore mined	BCM	88,315	468,060	556,375	236,510	792,885
OP grade mined	g/t	2.90	2.07	2.25	0.71	1.71
Total ore mined	t	307,915	947,770	1,255,685	865,811	2,121,496
Total tonnes processed	t	918,050	699,935	1,617,985	1,228,756	2,846,741
Grade processed	g/t	2.09	2.13	2.11	1.11	1.68
Recovery	%	73.9	81.6	77.9	94.1	83.3
Gold recovered	oz	45,506	38,594	84,100	41,611	125,711
Gold in circuit drawdown/(addition)	oz	6,401	9,032	15,433	1,604	17,038
<b>Gold produced (poured)</b>	<b>oz</b>	<b>51,907</b>	<b>47,626</b>	<b>99,533</b>	<b>43,215</b>	<b>142,749</b>
Gold bullion in metal account movement (increase)/decrease	oz	(11,185)	(6,713)	(17,898)	(3,370)	(21,269)
Gold sold	oz	40,722	40,913	81,635	39,845	121,480
Achieved gold price	A\$/oz	1,677	1,677	1,677	1,707	1,687
	US\$/oz	1,313	1,313	1,313	1,332	1,319
Mining	A\$/oz	806	510	663	580	638
Processing	A\$/oz	576	338	462	543	487
Administration	A\$/oz	233	180	208	239	217
Stockpile Adjustments	A\$/oz	266	(144)	70	(128)	10
Gold in Circuit Movement	A\$/oz	245	123	187	1	131
Amortisation/(Deferral) of stripping costs	A\$/oz	(21)	100	37	(19)	20
Transfer of underground development costs to development	A\$/oz	(748)	-	(390)	-	(272)
<b>Cash Cost</b>	<b>A\$/oz</b>	<b>1,357</b>	<b>1,107</b>	<b>1,237</b>	<b>1,216</b>	<b>1,231</b>
	<b>US\$/oz</b>	<b>1,054</b>	<b>863</b>	<b>964</b>	<b>948</b>	<b>959</b>
Royalties	A\$/oz	81	81	81	78	83
By-product credits	A\$/oz	(3)	(3)	(3)	(9)	(5)
Amortisation/(Deferral) of stripping costs	A\$/oz	21	(100)	(37)	19	(20)
Sustaining capital + others	A\$/oz	55	48	52	43	51
Overhead costs	A\$/oz	30	31	31	26	23
Administration Costs	A\$/oz	-	-	-	-	32
<b>All-In Sustaining Cost (AISC)*</b>	<b>A\$/oz</b>	<b>1,541</b>	<b>1,164</b>	<b>1,361</b>	<b>1,373</b>	<b>1,395</b>
*AISC is calculated on gold produced (poured)	<b>US\$/oz</b>	<b>1,199</b>	<b>907</b>	<b>1,060</b>	<b>1,072</b>	<b>1,092</b>
Depreciation and amortisation	A\$/oz	80	28	55	39	50

Table 4: Detailed Year-to-Date production and cost data December 2017





## Mali

### Operations

#### Syama, Mali

The Syama Gold Mine (Syama) is located in the south of Mali, West Africa approximately 30km from the Côte d'Ivoire border and 300km southeast of the capital Bamako. Syama is a large scale operation which comprises two separate processing plants: a sulphide processing circuit and an oxide processing circuit. Mining at the main Syama open pit was completed in May 2015 with ore for the sulphide circuit currently being sourced from stockpiled material. Ore for the oxide circuit is provided by open pit mining of a series of satellite orebodies. A definitive feasibility study (refer to ASX announcement dated 30 June 2016) outlined a plan for the new underground operation at Syama which will extend the mine life at Syama beyond 2028. The Syama Underground mine is currently under development and is due for project completion and commencement of full underground mining in December 2018.

#### Total Syama Operations

	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Total Production (Gold oz)	Cash Cost A\$/oz	AISC A\$/oz
Dec Quarter	595,647	837,674	2.09	79.8	42,092	1,122	1,399
Sep Quarter	660,038	780,311	2.13	73.4	57,441	1,321	1,332
Year to date	1,255,685	1,617,985	2.11	77.9	99,533	1,237	1,361

Table 5: Syama operations performance FY2017 Year to Date

#### Sulphide operations

The significant improvements being made to the Syama sulphide processing infrastructure, including crusher modifications, necessitated planned shutdowns of the circuit successfully completed during the December 2017 quarter. Planned roaster maintenance was completed contemporaneously, which also restricted gold production. Despite this, higher throughput was achieved resulting in an increase in tonnes milled for the quarter. Production was affected by slightly reduced recovery due to more metallurgically difficult ore being treated from stockpiles and the reduced drawdown from GIC inventories as a result of circuit availability. Despite the reduced gold production caused by the shutdown and modification disruptions, both cash costs and AISC improved in December from the previous quarter. The trend of reducing costs is expected to accelerate after the completion of the major roaster shut which will commence late in the March 2018 quarter and will then be assisted by increasing production and circuit availability.

The milled head grade was higher than the previous quarter as a result of the inclusion of higher grade sulphide ore sourced from the development phase of the Syama Underground (development ore) along with ore from the northern satellite pits augmenting the remaining sulphide stockpiles from the Syama open pit completed in 2015.

Development ore production, which commenced in the September quarter, increased with underground ore of 30,665 tonnes (t) at 2.8 grams per tonne (g/t) Au mined during the quarter (September 2017 quarter 28,408t @ 2.8 g/t). This underground development ore, and quantities of sulphide ore mined as part of satellite open pit oxide operations, will continue to augment and displace lower grade ore stockpiles as the circuit feed source during the development phase of the Syama Underground resulting in improved performance. At the end of the quarter total sulphide ore stockpiles at Syama are approximately 140,000oz (3.3Mt at 1.3g/t).



	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Total Production (Gold oz)	Cash Cost A\$/oz	AISC A\$/oz
Dec Quarter	105,687	463,111	2.18	73.2	21,659	1,180	1,425
Sep Quarter	202,228	454,939	1.99	74.6	30,193	1,486	1,633
Year to Date	307,915	918,050	2.09	73.9	51,852	1,357	1,541

Table 6: Syama sulphide production and cost summary

## Oxide Operations

Oxide ore mined during the quarter was sourced largely from the BA01 satellite pit. This ore source was largely depleted by the end of the quarter and is due for completion in the March 2018 quarter. As planned, mining of the Beta pit located immediately south of the BA01 pits has commenced with pre-stripping of waste.

Milled tonnes improved markedly, assisted by the commencement of the dry season. Recoveries also improved due to lower levels of organic carbon sulphides in the feed blend. Gold produced (poured) was lower due to a reduced drawdown of GIC compared to the previous quarter. Unit cash costs reduced in the oxide operations and correspondingly increased the AISC due to pre-stripping of the new Beta satellite open-pit.

Year to date production from the oxide circuit is consistent with guidance, which is expected to continue for the remainder of the financial year.

	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Total Production (Gold oz)	Cash Cost A\$/oz	AISC A\$/oz
Dec Quarter	489,960	374,563	1.97	88.8	21,093	1,061	1,373
Sep Quarter	457,810	325,372	2.12	71.9	27,248	1,139	999
Year to Date	947,770	699,935	2.04	80.6	48,341	1,107	1,164

Table 7: Syama oxide production and cost summary

## Underground mine development

The Syama Underground mine development remains on schedule for first sublevel cave ore production to commence in December 2018. During the December 2017 quarter, underground development commenced on the third production level (the 1080 level) and underground development ore production continued from the first and second production levels (the 1130 and 1105 levels). The first primary ventilation raise bore to the 1140 level was completed during the quarter with the second due for completion in the March 2018 quarter.





**Figure 1: Ventilation raisebore drilling at the Syama Underground mine**

Development rates continue to maintain progress in line with expectations. The incline is due to break through into the box cut in the March 2018 quarter. Development ore will continue to augment the stockpiled sulphide material and satellite open pit sulphide sources. Development of the Syama Underground progress to plan is depicted in Figure 2. Online readers can launch Resolute's interactive visualiser and view the underground mine development progress as at 30 December 2017 by clicking on Figure 3 below. The interactive visualiser is also available on the Company's website at [www.rml.com.au](http://www.rml.com.au).

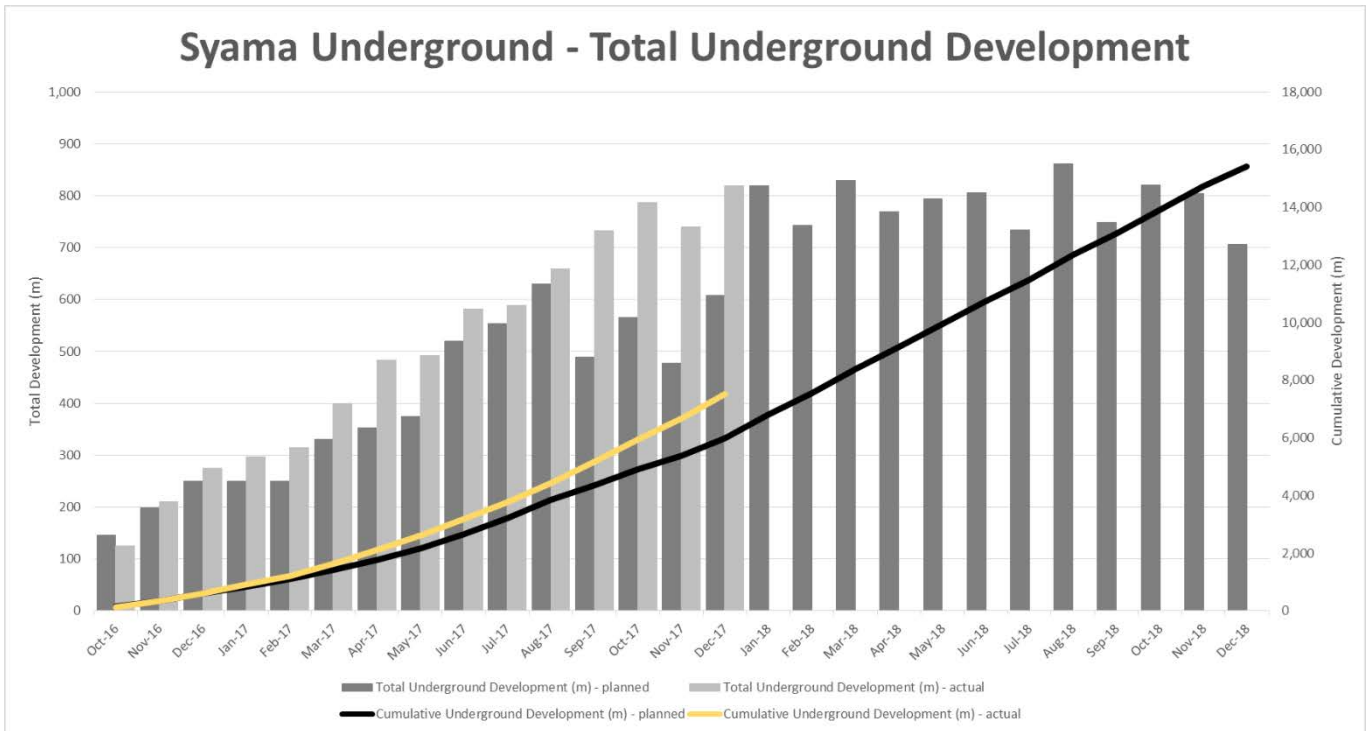


Figure 2: Syama Underground development progress

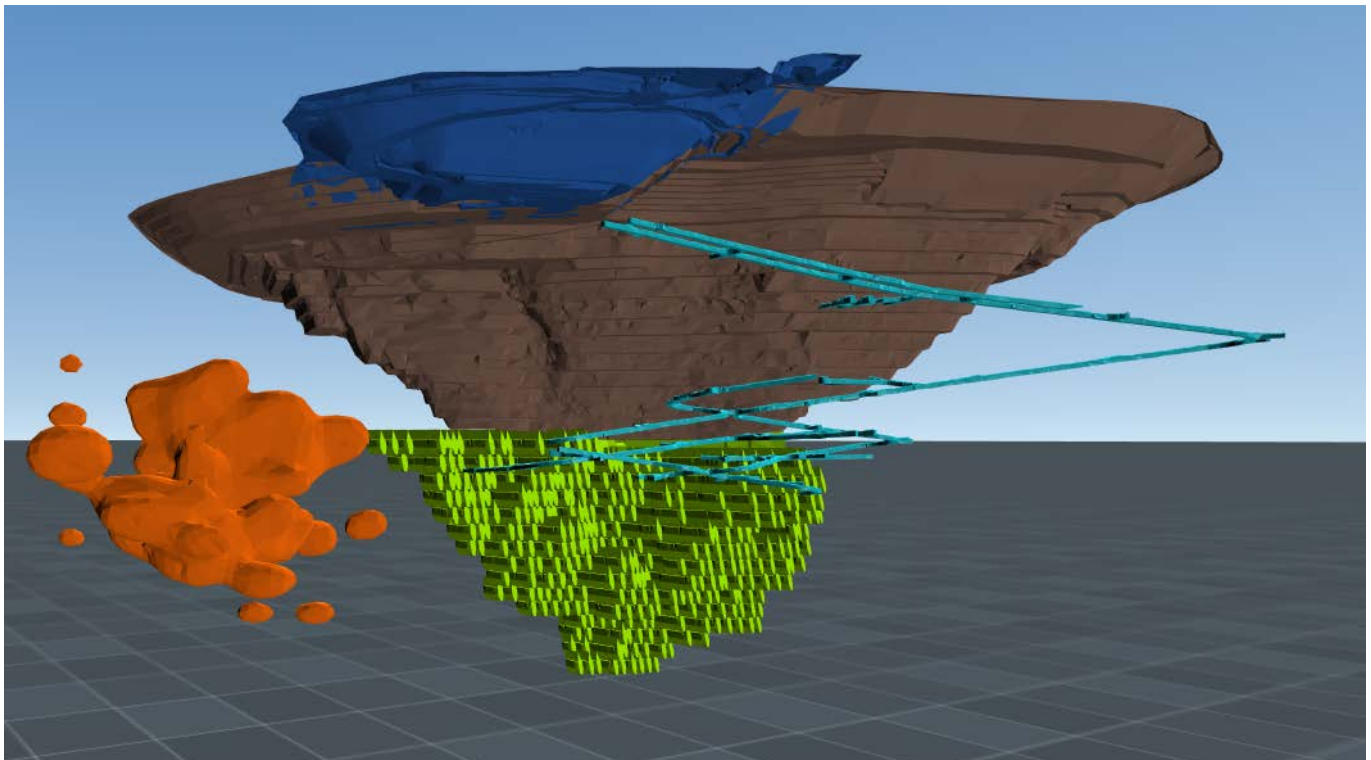


Figure 3: Screen shot of Resolute’s interactive online visualiser tool showing the underground mine development progress as at 30 December 2017

### Sandvik Framework Agreement

Resolute has signed a framework agreement with Sandvik AB (Sandvik) to deliver leading global mining technologies that will deliver a safer, more productive mining operation at Syama. The framework agreement between Resolute and Sandvik covers the delivery of mobile and fixed equipment, software, maintenance of mobile equipment





and delivery of training to maintenance and operational personnel. The framework agreement will be the basis under which Resolute, in collaboration with Sandvik, will seek to work towards developing Syama as a fully automated underground mine.

With the introduction of Sandvik's leading technologies, Resolute expects a significant reduction in unit operating costs compared to previous expectations. The current development of a fully integrated mine with an automated load and haul operation, that will help ensure Syama becomes a cost competitive mine on a global scale.

## Health and safety

The Syama operation had no Lost Time Injuries (LTI) during the December 2017 quarter. The 12 month rolling LTI Frequency Rate at the end of the quarter was 0.42 and the 12 month rolling Total Recordable Injury Frequency Rate (TRIFR) was 2.12.

## Syama Workforce Stability Agreement - Memorandum of Understanding

In the first half of the current financial year mining operations in Mali have been disrupted by national and local industrial action taken by various Malian workers union organisations. In order to minimise the potential for future disputes at Syama, Resolute has proactively engaged in negotiation of a comprehensive Memorandum of Understanding (MoU) representing a Workforce Stability Agreement. The MoU establishes a range of mutually agreed principles for both worker benefits and industrial harmony as well as mine productivity and safety standards. The MoU provides a range of new benefits for Syama mine workers including increased salaries, benefits, risk premiums, budget for workers amenities, and training investment for the Malian workforce. A key element of the Agreement is the mutual undertaking there will be a period of stability of industrial action at Syama. The negotiation and signing of the Syama Workforce Stability Agreement represents an important re-framing of the strong and enduring relationship with Resolute's Malian workforce.

## Mali Establishment Convention and Mining Permit

Resolute has a strong long term relationship with the government of Mali which is reflected in the history of the exploration and mining permits held by the Company and the Mining Convention governing operations at Syama. Since Resolute acquired the Syama Gold Mine in 2004, it has worked closely with and continues to build upon strong and positive working relationships with all stakeholders, including local communities, and the government of the Republic of Mali.

The original mining tenure at the Company's flagship Syama was held as three exploration permits granted to BHP-UTAH in 1987. These were the Syama (92.4 km<sup>2</sup>), Basso (63 km<sup>2</sup>) and Bananso Extension (36 km<sup>2</sup>) Concessions. The Syama exploration permit was converted to an exploitation permit by Decree 89-087 on 29 March 1989 for a 20 year term, valid for gold, silver, related substances and platinum elements. In 1993, the permits were consolidated into a single permit with reference no. PE-93/003 (Syama Exploitation Permit) by Decree 93-450/PM-RM on 21 December 1993. The Syama Exploitation Permit was transferred from BHP-Utah Mali Inc to Société des Mines de Syama (SOMISY SA) in which the Company has an 80% interest, by Decree 08-414/PM-RM on 23 July 2008. The Malian Government holds the remaining 20% interest in SOMISY SA, as a result of the Government of Mali's automatic 10% free carried interest and its exercise of a right to purchase a further 10% participating interest in the project.

The Syama Exploitation Permit (the Permit) was renewed for an additional 10 years by Decree 09-107/PM-RM on 18 March 2009. That decree allows for further renewals of 10 years each until exhaustion of the mineral resource on the Permit. This renewal is due to expire on 29 March 2019. In accordance with prevailing Malian law, a renewal application must be submitted twelve months prior to the expiry of the Permit (i.e. by 29 March 2018). Resolute has commenced preparation of the application for renewal of the Permit for a further period of 10 years which will be submitted to the Ministry of Mines in Mali during the current quarter.

Holders of exploitation permits in Mali are required to enter into an agreement referred to as a "Convention d'Établissement" or "Establishment Convention" (Convention) with the Malian Government prior to commencement



of exploration or mining activities. This agreement operates in parallel with the exploitation permit and (with the applicable Mining Code and other relevant legislation) governs the conditions that will apply to exploration and mining phases of mining operations, including work obligations, reporting, taxes, duties, customs, local content and training obligations and State equity participation.

The Convention governing Syama commenced on 31 July 1987 (being the date of its approval by decree) with an initial term of 30 years which was due to expire on 31 July 2017. However, SOMISY S.A. was entitled to an extension of the Convention until the current expiry date of the Permit. Accordingly, by amendment dated and approved by ordinance on 11 August 2017, the Convention was extended until 29 March 2019.

The Company has prepared a draft amended Convention which is based on the existing agreement and incorporates amendments aimed at optimising the development and operation of the Syama Underground mine. The amended Convention will be extended for a period of 30 years with additional extensions of 10 years until exhaustion of resources on the Permit. The draft amended Convention is expected to be submitted to the Minister of Mines and Minister of Finance during the current quarter. Negotiations in relation to the proposed fiscal, customs, financial and economic regimes and other proposed amendments are expected to commence once the draft has been reviewed by the relevant ministries and will be progressed in parallel with the application for renewal of the Permit. These negotiations represent a positive opportunity for Resolute.

## Outlook

Development of the Syama Underground mine will continue in the second half of FY18, providing an increasing contribution to sulphide processing from development ore.

The Syama Underground work will focus on four main areas over the next few months:

- Completion of the portal to which the incline is scheduled to break through in the March Quarter;
- Ore development on the 1130, 1105, and 1080 levels which will accelerate as more headings become available;
- Continuation of development of the second decline above the 1080 level; and
- Development of both declines down to the 1055 haulage level.

An updated Syama Underground reserve estimated, calculated as at 31 December 2017 is expected to be compiled during the course of the quarter. The updated reserve will be derived from the expanded resource announced in the December 2017 quarter (refer ASX Announcement 23 October 2017). An optimisation study to assess the potential for expansion of underground mining and processing rates will be expected to be complete over the next two quarters.

The 42 day bi-annual major roaster shut is in the final stages of planning and will commence towards the end of the March 2018 quarter and be completed in the early part of the June 2018 quarter. During the period of the roaster shut, non-refractory ore will be processed through the sulphide circuit which is now possible due to the completion of the P85 flotation tails circuit in the March 2018 quarter allowing much more flexibility during planned roaster maintenance.

Open pit mining will be completed at BA01 in the next quarter. Mining at Beta will continue while development of the Alpha pit will commence. Preparatory works will also commence at the Tabakaroni satellite operation located 36km to the south of Syama. Sulphide mill feed grades are expected to increase as delivery of underground development ore ramps up. The higher grades and sulphide content from the underground ore will result in improved overall recoveries from the sulphide circuit. In addition progressive commissioning of the P85 project over the course of the March 2018 quarter is expected to result in increased recoveries in the final quarter of the financial year.



## Project Development

### Project 85

Project 85 (P85) is targeting an increase in overall recovery levels to 85% based on the average feed grade of the underground ore. At the end of the quarter Stage 1 of P85, consisting of the new calcine regrind and carbon in leach (CIL) circuit, was commissioned with Stage 2, consisting of repurposing existing calcine CIL tanks and detox circuit, to be commissioned in February 2018.

The benefits of the P85 are expected to become apparent over the remainder of calendar year, as higher grade ore from the underground mine is processed through the enhanced plant configuration. In particular commissioning of the new CIL will allow the existing tanks to process the sulphide flotation tails, which are presently deposited on the TSF.

### Project Reprise (Low Carbon Roast)

Project Reprise involves reclaiming the carbon enriched concentrate (CEC) and processing with the innovative low carbon roast (LCR) technology. The LCR technology will deliver a significant reduction in the preg-robbing organic carbon content of the CEC. During the quarter Outotec GmbH & Co. KG (Outotec) completed the detailed design of the LCR tie-ins and procurement of long lead items. The LCR tie-ins will be installed during the planned shutdown of the roaster in 2018. Contractual negotiations for Stage 2 of the project which undertake the design of the LCR plant and procurement of key equipment is well advanced. The staged commissioning of Project Reprise remains on schedule to commence in mid-2019.

### Updated Syama Underground Feasibility Studies

Resolute continuously reviews Life of Mine plans for its key operating assets. The recent upgrade of the Syama Mineral Resource and ongoing operational efficiency reviews have identified opportunities to enhance the current development plans at Syama. The Syama Underground definitive feasibility study (refer to ASX Announcement July 2016) was predicated on a 2.4 million tonnes per annum (Mtpa) mining and processing rate. Recent work on autonomous trucking and bogging has identified options for expanding production rates from the underground mine. An optimisation study has commenced which will seek to identify a maximum, or unconstrained mine production rate, and then assess options for expanding processing capacity to accommodate this increased tonnage. The Company will update the market with the results of this work and its effects on the future operating scale and metrics of Syama.

## Australia

### Operations

#### Ravenswood, Australia

The Ravenswood Gold Mine (Ravenswood) is located approximately 95km south-west of Townsville and 65km east of Charters Towers in north-east Queensland, Australia. Ore sources for the Ravenswood operation is currently the Mt Wright underground mine and the Nolans East open pit mine. The Mt Wright underground mine uses the sub-level shrinkage with continuous fill (SLS) mining method which has been successfully pioneered by the Resolute team. Recently, the Nolans processing plant has been successfully re-configured to increase throughput capacity from 1.5Mtpa to 2.8Mtpa in association with the re-commencement of open pit mining and now consists of triple stage crushing, SAG and ball mill grinding, and CIP processing with a gravity circuit for recovery of free gold.





	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Total Production (Gold oz)	Cash Cost A\$/oz	AISC A\$/oz
Dec Quarter	416,698	613,824	1.07	94.1	20,046	1,119	1,292
Sep Quarter	449,113	614,932	1.16	93.8	18,726	1,343	1,478
Year to Date	865,811	1,228,756	1.12	93.9	43,215	1,216	1,373

**Table 8: Ravenswood Production and Cost Summary**

Production from Ravenswood continued in line with guidance. The current financial year entails the mining of remaining reserves at the Mt Wright underground mine, which is supplemented by ore from the Nolans East open pit and low grade stockpiles. This current operating phase is a continuation of the transition from underground mining to large scale open pit operations envisaged in the Ravenswood Expansion Project (REP).

Head grade and tonnes milled for the quarter were similar to the September 2017 quarter. Production from Mt Wright was limited early in the quarter while work was undertaken to recommence stoping operations following an underground fire and an uncontrolled rill event in the September 2017 quarter. Costs were substantially lower as reductions in mining and processing costs, and increased recoveries offset marginally lower head grades. The cost reductions represent the result of an ongoing focus on process plant efficiency.

Ore production from Nolans East was 110,701t @ 0.73 Au (September 2017: 125,809t @ 0.69g/t Au). Ore production from Mt Wright was 116,265t @ 2.26t (September 2017: 102,265t @ 2.94g/t Au).

Extensive beneficiation trials, which have been underway at Ravenswood since mid-2017, are confirming that a relatively simple crushing and screening processing which rejects material above a nominal 50mm oversize, substantially increases mill feed grade for material between 0.3 – 0.7g/t. This confirmation has led Resolute to consider the opportunity for beneficiation of a large quantity of mineralised waste accumulated during previous mining of the Sarsfield deposit. Over the course of the March 2018 quarter drilling of stockpiles and screening trials will be undertaken to define the grade and beneficiation properties of this material and its potential to contribute to the REP.

## Health & safety

The Ravenswood operation had one LTI during the quarter with a fitter incurring a hand injury during a maintenance procedure. The 12 month rolling LTI Frequency Rate at the end of the quarter was 3.84 and the 12 month rolling TRIFR was 10.23.

## Outlook

Mined ore tonnes from Mt Wright are expected to improve in the next March 2018 quarter as more drawpoints become available. Overdrawing of lower level drawpoints is proving very successful with overdraw tonnages exceeding expectations, which will further extend Mt Wright operations. Mine production and processing from Nolans East is expected to continue for the remainder of the financial year before mining is completed as the Nolans East open pit is completed over the coming quarters. Ore feed will continue to be sourced from Nolans East, existing Sarsfield stockpiles, and Mt Wright.

A study to optimise the REP has commenced, pending the receipt of final approvals from the Queensland Department of Environment Protection. The current study will examine options for modifying mining schedules and tailings disposal strategies in the REP. This work has the aim of reducing project capital and operating costs by reducing the investment in dredging and filtration to remove and redeposit tailings presently stored in the Sarsfield pit and is expected to be completed this financial year.



## Development

### Ravenswood Expansion Project

Resolute has established a 13-year mine life for Ravenswood based on a return to large scale open pit mining at the Nolans East, Buck Reef West, and Sarsfield deposits.

The REP contemplates the following development sequence:

- ✓ Mt Wright underground operations continuing until closure (now expected during 2018);
- ✓ Open pit mining from Nolans East during 2017;
- ✓ Processing capacity increased to 2.8Mtpa;
- ✓ Regulatory approvals for recommencement of mining at Sarsfield obtained in March 2017;
- ✓ Heritage Agreements received in August 2017;
- Regulatory approvals for open pit mining of Buck Reef West expected in mid-2018; and
- Expansion of the mill to 5.0Mtpa.

The Buck Reef West Environmental Authority Amendment Application and the associated Buck Reef West Mining Lease Applications as part of the REP were submitted to the Queensland Government in the September 2017 quarter. These applications represent the final primary legislative approvals required for the REP. Recently the Company was advised that no objections had been lodged and based on this advice, Resolute expects final approval of these applications will be received during the first half of the 2018 calendar year.

### Optimisation Studies - Ravenswood

The REP study includes an expansion of processing capacity to the previous rate of 5.0Mtpa through a staged development process, with mining from three open pit source: Sarsfield, Buck Reef West and Nolans East. While continuing to progress the approval process, the Company has is examining options for modifying mining schedules and tailings disposal strategies to maximise project returns. This work has the aim of reducing project capital and operating costs by reducing the investment in dredging and filtration to remove and redeposit tailings presently stored in the Sarsfield pit. The Company expects to update the market with the results of this work in the current quarter.

## Exploration

### Mali

#### Syama and Nafolo

Diamond drilling continued at Nafolo and Syama Deeps during the December 2017 quarter. An updated Mineral Resource estimation for Syama including an initial estimate for Nafolo was announced to the market on 23 October 2017.

The total Syama Resource including Nafolo now stands at 55.9Mt @ 3.19g/t Au for 5.7 million ounces (Moz) at a 1.5 g/t cut off. This new estimate is 39% above the previously stated resource. The additional 1.6Moz comes from extensions at depth, along strike to the south and the Nafolo zone. Grade has increased by 14% to 3.19g/t Au primarily due to the development of wireframes which constrain the mineralisation.

The updated Mineral Resource is summarised below and compared with previous estimates. Overall, Resource tonnage increased by 24%, grade by 14% and contained gold by 39%. Indicated resource tonnage increased by 22%, grade by 15% and contained gold by 41%.



Syama Mineral Resources as at 18 October 2017 (1.5g/t Au cutoff)

Classification	Tonnes (million)	Grade (g/t)	Ounces (million)
Indicated	45.6	3.23	4.7
Inferred	10.3	3.04	1.0
<b>Total</b>	<b>55.9</b>	<b>3.19</b>	<b>5.7</b>

Table 9: Syama Mineral Resources as at 23 October 2017

Syama Mineral Resources as at 30 June 2017 (1.5g/t Au cutoff)

Classification	Tonnes (million)	Grade (g/t)	Ounces (million)
Indicated	37.4	2.8	3.3
Inferred	8.1	2.9	0.8
<b>Total</b>	<b>45.5</b>	<b>2.8</b>	<b>4.1</b>

Table 10: Syama Mineral Resources as at 30 June 2017

A mining study has commenced, which will result in the calculation of an updated Ore Reserve estimate for the Syama Underground mine.

Drilling at Nafolo is ongoing with recent step out holes continuing to intersect alteration and mineralisation similar to the main Syama orebody. Exploration is now focused on looking for repetitions of the Nafolo zone to the south along the Syama shear. There is an unexplored strike length of six kilometres extension to the south of Syama. This area is a key target for ongoing exploration.

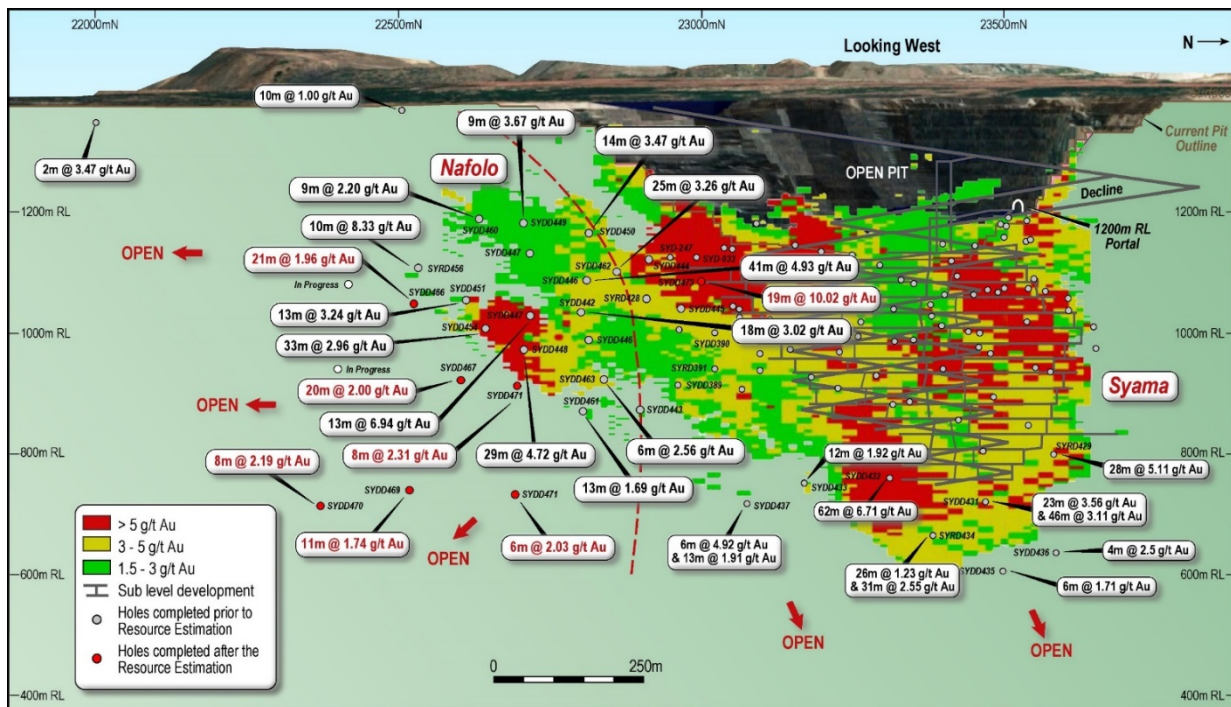


Figure 4: Longitudinal projection showing location of all diamond drillhole pierce points, results and designed underground development





Figure 5: Exploration drilling at Syama

## Syama satellite resource exploration

Accelerated reverse circulation (RC) and diamond drilling programs are underway along the 80km strike length of the Syama Belt held by Resolute. Oxide resource exploration continues at Syama South, Finkolo and N'Gokoli areas to build resources for the oxide circuit. Previously reported high grade sulphide mineralisation intersected underneath the current oxide pits north of Syama and at Tabakoroni is being followed by intensive drill programs. The outcomes from the current drilling programs will be reported when the analytical results are returned.

## Ghana

### Bibiani Resource Upgrade and Updated Feasibility Study

During the course of the quarter the Company announced an updated Mineral Resource estimate for the Bibiani Gold Mine (Bibiani) of 2.5Moz (21.7Mt at 3.6g/t Au); a 40% increase over the previous estimate of 15.7Mt at 3.5g/t Au for 1.8Moz (refer to ASX announcement dated 18 October 2017). The Resource upgrade included a 26% increase in indicated resources to 1.5Moz (13.3Mt at 3.5g/t Au). The updated Resource estimate is now being incorporated into an updated feasibility study.

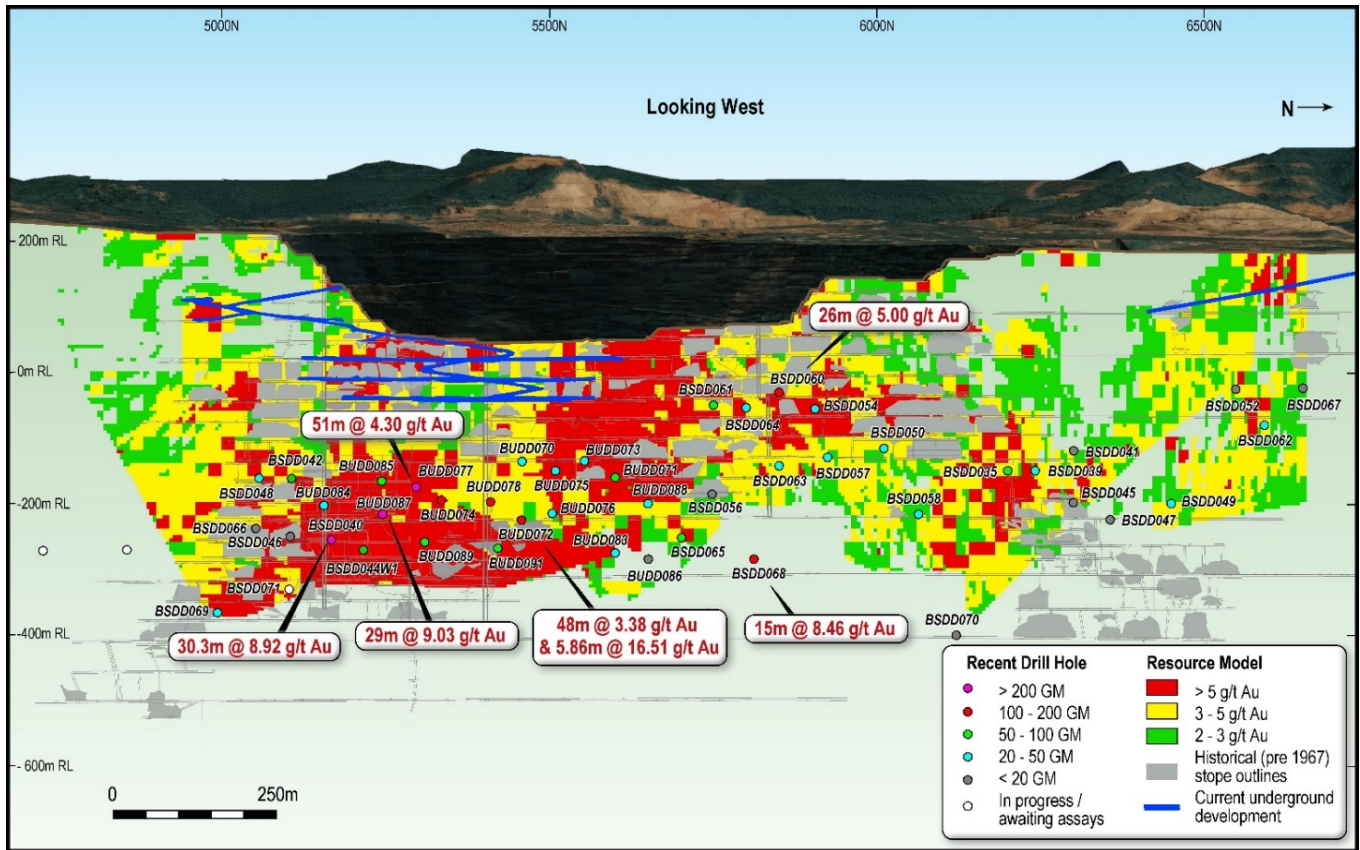


Figure 6: Long section of Bibiani updated resource model and Phase 2 drilling results

As the study has progressed, further opportunities, including revised mine designs and schedules, have been identified which are being incorporated into the updated study. Concurrently, the process of obtaining approval from the Ghanaian Environmental Protection Authority for the submitted Environmental Impact Statement (EIS) is well advanced and is due early in calendar year 2018. Any additional requirements from the EIS approval will be incorporated into the study. The Company had previously targeted completion during the December 2017 quarter but the feasibility study will now be completed in the March 2018 quarter.

**Bibiani Mineral Resources as at 18 October 2017 at 2g/t Au cut-off**

Classification	Tonnes (000s)	Grade (g/t)	Ounces (000s)
Indicated	13,255	3.50	1,493
Inferred	8,438	3.73	1,011
<b>Total</b>	<b>21,693</b>	<b>3.59</b>	<b>2,504</b>

Table 11: Bibiani Mineral Resources as at 18 October 2017

## Corporate

### Gold Dividend Policy

During the quarter, Resolute paid a final dividend for FY17 of 2.0c per share (refer to ASX Announcement dated 23 August 2017). The dividend payment of A\$14.8M was equal to 2.7% of FY17 gold sales revenue of A\$541M, consistent with Resolute’s policy to pay a minimum dividend of 2% of gold sales revenue. Resolute continued its innovative partnership with The Perth Mint to offer shareholders the opportunity to receive dividends in either cash or





gold. Shareholders registered on the record date of 29 September 2017 that elected to receive their dividend in cash received their dividend payment on 27 October 2017.

## Gold forward sales contracts

During the quarter, Resolute took advantage of the strength in the A\$ gold price to establish a gold hedge position to support the REP. Resolute forward sold 72,000oz of gold at an average price of A\$1,715 with scheduled monthly deliveries of 4,000oz for sixteen months from December 2017. Combined with Resolute's existing forward positions, the Company's total hedged position represents approximately 30% of expected gold production over the remaining 17 month life of the hedges.

As at 31 December 2017, Resolute had the following forward sales contracts:

- 72,000oz (September 2017: 90,000oz) at an average price of US\$1,330/oz for physical delivery between January 2018 and December 2018; and
- 72,000oz (September 2017: nil) at a price of A\$1,715/oz for physical delivery between January 2018 and June 2019.

Resolute's remaining hedge deliveries are summarised below.

Quarter	AUD Forward Sales		US Dollar Forward Sales	
	Forward price A\$/oz	Delivery (oz)	Forward price US\$/oz	Delivery (oz)
March 2018	1,715	12,000	1,330	18,000
June 2018	1,715	12,000	1,330	18,000
September 2018	1,715	12,000	1,330	18,000
December 2018	1,715	12,000	1,330	18,000
March 2019	1,715	12,000	-	-
June 2019	1,715	12,000	-	-
<b>Total</b>	<b>1,715</b>	<b>72,000</b>	<b>1,330</b>	<b>72,000</b>

Table 12: Current committed Hedging Forward Sales in A\$ and US\$

Resolute maintains a policy of undertaking short-dated hedging to take advantage of periods of elevated gold prices. These hedges are designed to protect revenues during the current development phase at the Company's Syama and Ravenswood gold mines.

## Gold in circuit

As at 31 December 2017, Resolute had an estimated recoverable GIC inventory of 94,462oz of gold (comprising 21,513 oz of finished goods and 72,950 oz in circuit) with a market value of approximately A\$157M. The finished goods comprises gold available for sale. The majority of the remaining circuit stocks comprise carbon enriched concentrates at Syama, which will be processed through the LCR, which is expected to be commissioned in mid-2019.

## Borrowings

Resolute currently has no senior debt facility or term loans. The Company's total borrowings consist of the unsecured bank overdraft of Resolute's Malian subsidiary, SOMISY S.A. which is held with the Bank of Mali. This highly flexible facility with the Bank of Mali has been operational since the commencement of the Syama mine and is used for





managing in-country liquidity requirements. As at 31 December 2017, total borrowings were A\$35M compared with A\$21M at 30 September 2017.

## Cash, Bullion and Listed Investments

Description	Dec '17 Quarter (A\$M)	Sep '17 Quarter (A\$M)
Cash	149.5	198.1
Bullion	35.7	24.5
Cash and bullion sub-total	185.2	222.6
Listed investments*	11.2	7.6
<b>Total cash, bullion and listed investments*</b>	<b>196.4</b>	<b>230.2</b>

Table 13: Total cash, bullion and listed investments

\* Listed investments includes equity accounted investments at end of quarter market value

The principal movements in the market value of cash and bullion balances during the quarter are summarised in Table 7. Cash outflows included A\$15M in dividend payments, A\$9M in exploration and A\$46M in development expenditures, principally the Syama Underground. Working capital movements were largely the result of variation in the timing of payments to suppliers.

	Dec 17 Quarter (A\$M)	Sep '17 Quarter (A\$M)
<b>Operating Cash Flows</b>		
Gross operating cash flows from Syama and Ravenswood	32.8	54.0
Royalty payments	(5.2)	(9.6)
Overheads and operational support costs	(3.2)	(6.8)
Exploration expenditure	(8.6)	(7.4)
Interest expense/income net cash flows	-	0.7
Income taxes paid	-	(11.3)
Working capital movements	15.0	(30.9)
<b>Investing Cash Flows</b>		
Development expenditure, incl. Syama UG development, feasibility studies, resource development and other projects	(45.6)	(31.0)
Operational sustaining capital expenditure	(3.0)	(2.1)
Bibiani project care and maintenance	(2.2)	(2.3)
Other investing activities	0.1	0.1
<b>Financing Cash Flows</b>		
Dividend payments	(14.8)	-
Existing debt facility inflows/(outflows)	(3.3)	(13.5)
Foreign exchange fluctuations and market value changes of bullion on hand	0.6	0.2
<b>Net cash inflows</b>	<b>(37.4)</b>	<b>(59.9)</b>
<b>Opening cash and bullion</b>	<b>222.6</b>	<b>282.5</b>
<b>Closing cash and bullion</b>	<b>185.2</b>	<b>222.6</b>

Table 14: Movements in cash and bullion balances

## Business Developments

Resolute pursues a strategy of continuously assessing internal and external business development opportunities for their potential to increase shareholder value. To date no such opportunity has advanced to a point where a transaction is considered likely. The Company will keep its shareholders and the wider market informed if this situation changes.



## Outlook – FY18 Production and Expenditure Guidance

Guidance for FY18 remains unchanged at:

- Gold production forecast of **300,000oz**
- AISC forecast of **A\$1,280/oz (US\$960/oz)**
- Capital expenditure for growth projects at Syama Underground and REP of A\$162M (US\$122M)
- Exploration budget of A\$38M (US\$29M)

	Gold Production* (oz)	AISC (A\$/oz)	AISC (US\$/oz)
Syama Sulphide	130,000	1,050	788
Syama Oxide	90,000	1,260	945
Ravenswood	80,000	1,520	1,145
<b>Total</b>	<b>300,000</b>	<b>1,280</b>	<b>960</b>

Table 15: FY18 Production and Costs Guidance

Resolute continues to invest in development of its key operating assets, to secure the production of long life low cost mines, and in exploring for growth. Funding for these investments is provided from Resolute's current cash reserves of approximately A\$200M and ongoing operating cash flows. The Company maintains further funding flexibility with no senior debt facility or term loans currently in place.

For further information, contact:

**John Welborn** | *Managing Director and CEO*

Telephone: +61 8 9261 6100

Email: [contact@rml.com.au](mailto:contact@rml.com.au)

### Conference Call Details

Resolute advises Managing Director and CEO, Mr John Welborn, will host a Conference Call for investors and media at 11:00AM AWST / 02:00PM AEST on Wednesday 31 January, 2018 to discuss the Quarterly Activities Report for the period ending 31 December, 2017. The Conference Call will conclude with a question and answer session.

**Toll-free local dial-in number:** 1800 123 296 | **Conference ID:** 6173619

**Toll-free international access numbers:**

Canada	1855 5616 766	New Zealand	0800 452 782
China	4001 203 085	Singapore	800 616 2288
Hong Kong	800 908 865	United Kingdom	0808 234 0757
India	1800 3010 6141	United States	1855 293 1544
Japan	0120 477 087		

**For other countries use international access toll number:** +61 2 8038 5221

Please dial in five minutes prior to the conference start time and provide the operator with your name and the Conference ID as shown above. To ask a question, please dial “\*1” (star, 1) on your telephone keypad. Alternatively, the Resolute teleconference will be streamed live at: <http://www.openbriefing.com/OB/2798.aspx>

### ASX:RSG Capital Summary

Fully Paid Ordinary Shares: 741,477,595

Current Share Price:

A\$1.14, 30 January, 2018

Market Capitalisation:

A\$845 million

FY18 Guidance:

300,000oz @ AISC A\$1,280/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*

### Contact

**John Welborn** *Managing Director & CEO*

Level 2, Australia Place | 15-17 William St

Perth, Western Australia 6000

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

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Resolute

# Quarterly Activities Report for the period ended 31 December 2017

## 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 300,000 ounces of gold production at All-In Sustaining Costs of A\$1,280/oz (US\$960/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.

## Competent Persons Statement

The information in this report that relates to the Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Mr Bruce Mowat, a member of The Australian Institute of Geoscientists. Mr Bruce Mowat has more than 5 years' experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Bruce Mowat is a full time employee of the Resolute Mining Limited Group and holds equity securities in the Company. He has consented to the inclusion of the matters in this report based on his information in the form and context in which it appears. This information was prepared and disclosed under the JORC code 2012 except where otherwise noted. Particular Reserves and Resources remain 2004 JORC compliant and not updated to JORC code 2012 on the basis that information has not materially changed since it was last reported.

### ASX:RSG Capital Summary

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