



**Resolute**

# ASX Announcement

**18 April 2019**

## **Mali Government awards new Syama Mining Convention and extends Mining Permit**

**Income tax rate reduced to 25%**

**Stabilisation of royalty rate and taxation regime**

**Fiscal and operating certainty with new Convention and extended Permit**

### **Highlights**

- Resolute and the Mali Government have agreed a new Mining Convention which establishes improved fiscal and operating conditions for the Syama Gold Mine.
- The Mali Government has granted a further ten year extension of the Syama Mining Permit to enforce the provisions of the new Mining Convention Agreement.
- The new Mining Convention Agreement guarantees a new income tax rate of 25%, a 10% reduction on the previous rate of 35%.
- Resolute will benefit from a range of other concessions and guarantees, including exemption from Malian customs duty on the importation of fuel.
- Stabilisation clause guarantees that royalty rates, taxation regime, and fiscal provisions can only be improved by future legislative amendments.
- Demonstration of the strong and enduring partnership between Resolute and the Mali Government and recognition of the mutual benefits to be generated from the successful development and operation of the low cost, long life Syama Underground Mine.

Resolute Mining Limited (Resolute or the Company) (ASX:RSG) is pleased to advise the Company and the Republic of Mali Government have agreed a new Mining Convention for the Syama Gold Mine (Syama). Following execution of the new Mining Convention, the Mali Government has granted an extension of the Syama Mining Permit.

The new Mining Convention provides significantly improved fiscal terms as well as stability of taxation for Resolute's Malian subsidiary, Société des Mines de Syama S.A. (SOMISY), the owner of Syama. The Mining Convention defines the fiscal rights and legal obligations of SOMISY and the Government of Mali with respect to the operation of Syama pursuant to the extended Mining Permit.

Managing Director and CEO, Mr John Welborn, was pleased to confirm this significant milestone in the development of Syama as a long life, low cost, world class gold mine:

"Mali is a well-managed, long-standing, globally important gold mining jurisdiction. Over more than 15 years, Resolute has built a partnership with the Mali Government based on respect and the pursuit of mutual benefit. The signing of the new Syama Mining Convention, and the granting of an additional ten year extension of the Syama Mining Permit, continues the strong relationship between Resolute and the Government of Mali. The new convention provides fiscal



and operating certainty for our Syama operations and allows us to continue to deliver long term benefits to our shareholders, stakeholders, and local Mali communities.”

“Mali is a preferred location for Africa’s most successful gold miners. We have successfully negotiated a fair and balanced Mining Convention which delivers lower income tax and stable royalty rates for Resolute while securing a meaningful economic contribution for the people of Mali for many years to come.”

## Syama Mining Permit

Resolute acquired Syama in 2004 and has built a strong long-term partnership with the Government of Mali. The original Syama mining project was granted as three exploration permits which were held by a subsidiary of BHP Group Limited in 1987. On 29 March 1989 these exploration permits were converted to a Mining Permit valid for a 20-year term. The Syama Mining Permit was subsequently transferred from BHP to SOMISY, a Malian registered company. Resolute acquired an 80% interest in SOMISY from Randgold Resources Limited, with the Mali Government holding a 20% interest.

Mali law allows for renewals of a Mining Permit of ten years each until exhaustion of the Mineral Reserves on the permit. The Syama Mining Permit was initially renewed by Resolute for an additional ten years in March 2009 and was due to expire on 29 March 2019. In accordance with Malian law, Resolute lodged a renewal application twelve months prior to the expiry of the permit during the first quarter of 2018 (see ASX Announcement dated 31 January 2018).

The Syama Mining Permit has now been renewed for the second time, with an extension of a further period of ten years taking effect from 29 March 2019. The renewed Mining Permit is valid until March 2029 and was registered in the Official Public Journal of Mali in Bamako on 16 April 2019. Further renewals of the Syama Mining Permit, for additional ten year periods, will be available until exhaustion of the Mineral Reserves.

## Syama Mining Convention

Holders of a Mining Permit in Mali are required to enter into an agreement referred to as a “Convention d’Établissement” or “Mining Convention Agreement” with the Malian Government prior to commencement of exploration or mining activities. This agreement operates in parallel with the Mining Permit and, with the applicable Mining Code and other relevant legislation, governs the conditions that apply to exploration and mining operations. These conditions cover work obligations, reporting, taxes, duties, customs, local content, training obligations, and Mali Government equity participation.

The Mining Convention Agreement governing Syama commenced on 31 July 1987 and had a term of 30 years prior to being extended to align with the expiry of the Syama Mining Permit on 29 March 2019.

Resolute has been negotiating the terms of the Syama Mining Convention to support the significant investment in the new Syama Underground Mine. The Company has been seeking a range of amendments to the applicable fiscal, customs, financial and economic regimes to ensure the long-term sustainability of Syama so that all stakeholders in the mine are appropriately rewarded including Resolute, the Mali Government, the Syama workforce, and local Mali communities.

Resolute has supported the Mali Government’s efforts to update and improve the stability and uniformity of the fiscal and operating environment of the country’s gold mining sector and has, in signing the new Syama Mining Convention, agreed to adopt the 2012 Malian Mining Code.

The new Mining Convention is in the form required under the 2012 Malian Mining Code and governs fiscal, customs and economic parameters under which Syama will be operated. The agreement between SOMISY and the Mali Government provides certainty of ownership, permitting, operation, reporting requirements, and taxation terms in relation to Syama.

The fiscal benefits delivered to SOMISY through the new Mining Convention will deliver material value to Resolute over the life of the Syama Underground Mine. The income tax rate has been set at 25%, a 10% reduction on the 35%



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rate specified in SOMISY's previous Mining Convention. Importantly, SOMISY will benefit from a tax stability regime which protects against any future adverse changes and ensures that should a more favourable tax regime become available, SOMISY has the option to adopt that regime. The new Syama Mining Convention guarantees that SOMISY will continue to pay the Government of Mali total royalties of 6%. SOMISY will also remain exempt from Malian Customs Duty on the importation of fuel which based on current consumption equates to an annual saving of ~US\$20million (equivalent to US\$0.40 per litre).

The new Mining Convention will enable and empower the Company to further its economic contributions to Mali. Resolute has made a commitment to provide increased leadership opportunities and senior management roles for local Malians. This is one of many positive opportunities created by development of the Syama Underground Mine as the world's first purpose built fully automated underground gold mine. Under the New Mining Convention, Resolute has committed to delivering long-term benefits to local Malian communities, through the use of local services and materials to the maximum extent possible.

*For further information, contact:*

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*Managing Director & CEO*

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*General Manager – Business Development & Investor Relations*

### ASX:RSG Capital Summary

**Fully Paid Ordinary Shares:** 758,094,588

**Current Share Price:**

A\$1.17, 17 April 2019

**Market Capitalisation:**

A\$883m

**FY19 Guidance (to 30 June):**

300,000oz @ AISC US\$960/oz (A\$1,280/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*

### Contact

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