

Resolute halfway there

RESOLUTE Mining boss John Welborn created a new mission statement for the mid-tier gold producer, but believes there is a way to go to fully achieve it.

Kristie Batten | 31 Mar 2017 | 1:37 | News |



Resolute MD John Welborn

“Mine gold. Create value” is the company’s newish catchcry, which Welborn said was chosen for its simplicity.

In its 25-year history, Resolute has mined nine gold mines and produced over 7 million ounces of gold.

“We’ve demonstrated the first part of the mission statement,” Welborn told the WA Mining Club.

“We mine gold really well.”

But over the same period, Resolute has raised more than \$A500 million and only paid its first dividend last year.

“That’s not success for a mining company,” Welborn said.

Welborn noted that the company had a fantastic 2016, generating a record profit and paying a dividend.



“The gold price went up, which makes us all look good,” he said.

“But we made a very clear decision to strengthen our balance sheet.”

Resolute raised \$150 million in September and debt was only \$22 million at the end of December.

Welborn said the FY16 record profit of \$213 million wasn't just the gold price, but a result of fresh thinking.

Resolute established a gold-sales linked dividend policy which will see it pay 2% of revenue to shareholders in either cash or gold.

But Welborn said it wasn't enough to pay one dividend.

“This is a continuous dividend,” he said.

Welborn said the “create value” part of Resolute's mission statement was well and truly underway, but the company wasn't there yet.

He said it was important to create “enduring value”, and used Randgold Resources as an example, as he has in the past.

On Wednesday, Randgold confirmed a 52% jump in its 2016 dividend to \$US1.

The \$8.2 billion company was formed in 1995, paid its first dividend in 2006 and has never missed one since.

Dividends have increased by 900% over that 10-year period.

“That's the creation of value,” Welborn said.

Resolute has also “re-empowered” exploration, leading to the Nafolo discovery at Syama.

Resolute has also invested in a number of juniors including Manas Resources, Kilo Gold Mines and just this week, Oklo Resources.

“We're interested in backing hungry, well-managed explorers,” Welborn said, adding that the company was looking for projects with the potential to be Resolute mines.

Of Oklo, he called its Seko discovery “really exciting ground”.

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