

NEWS RELEASE

KILO GOLDMINES LTD.
Suite 340, 141 Adelaide Street West
Toronto, Ontario M5H 3L5

FOR IMMEDIATE RELEASE

Kilo Goldmines Provides Update

TORONTO, Ontario, August 14th, 2019 – The board of directors of Kilo Goldmines Ltd. (“Kilo” or the “Company”) (TSX VENTURE: KGL) wishes to provide shareholders and other market participants with an update on its business plans, operations, and financial condition.

Secured Credit Facility

As previously announced, Kilo has a secured credit facility with its major shareholder, Resolute (Treasury) Pty Ltd (“Resolute”), from which A\$750,000 has been drawn down. Under the terms of the credit facility, the principal plus accrued interest was repayable on March 14, 2019. Neither the principal nor any of the interest has been repaid to date, and Kilo does not have sufficient funds to repay the debt. Kilo has been in discussions to try to settle the debt with Resolute, but there can be no assurance any settlement can be achieved. If agreement is not reached and as Kilo is in breach of the repayment terms under the credit facility, Resolute could enforce its rights as a secured creditor and realize on its security which comprises all of the assets and undertakings of Kilo and its direct subsidiary Kilo Goldmines Inc.

Mineral Projects

Kilo owns a 71.25% interest in the Somituri gold project in the Kilo-Moto area in north east Democratic Republic of the Congo (“DRC”). Annual licence fees of approximately US\$250,000 for the concessions comprising the Somituri project became due on March 31, 2019. Kilo does not currently have sufficient funds to pay these licence fees. If funding is not obtained to pay these licence fees, as well as any penalties for late payment which may be assessed by the DRC government, the licences (and therefore the Somituri project) may be subject to forfeit.

Kilo also entered into a joint venture with Randgold Resources Ltd, which pursuant to a merger is now Barrick Gold Corporation (“Barrick”), in respect of the Company’s Isiro SARL Joint Venture (JV), for gold and associated minerals. The JV is managed by Barrick, and Barrick is required under the JV terms to fund all maintenance costs for the project. To date, Barrick has elected to eliminate a significant number of the project areas comprising the JV deemed to be of no interest to them and has recently suspended payment of expenses relating to the JV pending resolution of an ongoing legal dispute in the DRC regarding title to these properties.

Asset Monetization Programme

Over the past several months, the board of directors of Kilo has investigated, and continues to seek, alternatives for funding the repayment and settlement of the Resolute loan and the funding of the Somituri licence fees and general working capital. These alternatives have included debt and equity financing, asset sales and divestitures, mergers and joint ventures. To date, the board of directors has not been successful in consummating a suitable transaction and cautions that there can be no assurances that it will be successful in doing so, or if a transaction is undertaken, the terms or timing of such a transaction. Given the Company’s current cash position and available cash on hand, material uncertainty exists as to the Company’s ability to operate as a going concern. Accordingly, trading in the securities of the Company should be considered highly speculative.

“Given the state the Company is currently in, we continue to focus all efforts to attract a value-added transaction that will allow Kilo to execute a business plan to address the balance sheet and to re-commence exploration” stated David Netherway, Chairman.

About Kilo

Kilo Goldmines Ltd. is a Canadian gold exploration company that is listed on the TSX Venture Exchange under the symbol 'KGL' and on the Frankfurt Exchange under the symbol '02K'. The Company holds about 2,417 km² of prospective Archaean Kibalian greenstone in the Kilo-Moto area in the Democratic Republic of the Congo.

Incorporated within these licences is:

- the Somituri project (71.25% owned by KGL), comprising six contiguous licences (361km²) held by KGL-Somituri SARL. Somituri contains an inferred resource totalling 1.67 Moz of Au @ 2.5 g/t (in accordance with NI 43-101 standards of disclosure). The most recent drilling, which was targeted at the depth extension of the RP Zone, about 100 m deeper than the previous drilling, demonstrated the zone is open at depth: from a downhole depth of 391.72 to 415.17 m, hole SADD0053 returned 23.45 m grading 6.08 g/t. (Ref. Press Release dated July 17, 2017). This and the three other deep holes demonstrated that the RP Zone extends down dip too at least 375 m below surface. The RP zone mineralization at depth and additional geochemical anomalies on the property remain to be followed up, subject to funding.
- the KGL Isiro SARL Joint Venture (JV) with Barrick (2,056 km²), for gold and associated minerals only. The JV is managed by Barrick and financed by it to pre-feasibility (PFS) for a 51% participation interest. Upon completion of the PFS, KGL can participate in funding or Barrick will increase its participation to 65% by completing a Feasibility Study.

KGL has retained the rights to explore for and develop iron ore resources and other minerals associated with the licences held by KGL Isiro SARL.

For further information, please contact:

David Netherway
Chairman

Tel: +27 72 186 1765

Email: david.netherway@kilogoldmines.com

Website: www.kilogoldmines.com

Disclaimer

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