

**NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR
DISSEMINATION IN THE UNITED STATES**

NEWS RELEASE

KILO GOLDMINES LTD.
Suite 1200, 141 Adelaide Street West
Toronto, Ontario M5H 3L5

FOR IMMEDIATE RELEASE

Kilo Goldmines Announces a Proposed Private Placement and the Consolidation of its Common Shares

- **A private placement of equity units**
 - **minimum of \$5,000,000, and**
 - **maximum of \$6,000,000**
- **Dundee Capital Markets and Sprott Private Wealth LP to act as finders for \$3.0 million and \$2.0 million of the Offering, respectively**
- **Proceeds principally to be used to further the development of the Imbo licence hosting the Adumbi, Kitenge and Manzako resources (Somituri gold project)**
- **Offering subject to completion of 1 for 10 consolidation of common shares and shareholder approval of creation of any control persons**

TORONTO, Ontario, March 25, 2014 – Kilo Goldmines Ltd. (“Kilo” or the “Company”) (TSX VENTURE:KGL) is pleased to announce that it intends to proceed with a non-brokered private placement of equity units (“Units”) to raise gross proceeds of a minimum of \$5,000,000 and a maximum of \$6,000,000 (the “Offering”). The Units will be offered at a price of \$0.25 per Unit (following a 1 for 10 consolidation of the common shares of the Company) and each Unit will consist of one post-consolidated common share and one common share purchase warrant (a “Warrant”). Each Warrant will entitle the holder to acquire one additional post-consolidated common share of the Company for five years at a price of \$0.35 during the first two years and \$0.50 for the next three years.

The Company expects to use the net proceeds from the offering to fund further exploration and development of the Company's Somituri gold project in the Democratic Republic of Congo and for working capital and general corporate purposes.

Dundee Capital Markets (“DCM”) and Sprott Private Wealth LP (“SPW”) and some of its affiliates (collectively, the “Finders”) have agreed to act as finders in connection with the sale of \$3.0 million and \$2.0 million of the Units, respectively, for a total of \$5.0 million of the Offering.

The Finders will receive a fee of 6.0% for all Units placed to investors introduced by them, payable in cash or Units, at the option of the Finder, and will also receive 6.0% Finders’ warrants, each exercisable to acquire one post-consolidated common share of the Company at a price of \$0.25 per share for a period of 5 years. SPW and its affiliates will not receive a finder’s fee or finder warrants for Units sold under the Offering to accounts and funds managed by it or its affiliates due to it being an affiliate of an insider as described below. DCM has agreed to take all fees in Units.

Kilo has been advised that Sprott Inc. (TSX: SII; "Sprott") and its affiliates, including SPW, currently own or control through managed accounts and funds, a total of 40,418,500 pre-consolidated common shares of the Company, representing approximately 12.6% of the currently issued and outstanding shares, as well as warrants to acquire a further 37,155,000 pre-consolidated common shares of the Company. As such, Sprott is an insider of the Company. Assuming the exercise of such warrants, Sprott would own and control 21.79% of the post-consolidated common shares of the Company and would be a "control person" of the Company. Sprott has advised that it, or one or more of its affiliates, intend to acquire that number of Units which, including any Units received by SPW and its affiliates as finder's fees and any finder warrants and assuming the exercise of all warrants, will provide it with approximately, but not more than, 29.9% of the number of post-consolidated common shares of the Company on a partially diluted basis.

DCM has advised that Corona Gold Corporation ("Corona") (TSX: CRG) has agreed to purchase a minimum of \$2.3 million and a maximum of \$2.8 million of the Units. Corona has confirmed that it currently owns no securities of the Company. If the minimum Offering is completed, Corona would own or control up to 11,200,000 of the post-consolidated common shares, representing up to approximately 21.6% of the post-consolidated common shares then issued and outstanding, as well as warrants to acquire up to a further 11,200,000 post-consolidated common shares of the Company. Assuming the exercise of such warrants, Corona would own or control up to approximately 35.5% of the number of post-consolidated common shares of the Company.

It is anticipated that other insiders of the Company may subscribe for up to \$250,000 of the Offering.

Completion of the Offering would result in both Sprott and Corona becoming new "Control Persons" of Kilo, as defined in the policies of the TSX Venture Exchange. Accordingly, Kilo will be required to obtain disinterested shareholder approval for the creation of such Control Persons before the Offering may be completed. Votes attached to common shares owned or controlled by Sprott or Corona and their respective associates and affiliates will be excluded from voting. Kilo has called a special meeting of shareholders to be held on May 1, 2014 to consider approval of the creation of the Control Persons.

As a result of the participation in the Offering by Sprott (and possibly other insiders), the Offering is considered to be a "related party transaction" under Multilateral Instrument 61-101 ("MI 61-101"), however, the transaction will be exempt from the formal valuation requirements of MI 61-101. To the extent that both the fair market value of the securities to be issued to Sprott and other insiders and the cash consideration to be paid for such securities do not exceed 25% of Kilo's market capitalization, the transaction will also be exempt from the minority approval requirements of MI 61-101. Otherwise, minority approval excluding the insiders, their affiliates and joint actors will also be required.

Approval for the planned 1 for 10 share consolidation was received at Kilo's annual and special shareholders' meeting held on March 6, 2014 and is expected to be implemented shortly. It is anticipated that the Offering will be completed in escrow on or about April 15, 2014 subject to receipt of shareholder approval for the creation of the new Control Persons to be obtained at the special shareholders' meeting scheduled for May 1, 2014. The Offering will also be subject to certain conditions including, but not limited to, the receipt of the approval of the TSX Venture Exchange and the delivery of standard opinions.

About Kilo

Kilo Goldmines Ltd. (KGL) is a Canadian gold exploration company, listed on the TSX Venture Exchange under the symbol 'KGL' and on the Frankfurt Exchange under the symbol '02K'. Kilo holds exploitation and exploration licences covering approximately 2,662 km² of favourable

Archaen Kabalian Greenstones(the Ngayu belt) in the northeast Democratic Republic of Congo. Incorporated within these licences are:

- the Somituri Project (71.25% owned by Kilo), comprising eight non-contiguous licences (606 km²), held by KGL-Somituri SARL; and
- the KGL Isiro SARL Joint Venture (JV) with Randgold Resources Ltd (2,056 km²), for gold and associated minerals only. The JV is managed by Randgold and financed by it to a pre-feasibility (PFS) for a 51% participation interest. Upon completion of the PFS, Kilo can participate in funding or Randgold will increase its participation to 65% by completing a Feasibility Study. Areas which may be deemed of no interest to Randgold will be returned to Kilo.

In addition:

- Kilo has retained the rights to explore for and develop any iron ore or other minerals associated with the licences held by KGL Isiro SARL. These licences were previously in a JV with Rio Tinto who has since withdrawn.
- Kilo has a minority interest in the Hajigak iron ore project in Afghanistan.

For more information, please contact:

Alex van Hoeken

Chief Executive Officer & President

Tel: +1 416 360 3406

Email: info@kilogoldmines.com

Website: www.kilogoldmines.com

Disclaimer

This news release may contain forward looking statements concerning future operations of Kilo Goldmines Ltd. All forward looking statements concerning Kilo's future plans and operations, including management's assessment, project expectations or beliefs may be subject to certain assumptions, risks and uncertainties beyond Kilo's control. Investors are cautioned that any such statements are not guarantees of future performance and that actual performance and exploration and financial results may differ materially from any estimates or projections.

The securities referred to in this press release have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws, and may not be offered or sold in the United States absent registration or an applicable exemption from such registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in the United States or in any jurisdiction in which such offer, sale or solicitation would be unlawful.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.