

NEWS RELEASE

KILO GOLDMINES LTD.
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FOR IMMEDIATE RELEASE

Kilo Goldmines Announces Consensual Realization Against Assets

TORONTO, Ontario, September 12, 2019 – Kilo Goldmines Ltd. (“Kilo” or the “Company”) (TSX VENTURE: KGL) announced today that it and direct subsidiary, Kilo Goldmines Inc. (“Kilo Inc.”, and together with Kilo, the “Borrowers”) have entered into an agreement (the “Agreement”) with Resolute (Treasury) Pty Ltd (“Resolute”) and Loncor Resources Inc. (“Loncor”) that will result in the extinguishment of all amounts owing by the Borrowers under a credit facility provided by major shareholder Resolute, which has been in default since March 14, 2019. The credit facility is secured against all assets and undertaking of the Borrowers, including a pledge of the shares of Kilo Inc. The Agreement and the transactions contemplated thereby are subject to receipt of all required regulatory approvals.

Under the terms of the Agreement, Kilo will consent to the assignment of the credit facility and related security from Resolute to Loncor and will cooperate in Loncor’s realization solely against the shares of Kilo Inc. in full satisfaction of all amounts owing by the Borrowers under the credit facility of approximately A\$822,945 (approximately C\$747,264). Kilo Inc. owns all of the Company’s mineral properties interests and assets in the Democratic Republic of Congo, including the Company’s Somituri gold project, and, following the security realization process, Kilo will cease to hold any property interests or assets in that country. In consideration for Kilo cooperating and assisting Loncor in the security realization process, Kilo will receive a cash payment of C\$130,000 from Loncor. The transaction will permit Kilo to retain and attempt to monetize its public reporting status and upon the completion of the security realization process, Kilo intends to initiate a search for suitable assets or businesses to merge with or acquire to maximize this value for shareholders. To assist with the Company’s working capital requirements post-security realization, Kilo has arranged for an unsecured loan from Loncor and an arm’s length third party in the amount of C\$65,000 each (C\$130,000 in the aggregate) bearing interest at 8% per annum and repayable 12 months from the date of the loan. Subject to receipt of all necessary regulatory approvals, Kilo will have the option on maturity to convert all or any part of the outstanding principal amount and accrued and unpaid interest thereon into common shares of Kilo based on the then current market price.

“After investigating a number of alternatives to address the delinquent Resolute loan, and considering the uncertainty and liabilities relating to our DRC mining assets outlined in our news release of August 14, 2019, the board of directors believes the consensual realization to be the best option available to the Company to extinguish the Resolute loan and still preserve some value for our shareholders. The cash payment to be received and additional loan that has been arranged will allow the Company to satisfy other corporate payables and provide working capital to allow the Company to explore new business opportunities.” stated David Netherway, Chairman of Kilo.

About Kilo

Kilo Goldmines Ltd. is a Canadian mineral exploration company that is listed on the TSX Venture Exchange under the symbol 'KGL' and on the Frankfurt Exchange under the symbol '02K'. Kilo retains a 20% interest in a bid for mining rights to four iron ore concessions located in the Bamyan province of Afghanistan.

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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.

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