



RSG Completes Sale of Ravenswood Gold Mine & Commissions World First Fully Automated U/G Syama Gold Mine

Company/ASX Code	Resolute Mining Ltd - RSG
AGM date	Thursday 21 May 2020
Time and location	3.00pm, Level 2, 15-17 William Street, Perth
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Bob Kelliher assisted by Derek Miller
Pre AGM Meeting?	On line contact with CEO John Welborn and Coy Sec Amber Stanton

Item 1	Consideration of Accounts and Reports
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Summary of ASA Position

With the first net loss since 2015 and the first no dividend since 2015, Resolute completed the commissioning of the Syama (Mali) automated underground mining fleet by year's end, and has since achieved commercial production rates, which now provides the prospect of future profitable results.

Despite the current high gold price, some of the more significant items contributing to the net loss are; Depreciation costs, up \$95m on the previous 12 months to 30 June 2018, Finance Costs up \$42m, and Contingent Tax Liabilities and Taxes, up \$83m.

The February 2020 capital raising granted Performance Rights to the CEO, and significantly, issued the first shares to the Chairman and other Directors, all at the \$1.10 share price, who were overdue to own any shares in the company.

With the recent review and divestment of the Ravenswood mine in Queensland, the company is now totally focussed on African mining.

The company completed its additional listing on the London Stock Exchange in June 2020, where most of the African mining companies are listed. This will undoubtedly add to the administration costs of the company.

Summary

(As at 31 December 2019)	2019	2018	2017	2016	2015
NPAT (\$m)	-113	77.8	166.09	200.73	(563.76)
UNPAT (\$m)					
Share price (\$)	1.26	1.275	1.19	1.285	0.315
Dividend (cents)	0	2	2	1.7	0
TSR (%)	-1.18	8.2	-6.2	94.86	-99.68
EPS (cents)	-11.98	8.85	18.61	27.6	(78.39)
CEO total remuneration, actual (\$m) 2019 only, previous years statutory.	1.318	2.49	2.004	0.892	0.0303

For 2019 the CEO's total actual remuneration was 15 times the Australian Full time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

Item 2, Resolution 1	Adoption of Remuneration Report
ASA Vote	Against

Summary of ASA Position

CEO rem. framework	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Annual Remuneration	0.8	40%	0.8	32%
STI - Cash	0.4	20%	0.9	36%
STI - Equity	0	0%	0	0%
LTI	0.8	40%	0.8	32%
Total	2.0	100.0%	2.5	100%

The STI is paid all in cash; at Target, 50% of FAR and Stretch, at 112.5% of FAR. The Corporate KPI's are the typical measured items: Improved Safety (10%), Cashflow (30%), Gold poured (30%), cost/tonne milled (30%).

Personal KPI's for the CEO are then just multiples of the Corporate KPI's, with Threshold performance paid at 50% of Corporate KPI outcome, Target performance paid at 100% of Corporate KPI outcome, and Stretch performance paid at 150% of corporate KPI outcome, but always limited to the cap of 112.5% of FAR .

STI paid in cash starts to appear as annual salary, so at least half should be issued as deferred equity.

LTI is awarded as Performance Rights, with a maximum of 100% of FAR. 75% of the award is based on Relative Shareholder Return, compared to a selected peer group (now including about a two thirds proportion of African miner peers), and 25% on Ore Replacement volumes. With the divestment of the only Australian mine at Ravenswood, only appropriate African miners should be included in future.

This TSR award is paid at 50% with a performance at the 60th percentile, and 100% at the 75th percentile. These are not challenging thresholds for a successful company, as when 25% of peers outperform the company, the LTI award is paid at 100%. The 100% award threshold should be higher, at 80-90th percentile.

The Ore Replacement award is paid at 50% when production is replaced with extra reserves, and 100% when reserves increase by 30%. For a successful company to stay in business, reserves must be successively replaced, or the mine is run out to consume all reserves then shuts down.

Reserves are replaced by exploration and by acquisition, and both methods have been used by the company in 2019. For example, the Mako Gold acquisition added 105koz of gold reserves in 2019.

The number of potential Performance Rights are correctly calculated based on the share price, but still with only a three year performance period.

While the total quantum of remuneration is reasonable, with STI all in cash and LTI thresholds not sufficiently challenging, this report is not acceptable.

Item 3, Resolution 2	Re-election of Mr Mark Potts as a Director
ASA Vote	For

Summary of ASA Position

Mark Potts was appointed to the Board in June 2017, and is valued for his experience in technology, innovation and disruption. He holds 79,097 shares, with a value at 31 December of \$99,622, compared to his annual Board Fees of \$98,333.00

Mark Potts is also a Director of Linear Clinical Research Ltd and iCetana.

Item 4, Resolution 3	Re-election of Ms Sabina Shugg as a Director
ASA Vote	For

Summary of ASA Position

Ms Sabina Shugg was appointed to the Board in September 2018, and is a mining engineer with extensive experience with other major mining companies.

While having no shareholding at 31 December 2019, Ms Shugg did subscribe to the February 2020 Share Purchase Plan, with the acquisition of 27,273 shares, at \$1.10/share for the maximum SPP subscription of \$30,000. These shares had a value of \$34,363 at 31 December 2019, compared to

her annual fees of \$93,333.00. Ms Shugg will need to increase her shareholding over the next few years, to have the shareholding value more equal to her annual Board fees, if she is to maintain our support.

The Chairman, Martin Botha, should institute a Policy for Director's minimum shareholdings, now that he has obtained his first shareholding in the company, by a subscription to 45,455 shares at the recent capital raising.

Ms Shugg is a member of all the company sub-committees, but has no known external directorships.

Item 5, Resolution 4	Approval of annual grant of Performance Rights to Mr John Welborn
ASA Vote	For

Summary of ASA Position

The number of Performance Rights for the 2020 year is calculated at the FAR of \$800,000 divided by the 10 day VWAP to 1 January 2020 (\$1.1434) for 699,668 Rights, subject to the future performance thresholds results.

We agree with this calculation.

The peer group for the Relative Shareholder Return now includes a majority of African miners, even more appropriate now that the sole Australian mine, at Ravenswood has been divested. This peer group will need to be further revised to reflect comparable peers.

Item 6, Resolution 5	Renewal of the Resolute Mining Ltd Performance Rights Plan
ASA Vote	For

Summary of ASA Position

This resolution is designed to preserve the standard 15% limit of share issues during any 12 month period. With Performance Rights being converted to shares at various times during the year, it is appropriate for the company to exclude these share issues from the statutory 15% limit.

Item 7, Resolution 6	Approval of Potential termination Benefits under the 2020 Performance Rights Plan
ASA Vote	For

Summary of ASA Position

This resolution is designed to exempt remuneration awards from the statutory cap of 12 months of fixed pay, as the Board wants to maintain discretion in awarding Performance Rights, or the standard lapsing, on termination of the CEO and others.

The Listing Rule, that no termination payment can exceed 5% of the company equity, is also exempted but most unlikely to apply.

Item 8, Resolution 7	Approval of Deed of Indemnity, Access and Insurance
ASA Vote	For

Summary of ASA Position

This shareholder approval is required for the company to provide their Officer, CFO Mr Stuart Gale, with Indemnity, Insurance, and Access to company documents, during his term in office and 7 years after separation.

This is a standard arrangement for similar roles in companies, and we have sought the budget cost of this arrangement from the Company Secretary.

The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

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