



**CEO Departs, Sale of Bibani Mine Terminated. Share price under pressure.**

<b>Company/ASX Code</b>	Resolute Mining Ltd- RSG
<b>AGM date</b>	Thursday 27 May 2021
<b>Time and location</b>	3.00pm Level 2 15-17 William Street Perth
<b>Registry</b>	Computershare
<b>Webcast</b>	Yes
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Bob Kelliher
<b>Pre AGM Meeting?</b>	Online with CEO Stuart Gale

Please note any potential conflict as follows: The individual involved in the preparation of this voting intention has a shareholding in this company.

**Summary of issues for meeting**

The CEO, John Welborn, departed in October 2020, CFO Stuart Gale was appointed interim CEO and the search for a new CEO continues. We are advised that an announcement is due shortly. The company needs to explain the reason for the sudden departure of the CEO, as the contractual 12 month Notice was not given, and this is an obvious disruptive event. (e.g. last year's first Loss result and no dividend since 2015).

The agreed sale of the Bibani Mine to a Chinese company was stopped by the Ghanian government, so a new plan for the development of this mine is required. The planned acceleration of debt repayment has been stymied, and extra development costs will be incurred.

The share price has dropped from the \$1.10 used at the February 2020 SPP to \$0.73 at December 31 2020.

<b>Item 1</b>	<b>Consideration of Annual Report</b>
<b>ASA Vote</b>	No vote required

**Summary of ASA Position**

Resolute produced 395,136 oz of gold in the year to 31 December 2020, compared to 384,731 oz in the previous year. This was despite the Coup d'Etat in Mali, where their flagship Syama mine is located, and due to maintained and expanded production from both the newly automated Syama mine and the Mako mine.

Guidance for 2021 has been reduced to between 350,000 to 375,000 oz, due to mine planning at Mako and no contribution for the now sold Ravenswood mine.

As now a totally African-focussed gold miner, franking credits will not be available for future dividends.

Resolute will now have to plan for the resumption of mining at Bibani, a role that was flagged to be carried out by a new owner. Additional costs for this exercise will impact on future profits.

The US\$5 million net profit after tax this year was only due to receipt of proceeds from the sale of Ravenswood, so the new CEO will have his work cut out to achieve future profitable operations.

No dividend again this year, the second year in a row, as debt repayment has taken priority.

The confusing use of US\$ and A\$ throughout to report was raised, with the response to improve this in future reports. The change to US\$ presentation occurred on 1 January 2020.

Director Peter Sullivan is not seeking re-election, so a new director, as well as a new CEO, is required.

### **Summary**

(As at 31 December 2020)	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
NPAT (\$m)	5	-113	77.8	166.09
UPAT (\$m)	37			
Share price (\$)	73	1.26	1.275	1.19
Dividend (cents)	0	0	2	2
TSR (%)	-42.1	-1.18	8.2	-6.2
EPS (cents)	1.62	-11.98	8.85	18.61
CEO total remuneration, actual (\$m)	1.54*	1.318	2.49	2.004

\*This includes \$535,072 as payment in lieu on notice for the CEO's departure.

For 2020 the CEO's total actual remuneration was **16.7 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2020 data from the Australian Bureau of Statistics).

Note - For November 2020, the Full-time adult average weekly total earnings (annualised) was \$92,034.80 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

<b>Item 2, Resolution 1</b>	<b>Adoption of Remuneration Report</b>
<b>ASA Vote</b>	<b>Against</b>

### Summary of ASA Position

STI is all paid in cash, where best practice is for at least half to be in equity. Target results in 50% of FAR and Stretch results in 112.5% of FAR.

The Corporate KPIs are: Safety (10%), Operating cashflow (30%), Gold poured (30%) and Cost per tonne milled (30%). The CEO KPI's are then multiples of the Corporate KPI's, at Threshold performance (50%), at Target performance (100%) and at Stretch performance (150%), always with a limit of 112.5% of FAR.

LTI is paid as Performance Rights, with 75% for relative Total Shareholder Return and 25% for Ore Reserves Replacement, to a maximum of 100% of FAR.

The peer group for the rTSR measure is currently a mix of 12 African and 4 Australian gold miners, and a mix of African-only miners will be appropriate as only African interests apply from this year on.

rTSR is paid at 60% at the 50<sup>th</sup> percentile, and 100% at the 75<sup>th</sup> percentile. The 100% should be at a higher percentile, at least the 90<sup>th</sup>, to reflect a successful company, not one that is outperformed by 25% of its peers.

Ore replacement is paid at 50% for ore Reserves maintained, which is no growth after production and is a stay in business requirement. This should be zero payment, with the bonus starting at least at 10% growth. 100% is paid at 30% increase in Reserves.

<b>Item 3, Resolution 2</b>	<b>Re-election of Yasmin Broughton as a Director</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Ms Broughton was appointed to the Board in June 2017, and is Chair of the Audit and Risk Committee.

Ms Broughton is also a Director of Western Areas Ltd, Wright Prospecting Pty Ltd, Synergy, and the Insurance Commission of WA. This is becoming a large workload, which will need to be carefully managed.

Ms Broughton acquired her first shareholding, 27,273 shares at the February 2020 Share Purchase Plan (\$30,000, at \$1.10/share). At the 31 December share price of \$0.73, her shareholding is valued at \$19,909, compared to her annual remuneration of \$79,398. She needs to acquire additional shares to have a share value more nearly equal to annual remuneration.

<b>Item 4, Resolution 3</b>	<b>Amendment to the Constitution</b>
<b>ASA Vote</b>	<b>For</b>

### **Summary of ASA Position**

This amendment is to update the current Constitution with one new Clause; “22.7 Restricted Securities”, to meet revised ASX Listing Rules.

## Appendix 1

### Remuneration framework detail

CEO rem. Framework for FY20	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.1	71%	1.1	32%
STI - Cash	0.065	4%	1.24	36%
STI - Equity	0	0%	0	0%
LTI	0.377	25%	1.1	32%
Total	1.54	100.0%	3.44	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan. \*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

These amounts are listed as Actual CEO remuneration for the year ended 31 December 2020. The CEO departed on 18 October 2020, so the FAR amount includes the termination payment in lieu of notice.

STI is all paid in cash, and LTI amounts are Performance Rights that have vested and valued at the 10-day VWAP at 30 June 2020.

The STI KPI's were mainly achieved in 2020, only Operating Cashflow at A\$60.2m not achieving the Target of A\$169m.

2016 Tranche 3 LTIs, vesting in 2020, were paid at 59.6% of the maximum 587,500 Performance Rights, by the Board's determination of performance and the vesting of 350,000 Performance Rights.

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