

New CEO, and a year of consolidation

Company/ASX Code	Resolute Mining/RSG
AGM date	Thursday 25 May 2023
Time and location	2.00pm 15-17 William Street Perth
Registry	Computershare
Type of meeting	Physical
Poll or show of hands	Poll on all items
Monitor	Bob Kelliher
Pre AGM Meeting?	With NED and Chair of Remuneration Mark Potts and, General Counsel, Richard Steenhof

Monitor Shareholding: The individual involved in the preparation of this voting intention has a shareholding in this company.

Summary of issues for meeting

The biggest concern for shareholders is the poor share price performance. Over 2022, the share price fell from 35 cents at 31 December 2021 to 20 cents at 31 December 2022. A recent recovery of the share price to 53 cents at 5 May 2023, a price not seen since mid-2021, has been welcomed by shareholders.

Proposed Voting Summary

No.	Resolution description	
1	Adoption of Remuneration Report	Against
2	Re-election of Mr Mark Potts as a Director	Against
3	Re-election of Ms Sabina Shugg as a Director	For
4	Approval of annual grant of Performance Rights to Mr Terrance Holohan	For
5	Renewal of Resolute mining Performance Rights Plan	For
6	Approval of Potential Termination Benefits under the 2023 Performance Rights Plan	Against
7	Approval of special issue of Performance Rights to Mr Terrance Holohan	For
8	Approval of Deed of Indemnity and Insurance	For
9	Ratification of issue of Placement shares	For

Summary of ASA Position

Consideration of accounts and reports - No vote required

Governance and culture

Note that all figures in the Resolute reports are in **USD**, unless otherwise stated, e.g staff salaries in UKP, and share price, Performance Rights and board mandated fees in AUD (but the table of actual board fees is in USD).

Terrance Holohan was appointed CEO/Managing Director on 23 May 2022, after serving as Chief Operating Officer.

The Board has been stable for the year at 6 members, but with only one female. This 16.7 % female rate is well below industry standards, and ASA standards of a minimum 30% female members.

Financial performance

Gold poured increased 11% to 353,069oz, after previous major shutdowns, while costs rose 9%, mainly due to higher fuel and consumables costs. Revenue increased by 19% to \$651.1m, with the resulting profit figures noted in the Table below. Again, no dividend has been paid.

Key events the equity raising in November 2022 raised \$164m and subsequently reduced net debt significantly from \$228.8m to \$31.6m

ASA focus issues

The ESG report champions gender equity, but this has not even been achieved at board level. Greenhouse gas emissions data are only included at page 60 of the 72-page Sustainability Report. While net zero by 2050 has been adopted, emissions have increased every year for the last 3 years. The company has yet to demonstrate that it can reduce emissions, so it is coming late to this issue.

Financial Summary

(As at FYE 31 December 2022, Note, in USD)	2022	2021	2020	2019	2018
NPAT (\$m)	-34.7	-367.4	5	-113	77.7
UPAT (\$m)	20.3	129.9	37	-	-
Share price (AUD)	0.20	0.39	0.73	1.26	1.275
Dividend (cents)	0	0	0	0	2
Simple TSR (%)	-48.7	-46.6	-42.2	-1.18	8.2
EPS (cents)	-2.85	-28.9	1.62	-11.98	8.85
CEO total remuneration, actual (\$m)	0.974	0.808*	1.54	1.318	2.49

*Previous CEO Stuart Gale 14/5/21 to 31/12/21

Actual take home pay for CEO Terrance Holohan is reported as \$559,451.

Comments on resolutions

Resolution 1 is for Adoption of the Remuneration Report.

The CEO/Managing Director received a 30% increase to his fixed remuneration, due his change from Chief Operating Officer to a total of UKP1,000,000 (FAR 400,000, STI 200,000, LTI 400,000).

The STI uses undisclosed internal Corporate Targets to Budget, and Personal KPI additions, which lack transparency. Results for 2022 are reported at 59% corporate with personal KPIs added for a total pay-out of 79%.

LTI now has only one performance measure, relative Total Shareholder Return, with a company-adopted peer group for comparison. This peer group is said to be comprised of gold production companies of “similar size” and operating in “similar jurisdictions”. Some apparent anomalies include: Orezone is not in production, Tietto is “the newest West African gold company”, Fortuna Silver mines produces Silver, Gold, Lead and Zinc, just added Oceana Gold has operations in New Zealand, Philippines and the US, and three are Australian operations only.

The standard vesting, with 50% paid at the 50th percentile and 100% at the 75th percentile, is not suitable for a successful, growing company. This schedule should at least be; 30% at the 50th percentile and 100% at the 85th percentile to reflect adequate ambitions of the company.

Lack of transparency in the STI targets, the poor vesting schedule in the LTI and a less than optimum peer group, mean that we cannot support this resolution.

Resolution 2 is for the re-election of Director Mark Potts, who has been on the Board since June 2017. He has appropriate qualifications, is currently considered independent and holds a suitable number of shares (234,839).

However, since the board has failed to progress towards gender equity since the departure of Yasmin Broughton in 2022, resulting in a below standard at 16.7% female members, we oppose the re-election of Mark Potts. The Board has had adequate time to remedy this situation, and failure to achieve any progress indicates a lack of endeavour.

Resolution 3 is for the re-election of Director Sabina Shugg, the only female on the board, who has been on the Board since September 2018. She has appropriate qualifications, is currently considered independent, but only holds a well below standard 27,273 shares (The same number as reported in 2021).

At the FYE 32 December 2022, her shareholding is valued at \$5,455, while her director’s fee is \$61,228. An improvement in this shareholding to more equal the fee payment is still required.

However, we support the re-election of Sabina Shugg.

Resolution 4 is for approval of the annual grant of Performance rights to Mr Terrance Holohan. This Long Term Incentive in the current Remuneration Report, is based on 100% of his fixed remuneration, and is correctly calculated at the average share price over the 10 days to 01 January 2023 (AUD 0.20). We approve this resolution.

Award of these Performance Rights is subject to the rTSR result, based on the company’s adopted peer group’s results, and the industry standard of 50% vesting at the 50th percentile and 100% vesting at the 75th percentile. These are addressed in the Remuneration report.

LTI now has only one performance measure, relative Total Shareholder Return, with a company-adopted peer group for comparison. This peer group is said to be comprised of gold production companies of “similar size”, and operating in “similar jurisdictions”. Some apparent anomalies

include: Orezone is not in production, Tietto is “the newest West African gold company”, Fortuna Silver mines produces Silver, Gold, Lead and Zinc, just added Oceana Gold has operations in New Zealand, Phillipines and the US, and three are Australian operations only.

The standard vesting, with 50% paid at the 50th percentile and 100% at the 75th percentile, is not suitable for a successful, growing company. This schedule should at least be; 30% at the 50th percentile and 100% at the 85th percentile to reflect adequate ambitions of the company.

Lack of transparency in the STI targets, the poor vesting schedule in the LTI and a less than optimum peer group, mean that we cannot support this resolution.

Resolution 5 is to have shares issued on vesting of Performance Rights to be excluded from the Company’s standard 15% limit on issuing equities.

We support this resolution.

Resolution 6 is to allow the board to approve any future termination pay-out where the amount may exceed the statutory 12 month’s salary limit, or the 5% of the equity of the company limit.

If the board does contemplate such a value of termination pay-out, when this amount is determined and paid, shareholder approval can then be sought.

We do not support this resolution.

Resolution 7 seeks retrospective shareholder approval to issue 1,000,000 Performance Rights to Terrence Holohan, under the performance Rights Plan, apparently to match his UKP 1,000,000 remuneration. The grant was made on 01 July 2022, when the share price was \$0.225, for a calculated value of AUD 225,000. The actual value can only be calculated based on the outcome of the vesting schedule in 2025.

We support this resolution.

Resolution 8 is to add two staff members to the Deed of Indemnity, Access & Insurance scheme; the current Chief operating Officer Geoff Montgomery and Chief Financial Officer Christopher Eger.

We support this resolution.

Ratification of Placement Shares

Resolution 9 is for retrospective shareholder approval to remove from the 15% limit on the issue of equities in a 12-month period, the institutional placement of 258,171,997 shares issued at \$0.16 per share, that raised \$41million in November 2022. This is required to preserve the flexibility of the board for any future share issues.

We support this resolution.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.

Appendix 1
Remuneration framework detail.

CEO rem. Framework for FY22, in UKP	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	400,000	40%	400,000	36%
STI - Cash	200,000	20%	300,000	28%
STI - Equity	0	0%	0	0%
LTI	400,000	40%	400,000	36%
Total	1,000,000	100.0%	1, 100,000	100%