



### Third CEO in 18 months - Share price tanked

<b>Company/ASX Code</b>	Resolute Mining Ltd (RSG)
<b>AGM date</b>	Friday 20 May 2022
<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>	With new CEO

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 issue of multiple CEOs in 18 Months; Mark Clark, 1 July 2015 to 18 October 2020, Stuart Gale, 14 May 2021 to April 2022, and Chief Operating Officer, Terry Holohan, who will formally take over as CEO on Friday 29 April 2022 with Mr Gale will assist in an orderly handover. On announcing the appointment, the company stated the terms and conditions relating to Mr Holohan's employment as CEO will be finalised and announced upon him formally commencing the role. We are yet to see those details (required in accordance with ASX Listing Rule 3.1.)

Note that US dollars are used in the Annual Report, except for in the Remuneration Report. As noted last year, this is not immediately obvious; only noted in small print on the opening page, on page 54 in the Remuneration Report, and page 73 of the Financial Report. With the significant difference in the two currencies, the reporting in US\$ should be made much more obvious.

<b>Item 1</b>	<b>Consideration of annual accounts and reports</b>
<b>ASA Vote</b>	No vote required

#### Summary of ASA Position

Gold production to 31 December 2021 was 319,271oz, down from 395,136oz last year and down from last year's Guidance of 350,000-375,000oz. A very poor result, due to operation problems at their flagship Syama mine, sanctions placed on Mali following political coups during the year, and Covid-19 issues. Guidance for next year is 345,000oz, at an AISC of \$1,425/oz, up from \$1,370/oz last year.

The Bibani mine was finally sold on 5 August 2021, to Asante Gold Corporation, for a total of \$90m.

The net loss for the year (-\$367.4m) was after one off non-cash items due to asset impairments,

fair value adjustments and tax changes. As at YE 31 December 2021, the Syama Mine was impaired \$167m and the Mako CGU impaired \$55.024m.

The share price has fallen from 73 cents 31/12/20, to 39 cents 31/12/21 (and in May 2002 was 31 cents)

### **Governance and culture**

The revolving door to the CEO office needs to stop spinning. As we noted in last year's Voting Intentions Report, the reasons for the departure of Mark Clark were a mystery as are the reasons for the departure of Stuart Gale.

The Board needs to explain to shareholders why the CEOs are leaving.

There have been two Board departures. Yasmin Broughton and Peter Sullivan have resigned during the past year and have been replaced by Adrian Reynolds and Simon Jackson, both of whom are up for election at this AGM.

The current board have minimal skin in the game, although the shrinking share price is partially responsible.

	Joined board	Total Remuneration for the year ended 31 December 2021	No of shares as per annual report	Value of shares \$ at 30c
		\$		
M. Botha	2014	135,192	195,455	58,637
M. Potts	2017	82,617	123,541	37,062
S. Shugg	2018	75,106	27,273	8,182
A. Reynolds	2021	43,812	50,000	15,000
S. Jackson	2021	14,395		

The board's gender balance is 20% female/80% male. The Appendix 4G (Corporate Governance Statement - as released to ASX with the website retaining the prior year's report) notes the goal is 30% minimum for each gender if an entity is included in the S&P/ASX300 Index at the start of the year, but the miss is not commented on. RSG was in that index and even the S&P/ASX200 Index at the start of 2021. It was removed from the S&P/ASX200 Index in June 2021.

### **Financial performance**

Revenue fell from \$618m last year to \$549m this year, and the loss for the year was \$367m. Again, no dividend is provided, with the last dividend issued in 2018.

## Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	-367.4	5	-113	77.7	166.09
UPAT (\$m)	129.9	37			
Share price (\$)	0.39	0.73	1.26	1.275	1.19
Dividend (cents)	0	0	0	2	2
Simple TSR (%)	-46.6	-42.1	-1.18	8.2	-6.2
EPS (cents)	-28.92	1.62	-11.98	8.85	18.61
CEO total remuneration, actual (\$m)	0.808*	1.54	1.318	2.49	2.004

\*CEO Stuart Gale from 14 May 2021 to 31 December 2021.

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

### Summary of ASA Position

On appointment to the CEO role, Stuart Gale's Fixed Annual Remuneration was set at \$725,000.

Short Term Incentive has a target of 50% of FAR, and maximum of 112.5% of FAR and is paid in cash. Corporate KPI's are Sustainability (10%), and Operational; cashflow 30%, gold poured 30%, cost per tonne milled 30%. The result to 31 December 2021 was reported as 32% of the maximum. There is no deferral of any part of the STI. ASA Guidelines nominate a minimum of 50% of potential STI award be paid in equity with a minimum 12 month holding lock.

Long Term Incentives are a maximum of 100% of FAR, are measured over three years, are granted in Performance Rights, and are based totally on Relative Shareholder Return. ASA Guidelines nominate a four year performance period and include two LTI performance metrics.

The comparative peer group of 15 gold companies includes some that are Australian based producers, while Rolute is now totally African focussed. A revised peer group for the 2022 year contains the reduced number of 12 companies, some of which are still Australian based producers.

Rolute remuneration vesting is ; 50% vesting at the 50<sup>th</sup> percentile and 100% vesting at the 75<sup>th</sup> percentile. ASA preferred position is 30% vesting at the 51<sup>st</sup> percentile, rising with a sliding scale of 2% vesting for each additional percentile such that only CEOs who exceed the 85<sup>th</sup> percentile will receive 100% of the potential award.

For the period from 2018 to 30 June 2021, the result was 6% vesting outcome. For the period from 2019, to 31 December 2021 the result was a 14% vesting outcome.

There is no formal malus/clawback policy.

NED fees are: Chair \$180,000 and other Members \$100,000, plus Chair of Audit and Risk \$15,000, Chair of Remuneration \$10,000.

FAR is above those for companies with a market capitalisation Range of \$175 - \$375m. There is only a three-year period for the LTI.

<b>Item 3, Resolution 2</b>	<b>Re- election of Director Martin Botha</b>
<b>ASA Vote</b>	<b>Against</b>

#### **Summary of ASA Position**

Martin Botha was appointed to the Board in February 2014, and appointed Chair in June 2017, so he has been on the Board for 8 years. The share price had increased during his early tenure, but has disappointed since. He is considered independent.

He remains a director of Zeta resources Ltd, and also spends sometime in the Resolute London office.

His shareholding has increased from 45,455 at 31/12/20 to 195,455 currently. With the low share price, that represents less than half his annual fee.

Considering rotation of CEOs, financial performance summarised here in, share price approximating 2015 level, reduction in NTA per share, plus production & revenue reductions, we will vote open proxies Against this resolution.

<b>Item 4, Resolution 3</b>	<b>Election of Director Stuart Gale</b>
<b>ASA Vote</b>	<b>Withdrawn due to resignation</b>

#### **Summary of ASA Position**

Not Applicable

<b>Item 5, Resolution 4</b>	<b>Election of Director Adrian Reynolds</b>
<b>ASA Vote</b>	<b>For</b>

#### **Summary of ASA Position**

Adrian Reynolds was appointed to the Board on 28 May 2021. He currently holds 50,000 shares and is considered an independent director.

He is qualified in Geology and Engineering, and has had 40 years' experience, including 25 years with Randgold Resources.

He is also a director of Sylvania Platinum Ltd.

<b>Item 6, Resolution 5</b>	<b>Election of Director Simon Jackson</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

Simon Jackson was appointed to the Board on 29 October 2021, and currently hold no shares.

He is a Chartered accountant with over 25 years' experience.

He is also a director of Cygnus Gold Limited, and Chairs Predictive Discovery Limited and Sarama Resources Limited.

His workload is equivalent to 6 directorships exceeding ASA guidelines for workload, but we see his 25 years' experience in management of resource companies, particularly in Africa, to add value to the board. We will monitor the list of other roles. He needs to start to acquire a shareholding, so that after 3 years on the Board, the value of his shareholding is equal to his annual fee income.

<b>Item 7, Resolution 6</b>	<b>Approval of annual grant of Performance rights to Mr Stuart Gale</b>
<b>ASA Vote</b>	<b>Withdrawn due to Resignation</b>

### Summary of ASA Position

Not applicable

<b>Item 8, Resolution 7</b>	<b>Approval of Deed of Indemnity, Access and Insurance</b>
<b>ASA Vote</b>	<b>For</b>

### Summary of ASA Position

This is for the renewal of these provisions for the two new directors and three key staff.

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**Appendix 1**  
**Remuneration framework detail**

CEO rem. Framework for FYXX	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	0.725	40%	0.725	32%
STI - Cash	0.3625	20%	0.816	36%
STI - Equity	0	0	0	0
LTI	0.725	40%	0.725	32%
Total	1.8125	100.0%	2.266	100%