



**Resolute**

# Half Year Financial Results

for the half year ended 30 June 2020

**28 August 2020**

## Half Year Underlying EBITDA up 96% Gold production up 24% - Revenue up 33% - Net Profit after tax up 32%

### Highlights for the six months to 30 June 2020

- Gold production of 217,946 ounces (oz) (H1 19: 176,237oz)
- Gold sales of 212,668oz at an average gold price received of US\$1,427/oz (H1 19: 176,294oz at US\$1,275/oz)
- Revenue from gold and silver sales of US\$305m (H1 19: US\$229m)
- Underlying earnings before interest, tax, depreciation and amortization (EBITDA) of US\$107m (H1 19: US\$55m)
- Net profit after tax (NPAT) of US\$36.3m (H1 19: US\$27.5m)
- All-In Sustaining Cost (AISC) of US\$1,020/oz (H1 19: US\$828/oz)
- Syama Underground operations returned to full capacity with sulphide processing recoveries increasing to 80% in the June quarter
- Mako Life of Mine Plan (LOM) updated increasing gold production by 39% and adding two years of mine life
- Refinancing successfully completed through equity raising and new low-cost, flexible syndicated debt facility
- Ravenswood sale completed with total proceeds of up to A\$300m
- Cash and bullion balance US\$88m, listed investments US\$35m and promissory note A\$50m
- Comprehensive COVID-19 response plan implemented while maintaining full year 2020 production guidance
- FY20 Guidance maintained at 430,000oz at an AISC of US\$980/oz

Resolute Mining Limited (Resolute or the Company) (ASX/LSE: RSG) is pleased to present the Company's half year financial results for the 6 months to 30 June 2020.

Managing Director and CEO, Mr John Welborn, commended the Resolute team on the successful financial results from improved operational performance during a period of unprecedented challenges:

"The first six months of 2020 will be remembered as a test of capability and resilience at Resolute. I am immensely proud of our teams who have safely and efficiently operated our mines during the onset of the global COVID-19 pandemic. Onsite management have done an outstanding job to implement measures ensuring the wellbeing of all our employees, contractors and the communities in which we operate while at the same time maintaining and improving our operational performance.

"Their excellent work has enabled Resolute to maintain operations in line with our guidance and produce 218,000 ounces of gold in the first half of 2020. As a result, we generated a 33% increase in operating revenue to more than US\$300m. Underlying EBITDA increased to US\$107m, a 96% increase over the prior comparable period, reflecting solid operational cost performance which saw AISC of US\$1,020/oz during the half. Guidance for the full year has been maintained at 430,000 ounces of gold produced at an AISC of US\$980 per ounce.

"The Syama Underground Mine continues to improve its mining and processing performance. Successful exploration has extended the life of the Syama Oxide operation while we continue to investigate the opportunity for a new underground mine at Tabakoroni. Mako is continuing to demonstrate it is an excellent addition to our portfolio.



“During the half year, Resolute completed a number of balance sheet strengthening activities including a successful equity raising and debt refinance, the sale of Ravenswood, and the acquisition of the Mako third party financing royalty. These initiatives, together with operating cashflow generation, have improved the Company’s financial position and created a more flexible, low cost balance sheet which positions Resolute for future growth and development.”

### **COVID-19**

The challenges presented by COVID-19 continue to evolve. Resolute is continuously monitoring developments relating to the pandemic and adapting our plan and responses accordingly. A comprehensive plan is in place across all locations which includes, in addition to hygiene, PPE and social distancing measures, testing and mandatory isolation procedures for positive cases amongst the workforce. The implemented protocols prioritise the health and safety of the workforce and have enabled operational continuity with currently no negative impacts on gold production.

### **Sustainability**

Resolute seeks to operate its business responsibly, with careful consideration for the health and safety of our people, the communities surrounding our sites, and the environment around us. Resolute is a member of the World Gold Council (WGC) and is a founding signatory to the WGC’s Responsible Gold Mining Principles.

Resolute’s Total Recordable Injury Frequency Rate (TRIFR) at 30 June 2020 was 1.07 relative to 2.09 at 31 December 2019. Resolute’s priority from a health and safety perspective in the first half has been the maintenance and refinement of effective infection control measures to protect employees and contractors at our sites and offices from the COVID-19 outbreak.

### **Political**

Resolute is monitoring the political situation in Mali following the resignation of the President and the dissolution of the government on 19 August 2020. The Company’s operations in Mali are continuing as normal with no impact to production or to the safety and security of employees and contractors.

### **Operations**

#### **Syama Gold Mine, Mali**

During H1 20, production from the Syama sulphide circuit was 56,679oz at an AISC of \$1,445/oz. Gold production from the sulphide circuit increased by 58% in H1 20 compared to H1 19. The consistent improvement in H1 gold production and overall recovery rates is driven by the completion of repairs to the roaster in December 2019. Plant throughput increased as a result of extensive optimisation and modification of work on the crushing and milling circuits, while recoveries reflected a similar process of optimisation in the operation of the flotation and leach circuits.

Overall sulphide circuit recovery was 78% compared to 69% in FY19. Recoveries of 80% were achieved during the June 2020 quarter and are expected to be above 80% for the remainder of the year as the Company pursues further incremental improvement toward the long-term target of 85% total recoveries.

During H1 20, production was 64,558oz at an AISC of \$789/oz. Mining was completed at Tabakoroni at the end of May 2020 with the excavation of the Splay pit located north-east of the main Namakan pit. A new satellite open pit operation at Cashew prospect is expected to be established towards the end for the 3rd quarter of FY20.

#### **Mako Gold Mine, Senegal**

During H1 20, production from Mako was 85,663oz at an AISC of \$758/oz. During H1 20, work was undertaken to develop an updated LOM for Mako which was completed in July 2020 (see ASX Announcement 20 July 2020). The updated LOM has generated a 39% increase in total production and a mine life extension of two further years. Mako is now expected to have a total mine life of nine years and produce a total of 1.24 million ounces (Moz) of gold. Including 2020, Resolute plans to mine a further 900,000oz of gold from Mako until early 2027 at an average AISC over this period of \$900/oz.

**Financial Performance**

Revenue for H1 20 was \$305m, inclusive of discontinued operations, from gold sales of 212,668oz at an average realised price of \$1,427/oz compared to the average spot price over the period of \$1,636/oz. Gross Profit from continuing operations was \$26m after depreciation and amortisation of \$91m. Resolute reported an NPAT of \$36m (including discontinuing operations). Resolute continued to invest growth and cost improvement initiatives in the business in H1 20 with capital expenditures on development, property, plant and equipment totalling \$49m and exploration and evaluation expenditure of \$4m.

Underlying EBITDA from continuing operations in H1 20 was US\$107m costs associated with our response to the COVID-19 pandemic, costs incurred to extinguish the high cost debt with Taurus and other non-recurring items. An underlying NPAT from continuing operations was reported at US\$19.8m. Once the net gain associated with discontinuing operations (Ravenswood) and other non-recurring items were taken into account, the Company reported a net profit after tax of US\$36m.

Profit and Loss Analysis (US\$'000s)	Continuing Operations (Syama / Mako)	Discontinuing Operations (Ravenswood)	HY20 Group	HY19 (Restated)
<b>Revenue</b>	<b>290,023</b>	<b>15,268</b>	<b>305,291</b>	<b>228,803</b>
Cost of sales excluding depreciation and amortisation	(140,139)	(13,069)	(153,208)	(142,737)
Other operating costs relating to gold sales	(32,916)	(2,131)	(35,047)	(17,352)
Administration and other corporate expenses	(11,157)	(172)	(11,329)	(9,649)
Exploration and business development expenditure	(4,418)	(179)	(4,597)	(4,323)
<b>EBITDA</b>	<b>101,393</b>	<b>(283)</b>	<b>101,110</b>	<b>54,742</b>
<b>Non-recurring items:</b>				
+ COVID 19 costs	1,227	-	1,227	-
+ Legal costs	4,852	-	4,852	-
<b>Underlying EBITDA</b>	<b>107,472</b>	<b>(283)</b>	<b>107,189</b>	<b>54,742</b>
Depreciation and amortisation	(92,665)	(47)	(92,712)	(20,316)
Net finance costs	(13,479)	(80)	(13,559)	(7,964)
Other	15,557	41,885	57,442	769
<b>Non-recurring items:</b>				
+ Non-recurring high cost interest	8,840	-	8,840	-
<b>Underlying net profit/(loss) before tax</b>	<b>25,725</b>	<b>41,475</b>	<b>67,200</b>	<b>27,231</b>
Current Income tax (expense)/benefit	(5,895)	-	(5,895)	(9,706)
<b>Underlying net profit/(loss) after tax</b>	<b>19,830</b>	<b>41,475</b>	<b>61,305</b>	<b>17,525</b>
Deferred Income tax (expense)/benefit	(10,093)	-	(10,093)	9,923
- Adjustments made to EBITDA	(14,919)	-	(14,919)	-
<b>Net (loss)/profit after tax</b>	<b>(5,182)</b>	<b>41,475</b>	<b>36,293</b>	<b>27,448</b>

Given the Company's change in presentational currency from AUD to USD at 1 January 2020, the previously reported HY19 results have been translated into USD using the average foreign exchange rate prevailing during that period.

**Table 1: Half Year Financial Results for the six months to 30 June 2020**

Key impacts on the financial performance during the half are set out below:

**Ravenswood gain on disposal**

On 31 March 2020, the Resolute Group completed the sale of the Ravenswood mine to EMR Capital Management Limited and Golden Energy and Resources Limited. The consideration for the sale comprised A\$50m of cash up front, A\$50m promissory note and up to A\$200m potential payments contingent on future gold prices, future gold production from Ravenswood and the investment outcomes from Ravenswood for EMR Capital.



A gain of US\$42m has been calculated on the disposal after valuing the gold price contingent payment based on consensus forward gold prices for 2020-2024 of A\$2,003/oz (given the agreement is in A\$), to determine a value of A\$20m. The upside sharing payment was valued at nil, given the significant uncertainty around potential payout, and risk.

### Depreciation and amortisation

Depreciation and amortisation expense increased significantly to US\$93m in H1 20 reflecting the following impacts:

- **Mako** – depreciation of the asset over the remaining life, on a units of production basis, prior to the extension of mine life to 2025 (see 20 July 2020 ASX announcement)
- **Syama Underground** – depreciation over the remaining life of the assets on a units of production basis
- **Syama Underground** – expected future underground development capital expenditure not yet incurred but required for the operations to continue. This is an accounting standards requirement designed to smooth the depreciation profile of the operation
- **Tabakoroni Oxide** – An assessment of the rehabilitation obligation at 31 December 2019 resulted in an increase to the associated asset which was fully amortised during H1 20 given the completion of mining at Tabakoroni.

### Tax

During June 2020 Resolute's Mali subsidiary Société des Mines de Finkolo S.A. (SOMIFI) paid XOF2 Billion (US\$3m) to the Mali Tax Authorities as part payment of SOMIFI's 2019 Income Tax amount of XOF12 Billion (US\$20m). The remaining XOF10 Billion (US\$17m) was paid during July 2020.

Further to the FY19 Financial Report disclosure on the Mali Tax Authorities Income Tax and Value Added Tax (VAT) demand on Resolute's Mali subsidiary Société des Mines de Syama S.A. (SOMISY), in country tax and legal advice has been sought with a formal response submitted to the Mali Tax Authorities on 19 June 2020. The formal response outlined SOMISY's objections to the income tax demands and the calculations on the VAT withholding demand. The Mali Tax Authorities were due to respond to SOMISY's objections by the end of August 2020. This response has not yet been received and, following recent political events in Mali, SOMISY has received a request for an extension of time for the Mali Tax Authorities to provide their updated formal position.

### Cashflow

Movements in the cash balances of Resolute are noted in the cashflow waterfall below:

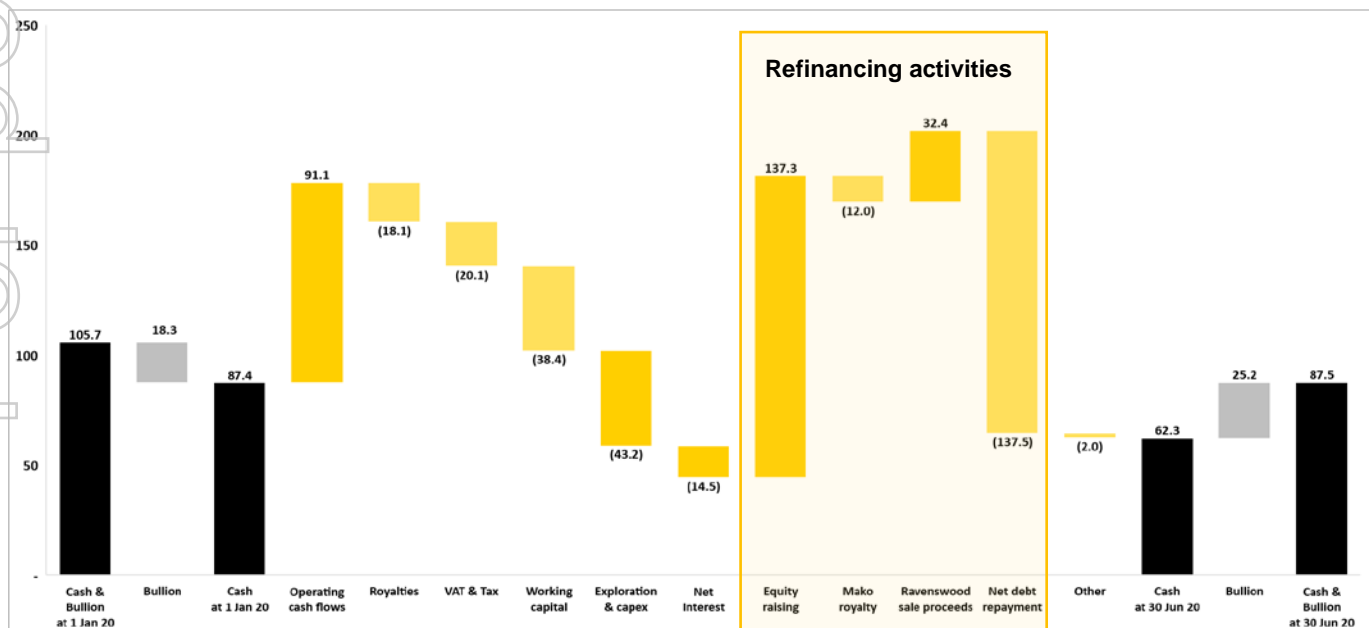


Table 2: Half Year Cash and Bullion Movements in US dollars



Resolute

## Half Year Financial Results for the half year ended 30 June 2020

Operating cashflow generation of US\$91m for the half was offset by, tax and VAT payments US\$20m, capital expenditure of US\$43m and working capital outflows associated with normalisation of creditor payments and inventory builds.

### Balance Sheet

As at 30 June 2020, Resolute's cash (US\$62m), bullion (10,496oz of gold valued at US\$25m), additional liquid assets (\$35m) and a promissory note valued at US\$35m (A\$50m). Resolute also held receivables of US\$57m associated with Malian VAT paid and refundable.

Total borrowings at 30 June 2020 were US\$307m comprising US\$255m drawn on the Company's US\$300m senior debt facility and revolving credit facility, an overdraft facility with the Bank of Mali of US\$40m and asset finance facilities of US\$12m. Resolute retains US\$45m of undrawn revolving credit facility capacity at the end of June 2020.

The Company's net debt position at 30 June 2020 was US\$220m. In addition, Resolute holds notes relating to two other Ravenswood contingent payments totalling up to A\$200m (US\$141m): A\$50m (US\$35m) in a gold price contingent payment, and A\$150m (US\$106m) in an upside sharing payment (see ASX Announcement dated 15 January 2020).

### Guidance

Resolute has maintained 2020 guidance of 430,000oz at an AISC of US\$980/oz (see ASX Announcement dated 31 March 2020). The guidance reflects asset level performance for Syama (260,000oz at an AISC of US\$960/oz) and for Mako (160,000oz at an AISC of US\$800/oz) together with Ravenswood's actual production during the March 2020 quarter. Group level cost guidance of US\$980/oz has been maintained to reflect production costs incurred at Ravenswood and the uncertainty related to potential increases in corporate costs associated with managing the impacts of COVID-19.

FY20 capital expenditure guidance has been allocated between Non-sustaining of US\$15m, Exploration and Other Development of US\$25m and Sustaining of US\$30m (also included in AISC).

*For further information, contact:*

**John Welborn**  
Managing Director & CEO

### Investor and Analyst Conference Calls

Resolute advises Managing Director and CEO, Mr John Welborn, will host two Conference Calls for investors, analysts and media on **Friday, 28 August 2020**, to discuss the Company's Half Year Financial Results for the period ending 30 June 2020. Both calls will conclude with a question and answer session.

Please click on the links provided below and follow the prompts to pre-register for either call. Participants will receive a calendar invite with dial-in details once the pre-registration process is complete.

**Conference Call 1:** 09:00 (AWST, Perth) / 11:00 (AEST, Sydney)

**Pre-Registration Link:** <https://s1.c-conf.com/DiamondPass/10008549-invite.html>

Conference Call 1 will also be streamed live online at <http://www.openbriefing.com/OB/3875.aspx>

**Conference Call 2:** 09:00 (BST, London) / 16:00 (AWST, Perth)

**Pre-Registration Link:** <https://s1.c-conf.com/DiamondPass/10009420-invite.html>

Conference Call 2 will also be streamed live online at <http://www.openbriefing.com/OB/3948.aspx>



Resolute

# Half Year Financial Results for the half year ended 30 June 2020

## About Resolute

Resolute is a successful gold miner with more than 30 years of experience as an explorer, developer and operator of gold mines in Australia and Africa which have produced more than 8Moz of gold. The Company trades on the Australian Securities Exchange (ASX) and the London Stock Exchange (LSE) under the ticker RSG.

Resolute currently operates the Syama Gold Mine in Mali and the Mako Gold Mine in Senegal. The Company is the owner of the Bibiani Gold Mine in Ghana. Resolute's guidance for 2020 has been set at production of 430,000oz of gold at an All-In Sustaining Cost of US\$980 per ounce.

## Contact Information

### Resolute

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## Competent Persons Statement

For the purposes of ASX Listing Rule 5.23, Resolute confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements relating to exploration results or estimates of Mineral Resources or Ore Reserves referred to in this announcement and, in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Resolute confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (MAR). Upon the publication of this announcement via a Regulatory Information Service (RIS), this inside information is now considered to be in the public domain.*

Authorised by Mr John Welborn, Managing Director and CEO

### ASX/LSE: RSG Capital Summary

Fully Paid Ordinary Shares: 1,102,826,939

Current Share Price:

A\$1.11 as at 27 August 2020

Market Capitalisation: A\$1.22 billion

2020 Guidance:

430,000oz at an AISC of US\$980/oz

### Board of Directors

Mr Martin Botha *Non-Executive Chairman*

Mr John Welborn *Managing Director & CEO*

Ms Yasmin Broughton *Non-Executive Director*

Mr Mark Potts *Non-Executive Director*

Ms Sabina Shugg *Non-Executive Director*

Mr Peter Sullivan *Non-Executive Director*

### Contact

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