



Resolute

# ASX Announcement

19 August 2021

## Non-cash impairment expected to be recognised in 2021 half year results

Resolute Mining Limited (Resolute or the Company) (ASX/LSE:RSG) advises that it expects to recognise a non-cash impairment charge in the range of US\$165 – US\$175 million in the Company's 2021 half-year results, which are scheduled to be released on Friday 27 August 2021.

Resolute has assessed the carrying value of the Company's assets and Cash Generating Units (CGUs) for impairment at 30 June 2021 as part of its financial results preparation. This assessment has been undertaken in accordance with the relevant accounting standards after taking into account the current outlook for gold prices, increasing interest rates and revised production guidance while maintaining current cost, processing and recovery assumptions. The impairment charge that is expected to be recognised relates solely to the Syama mine.

The expected impairment charge is a result of:

- Lower assumed gold prices reflecting a 5-10% reduction in the short to medium term compared to the assessment carried out in December 2020.
- An increase in the risk-free rate which underpins the applicable weighted average cost of capital used in the impairment assessment.
- Holding current cost, processing and recovery assumptions constant, without including expected improvements over the life of mine, in line with applicable accounting standards.
- A revision to the CY21 production and cost guidance impacting Syama (refer to ASX announcement June 2021 Quarterly Activities Statement dated 29 July 2021).

The impairment charge is a non-cash item with no impact on cashflows or EBITDA. There is no impact to Resolute's mine plans, gold reserves and resources, and existing debt covenants. The Group's carrying value of net assets at 31 December 2020 was US\$815 million.

The impairment charge is subject to finalisation of the half-year accounts and the auditor review process.

Resolute Managing Director and Chief Executive Officer Stuart Gale said: "Our focus remains on operational resilience, generating free cash flows and strengthening Resolute's balance sheet. We have made significant changes in 2021 with an emphasis on people, process and systems which we believe will drive improvements to our production, cost and ultimately cashflow generation."



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