



RESOLUTE
MINING
LIMITED

ANNUAL REPORT 2001

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Secretary

GW Fitzgerald

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ACN 097 088 689

ABN 39 097 088 689

Shares on Issue

Ordinary Shares: 155,278,320

Web Site

Resolute maintains a web site where all major announcements to the ASX are available. www.resolute-ltd.com.au

Resolute Mining Limited, finding strength in gold.

Resolute emerged as a gold producer in the late 1980's and to date has successfully developed and operated six gold mining ventures in Australia and Africa. These ventures have produced over 2.75 million ounces of gold.

During the 1990's Resolute diversified into the laterite nickel industry in Western Australia. In hindsight, this decision proved to be costly for shareholders.

Resolute has now put that experience behind it and is setting out to increase shareholder value by re-focussing its commitment to gold and building on its strength as a developer and operator of gold projects.

Building a firm foundation for solid growth.

Resolute has consolidated its activities and is well placed to increase shareholder value.

This year Resolute has

Reserves

- **Extended the life of operations**

At Golden Pride, through successfully defining in excess of 500,000 ounces of additional reserves

At Obotan, by purchasing the Abore orebody which is expected to deliver 100,000 additional ounces of production.

Operations

- **Exceeded annual production targets** by yielding in excess of 344,000 ozs of gold at a cash cost of US\$182/oz
- Achieved **excellent Health, Safety and Environmental** results
- Continued to **promote** and develop our strong **community relationships**.

Financial

- Generated **strong gross cash flows** from gold operations of A\$67m
- **Significantly reduced debt** by A\$49m to A\$17m

- **Preserved** sound levels of cash and bullion on hand
- Achieved an **Operating Profit** of A\$31m.

Corporate

- **Restructured** the Board of Directors and Senior Management
- Initiated a **Scheme of Arrangement** to simplify Resolute's corporate and capital structure and unify the interests of all shareholders
- **Reduced Corporate Overheads** significantly.



The Company is in a strong position to identify and exploit new opportunities.

This is the first Annual Report for Resolute Mining Limited and although the Resolute Group has been in business for some time, the arrival of this new holding company symbolically represents a new beginning for the Group.

The past year has been an important one for shareholders. It has involved consolidation and change. The achievements over this period are summarised on the adjacent page.

Resolute Mining is a medium size gold producer with significant cash reserves and minimal debt. Our hedging position underwrites a profitable operation going forward, but leaves considerable upside to any increase in the gold price.

Behind all our decisions and activities is the primary objective of adding value for shareholders. We are in a strong position to identify and exploit opportunities capable of doing so.

Access to capital is becoming a driving force in the structure of the gold industry world-wide. Resolute intends to position itself to take advantage of further rationalisation that may occur at the small to medium end of the industry.

Low gold prices and the globalisation of equity markets over recent years has seen equity capital for the small to medium gold producers and explorers virtually dry up. This combined with industry consolidation amongst the larger gold producers creates numerous opportunities for companies like Resolute Mining.

These opportunities are primarily, either advanced exploration projects held by juniors that can no longer source risk capital to advance them, or development projects that don't meet the size criteria for the larger companies. Resolute Mining is ideally placed to capitalise on both these situations.

The infrastructure bases that we have established in Ghana and Tanzania give us a competitive edge in pursuing these types of opportunities in each of these countries.

In Ghana, the Obotan operation has about twelve months mine life remaining. With its closure, we will have a plant in the country available to be moved to a new project and we are looking closely at the situations that might suit this strategy.

The extensions to the Golden Pride reserves deliver to us at least a seven year operating life in Tanzania. We are currently undertaking a feasibility study on the expansion of the Golden Pride mill which could deliver further value from this operation. This base gives us the flexibility to investigate both near mine exploration potential and other advanced exploration targets in the country. Tanzania is still a very prospective country for gold exploration and our position as one of the three gold operations in that country gives us a competitive advantage.

The Resolute approach to operating in these African countries has proven very successful and it is something we wish to advance further in other African countries should we be able to find the right opportunity.

We commence the coming year confident that we have a firm platform from which to generate tangible growth.

I wish to thank both shareholders and staff for their understanding and support during the past year and look forward to keeping you informed on the progress of our activities in the year ahead.



Peter Sullivan
Chief Executive Officer

Operations Overview

Resolute Operations exceeded annual production targets by producing a total of 344,237 ounces of gold at an average cash cost of A\$341 (US\$182) per ounce.

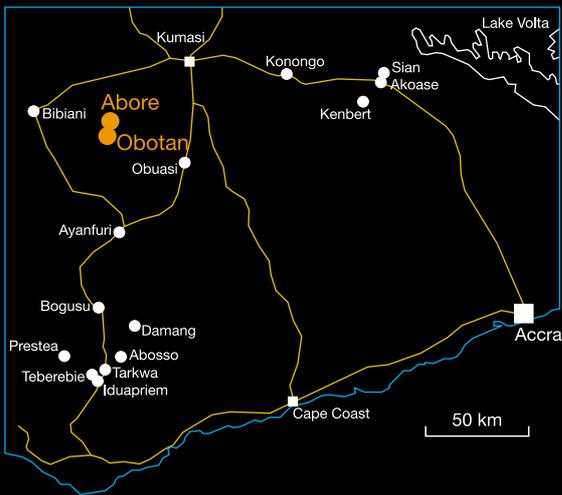
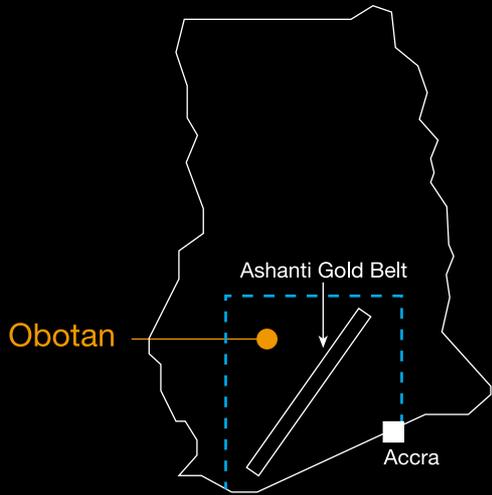
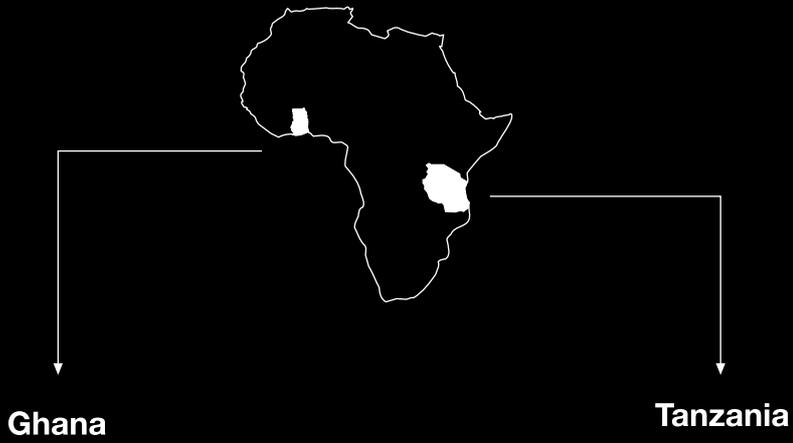
In doing so, nearly 6 million BCM's of earth were mined delivering 3.8 million tonnes of ore to be treated at an average head grade of over three grams per tonne.

In the coming financial year, and in line with life of mine modelling expectations, Resolute's mines at Golden Pride in Tanzania and Obotan in Ghana together are forecast to produce in excess of 260,000 ounces of gold at an average cash cost of less than US\$200 per ounce.

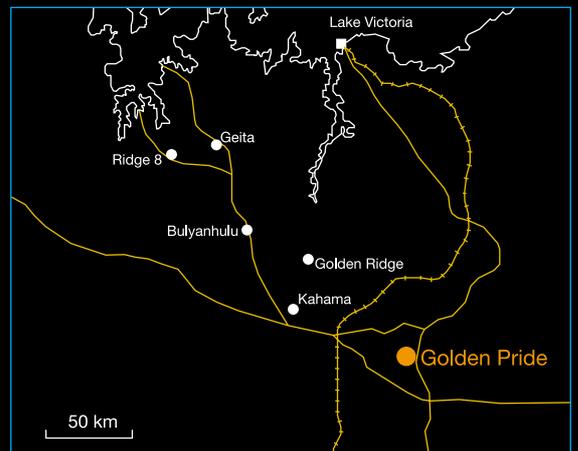


Obotan Treatment Plant, Ghana

Africa

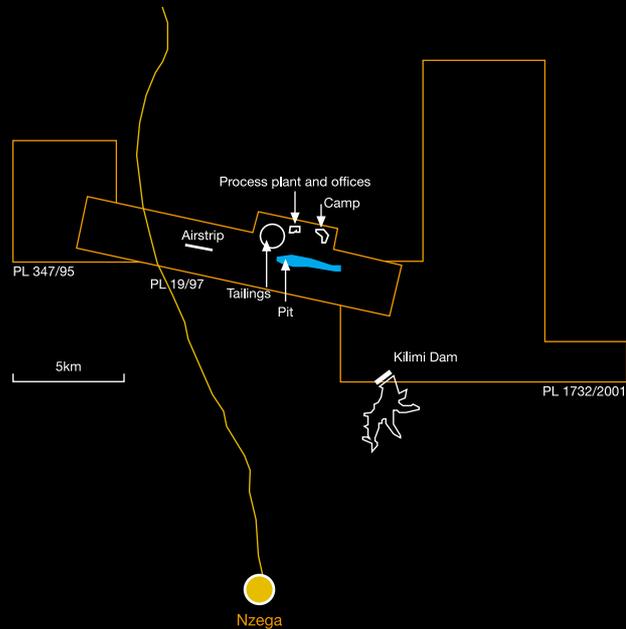


Obotan Project showing surrounding deposits



Golden Pride Project showing other million ounce deposits

Operations Overview



Golden Pride Location Plan

Golden Pride

The Golden Pride mine is located in Tanzania, East Africa, 750km north-west of the port of Dar es Salaam and 200km south of Lake Victoria.

Resolute has a 100% interest in the project through its Tanzanian subsidiary, Resolute (Tanzania) Limited.

Construction of Golden Pride, the first modern gold mine in Tanzania, began in November 1997 and was completed in twelve months, on budget (US\$48million), despite the most severe wet season experienced in Tanzania for 100 years. The mine is designed to produce an average of 180,000 ounces of gold per annum, at an average cash cost of US\$200 per ounce.

Operations

The 2001 financial year produced strong results to compliment the record previous financial year. The operations produced 216,567 ounces of gold at an average cash cost of US\$164 per ounce, again outperforming "life of mine" average annual production and cost per ounce projections.

The Golden Pride mine has now produced in excess of 500,000 ounces of gold since commissioning.

The mining contractor performed consistently, moving 4.02 million BCM's against the year's target of 3.59 million BCM's.

The plant also continued to perform well treating 2.09 million tonnes. Plant Availability levels were excellent at 96%, recovering 93% of the 3.47 g/t head grade.

The wet season saw Kilimi Dam, our major water source, spill-over in January. Further development of the Manonga Borefield during the year, has further secured the water supply for the processing plant.

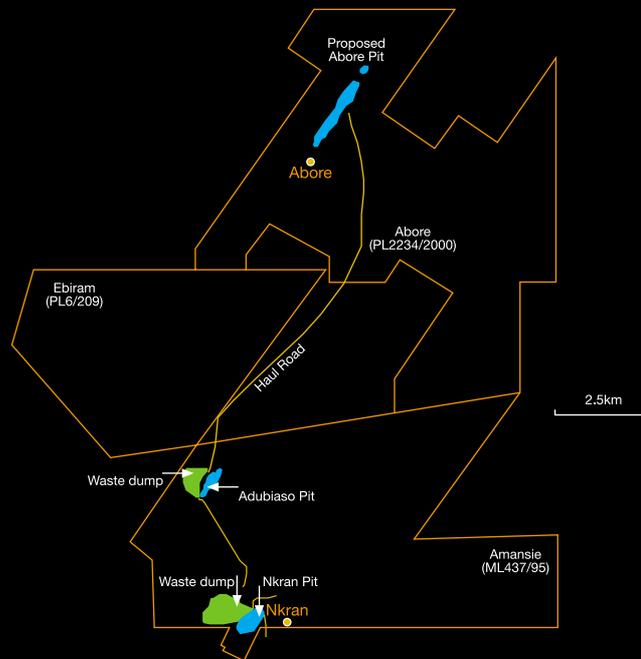
Outlook

Consistent with the Life of Mine schedule, a reduction in Golden Pride's gold production is anticipated in the coming year. This is due to the current section of the ore body being of lower grade and of harder grinding characteristics. This will result in lower throughput and gold production levels than in previous years.

As a result of the significant increase in ore reserves recently announced, a feasibility study is being undertaken to consider increasing the throughput levels at Golden Pride. The feasibility study will incorporate the possibility of treating a large quantity of low grade mineralisation that is currently not included in the mining and milling schedules.



Golden Pride Mine, Tanzania



Obotan Location Plan

Obotan

The Obotan mine is located in Ghana, West Africa, 215km north-west of the capital Accra, and 40km north-west of the Ashanti gold mine at Obuasi.

Resolute has a 90% interest in the project through its Ghanaian subsidiary, Resolute Amansie Limited. The government of Ghana has a 10% free carried interest in Resolute Amansie Limited.

Obotan was successfully commissioned in May 1997, just eight months after construction began, at a capital cost of US\$32 million, ahead of schedule and under budget.

Operations

With the operations main ore source at the Nkran pit nearing completion and the satellite deposit at Adubiaso proving erratic, the team at Obotan has managed to produce results for the year which have exceeded expectations. The recent acquisition of the Abore deposit delivers a further ore source which is expected to see operations extended for a further twelve months.

The operations produced 127,670 ounces of gold at an average cash cost of US\$212 per ounce surpassing forecasts on both counts.

Despite the declining nature of the existing ore sources, mining operations moved 1.96 million BCM's against this years target of 1.83 million BCM's.

The plant also exceeded throughput expectations treating 1.72 million tonnes. Plant Availability levels were excellent at 97%, recovering 93% of the 2.49 g/t head grade.



Outlook

The recent acquisition of the Abore deposit will underpin the performance of Obotan in the coming year. Gold production at Obotan is forecast to be less than that achieved in the past year. The lower production levels are expected in the first half when the remaining low and medium grade stockpiles sourced from the Nkran deposit are treated whilst the Abore pit is developed.

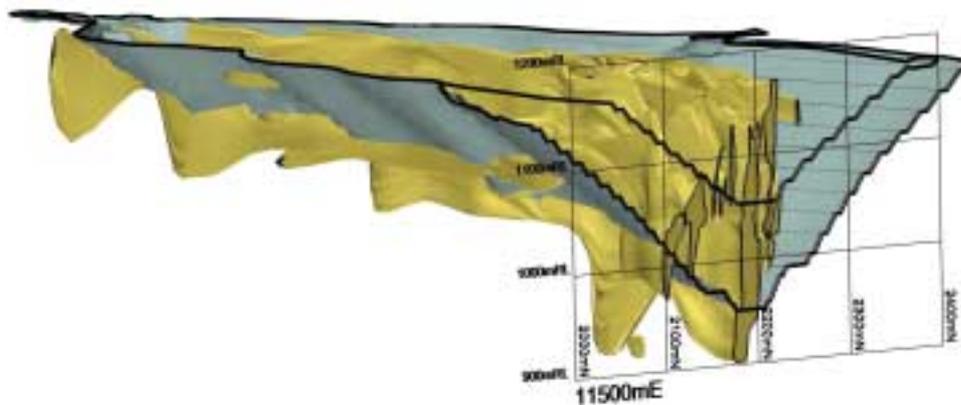
Exploration and Development Overview

During the past year Resolute has continued to rationalise its tenure and refocus its exploration activities, both in Australia and overseas.

This has resulted in reduced holding costs enabling scarce exploration funds to be more effectively allocated.

The main thrust has been to fund exploration activities where there is a reasonable chance of defining economic mineralisation close to our existing operations.





Golden Pride Ore Body - Exploded Section 11,500E

Africa

In Africa, Resolute

- extended the mine life at Golden Pride in Tanzania by successfully defining in excess of 500,000 additional reserve ounces
- accelerated its regional exploration activities in Tanzania
- continued regional exploration activities around Obotan in Ghana
- negotiated 100% equity in the Belahouro concession in Burkina Faso.

Golden Pride Mine, Tanzania (100%)

Since project start up, total ore mined at Golden Pride amounted to 6.18 million tonnes @ 2.92 g/t. An additional 3.7 million tonnes of low grade mineralisation @ 0.75 g/t (89,000 ounces) has been stockpiled.

Ore reserves remaining at Golden Pride at the 30th June 2001 were 5.8 million tonnes @ 2.91 g/t for 545,929 ounces.

During September to November 2000, Resolute undertook a reverse circulation (RC) and diamond drilling (DD) campaign at Golden Pride.

The programme was designed to test three areas along the strike of the deposit where remodelling and re-optimisation of the mineralisation suggested the pit could be deepened. The drilling in-filled previous wide spaced (50m) drill sections and extended the drilling beneath the current pit to establish continuity and grade of mineralisation in those areas. The majority of the drilling was in the primary zone.

This programme of more than 8,000 metres successfully demonstrated continuity of the higher grade, plunging shoots in the 11,500E to 11,700E area. Extensions to known mineralisation beneath

the current pit design between 11,900E and 12,100E were also confirmed. The most significant drill results were from GPR370D, which intersected two wide zones of mineralisation of 34m @ 4.84 g/t between 130-155m (vertical depth - VD) and 30m @ 3.39 g/t between 215-240m (VD) on section 11,550E.

The wide zones of plus 1 g/t gold mineralisation can be seen on the exploded three dimensional presentation above (Exploded Section 11,500E). This section also shows the positions of the latest pit design and the existing pit design. In this area, the pit will be deepened approximately 50 metres.

This drilling highlighted the potential to convert significant ounces, towards the base of the optimisations, from resources to reserves with some additional infill drilling.

Follow up drilling was completed during April and May 2001 to check grade continuity in several areas and provide geo-technical information for final pit designs.

The three dimensional perspective of the Golden Pride ore body above shows the 1 g/t ore zones in yellow. The east plunging nature of the mineralisation in the western part of the ore body is obvious around 11,500E, as is the potential for further mineralisation at depth beneath the new pit.

The ore reserves have been recalculated in the expanded pit. This pit is at its deepest around 11,500E where it has been driven to a vertical depth of more than 200 metres below surface.

The new tonnage and grade estimates are based on Multiple Indicator Kriging of the deposit. They have been optimised using current Golden Pride costs and the expected ore treatment costs based on recent metallurgical assessment of the primary zones.

A gold price of US\$280 has been used. The new reserves amount to 13.1 million tonnes @ 2.54 g/t for 1,072,957 ounces and are subdivided by category below (Table 1).

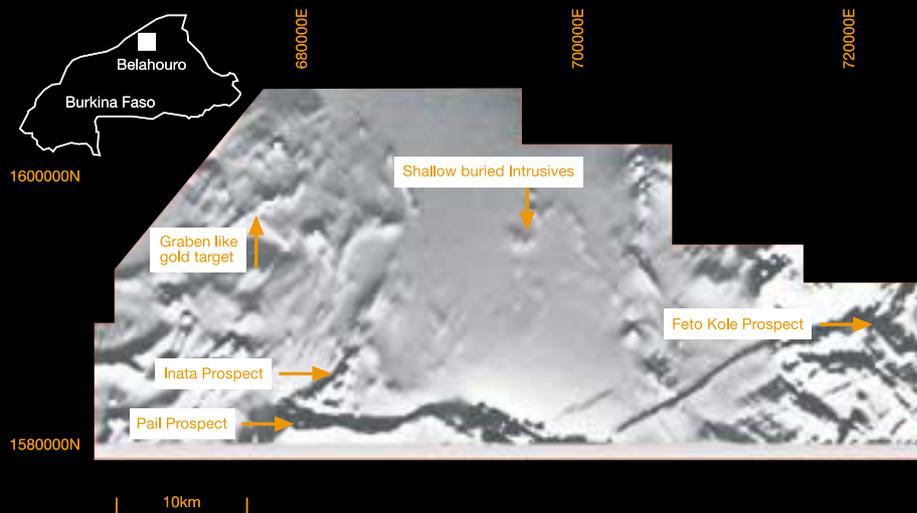
At current throughput rates this amounts to another six to seven years reserves.

In parallel to the drilling, metallurgical test work to provide further information on the leach and grinding characteristics of the primary ore has been completed.



Table 1 - Golden Pride Updated Ore Reserves

Category	Tonnes	Grade	Ounces
Proven	7,092,591	2.6g/t	588,323
Probable	6,029,526	2.5g/t	484, 634
Total	13,122,117	2.5g/t	1,072,957



Belahouro aeromagnetic image

Belahouro Project, Burkina Faso (Resolute 100%)

Resolute has recently acquired 100% of this project. BHP has agreed to convert its equity to a royalty of 2.5% of gross sales.

Currently this project contains measured and indicated resources of 7.4 million tonnes @ 2.79 g/t for 665,206 ounces. At a gold price of US\$300/oz approximately 350,000 ounces report to an optimised pit shell. However, at current gold prices the project is sub-economic.

Resolute's activities in the past year have been focused on locating other prospects within the concession that have potential to deliver mineable ounces.

A large portion of the central part of the concession is underlain by poorly out cropping basin sediments. Geochemical results in this area are subdued.

Several features within the basin have been identified from aeromagnetics and appear to be shallowly buried intrusives. These are associated with major regional fault zones. Elsewhere, in the Birimium of West Africa, these types of areas are prospective for gold mineralisation.

To establish whether these features are near enough to the surface to be tested, a series of ground magnetic surveys have been completed. Interpretation of the data is proceeding. It is intended to drill test the shallower structural/lithological anomalies during the coming field season.

At the Feta Kole prospect, in the central eastern portion of the concession, re-evaluation and follow up of earlier work by BHP has included trenching and sampling of an area of intense artisanal activity.

Ten trenches were completed. The best result was from trench 5 with 7.7 metres @ 7.42 g/t. This trench also intersected a number of other anomalous zones that correlate with lines of workings.

High gold values have been obtained from rock samples collected from the artisanal workings at around 40 metres vertical depth. Two samples of highly sericitised, carbonated, tourmalinised and pyritic arkose assayed 23.6 g/t and 63.6 g/t. The higher grade sample showed free gold associated with oxidised pyrite.

This area is to be drill tested during the coming field season.

Australia

In Australia, Resolute

- rationalised tenure in the prospective Indee area and is currently negotiating a joint venture
- sold the Gawler project in South Australia to Dominion Mining Limited, retaining a 50% contributing interest in the Yumbarra project
- retained the 50% interest in the Valhalla and Skaal uranium prospects with Summit NL in the Mt. Isa region, selling interests in the surrounding tenure to Summit
- maintained extensive tenure in the Chalice-Higginsville area. WMC Ltd is earning an 80% interest in this tenure by exploring for gold and sulphide nickel.

Corporate Responsibility

Resolute is mindful its activities impact on a broad range of people. These people all, in one way or another, contribute to our ability to sustain our activities in a harmonious manner.

The Company is committed to building these relationships through well targeted social, safety and environmental programmes. Resolute aims to support the local communities by assisting with programmes and projects that deliver lasting benefits.



The Biogas Project in Tanzania providing porridge for local school children

Community Relations

Resolute firmly endorses a pro-active approach to positive participation in the communities in close proximity to its mining operations. Whenever possible, Resolute sources its supplies and services locally in order to boost the local economy and employs many locally based personnel, actively engaging in technology transfer through training in new techniques and specialist skills. Resolute hopes that these activities will combine to make the Company welcome wherever it chooses to operate.

Golden Pride Mine – Tanzania

Since it commenced operations in 1998, Resolute, in conjunction with its contractors, has been extending assistance to its local community. In excess of US\$750,000 has been expended on community related projects to date. Extensive manpower support has been contributed to organisational activities ensuring these projects are appropriately targeted and managed in a cost effective manner. Each year new projects are identified for development, along with ensuring activities from prior years are maintained, to facilitate lasting benefits to the communities.

The major project undertaken during the current financial year was the provision of a water supply to the town of Nzega.

On 22nd March 2001, His Excellency, the President of the United Republic of Tanzania, Ndugu Benjamin William Mkapa, inaugurated Phase I of the Nzega Town Water Supply in the Nzega District in Tabora.

Phase I concentrated on improving the quality and quantity of water supply to Nzega. Planning is under way to supply water directly to homes resulting in more than 10,000 town residents receiving clean water from this project, and is aimed at providing self sustaining infrastructure for the water supply system.

The contract for the survey and design for Phase II has been awarded and will assure delivery of 2 million litres of water per day to the town on a sustainable basis.

Other projects for which the Company has been responsible include

- quarterly upgrading and maintenance of local roads



Nzega Water Supply

The local town of Nzega has, for the first time, a reliable and safe water supply. Phase II of this programme will reticulate water directly to dwellings housing more than 10,000 residents on a sustainable basis.

- acquisition and delivery of donations of educational materials, medical equipment and supplies, facsimile machines, computers, printers and typewriters to local schools, hospitals and other organisations
- maintenance and provision of tyres and fuel for government vehicles
- provision of a volunteer doctor (Dr Jason Sly) to Nzega Hospital and volunteer teacher (Ms Louise Cameron) to Isanga Primary School, in conjunction with Australian Volunteers International
- installation of eight water bores and pumps at local schools and in the local community
- construction of classrooms and staff houses at four local primary schools and renovation of community buildings
- organisation and facilitation of the building of the Biogas Plant and housing for 6 heifers, in conjunction with AUSAID
- facilitation of the payment of school and college fees for students in need, by employees of Golden Pride. 21 students have been sponsored by employees to date
- construction of a Police Post at Mwangoye Village
- provision of Radar Gun for Nzega Police Station to support speed reduction campaigns
- assisting the Nzega District Council in writing proposals to solicit funds from various international donors.

Obotan Mine - Ghana

Resolute continued its pro-active approach to community development by promoting sustainable development and not dependence. One key element of this is the continued tripartite arrangement between the local community, the District Administration and the Company.

The areas of focus for the year were

- following the success last year in the building of a six-classroom school block at Manso Nkran the communities in the area gained approval from the Education Service for the siting of a Junior Secondary School at Manso Nkran.
- development of a Community Educational Scholarship Scheme
- provision of building materials for the renovation/ construction of local area village schools
- assistance with Health Infrastructure through the provision of building materials for the renovation/ construction and maintenance of a Self-Health Clinic as well as supply of initial medical supplies and equipment
- ongoing assistance to the District Hospital by maintaining their generator and the supply of a replacement submersible water pump which supplies water to the Hospital and local village
- assistance with numerous other Community projects continued and further development of the communities capacity and sustainability in maintaining their own water bores, most of which have been donated by Resolute over the years
- assistance with Governments initiative in Community Self Help Electrification Projects (SHEP) by purchasing low tension power poles for the local area communities.

The Sustainable Livelihood Project, established in 1998 as a joint initiative between the Company, local farmers and community leaders, continued to focus on diversifying the agricultural income base of local farmers.

Activities during the year included

- provision of improved seeds, seedlings and other inputs to assist in the expansion of farms
- provision of technical advice by extension service officers to teach improved farming techniques

- ongoing operation of two nurseries for provision of food crop, cash crop and timber species seedlings for purchase by the local farmers at a very economical rate
- facilitation of the training of rural fish farming in the area of the mine site
- construction of a citronella oil extraction plant. It involves the distillation of citronella grass to obtain oil which is used in soap making, insect repellents, fragrances, etc.

Resolute hopes that these activities, together with the environmental programme, will continue to improve the standard of living of farmers in the local communities, even after the eventual decommissioning and rehabilitation of the mine.



Health and Safety

Resolute is committed to achieving the highest performance in Occupational Health and Safety to create and maintain a safe and healthy environment at the workplace.

At every site, the health and safety of personnel and local communities are of fundamental concern to Resolute. The Company seeks to conduct operations in an efficient and effective manner, while providing

- a healthy and safe workplace
- information on the hazards of the workplace and training on how to work safely, and
- consultation at all staff levels on health and safety matters.

No employee is expected to carry out work they reasonably consider to be unsafe.

Implementation of the National Occupational Safety Association (N.O.S.A.-RSA) safety system at each site and ongoing management of the system is ensuring Resolute's safety and health management standards are met and that all industry standards are consistently exceeded.

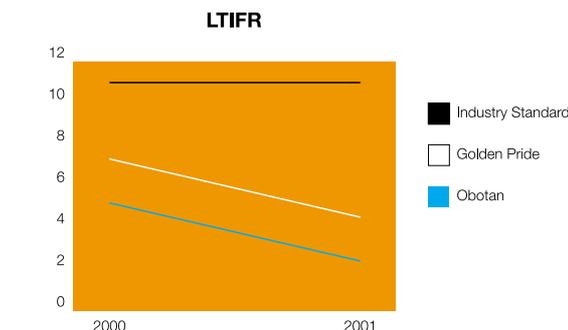
This system actively strives to attain the Health and Safety Standards set by the Resolute corporate body. Each site plan incorporates

- experience gained from other operations within the Resolute Group, and where possible, other mining companies, thereby ensuring all sites utilise the most up-to-date and effective techniques
- site specific circumstances, including such factors as available infrastructure and the experience of the staff.
- constant updates to benefit from innovations, new technology and operating experience.

Golden Pride Mine - Tanzania

The team at Golden Pride built on the excellent safety record established since commencement of operations. As the experience level of staff has increased and training programmes become further advanced, Golden Pride has created a culture of safety in the workplace. Resolute believes that this culture will lead to the highest standards of safety to protect its workforce and the communities with which it interacts.

As a result of these programmes, the Lost Time Injury Frequency Rate (LTIFR) was 4.5 per million



man hours worked, improving on the previous years rolling average of 7.3 and the Australian Mining Industry Average benchmark of 11.

HIV/Aids educators have been trained to assist with an awareness programme. All employees attend information sessions to raise awareness of this critical issue. All employees are also educated in the prevention of malaria which is supported by preventative measures on site.

Obotan Mine - Ghana

Progress with the implementation of the Resolute Safety Management Plan (SMP), which emphasises Hazard Identification and Risk Assessment, is very encouraging. Obotan has achieved an improved safety performance with the LTIFR reducing from 5.2 per million man hours last year to 2.4 per million man hours at the end of June 2001. In so doing, setting records for the number of days without a lost time injury.

The occupational health monitoring and screening system is well established, with continued monitoring of the work environment by a Ghanaian Occupational Health Specialist, Dr. Christine Mensah. Dr Mensah was sponsored by Resolute to undertake an Occupational Health Specialist course in the United Kingdom, and has gained experience through hands on work at Obotan.

In addition, the Obotan Health team focused on the following programmes

- prevention and early detection of malaria
- HIV/AIDS awareness through education of the entire mine site workforce and local communities
- district Public Health polio vaccination programmes
- basic first aid training to the workforce and the local communities
- promotion of Community Self-Health initiatives
- assisting the local community to establish a Self-Health Clinic manned by a Community Health Nurse.



On-site nursery with seedlings ready for planting

Environment

The objectives of Resolute's environmental management programme are to

- comply with all applicable laws, regulations, tenement and permit conditions as a minimum standard for its environmental practices and management procedures
- integrate environmental and rehabilitation processes into exploration, mine planning, mining and metallurgical activities
- liaise with Government bodies, statutory authorities, local communities and environmental management groups to maintain a pro-active stance on environmental issues
- facilitate the education of employees and contractors in relation to their roles and responsibilities in relation to environmental management, and
- undertake regular monitoring, audit and review of environmental procedures or practices as are appropriate to reflect the Company's corporate responsibility in environmental matters.

Resolute maintains a progressive style of rehabilitation, whereby disturbed areas are rehabilitated as soon as possible. Prior to disturbing an area, any suitable native seeds are harvested and the topsoil is stripped and stockpiled for future use. Resolute has established plant nurseries at each of its mine sites ensuring there is a plentiful and cost effective supply of 'native' plants for ongoing rehabilitation activities.

Golden Pride Mine - Tanzania

The Environmental Management Plan (EMP) for Golden Pride, developed in conjunction with the international consulting firm Wardell Armstrong to international best practice standards, continued to provide guidance on environmental management issues at the Golden Pride Project.

Major environmental management activities undertaken during the year, aimed at implementing projects outlined in the EMP and going beyond compliance with environmental standards, rules and regulations, include

- ground water monitoring programmes on boreholes around the tailings dam for both Free CN and Total CN. These have not detected any anomalous results during the year
- during the wet season all surface water locations, replicating the baseline survey, were sampled and tested for Free and Total CN. No samples returned values exceeding the guideline limits
- R.O.M and waste dump faces that had reached their final design parameters, covering an area of about 12.2 hectares, were topsoiled, ripped and planted with 12,000 indigenous seedlings from the on-site nursery
- replanting of seedlings in areas that were rehabilitated in the previous year and did not do well due to poor rainfall, was carried out. These areas include the outer walls of the tailings dam and areas that will not be disturbed by future mining operations
- 40,000 trees of 30 indigenous species were planted on-site during the year bringing the total to date to over 150,000 seedlings planted on the mine site
- 120,000 seedlings of 32 species have been propagated in the nursery this year for planting on the mine site and to give to local communities in the coming wet season
- nearly 20,000 seedlings were donated to the local community for re-vegetation. These were planted under the supervision of the Golden Pride nursery staff
- monitoring the performance of tree seedlings, planted both on the mine site and local communities, has been carried out. Survival rate on the mine site is about 95% of 40,000 seedlings
- spillway and weir measurements at Kilimi Dam, to further hydrological information for the catchment and total yield capacity, was carried out during this year
- this year the Golden Pride Mine is participating in the Presidential Environmental Excellence and Leadership Award whereby the President of the United Republic of Tanzania will award the mining operation that goes beyond mere compliance to environmental standards and regulations.



Obotan Mine Revegetation

Revegetation at the Obotan Mine in Ghana includes trialing cash crops aimed at returning rehabilitated areas to agricultural use once mining activities have ceased.

Obotan Mine - Ghana

All EPA standards with respect to water and air quality were met or exceeded during the year. Following the completion of mining of Adubiaso Pit in December 2000, final reclamation, spread of topsoil and revegetation of the slopes on the waste dump and other disturbed areas was completed. The final revegetation consisted of the planting of nitrogenous trees including *Leucaena*, *Senna Semia*, *Cassia spectabilis*, and *Acacia mangium* as well as assorted timber species including *Esa*, *Bako*, *Asanfena*, *Edinam*, *Ofram* and *Emire* along with cash crops like citrus, cola, black pepper, avocado, etc.

The Adubiaso pit was allowed to recharge with ground and rain water and treated by fertilising with chicken manure to increase biological activity in the aquatic ecosystem to support fish. The ultimate objective is to return the mined out pit to the community as a fish farm at the end of the project.

The second lift of the Nkran waste dump was re-vegetated by year end with a mixture of grasses, nitrogen fixing plants and timber trees. Crop trials are ongoing on the Nkran waste dump to establish whether the rehabilitated areas can be returned to the appropriate landowners as farmland. These trial plots contain cocoa, oil palm, plantain, cocoyam, cassava, maize and tomato.

Revegetation trials continued throughout the year on Saddle Dam #2, a completed portion of the tailings dam, to determine the most suitable methods and crops to be used in reclaiming and revegetating the tailings dam to return it to agricultural use. Trial planting included crops of nitrogen fixing grasses of vertiver and citronella, nitrogen fixing trees, timber species, cash crops of avocado, teak, etc. and food crops on test plots with varying usage of topsoil, fertiliser, mulching, etc.

The Ghanaian Mining Industry, through the Chamber of Mines, actively pursued a public relations campaign early in the year through the development of a series of information videos to adequately inform the Ghanaian public of the efforts, achievements and commitment of the Mining Companies in Ghana, to protect the environment and provide support in Community Development.

In conjunction, a program of Community Tours to Rehabilitated sites was developed and implemented during the year to invite leading citizens and opinion leaders of the local communities, immediately surrounding the mine, to tour the ongoing and completed progressive rehabilitation of disturbed areas. This was very well received and has assisted in negating the concept that mining is destroying the environment. This program will be maintained with periodic tours organised on an ongoing basis.

A Supplementary Environmental Impact Statement was submitted to the EPA for the Manso Nkwanta Gold Project (Abore). The EPA were satisfied with the operation, capacity and feasibility of the Tailings Storage Facility to contain the estimated 1.6 million tonnes of tailings that would be generated from treating the Abore ore.

The two-module training programme on general environmental awareness and waste management developed last year continued to be used throughout the year. New employees were put through the program and existing employees were given refresher training.



Eastern Goldfields – Western Australia

Environmental and rehabilitation responsibilities focused on the ongoing rehabilitation and closure of Resolute's Eastern Goldfields mine sites (Chalice, Higginsville, Bullabulling and Hopes Hill). In meeting rehabilitation commitments during the financial year, Resolute rehabilitated approximately 540 hectares (ha). The main areas of activity included

- completion of all rehabilitation works associated with the Chalice mining area (31 ha). This site is now on monitoring status only
- rehabilitation of all exploration disturbances, the closure of the Chalice-Higginsville haul road, borefields and rehabilitation of the mill, office and workshop areas at the Chalice Gold Project
- progressive rehabilitation of 190 ha associated with the Aphrodites and Challenge pits, the mill, contractors workshop areas and all exploration at Higginsville
- rehabilitation of exploration areas on currently held leases associated with the Bullabulling mine site
- monitoring of the tailings storage facility trials established at both the Bullabulling and Hopes Hill mine sites. As the trials are still in their initial stages, there is as yet insufficient data to draw definitive conclusions. However it was possible to identify early trends toward the development of a rooting medium conducive to the establishment and development of halophytic species.

Progressive Rehabilitation - Higginsville

This series of pictures demonstrate the progress and commitment to rehabilitation. These activities are integral to closure plans for Western Australian mine sites.

An integral component of the environmental management practices undertaken on the Eastern Goldfields mine sites is rehabilitation monitoring. Ecosystem Function Analysis (EFA) is the tool used to assess rehabilitation performance over time. EFA measures landscape function, vegetation dynamics and habitat complexity of both rehabilitated and natural areas. Results to date indicate general rehabilitation practices have provided systems, which are aiding the development of a functioning ecosystem, over time.

Resolute is also in the process of developing closure plans for all its sites. To this end, closure plans have been submitted to the authorities for the Bullabulling Gold Mine and the Higginsville Palaeochannel Mining Areas. These documents are currently under review by the authorities.

Group Reserves and Resources

Gold Reserves and Resources (includes stockpiles)	Project Tonnes	Gold Grade (g/t)	Project Contained Ozs Gold	Resolute Group Share %	Resolute Group Share ounces
RESERVES					
Reserves (Proved)					
Obotan	1,987,000	2.1	131,570	90%	118,413
Golden Pride	* 7,092,591	2.6	588,323	100%	588,323
Stocks ROM pad (+1.0g/t)	1,235,263	1.5	60,283	100%	60,283
Total (Proved)	10,314,854	2.4	780,176		767,019
Reserves (Probable)					
Obotan	233,000	2.3	17,304	90%	15,574
Golden Pride	* 6,029,526	2.5	484,634	100%	484,634
Total (Probable)	6,262,526	2.5	501,938		500,208
Total Reserves	16,577,380	2.4	1,282,114		1,267,227
RESOURCES					
Resources (Measured)					
Obotan	3,996,000	2.5	317,167	90%	285,450
Golden Pride	2,305,877	2.3	172,736	100%	172,736
Low grade stocks (0.5g/t)	3,722,366	0.8	89,758	100%	89,758
Belahouro	3,238,000	2.9	301,883	100%	301,883
Konongo	3,752,819	2.4	286,852	81%	232,350
Total (Measured)	17,015,062	2.1	1,168,396		1,082,177
Resources (Indicated)					
Obotan	2,712,000	2.5	220,662	90%	198,596
Golden Pride	3,713,000	2.3	273,371	100%	273,371
Belahouro	4,174,000	2.7	363,323	100%	363,323
Konongo	4,466,000	1.7	246,549	81%	199,705
Higginsville	470,000	2.3	34,800	20%	6,960
Total (Indicated)	15,535,000	2.3	1,138,705		1,041,955
Resources (Inferred)					
Obotan	572,000	3.6	66,538	90%	59,884
Golden Pride	9,516,004	2.4	733,943	100%	733,943
Belahouro	1,685,000	2.7	144,961	100%	144,961
Konongo	5,590,000	2.1	377,657	81%	305,902
Higginsville	1,500,000	3.0	144,700	20%	28,940
Indee	5,200,000	2.2	367,800	100%	367,800
Total (Inferred)	24,063,004	2.4	1,835,599		1,641,430
Total Resources	56,613,066	2.3	4,142,700		3,765,562
Total Reserves and Resources	73,190,446	2.3	5,424,814		5,032,789

* Includes reserve upgrade announced to the ASX on 4th October 2001

Group Production Summary

	Ore Mined	Ore Milled	Head Grade g/t	Recovery %	Mine Production	Cash Cost A\$/oz	Total Cost A\$/oz
Golden Pride	2,236,944	2,090,882	3.47	93	216,567	309	434
Obotan	1,543,804	1,720,310	2.49	93	127,670	396	451
TOTAL	3,780,748	3,811,192	3.03	93	344,237	341	440

Group Project Summary

Project	Area (km ²)	Location	Commodity
Managed by Resolute			
Obotan	258	Africa	Gold
Konongo	125	Africa	Gold
Golden Pride	424	Africa	Gold
Belahouro	1600	Africa	Gold
Bullabulling	28	Western Australia	Gold
Indee	1002	Western Australia	Gold
Hopes Hill	10	Western Australia	Gold
Not Managed by Resolute			
Chalice (WMC) JV	924	Western Australia	Gold
Carbine North	36	Western Australia	Gold
Uranium Projects	71	Northern Territory & Queensland	Uranium
Yumbarra	380	South Australia	Base Metals

The information in this report as it relates to ore reserves, mineral resources or mineralisation, is reported in accordance with the Aus.IMM Australian Code for reporting of Identified Mineral Resources and Ore Reserves and is based on information compiled by DT Cairns and T Brown, competent persons as identified by the Code.

Financial Statements

For the period ended 30 June 2001



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Directors' Report

Your directors submit the report of Resolute Mining Limited for the period 8 June 2001 to 30 June 2001.

Directors

(a) Names and Qualifications

The names and details of the directors of the Company in office during the period 8 June 2001 to 30 June 2001, or since the end of the financial year are:

Peter Ross Sullivan

B.E., MBA

Mr Peter Sullivan was appointed Chief Executive Officer of the Company on 8 June 2001 and has been involved with the Resolute group since December 1999. Mr Sullivan is an engineer and has been involved in the development of resource companies and projects for more than 15 years. Mr Sullivan has four years experience in corporate finance with an investment bank and two years in a corporate development role with an Australian resource group. Mr Sullivan has considerable experience in the management and strategic development of resource companies.

Peter Ernest Huston

B.Juris, LLB (Hons), B.Com., LL.M

Mr Peter Huston was appointed to the Board as Chairperson on 8 June 2001 and has been a director of Resolute Limited since November 2000. After gaining admission in Western Australia as a Barrister and Solicitor, Mr Huston initially practiced in the area of Corporate and Revenue Law. Subsequently, he moved into the area of Public Listings, Reconstructions, Equity Raisings, Mergers and Acquisitions and advised on a number of major Public Company Floats, Takeovers and Reconstructions. Mr Huston is admitted to appear before the Supreme Court, Federal Court and High Court of Australia. Mr Huston was a partner of the international law firm now known as "Deacons" until 1993 when he retired to establish the boutique Investment Bank and Corporate Advisory firm known as "Troika Securities Limited".

Thomas Cummings Ford

FAICD

Mr Thomas Ford was appointed to the Board on 8 June 2001. Mr Ford is an investment banker and financial consultant with over 30 years experience in the finance industry. He retired as an executive director of a successful and well regarded Australian investment bank in 1991 and now fulfils a number of non-executive director roles. He is Chairman of RESIMAC Limited and a non-executive director of Amalgamated Holdings Limited and Australian Pipeline Trust.

Unless indicated otherwise, all directors held their position as a director throughout the period 8 June 2001 to 30 June 2001 and up to the date of this report.

(b) Interests in the shares of the Company and related bodies corporate

As at the date of this report the interests of the directors in the shares of the Company and related bodies corporate were :

Director	Resolute Mining Ltd ordinary shares
P.R. Sullivan	222,750
P.E. Huston	800
T.C. Ford	-
	<hr/>
	223,550
	<hr/>

(c) Interests in contracts or proposed contracts with the Company

No director of the Company has entered into a material contract with the Company.

Corporate Information

Resolute Mining Limited is a Company limited by shares that is incorporated and domiciled in Australia.

Resolute Mining Limited was incorporated on 8 June 2001 and was dormant for the period ended 30 June 2001. On 14 September 2001, Resolute Mining Limited acquired Resolute Limited by way of a Scheme of Arrangement. Consolidated accounts will be prepared from this date.

Directors' Report (continued)

Principal Activities

During the period 8 June 2001 to 30 June 2001 the Company was dormant.

Results

The result from ordinary activities after tax and outside equity interests for the period 8 June 2001 to 30 June 2001 was nil.

Dividends

No dividend was paid during the period 8 June 2001 to 30 June 2001.

Review of Operations

The Company was dormant for the period 8 June 2001 to 30 June 2001.

Significant Changes in the State of Affairs

There has been no significant changes in the state of affairs during the period 8 June 2001 to 30 June 2001.

Significant Events after the Balance Date

On 5 September 2001, both ordinary and preference shareholders of Resolute Limited approved the Scheme of Arrangement ("Scheme") proposed by Resolute Limited directors in an announcement to the ASX dated 22 June 2001. Under the Scheme Resolute Mining Limited ("RML") acquired 100% of Resolute Limited. The terms of the Scheme were that Resolute ordinary shareholders received 1 RML share for every 5 Resolute shares held. Resolute preference shareholders received 2.25 RML shares and 7 cents cash for every 1 preference share held. The fair value of the Resolute Limited Statement of Financial Position at the date of acquisition is shown in Note 2 (D), Subsequent Events. The Statement of Financial Performance and Statement of Cashflows for Resolute Limited for the financial year ended 30 June 2001 are given in Note 2 (B) and Note 2 (C) respectively.

Likely Developments and Expected Results

Due to the successful acquisition of Resolute Limited by way of a Scheme of Arrangement, the likely developments in the operations and the expected results of those operations in the coming financial year are as follows:

- (a) Production of gold from the Golden Pride and Obotan mines.
- (b) Mineral exploration.
- (c) The Company will seek to expand its gold production activities by direct acquisition of projects or investments in other resource based companies.

Environmental Regulation Performance

At 30 June 2001 the Company did not have any environmental obligations.

Share Options

There were no options in Resolute Mining Limited granted to directors or relevant officers during the year.

Directors' and Officers' Remuneration

The Resolute Mining Limited Board will establish a Remuneration committee. The Remuneration committee will determine remuneration of directors, executives and employees of the Company. Remuneration will be determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality Board and executive team. Executive directors' and officers' remuneration packages will generally comprise of salary, a performance based bonus, where appropriate and superannuation.

The Remuneration committee will assess the performance of the directors on an annual basis as part of their review of director remuneration levels. The Chief Executive Officer will evaluate the performance of all other senior executives. These evaluations will be based on a range of criteria, including the Company's performance and whether long term strategic objectives and individual performance objectives have been achieved.

Resolute Mining Limited was incorporated on 8 June 2001. There have been no directors or officers fees paid during the period 8 June 2001 to 30 June 2001.

Directors' Report (continued)

Indemnification and Insurance of Directors and Officers

Insurance and indemnity arrangements concerning officers of Resolute Limited were expanded to also provide cover to the officers of Resolute Mining Limited.

During or since the financial year, Resolute Limited, the acquired company paid an insurance premium of \$29,452 in respect of a contract insuring the Company's directors and officers against certain liabilities arising as a result of work performed in the capacity as directors.

Directors' Meetings

The attendances of directors at meetings of the board were:

	Full Board
P.R. Sullivan	1
P.E. Huston	1
T.C. Ford	1
Number of meetings held	<hr/> 1 <hr/>

The Company was incorporated on 8 June 2001. The Board of Resolute Mining Limited have not set up any committees of the Board at the date of this report. It is intended that the subcommittees of the Board will be similar to those of Resolute Limited. Details of the intended functions of the committees of the Board are presented in the Statement of Corporate Governance Practices.

Signed in accordance with a resolution of the directors.



P.R. Sullivan
Director



P.E. Huston
Director

Perth, Western Australia
28 September 2001

Statement of Corporate Governance Practices

The Board of Directors

The Board of Directors meet regularly to enable it to retain full and effective control over the Company and to monitor the performance of executive management. The Board is responsible for the corporate governance of the Company including strategic direction, establishing operational criteria and monitoring the achievement of objectives and overseeing the financial position of the Company. The Board has delegated responsibility for the day to day activities to the Chief Executive Officer, Mr Peter Sullivan.

The Board currently consists of three Directors comprising of, a chairman, one executive Director and one non-executive Director. In the event that a potential conflict of interest may arise, involved directors withdraw from all deliberations concerning the matter. Any Director or committee of the Board can seek external professional advice as considered necessary, at the Company's expense.

Directors receive detailed board papers each quarter showing monthly and year to date performance of all aspects of the Company, compared to budget. In addition, senior management often present matters to the Board on an as required basis and the board may request further information from management from time to time on any issue.

Committees of the Board

The Board is responsible for the internal control framework and will develop a set of policies, procedures and practices and various committees which enable the Board to monitor compliance with statutory requirements and implement best practice. Ad hoc committees will also be established as the need arises. Each committee also has written terms of reference setting out its objectives and policies. Committees which are intended to operate are as follows:

<i>Committee</i>	<i>Responsibilities</i>
Audit Committee	<ul style="list-style-type: none">- to ensure compliance with statutory responsibilities relating to accounting policy and disclosure.- to liaise with, discuss and resolve relevant issues with the auditors.- to assess the adequacy of accounting, financial and operating controls.- review the half year and annual financial statements before submission to the Board.
Remuneration Committee	<ul style="list-style-type: none">- to review the remuneration of directors, management and employees and to make recommendations to the Board on those matters.
Environment Committee	<ul style="list-style-type: none">- to monitor and review Resolute Mining Limited's environmental performance and compliance with relevant legislation.
Safety, Security and Occupational Health Committee	<ul style="list-style-type: none">- to oversee an employee education program designed to increase employee awareness of safety, security and health issues in the workplace.- to monitor safety statistics and reports to the Board on the results of incident investigations.
Financial Risk Management Committee	<ul style="list-style-type: none">- to oversee risk management strategies in relation to gold hedging, currency hedging, debt management, cash management, investments and insurance.

Remuneration

The details of the Directors' and officers' remuneration are provided in the Directors report, which precedes this statement.

Internal Controls and Risk Management

Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of the economic entity, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures.

The Board is responsible for the operation of the systems of internal control which, among other things, monitors and controls adherence to worker safety standards and the use of derivative financial instruments. With respect to the use of derivative financial instruments, key procedures to provide effective control include, Financial Risk Management committee sign off on all new transactions involving derivative financial instruments and regular reporting of derivative positions to the Directors.

Ethical Standards and Performance

The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all directors and employees of the Company.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the Company. This concerns the propriety of decision making in conflict of interest situations and quality decision making for the benefit of shareholders.

Statement of Financial Performance

FOR THE PERIOD ENDED 30 JUNE 2001

	Resolute Mining Limited 2001 \$
Profit/(loss) from ordinary activities before income tax	-
Income tax (expense)/benefit attributable to ordinary activities	-
Profit/(loss) from ordinary activities after income tax	-
Net profit/(loss) attributable to members of Resolute Mining Limited	-
Basic earnings per share (cents per share)	-

The accompanying notes form an integral part of this Statement of Financial Performance. Resolute Mining Limited was incorporated on 8 June 2001 and was dormant for the period ended 30 June 2001. On 14 September 2001, Resolute Mining Limited acquired Resolute Limited by way of a Scheme of Arrangement. The Statement of Financial Performance of Resolute Limited for the year ended 30 June 2001 is provided in Note 2 (B) to these accounts.

Statement of Financial Position

AS AT 30 JUNE 2001

	Resolute Mining Limited 2001 \$
Current Assets	
Cash assets	1
Total Current Assets	1
Total Non-Current Assets	-
Total Assets	1
Total Current Liabilities	-
Total Non-Current Liabilities	-
Total Liabilities	-
Net Assets	1
Equity	
Contributed equity	1
	Note 9
Total Equity	1

The accompanying notes form an integral part of this Statement of Financial Position. Resolute Mining Limited was incorporated on 8 June 2001 and was dormant as at 30 June 2001. On 14 September 2001, Resolute Mining Limited acquired Resolute Limited by way of a Scheme of Arrangement. The Statement of Financial Position of Resolute Mining Limited, had the Scheme taken place on 30 June 2001 is provided in Note 2 (D) to these accounts.

Statement of Cash Flows

FOR THE PERIOD ENDED 30 JUNE 2001

	Resolute Mining Limited 2001 \$
Net operating cash flows	-
Net investing cash flows	-
Cash Flows from Financing Activities	
Proceeds from share issue	1
Net financing cash flows	1
Net increase in cash held	1
Cash held at beginning of the year	-
Cash held at end of the year	1

The accompanying notes form an integral part of this statement of cash flows. Resolute Mining Limited was incorporated on 8 June 2001 and was dormant for the period ended 30 June 2001. On 14 September 2001, Resolute Mining Limited acquired Resolute Limited by way of a Scheme of Arrangement. The Statement of Cashflows of Resolute Limited for the year ended 30 June 2001 is provided in Note 2 (C) to these accounts.

Notes to and Forming part of the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Resolute Mining Limited was dormant for the period 8 June 2001 to 30 June 2001. The accounting policies of Resolute Mining Limited will be identical to those used by Resolute Limited. Accounting policies of Resolute Limited are as follows:

Basis of Accounting

The financial statements have been prepared as a general purpose financial report in accordance with the historical cost convention, except for certain assets which are at valuation. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange. The accounting policies adopted are consistent with those of the previous year. The financial statements have been made out in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other mandatory requirements of the Australian Accounting Standards Board (Urgent Issues Group Consensus Views).

Principles of Consolidation

The consolidated financial statements include the financial statements of Resolute Mining Limited (the parent entity), and its controlled entities, referred to collectively as the "economic entity".

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with the economic entity's policy and generally accepted accounting principles in Australia.

Foreign Currency Transactions

Foreign currency items are translated to Australian currency on the following basis:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction;
- amounts payable and receivable that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year; and
- the financial statements of all self-sustaining foreign operations are translated using the current rate method. The financial statements of all integrated operations are translated using the temporal method.

Exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change, except where:

- the exchange difference relates to the cost of acquisition of an asset under construction or otherwise being made ready for future productive use by the economic entity in its own operations. In these cases the exchange difference is included in the cost of the asset.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand, at financial institutions at call and gold bullion on hand at year end.

Inventories

Gold in circuit and stockpiles of unprocessed ore have been valued at the lower of cost and estimated net realisable value. In determining costs, an absorption basis is used including variable costs and an appropriate portion of fixed overheads. Average costs over the relevant period of production are assigned to balance date inventory quantities. Stores have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

Deferred Mining Costs

Periodically, pre-strip and waste removal costs are incurred to enable mining of a new resource or a substantial re-design of a current pit. These pre strip costs are deferred and amortised over the remaining life of the particular pit in accordance with the life of the pit strip ratio.

Joint Venture Operations

Interests in joint venture operations are brought to account by including in the respective financial statement categories:

- the economic entity's share in each of the individual assets employed in the joint venture operation;
- liabilities incurred by the economic entity in relation to the joint venture operation including the economic entity's share of any liabilities for which the economic entity is jointly and severally liable; and
- the economic entity's share of expenses of the joint venture operation.

Notes to and Forming part of the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recoverable Amount

Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down. In determining the recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate of 8%.

Property, Plant and Equipment

(a) Cost and Valuation

Property, plant and equipment are carried at cost.

(b) Depreciation

Depreciation is provided on a straight line basis on all property plant and equipment other than land

Major depreciation periods are:

	Life	Method
Plant and equipment	5 years	straight line
Motor vehicles	4 years	straight line
Office equipment	5 years	straight line

Leased Assets

Finance leases, which effectively transfer to the economic entity all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments, disclosed as leased property, plant and equipment, and amortised over the period the economic entity is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction in the lease liability. Operating lease payments where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of profit from ordinary activities in equal instalments over the lease term.

Mineral Exploration and Development Costs

The economic entity follows the area of interest method of accounting for exploration properties.

(a) Areas in Exploration and Evaluation

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area of interest are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

(b) Areas in Production

Areas in production represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which mining of a mineral resource has commenced.

Amortisation of costs is provided on the unit-of-production method, with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral resources.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount (based on the higher of the net present value of estimated future net cash flows and its estimated sale value), that excess is fully provided against in the financial year in which this is determined.

Notes to and Forming part of the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Mineral Exploration and Development Costs (continued)

(c) Restoration Costs

Costs of restoration work are provided for and treated as production costs. The provision for restoration costs is reassessed at balance date. Restoration and rehabilitation activity performed as part of the ongoing operations is expensed as it is incurred.

The amount of restoration obligations required at the cessation of a particular minesite are provided for gradually over the mine's life of production. The restoration obligation recognised includes the costs of reclamation and waste site closure and are estimated on the basis of estimates of future costs on an undiscounted basis. Changes in estimates are dealt with on a prospective basis.

(d) Mine Closure

Mine closure costs are provided for once it is imminent that a mine's life is complete and it is probable that additional costs will be incurred in relation to the closure, which can be reliably measured.

Income Recognition

Revenue from production of gold and silver is recognised when the product is ready for dispatch to a gold refinery.

Income Tax

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the accounts and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised. The net future tax benefit relating to timing differences is not carried forward as an asset unless the realisation of the benefit can be regarded as being assured beyond any reasonable doubt. A future income tax benefit is brought to account where it offsets deferred tax liabilities in the same accounting period.

Borrowing Costs

Borrowing costs are capitalised when incurred and amortised over the term of the loan except where they relate to the financing of projects under construction where they are capitalised up to the date of commissioning or sale.

Provision for Employee Entitlements

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. All on-costs, including payroll tax, workers' compensation premiums and fringe benefits tax are included in determination of provisions. The non current portion of long service leave is measured by estimating the present value of estimated cash flows of future entitlements. No provision is made for sick leave.

Employee Option Schemes

Certain employees are entitled to participate in option ownership schemes. No remuneration expense is recognised in respect of employee options issued.

Financial Instruments

Resolute Limited uses derivatives to minimise exposure to negative movements in the foreign exchange rate and gold price. Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur, the deferred gains or losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, the deferred gain or loss that arose prior to its termination is included in the Statement of Financial Performance for the period. If opportunities arise to take advantage of movements in the spot gold price, gold is bought or sold as appropriate. Any profit or loss as a result of gold trading is recognised as gold sales.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur, as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the Statement of Financial Performance for the period.

Notes to and Forming part of the Financial Statements

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Financial Assets

Interests in non-subsiary, non-associated corporations are included in investments at the lower of cost and recoverable amount. Investments which are held for trading purposes are classified as current other financial assets. Investments which are held for long term benefits are classified as non-current other financial assets.

Comparative Figures

Resolute Mining Limited was incorporated on 8 June 2001 therefore no comparative figures are provided.

2. SUBSEQUENT EVENTS

(A) On 5 September 2001, ordinary and preference shareholders of Resolute Limited passed a resolution to reorganise the capital structure by way of a Scheme of Arrangement ("The Scheme"). Under the Scheme, Resolute Mining Limited ("RML") will be a new holding company for the Resolute group of companies. RML acquired the whole of the ordinary shares and the \$2.00 converting preference shares currently on issue in Resolute in exchange for the issue of approximately 155,278,320 ordinary shares in RML.

Holders of Resolute ordinary shares received one RML share for every five Resolute ordinary shares. Holders of the \$2.00 converting preference shares received 2.25 RML shares and 7 cents cash for every one \$2.00 converting preference share (cum dividend).

On 14 September 2001, the Supreme Court of Western Australia approved the Scheme of Arrangement and as a result, it became effective and binding. On 21 September 2001, Resolute Limited's ordinary and preference shares were delisted from the Australian Stock Exchange ("ASX") and on 24 September 2001, trading in RML shares on ASX commenced. Although it is not necessarily indicative of future performance, the Consolidated Statement of Financial Performance and Consolidated Statement of Cashflows for Resolute Limited for the year ended 30 June 2001 are provided at Notes 2 (B) and 2 (C) respectively to assist users of these financial statements to determine the future impact of the Scheme of Arrangement on Resolute Mining Limited.

The information included in Note 2 (B) and Note 2 (C) has been extracted from the audited financial statements of Resolute Limited for the year ended 30 June 2001.

(B) The Statement of Financial Performance of Resolute Limited for the year ended 30 June 2001 is as follows:

RESOLUTE LIMITED GROUP STATEMENT OF FINANCIAL PERFORMANCE YEAR ENDED 30 JUNE 2001	Resolute Limited Group 2001 \$'000
Revenue from gold and silver sales	200,254
Cost of sales	(152,928)
Gross profit	47,326
Other revenues from ordinary activities	13,567
Borrowing cost expense	(4,736)
Other expenses from ordinary activities	(25,106)
Profit from ordinary activities before income tax	31,051
Income tax expense attributable to ordinary activities	(7,199)
Profit from ordinary activities after income tax	23,852
Net profit attributable to outside equity interests	299
Net profit attributable to members of Resolute Limited	23,553
Net exchange difference on translation of financial report of self sustaining foreign operations	26,007
Total revenues, expenses and valuation adjustments attributable to members of Resolute Limited and recognised directly in equity	26,007
Total changes in equity other than those resulting from transactions with owners as owners	49,560

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(C) The Statement of Cashflows of Resolute Limited for the year ended 30 June 2001 is as follows:

RESOLUTE LIMITED GROUP STATEMENT OF CASH FLOWS YEAR ENDED 30 JUNE 2001	Resolute Limited Group 2001 \$'000
Cash Flows from Operating Activities	
Receipts from customers	194,455
Payments to suppliers and employees	(142,807)
Dividend received	29
Interest received	3,735
Interest and other costs of finance paid	(5,154)
Income taxes paid	(229)
GST paid to Australian Taxation Office	(325)
Net operating cash flows	49,704
Cash Flows from Investing Activities	
Payments for plant and equipment	(5,465)
Proceeds from sale of plant and equipment	7,911
Payments for investments	(910)
Proceeds from sale of investments	805
Expenditure on exploration areas	(6,851)
Proceeds on sale of exploration interest	2,335
Loans to other persons / corporations	(3,297)
Net investing cash flows	(5,472)
Cash Flows from Financing Activities	
Proceeds from borrowings	52,567
Repayment of borrowings	(118,226)
Net financing cash flows	(65,659)
Net decrease in cash held	(21,427)
Cash and bullion held at beginning of the year	70,397
Exchange rate adjustment	8,187
Cash and bullion held at end of the year	57,157

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(D) The following pro forma Consolidated Statement of Financial Position reflects the assets, liabilities and equity of Resolute Mining Limited as if the acquisition of Resolute Limited had occurred on 30 June 2001. The actual Consolidated Statement of Financial Position at the date of acquisition may differ materially from the pro forma Consolidated Statement of Financial Position.

RESOLUTE MINING LIMITED		Resolute Mining
PRO FORMA STATEMENT OF FINANCIAL POSITION		Limited Group
AT 30 JUNE 2001		2001
		\$'000
Current Assets		
Cash assets	2 (D) (a)	53,540
Receivables	2 (D) (b)	2,333
Inventories	2 (D) (c)	18,824
Other financial assets	2 (D) (d)	940
Other	2 (D) (e)	15,850
Total Current Assets		91,487
Non-Current Assets		
Receivables	2 (D) (f)	1,654
Other financial assets	2 (D) (g)	5,353
Mineral exploration & development interests	2 (D) (h)	44,670
Property, plant & equipment	2 (D) (i)	12,038
Deferred tax assets	2 (D) (j)	3,007
Total Non-Current Assets		66,722
Total Assets		158,209
Current Liabilities		
Payables	2 (D) (k)	20,631
Interest bearing liabilities	2 (D) (l)	13,165
Tax liabilities	2 (D) (m)	2,242
Provisions	2 (D) (n)	10,490
Total Current Liabilities		46,528
Non-Current Liabilities		
Interest bearing liabilities	2 (D) (o)	3,796
Provisions	2 (D) (p)	7,196
Deferred tax liabilities	2 (D) (q)	15,516
Total Non-Current Liabilities		26,508
Total Liabilities		73,036
Net Assets		85,173
Equity		
Parent entity interest:		
Contributed equity	2 (D) (r)	83,439
Retained profits		-
Parent entity interest in equity		83,439
Outside equity interest:		
Contributed equity	2 (D) (s)	1,734
Outside equity interest in equity		1,734
Total Equity		85,173

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(D) Pro forma Statement of Financial Position, had the Scheme of Arrangement occurred on 30 June 2001 (cont'd).

The pro forma Consolidated Statement of Financial Position has been prepared as if the following transactions occurred on 30 June 2001:

- (i) Resolute Mining Limited issued 155,278,320 shares and paid \$3.6m in cash to acquire all the issued Ordinary shares and \$2.00 Converting Preference shares in Resolute Limited.
- (ii) Resolute Limited provided a loan to Resolute Mining Limited of \$3.6m to enable Resolute Mining Limited to pay the cash component of the consideration to Preference shareholders.
- (iii) Resolute Limited paid a \$10.5m dividend on the Preference shares, which would be held by Resolute Mining Limited, following the Scheme of Arrangement.

	Resolute Mining Limited Group 2001 \$'000
(a) Cash Assets	
Cash at bank	25,139
Gold bullion	28,401
	53,540
(b) Receivables (Current)	
Sundry debtors	2,333
	2,333
(c) Inventories (Current)	
Gold in circuit - at cost	3,013
Consumables - at cost	8,052
Provision for diminution in value	(991)
Ore stockpiles - at cost	8,750
	18,824
(d) Other Financial Assets (Current)	
Shares quoted on a prescribed stock exchange: - at cost	940
(e) Other Current Assets	
Deferred mining costs	13,635
Prepayments	2,215
	15,850
(f) Receivables (Non-Current)	
Loan to other entity	1,601
Term deposits	53
	1,654
(g) Other Financial Assets (Non-Current)	
Listed Investments	
Shares listed on prescribed stock exchange: Shares in other entities - at cost	5,353

Shares in other entities relates to Resolute Limited's 19.9% (2000:15%) interest in AGR Limited which is listed on the Off-Ex stock exchange in London. AGR Limited is a public company and it's principal asset is the Boroo gold project in Mongolia. The recoverability of RML's investment in AGR Limited is dependant upon the successful development of the Boroo gold project. The balance date of AGR Limited is 30 June.

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(D) Pro forma Statement of Financial Position, had the Scheme of Arrangement occurred on 30 June 2001 (cont'd).

**Resolute Mining
Limited Group
2001
\$'000**

(h) Mineral Exploration and Development Interests

The economic entity has mineral exploration and development costs carried forward in respect of areas of interest in the following minerals and phases:

GOLD

(i) Areas in Production (at cost)

Balance at beginning of the year

-

- Acquired during the year

40,770

Balance at the end of the year

40,770

(ii) Areas in Exploration and Evaluation (at cost)

Balance at beginning of the year

-

- Acquired during the year

3,900

Balance at the end of the year

3,900

Total costs carried forward

44,670

Ultimate recoupment of costs carried forward, in respect of areas of interest in the exploration and evaluation phase, is dependent upon the successful development and commercial exploitation, or alternatively the sale of the respective areas at an amount at least equivalent to the carrying value.

Legislative developments and judicial decisions (in particular the Mabo case), may have an adverse impact on the exploration and production activities of the economic entity and on the economic entity's ability to fund those activities. It is not possible at this time to assess the impact (if any) of these developments on the operations of the economic entity.

(i) Property, Plant & Equipment

Buildings - at cost

742

Accumulated depreciation

-

742

Mine properties, plant and equipment - at cost

10,544

Accumulated depreciation

-

10,544

Motor vehicles - at cost

391

Accumulated depreciation

-

391

Office equipment - at cost

327

Accumulated depreciation

-

327

Plant & equipment, vehicles, office equipment,
fixtures & fittings under lease - at capitalised cost

34

Accumulated amortisation

-

34

Total property, plant & equipment

Cost

12,038

Provision for depreciation & amortisation

-

Total written down amount

12,038

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(D) Pro forma Statement of Financial Position, had the Scheme of Arrangement occurred on 30 June 2001 (cont'd).

**Resolute Mining
Limited Group
2001
\$'000**

(j) Deferred Tax Assets

Future income tax benefits:

- attributable to carried forward tax losses

3,007

(k) Payables (Current)

Trade creditors

19,776

Other creditors and accruals

855

20,631

(l) Interest Bearing Liabilities (Current)

Bank loan (Golden Pride) - secured (a)

13,058

Lease liability - secured (b) & [Note 2(G)]

107

13,165

(a) This loan includes interest payable of \$65,000 (2000:\$1,175,000). The loan is secured by a fixed and floating charge over the assets of Resolute Tanzania Limited and Samax Mabangu Mining Limited ("the borrowers"), a floating charge over the cash held by the borrowers, a share mortgage over the borrower's shares and a mortgage over the tenure held by the borrowers. The facility is to be repaid in quarterly instalments finishing no later than March 2003.

(b) The lease liability is secured by a charge over the leased assets.

(m) Tax Liabilities (Current)

Provision for income tax

2,242

(n) Provisions (Current)

Employee entitlements [Note 2 (H)]

1,922

Dividend payable

170

Site restoration

2,430

Unrealised loss on gold and foreign exchange hedging contracts

5,968

10,490

(o) Interest Bearing Liabilities (Non-Current)

Bank loan (Golden Pride) - secured [Note 2 (D) (l) (a)]

3,791

Lease liability [Notes 2 (D) (l) (b) and Note 2 (G)]

5

3,796

(p) Provisions (Non-Current)

Site restoration

4,671

Provision for mine closure

2,525

7,196

(q) Deferred Tax Liabilities

Timing differences

17,670

Provision for deferred tax liability offset by carried forward losses

(2,154)

15,516

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(D) Pro forma Statement of Financial Position, had the Scheme of Arrangement occurred on 30 June 2001 (cont'd).

**Resolute Mining
Limited Group
2001
\$'000**

(r) Equity

(a) Contributed equity

Ordinary share capital

Opening balance

Issued during the year (Note i)

-

83,439

83,439

(i) Under the Scheme of Arrangement ("Scheme") Resolute Mining Limited issued one ordinary share for every 5 Resolute Limited ordinary shares held and 2.25 Resolute Mining Limited ordinary shares and 7 cents cash for every \$2.00 converting preference share held. A total of 155,278,320 Resolute Mining Limited shares will be issued.

(s) Outside Equity Interest

Analysis of outside equity interest in controlled entities:

- Contributed capital

1,734

1,734

Reconciliation of outside equity interest in controlled entities:

Balance at the beginning of the year

- Share of contributed capital acquired

-

1,734

Balance at the end of the year

1,734

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(E) Notes to the Statement of Cash Flows

(a) Acquisition of Controlled Entity

If the Scheme of Arrangement occurred on 30 June 2001 the following note would have been disclosed.

	Resolute Mining Limited Group 2001 \$'000
Consideration:	
- cash paid	3,617
- non cash consideration	83,439
	<hr/> 87,056
Outside equity interest - share capital	1,734
	<hr/> 88,790
Fair value of net assets of controlled entities at date of acquisition :	
- cash assets	57,157
- receivables	3,987
- gold in circuit	3,013
- warehouse stocks	6,075
- consumables	986
- ore stockpile	8,750
- deferred mining costs	13,635
- prepayments	2,215
- deferred tax assets	3,007
- other financial assets	6,293
- exploration & development areas	44,670
- property, plant & equipment	12,038
- payables	(20,631)
- interest bearing liabilities	(16,961)
- tax liabilities	(17,758)
- other provisions	(17,686)
Fair value of net tangible assets	<hr/> 88,790
Net cash effect:	
Cash consideration [Note (b)]	(3,617)
Cash and gold bullion included in net assets acquired	57,157
	<hr/> 53,540

- (b) Resolute Limited will provide a loan of approximately \$3.6m (on normal commercial terms and conditions) to Resolute Mining Limited to fund the cash component of the consideration to be paid by Resolute Mining Limited to acquire the Resolute Limited group.

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(F) Segment Information

Resolute Mining Limited acquired the Resolute Limited group on 14 September 2001. The Resolute Limited group operates in two geographical segments as shown below, and one industry segment, being mining and exploration.

	Australia 2001 \$'000	Africa 2001 \$'000	Total 2001 \$'000
Segment assets	15,778	142,431	158,209
Total revenue	12,044	201,777	213,821
Segment result after tax	1,604	21,949	23,553

(G) Lease Commitments

Resolute Mining Limited acquired the Resolute Limited group on 14 September 2001. The Resolute Limited group has the following lease commitments.

	Resolute Mining Limited Group 2001 \$'000
(a) Finance Leases	
Lease expenditure contracted and provided for:-	
Due within one year	82
Due between one and five years	38
Total minimum lease commitment	120
Future finance charges	(8)
Lease Liability	112
Reconciled to:	
Current liability [Note 2 (D) (l)]	107
Non-current liability [Note 2 (D) (o)]	5
	112
(b) Operating Leases (non-cancellable)	
Due within one year	533
Due between one and five years	-
Aggregate lease expenditure contracted for at balance date but not provided for	533
Lease liability accrued for:	
Current:	
Surplus lease space	121

Finance leases are entered into as a means of funding the acquisition of minor items of plant and equipment. Rental payments are generally fixed, however the lease for office floor space does have an escalation clause. Some leases have renewal or purchase options. Where such options exist, they are exercisable at market prices.

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(H) Employee Entitlements and Superannuation Commitments

Resolute Mining Limited acquired the Resolute Limited group on 14 September 2001. The Resolute Limited group has the following employee entitlement liabilities and superannuation commitments.

	Resolute Mining Limited Group 2001 \$'000
(a) Employee Entitlements	
The aggregate employee entitlement liability is comprised of:	
Provisions (current)	1,922

(b) Superannuation Commitments

All employees are entitled to benefits on retirement, disability or death from the superannuation scheme. The Company and the economic entity have entered into a superannuation plan that provides benefits determined by the accumulation of contributions and earnings of the plan.

Employees may contribute to the plan at various percentages of their wages and salaries. The economic entity also contributes to the plan generally at a rate of 8% of the employees' wages and salaries.

Contributions by the economic entity of up to 8% of employees wages and salaries are legally enforceable in Australia. At balance date, the assets of the plan are sufficient to satisfy all accumulated benefits that have vested under the plan in the event of termination of the plan or voluntary or compulsory termination of each employee.

(I) Interest in Joint Venture Operations

Resolute Mining Limited acquired the Resolute Limited group on 14 September 2001. The Resolute Limited group has the following interests in joint venture operations, whose principal activities are to explore for gold.

Entity Holding Interest	Joint Venture Operation	Percentage of Interest 2001 %
Resolute (West Africa) Limited	BHP West Africa JV	Earning 45 to 54
Resolute Limited	Chalice/Higginsville JV	100 diluting to 20

The interests in the joint venture operations are included in the accounts as follows:

	2001 \$'000
Non-Current Assets	
Exploration Costs	2,400
	<hr/> 2,400 <hr/>
Total share of joint venture operation net assets	2,400
Exploration & development expenditure commitments	<hr/> 158 <hr/>

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(J) Contingent Liabilities

As at 30 June 2001 Resolute Mining Limited did not have of any contingent liabilities. Resolute Mining Limited acquired the Resolute Limited group on 14 September 2001. The Resolute Limited group has the following contingent liabilities.

(a) Native Title Claims

Native title determination applications have been lodged with the National Native Title Tribunal established under the Native Title Act 1993 over areas of interest currently leased by the economic entity. Some of the claims have been accepted by the Tribunal. Acceptance of an application by the Tribunal is merely a preliminary step in the procedure established by the Native Title Act to determine whether or not native title exists. The final effect of these claims is not known and the claims are not currently affecting the mining and exploration projects of the economic entity.

(b) Restoration and Rehabilitation

All of the economic entity's exploration and mining areas are subject to restoration and rehabilitation requirements in accordance with the conditions of the licences issued by the relevant authorities. The directors believe that the economic entity is making sufficient provision in its accounts to meet future restoration and rehabilitation obligations. At period end, a provision for future restoration and rehabilitation of \$7.1 million has been accrued in the accounts of the economic entity.

Restoration and rehabilitation activity performed as part of the ongoing operations is expensed as it is incurred. It is standard industry practice to provide performance bonds to the Department of Minerals and Energy in relation to the tenements held by the Company. These performance bonds are requested by the respective state governments as a form of security to cover the situation where a company fails to meet its rehabilitation obligations. At period end, the economic entity has granted performance bonds totalling \$6.3m by utilising credit lines provided by a number of counterparties. Over and above this, Preston is obliged to take assignment of a further \$3.3m of performance bonds relating to the Bulong Nickel Project. At period end, the total performance bonds outstanding are \$9.6m.

(c) Acquisition of additional 50% of the Golden Pride Project

Pursuant to the terms and conditions of the agreement, with Ashanti Goldfields Company Limited ("Ashanti") to acquire their 50% interest in the Golden Pride project, Resolute may be liable for 6 quarterly payments of US\$1.1m to Ashanti. For the next 6 quarters, Resolute is obliged to pay US\$1.1m to Ashanti at the completion of the quarter if the spot gold price averages greater than US\$295 for that quarter.

(d) Preston Resources Limited

Pursuant to the Sale Agreement dated 3 November 1998, Resolute provided a number of standard representations and warranties to the purchaser of the Bulong Nickel Project, which Preston confirmed on 1 February 2001 had not to the best of their knowledge, been breached by Resolute or its subsidiaries.

While Resolute was the parent entity to Bulong Operations Pty Ltd ("BOP") and Bulong Nickel Pty Ltd ("BNP"), both sold to Preston in November 1998, Resolute provided a number of parent company guarantees including those to WMC Resources Limited ("WMC") under the Sulphuric Acid Supply Deed. Under the Sale Agreement, Preston is obliged to assume those obligations and provide a substitute guarantee to WMC, however to date WMC has refused to accept the guarantee from Preston in substitution for the guarantee provided by Resolute. Resolute considers this refusal to be unreasonable. Notwithstanding that it was expected the Resolute guarantee would be released, this has not yet occurred. Preston is working to procure the release, however in the event BOP and BNP default, and WMC seek to enforce their rights under the guarantee, and finally the Courts consider that the parent company guarantees are still valid (which Resolute dispute) the maximum obligations under the Acid Supply Deed are as follows:

The Sulphuric Acid Supply Deed is a take or pay contract and at the date of signing these accounts had a further 2 years to completion. Based on the minimum take quantities under the Deed, the amount payable by BOP and BNP is currently approximately \$0.57m per month until June 2002 and \$0.85m per month from July 2002 to October 2003. With respect to any untaken product, the payment obligations of BOP and BNP under the Sulphuric Acid Supply Deed are mitigated by the proceeds received by WMC on on-sale of untaken product (net of selling costs), which WMC must make reasonable endeavours to sell to other customers. WMC has commenced an action against BOP and BNP (with Resolute as second defendant) for the recovery of disposal costs (\$3.6 million) related to the previously untaken product. BOP, BNP and Resolute have disputed the claims on various grounds and legal advice has confirmed that there is no proper foundation for WMC's claim.

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(J) Contingent Liabilities (continued)

(d) Preston Resources Limited (continued)

In response to Preston, BOP and BNP taking steps to access the \$7m of performance bonds held by those companies in accordance with the Bulong EPCM contract, Bateman, Kinhill & Kilburn, the EPCM contractor for the Bulong Nickel Project, has commenced proceedings against those parties claiming damages and other monies under the EPCM contract. Legal advice confirms that the EPCM contract has been effectively assigned and that the claim against Resolute and the claim itself, is unlikely to be successful.

(K) Financial Instruments

As at 30 June 2001 Resolute Mining Limited did not use financial instruments. Resolute Mining Limited acquired the Resolute Limited group on 14 September 2001. The Resolute Limited group has the following financial instruments in place and if the Scheme of Arrangement occurred on 30 June 2001 the financial instruments disclosures would be as follows:

(a) Use of Derivative Financial Instruments

As part of the risk minimisation policy of the Resolute Limited group and in compliance with the conditions required by project financiers, a variety of financial instruments are used to reduce exposure to unpredictable fluctuations in the project life revenue streams. The subjective assessment of the value of these financial instruments at any given point in time, will in times of volatile market conditions, show substantial variation over the short term. These financial instruments are entered into to manage the well defined exposure to adverse movements in the gold price and Australian/United States dollar (USD) exchange rate. These exposures are minimised by the Company entering into forward, spot deferred and option gold sales contracts and USD foreign exchange forward contracts. Details of the financial instruments used by the Resolute Limited group are provided at (b) and (c) below.

(b) Gold Hedging

As at 30 June 2001, the Resolute Limited group had entered into the gold hedging contracts shown below. Gold hedging denominated in USD has been converted to an Australian dollar equivalent using the year end AUD/USD spot rate of US\$0.508

(i) Spot Deferred and Forward Contracts

	Resolute Mining Limited Group 2001	
	Ounces	Sales Price A\$
Maturity within one year	100,560	549
Maturity between one and two years	124,348	598
Maturity between two and three years	119,852	598
Maturity between three and four years	21,281	598
Total	366,041	585

(ii) Call Options Sold

Maturity within one year	4,000	572
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Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(K) Financial Instruments (continued)

(c) Foreign Currency Hedging

As at 30 June 2001, the Resolute Limited group had entered into the following forward foreign exchange contracts which are stated in United States dollars. The Australian dollar value of the contracts can be determined by dividing the amounts below by the average strike price shown below.

- (i) Australian Dollar Bought/United States Dollar Sold - Forwards

	Resolute Mining Limited Group 2001	
	USD/AUD Contracts US\$'000	Average Strike Price US\$
Maturity within one year	7,241	0.7613

- (ii) Foreign exchange risk

If the Scheme of Arrangement occurred on 30 June 2001 the Resolute Mining group would be exposed to foreign currency exchange rate risk through primary financial assets and liabilities. The following table summarises by currency, in Australian dollars, the foreign exchange risk in respect of recognised financial assets and liabilities.

	United States Dollars \$'000	Australian Dollars \$'000	Other \$'000	Total \$'000
Financial Assets				
Cash assets	43,990	9,253	297	53,540
Receivables	1,075	1,258	-	2,333
Other financial assets	-	6,293	-	6,293
Loan to other entity	-	1,654	-	1,654
	45,065	18,458	297	63,820
Financial Liabilities				
Payables	20,631	-	-	20,631
Interest bearing liabilities	16,911	50	-	16,961
	37,542	50	-	37,592

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(K) Financial Instruments (continued)

(d) Interest Rate Risk Exposure

If the Scheme of Arrangement occurred on 30 June 2001 the Resolute Mining group would be exposed to interest rate risk through certain financial assets and liabilities. The following table summarises interest rate risk Resolute Mining Limited would have been exposed to, together with effective interest rates as at balance date:

	Floating Interest Rate \$'000	Fixed Interest Rate Maturing in			Non Interest Bearing \$'000	Total \$'000	Average Interest Rate	
		< 1 Year \$'000	1 to 5 Years \$'000	> 5 Years \$'000			Floating	Fixed
Financial Assets								
Cash assets	25,139	-	-	-	28,401	53,540	4.3%	-
Receivables	-	-	-	-	2,333	2,333	-	-
Other financial assets	-	-	-	-	6,293	6,293	-	-
Loan to other entity	53	1,601	-	-	-	1,654	-	8.0%
	25,192	1,601	-	-	37,027	63,820		
Financial Liabilities								
Payables	-	-	-	-	20,631	20,631	-	-
Interest bearing liabilities	-	13,165	3,796	-	-	16,961	-	6.2%
	-	13,165	3,796	-	20,631	37,592		

(e) Net Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated net fair values of financial assets and financial liabilities (including derivatives) held at balance date are given below. Short term instruments where carrying amounts approximate net fair values, are omitted. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

	Carrying amount 2001 \$'000	Net fair value 2001 \$'000
Gold hedging contracts	(1,277)	6,317
Foreign currency hedging contracts	(4,691)	(4,691)
Listed investment securities	6,293	6,293
	325	7,919

(f) Credit Risk Exposures

Resolute Mining Limited did not have any credit risk exposures as at 30 June 2001. On 14 September 2001 Resolute acquired the Resolute Limited group. The Resolute Limited group do have credit risk exposures. Credit exposure represents the extent of credit related losses that the Resolute Limited group may be subject to on amounts to be exchanged under the derivatives or to be received from financial assets. The notional amounts of derivatives are not a measure of this exposure. The Resolute Limited group, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure is represented by the net fair value of contracts with a positive fair value at balance date, reduced by the effects of master netting agreements.

The Resolute Limited group's exposures to on statement of financial position credit risk are as indicated by the carrying amounts of its financial assets. The Resolute Limited group does not have a significant exposure to any individual counterparty.

Notes to and Forming part of the Financial Statements

2. SUBSEQUENT EVENTS (continued)

(K) Financial Instruments (continued)

(f) Credit Risk Exposures (continued)

The following table summarises the Resolute Limited group's credit exposure on financial instruments with a positive net fair value and has been reduced by unfavourable contracts with the same counterparty pursuant to master netting agreement, which will not be settled before the favourable contracts.

Derivatives	Resolute Mining Limited Group 2001 \$'000
Gold hedging contracts	6,317

The major geographic concentrations of credit risk arise from the location of the counterparties to the Resolute Limited group's financial assets as shown in the following table:

Location of Credit Risk	Resolute Mining Limited Group 2001 \$'000
United Kingdom	22,903
Ghana	754
Tanzania	7,604
Australia	32,559
	63,820

Concentration of credit risk on financial assets are indicated in the following table by percentage of the total balance receivable from counterparties in the specified categories.

Customer/Industry Classification	Resolute Mining Limited Group 2001 %
Financial services	82
Mining industry	17
Other	1
	100

The credit risk does not take into account the value of any collateral or security and do not reflect expected losses.

3. EXPLORATION AND DEVELOPMENT COMMITMENTS

Resolute Mining Limited did not have any exploration and development commitments as at 30 June 2001. On 14 September Resolute Mining Limited acquired the Resolute Limited group. The exploration and development commitments of the Resolute Limited group are as follows:

(a) Exploration

Due to the nature of the economic entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the Resolute Limited group can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The minimum level of exploration commitments expected in the year ending 30 June 2002 for the Resolute Limited group is \$6.6 million (2000 - \$3.9 million). This includes the minimum amounts required to retain tenure.

Notes to and Forming part of the Financial Statements

4. CONTROLLED ENTITIES

At 30 June 2001 Resolute Mining Limited did not have any controlled entities. On 14 September 2001 Resolute Mining Limited acquired Resolute Limited and its controlled entities which are shown below. All entities listed below carry on business in their place of incorporation. The balance dates of all controlled entities are the same as that of the Resolute Mining Limited.

Name of Controlled Entity and Country of Incorporation	Economic Entity Company Holding the Investment	Book Value of Direct Investment Held 2001 \$'000	Percentage of shares held by Economic Entity 2001 %
Arkell Pty Ltd, Aust. (a)	Resolute Resources Limited	-	100.00
Associated Gold Fields N.L., Aust. (a)	Resolute Limited	-	100.00
	Kiwi International Resources Pty Ltd		
	Tuki Nominees Pty Ltd		
Boddington Gold Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Broken Hill Metals Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Colreavy Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Equity In Industry Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Excalibur Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Excise Holdings Pty Ltd, Aust. (a)	Equity In Industry Pty Ltd	-	100.00
Geometals Oil Exploration Pty Ltd, Aust. (a)	Stockbridge Pty Ltd	-	100.00
Ghana Mining Investments Pty Ltd, Aust. (c)	Associated Gold Fields NL	-	90.00
Goudhurst Pty Ltd, Aust. (a)	Stockbridge Pty Ltd	-	100.00
Holdway Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Ishtar Pty Ltd, Aust. (a)	Resolute Resources Limited	-	100.00
Kiwi Gold Fields N.L., Ghana (b)	Associated Gold Fields NL	-	100.00
	Kiwi International Resources Pty Ltd		
Kiwi International Resources Pty Ltd, Aust. (c)	Associated Gold Fields NL	-	100.00
Marapana Gold Pty Ltd., Aust. (a)	Resolute Limited	-	100.00
N & J Mitchell Prospecting Pty Ltd, Aust. (c)	Resolute Limited	-	100.00
Obenemase Gold Mines Ltd, Ghana (c)	Ghana Mining Investments Pty Ltd	-	81.00
Paulsens Gold Pty Ltd, Aust. (c)	Resolute Limited	-	100.00
Radio Hill Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Repet Pty Ltd, Aust. (a)	Resolute Resources Limited	-	100.00
Resolute Limited, Aust. (a), (b)	Resolute Mining Limited	87,056	100.00
Resolute Amansie Limited, Ghana (b)	Associated Gold Fields NL	-	90.00
	Kiwi International Resources Pty Ltd		
Resolute (Ghana) Limited, Ghana (b)	Associated Gold Fields NL	-	100.00
Resolute Resources Limited, Aust. (a)	Resolute Limited	-	100.00
	Excalibur Pty Ltd		
	Stockbridge Pty Ltd		
Resolute (Tanzania) Limited, Tanzania (b)	Resolute Limited	-	100.00
Resolute (West Africa) Limited, Jersey (c)	Associated Gold Fields NL	-	100.00
Resolute (West Africa) Mining Co.SA, Burkina Faso (c)	Resolute (West Africa) Limited	-	100.00
Samax (Mabangu) Mining Ltd, Tanzania (b)	Resolute (Tanzania) Limited	-	100.00
Samax (Mabangu) Exploration Ltd, Tanzania (b)	Resolute (Tanzania) Limited	-	100.00
Serpens Pty Ltd, Aust. (a)	Arkell Pty Ltd	-	100.00
Stockbridge Pty Ltd, Aust. (a)	Excalibur Pty Ltd	-	100.00
Stockbridge Services Unit Trust, Aust. (c)	Stockbridge Pty Ltd	-	100.00
T.K.F. Investments Pty Ltd, Aust. (a)	Resolute Limited	-	100.00
Tuki Nominees Pty Ltd, Aust. (c)	Resolute Limited	-	100.00
Uralla Investments Pty Ltd, Aust. (a)	Stockbridge Pty Ltd	-	100.00
		87,056	

Notes to and Forming part of the Financial Statements

4. CONTROLLED ENTITIES (continued)

- (a) Pursuant to a class order and an assumption deed dated 4 June 1996, relief has been granted to certain companies within the Resolute Limited group from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. As a condition of the class order, Resolute Limited and the controlled entity subject to the class order, entered into a deed of indemnity on 22 May 1995. The effect of the deed is that Resolute Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entity. The controlled entity has also given a similar guarantee in the event that Resolute Limited is wound up.

The consolidated statement of financial performance and statement of financial position of all entities included in the class order "closed group" are set out in footnote (d)

- (b) This entity is audited by a firm other than the auditor of Resolute Mining Limited.
- (c) This entity is not audited. A review of the entity's results and position is performed for the purpose of inclusion in the economic entity's accounts.
- (d) Financial information for class order closed group.

RESOLUTE LIMITED CLOSED GROUP STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2001	2001 \$'000
Current Assets	
Cash assets	11,912
Receivables	14,887
Other financial assets	940
Inventories	70
Other	59
Total Current Assets	27,868
Non-Current Assets	
Receivables	53,602
Other financial assets	17,184
Mineral exploration & development interests	1,500
Property, plant & equipment	118
Total Non-Current Assets	72,404
Total Assets	100,272
Current Liabilities	
Payables	872
Interest bearing liabilities	-
Provisions	19,775
Total Current Liabilities	20,647
Non-Current Liabilities	
Payables	-
Provisions	1,396
Total Non-Current Liabilities	1,396
Total Liabilities	22,043
Net Assets	78,229
Equity	
Contributed equity	401,211
Reserves	335
Accumulated losses	(323,317)
Total Equity	78,229

Notes to and Forming part of the Financial Statements

4. CONTROLLED ENTITIES (continued)

(d) Financial information for class order closed group (continued)

**RESOLUTE LIMITED CLOSED GROUP
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001**

	2001 \$'000
Sales revenue	1,160
Cost of sales	-
Gross profit	1,160
Other revenues from ordinary activities	45,949
Borrowing expense	(73)
Other expenses from ordinary activities	(51,096)
Loss from ordinary activities before income tax	(4,060)
Income tax expense	-
Loss from ordinary activities after income tax	(4,060)

5. RELATED PARTY TRANSACTIONS

(a) The Directors of the Company who held office during the financial period, unless otherwise indicated were:

Peter Ross Sullivan (appointed 8 June 2001)
Peter Ernest Huston (appointed 8 June 2001)
Thomas Cummings Ford (appointed 8 June 2001)

(b) The following related party transactions occurred during the period:

i) Transactions with related parties in the wholly owned economic entity

Resolute Mining Limited was incorporated on 8 June 2001 and was dormant for the period 8 June 2001 to 30 June 2001. There were no related party transactions within the wholly owned group during the period of review.

ii) Transactions with other related parties

Resolute Mining Limited was incorporated on 8 June 2001 and was dormant for the period 8 June 2001 to 30 June 2001. There were no related party transactions with other related parties during the period of review.

iii) Director related transactions

Resolute Mining Limited was incorporated on 8 June 2001 and was dormant for the period 8 June 2001 to 30 June 2001. There were no director related transactions during the period of review.

(c) There is no controlling entity of Resolute Mining Limited at 30 June 2001.

6. REMUNERATION OF DIRECTORS

The total of all income paid or payable, directly or indirectly,

**Resolute Mining
Limited
2001
\$'000**

-

7. REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of Resolute Mining Limited

- auditing accounts
- other services

9

-

9

8. EARNINGS PER SHARE

(a) Basic earnings per share (cents per share)

-

(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share

1

9. EQUITY

Contributed equity

- Ordinary share capital (1 fully paid ordinary share)

1

Directors' Declaration

In accordance with a resolution of the directors of Resolute Mining Limited, the directors state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the Corporations Act (2001) including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2001 and of their performance for the period ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



P.R. SULLIVAN
Director



P.E. HUSTON
Director

Perth, Western Australia
28 September 2001

Independent Audit Report

TO THE MEMBERS OF RESOLUTE MINING LIMITED



■ **Central Park**
152 St Georges Terrace
Perth WA 6000
Australia
GPO Box M939
Perth WA 6843

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

Scope

We have audited the financial report of Resolute Mining Limited for the period 8 June 2001 to 30 June 2001, as set out on pages 26 to 49, including the Directors' Declaration. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and statutory requirements in Australia, so as to present a view which is consistent with our understanding of the Company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Resolute Mining Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2001 and its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements.

ERNST & YOUNG

V W TIDY
Partner

Perth, Western Australia
28 September 2001

Shareholder Information

Following the implementation of the Scheme of Arrangement, Resolute Mining Limited allotted 155,278,320 fully paid ordinary shares on 4 October 2001. Details of the substantial shareholders, spread of shareholders and top 20 shareholders are provided below.

Substantial shareholders as at 4 October 2001

	Number of Shares Held	% of Issued Capital
Alliance Life Common Fund Ltd.	66,291,066	42.69%
Australian Opportunities Investment Trust Plc	10,496,477	6.76%

Distribution of shareholdings as at 4 October 2001

Size of holding	Number of Holders
1 - 1,000	4,889
1,001 - 5,000	3,062
5,001 - 10,000	776
10,001 - 100,000	917
100,001 - and over	91
Total shareholders	9,735

Number of shareholders with less than a marketable parcel is 4,889.

Voting rights

Under the Company's Constitution, all ordinary shares issued by the Company carry one vote per share without restriction.

Twenty largest shareholders as at 4 October 2001

Name	Number of Ordinary Shares	% of Issued Capital
Citicorp Nominees Pty Ltd	66,849,493	43.05%
ANZ Nominees Limited	14,458,076	9.31%
Perpetual Trustee Company	7,542,344	4.86%
Exchange Nominees Pty Ltd	2,532,264	1.63%
National Nominees Limited	1,531,707	0.99%
Properties Phoenix	1,125,000	0.72%
Invia Custodian Pty Ltd	1,045,580	0.67%
Beirne Trading Pty Ltd	945,990	0.61%
Lambina Holdings Pty Ltd	796,050	0.51%
Point Road Pty Ltd	791,802	0.51%
Brewin Nominees Limited	787,500	0.50%
Guy David Matthew	613,125	0.39%
Chase Manhattan Nominees	485,324	0.31%
BCS Argentum Pty Limited	450,338	0.29%
Hyde Stephen James	448,758	0.29%
Jaminon H J & C	382,500	0.25%
DMG Capital Pty Ltd	365,625	0.24%
Evans Simon Robert	364,500	0.23%
Dragonlyn Pty Ltd	362,545	0.23%
Clapsy Pty Ltd	340,979	0.22%
	102,219,500	65.81%

Glossary

Aeolian deposits: Sediments deposited after transportation by wind.

Ag: Chemical symbol for silver.

Alluvial: Deposited by the action of running water in a stream.

Anomaly: Value or feature higher, lower or different to that expected or to the average.

Archaean: The oldest division of the Precambrian era and older than 2,500 million years.

Assay: The chemical test of rock samples to determine their mineral content.

Au: Chemical symbol for gold.

Bench: Successive steps/horizontal increments mined as an open pit progresses deeper.

Birimian: Lithostratigraphic name given to the relatively low-grade metasedimentary and metavolcanic rocks west of the Togo belt and underlying much of Ghana, Ivory Coast and Upper Volta, as well as parts of Liberia, Guinea and southern Mali. The name derives from the original type of locality of these rocks, the Birim River valley of Ghana. The rocks form the Lower Proterozoic part of the West African craton.

Calcrete: Superficial gravels cemented by deposits of calcium carbonate.

Cambrian: The geological period from 545 to 490 million years ago.

Carbon-in-leach: A recovery process in which a slurry of gold ore, carbon granules and cyanide are mixed together. The cyanide dissolves the gold which is then absorbed onto the carbon. The carbon is subsequently separated from the slurry for gold recovery.

Carbon-in-pulp: Similar to carbon-in-leach process, but initially the slurry is subjected to cyanide leaching in separate tanks followed by carbon-in-pulp. Carbon-in-leach is a simultaneous process.

CN (Free): Cyanide present usually as sodium cyanide (NaCN) or hydrogen cyanide (HCN).

CN (Total): Total of cyanide present in all forms.

Contained ounces: Ounces in the ground without the reduction of ounces not recoverable by the applicable mining and metallurgical processes.

Crushing and grinding: The process by which ore is broken into small pieces to prepare it for further processing.

Cu: Chemical symbol for copper.

Dilution: The effect of waste or low grade ore being included unavoidably in the mined ore, lowering the grade.

Dore: Unrefined gold and silver bullion bars usually consisting of approximately 90% precious metals which will be further refined to almost pure metal.

EPCM: Engineering, procurement, construction and management.

Fault: A fracture in a rock along which there has been an observable amount of displacement.

Flotation: A process by which some mineral particles are induced to become attached to bubbles and float, in an ore and water slurry, so that the valuable minerals are concentrated at the slurry surface and separated from the worthless gangue.

Gabbro: Coarse grained, basic igneous rock.

Gangue: Rocks and minerals of no economic value that occur with valuable minerals in an ore.

Grade: The amount of valuable element in each tonne of ore, expressed as troy ounces per tonne for precious metals and as a percentage for other metals. Cut-off grade is the minimum metal grade at which an orebody can be economically mined. Mill head grade is the metal content of mined ore going into a mill for processing.

Recovered grade is the actual metal content recovered from the ore after processing. Reserve grade is the estimated metal content of an orebody, based on reserve calculations.

Heap/dump leaching: A process whereby gold is extracted by "heaping" broken ore on sloping impermeable pads and repeatedly spraying the heaps with a weak cyanide solution which dissolves the gold content. The gold-laden solution is collected for gold recovery.

Infill drilling: Drilling within a group of previously drilled holes to provide a closer spaced pattern to define more accurately the parameters of the orebody.

In-situ: Still in its original place.

Leach residue: Residual solids remaining from an ore after valuable minerals have been extracted by leaching.

Leaching: The dissolving of elements and minerals out of ore.

Mafic: General term to describe ferromagnesian minerals.

Mill: A plant where ore is ground fine and undergoes physical or chemical treatment to extract the valuable metals.

Mineralisation: The process which leads to the formation and concentration of elements and their chemical compounds within a mass or body of rock.

Mining claim: That portion of public lands which a party has staked or marked out in accordance with mining laws to acquire the right to explore for and exploit the minerals under the surface.

Operator: A party appointed under a joint venture agreement or similar agreement to manage the exploration, development and production activities to be conducted thereunder.

Ore: Rock, generally containing metallic or non-metallic minerals, that can be mined and processed at a profit.

Orebody: A mass of ore which can be economically mined.

Ounce: Troy ounce of fineness of 999.9 parts per 1,000 parts; equal to 31.103486 grams (abbreviation: oz)

Overburden: Uneconomic material which overlies a bed of useful material.

Oxide ore: Mineralised rock in which some of the original minerals have been oxidised.

Pb: Chemical symbol for lead.

Precambrian: The period of time from the consolidation of the earth's crust to the beginning of the Cambrian period.

Proterozoic: The era between the Archaean and Cambrian, from 2,500 to 545 million years ago.

Porphyry: Medium-grained rock containing relatively large crystals of any mineral.

Ramp: An inclined underground tunnel which provides access for exploration or a connection between levels of a mine.

Reclamation: The process by which lands disturbed as a result of mining activity are reclaimed back to a beneficial land use. Reclamation activity includes the removal of buildings, equipment, machinery and other physical remnants of mining, closure of tailings impoundment's, leach pads and other mine features, and contouring, covering and revegetation of waste rock piles and other disturbed areas.

Recovery rate: A term used in process metallurgy to indicate the proportion of valuable material obtained in the processing of an ore. It is generally stated as a percentage of the material recovered compared with the total material present.

Refining: The final stage of metal production in which impurities are removed from the metal.

Refractory Material: Gold mineralised material in which the gold is not amenable to recovery by conventional cyanide methods without any pre-treatment. The refractory nature can be either silica or sulphide encapsulation of the gold or the presence of naturally occurring carbon's which reduce gold recovery.

Reserves: That part of a measured or indicated resource which could be mined, inclusive of dilution, and from which valuable or useful minerals could be recovered economically under conditions realistically assumed at the time of reporting.

Proved Reserve means an ore reserve stated in terms of mineable tonnes/volume and grade in which the corresponding identified mineral resource has been defined in three dimensions by excavation or drilling (including minor extensions beyond actual openings and drill holes), and where the geological factors that limit the orebody are known with sufficient confidence that the mineral resources are categorised as 'measured'.

Probable Reserve means ore reserve stated in terms of mineable tonnes/volume and grade where the corresponding identified mineral resource has been defined by drilling, sampling or excavation (including extensions beyond actual openings and drill holes), and where the geological factors that control the orebody are known with sufficient confidence that the mineral resource is categorised as 'indicated'.

Resource: An identified in-situ mineral occurrence from which valuable or useful minerals may be recovered.

Measured Resource means a mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at location which are spaced closely enough to confirm continuity and where geoscientific data are reliably known. A measured mineral resource estimate will be based on a substantial amount of reliable data, interpretation and evaluation of which allows a clear determination to be made of shapes, sizes, densities and grades.

Indicated Resource means a mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability. An indicated resource estimate will be based on more data, and therefore will be more reliable, than an inferred resource estimate.

Inferred Resource means a mineral resource inferred from geoscientific evidence, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

SAG mill: Semi-autogenous grinding mill where part of the ball charge is substituted with coarse crushed ore.

Shear zone: A style of fault where a force has deformed (as opposed to fractured) one part of a geological structure relative to another part.

Slurry: Refers to a mixture of fine ground ore, concentrate, tailings or leach residue with water or other aqueous liquor.

Smelting: A metallurgical operation in which metal is separated from impurities by a process that includes fusion.

Solvent extraction: Process of transferring species dissolved in an aqueous phase to an organic phase containing an extraction reagent. This is usually accompanied by a concentration of the species in the organic phase.

Stope: An area in an underground mine where ore is mined.

Strike length: The longest horizontal dimension of an orebody or zone of mineralisation.

Stripping ratio: The ratio of the volume of waste material removed to the volume of ore removed, used in connection with open pit mining.

Sulphides: Minerals containing sulphur in its non-oxidised form.

Tailings: The material that remains after all metals considered economic have been removed from ore during milling.

Thickener: Settlement tank with bottom ranking mechanism to direct thickened slurry to centre bottom discharge and with a top peripheral launder to collect clear overflow liquid. Feed is usually a dilute ore, concentrate or leach residue slurry.

Tpa: Tonnes per annum.

U: Chemical symbol for uranium.

Ultramafics: Igneous rocks consisting essentially of ferromagnesian minerals to the virtual exclusion of quartz, feldspar and feldsparthoids.

Vein: A tabular or sheet-like body of minerals which has formed in a joint or a fissure, or system of joints and fissures, in rocks.

Volcanics: Extrusive and associated intrusive rocks resulting from volcanic activity.

Zn: Chemical symbol for zinc.

