



**RESOLUTE  
MINING  
LIMITED**

# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
31 DECEMBER 2001

A.C.N 097 088 689 ASX CODE - RSG

## OVERVIEW

### PRODUCTION

- **Total gold production of 55,005** (62,428) ounces of gold was achieved during the quarter at a cash cost of **US\$203** per ounce (US\$192) or A\$398 per ounce (A\$376/oz).
- Golden Pride achieved gold production of 33,716 ounces (38,278) at a cash cost of US\$199 per ounce (US\$181/oz).
- Gold production at Obotan generated 21,289 (24,150) ounces of gold at a cash cost of US\$208 per ounce (US\$211/oz).

### DEVELOPMENT

- **Expansion** of the **Golden Pride** mine in Tanzania to 2.6 Mtpa at a cost of US\$10.6 million.
- **Enhancement** of mining reserves at the **Golden Pride** mine by approximately 50,000 ounces.

### EXPLORATION

- **Encouraging** drill results at the **Indee** Project, including 30m @ 4.05g/t, 6m @ 10.3g/t and 16m @ 4.30g/t.

### CORPORATE

- **Group cash and bullion** at the end of the quarter was **A\$30m** (A\$39m).
- The group continues to be **debt free**.
- **Gross cashflow** from operations for the quarter of **A\$10m** (A\$12m).
- **AGR advance** debt and equity funding package to develop the Boroo Gold Project in Mongolia.
- **Preston advances** a scheme of arrangement which has provided a positive environment for the continuation of operations at Bulong.

PR SULLIVAN  
Chief Executive Officer  
31 January 2002

*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 defined by the Code. DT Cairns and T Brown have consented in writing to the inclusion in this report of the numbers based on the information in the form and context in which it appears.*

*"Significant" drill results refer to results that are indicative of potentially economic mineralisation or that warrant follow-up work.*



## GROUP PRODUCTION SUMMARY

	Ore Mined (t)	Ore Milled (t)	Head Grade (g/t)	Recovery (%)	Plant Availability (%)	Total Production (oz gold)	Cash Cost A\$/oz	Equity Production (oz/gold)	Equity Cash Cost \$/oz
<b>Obotan</b>									
Dec Qtr	386,789	373,171	1.86	95.2	83.5	21,289	408	19,160	
Sept Qtr	87,131	454,788	1.78	93.0	97.7	24,150	411	21,735	
<b>Golden Pride</b>									
Dec Qtr	534,612	403,477	2.82	92.3	96.1	33,716	391	33,716	
Sept Qtr	527,758	399,264	3.20	93.3	97.3	38,278	353	38,278	
<b>Total</b>									
Dec Qtr	921,401	776,648	2.35	93.7	89.8	55,005	398	52,876	397
Sept Qtr	614,889	854,052	2.44	93.2	97.5	62,428	376	60,013	374

## PRODUCTION

### Golden Pride, Tanzania (Resolute – 100%)

Golden Pride produced 33,716 (38,278) ounces of gold from 403,477 (399,264) tonnes of ore at a head grade of 2.82g/t (3.20g/t) at a cash cost of US\$199/oz (US\$181/oz) for the quarter.

As in the previous quarter the lower gold production was a result of the grindability characteristics of the ore limiting throughput levels in the processing plant. This situation will be rectified by installation of a ball mill as part of the plant upgrade (refer to Development section).

Head grade also contributed to the lower gold production during the quarter. This was due to the lower grade scheduled position mined in the pit during the quarter, combined with revised ore blending requirements (larger oxide component) to optimise mill throughput.

The reduction in gold production continues to be substantially matched by a reduction in site costs through reduced earth movement and other cost management.

### Obotan, Ghana (Resolute – 90%)

A total of 21,289 (24,150) ounces of gold were produced during the quarter from 373,171 (454,788) tonnes of ore milled at a head grade of 1.86 g/t (1.78g/t) and a cash cost of US\$208/oz (US\$211).

Gold production was down from the previous quarter due to the transition from treatment of the remaining Nkran low grade stockpiles to first ore from the newly developed Abore deposit.

Mining at the Abore concession commenced on 18<sup>th</sup> October 2001, concentrating on the lower grade Abore North pit due to compensation issues concerning the area containing the higher grade Abore Main pit. These compensation issues have now been resolved and mining has been accelerated in order to catch up with the mining schedule. Mining productivity at the Abore North pit and ore haulage activities to the plant at Obotan have exceeded budgeted expectations to date.

Treatment of the remaining Nkran low grade stockpiles continued until 9<sup>th</sup> November 2001, with the Abore North oxide ore commencing thereafter.



## DEVELOPMENT

### Golden Pride, Tanzania

A number of options have been investigated for the expansion of the Golden Pride treatment plant. All have considered the addition of a ball mill and a pebble crushing circuit to accommodate the additional primary ore contained within the new pit design. The existing design throughput for the plant is 1.65 Mtpa. The operation has consistently achieved in excess of 2 Mtpa on the softer ores.

A staged upgrade to more than 3 Mtpa is to be undertaken. Initially, the recently purchased Kidston ball mill will be installed along with a pebble crushing circuit. Minor modifications to the plant will see several areas that currently limit throughput modified. These modifications will enable the plant to operate at approximately 2.6 Mtpa.

This expansion will include:

- a new tails dam,
- a new standby power station,
- an upgraded power line to handle ultimate load and associated electrical changes,
- a new waste dump,
- the purchase, refurbishment and shipping of the Kidston ball mill,
- a SAG mill, ball mill, pebble crushing circuit capable of +3 Mtpa,
- the purchase, refurbishment and shipping of a second hand thickener, for future installation, and
- concrete footings for the thickener and two leach tanks.

The expansion has been estimated to cost US\$10.6 million (of which US\$0.7 million had been spent to 31 December 2001). It is currently intended to debt fund the expansion costs. The upgraded plant should be commissioned by September 2002.

Any future expansion will be contingent upon location of sufficient additional water supplies. During the next dry season, it is intended to attempt to identify additional water supplies by following up encouraging exploration drill hole intersections that have identified a thick sequence of water bearing sands. These are located close to the existing Manonga bore field.

Additional design work has been completed on the Golden Pride pit as part of the study

undertaken to assess the best option for the expansion of the Golden Pride project.

This design, Lusu611, is based on a gold price of US\$280 per ounce and contains a proven and probable reserve of 13.8 million tonnes at 2.5g/t for 1.1 million ounces. The pit has a strip ratio of 5.47 to 1 (waste:ore).

**Table 1 Golden Pride Proven and Probable Reserves as at 30 June 2001**

Category	Tonnes	Grade	Ounces
Proven	7,444,598	2.58	618,327
Probable	6,328,777	2.47	502,958
Total	13,773,375	2.53	1,121,285

Table 1 summarises the reserves by category. These reserves represent a marginal increase (48,328 ounces) to the reserves of 13.1 million tonnes at 2.5g/t for 1,072,957 ounces reported last quarter.

## EXPLORATION

### Indee, Western Australia

Opus Exploration Pty Ltd, a wholly owned subsidiary of Greenstone Resources NL, has an option to enter into a joint venture with Resolute to earn up to 70% equity in the Indee tenements by spending a total of A\$2.85 million over four years on the Indee Gold Project, located 80km south west of Port Hedland in Western Australia.

During the option period Opus has an obligation to spend A\$350,000. The project contains a number of gold occurrences previously identified by Resolute, particularly along the eight kilometre long Camel-Withnell zone. A number of other prospects also remain to be fully tested.

Opus have recently completed:

1. Reverse circulation (RC) and diamond drilling at the Withnell and Camel 1 deposits, and
2. Shallow reconnaissance air core drilling at several outlying prospects of Millis and Roe.

The RC and diamond drilling was designed to test a new geological model, confirm continuity of mineralisation, and to provide core for structural analysis and metallurgical test-work. The significant intersections tabulated below support the geological model and indicate good continuity at the current drill spacing (predominantly 50m sections).



Diamond core is currently being assayed before selection of samples for metallurgical testwork.

The results include excellent widths and grades from drill holes at the Withnell and Camel 1 prospects and are shown in Tables 2 and 3 below.

**Table 2 Withnell RC Results**

<b>Easting (AMG m)</b>	<b>Northing (AMG m)</b>	<b>Hole N°</b>	<b>Depth (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
624608	7688440	INDD 005 RC	15-23	<b>8</b>	<b>4.49</b>
		DDH	33-39	<b>6</b>	<b>10.32</b>
624535	7688443	INRC 203	66-79	<b>13</b>	<b>3.02</b>
624308	7688484	INDD 006 RC	25-31	6	3.03
		DDH	31-41	10	5.04
		Total		<b>16</b>	<b>4.30</b>
624283	7688484	INRC 206	38-68	<b>30</b>	<b>4.05</b>
624283	7688454	INRC 207	92-101	<b>9</b>	<b>4.06</b>
624083	7688605	INRC 212	74-98	<b>24</b>	<b>2.43</b>

**Table 3 Camel 1 RC Results**

<b>Easting (AMG m)</b>	<b>Northing (AMG m)</b>	<b>Hole N°</b>	<b>Depth (m)</b>	<b>Interval (m)</b>	<b>Au (g/t)</b>
620985	7688395	INRC 209	33-40	<b>7</b>	<b>4.24</b>
			43-48	<b>5</b>	<b>4.93</b>
620985	7688375	INRC 210	47-49	<b>2</b>	<b>9.94</b>
			61-76	<b>15</b>	<b>3.04</b>
620950	7688421	INDD 012 RC	3-5	<b>2</b>	<b>5.33</b>

Note: All holes drilled at 60 degrees to AMG North, except INRC 211/212 drilled to AMG South.

At **Millis**, on the Honeymoon Well trend four kilometres west north-west of the main Withnell deposit, a quartz veined zone with strongly anomalous gold and arsenic geochemistry has been defined. The arsenic geochemistry forms a halo to a series of steep south dipping oxidized quartz veins that crop out sporadically and have been intersected at shallow depths in the drilling. Gold occurs at levels of greater than 100ppb in zones up to 10 metres wide (horizontal width), with higher-grade shoots to a maximum of 4m at 4.69 g/t Au downhole (from 13m, INAC021).

The mineralisation at Millis is very similar, and parallel to, the Camel-Withnell trend to the south. This prospect possibly represents an eastern continuation of the largely concealed and under-explored 30 kilometre long Mallina-Honeymoon Well zone.

Further drilling is required at Millis, both along strike and at depth to test for extensions to the mineralised system.

At the **Roe** prospect, located on the Camel-Withnell trend, anomalous gold intersected in previous shallow drilling was tested.

The drilling intersected significant oxidized quartz veining with encouraging gold results in a predominantly sub-vertical mineralised zone.

Better downhole intersections, at 1.0 g/t cut-off, include:

- 5m at 10.0 g/t Au (from 14m, INAC046),
- 5m at 3.3 g/t Au and 4m at 5.46 g/t Au (from 33m and 43m respectively, INAC047),
- 6m at 3.3 g/t Au (from 10m, INAC052), and
- 2m at 10.6 g/t Au (from 25m, INAC054).



The results of this phase of drilling confirm the prospectivity of the Indee Gold Project. Compilation of data is continuing prior to planning for the next phase of drilling that should commence after the northern wet season.

### Belahouro, Burkina Faso

During late November and December a ten hole RC and diamond drill programme was completed at the Feta Kole prospect. This was targeted to test down dip extensions of higher-grade intersections reported earlier from trenching and to investigate high-grade samples collected from underground artisanal workings.

Ten RC holes, two with diamond tails, were completed for a total of 1,247m. A total of 102.5m of coring was completed.

The gold mineralisation is associated with pyrite – rich zones within altered arkose. Whilst good thickness of pyritic alteration were encountered only modest widths of gold mineralisation were intersected. Better intersections include:

- 3m at 3.90g/t Au (from 65m, RFKRC004),
- 2m at 4.39g/t Au (from 71m, RFKRC010),
- 9m at 2.62g/t Au (from 36m,RFKRC012) including 1m at 7.40g/t from 41m.

The drilling failed to reproduce high grade assays (23.6g/t Au and 63.6g/t Au) obtained from the underground samples reported previously. The mineralisation is structurally complex and requires further evaluation to establish the controls on the high-grade mineralisation.

### WMC Widgiemooltha JV, Western Australia

During the quarter WMC sold its interest in the JV to Gold Fields. Gold Fields retain management of the JV and are currently reviewing exploration data and formulating new programmes.

## CORPORATE

### Cash and Debt

The Resolute group continues to be debt free as at 31 December 2001. Resolute Mining Limited and its subsidiaries had approximately A\$20m in cash (30 September 2001 : A\$30m) and A\$10m in bullion (30 September 2001 : A\$9m). Included in the cash balance is an amount of A\$5m (30 September 2001 : A\$6m) which is subject to certain restrictions pursuant to the group's hedging and performance bond credit facility agreements.

The principal movements in the cash balance during the quarter are attributable to: - gross cashflow from operations of A\$10m, offset by net working capital movements of A\$1m, a A\$3.6m payment in October 2001 to preference shareholders pursuant to the shareholder approved Scheme of Arrangement, A\$2.7m of income tax paid in Ghana, a A\$2m net loss attributable to foreign exchange movements, pre-production mine development costs for the Abore deposit of A\$2.4m, Golden Pride upgrade expenditures of A\$1.4, other project development expenditure of A\$1m, exploration expenditure of A\$2m and A\$1m of deferred consideration paid to the vendor of the Abore Project. The only remaining financial obligations relating to the purchase of the Abore Project are payment of :

- US\$7.50/oz of Abore gold produced ; and
- a further amount calculated as 25% of the amount by which the average spot price of gold for a month exceeds US\$265, for the number of ounces produced in that month

The average revenue price achieved during the quarter ended 31 December 2001 was A\$579/oz of gold poured. (September – A\$572/oz).

### Group Hedging Profile at 31 December 2001

Gold Hedging	Forward Sales		Call Options Sold	
	Ounces	\$	Ounces	\$
<b>AUD's</b>				
Y/E 30/6/02	65,000	531	20,000	535
	65,000	531	20,000	535
<b>USD's</b>				
Y/E 30/6/02	51,063	288	-	-
Y/E 30/6/03	91,090	304	-	-
Y/E 30/6/04	119,852	304	-	-
Y/E 30/6/05	21,281	304	-	-
	283,286	301	-	-
<b>Total</b>	<b>348,286</b>		<b>20,000</b>	

Currency Hedging	A\$/US\$ Forwards	
	US\$	Avg FX rate
Y/E 30/6/02	3,741,498	0.7647
Y/E 30/6/03	5,750,000	0.5154
	9,491,498	0.5914

Using the 31 December 2001 USD spot gold price of US\$277/oz and the USD/AUD foreign exchange rate of 0.511, the mark to market of the Resolute hedge book at period end was a positive amount of approximately A\$3.9m.



### Buy Back of Unmarketable Parcels of Shares

During the quarter, Resolute shareholders holding an "unmarketable parcel" of Resolute shares were offered a cost effective mechanism to dispose of their shares. As a result of this initiative, approximately 3,700 holders of unmarketable parcels sold a total of 1,465,152 fully paid ordinary shares to the Company. Resolute paid 48 cents per share (\$0.7m) to the holders of unmarketable parcels to buy back and cancel these shares. Payments to the majority of these shareholders occurred in January 2002. Following the buy back, Resolute has 153,813,168 fully paid ordinary shares on issue and approximately 5,800 ordinary shareholders.

### Issue of Options

As disclosed in the announcement by Resolute to the ASX on 11 December 2001, the Company has issued 2 million employee options with an exercise price of 52 cents per ordinary share and 2.46m options with an exercise price of \$2.46 per ordinary share.

### AGR/Boroo

Resolute currently holds approximately 18% of the issued capital of AGR Limited ("AGR") who in turn

own 95% of the Boroo Gold Project in Mongolia. AGR have been attempting to secure a debt and equity package that will provide an appropriate level of funding for the development of the Boroo Gold Project. In an announcement to OFEX on 20 December 2001, AGR indicated that they had reached an in-principle agreement with the Canadian mining company, Cameco Corporation ("Cameco") whereby Cameco will inject equity into AGR by subscribing for a controlling stake of AGR ordinary shares. Cameco have agreed to provide interim funding to AGR. Upon the closing of the Cameco transaction, Resolute will hold less than 10% of AGR's issued capital. AGR have also announced that they have received letters of offer for US\$33m of project finance and gold hedging facilities for the Boroo Gold Project.

### Preston/Bulong

In market releases on 21 December 2001 and 27 December 2001, Preston and Bulong Operations Pty Ltd ("Bulong") announced that agreement had been reached with the holders of the Bulong Senior Secured notes to the terms governing the restructuring of the Bulong debt and to a Standstill Agreement. Preston's shareholders will be asked to approve the terms of the restructure prior to its implementation. The announced arrangements provide a positive environment for the continuation of operations at Bulong.

## **CORPORATE DIRECTORY**

### Senior Management

P.R. Sullivan	CEO
D.T. Cairns	Development/Exploration
M.B. Turner	Operations
G.W. Fitzgerald	Finance & Administration and Company Secretary
R.S. Barnes	Operations Manager <i>Obotan, Ghana</i>
G.S. Pierce	Operations Manager <i>Golden Pride, Tanzania</i>

### Registered and Principal Office

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### Home Exchange

The Company's shares are listed  
On the Australian Stock Exchange and the  
home exchange is Perth

### Shareholder Enquiries

Enquiries concerning shareholdings should  
be addressed to  
Security Transfer Registrars Pty Ltd  
PO Box 6405, East Perth, WA  
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