



# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
30 SEPTEMBER 2001

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

## OVERVIEW

### PRODUCTION

- **Total gold production of 62,428** (77,265) ounces of gold was achieved during the quarter, at a cash cost of **US\$192** per ounce (US\$200) or A\$376 per ounce (A\$397 /oz).
- Golden Pride achieved gold production of 38,278 ounces (44,063) at a cash cost of US\$181 per ounce (US\$183/oz).
- Gold production at Obotan generated 24,150 (33,202) ounces of gold at a cash cost of US\$211 per ounce (US\$222/oz).

### EXPLORATION

- **97% upgrade** in the mining reserves at the **Golden Pride** mine in Tanzania to 13.1m tonnes grading 2.5g/t Au for 1,072,957 ounces.
- **Agreement** signed with Opus Exploration Pty Ltd to carry out exploration on Resolute's 100% owned **Indee** tenements.
- Agreement to move to **100% equity in the Belahouro Project** in Burkina Faso. BHP Minerals has agreed to convert its equity in the Belahouro Project to a 2.5% royalty.

### CORPORATE

- The **Scheme of Arrangement was approved** by shareholders and the Supreme Court of Western Australia resulting in a simplification of the capital structure.
- **Debt free** following the early repayment of the Golden Pride facility. Debt repayments of A\$17m were made during the quarter.
- **Group cash and bullion** at the end of the quarter was **A\$39m** (A\$57m).
- **Gross cashflow** from operations for the quarter of **A\$12m** (A\$13m).
- Agreement to purchase the Abore orebody expected to **deliver 100,000 ounces** of production, extending the life of operations at Obotan by approximately 12 months.

PR SULLIVAN  
Chief Executive Officer  
26 October 2001

*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>									
Sept Qtr	87,131	454,788	1.78	93.1	97.7	24,150	411	21,735	
June Qtr	226,098	427,098	2.59	93.4	96.0	33,202	440	29,882	
<b>Golden Pride</b>									
Sept Qtr	527,758	399,264	3.20	93.3	97.3	38,278	353	38,278	
June Qtr	647,328	503,426	2.98	91.7	94.7	44,063	365	44,063	
<b>Total</b>									
Sept Qtr	614,889	854,052	2.44	93.2	97.5	62,428	376	60,013	375
June Qtr	873,426	930,522	2.80	92.4	95.4	77,265	397	73,945	396

## PRODUCTION

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

During the quarter Golden Pride produced 38,278 (44,063) ounces of gold from 399,264 (503,426) tonnes of ore at a head grade of 3.20g/t (2.98g/t) and a cash cost of US\$181/oz (US\$183/oz).

The lower gold production was primarily a result of a change in ore grindability characteristics which has seen the build up of sand size recirculating material limiting SAG mill throughput. Mill throughput has dropped by 21% compared to the June quarter and is expected to continue at this level for at least the December quarter. The preferred solution to the issue is to install a ball mill in the circuit to grind the sand fraction. This option will be considered in conjunction with the feasibility study noted below.

The reduction in gold production has been matched by a reduction in site costs through reduced earth movement and other cost management and operational adjustments.

During the quarter a 97% increase in reserves was announced to bring the reserve status to 13.1 million tonnes at 2.5g/t for 1,072,957 ounces.

A feasibility study to assess the potential for increasing the throughput levels at Golden Pride is expected to be completed during the December quarter.

### Obotan, Ghana (Resolute – 90%)

A total of 24,150 (33,202) ounces of gold were produced during the quarter from 454,788

(427,098) tonnes of ore milled at a head grade of 1.78 g/t (2.59g/t) and a cash cost of US\$211/oz (US\$222).

Mining of all remaining economic ore from the Nkran Pit was completed on 27 July 2001. The pit is now being decommissioned and will be allowed to fill with water. The remaining measured and indicated resources at Obotan of approximately 6.7 million tonnes at 2.5 g/t of gold continue to be economically evaluated.

A blending of fresh Nkran pit hard primary ore and softer ore from medium and low grade stockpiles was milled during the quarter. As a result, gold production was down from the previous quarter but significantly above budget mainly due to the low grade stockpiles, that were treated, being significantly higher grade than previously estimated. The remaining stockpiled ore is being milled in October 2001.

Following the purchase of Abore Mining Company (AMC) during the quarter, development activities at the Abore mine commenced and included:

- Haul road construction from the Abore Pit area to Obotan
- Planning of two separate pits
- Crop compensation issues
- Pit dewatering

Mining at the Abore concession and milling of the Abore ore should commence in the December quarter.



## GOLD EXPLORATION

### Tanzania - Golden Pride

On 4 October 2001 Resolute announced a significant upgrade in the mining reserves at its Golden Pride mine in Tanzania to 13.1 million tonnes grading 2.5g/t Au for 1,072,957 ounces.

This represents an increase of more than 500,000 ounces (or 97%) over the reserves remaining at 30 June 2001 (5.8 million tonnes @ 2.91 g/t Au for 545,929 ounces).

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. Details of the new reserves by category are provided in Table 1 below.

**TABLE 1**

Category	Tonnes*	Grade	Ounces
Proven	7,100,000	2.6g/t	588,323
Probable	6,000,000	2.5g/t	484,634
<b>TOTAL</b>	<b>13,100,000</b>	<b>2.5g/t</b>	<b>1,072,957</b>

\*Rounded.

The pit design for this reserve contains a large amount of lower grade mineralisation (approximately 7.7million tonnes at 0.75g/t Au) that could become economically viable at higher throughput rates.

### Indee, Western Australia

An agreement has been signed with Opus Exploration Pty Ltd whereby Opus will fund and carry out exploration on Resolute's 100% owned Indee tenements. Opus has the obligation to spend \$350,000 during a six month option period. If Opus exercise their option, they have the right to earn 51% equity in the Indee tenements by spending a further \$1.5 million over two years. Opus can earn up to 70% equity in the project by spending a total of \$2.85 million over 4 years. Greenstone Resources NL will acquire Opus in November 2001, subject to Greenstone shareholder approval.

### Belahouro, Burkina Faso

The Company has reached agreement to move to 100% ownership of this project. BHP Minerals has agreed to convert its equity in the Belahouro Project to a 2.5% royalty.

Due to the rainy season there have been no field activities during the quarter. A drilling campaign is planned at the Feta Kole prospect in the December quarter.

### Environmental

Resolute has recently submitted closure plans to the Department of Minerals and Energy for the Chalice, Higginsville and Bullabulling projects. Rehabilitation of these areas has been ongoing since production ceased at each mine. The Department has commented on the Higginsville plan, identifying potential additional closure issues. The Company is presently reviewing the projected costs for the final rehabilitation and closure of this project.

## CORPORATE

### Capital Structure

During the quarter, the Scheme of Arrangement – announced by Resolute Limited to the Australian Stock Exchange ("ASX") on 22 June 2001 – was approved by shareholders and the Supreme Court of Western Australia. The Scheme became effective and binding on 14 September 2001 and as a result, from this date, Resolute Mining Limited took ownership of 100% of Resolute Limited and its subsidiaries.

As a result of the Scheme of Arrangement, Resolute Limited shares were de-listed from ASX and the New Zealand Stock Exchange on Friday, 21 September 2001 and the new Resolute Mining Limited shares commenced trading on ASX on 24 September 2001 under the code RSG.

The directors of Resolute Mining Limited (the new holding company of the Resolute group) are Peter Huston (Chairman), Peter Sullivan (Chief Executive Officer) and Tom Ford (Non Executive Director).

It is important to note that the consolidated Statement of Financial Performance for the Resolute Mining Limited group for the year ending 30 June 2002 will only include revenue derived and expenditure incurred by Resolute Limited and



its subsidiaries after 14 September 2001 (ie. the acquisition date). Hence the consolidated result to be reported by Resolute Mining Limited for the year ending 30 June 2002 will only include approximately 9.5 months of the results from the Golden Pride and Obotan operations.

The adoption of the Scheme of Arrangement has successfully **simplified Resolute's capital structure** and enables investors to focus on a single class of share.

### Cash and Debt

The Resolute group is **debt free** following the Company's decision in the September quarter to accelerate the repayment of the Golden Pride finance facility. At 30 September 2001, Resolute Mining Limited and its subsidiaries had approximately **A\$39m in cash and bullion** (30 June 2001:A\$57m), of which A\$6m (30 June 2001:A\$15m) in cash is subject to certain restrictions pursuant to the group's hedging and performance bond facility agreements. Immediately subsequent to the quarter end, the cash balance was depleted by \$3.6m as a result of the 7 cent per share payment to the registered holders of Resolute Limited preference shares (pursuant to the recently adopted Scheme of Arrangement).

The principal movements in the cash balance during the quarter are attributable to: - gross cashflow from operations of A\$12m, offset by net negative working capital movements of A\$4m, principal and interest repayments of A\$17m, a A\$4m payment to acquire the Abore Project in Ghana, A\$1m net loss attributable to foreign exchange movements, exploration/development expenditure of A\$1m and advances to AGR for development of the Boroo Gold Project of A\$1m.

The average revenue price achieved during the quarter ended 30 September 2001 was A\$572/oz of gold poured.

### Purchase of Abore Mining Company

In July 2001, the Resolute group entered into a contract with Shield Telecommunications Limited and its wholly owned subsidiary, Leo Shield Exploration Ghana Ltd to purchase their interests in Abore Mining Company Limited ("AMC"). The major asset of AMC is the Abore gold deposit which is contained in the Abore Mining Lease, located approximately 20kms north of Resolute's Obotan Gold Mine in Ghana. This deposit is expected to deliver approximately 100,000 ounces

of production and extend the life of operations at Obotan by approximately 12 months.

In the September quarter, Resolute paid US\$2.03m (A\$4m) of the \$US2.5m acquisition price. The remaining financial obligations relating to this acquisition are:

- payment of the remaining portion of acquisition price – ie. US\$0.47m cash ;
- an additional amount related to gold production from Abore of US\$7.50 per ounce on gold produced ; and
- a further amount calculated as 25% of the amount by which the average spot price of gold per ounce for a month exceeds US\$265, for the number of ounces produced in that month.

### Group Hedging Profile at 30 September 2001

Gold Hedging	Forwards & Spot Deferreds		Call Options Sold	
	Ounces	US\$	Ounces	US\$
Y/E 30/6/02	141,525	276	15,000	288
Y/E 30/6/03	108,316	304	-	-
Y/E 30/6/04	119,852	304	-	-
Y/E 30/6/05	21,281	304	-	-
	390,974	294	15,000	288

  

Currency Hedging	A\$/US\$ Forwards	
	US\$	Avg FX rate
Y/E 30/6/02	5,491,498	0.7631
Y/E 30/6/03	5,000,000	0.5183
	10,491,498	0.6229

### Annual General Meeting

The Company's Annual General Meeting of shareholders will be held at 10.00am on Friday, 30 November 2001 at the Conference Centre, Level 8, Exchange Plaza, 2 The Esplanade, Perth, Western Australia. A notice of meeting and the Resolute Mining Limited Annual Report will be dispatched to shareholders in late October 2001.


**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  
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