



**RESOLUTE
MINING
LIMITED**

REPORT ON ACTIVITIES

FOR THE QUARTER TO
30 JUNE 2002

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

OVERVIEW

ANNUAL PRODUCTION

- **Total gold production** for the year of **246,463** (2001: 344,237) ounces of gold was achieved at a cash cost of **US\$203** per ounce (US\$182).
- Golden Pride achieved annual gold production of 148,702 ounces (2001: 216,567) at a cash cost of US\$198 per ounce (2001: US\$164/oz).
- Annual gold production at Obotan was 97,761 (2001: 127,670) ounces of gold at a cash cost of US\$209 per ounce (US\$211/oz).

QUARTERLY PRODUCTION

- **Gold production for the quarter of 65,227** (63,803) ounces of gold was achieved at a cash cost of **US\$215** per ounce (US\$200).
- Golden Pride achieved gold production of 38,675 ounces (38,033) at a cash cost of US\$215 per ounce (US\$199/oz).
- Gold production at Obotan generated 26,551 (25,770) ounces of gold at a cash cost of US\$215 per ounce (US\$203/oz).

EXPLORATION

- Activity commences on **Spinifex-Nyakafuru JV** identified high priority targets in Tanzania.
- Large gold **anomaly identified at Akoase** along strike from Newmont's Akim project in Ghana.

DEVELOPMENT

- **Golden Pride Treatment Plant Upgrade**
 - continues to track budgeted costs and schedule.

CORPORATE

- **A Return of Capital of A\$15.4m** (10 cents per share) and bonus option issue of 1 option for every 3 Resolute shares completed.
- **Group cash and bullion** at the end of the quarter was **A\$15m** (A\$28m).
- **Finance facility secured** with Standard Bank London Limited for the Golden Pride Upgrade Project for **US\$11 million**.
- **Gross cashflow** from operations for the quarter of **A\$12m** (A\$12m) bringing the total for the year to \$A40m.
- **Strategic alliance** initiated with **Red Back Mining NL**. 4.5% interest obtained through participation in capital raisings for the Chirano Project in **Ghana**.
- **Purchase of 11% of Gallery Gold Limited** which recently completed a pre-feasibility study for gold deposits in **Botswana**.
- **Preston Resources** Deed of Release Executed.

PR SULLIVAN
Chief Executive Officer
29 July 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	*Total Cost A\$/oz	Equity Production (oz/gold)
Obotan									
Jun Qtr	433,423	453,910	1.88	96.4	94.9	26,551	390	573	23,897
Mar Qtr	525,889	467,053	1.81	95.4	94.6	25,770	393	522	23,193
Golden Pride									
Jun Qtr	488,413	519,761	2.50	92.9	94.7	38,675	388	467	38,675
Mar Qtr	468,753	480,241	2.64	93.0	95.7	38,033	385	467	38,033
Total									
Jun Qtr	921,836	973,671	2.21	94.5	94.8	65,227	389	510	62,572
Mar Qtr	994,642	947,294	2.23	94.2	95.1	63,803	388	489	61,226

* Total Cost includes cash costs, depreciation and amortisation, royalties and in-country operational support costs.

PRODUCTION

Golden Pride, Tanzania (Resolute – 100%)

Golden Pride produced 38,675 (38,033) ounces of gold from 519,761 (480,241) tonnes of ore at a head grade of 2.50g/t (2.64g/t) at a cash cost of US\$215/oz (US\$199/oz) for the quarter.

Improved mill throughput performance was offset by lower head grade during the quarter. This was due to the continued lower grade scheduled position mined in the pit during the quarter, combined with revised ore blending requirements (larger oxide component) to optimise mill throughput. Longer term throughput issues will be rectified by the installation of a ball mill as part of the treatment plant upgrade (refer to Development section).

Earthmoving quantities increased during the quarter in line with the commencement of the cutback and a revised Life of Mine schedule. As a result of the Golden Pride resource upgrade announced in October 2001, a new pit design has been finalised to encapsulate the additional ounces of gold defined. The pit design takes into account the recommendations of an external geotechnical consultant to flatten the slope angles of the pit walls by an additional three degrees in the oxide profile of the pit. This has the effect of marginally increasing both the stripping ratio and future cash costs.

Obotan, Ghana (Resolute – 90%)

Obotan produced 26,551 (25,770) ounces of gold from 453,910 (467,053) tonnes of ore at a head grade of 1.88g/t (1.81 g/t) at a cash cost of US\$215/oz (US\$203/oz) for the quarter.

Gold production was consistent with the previous quarter despite the treatment of a greater proportion of more competent transitional/fresh Abore ore. Actual grades from grade control are lower than the model predicted grades by approximately 0.2-0.3 g/t.

The progressive reduction to the mining schedule has been accelerated due to the ability to mine more quickly in previous quarters, resulting in large stockpiles of ore. The advanced mining rate was initiated to negate potential mining problems associated with the wet season.

Mining and milling of the remaining Abore ore is expected to be completed towards the end of the December 2002 quarter. The Obotan Gold Project will subsequently be placed on care and maintenance.

Total Costs for Obotan are higher this quarter due to increased acquisition/royalty payments in respect of the Abore deposit due to the higher spot price of gold, year end write-offs associated with slow moving and obsolete stores inventory occasioned by the short mine life.



DEVELOPMENT

Golden Pride, Tanzania

Treatment Plant Upgrade

Despite unseasonably heavy rains, which slowed progress initially, the project remains on schedule for completion in late September.

All major items of equipment have been purchased and are being consolidated for shipment as they become available.

The mill shell, ends and motor arrived on site in late June and will be placed into position in early July.

A second hand 8MW power station has been purchased and the gensets have been refurbished and load tested. The award of the power station installation works will be made in July.

The contractor for structural steel and mechanical equipment installation, as well as piping supply and installation, mobilised to site in mid June.

The tails dam design has been completed and final designs submitted for approval.

The project works are progressing in accordance with the schedule with practical completion on track for late September 2002. Costs continue to track the US\$10.6m budget, with US\$4.2m of expenditure incurred to 30 June 2002.

EXPLORATION

Tanzania

Spinifex - Nyakafuru JV (Resolute earning up to 66%)

The Nyakafuru JV encompasses the Nyakafuru and Kanegele Licences.

A structural review of the project area and assessment of controls on gold mineralisation was completed by SRK during the quarter. The final report is awaited.

Preliminary recommendations from their report together with a re-evaluation of the Spinifex (Nyakafuru) and Pangea (Kanegele) data from earlier exploration programmes have been used to prioritise a number of targets.

Follow up work on several of the high priority targets was commenced. Work to be conducted will include:

- Five orientated diamond core holes on selected traverses within the Nyakafuru deposit where previous drilling intersected the following significant results.

Section *	Hole No.	DIP/AZM (°)	Interval (m)	Width (m)	Grade (g/t gold)
9740E	NPRC 135	-60/090	50-79	29	8.76
9800E	NPRC 125	-60/090	78-92	14	5.18
9860E	NPRC 071	-60/090	75-89	14	3.54
9920E	NPRC 068	-60/090	67-80	13	4.65
	NPRC 128	-60/090	126-132	6	6.75
9940E	NPRC 094	-60/090	142-149	7	4.54
		incl.	91-108	17	8.05
	NPRC 067	-60/090	98-102	4	26.58
		incl.	45-66	21	11.65
			60-65	5	34.00

*Local grid

- An Induced Polarisation survey to extend the coverage at Nyakafuru and Kanegele. Previous surveys aided in the definition of favourable structures and alteration closely associated with gold mineralisation.
- Several traverses of Reverse Circulation ("RC") drill holes at Kanegele to follow-up previous RC drilling. This drilling was undertaken by Pangea in 1998 and included RC drill hole results of 18m @ 1.52g/t (KRC0064), 21m @ 3.51g/t (KRC 0065) and 8m @ 2.56 g/t (KRC 0066). Both KRC 0065 and 0066 were stopped in mineralisation.
- A detailed low level aeromagnetic survey of the JV tenure including the adjacent Sub-Sahara JV tenure.

Ghana

Akoase (Resolute – 90%)

The Akoase tenement is located in the Nkwakaw region, Ghana, approximately 20km along strike from Newmont's Akim project.

A large +50ppm gold anomaly near the contact of Birimian volcanics and Tarkwaian sediments has been identified.

The anomaly has a strike length of more than 5 km and width of up to 300m. It is in a similar



CORPORATE

structural/stratigraphic position as the Akim mineralisation. Trenching of a number of anomalous gold zones is in progress.

Weststar (Resolute – option to acquire)

This concession is located 20km NE of Nkroful in south west Ghana. The concession straddles the thrust contact between the upper and lower Birimian volcanics and volcanoclastics. A series of soil geochemical anomalies >80ppb gold occur close to the thrust contact through the 15km long concession.

Infill geochemistry and ground magnetic surveys are in progress.

Konongo (Resolute – 81%)

Late last year a detailed review of the project concluded that future potential required the evaluation of the extensions of mineralisation at depth below the old workings.

This program would require extensive deep diamond drilling, dewatering of the old workings and extensive metallurgical testwork to evaluate the appropriate flow sheet to process the refractory ore.

Given the high cost of this option and the continuing high holding costs the Board decided to return the project to the Ghanaian Government.

Relinquishment approvals and documentation were received on 15th May 2002.

Australia

Bullabulling (Resolute – 100%)

During the Quarter an agreement was concluded with Jervois Mining NL on mining leases M15/282, 483, 503, 529 and 554, GML 15/7075 and various miscellaneous licences at Bullabulling.

The Agreement, which is subject to transfer of title and replacement of Environmental Performance Bonds, allows for transfer of title to Jervois. In return Jervois will replace certain of Resolute's Environmental Performance Bonds and take on the rehabilitation liabilities for the tenements.

This agreement sees Resolute reduce its environmental liability at Bullabulling by \$270,000 initially and by more than \$600,000 in the near term. Resolute will retain title to M15/552.

Cash and Debt

The Resolute group continues to be debt free and as at 30 June 2002 had approximately A\$6m in cash (31 March 2002 : A\$20m) and A\$9m in bullion (31 March 2002 : A\$8m). Included in the cash balance is an amount of A\$3m (31 March 2002: A\$5m) which is subject to certain restrictions pursuant to the group's performance bond credit facility agreements.

The principal movements in the cash balance during the quarter are attributable to: - gross cashflow from operations of A\$12m, net positive working capital movements of A\$2.5m, a A\$15m Return of Capital to Shareholders, a A\$1.5m net loss attributable to foreign exchange movements, exploration / development expenditure of A\$5.4m, Investments in Red Back Mining NL, Gallery Gold Limited and Spinifex Gold Limited of A\$5.3m.

The average accounting revenue price achieved during the quarter ended 30 June 2002 was A\$568/oz of gold poured (March – A\$578/oz). The average cash selling price/oz for the quarter was A\$582/oz.

Pursuant to the terms and conditions of the 1999 agreement with Ashanti Goldfields Company Limited ("Ashanti") to acquire their 50% interest in the Golden Pride project, Resolute is obliged to pay a deferred purchase consideration of US\$1.1m to Ashanti in July 2002 as a result of the average gold spot price exceeding US\$295/oz for the June 2002 quarter. This expense has been partially offset by the higher US\$ spot prices received by Resolute on spot gold sales during the quarter. For the next 2 quarters, Resolute may be liable to pay Ashanti US\$1.1m at the completion of each of these quarters if the spot gold price averages > than US\$295 for that quarter.

Group Hedging Profile at 30 June 2002

Gold Hedging	Forward Sales		Put Options Bought	
	Ounces	\$	Ounces	\$
AUD's				
Y/E 30/6/03	12,000	473	-	-
	12,000	473	-	-
USD's				
Y/E 30/6/03	164,565	300	25,000	300
Y/E 30/6/04	115,706	304	5,000	300
Y/E 30/6/05	21,281	304	-	-
	301,552	302	30,000	300
Total	313,552		30,000	



Call Options	Call Options Sold	
	Ounces	\$
<u>AUD's</u>		
Y/E 30/6/03	50,000	570
	50,000	570
<u>USD's</u>		
Y/E 30/6/03	45,886	320
	45,886	320
	95,886	

Currency Hedging	US\$/A\$ Forwards	
	US\$	Average FX rate
Y/E 30/6/03	8,741,497	0.5570
	8,741,497	0.5570

Using the 30 June 2002 USD spot gold price of US\$314.00/oz and the USD/AUD foreign exchange rate of 0.5628, the mark to market of the Resolute hedge book at period end was a negative amount of approximately A\$10.3m.

Return of Capital

On 30 May 2002 shareholders approved a Return of Capital of 10 cents per share or \$15.4 million and this was completed on 13th June 2002.

In addition, the directors issued to shareholders one (1) bonus option for every three (3) Resolute shares held resulting in the listing of 51,269,059 options under the ASX code RSGO.

The bonus option issue puts in place a mechanism for a future capital raising with each option having the right to subscribe for one Resolute share for 80 cents at any time up to 11 June 2005.

Finance Facility Secured with Standard Bank Limited

During the quarter all requirements for the new finance facility with Standard Bank London to be used to fund the US\$10.6 million Golden Pride Upgrade Project were satisfied. The Facility Agreement and associated agreements were executed on 19th July 2002 with initial drawdown on 23rd July 2002.

The US\$11 million facility is a revolving line of credit with an expiration date of 30 June 2006.

Placement in Red Back Mining NL

Resolute announced on 16 April 2002 that they had agreed to participate in a capital raising by Red Back to fund a Bankable Feasibility Study on the Chirano Gold Project in Ghana.

Resolute subscribed for 4 million Red Back shares at 25 cents each by way of a placement. In addition, pursuant to a jointly underwritten 2 for 9 rights issue at 20 cents per share, with Macquarie Bank Limited and African Lion Limited, a further 1,181,827 shares were issued bringing Resolute's holding in Red Back to 4.52%.

Resolute has granted Red Back a first right of refusal on the Obotan treatment plant until 31 December 2002 and the use of the Obotan treatment plant is to be included in the Bankable Feasibility Study.

The board views this as a first step in establishing a closer strategic relationship between the two companies.

Substantial Shareholding in Gallery Gold Limited

Resolute announced on 19 April 2002 that it had purchased an 11.4% shareholding in Gallery Gold Limited.

Gallery Gold has been conducting a major exploration program in Botswana since 1996. It recently completed a pre-feasibility study on its Mupane 1, Mupane 2 and Signal Hill gold deposits which indicated that a total recoverable resource of 527,000 ounces can be economically extracted from them. The company is currently continuing with its aggressive exploration program to define additional gold resources near the proposed Mupane plant site.

Botswana is located in southern Africa immediately north of South Africa. It became an independent republic in 1966 and has had a stable democracy and economy ever since. Botswana's gross domestic product is one of the highest per capita in Africa.

Preston Resources Deed of Release Executed

Resolute announced on 20 June 2002 that it had executed a Deed of Release with Preston Resources Limited and various of its subsidiaries. The execution of this Deed is a significant step in finalising and separating the links between the two companies.



In summary, the Deed will release Resolute from all warranties, representations and material obligations and liabilities related to the Bulong Sale Agreement in return for:

- A release by Resolute of all debts and liabilities owing to it by Preston
- Cancellation of Resolute's existing shareholding in Preston
- A release by Resolute of Preston's obligations to issue further shares to Resolute

All the conditions to the operation of the Deed of Release must be satisfied or waived on or before 30 September 2002. Significant pre-conditions, being the approval of the Preston Scheme of Arrangement by the Bulong Bondholders and the Preston Shareholders, were met in early July 2002.

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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>	Shareholder Enquiries Enquiries concerning shareholdings should be addressed to Security Transfer Registrars Pty Ltd PO Box 535, Applecross, WA 6953 Australia Tel: 61 8 9315 0933 Fax: 61 8 9315 2233 Email : registrar@securitytransfer.com.au
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