



# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
30 JUNE 2003

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

## OVERVIEW

### OPERATIONS

#### Annual Production

- **Total production for the year of 200,146** (2002: 246,463) ounces of gold was achieved at a cash cost of **US\$213** per ounce (US\$203).
- **Golden Pride** achieved annual gold production of 150,997 ounces (2002: 148,702) at a cash cost of US\$226 per ounce (US\$198/oz).
- **Gold production for the year at Obotan of 49,149** (2002: 97,761) ounces of gold was achieved at a cash cost of **US\$172** per ounce (US\$209). Obotan was de-commissioned in December 2002.

#### Quarterly Production

- **Gold production for the quarter of 45,007** (34,012) ounces of gold was achieved at a cash cost of **US\$195** per ounce (US\$257).

### DEVELOPMENT

- **Pre-feasibility Study** on Syama commenced. Metallurgical test work conducted and flow sheet options developed. Desk top study and drill program initiated.

### EXPLORATION

#### Tanzania

- **Nyakafuru JV – Kanegele Licence:** Further RC drilling within the Kanegele licence has identified significant zones of economic grade mineralisation including: **23m @ 2.42g/t Au** from 55m (**Cullen Prospect**) and **13m @ 3.79g/t Au** from 53m (**Mentelle Prospect**).

- **Nyakafuru JV – Mkweni Licence:** First pass wide spaced air core traverses outlined two continuous zones of gold mineralisation at **Grange** prospect. Significant results include: **12m @ 2.04g/t Au** from 2m and **6m @ 2.99g/t Au** from 37m.

#### Ghana

- **Akoase Licence:** Trenching continues to provide encouraging results: **40m @ 1.37g/t Au** (including **8m @ 3.41g/t Au**) and **122m @ 0.36g/t Au**.

### CORPORATE

- **Group cash and bullion** at the end of the quarter was **A\$17m** (A\$19m).
- **Gross cash flow** from operations for the quarter of **A\$8m** (A\$5m).
- **Restructure of hedge book** continues with reduction in forward sales position.
- **Settlement of sale of Obotan Plant** to Golden Star Resources in July for US\$4.3 million.
- Resolute added to **S&P/ASX 300 Index**.

PR SULLIVAN  
Chief Executive Officer

25 July 2003

*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)
<b>Golden Pride</b>									
Full year	2,235,611	2,166,964	2.37	91.3	90.3	150,997	387	469	150,997
Jun Qtr	534,813	644,461	2.30	94.5	92.1	45,007	306	368	45,007
Mar Qtr	580,607	516,777	2.27	90.2	93.1	34,012	433	511	34,012
<b>Obotan</b>									
Full year	528,535	724,363	2.18	96.8	96.8	49,149	311	422	44,234
Jun Qtr	-	-	-	-	-	-	-	-	-
Mar Qtr	-	-	-	-	-	-	-	-	-
<b>Total</b>									
Full year	2,764,146	2,891,327	2.33	92.6	92.4	200,146	369	457	195,231
Jun Qtr	534,813	644,461	2.30	94.5	92.1	45,007	306	368	45,007
Mar Qtr	580,607	516,777	2.27	90.2	93.1	34,012	433	511	34,012

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

## OPERATIONS

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

Golden Pride produced 45,007 (34,012) ounces of gold from 644,461 (516,777) tonnes of ore at a head grade of 2.30 (2.27) grams per tonne at a cash cost of US\$195 (US\$257) for the quarter.

Cash cost per ounce is 24% lower than the March quarter due to the efficiencies derived from higher mill throughput rates, strong cost control and the inclusion of a one-off adjustment (~US\$9/oz) for over accrued costs from previous quarters.

Mill trials and in pit geological assessment of the clay rich ore encountered in the eastern end of the pit confirmed that the scale of the problem was limited and that this ore could be easily defined in the pit and stockpiled separately for blended treatment at a later date. A total of 69,765 tonnes of this material was stockpiled separately and is scheduled for treatment progressively over the next three years. At the end of the quarter the quantity of this ore type remaining to be mined was very limited and it will no longer be necessary to separate it from plant feed.

Mill throughput improved considerably as a result of the improved blend characteristics

and some modifications to the CIL tank launders. Design throughput for the mill upgrade of 2.6m tpa was bettered in the last two months of the quarter. Combined with higher head grade and improved recovery gold production was lifted nearly 11,000 ounces or 32% over the March quarter. In line with Life of Mine modelling a lower head grade is expected over the next 12 months and future quarterly gold production is not expected to continue at this level.

Ore production from the pit decreased compared to the March quarter as production focus shifted to the south and north cut backs. The new ramp mined in the north wall to access the central section of the pit was completed early in the quarter and has resulted in improved production flexibility. Once this ramp was completed the focus for waste production moved to the south cut back and included mining over the previous south wall failure. The rate of movement of the south wall decreased markedly and all safety procedures implemented for work in the area were followed diligently. At the end of the quarter 15 metres of the new south cutback had been mined without incident.

Ore tonnage and grade reconciliation against the model continue to be positive in the eastern end of the pit. In the central section reconciliation against the model is improving but continues to be slightly below target.

## Obotan, Ghana (Resolute – 90%)

The Obotan Gold Project was placed on care and maintenance in the March quarter. The rehabilitation program is well advanced with the major part of this work completed during the June 2003 quarter.

A co-existence arrangement with the Ghanaian Defence Forces, whereby they would utilise Resolute's facilities as a base, is progressing and expected to be finalised in the near future. These arrangements would assist in minimising care and maintenance costs.

Settlement for the sale of the Obotan treatment plant has been completed. The plant is scheduled for removal by early in the December 2003 quarter and this will significantly reduce ongoing care and maintenance costs and enable rehabilitation to be substantially completed.

## DEVELOPMENT

### Syama Gold Mine, Mali (Resolute option to acquire 80%)

The Syama Gold Mine is in West Africa and is located approximately 280 km south east of Bamako, the capital of Mali.

The mine has measured and indicated resources of 50.5 million tonnes grading 3.2g/t Au for more than 5 million ounces (as published by Randgold Resources). A breakdown of JORC compliant categories is tabulated below.

Category	Tonnes (Mt)	Grade (g/t)	Ounces (M ozs)
Measured	27.70	3.34	2.97
Indicated	11.10	2.96	1.06
Sub-total	38.80	3.23	4.03
Inferred *	6.90	4.10	0.91
Sub-total	45.70	3.36	4.94
Stockpiles	4.80	1.69	0.26
<b>Grand Total</b>	<b>50.50</b>	<b>3.20</b>	<b>5.20</b>

\* Inferred resources lie below 400m below surface and include a number of significant drill intercepts.

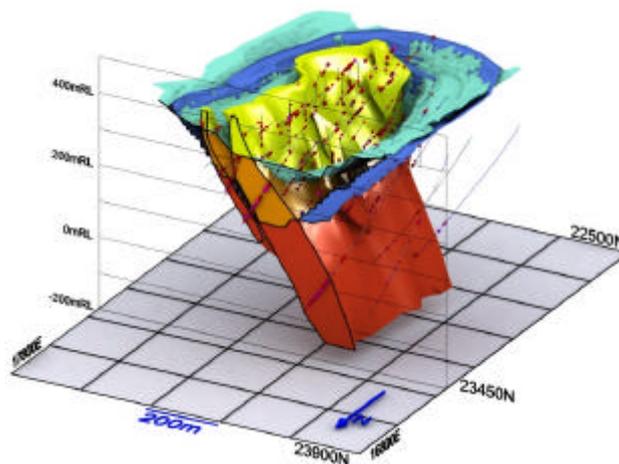
Resolute has commenced a Pre-feasibility Study on mining and treatment of the main

ore zone at Syama. During the quarter a number of samples of the different ore types were collected from the pit and subjected to metallurgical test work at Ammtec in Perth. Results of this test work show a robust treatment process is required to treat all of the ore body.

Minproc has been commissioned to complete a desktop study on flow sheets for roasting of concentrate and pressure oxidising of concentrate. This will provide estimates of capital and operating costs for each option.

A number of simpler metallurgical treatments showed promising results with some particular ore types. A review of the records and previously drilled core is being conducted to help characterize the ore types in relation to the treatment processes.

**Figure 1 Oblique 3D Representation of the Syama Deposit, Mali**



A drilling programme has commenced that targets a panel of mineralisation, 150m in vertical depth below the existing pit design. The aim is to:

- demonstrate continuity of higher-grade zones of mineralisation (+4g/t)
- evaluate the structural and geotechnical characteristics of this area of mineralisation
- provide metallurgical samples for further test work.

The results of the Pre-feasibility work carried out in the September quarter is expected to provide a critical review point for the Syama option.



## EXPLORATION

### Tanzania

#### **Nyakafuru JV (Resolute earning up to 66%)**

##### **i) Nyakafuru Licence (Spinifex Gold Limited - Nyakafuru JV)**

Induced Polarity (“IP”) data was gathered and processed for the Nyakafuru licence during April. A number of high priority north and northwest striking resistivity targets have been outlined and following groundtruthing in May an air core drill programme was undertaken.

Eighty-eight air core holes for 2,333m were drilled across three of the targets. Drilling encountered favourable sheared and quartz veined lithologies. Results are pending.

##### **ii) Kanegele Licence (Spinifex Gold Limited - Nyakafuru JV)**

###### a. Leeuwin Prospect

Sixteen air core holes for 800m were drilled on two lines (480m apart) across a low level gold in soil anomaly at the southwest end of the Kanegele licence. Significant results include: **1m @ 2.74g/t Au** from 3m in KGAC004, **4m @ 1.80g/t Au** from 25m in KGAC007 and **1m @ 21.40 g/t Au** from 3m in KGAC014.

An IP survey is planned for this area prior to further air core or reverse circulation (“RC”) drilling.

###### b. Cullen Prospect

Twenty-six RC holes for 2,097m were drilled in order to infill and extend current mineralised zones.

Drilling intercepted a hanging wall sequence of intermediate to felsic clastic sediments, quartz porphyry intrusives and minor BIF, and a footwall sequence of basalt with variable amounts of quartz veining at the basalt contact.

Wide zones of mineralisation were encountered including: **23m @ 2.42g/t Au** from 55m in KGRC047 and **10m @ 2.81 g/t**

**Au** from 27m in KGRC035. Significant intersections included:

Hole_ID	East	North	From	To	Interval	Au (g/t)
KGRC029	2940	9930	5	16	<b>11</b>	<b>2.08</b>
			11	14	3	2.78
KGRC030	2939	9968	48	57	9	0.82
			77	78	1	9.08
KGRC031	2940	10009	30	34	4	2.13
KGRC033	2840	9919	6	11	<b>5</b>	<b>3.15</b>
			22	30	8	1.77
			26	29	<b>3</b>	<b>3.46</b>
KGRC034	2842	9960	23	31	8	1.09
			38	43	<b>5</b>	<b>3.01</b>
KGRC035	2759	9930	27	37	<b>10</b>	<b>2.81</b>
KGRC036	2769	9969	7	14	7	1.35
			32	37	5	1.71
KGRC041	2660	10089	9	10	1	5.84
KGRC043	2580	10069	24	28	<b>4</b>	<b>3.12</b>
KGRC045	2979	9879	8	10	2	3.82
			36	40	4	2.44
KGRC046	2999	9849	6	7	1	11.5
			12	17	5	1.40
			25	32	7	1.47
			43	47	4	2.77
KGRC047	3000	9890	55	78	<b>23</b>	<b>2.42</b>
			55	57	<b>2</b>	<b>9.87</b>
KGRC048	2979	9950	10	12	2	3.41
			33	35	2	2.88
KGRC049	2960	10168	62	67	5	1.57
KGRC050	3039	10109	5	6	<b>1</b>	<b>54.5</b>
KGRC052	3139	10104	55	60	5	1.53
			68	70	2	3.61

###### c. Mentelle Prospect

During the month 17 RC holes for 1,371m were drilled in order to infill and extend current mineralised zones.

Significant intercepts of shallow mineralisation were encountered including: **37m @ 1.28g/t Au** from 20m in KGRC054 and **13m @ 3.79g/t Au** from 53m in KGRC069. Significant intersections included:



Hole_ID	East	North	From	To	Interval	Au (g/t)
KGRC054	4260	10629	20	57	<b>37</b>	<b>1.28</b>
			75	96	21	0.91
KGRC055	4260	10589	19	35	<b>16</b>	<b>2.11</b>
KGRC057	4360	10570	15	44	<b>29</b>	<b>1.02</b>
			54	63	9	1.20
			77	101	<b>24</b>	<b>1.07</b>
KGRC058	4360	10529	17	22	5	1.02
			28	33	5	1.24
			42	54	<b>12</b>	<b>1.26</b>
KGRC060	4459	10529	12	13	1	6.03
			19	22	3	2.22
KGRC062	4539	10500	15	16	1	5.75
KGRC068	4576	10488	32	34	2	5.10
KGRC069	4499	10539	20	21	1	4.97
			40	43	3	3.22
			53	66	<b>13</b>	<b>3.79</b>
KGRC070	4498	10376	53	57	<b>4</b>	<b>11.1</b>
			25	31	6	1.87
			67	75	8	1.53
			82	91	<b>9</b>	<b>2.16</b>

### iii) Mkweni Licence (Sub-Sahara Resources NL - Nyakafuru JV)

#### a. Grange Prospect

Results from the sixty seven hole air core program across the Grange gold in soil anomaly near the NE corner of the Mkweni tenement outlined two steeply NNW dipping mineralized zones trending at 075 degrees and striking over 400m. Significant results include:

Hole_ID	East	North	From	To	Interval	Au (g/t)
MKAC013	415270	9590231	27	30	3	1.83
			41	48	<b>7</b>	<b>1.89</b>
MKAC014	415277	9590204	1	8	<b>7</b>	<b>1.71</b>
MKAC020	415134	9590368	22	31	9	0.83
MKAC023	415126	9590301	26	31	5	1.03
MKAC031	415126	9590167	2	14	<b>12</b>	<b>2.04</b>
			8	13	<b>5</b>	<b>3.64</b>
MKAC036	414960	9590322	37	43	<b>6</b>	<b>2.99</b>

\* NB. Drill traverses 160m intervals

Further air core drilling is planned to test the strike extensions of these zones that remain open to the southwest.

#### b. Katente

An agreement was signed with Capri General Trading Company Limited over the Katente licence that covers a 95 sq km area west and adjoining the Nyakafuru PL. Soil/rock chip sampling is planned over two target areas in the September quarter.

### Golden Pride (Resolute - 100%)

#### i) Eastern Footwall Zone

Resource modelling and first pass optimisation of the Eastern Footwall Zone ("EFZ") mineralization has been completed. Design work is in progress to determine the EFZ mineable reserve.

Historical exploration along strike of the EFZ has delineated two anomalous Rotary Air Blast ("RAB") gold trends over a strike of 1,000m each with an en echelon pattern similar to that of the interpreted outline of the EFZ. Although they were not originally considered worthy of RC follow-up, the success of the EFZ RC drilling, which was initiated following a RAB intercept of 37m @ 0.3g/t Au in GRB1749, highlights the need to further test this area.

In addition, a recent structural geological analysis at Golden Pride has concluded that the EFZ mineralisation is related to a splay feature off the main Golden Pride Shear. This is significant not only for the immediate mine area but enhances the prospectivity of the ground on-strike within Resolute's 100% owned Mwashimba Prospecting Licence. Previous exploration by Ashanti Goldfields Corporation within this licence had delineated a significant RAB anomaly, which will be further tested by Resolute in the coming months.

#### ii) Matinje

Work commenced on the recently approved Matinge prospecting licence, 30km east of Golden Pride, and initially concentrated on the southern portion that had previously seen little systematic exploration.

A 400m x 400m centred soil programme was carried out following regolith and outcrop



mapping. A northwest striking gold in soil anomaly dimensions 3,000m x 800m and contourable at 20ppb Au, against a background of 1ppb Au was delineated adjacent to a regional granite-greenstone contact.

Infill soil/rock chip sampling is planned prior to RAB drilling in the September quarter.

## **Ghana**

### **i) Akoase**

Infill trenches at Akoase have continued to encounter wide zones of anomalous mineralisation coincident with a broadly altered volcano-sedimentary rock sequence (greywacke) close to a contact between the Lower and Upper Birimian formations.

As at June 30, a total of 27 trenches for 6,612m have been dug over the 3,200m strike of the anomalous gold in soils responses that are coincident with topographic highs and magnetic anomalies.

The most significant recent trench results for the June quarter were: 40m @ 1.37g/t Au (including 8m @ 3.41g/t Au) in AKTR 22, and 122m @ 0.36g/t Au in AKTR 23.

Drill pads are being prepared for a drilling programme that will commence in July.

### **ii) Blue River Mining**

An agreement was signed between Resolute and local company Blue River Mining to carry out hard rock gold exploration on a property that covers a 37.75sq km area between the company's Weststar project and the Salman licence currently being explored by Adamus Resources Limited.

Exploration work is expected to commence in the last quarter of 2003 and will run concurrently with the Phase Two program for the Weststar project.

## **Burkina Faso**

### **Belahouro**

A ground electro-magnetic survey conducted over selected prospects at the margins of

Belahouro-Sona sedimentary basin has outlined a number of conductive anomalies similar in expression and response to that observed over the Inata deposit.

Integration with recent detailed geological mapping, ground magnetics, and gold/arsenic soil geochemistry has aided in the ranking of anomalies in the Belahouro area.

The Belahouro EL contains the highest density of artisanal workings in Burkina Faso, which include workings around the edge (in excess of 30 strike kms) of a fault bounded Basin of Birimian rocks.

A drilling program is planned later in the year to test these targets.

## **CORPORATE**

### **Cash and Debt**

As at 30 June 2003, the Resolute Group had A\$13.5m in cash (March 2003: A\$13m) and A\$3.5m in bullion (A\$6m). Included in the cash balance is an amount of approximately A\$3m (A\$3m), which is subject to certain restrictions pursuant to the group's performance bond credit facility agreements. In addition to the cash and bullion balances, as at 30 June 2003, Resolute had liquid investments with a market value of A\$13.1m, an A\$8.2m (or US\$5.5m) convertible note in Northern Mining Explorations and the Obotan plant proceeds receivable of A\$6.4m (US\$4.3m) from Golden Star.

At 30 June 2003, Resolute's debt of US\$14.9m (A\$22.2m) comprises US\$9.4m owing on the Golden Pride debt facility and US\$5.5m owing on the facility to fund the acquisition of a US\$5.5m Northern Mining Explorations Limited Convertible Note. The Convertible Note is fully secured over Northern Mining's assets, including its interest in the Tulawaka Project in Tanzania.

The principal movements in the cash balance during the quarter are attributable to: gross cash flow from operations of A\$8m, exploration and development expenditure (including the Golden Pride plant upgrade expenditure) of A\$2.5m, royalty expense,



rehabilitation, decommissioning, overhead and operational support costs of A\$2.5m, and working capital movements of A\$3m. The strong rally in the Australian dollar against the United States dollar had a A\$1.5m negative impact on the translation (for reporting purposes) of the Company's USD cash and bullion balances into the AUD equivalent at period end. In addition, as outlined above, US\$5.5m was received in April from RMB Resources pursuant to a new debt facility and these funds were immediately used to purchase a US\$5.5m Convertible Note in Northern Mining Explorations Limited.

The average cash price received per ounce of gold sold during the quarter was A\$523 (A\$570/oz). The average price was lower than the previous quarter due to the strengthening of the Australian dollar against the United States dollar and due to a majority of the quarter's gold production being delivered into forward sales contracts.

The average accounting revenue price achieved during the quarter ended 30 June 2003 was A\$547/oz of gold poured (A\$592/oz). The average accounting revenue price achieved during the year ended 30 June 2003 was A\$566/oz of gold poured. The average accounting revenue prices reported above include the call option premium received and the put option premiums paid relating to options that expired during the period, less the cost of closing out forward sales contracts.

It should be noted that the accounting revenue recognition of premium received on the sale of call options is deferred until the expiry of the call option. Similarly, the expense recognition of the cost of purchasing put options is deferred until the period in which the put option expires.

### Group Hedging Profile at 30 June 2003

Gold Hedging	Forward Sales		Put Options Bought	
	Ounces	US\$	Ounces	US\$
Y/E 30/6/04	115,945	304	98,440	334
Y/E 30/6/05	61,281	306	24,000	346
Y/E 30/6/06	40,000	311	-	-
Total	217,226	306	122,440	336

Call Options	Call Options Sold	
	Ounces	\$
AUD's		
Y/E 30/6/04	25,000	665
	25,000	665
USD's		
Y/E 30/6/04	105,000	362
	105,000	362
Total	130,000	

Using the 30 June 2003 USD spot gold price of US\$345.90/oz and the USD/AUD foreign exchange rate of 0.6713, the mark to market of the Resolute hedge book at period end was a negative amount of approximately A\$10.6m.

### Bulong Acid Supply Contract

During the quarter, Bulong Operations Pty Ltd and Bulong Nickel Pty Ltd ("Bulong Companies"), owners of the Bulong Nickel Project, were placed into voluntary administration and subsequently a Receiver was appointed to the Companies.

Resolute Mining subsidiary Resolute Limited is a guarantor of the obligations of the Bulong Companies under the Acid Supply Contract between the Bulong Companies and WMC Resources arising from Resolute's prior ownership of the Bulong Companies. Following the sale of the Bulong Companies to Preston Resources Limited in 1998, WMC Resources refused to accept a substitute guarantee from Preston Resources for Resolute's guarantee. Resolute has commenced and is maintaining an action against WMC Resources in the Supreme Court of WA claiming the refusal to accept the substitute was unreasonable. The matter has, however, not been advanced as currently WMC Resources is not claiming any money from Resolute under the guarantee.

The Bulong Acid Supply Contract terminates on 30 September 2003. The Receiver has indicated that he intends to continue to operate the Bulong Nickel Project while he seeks a buyer and that he has provided an assurance to WMC Resources that subject to any unforeseen events, he will honour the Bulong Companies' obligations pursuant to the Acid Supply Contract through to the end of the contract. On this basis, Resolute's only



remaining contingent exposure to the Acid Supply Contract is for an amount of A\$1.6m, which equates to the balance owing by the Bulong Companies to WMC (relating to acid supplied) at the date of the receivers appointment.

Apart from the Acid Supply Contract, Resolute has no other exposures to the Bulong Nickel Project or the Bulong Companies.

### Sale of Obotan Plant

In April, Resolute Mining Limited announced the terms and conditions of the sale to Golden Star of its Obotan Plant for consideration of US\$4.3 million. This transaction was settled on 11 July 2003. Resolute retains the mining lease and the rehabilitation obligations following removal of the plant from the site. The profit on the sale

of Obotan plant will be recognised in July 2003, which is the period in which control and title passed to Golden Star.

The sale to Golden Star of Resolute's 4.5% shareholding in Red Back Mining NL for US\$1.24 million, subject to approval by Red Back Mining, has been extended to 1<sup>st</sup> August 2003.

### Resolute Added to S&P/ASX 300 Index

In April, Resolute was added to the S&P/ASX 300 Index, which rates Resolute as a top 300 Australian listed company. This should increase the Company's exposure to Australian and international institutional investors.

## **CORPORATE DIRECTORY**

### **Senior Management**

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

### **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 535, Applecross, WA 6953  
Australia  
Tel: 61 8 9315 0933  
Fax: 61 8 9315 2233  
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