



**RESOLUTE  
MINING  
LIMITED**

# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
30 SEPTEMBER 2003

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

## OVERVIEW

### OPERATIONS

- **Gold production at Golden Pride for the quarter was 43,858 (45,007) ounces of gold** achieved at a cash cost of **US\$218** per ounce (US\$195).
- **Mobilisation** of the workforce to remove the **Obotan plant** with completion of these activities expected during the next quarter.

### DEVELOPMENT

#### Syama

- Minproc scoping study indicates concentrate roasting a preferred option.
- Confirmatory engineering and metallurgical studies initiated for concentrate roasting.
- Drilling beneath the north end of the existing pit design has returned **34m @ 3.88g/t Au** from 259m and **29m @ 8.44g/t Au** from 240m.

### EXPLORATION

#### Tanzania

- **Golden Pride Mine**  
Mineralised mine sequence encountered in deep drilling intersects **5m @ 6.6g/t Au** down hole from 453m.
- **Nyakafuru JV**  
Air core hole, drilled to test an additional IP anomaly, returned **4m @ 11.59g/t Au** from surface.
- **Further encouraging results from Cullen prospect**, Kanengele Licence - including **3m @ 18.59g/t Au** from 5m and **25m @ 2.28g/t Au** from 55m including **9m @ 3.88g/t Au** from 55m.

#### Ghana

- **Akoase, Ghana**  
Initial drilling returns low grade intervals in excess of 10m; best result was **12m @ 2.3g/t Au** from 18m.

### CORPORATE

- **Group cash and bullion** at the end of the quarter was **A\$26m** (A\$17m).
- **Gross cash flow** from operations for the quarter of **A\$9m** (A\$8m).
- **Restructure of hedge book** continues with reduction in forward sales position.
- **Offer** to acquire Resolute's AGR shareholding received.
- **Settlement of sale of Obotan Plant** to Golden Star Resources in July for US\$4.3 million.
- Red Back Mining NL investment **liquidated**.
- **Sale** of Australian exploration interests for strategic holding in Bullion Minerals Limited.
- Challenger **royalty** likelihood improves significantly.
- **Bulong Acid Supply** guarantee **terminated**

PR SULLIVAN  
Chief Executive Officer

27 October 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.*



## 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
<b>Golden Pride</b>								
Sep Qtr	653,779	674,365	2.14	94.5	94.5	43,858	330	395
Jun Qtr	534,813	644,461	2.30	94.5	92.1	45,007	306	368

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

## OPERATIONS

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

The Project achieved a 12-month moving average Lost Time Frequency Rate of 1.0 per million man-hours at the end of the quarter equalling the site record of 193 days lost time injury free in the process.

Golden Pride produced 43,858 (45,007) ounces of gold from 674,365 (644,461) tonnes of ore at a head grade of 2.14g/t (2.30g/t) at a cash cost of US\$218 (US\$195) for the quarter.

During the quarter the project commenced completion testing required under the Golden Pride debt facility that funded the treatment plant upgrade commissioned late last year. The 3-month completion test will be completed at the end of October and at that point, the loan will become non-recourse to the parent entity of the Resolute Group. At the end of the quarter the project had comfortably exceeded all performance criteria requirements.

Processing plant performance improved significantly with ore tonnes treated increasing by 5% through a combination of higher throughput and higher availability.

The plant is performing well and throughput will be raised in increments through the December quarter to test the throughput – recovery relationship. This information will enable further work to be conducted on the benefits of de-bottlenecking the leach circuit.

During September a failure of the main bearings in the jaw crusher occurred causing

damage to the main shaft. Despite the failure, through a combination of stockpiled crushed ore and selected fine feed from the pit and uncrushed stockpiles, treatment continued throughout the 5-day repair process with minimal disruption to milling targets.

Ore production from the pit proceeded as per budget although additional, unbudgeted ore was mined from the western end of the pit where mining was suspended last year due to wall stability concerns. The southern wall in this area has been very stable for the past three quarters despite active mining and blasting in the south cut back. Mining of this area has increased ore production at an increased grade for a very minor shortfall of waste production. Indications are positive that a further six metre bench of ore from this western end pit base can be mined prior to the wet season starting. The additional higher grade ore will displace lower grade ore scheduled to be reclaimed from stockpiles in the December quarter, and will increase plant head grade to above budget levels.

The ore will be primary ore, enabling plant test work that is to be done on the throughput-recovery relationship, to include primary ore.

### Obotan, Ghana (Resolute – 90%)

Settlement of the sale of the Obotan treatment plant has been completed. Mobilisation of the workforce to remove the plant is underway with completion of these activities expected during the next quarter. Planning is well advanced for the plant site rehabilitation program that will commence soon thereafter.



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

## DEVELOPMENT

### Syama Gold mine, Mali (Resolute option to acquire 80% from Randgold Resources)

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

#### Project Review

Minproc completed a desktop review of capital and operating costs for Concentrate Roasting and Pressure Oxidation (POX). The concentrate roasting option has lower operating costs because of the large power and oxygen requirements for POX. Capital expenditure for the roasting option is also lower because much of the infrastructure is in place for this option and relatively modest capital is required for roaster modifications and additional plant.

These results were encouraging and further pre-feasibility work was committed to during the quarter, principally drilling and metallurgical testing. The aim is to complete pre-feasibility work in the December 2003 quarter.

#### Metallurgical Test work

Following the recommendation from the Minproc review, metallurgical test work in relation to concentrate roasting commenced.

AMMTEC is to undertake a series of concentrate roasts to establish the roasting conditions and gold recoveries using this process route.

Syama float concentrate taken from site stockpiles has been utilised in the first instance, to demonstrate the potential to utilise concentrate roasting as the process option. Further roasting test work will be

required on composite samples from the current core-drilling programme to demonstrate the viability of this process across the ore body.

In addition, an alternative treatment using bacterial oxidation is being considered. A sample of more than 70kg of Syama float concentrate was sent to Lakefield to prepare for column tests to evaluate the Geocoat biological oxidation process. The bacterial cultures for inoculating the test column are being prepared and the column test work will take 75 to 90 days to complete.

#### Drilling

A drill programme to test below the current life of mine pit design was advanced during the quarter. Twelve holes have been completed of which three were abandoned (SYD134, 136 and 143) at less than 20m depth due to equipment problems encountered when drilling the holes. A total of 3,007m of drilling was completed during the quarter (1,316m RC and 1,090m core).

Three RC holes SYRC140 – 142 were drilled to test the footwall zone at approximately 40m below surface. **Table 1** shows the drilling statistics for the period July to end of September 2003 with all co-ordinates given in local Syama mine grid. The remaining six holes are scheduled to be completed by the end of October.

**Table 1**

Drill hole	North (m)	East (m)	Elevation (m)	Collar Azimuth	Collar Dip	Final depth (m)
SYD133	23450	17123	307	90	-80	399
SYD134	23450	17233	311	90	-80	15
SYD135	23450	17238	311	80	-80	309
SYD136	23485	17167	337.5	78	-70	6
SYD137	23485	17172	337	77	-70	380
SYD138	23350	16987	395	79	-70	500
SYD139	23400	16984	395	80	-68	509
SYRC140	23600	17468	375	90	-60	60
SYRC141	23575	17463	375	90	-70	75
SYRC142	23525	17423	375	90	-70	155
SYD143	23602	17229	375	79	-70	6
SYD144	23602	17227	375	79	-70	354
SYD145	23575	17200	375	79	-75	238
<b>Total</b>						<b>3,007</b>

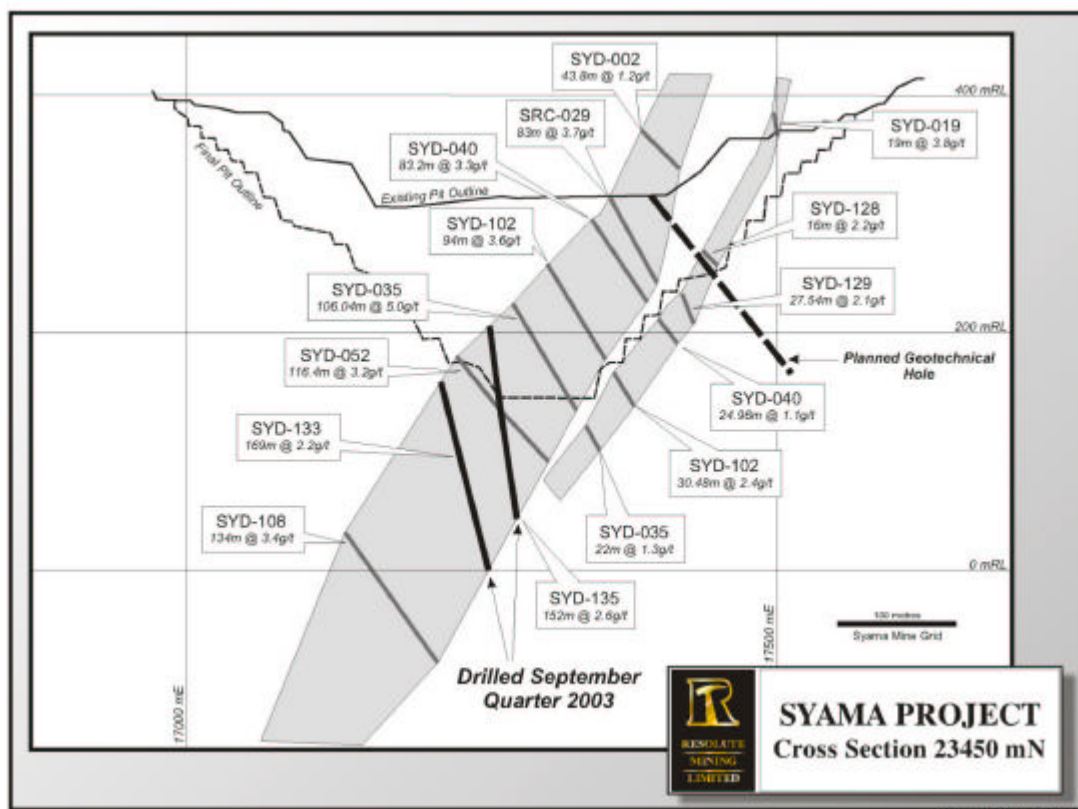


Figure 1

Assay turnaround has been slow and full assays for only SYD 133 to 137 and SYRC 140 -142 are available.

Best intersections received to date include **34m @ 3.88g/t Au** in SYD133 (259 to 293m) and **29m @ 8.44g/t Au** in SYD135 (240 to 269m). Visible gold was observed in half core between 272–273m in SYD-133. This interval assayed 13.5g/t Au.

The results confirm the mineralised envelope projected below the pit with holes SYD133 and SYD135 shown on cross section 23450 in **Figure 1** above.

**Table 2** summarises significant assay intersections received during the period.

Hole No	North	East	From	To	Width (m)	Au (g/t)
SYD-133	23450	17123	259	293	<b>34</b>	<b>3.88</b>
			293	315	<b>22</b>	<b>2.36</b>
"			321	328	7	2.56
"			329	330	3	3.28
"			333	335	2	1.67
SYD-134	23450	17233	6	8	2	2.88

Hole No	North	East	From	To	Width (m)	Au (g/t)
SYD-135	23450	17238	117	120	3	2.48
"			126	137	11	2.74
"			154	155	1	8.60
"			184	191	7	1.02
"			206	216	<b>10</b>	<b>5.00</b>
"			218	220	2	2.14
"			225	231	6	3.12
"			234	238	4	1.46
"			240	269	<b>29</b>	<b>8.44</b>
"			275	283	8	1.85
"			291	295	4	1.83
SYD-137	23485	17172	35	37	2	1.92
"			39	41	2	1.43
"			54	55	1	4.60
"			90	98	8	1.56
"			109	111	2	2.98
"			120	124	4	1.01
"			258	264	6	1.39
"			312	314	2	1.21
"			316	320	4	1.15
"			322	325	3	2.90
"			329	331	2	4.94
"			334	342	8	1.39
SYRC-140	23600	17468	8	32	24	2.20
SYRC-141	23575	17463	28	37	<b>9</b>	<b>3.00</b>
"			48	61	<b>13</b>	<b>6.40</b>
SYRC-142	23525	17423	5	17	12	1.90
"			27	46	19	2.70



## EXPLORATION

### Tanzania

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

Exploration on the various licences that comprise the Nyakafuru JV included:

- Additional IP (Induced Polarisation) surveys to cover the unsurveyed area south-west of reef 2 East and 2 West, across the known mineralisation at Grange (Mkweni Licence) and across the trend of known mineralisation at Redgate (Mwagi Magi South Licence),
- Results from drilling completed late last quarter from Cullen (Kanegele licence) and Nyakafuru.

The IP survey successfully traced the mineralised zones and highlighted some extensions that are to be RAB/air core drilled in the December quarter. On the Nyakafuru licence (PL1549/2000) the survey has identified a large resistivity high in the south-west corner of the licence immediately to the north of the soil anomaly within the north-east-trending Reef 2 East and Reef 2 West mineralised corridor.

### Nyakafuru

**Table 3** below summarises significant results for air core holes drilled in June to follow-up a series of earlier IP targets north and north-west of Nyakafuru:

Hole	North	East	From	To	Interval	Au (g/t)
NYAC017	10240	3246	0	4	<b>4</b>	<b>11.59</b>
NYAC055	10100	3614	2	4	2	3.52

NYAC017 drilled 090° Azimuth and -60° Dip  
 NYAC055 drilled 270° Azimuth and -60° Dip

The intercept in NYAC017 is possibly open at depth and along strike to the south. The intercept in NYAC055 is open along strike to the north.

### Kanegele

**Table 4** below summarises significant results

from 18 RC holes (KGRC036 – 53) drilled during June:

Hole	North	East	From	To	Interval	Au (g/t)
KGRC036	9969	2769	5	14	9	1.30
"	"	"	32	37	5	1.71
KGRC037	10010	2859	54	55	1	3.91
KGRC038	10049	2759	31	36	5	1.16
KGRC039	10009	2670	40	44	4	1.14
KGRC041	10089	2660	9	10	1	5.84
KGRC043	10069	2580	24	28	4	3.12
"	"	"	69	71	2	1.45
KGRC045	9879	2979	8	12	4	2.15
"	"	"	35	40	5	2.06
KGRC046	9849.71	2999	6	8	2	5.98
"	"	"	12	17	5	1.40
"	"	"	25	32	7	1.47
"	"	"	38	40	2	1.30
"	"	"	43	47	4	2.77
KGRC047	9890	3000	55	80	<b>25</b>	<b>2.28</b>
"	"	"	55	64	<b>9</b>	<b>3.88</b>
KGRC048	9950	2979	9	12	3	2.49
KGRC049	10168	2960	62	67	5	1.57
KGRC050	10109	3039	5	8	<b>3</b>	<b>18.59</b>
KGRC052	10104	3139	55	60	5	1.53
"	"	"	68	70	2	3.61
KGRC053	10064	3139	18	23	5	1.08
"	"	"	27	29	2	1.36

All holes drilled at 180° azimuth and -55° dip.

### **Golden Pride (Resolute - 100%)**

#### Golden Pride Deeps

Two core holes were completed to test a depth repetition of the main Golden Pride shoot. Although the intensity of alteration and widths of mineralisation are less than expected, the results were encouraging and further drilling is required to test the validity of the model.

Both holes intersected a poorly developed mine sequence exhibiting chlorite-sericite-quartz alteration and veining with sporadic pyrite and arsenopyrite. Analytical results from samples taken through the mine sequence indicate a number of narrow mineralised zones. The distribution of the +1g/t Au matches closely the distribution of the sulphides and particularly the arsenopyrite.



Best results were:

GPR571D 7m @ 1.4g/t Au DH from 163m;  
 GPR571D 3m @ 1.7g/t Au DH from 435m;  
 GPR571D 2m @ 2.7g/t Au DH from 452m;  
 GPR571D 2m @ 3.2g/t Au DH from 458m;  
 GPR571D **5m @ 6.6g/t Au** DH from 453m  
 (DH = down hole)

GPR571D intersected 7m @ 1.4g/t Au, well above the target zone (stratigraphically high in the sequence), in the southern sequence in an area of little previous drilling. This intersection may be an indication of an additional zone of mineralization and justifies further exploration.

### Eastern Footwall Zone

RC drilling designed to assess the potential of the eastern extension of the Eastern Footwall Zone, 500m east of the pit, was completed and results are pending. Most drilling is concentrated around earlier RAB drilling where anomalous intersections were obtained several years ago. These include GRB1252 10m @ 1.3g/t Au, GRB1365 3m @ 3.8g/t Au EOH and GRB1374 3m @ 1.3g/t Au.

### Golden Pride Regional

- Kahama JV (Sub Sahara)

Regional geochemical surveys and mapping have been completed over these licences generally with only low-level anomalies (<10ppbAu) being defined.

One area, on Igusule 1, has been RAB drilled with disappointing results peaking at 0.39ppm Au in fresh unaltered basalt.

- Matinge

Negotiations were undertaken with a number of artisanal claim holders within the Matinge prospecting licence to obtain rights to explore on their licences. Most occur around the Matinge village, and cover the most prospective quartz vein systems.

A soil anomaly in the south-west portion of the licence was confirmed by infill sampling at 50x100m. This anomaly has a north-west strike of more than 3km (at +10ppb Au). The

results of the infill are consistent with the original work and indicate a peak of 68.9ppb. RAB drilling is planned.

## Ghana

### Akoase

Early in the quarter, RC/RAB drilling to test along the 2.9km anomalous trend at Akoase commenced. Thirty-four (34) holes were completed before rain resulted in the programme being suspended. Seven sections at 200m spacing were completed for 1,868 metres.

The programme was aimed at testing both oxide and sulphide mineralisation under the trench mineralised intercepts. There was evidence of sulphidic alteration in the oxide horizon and a substantive amount of pyrite alteration in the fresh zone.

Several zones of low-grade gold mineralisation have been intersected. Best results were **12m @ 2.3g/t Au** in AKRC022 from 18m, 14m @ 1.73g/t Au from AKRC013 from 28m, 14m @ 1.2g/t Au from AKRC0011 from 20m. Further drilling is planned for the December quarter.

**Table 5** below summarises results of 2m composites from intervals assaying greater than 1g/t Au.

Hole	North	East	From	To	Interval	Au (g/t)
AKRC002	11000	15475	20	22	2	1.48
AKRC003	11000	15525	28	30	2	2.66
			62	70	8	1.83
AKRC004	11000	15550	24	28	4	1.40
AKRC006	10200	15225	16	26	10	1.75
AKRC011	10000	15225	20	34	14	1.20
AKRC013	10000	15244	4	10	6	1.11
			28	42	14	1.73
AKRC014	11000	15550	58	60	2	2.49
			70	74	4	1.15
AKRC017	10400	15150	16	20	4	1.57
AKRC022	9800	15275	18	30	12	2.30
AKRC029	11400	15500	58	60	2	3.17
AKRC030	11400	15622	42	44	2	1.88
AKRC033	11200	15550	10	22	12	2.54

All holes except AKRC013 & 033 drilled at 90° azimuth and -50° dip. AKRC013 & 033 drilled at 270° azimuth and -50° dip.



## CORPORATE

### Cash and Debt

As at 30 September 2003, the Resolute Group had A\$23.1m in cash (June 2003: A\$13.5m) and A\$2.9m in bullion (A\$3.5m). In addition to the cash and bullion balances, as at 30 September 2003, Resolute had liquid investments with a market value of A\$13.3m, an A\$8.1m (or US\$5.5m) convertible note in Northern Mining Explorations and a 7.9% interest in AGR Limited (refer to the section headed "AGR Limited").

At 30 September 2003, Resolute's debt of US\$14.9m (A\$21.9m) comprises US\$9.4m owing on the Golden Pride debt facility and US\$5.5m owing on the facility that funded the acquisition of the US\$5.5m Northern Mining Explorations Limited Convertible Note.

The principal movements in the cash balance during the quarter are attributable to: gross cash flow from operations of A\$9m, A\$6.4m of proceeds on the sale of the Obotan plant, A\$2.5m of proceeds on the sale of Red Back Mining and other listed shares, exploration and development expenditure of A\$2.0m, royalty expense, sustaining capital expenditure, rehabilitation, decommissioning, overhead and operational support costs of A\$3.2m, and working capital and exchange movements of A\$4.5m.

The average cash price received per ounce of gold sold during the quarter was A\$515/oz with just under half of the gold sold delivered into existing forward sales contracts and the balance sold into the spot market.

The average accounting revenue price achieved during the quarter ended 30 September 2003 was A\$527/oz of gold poured.

### Group Hedging Profile 30 September 2003

Gold Hedging	Forward Sales		Put Options Bought	
	Ounces	US\$	Ounces	US\$
Y/E 30/6/04	95,270	304	80,040	342
Y/E 30/6/05	61,281	306	34,000	348
Y/E 30/6/06	40,000	311	-	-
Total	196,551	306	114,040	344

Call Options	Call Options Sold	
	Ounces	\$
<u>AUD's</u>		
Y/E 30/6/04	159,750	569
	159,750	569
<u>USD's</u>		
Y/E 30/6/04	40,000	372
	40,000	372
Total	199,750	

Using the 30 September 2003 USD spot gold price of US\$385/oz and the USD/AUD foreign exchange rate of 0.6803, the mark to market of the Resolute hedge book at period end was a negative amount of approximately A\$23m.

In line with the previously stated intention to reduce the quantity of Resolute's forward sales contracts, just over 20,000 ounces of Golden Pride's production during the quarter was delivered into existing forward sales contracts.

### AGR Limited

During the quarter, Central Asia Gold Limited ("CGX") made an offer to acquire Resolute's AGR shareholding by issuing 2 of their shares for every 3 AGR shares held. CGX shares trade on the Australian Stock Exchange and based on the price of recent trading in its shares gives an implied value of Resolute's AGR shareholding of approximately A\$11m. The offer, which closes on 7 November 2003, is currently being evaluated by the directors.

### Sale of Obotan & Red Back Mining Shares

The sale of the Obotan plant to Golden Star Resources for A\$6.4m (or US\$4.3m) was settled in July 2003 at a profit to Resolute of A\$4.9m. In addition, Resolute's shareholdings in Red Back Mining and other non-core shareholdings were liquidated during the quarter at a profit of A\$1.0m.

### Sale of Australian Exploration Interests

In October 2003, Resolute entered into an agreement with Gold Fields Limited ("Gold Fields") whereby Resolute sold its remaining minority interests in its Chalice and Higginsville tenements to its joint venture



partner, Gold Fields, in exchange for 100% of the nickel rights over these same tenements.

Subsequent to this transaction, Resolute entered into an agreement with Bullion Minerals Limited ("Bullion") whereby Resolute sold the above mentioned nickel interests, the wholly owned Chalice tenement and Resolute's interest in the Indee joint venture to Bullion in exchange for A\$750,000 cash, 10 million fully paid shares in Bullion and 2.5 million options with an exercise price of 25 cents and an expiry date of June 2005 and 2.5 million options with an exercise price of 30 cents and an expiry date of June 2006. This transaction is subject to Bullion shareholder approval and if approval is received, Resolute will become the largest shareholder in Bullion, holding approximately 19.8% of Bullion's expanded issued capital.

### **Bulong Acid Supply Contract**

Resolute's position as guarantor to the Acid Supply Contract between the Bulong Companies and WMC Resources terminated on 1 October 2003.

### **Dominion/Challenger Royalty**

Dominion Mining Limited announced during the quarter its decision to proceed with the underground mine development at the Challenger gold project in South Australia. This has significantly improved the likelihood of Resolute's royalty entitlement being triggered. The royalty entitlement equates to A\$20/oz for gold production in excess of 100,000 ounces. The combination of open-cut production to June 03 of 39,000 ounces and expected production of approx 75,000 ounces to June 04, plus the anticipated underground operations producing 50,000 ounces per annum through to 2007, is likely to deliver a significant royalty revenue stream to Resolute.

### **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>
W.E. Foote	

#### **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  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)