

# Report on Activities

FOR THE QUARTER TO 31 DECEMBER 2010

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## OVERVIEW

### OPERATIONS

#### Quarterly Production

- Total gold production for the quarter of 80,829 (80,819) ounces of gold was achieved at a cash cost of A\$945 per ounce (A\$914).
- Production at Golden Pride in Tanzania for the quarter was 31,686 (25,546) ounces of gold at a cash cost of A\$703 (A\$818) (US\$686: US\$737) per ounce.
- Gold production at Ravenswood generated 27,625 (29,451) ounces at a cash cost of A\$967 (A\$938) per ounce.
- Production at Syama in Mali for the quarter was 21,518 (25,822) ounces of gold at a cash cost of A\$1,273 (A\$982) (US\$1,241: US\$882) per ounce.

### DEVELOPMENT

#### Syama

- Positive Feasibility Study for the Supply and Installation of a High Voltage Grid Power to Syama was completed during the December quarter. The US\$42.2M capital expenditure estimate to be repaid within 30 months.
- An independent Strategic Mine Study at Syama has confirmed a material positive change to the life of mine plan can be achieved.

#### Ravenswood

- An internal scoping study to assess the cost benefits of redeveloping the Sarsfield open cut supported the expansion of the open pit. As a result the reserve base at Ravenswood has increased 174% to in excess of 1.5 M ounces.

### EXPLORATION

Exploration drilling continued in Tanzania while target definition and tenement consolidation work continued in Mali, Queensland and Cote d'Ivoire.

#### Syama

- Multi-element soil results from the Syama exploitation permit have highlighted the untested prospectivity of

the western arm of the Syama Formation to the north of Syama.

#### Golden Pride

- Reverse circulation drilling at the Far East deposit returned more exceptional near surface intercepts including **18m @ 10.27g/t Au** from 12m, **9m @ 19.16g/t Au** from 23m and **5m @ 6.82g/t Au** from 58m adding to the excellent results received from the September quarter RC programme. A revised resource model and economic assessment is underway.
- Reverse circulation drilling at the Mwanguguli prospect returned several broad, near surface, low grade intercepts including **15m @ 1.43g/t** from 56m and **5m @ 2.03g/t from 23m**. Resource modelling is planned.

#### Ravenswood

- Significant intercepts from the last 3 diamond holes drilled at the Welcome Project in Queensland included **5m @ 3.56g/t Au** from 354m, **47m @ 2.57g/t Au** from 255m and **17m @ 2.02g/t Au** from 336m.
- An inferred MIK resource estimation conducted during the quarter for the Welcome Breccia deposit returned a first pass estimate of **2.04Mt @ 3.18g/t Au for 208,150 ozs** (1g/t Au cut-off).

### CORPORATE

- Group cash and bullion at the end of the quarter was A\$33m (A\$31m).
- Gross cash inflow from operations for the quarter was A\$35m (A\$10m inflow).
- Hedging programme closed out, with related cash outflows of A\$30m.



P.R. SULLIVAN  
Chief Executive Officer  
21 January 2011

## PRODUCTION SUMMARY

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

	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>								
Dec Quarter	449,240	580,256	1.82	93.4	88.3	31,686	703	822
Sept Quarter	593,127	515,260	1.66	92.8	90.8	25,546	818	933
<b>Ravenswood</b>								
Dec Quarter	232,086	1,247,658	0.79	86.9	95.60	27,625	967	1,214
Sept Quarter	182,348	1,097,259	0.93	89.6	94.0	29,451	938	1,174
<b>Syama</b>								
Dec Quarter	453,440	422,078	2.43	65.2	70.3	21,518	1,273	1,733
Sept Quarter	517,666	362,721	3.11	71.1	67.2	25,822	982	1,403
<b>Total</b>								
Dec Quarter	1,134,766	2,249,992	1.37	81.9	84.7	80,829	945	1,198
Sept Quarter	1,293,141	1,975,240	1.52	83.6	84.0	80,819	914	1,171

## OPERATIONS

### GOLDEN PRIDE, TANZANIA (RESOLUTE 100%)

The Project had no lost time injuries for the quarter. The twelve-month moving average Lost Time Injury Frequency Rate at the end of the quarter was 0.00 (0.35).

Golden Pride produced 31,686 (25,546) ounces of gold from 580,256 (515,260) tonnes of ore at a head grade of 1.82 (1.66) grams per tonne. Gold recovery was 93.4 (92.8) percent and cash cost per ounce was US\$686 (US\$737) for the quarter.

Ore volumes mined, although lower than the previous quarter, were above plan with ore being sourced from the pit base in the central zone and southwest cutback.

Overall mined volumes were marginally lower than plan and also slightly lower in volumes over the previous

quarter. Equipment availabilities remain an area of focus for the mining contractor. Phased wall construction of tailings storage facility #1 continued during the quarter.

The treatment plant throughput increased during the quarter with the addition of lower grade oxide ores towards the end of the period. Gold recovery was above plan with solid kinetics in the circuit and is expected to remain so due to the associated metallurgy of current ore supplies. Plant availability decreased this period with the scheduled SAG mill reline conducted in November.

Ore production will decline during the coming quarter as mining of the Central Pit was completed and mining of the southwest cutback will produce only minor ore quantities over the quarter. Monitoring of the south wall of this cutback continues as instability may induce small failures.

The processing plant throughput will remain steady over the next quarter with higher levels of lower grade oxide

stockpiles presenting to the plant whilst ore supplies transition to the southwest cutback.

Gold production will decrease over the next quarter with the increased low grade material presenting to the mill until higher grade material is exposed in the southwest cutback. A major maintenance shutdown is scheduled for March to reline the SAG Mill shell and discharge end.

## **RAVENSWOOD, AUSTRALIA (RESOLUTE 100%)**

The Ravenswood Operation had one lost time injury during the quarter. The twelve-month moving average Lost Time Injury Frequency Rate at the end of the quarter was 8.5 (7.3).

Gold produced during the quarter was 27,625 (29,451) ounces from 1,247,658 (1,097,259) tonnes of ore at a head grade of 0.79 (0.93) grams per tonne. The decrease in head grade and ounces produced is primarily due to lower grade and tonnes from Mt. Wright. Much of the Mt Wright ore was stockpiled during December for batch treatment next quarter due to materials handling issues associated with the unusually heavy rainfall during the month. Gold recovery was down at 86.9% (89.6%) due to a coarse gold recovery issue which has been resolved. Cash cost per ounce of gold was A\$967 (A\$938) largely driven by the reduced gold production.

Mt Wright ore treated was 214,808 (189,083) tonnes for 15,291 (16,656) ounces at a cash cost of A\$810 (A\$828) per ounce. The lower unit cash cost is due to the increased extraction rates as the establishment of the Sub Level Shrinkage (SLS) mining method progresses. Sarsfield low grade ore treated was 1,032,850 (908,176) tonnes for 12,334 (12,795) ounces at a cash cost of A\$1,159 (A\$1,081) per ounce. The increase in cash cost per ounce is due to the Sarsfield grade falling to 0.47g/t (0.50g/t) as the remaining stockpiles are treated in order of grade.

Total milled tonnes were higher this quarter at 1,247,658 (1,097,259) due to greater plant availability and the smaller proportion of Mt Wright ore which requires longer leaching absorption times. Placement of Sarsfield only tailing on the Nolan's Tailings Storage Facility (NTSF) has been completed. Rehabilitation works on the NTSF are progressing according to plan.

Total development for the Mt Wright underground project for the quarter was 1,632m (1,847m). This consisted of 468m (266m) of capital development and 1,164m (1,581m) of operating development. The reduction in total development advance was due to a focus on specific capital development required as part of a ventilation upgrade in preparation for the hotter summer months. Primary ventilation rises and secondary travel ways have

now been completed down to the 750 level which is well ahead of the production front. Ore production was 232,085 tonnes @ 2.5g/t for 18,649 contained ounces (182,348 tonnes @ 3.1g/t for 18,204 contained ounces). The establishment of the SLS method progressed well over the quarter with the overall extraction rates increasing with each level resulting in a higher proportion of production ore. Production from the 825 level (the first transverse level and top of the main production zone) was also initiated during the quarter.

Gold production in the coming quarter is expected to be higher due to a greater proportion of the higher grade Mt Wright underground ore scheduled to be processed.

## **SYAMA, MALI (RESOLUTE 80%)**

The Syama Operation had one lost time injury during the quarter. The twelve-month moving average Lost Time Injury Frequency Rate at the end of the quarter was 1.6 (1.2).

Gold produced during the quarter was 21,518 (25,822) ounces from 422,078 (362,721) tonnes of ore at a head grade of 2.43 (3.11) grams per tonne. Gold recovery was 65.2 (71.1) percent and cash cost per ounce was US\$1,241 (US\$882) for the quarter. Despite the excellent mill performance, the lower gold production (and higher cash cost) was driven by lower recoveries experienced from direct leach ore being treated earlier in the quarter prior to the November shutdown. Additionally, cash cost per ounce was unfavourably impacted by a net change in ore stockpile valuations.

Total material mined for the quarter was 1.03 million BCM (1.30 million BCM) with production reduced due to the main excavator undergoing a major repair. With its return, volumes mined in December returned to budgeted levels. Management will continue to focus on the mining operation to improve performance through the March and June quarters and ensure access to the main ore body and better grades is achieved in the September quarter.

Routine grade control activities took place throughout the quarter with 1,319m (8,869m) of grade control drilling completed. To maintain direct leach feed ore to the plant ahead of the planned November shutdown, transitional leach material from old stockpiles was included in the ore feed. This material had very poor recovery characteristics impacting overall recovery for the quarter.

The shutdown in November to changeover lining type in Mill 1 was planned to coincide with completion of modifications to the scrubber and stack. Following this shutdown the plant recommenced the treatment of refractory ore. With the consistent ore feed from the mills, overall recoveries through the flotation, roaster and

leaching circuits improved closer to design levels, averaging 82% through December.

Weekly throughput rates were regularly close to or exceeding those rates required to achieve targeted annualised tonnage. The focus on maintenance and operating procedures over the last six months has been very successful.

Continued improvement in the plant performance and gold production is expected through the March Quarter.

## DEVELOPMENT

### MALI

#### Strategic Study – Syama (RESOLUTE 80%)

Significant gold resources exist at Syama that are not included in the current mine plans.

Snowden Mining Consultants have been engaged to independently undertake a high level evaluation of mining options for ore beneath the planned Syama open pit and the adjacent satellite oxide deposits.

Four principal strategic issues being addressed are:

- Optimising the production and blending strategy from the main deposit given the current processing capacity, including the option to phase in the satellite deposits
- Identifying the optimal open pit to underground cutover point
- Assessing the value of adding a free-milling process route
- Assessing the impact of a higher long term gold price on the strategic mine plan

Good progress has been made with the study and preliminary results indicate a material positive change to the life of mine plan can be achieved. The study is due to be completed shortly and its results are expected to be released in the March quarter.

#### Feasibility Study on High Voltage Grid Connection to Syama (RESOLUTE 80%)

Positive preliminary results for Grid Power Connection Feasibility Study undertaken by BEC Engineering (Perth) were received and recently announced.

With the inclusion of client expenses, the supply and installation of the 92km grid connection from Sikasso to the Syama Mine is estimated to cost US\$42.2M. The Table adjacent provides major costs breakdown.

Syama Grid Power Interconnection Cost Estimates	(US\$M)
Infrastructure Capital	29.5
Site Power Station Integration	2.1
Project Spares	3.8
EPCM	0.6
Project Contingency (10%)	3.6
Client Costs	2.6
<b>TOTAL</b>	<b>42.2</b>

The connection will replace onsite diesel generation and significantly lower cash costs. Operating cost savings, using conservative tariff assumptions, indicate a pay back of the capital in less than 30 months. The full financial benefit of the connection will be determined following a conclusion to negotiations with the Malian power authority, Energie du Mali, on the key issues associated with the construction, operation and maintenance of the connection.

The project is estimated to take 16 months to complete from commitment. The connection will become an asset of Energie du Mali and Resolute has committed to examining and assisting with the funding options for this project. Negotiations with Energie du Mali and refining of technical design options with BEC, ahead of a Board commitment to the project, are being actively advanced.

#### Finkolo – Etruscan Resources JV (RESOLUTE 60%)

A project site visit was completed by 17 representatives from various Direction Nationale de l'Assainissement et du Contrôle des Pollutions et des Nuisances (DNACPN) government departments during October 2010. Company personnel from Resolute and Etruscan met with the Direction Nationale de la Geologie et des Mines (DNGM) in Bamako on 30<sup>th</sup> October to present details of the mining and haul road components of the project development.

Government approval of the exploitation permit for the Tabakoroni mine is awaited.

### AUSTRALIA

#### Sarsfield Open Pit – Ravenswood (RESOLUTE 100%)

An internal scoping study to assess the financial benefits of expanding the Sarsfield open pit was completed. The result of this assessment, which included a new mine

design and updated financial analysis, supported the expansion of the open pit and resulted in a 174% increase in reserves to over 1.5 million ounces.

The study confirmed that the use of the existing Nolan's Plant to treat the Sarsfield ore, in conjunction with the Mt Wright underground ore, at a rate of 5Mtpa would support a 10 year operation with average production during this period of 140,000 ounces per annum at an estimated overall cash cost of \$860/ounce.

The study identified a number of areas of infrastructure at Ravenswood that needed modification, relocation or upgrading to allow for the expansion. The capital cost, which is to be refined in a more detailed feasibility study, was estimated to be \$72 million with the operating cash costs for production from Sarsfield alone projected to be \$992/ounce.

An increase in the gold price identified significant value in the remaining resources. The increased gold price has supported a lower cut-off grade with total mineral resources for Sarsfield now standing at 1.8Moz (see Table 1).

Category	Tonnes (millions)	Gold Grade g/t	Contained Ounces
Measured	26.7	0.8	700,000
Indicated	28.0	0.7	640,000
<b>TOTAL</b>			
M&I	54.7	0.8	1,340,000
Inferred	22.8	0.7	500,000

**Table 1** – Sarsfield Project Mineral Resources at 0.4 g/t cut off

Updated mining cost estimates, open pit optimisation, mine design work and scheduling was conducted to confirm the viability of a 5Mt per year operation. The new reserve estimates using a 0.4g/t cut off comprise proven 21 million tonnes at 0.9g/t and probable 17 million tonnes at 0.8g/t for an aggregate 1.03 million ounces (see Table 2). The study identified an additional 400,000 ounces of JORC inferred resources contained within the mine design that could be converted to reserves to improve project economics.

Category	Tonnes (millions)	Gold Grade g/t	Contained Ounces
<b>Proven</b>	21.3	0.9	600,000
<b>Probable</b>	17.0	0.8	430,000
<b>TOTAL</b>	38.3	0.8	1,030,000

**Table 2** – Sarsfield Project Ore Reserves at 0.4 g/t cut off

The Company plans to undertake a feasibility study into the resumption of mining activities at Sarsfield. The continued operation will support the Mt Wright underground mine and significantly extend the current project mine life to approximately 10 years. The Study would be expected to confirm that the extension of the open pit would support the existing 5Mt per year processing plant. Metallurgical recovery parameters, processing costs, mineralisation controls and mining parameters are well understood from previous mining at Sarsfield.

Objectives of the Study will be to:

- Provide a final mine design and schedule
- Minimise upfront capital expenditure requirements by utilising existing infrastructure
- Review geotechnical, environmental and social aspects of the project
- Complete engineering studies for an increased tailings storage facility

### **Mt Wright (RESOLUTE 100%)**

At the Mt Wright underground mine, diamond drilling of the next 720 to 600mRL panel continued but at a reduced rate. With drilling planned to continue at the current rate, the infill work and quantification of geological resource models and reserves are expected to be completed by financial year end.

Deep exploratory drilling to test mineralisation extensions below 600RL have been deferred until the resource drilling programme is completed.

### **Welcome Joint Venture (RESOLUTE 80%)**

Selected drill hole samples from the recent Welcome Breccia exploration drilling programme were submitted to AMMTEC for metallurgical assessment. The results will provide important inputs for a mining scoping study assessment of the project. The metallurgical programme

will test three samples which comprised the different mineralisation types observed in the drilling. Preliminary results are expected next quarter.

## TANZANIA

### Golden Pride – Far East (RESOLUTE 100%)

The project lies 400m to the east of the Golden Pride open pit and provides an opportunity for additional feed for the processing plant. Quality control checks have been conducted and an updated geological block model and optimisation work is required to confirm project viability. Pending a positive result, a pit design and associated infrastructure plan will be developed for the mining approval process.

### Nyakafuru Project (RESOLUTE 100%)

The Nyakafuru Reefs Environmental Social Impact Assessment (ESIA) report is being reviewed prior to submission to the National Environmental Management Council as part of the Nyakafuru Feasibility Study and Mining Lease application.

### Buckreef Project

Following the invitation and submission to STAMICO (State Mining Corporation) for the redevelopment of the Buckreef Project on 24<sup>th</sup> September 2010, Resolute was advised in early December that it had been selected as a shortlisted candidate. In late December Resolute was advised that its offer had been unsuccessful.

## EXPLORATION

Exploration drilling continued in Tanzania while target definition and tenement consolidation work continued in Mali, Queensland and Cote d'Ivoire.

## MALI

Geological mapping, rock chip sampling, soil geochemistry and geophysical surveys were completed on selected target areas.

### Syama (RESOLUTE 80%)

#### SYAMA

Assay results for five hundred and seventeen wide spaced soil samples collected across the entire Syama tenement in order to identify the pathfinder elements and alteration footprint associated with the Syama, Syama Extension, Alpha, Area 21, and Tellem deposits were received during the quarter. This programme has assisted in the

definition of the major mineralised structures and proximal pathfinder elements as well as defining several new areas along the western arm of the Syama Formation north of Syama. A more detailed evaluation of the data using known rock type information and normalisations will be completed whilst awaiting soil assays from the rest of the belt.

#### PAYSANS PROSPECT (4KM SW OF SYAMA)

Thirty one soil samples were collected at 50m intervals along two lines of planned air core drilling at the Paysans prospect during the quarter. All results are pending.

#### SENUFO PROSPECT (9KM SW OF SYAMA)

Mapping and rock chip sampling was completed at Senufo during the quarter as follow-up to previous anomalous rock chip results (to 0.5g/t Au) from box-worked quartz veining and silicification at a basalt / argillite contact. The mapping outlined alternating basalt and (silicified) argillite units, with the latter forming topographic highs. Rock chip results are pending.

### Finkolo and N'Gokoli Projects (Etruscan JV - Resolute 60%)

Eight hundred and thirty multi-element soil samples were collected at 1km x 1km spacings (decreased to 500m x 500m spacings over the Syama Formation) in order to identify the footprint size and pathfinder elements associated with gold mineralisation over the Tabakoroni deposit and to highlight similar targets within the Finkolo and N'Gokoli tenements. All results are pending.

## COTE D'IVOIRE

The Toumodi and Goumere research permits remain the only tenements approved for work prior to ministerial sign off. Activities have been suspended due to post election unrest.

## TANZANIA

Reverse circulation (RC) drilling was conducted at the Mwanguguli and Far East prospects while regolith mapping and soil geochemistry was completed on several other target areas.

### Golden Pride (RESOLUTE 100%)

#### FAR EAST PROSPECT (400M EAST OF GOLDEN PRIDE)

An additional nineteen infill RC drill holes (totalling 796m) were drilled over the north western part of the Far East deposit during the quarter. **Refer Table 3.** Best results included **18m @ 10.27g/t from 12m** (FERC0016), **9m @ 19.16g/t from 23m** (FERC0018), **3m @ 10.55g/t from 22m** (FERC0021) and **5m @ 6.82g/t from 58m**

(FERC0023) confirming the excellent results received from the September quarter RC programme. Drilling has now been completed on 25m spaced lines with collars 15m apart, and a revised resource model and economic assessment is planned for the March quarter.

### CHINA PROSPECT (2.4KM EAST OF GOLDEN PRIDE)

Resource modelling and pit optimisation work will be completed for the China prospect during the March quarter.

### ISUNGA PROSPECT (6KM WEST OF GP)

A total of two hundred and thirty eight (200m x 200m spaced) multi-element soil samples were collected from across the Golden Pride Shear and associated structures in the Isunga prospect area. The programme was designed to delineate the most prospective part of the shear zone based on both gold and pathfinder elements. Results have outlined a 600m x 200m +10ppb Au soil anomaly ~2km west of the Isunga artisanal workings. Infill soil sampling at a 100m x 50m spacing is planned.

### **Golden Pride West (Barrick JV) (RESOLUTE earning 70%)**

#### MWAGUGULI PROSPECT (18KM WEST OF GOLDEN PRIDE)

Thirty combination RC / air core holes for 1,968m were drilled at the Mwanguguli prospect during the quarter. Drilling targeted the western strike extension of known gold mineralisation and possible mineralised cross-structures highlighted by recent close spaced soil sampling. **Refer Table 4.** Best drill results included **6m @ 1.42g/t** from 102m (MGRC0025), **15m @ 1.43g/t from 56m** (MGRC0031) and **5m @ 2.03g/t from 23m** (MGRC0045). Gold mineralisation has now been identified over a strike length of more than 900m, however high grade mineralisation appears to be confined to steep plunging shoots with limited horizontal extent. A review of all RC drilling at the prospect and a preliminary resource calculation will be conducted during the March quarter.

### **Mwaji Magi (Barrick JV – RESOLUTE 49%)**

Assay results for the eighty two combination RC / air core sterilisation holes (3,032m) drilled on four lines across the proposed Nyakafuru Reefs waste dump confirmed there was no potential for economic mineralisation.

### **AUSTRALIA**

Geological mapping, rock chip sampling, soil geochemistry and geophysical surveys were completed on selected target areas. An inferred MIK resource

estimation was completed on the Welcome Breccia deposit.

### **Welcome Joint Venture (RESOLUTE 80%)**

#### WELCOME BRECCIA PROSPECT (40KM NW OF RAVENSWOOD)

All remaining assay results from the Welcome Breccia diamond drill programme were received during the quarter. **Refer Table 5.** WED008 (which did not intersect the breccia) returned **5m @ 3.56g/t Au from 354m** associated with quartz – calcite – pyrite – sphalerite – galena veining. A quartz – pyrite – sphalerite – galena – calcite vein with specks of visible Au in WED009 returned **1m @ 42.0g/t Au from 375m**, however there were only three other assays above 1g/t Au all associated with isolated quartz-sulphide veins. WED010 returned several significant gold intercepts, associated with quartz-calcite-sulphide veining including **10m @ 2.13g/t Au** from 255m, **24m @ 2.96g/t Au** from 268m (**47m @ 2.57g/t Au** from 251m including 3m of internal dilution) from the hanging wall of the breccia and **17m @ 2.02g/t Au** from 336m from the footwall of the breccia.

An inferred MIK resource estimation conducted during the quarter returned a first pass estimate of **2.04Mt @ 3.18g/t Au for 208,150 ozs** (1g/t Au cut-off) for the deposit. An underground mining scoping study is now planned.

Pulps from one hundred and seventeen drill core samples selected from holes WED004, 006, 007, 009 and 010 were submitted for multi-element analysis during the quarter in order to better define the vertical zonation of metals within the system and assist future targeting both within the Welcome Breccia pipe and the surrounding areas. Results confirmed anomalous levels of a variety of metals within the breccia pipe, including 64.9ppm Ag, 1355ppm As, 162.5ppm Bi, 0.58% Cu, 58.9ppm Mo, 1120ppm Pb, 51.7ppm Sb, 208ppm Te, 2850ppm W, and 4.9% Zn. As and Sb are highly elevated between 100m and 200m below surface with moderate enrichment extending down into the high grade Au zone. Concentrations of Ag, Bi, Cu, Mo, Pb, Te, W and Zn correlate strongly with Au grades, with the strongest enrichment seen to date occurring about 400m from the surface. A lack of Mo and W enrichment relative to Au at depth suggests that the apparent decrease in Au grades at ~500m below surface may be related to structure rather than metal zonation. This would suggest that additional sulphide rich zones below the current extent of drilling are still likely to contain good Au grades.

Twenty four 100m x 100m spaced multi-element soil samples were subsequently collected across the Welcome

ML as part of a larger programme designed to confirm the soil pathfinder elements and footprint size for Welcome Breccia deposit and to find other breccia systems in the area.

A MIMDAS induced polarisation survey aimed at identifying additional drill targets in the Welcome area also commenced during the quarter. Only 12% of the induced polarisation and soil sampling survey falls within Welcome ML so details are included in the Welcome Surrounds section.

Thirty two selected pulp reject samples from drill holes WED004-007 were submitted for cyanide leach Au analysis. The exercise was conducted in order to obtain a guide to the expected gold recoveries from the Welcome ore through the Ravenswood processing plant. The average difference between the fire assays and the PAL assays was less than 10% suggesting recoveries of up to 90% for the Welcome Breccia ore.

## Mingela Project (RESOLUTE 100%)

### WELCOME SURROUNDS / MILNES REWARD (40KM NW OF RAVENSWOOD)

Four hundred and thirteen 100m x 100m spaced multi-element soil samples were collected from the Welcome Breccia and surrounding area during the quarter (including twenty four samples collected on ML1520). The survey extends from the Welcome ML to the nearby Milnes Reward prospect as both are thought to be part of the same hydrothermal system. Assays included thirty two samples >50ppb Au scattered along the WNW-trending Welcome-Milnes Reward structure within a very broad +5ppb anomaly biased towards the southern half of the survey. The results suggest a progressive metal zonation (As-Sb to Te-Zn-Bi to Cu-Mo), however the pattern may be related to both vertical and lateral metal zonation from more than one metalliferous fluid source.

An additional seventy one 100m x 100m spaced multi-element soil samples were collected to the south of the initial survey in order to extend the existing multi-element anomalism. These results are pending.

Field mapping in the area immediately surrounding the Welcome ML and between the Welcome and Milnes Reward prospects during the quarter has identified andesitic dykes extending for over 700m along strike to the WNW of the Welcome Breccia deposit. These dykes are intimately related to the brecciation (and mineralisation) observed in the Welcome Breccia drill core. Twenty seven rock chip samples were collected during the mapping programme. All results are pending. Further mapping will focus on anomalous areas identified by the soil sampling programme.

A survey consisting of twenty seven MIMDAS 3D induced polarisation survey lines averaging 1.5km in length was completed across the Welcome-Milnes Reward area during the quarter. An additional six line extension to the survey will be completed after the wet season next year. Preliminary 2D inversion images of MIMDAS induced polarisation survey lines 700 and 800 which straddle the Welcome deposit show a strong chargeability anomaly centred at depth ~500m SW of the Welcome pit. The anomaly is coincident with a change in resistivity and a WNW-trending linear demagnetised zone visible in aeromagnetic images. The 3D model should give a better indication of the geometry and location of this feature.

## Mt Chev (RESOLUTE 100%)

### CARSE CREEK PROSPECT (15KM SSE OF RAVENSWOOD)

Mapping at the Carse Creek prospect was completed during the quarter. An intensely silicified, highly fractured brecciated rhyolite with pervasive moderate hematite-carbonate alteration associated with stockwork veins up to 20cm thick was mapped in the northwest part of the prospect.

Twenty rock chip samples were collected concurrently with the mapping. Gold assays were below detection, however elevated values for other elements included 2.14ppm Ag, 58.2ppm As, 7.81ppm Bi, 137.5ppm Cu, 2110ppm Mn, 20.8ppm Mo, 407ppm Pb, 1.82ppm Sb, and 415ppm Zn. This data highlights the presence of strong hydrothermal fluid activity in the northwest of the prospect with strong alteration, brecciation and the presence of quartz vein / veinlets (occasional quartz stockwork) with sulphide mineralisation.

## CORPORATE

### CASH BALANCES AND MOVEMENTS

As at 31 December 2010, the Resolute Group had A\$33.1m in cash and bullion (September 2010: A\$31.0m).

In addition to the cash and bullion balance above, Resolute held listed investments with a market value of A\$7.7m at quarter end.

The principal movements in the cash balance during the quarter were attributable to:

### Operating Cash Flows

- gross cash inflows from operations at Syama, Golden Pride and Ravenswood of A\$34.6m
- cash settlements to close out the hedge book were A\$30.4m



- cash outflows for royalty payments were A\$4.1m
- insurance, overheads and operational support costs totalled A\$4.4m
- operational capital expenditure, including A\$2.1m of Mt Wright underground decline development, totalled A\$7.3m
- tax payments in Tanzania for a quarterly provisional instalment for the year ended 30 June 2011, and the final adjustment for the year ended 30 June 2010, totalled A\$4.2m
- rehabilitation and restoration work totalled A\$0.5m
- net working capital inflows of A\$10.1m included approximately A\$13.3m of December creditors paid in early January

## Investing Cash Flows

- exploration expenditure of A\$2.2m
- development expenditure of A\$0.9m
- other investing outflows of A\$0.2m

## Financing Cash Flows

- net outflow of interest expense/income of A\$0.9m
- equity raising inflows for the remaining amounts of the capital raising undergone in September were A\$14.9m
- finance facility draw downs to purchase underground mining equipment were A\$1.8m
- principal repayments of A\$2.8m were made towards the Barclays senior cash advance facility, the Barclays put option purchase facility, and equipment lease payments
- a net repayment on an overdraft facility of A\$1.3m
- foreign exchange movement outflows of A\$0.1m

## BORROWINGS

At 31 December 2010, the face value of Resolute's total borrowings were A\$168m (compared to A\$128m at 30 September 2010) and comprised US\$32.4m (or A\$31.9m in AUD terms) owing on the Barclays senior cash advance facility, US\$6.6m (or A\$6.5m in AUD terms) of loans from Barclays used to purchase gold put options in a prior period, A\$68.6m owing to holders of Resolute Mining Convertible Notes, hire purchase / finance leases totalling A\$5.5m, A\$48.5m owing to Barclays/Investec as a result

of the close out of hedging contracts and a A\$6.8m bank overdraft facility. As at quarter end, the weighted average interest rate payable on the borrowings at that date was 8.3%.

On 31 December, 9.7m convertible notes were converted to fully paid ordinary Resolute Mining shares and this reduced the face value of the Company's debt levels by A\$4.8m.

Interest of A\$4.5m owing on the Resolute convertible notes for the 6 months ended 31 December was paid by the Company on 4 January by way of an issue of 3.6m Resolute ordinary shares at an issue price of \$1.24 each.

As previously reported in October, the Company completed the close out of its hedge book. Funding for the gold purchases to achieve this comprised approximately A\$30.4m from an equity raising in October and A\$48.5m of credit from the hedging counterparties, Barclays and Investec. The credit is scheduled to be repaid in monthly instalments between February and September 2011. The majority of Resolute's cash flows in the coming year are currently earmarked for scheduled debt repayments, which total approximately A\$83m over the calendar 2011 year. Following these repayments, Resolute's debt levels are projected to be negligible.

## GOLD SALES

The average cash price received on gold sold during the quarter was A\$1,404 per ounce. 100% of the group's gold shipped during the quarter was sold at spot prices.

At quarter end, Resolute continued to have full upside exposure to the gold price and held gold put options with a positive mark to market of A\$0.4m.

**Table 3: Far East Prospect Reverse Circulation Drilling (Tanzania) – Significant Results**

Hole ID	Coordinates *		Dip (°)	Azi * (°)	Intercept (m)		Intercept width (m)	Grade (g/t Au)
	North (m)	East (m)			From	To		
FERC0016	9548374.0	524712.5	-60	12	12	30	<b>18</b>	<b>10.27</b>
FERC0018	9548372.7	524686.2	-60	12	23	32	<b>9</b>	<b>19.16</b>
FERC0019	9548393.9	524665.2	-60	12	13	27	14	1.10
FERC0020	9548376.5	524661.7	-60	12	6	17	11	0.73
FERC0021	9548380.5	524611.3	-60	12	22	25	<b>3</b>	<b>10.55</b>
FERC0022	9548407.3	524590.7	-55	12	28	33	5	1.22
FERC0023	9548374.4	524584.9	-60	12	7	12	5	1.34
and					40	45	5	1.10
and					58	63	<b>5</b>	<b>6.82</b>
FERC0024	9548412.4	524566.3	-55	12	20	22	2	17.90
FERC0025	9548403.1	524564.6	-60	12	27	29	2	2.65

\* ARC60 Zone 36S, 0.5g/t lower cut, max 2m internal waste, no upper cut, only >5gxm reported  
All samples riffle split

**Table 4: Mwanguli Prospect Reverse Circulation Drilling (Tanzania) – Significant Results**

Hole ID	Coordinates *		Dip (°)	Azi* (°)	Intercept (m)		Intercept width (m)	Grade (g/t Au)
	North (m)	East (m)			From	To		
MGRC0025	9555834.7	503900.0	-50	180	79	87	8	0.68
and					102	108	<b>6</b>	<b>1.42</b>
MGRC0031	9555947.5	503601.4	-50	180	56	71	<b>15</b>	<b>1.43</b>
and					75	87	12	0.82
MGRC0033	9555771.0	504004.5	-50	180	45	53	8	1.07
MGRC0036	9555987.2	503179.4	-50	180	1	5	4	1.52
MGRC0040	9555797.0	503843.3	-50	180	23	25	2	3.27
and					29	37	8	0.84
and					42	48	6	0.86
MGRC0045	9555781.8	503945.6	-50	180	5	15	10	0.82
and					23	28	<b>5</b>	<b>2.03</b>

\* ARC60 Zone 36S, 0.5g/t lower cut, max 2m internal waste, no upper cut, only >5gxm reported  
All samples riffle split

**Table 5: Welcome Breccia Diamond Drilling (Queensland) – Significant Results**

Hole ID	Coordinates *		Dip (°)	Azi* (°)	Intercept (m)		Intercept width (m)	Grade (g/t Au)
	North (m)	East (m)			From	To		
WED008	7800412.9	457353.2	-70	186	354	359	<b>5</b>	<b>3.56</b>
WED008	7800412.9	457353.2	-70	186	486	493	7	1.72
WED009	7800451.0	457330.3	-70	200	375	376	<b>1</b>	<b>42.0</b>
WED010	7800413.0	457349.9	-65	200	**251	298	<b>47</b>	<b>2.57**</b>
Incl.					255	265	<b>10</b>	<b>2.13</b>
Incl.					268	292	<b>24</b>	<b>2.96</b>
Incl.					295	298	3	8.22
and					336	353	<b>17</b>	<b>2.02</b>

\*UTM AGD 84 Zone 55, 0.5g/t lower cut, max 2m internal waste, no upper cut, only >5gxm reported

\*\* includes two 3m zones of internal waste <0.5g/t Au

## CORPORATE DIRECTORY

### SENIOR MANAGEMENT

P.R. Sullivan Chief Executive Officer

P. A. Beilby Operations

P.J. Venn Business Development

G.W. Fitzgerald Finance/Admin and  
Company Secretary

L. Taylor Operations Manager  
*Golden Pride, Tanzania*

J. Ray Operations Manager  
*Ravenswood, Queensland*

R. Jordinson Operations Manager  
*Syama, Mali*

### REGISTERED AND PRINCIPAL OFFICE

4<sup>th</sup> Floor, BGC Centre

28 The Esplanade

Perth, WA, Australia, 6000

Tel: 61 8 9261 6100

Fax: 61 8 9322 7597

Web: [www.rml.com.au](http://www.rml.com.au)

### HOME EXCHANGE

The Company's securities are listed on the Australian Securities 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 2333

Fax: 61 8 9315 2233

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