



**RESOLUTE  
MINING  
LIMITED**

# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
30 SEPTEMBER 2002

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

## OVERVIEW

### QUARTERLY PRODUCTION

- **Gold production for the quarter of 63,356** (65,227) ounces of gold was achieved at a cash cost of **US\$209** per ounce (US\$215).
- Golden Pride achieved gold production of 36,730 ounces (38,675) at a cash cost of US\$219 per ounce (US\$215/oz).
- Gold production at Obotan generated 26,626 (26,551) ounces of gold at a cash cost of US\$195 per ounce (US\$215/oz).

### DEVELOPMENT

- Golden Pride Treatment **Plant Upgrade** completed **under budget** and commissioning commenced.

### EXPLORATION

- Infill diamond drill holes, at **Nyakafuru** in Tanzania, confirm **mineralisation**. Results include **8m @ 19.6g/t**, 19m @ 4.0g/t, 4m @ 7.1g/t, 16m @ 4.1g/t, 15m @ 4.5g/t.
- Drilling at the **Kanegele** prospect, Nyakafuru intersects **wide zone** of deeply oxidised mineralisation with 20m @ 1.7g/t (including 6m @ 3.8g/t Au).
- Red 5 report a **30% increase** in resource at **Indee** to 494,000 ounces.
- Goldfields intersect **high-grade mineralisation** in the Poseidon gabbro at **Higginsville**. Results include **1.6m @ 68.3g/t Au**, 1m @ 6.9g/t Au, and 5m @ 5.4g/t Au.

### CORPORATE

- **Group cash and bullion** at the end of the quarter was **A\$34m** (A\$15m).
- **Draw down of US\$9.4 million of finance facility** with Standard Bank London Limited for the Golden Pride Upgrade Project.
- **Gross cash flow** from operations for the quarter of **A\$10m** (A\$12m).
- Presidential Award to Resolute for **Environmental Excellence and Leadership** for its activities at the Golden Pride mine site in Tanzania.
- **Placement** of 10.65 million ordinary shares at 72 cents per share to two institutional resource investors **raising A\$7.7 million**.
- **Purchase of a further 4.6% (total holding 16.1%) of Gallery Gold Limited** which recently commenced a definitive feasibility study for gold deposits in **Botswana**.
- **Preston Resources** Deed of Release becomes unconditional.

**PR SULLIVAN**  
Chief Executive Officer  
29 October 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)
<b>Obotan</b>									
Sep Qtr	449,309	414,482	2.07	96.7	96.1	26,626	354	484	23,963
Jun Qtr	433,423	453,910	1.88	96.4	94.9	26,551	390	573	23,897
<b>Golden Pride</b>									
Sep Qtr	632,681	459,732	2.74	90.8	87.8	36,730	400	485	36,730
Jun Qtr	488,413	519,761	2.50	92.9	94.7	38,675	388	467	38,675
<b>Total</b>									
Sep Qtr	1,081,990	874,214	2.42	93.2	91.9	63,356	380	484	60,693
Jun Qtr	921,836	973,671	2.21	94.5	94.8	65,227	389	510	62,572

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

## PRODUCTION

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

Golden Pride produced 36,730 (38,675) ounces of gold from 459,732 (519,761) tonnes of ore at a head grade of 2.74g/t (2.50g/t) at a cash cost of US\$219/oz (US\$215/oz) for the quarter.

Mill throughput and availability were below the previous quarter as a result of planned downtime allied to the completion of construction and commissioning of the mill upgrade (refer to Development Section). Mill throughput and grade were in line with forecasts for the quarter.

Commissioning of the mill upgrade is progressing well, however some minor issues will delay the ramp-up schedule to the 2.6mtpa design capacity, to the middle of the December quarter.

Earthmoving quantities were increased during the previous quarter in line with the commencement of the cutback and a revised Life of Mine schedule. Total ore and waste production for this quarter was marginally below forecast due to later than planned completion of a creek diversion channel in the eastern end of the pit. Waste movement will be increased slightly in the coming quarter. Ore production has been higher than the previous quarter to ensure stockpiles are ready for the higher mill throughput associated with the upgraded plant.

In the coming quarter, scheduled material movement is likely to be affected by instability in the south wall of the western end of the pit.

The most likely impact will be to defer access to some higher-grade material, which will mean a slightly lower than budgeted head grade and higher than budgeted cash cost per ounce produced for the remainder of the financial year.

### Obotan, Ghana (Resolute – 90%)

Obotan produced 26,626 (26,551) ounces of gold from 414,482 (453,910) tonnes of ore at a head grade of 2.07g/t (1.88g/t) at a cash cost of US\$195/oz (US\$215/oz) for the quarter.

Gold production was consistent with the previous quarter despite the treatment of a progressively greater proportion of more competent transitional/fresh Abore ore that reduced throughput levels. Grades achieved during the quarter were higher than the previous quarter due to the mining of transitional material in the south end of the Abore pit containing an increased level of quartz veining.

The mining rate was advanced against target during the quarter due to pit wall deterioration during the second half of the quarter. Excellent productivity was achieved despite the decreasing working area in the virtually completed pit.

Mining was completed in mid October and milling of the remaining Abore ore will be completed towards the end of November 2002.

The Obotan Gold Project will subsequently be placed on care and maintenance.



## DEVELOPMENT

### Golden Pride, Tanzania

#### Golden Pride Upgrade Project

All mechanical, structural and electrical works on the plant were completed in late September. Commissioning of the Ball mill was delayed several days due to the late arrival of the new girth gear.

Lycopodium achieved practical completion on 9<sup>th</sup> October 2002. The actual costs for the Treatment Plant Upgrade were below budget. Commissioning is now in progress.

Work continues on the remaining non-critical items associated with the Golden Pride Upgrade Project. The clearing of the tailings dam site has been completed. The decant trench and key trench has been excavated. Floor compaction and wall construction has commenced.

The total project costs continue to track under the US\$10.6m budget.

Diamond holes NPD043 - 47 were completed during the quarter and included 96m of pre-collars and 650m of coring.

All holes were surveyed with a single shot Eastman camera and the core orientated to facilitate structural and geo-technical logging.

As part of the verification programme a number of earlier drill holes were re-entered and surveyed. Re-entries of 19 selected reverse circulation holes through the middle of the main shoot in Reef 2 East were completed. New sections are being compiled with the updated survey information.

Generally mineralisation at Nyakufuru is associated with pyritic, carbonated and silicified zones with or without quartz veining. High-grade gold mineralisation appears to be associated with pyrite abundance and not necessarily an abundance of vein quartz. There is a good correlation between elevated arsenic values and high-grade gold assays. This is probably due to very fine-grained arsenopyrite but little has been seen in the diamond core logged to date.

**Significant drill hole intercepts from the diamond drilling are summarised in the table below.**

## EXPLORATION

### TANZANIA

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

#### **Nyakafuru Prospect**

Five angled diamond drill holes were completed at Nyakufuru during the quarter. These were designed to verify earlier drill results, provide additional structural and geo-technical data and to confirm grade distribution in the two main reefs (Reef 2 East and Reef 2 West).

Comparisons between the recent Resolute diamond core intercepts (gram-metres) and the corresponding intercepts (i.e. above and below) from previous reverse circulation and diamond drilling revealed a moderate variation as expected for high-grade gold mineralisation. In some instances they have been broader lower grade intercepts but generally they confirm the high grade erratic gold distribution previously encountered due to abundant fine free gold.

Hole Id	Northing	Easting	From (m)	To (m)	Width (m)	Au g/t	As ppm
NPD043	9919.5	4670	90.37	100.00	9.63	2.68	465
"	"	"	109.25	112.78	3.53	2.79	908
<b>NPD044</b>	<b>9941</b>	<b>4684</b>	<b>73.00</b>	<b>88.00</b>	<b>15.00</b>	<b>4.46</b>	<b>743</b>
"	"	"	92.00	98.00	6.00	3.81	1205
"	"	"	103.00	105.00	2.00	2.61	2520
"	"	"	105.64	108.00	2.36	4.99	1947
"	"	"	110.32	111.00	0.68	2.19	544
<b>NPD045</b>	<b>9860</b>	<b>4687.5</b>	<b>61.00</b>	<b>65.00</b>	<b>4.00</b>	<b>7.07</b>	<b>2025</b>
"	"	"	77.00	89.42	12.42	2.58	338
"	"	"	92.92	95.64	2.72	3.66	143



Hole Id	Northing	Easting		From (m)	To (m)	Width (m)	Au g/t
NPD046	9800	4657		89.00	96.00	7.00	4.88
"	"	"		<b>107.00</b>	<b>126.18</b>	<b>19.18</b>	<b>3.99</b>
"	"	"	incl.	112.00	121.35	9.35	4.57
"	"	"	incl.	123.00	126.18	3.18	8.98
"	"	"		129.00	131.70	2.70	3.22
"	"	"		139.67	142.00	2.33	1.54
NPD047	9738	4661	160	56.60	65.00	8.40	1.93
"	"	"		66.70	69.00	2.30	1.48
"	"	"		<b>72.50</b>	<b>89.00</b>	<b>16.50</b>	<b>4.08</b>
"	"	"	incl.	74.00	87.00	13.00	4.88
"	"	"		102.00	103.00	1.00	4.48
"	"	"		<b>106.28</b>	<b>114.37</b>	<b>8.09</b>	<b>19.66</b>

Note: Arsenic values awaited for holes NPD046 – 047. All holes drilled  $-60^{\circ}$  to grid east.

A 14 hole reverse circulation drilling program targeting co-incident weak to moderate resistivity and chargeability highs identified in the induced polarisation survey, completed in August, have intercepted weakly sericite altered basalt within narrow shear zones or massive fractured dolerite.

NPRC331 towards the middle of Reef 6 intercepted pyritic, quartz veined, silica-sericite altered schist from 85 – 101m with best intercepts of 4m @ 2.62g/t from 86 metres and 7m @ 2.76g/t from 92 metres.

### Kanegele Prospect

Two pre-collared diamond holes (KGD001 and KGD002) were drilled below previously identified Au mineralisation. The main aim was to obtain lithological and structural information within fresh mineralisation.

KGD001 was drilled grid south on the 4900E line (old Pangea grid) underneath KGRC001. The hole intersected unexpected deep weathering to approximately 123m. As a result the hole intercepted the main mineralised zone within the reverse circulation pre-collar.

KGD002 was drilled grid south at 29360E, 20110N on the new Resolute grid. KGD002 steepened considerably in the pre-collar, eventually hitting the target well below the planned depth.

Assays for both holes are awaited.

An induced polarisation survey using receiver dipoles every 10m on lines spaced at 40m across

the new Kanegele grid was completed in August. The survey of 26.42 line kilometres (29040E–30400E) identified a resistivity low over the mineralisation outlined by earlier drilling by Pangea reverse circulation drilling. Hole KGD001 confirms that the resistivity low is related to deeper oxidation levels associated with shearing/alteration of the mineralised host rocks.

A co-incident, east-west trending, resistivity/chargeability high to the immediate north highlights the magnetic dyke seen in regional aeromagnetic images. Another co-incident resistivity/chargeability high to the south and north-east (trending north-east) outlines the local banded iron formation (BIF) units.

One reverse circulation drill hole (KGRC001) was drilled to a depth of 135m in order to test oxidation levels across the mineralised zone and confirm the dip to mineralisation. The hole intercepted variably sheared, sericite-ankerite altered basalt with up to 60% smoky vein quartz over one metre. Minor BIF was encountered between 43–46m and 62–64m. The hole has confirmed a moderate ( $-65^{\circ}$ ) north-west dip to mineralisation.

The best intercepts for this hole were:

Hole Id	Northing	Easting		From (m)	To (m)	Width (m)	Au g/t	As ppm
KGRC001	10395	4900		79	99	20	1.76	44
"	"	"	Incl.	80	86	6	3.82	30

Further reverse circulation and diamond drilling is planned for this area and will be drilled to the south-east on the new Resolute grid.



## Golden Pride (Resolute – 100%)

Diamond drill testing of the 11350E hanging wall position immediately south of the pit, at depth, was completed during September for a total of 374.2m.

Results from the reverse circulation pre-collars, tabulated below, are consistent with the previous drilling in this area and modelling of the mineralisation indicates that it is potentially economic at US\$310/oz.

Hole ID	Northing	Easting	From (m)	To (m)	Interval (m)	Grade (g/t gold)
GPR478	1822	11350	28	33	5	6.4
"	"	"	36	39	3	4.2
"	"	"	61	65	4	2.4
"	"	"	75	77	2	2.7
GPR480	1826	11299	47	54	7	5.8
GPR481	1824	11399	1	3	2	8.1
"	"	"	53	59	6	2.9
GPR482	1950	11650	45	50	5	5.6
"	"	"	54	60	6	1.5
"	"	"	78	81	3	2.8

Logging of the diamond core indicates that the mineralisation at depth contains pyrrhotite, arsenopyrite, pyrite and chalcopyrite in association with quartz veining. It is hosted by fine-grained intermediate to mafic volcanics.

The rotary air blast sterilisation of the area proposed for waste dumping to the north of the eastern end of the pit returned anomalous results from one hole that was collared within 25m of the pit wall (GRB1749, 37m interval with a ~0.5g/t gold tenor). This anomaly was followed up in September with a four-hole reverse circulation programme GRR491–494 (total 240m).

The results indicated the presence of potentially economic oxide gold mineralisation in the footwall of the current pit with significant hits on strike to the east and west (results summary follows). The best value was recorded from GPR491 (composite 7m @ 3.4g/t gold, including 1m @ 9.9g/t).

Hole ID	Northing	Easting	From (m)	To (m)	Interval (m)	Grade (g/t gold)
GPR491	13250	2300	48	51	3	2.9
"	"	"	54	58	4	3.8
GPR492	13200	2312.5	11	15	4	1.5
GPR493	13200	2287.5	31	33	3	1.1
GPR494	13150	2300	6	10	4	1.6
"	"	"	15	18	3	1.7

Follow-up drilling is to be undertaken.

## GHANA

### Akoase (Resolute - 100%)

Final results from the second trench have been received. Several anomalous zones have been intersected in this trench (Trench 2). The most significant, **38m @ 1.01g/t**, including **10m @ 2.54g/t**, corresponds with the soil anomaly. Other zones include 10m @ 0.23g/t, 26m @ 0.32g/t, 54m @ 0.27g/t and 8m @ 0.22g/t.

These results are encouraging and will be followed up by additional trenching and electrical geophysical surveys planned to start early in the next quarter.

### Weststar (Resolute – Option to earn 100% non-alluvial)

Soil sampling and geological mapping on the 400m X 50m grid has been completed.

Final results are awaited.

Two anomalous areas have been defined to date. An induced polarisation survey is planned to cover these anomalies in the next quarter.

## AUSTRALIA

### Indee (Red 5 Limited earning 51%)

In mid September, Red 5 Limited (formerly Greenstone Resources NL) reported a revised estimate of the Indicated and Inferred Mineral Resources at the Indee Joint Venture. This re-estimate has increased the contained gold by more than 30 percent to approximately 494,000 ounces (8.0m tonnes @ 1.93g/t Au at a 0.8g/t Au cut-off).

Indee Gold Project Mineral Resource at a 0.8g/t gold cut-off

Resource Category	Tonnes	Grade (g/t gold)	Contained Ounces Gold
Inferred	5,041,000	1.99	322,000
Indicated	2,921,000	1.83	172,000
Total	7,962,000	1.93	494,000

Reverse circulation drilling will commence at the Withnell prospect during the December Quarter. The aim is to further increase the confidence level of the resource estimate, and to explore for extensions to the primary zone at depth. Air core exploration drilling will also continue at other prospects.



## Goldfields Widgie JV (Goldfields 80% Resolute 20%)

### Poseidon South (M15/351)

Two diamond drill holes were completed to further test the along strike extension of the Poseidon South mineralisation as a follow-up to earlier drilling that included WID 4392 and WID 4614.

The first of the current holes WID4627 was located 400 m to the north of the open pit and was completed to a depth of 330m. The dominant lithology intersected was a differentiated gabbroic intrusive with several phases of weak alteration and veining.

Assays for WID4627 are pending but visual inspection of the core confirmed the presence of two narrow quartz veins up to 50 cm thick.

WID4628, located 200 m north of the open pit was completed to a depth of 276 metres. Significant intersections included **5m @ 5.4 g/t Au, 1.6m @ 68.3 g/t Au** and **1m @ 6.9g/t Au**.

The mineralization has two styles. The higher grades appear to be restricted to quartz veins associated with arsenopyrite, pyrrhotite and biotite alteration within a medium to coarse-grained granophyric gabbro. Quartz-arsenopyrite with or without scheelite veins is associated with biotite and pyrrhotite in the wall rock.

In the lower part of the section, from about 250 m depth, the veins are low to moderate grade and form a stockwork with strong wall rock alteration.

## CORPORATE

### Cash and Debt

As at 30 September 2002, the Resolute Group had A\$24m in cash (30 June 2002: A\$6m) and A\$10m in bullion (30 June 2002: A\$9m). Included in the cash balance is an amount of approximately A\$3m (30 June 2002: A\$3m), which is subject to certain restrictions pursuant to the group's performance bond credit facility agreements.

During the quarter all requirements for the new revolving credit facility (which is being used to fund the Golden Pride Upgrade Project) with Standard Bank London were satisfied. The Facility Agreement and associated agreements were executed on 19<sup>th</sup> July 2002 and the initial draw down occurred on 23<sup>rd</sup> July 2002.

The revolving line of credit has an expiry date of 30 June 2006 and allows Resolute to borrow a maximum amount of US\$11m. At 30 September 2002, US\$9.4m (A\$17.3m) had been drawn down.

The principal movements in the cash balance during the quarter are attributable to: gross cash flow from operations of A\$10m, net positive working capital movements of A\$1.5m, a A\$17.3m inflow from the partial draw down of the revolving credit facility, a A\$7.7m inflow from the issue of 10.65m ordinary shares, a A\$2m payment to Ashanti relating to deferred Golden Pride purchase consideration, exploration/ development expenditure (including the plant upgrade expenditure) of A\$9.5m, royalty expense of A\$1.1m, Abore related performance payments of A\$1.3m, and rehabilitation, income tax payments and operational support costs of A\$2.2m.

The average accounting revenue price achieved during the quarter ended 30 September 2002 was A\$578/oz of gold poured (June–A\$568/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 has paid further deferred purchase consideration of US\$1.1m to Ashanti in October 2002 as a result of the average gold spot price exceeding US\$295/oz for the September 2002 quarter. This expense has been significantly offset by the higher US\$ spot prices received by Resolute on spot gold sales during the quarter. For the quarter ending 31 December 2002, Resolute may be liable to pay Ashanti a further US\$1.1m if the spot gold price averages > than US\$295 for that quarter. The December 2002 quarter is the last quarter for this obligation to apply.

### Group Hedging Profile at 30 September 2002

Gold Hedging	Forward Sales		Put Options Bought	
	Ounces	\$	Ounces	\$
<b>AUD's</b>				
Y/E 30/6/03	9,000	473	-	-
	9,000	473	-	-
<b>USD's</b>				
Y/E 30/6/03	74,565	304	25,000	300
Y/E 30/6/04	115,706	302	42,026	300
Y/E 30/6/05	61,281	306	-	-
Y/E 30/6/06	40,000	311	-	-
	291,552	305	67,026	300
Total	300,552		67,026	



Call Options	Call Options Sold	
	Ounces	\$
<u>AUD's</u>		
Y/E 30/6/03	95,716	588
<u>USD's</u>		
Y/E 30/6/03	25,000	317
Total	120,716	

Currency Hedging	US\$/A\$ Forwards	
	US\$	Average FX rate
Y/E 30/6/03	2,000,000	0.5425
Y/E 30/6/04	6,000,000	0.5209
	8,000,000	0.5261

Using the 30 September 2002 USD spot gold price of US\$323.50/oz and the USD/AUD foreign exchange rate of 0.5430, the mark to market of the Resolute hedge book at period end was a negative amount of approximately A\$14.7m.

#### Tanzanian Environmental Excellence Award

Resolute Mining's commitment to environmental best practice has been recognised with the award of the Presidential Award for Environmental Excellence and Leadership for its activities at the Golden Pride mine site in Tanzania.

This is the first year of the award, which is given to the company or business that has made an outstanding contribution to the environment and social development above and beyond normal legal compliance.

This award recognises the high standards which Resolute Mining sets at its operations and ranks alongside previous achievements, which include:

- Golden Gecko award in Australia for activities at the Marymia Gold Mine in 1997
- Golden Gecko award in Australia for activities at the Marymia Gold Mine in 1998
- Best Environmental Control Award in Ghana for activities at the Obotan Gold Mine by the Parliamentary Committee on Environment in 1998 and
- The Environmental Protection Authority's Most Environmentally Committed Company in Ghana for activities at the Obotan Gold Mine in 1999.

#### Placement to Specialist Resource Investors

During the quarter, Resolute Mining raised \$7.7 million by way of a placement of 10.65 million ordinary shares at 72 cents per share to two institutional resource investors, African Lion Limited and Resource Capital Funds II LP.

African Lion Ltd was established by Lion Selection Group Limited as a specialist resource investment fund to invest in resource opportunities in Africa and Resource Capital Fund II LP is a resource venture capital fund based in Denver, Colorado that invests in development and growth stage mining companies.

The funds raised will be applied to increase the Company's exploration activities, support its investment positions and supplement general working capital. Resolute Mining welcomes both of these investors to its register.

#### Purchase of a further 4.6% of Gallery Gold Limited.

During last quarter and as recently announced, the Company increased its shareholding in Gallery Gold to 16.1% by way of

- subscription to a 1:4 renounceable rights issue yielding 3,875,000 shares at a cost of \$0.24 per share and
- a direct purchase in the ordinary course of business on the ASX of 7,823,486 ordinary shares at a cost of \$0.20 per share.

Gallery has recently commenced a definitive feasibility study for its gold deposits in **Botswana**.

#### Preston Resources Deed of Release

In September 2002, the Deed of Release entered into with Preston Resources and several of its subsidiaries became effective. In addition, Preston Resources has advised that its corporate restructure has become effective.

This has ended the links between the two companies.

Resolute Mining's subsidiary, Resolute Limited maintains a contingent exposure to Bulong Operations, now predominantly owned by Barclays Bank PLC and the other Bondholders, through its position as guarantor on the Sulphuric Acid Supply Deed. This is a declining exposure over the period to October 2003, when it will cease.



**CORPORATE DIRECTORY**

**Senior Management**

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

**Registered and Principal Office**

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**Home Exchange**

The Company's shares are listed  
 On the Australian Stock Exchange and the  
 home exchange is Perth

**Shareholder Enquiries**

Enquiries concerning shareholdings should  
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 Australia  
 Tel: 61 8 9315 0933  
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