



**RESOLUTE  
MINING  
LIMITED**

# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
31 DECEMBER 2002

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

## OVERVIEW

### QUARTERLY PRODUCTION

- **Gold production for the quarter of 57,770** (63,356) ounces of gold was achieved at a cash cost of **US\$204** per ounce (US\$209).
- Golden Pride achieved gold production of 35,247 ounces (36,730) at a cash cost of US\$242 per ounce (US\$219/oz).
- Gold production at Obotan generated 22,523 (26,626) ounces of gold at a cash cost of US\$145 per ounce (US\$195/oz).

### EXPLORATION

#### TANZANIA

- **Golden Pride:**  
New zones of gold mineralisation discovered along the Eastern Footwall of the Golden Pride pit. Best results included: **15m @ 9.60 g/t Au** from 61m and **7m @ 11.22g/t Au** from 26m.
- **Austan JV**  
First pass RC drilling program intersected significant mineralisation 30km north-west of Golden Pride at Canuck. Best composite results included: **6m @ 22.30 g/t Au** from 33m and **8m @ 4.79g/t Au** from 75m.
- **Nyakafuru JV – Kanegele:**  
Drilling on several prospects encountered wide zones of low-grade mineralisation including: **60m @ 2.81g/t Au** from 59m, **70m @ 1.34 g/t Au** from 28m and **168m @ 0.63g/t Au** from 70m. Within these zones of mineralisation, significant high grade zones of mineralisation have been identified, including; **15m @ 7.79g/t Au** from 75m and **12m @ 3.80g/t Au** from 12m.

- **Nyakafuru JV – Mkweni:**

High-grade rock chip samples obtained at the newly named Grange Prospect. Best results included **690.94g/t Au**, **447.93g/t Au** and **153.03g/t Au** within sheared sediments.

#### GHANA

- **Akoase:**

Trenching continues to provide encouraging results including **16m @ 2.25g/t Au**, **16m @ 1.29g/t Au** and **4m @ 3.72g/t Au**.

### CORPORATE

- **Group cash and bullion** at the end of the quarter was **A\$26m** (A\$34m).
- **Gross cash flow** from operations for the quarter of **A\$9m** (A\$10m).
- **Share buy back** notice lodged with the Australian Stock Exchange and the Australian Securities & Investments Commission
- **Purchase of a 4.6% (total holding 16.1%) of Gallery Gold Limited** which recently commenced a definitive feasibility study for gold deposits in **Botswana**.

PR SULLIVAN  
Chief Executive Officer  
29 January 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>Obotan</b>									
Dec Qtr	79,226	309,881	2.33	96.9	97.4	22,523	261	353	20,271
Sep Qtr	449,309	414,482	2.07	96.7	96.1	26,626	354	484	23,963
<b>Golden Pride</b>									
Dec Qtr	487,510	545,994	2.26	89.0	88.2	35,247	434	540	35,247
Sep Qtr	632,681	459,732	2.74	90.8	87.8	36,730	400	485	36,730
<b>Total</b>									
Dec Qtr	566,736	855,875	2.28	91.9	92.3	57,770	367	467	55,518
Sep Qtr	1,081,990	874,214	2.42	93.2	91.9	63,356	380	484	60,693

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

## PRODUCTION

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

Golden Pride produced 35,247 (36,730) ounces of gold from 545,994 (459,732) tonnes of ore at a head grade of 2.26g/t (2.74g/t) at a cash cost of US\$242/oz (US\$219/oz) for the quarter.

Mill throughput and availability improved over the previous quarter following successful resolution of the majority of commissioning issues related to the recent treatment plant upgrade. Throughput rates have steadily increased to the upgraded design capacity of 2.6mtpa. However, during the quarter, milling was hampered by an unexpected change in ore characteristics for oxidized ore from the eastern end of the pit. Ore from this area is proving to be more deeply weathered than other areas and exhibits higher proportions of clay minerals that cause the slurry to become highly viscous. This ore will be completely mined during the next quarter and ore characteristics are expected to return to be similar to those previously encountered.

Ore production from the pit dropped in terms of tonnes from the previous quarter in line with forecast. In the September quarter higher ore production had been scheduled to increase stockpile tonnages ahead of the wet season and mill upgrade commissioning. During the current quarter ore stocks were drawn down to budgeted levels.

As predicted in the September Quarterly Report mine production was adversely affected by instability of the south wall. Access to the deepest section of the pit was restricted throughout the quarter and closed from mid December following several heavy rains and indications of increased movement. Two small pit wall failures occurred towards the end of the quarter from within the area being monitored. The 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.

Development of the eastern end of the pit is progressing well. During the quarter the north cutback was specifically targeted for waste movement to enable access to the central and eastern parts of the pit. Ore haulage distance to the ROM will be greatly reduced once this ramp is in place. Following completion of this ramp, waste production will move to the south cutback.

Despite difficulties in the western end of the pit, year to date ore production remains above budget albeit at a slightly lower grade.

### Obotan, Ghana (Resolute – 90%)

Obotan produced 22,523 (26,626) ounces of gold from 309,881 (414,482) tonnes of ore at a head grade of 2.33g/t (2.07g/t) at a cash



cost of US\$145/oz (US\$195/oz) for the quarter.

The processing of all remaining available ore was completed during the quarter with the Abore ore processing completed on December 5, 2002 and the Nkran ore processing completed on December 10, 2002. Following the completion of processing, plant decommissioning began with the clean up of all traps, sumps, boil boxes, etc. and stripping of all remaining carbon in the circuit.

Decommissioning is expected to be complete by the end of January 2003.

The Obotan Gold Project will subsequently be placed on care and maintenance. The rehabilitation program is well advanced with the major part of this work expected to be complete by the end of the June 2003 quarter. A co-existence arrangement with the Ghanaian Defence Forces, whereby they would utilize Resolute's facilities as a base, is currently being negotiated. These arrangements would assist in minimising care and maintenance costs.

## EXPLORATION

### TANZANIA

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

##### Eastern Footwall Mineralisation

Further drilling of the Eastern Footwall Prospect has outlined two continuous zones of mineralisation 10 to 50m north-east of the existing Golden Pride pit. A total of 31 holes were drilled during the quarter for 2,304m. Both zones have a combined east-west strike length of approximately 500m and dip steeply to the south. The mineralisation is lithostructurally controlled and associated with strong chlorite-pyrrhotite alteration. Both zones remain open to the east and downdip.

These results are being reviewed with the aim of incorporating this mineralisation within the mine schedule. Further drilling is planned for the March 2003 quarter, including

exploratory RAB and RC infill. Significant RC results include:

Hole ID	Northing	Easting	From (m)	To (m)	Interval (m)	Grade (g/t gold)
GPR507	13300	2320	26	33	7	11.2
GPR509	13240	2320	27	30	3	18.5
GPR510	13250	2280	51	63	12	3.1
GPR520	13206	2250	48	74	26	2.7
GPR522	13250	2260	108	110	2	36.6
GPR524	13300	2280	101	104	3	6.9
GPR525	13350	2325	61	76	15	9.6
GPR526	13350	2305	79	87	8	6.6

#### Austan JV (Resolute earning 70%)

The Austan licences are located 30km north-west of Golden Pride.

Between 1945-53 a Canadian mining company developed a small underground mine west of Isaka. During its eight years of operation the Canuck mine produced 7,400 ounces at a head grade of 6.7g/t Au.

In the early 1980's Geosurvey International and the UNDP carried out field investigations within the Nzega greenstone belt and highlighted the Canuck area as a high order exploration target. Apart from a small diamond drilling program completed by Staminco on behalf of the UNDP in 1987, little work has been carried out within the licence area.

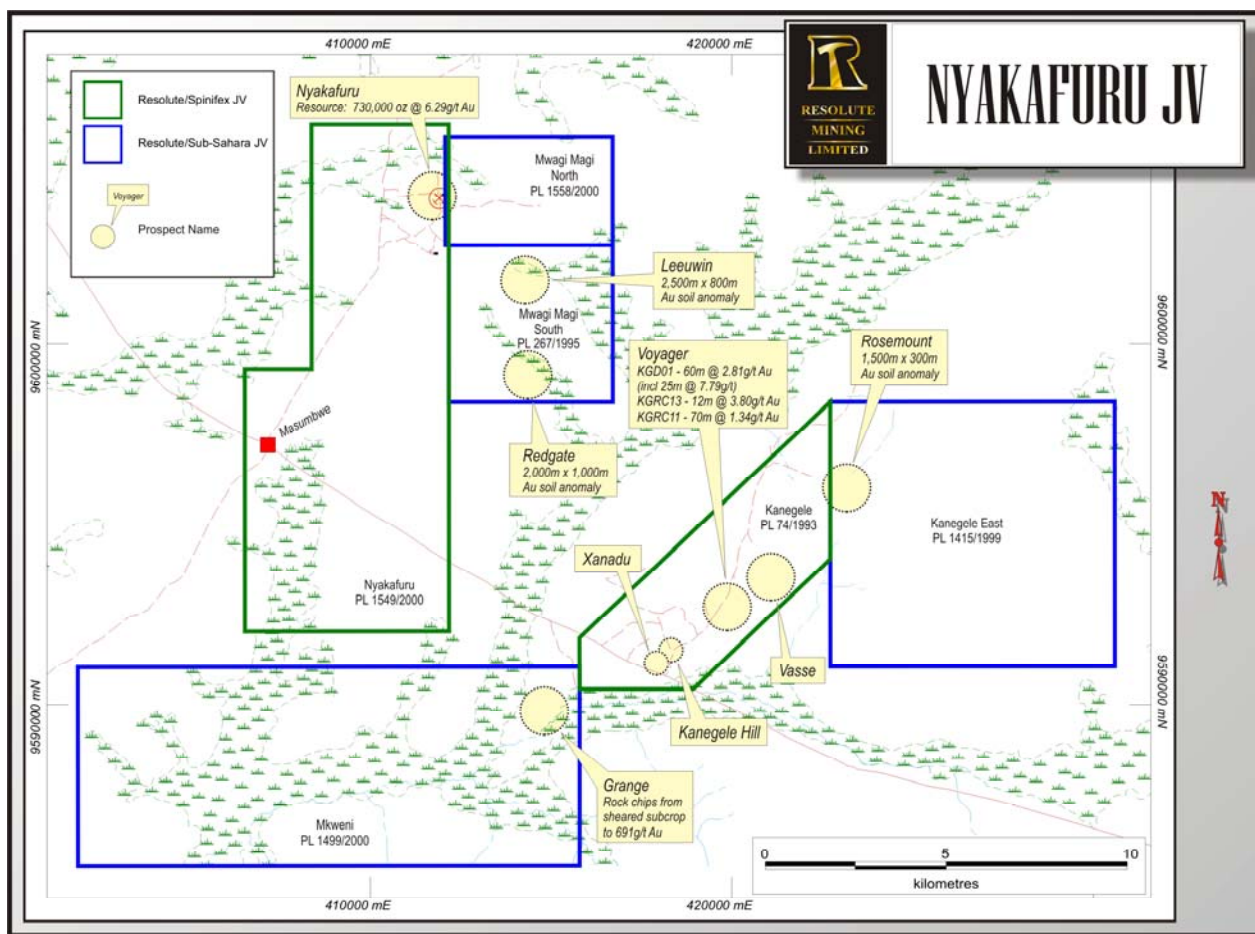
In December Resolute carried out a first pass RC drilling program in the Canuck mine area to test for strike and cross strike mineralisation. Twelve holes were completed for 968 metres.

Drilling intersected significant mineralisation at the southern end of the old Main Lode along a sheared contact between banded iron formation and mafic volcanics. Better intersections include;

Hole No	Northing	Easting	From	To	Interval	Au g/t
CNC001	9568256	488930	75	83EOH	8*	4.79
CNC012	9568147	488890	33	39*	6*	22.30

\* 3 metre composite results

Mineralisation remains open to the south and at depth.



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

### Kanegele Licence

#### i. Voyager Prospect

**4900E Anomaly** - As reported to the ASX on 25th November 2002, a diamond drillhole KGD001 aimed at testing the downdip continuity of gold mineralisation encountered in earlier RC holes KRC 065 (21m @ 3.51g/t Au) and KGRC 001 (20m @ 1.76g/t Au) intersected a broad zone of supergene gold mineralisation within a package of strongly altered and brecciated sediments and mafic volcanics. Best gold intercept included;

Hole No	Northing RTL Grid	Easting RTL Grid	From	To	Interval	Au g/t
KGD001	29946	20115	59	119	<b>60</b>	<b>2.81</b>
			75	90	<b>15</b>	<b>7.79</b>

In December, KGD003 was drilled 80 metres behind KGD001 and intersected several narrow quartz-pyrite filled breccia zones

throughout the 111m diamond tail. Assays for this hole are awaited.

Four RC holes (KGRC010-013) were drilled 40 metres either side of the projected strike of KGD001.

All holes encountered significant gold intercepts hosted within a broadly altered/sheared package of clastic sediments, mafic volcanics, and intrusive felsic porphyries. Better gold intersections included;

Hole No	Northing RTL Grid	Easting RTL Grid	From	To	Interval	Au g/t
KGRC010	29948	20010	27	46	19	1.40
KGRC011	29923	20066	28	98	<b>70</b>	<b>1.34</b>
			34	39	5	3.83
			90	97	7	2.53
			122	140	18	1.16
KGRC012	29975	20144	47	52	5	2.77
			93	96	3	3.10
KGRC013	29996	20090	7	26	19	2.92
			12	24	<b>12</b>	<b>3.80</b>



KGD002 was drilled 588m south of KGD001 to test the previously named 4300E anomaly, RAB drilled by Pangea Goldfields Inc in 1998. Once again very encouraging broad zones of low-grade gold mineralisation were encountered in brecciated mafic volcanics; higher grades associated with strong quartz-pyrite alteration. Better gold intercepts included;

Hole No	Northing RTL Grid	Easting RTL Grid	From	To	Interva	Au g/t
KGD002	29360	20110	70	238	<b>168</b>	<b>0.63</b>
			145	151	6	2.56
			236	238	2	4.29

Further RC drilling is planned to test strike extensions of the Voyager mineralisation.

### ii. Kanegele Hill prospect

Five RC holes KGRC005 to KGRC009 were drilled to follow up anomalous gold in soil results on Kanegele Hill. Wide zones of low-grade mineralisation were encountered in KGRC005, 21m @ 0.40g/t Au from 66m and 12m @ 0.79g/t from 99m, and in KGRC008, 8m @ 0.96g/t from 39m. Mineralisation is associated with an intercalated oxidised BIF/shale sequence and narrow felsic porphyry intrusives.

### iii. Xanadu Prospect

Three RC holes KGRC002 to 004 were drilled to test a line of artinsinal workings at the south-western end of Kanegele Hill. Hole KGRC003 intersected a wide zone of low-grade mineralisation of 18m @ 0.57g/t Au from 64m. As at Kanegele Hill, mineralisation is associated with an intercalated oxidised BIF/ shale sequence and narrow felsic porphyry intrusives.

### Mkwani Licence

### Grange Prospect

Eight rock chip samples were collected from an area of subcrop at the boundary of a

discontinuous layer of lateritic duricrust and recent lake sediments. Results included, **153.03g/t Au**, **447.93g/t Au**, 5.75g/t Au, **690.94g/t Au**, 8.95g/t Au. All samples were contained in strongly sheared limonitic sediment, with boudinaged quartz veins, occasionally containing visible gold.

A soil survey, sampling at 160m x 40m centres, is currently infilling a 800m x 200m ENE striking gold in soil anomaly outlined by Sub-Sahara Resources NL in 1999. A RAB drilling program will follow to further test this anomaly.

## GHANA

### Akoase

Trenching continued with thirteen trenches completed on 200m cross lines between 9400 to 12200N. A total of 2,335 traverse metres were dug in the completed program.

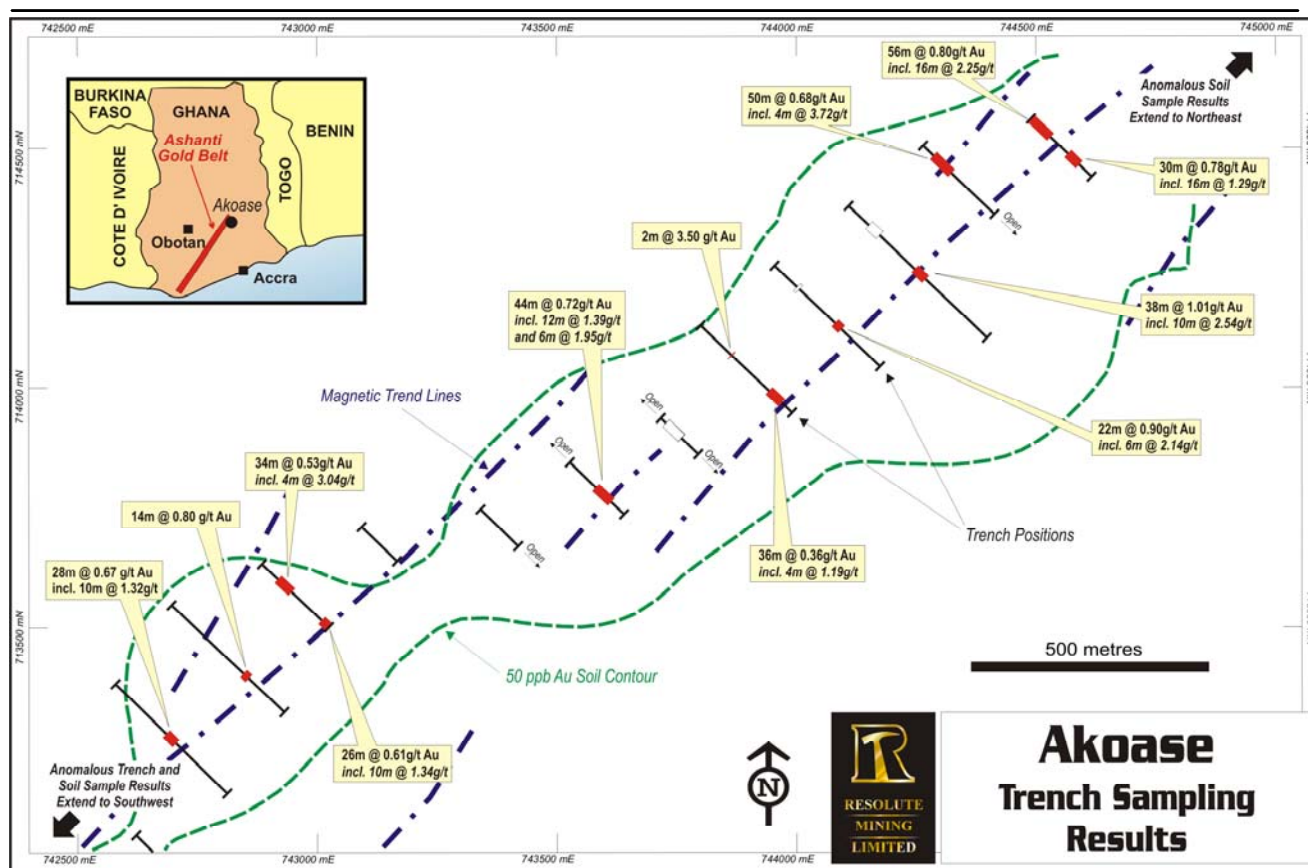
Results have been very encouraging with broad zones of anomalous mineralisation (>0.5g/t) outlined over a tested 2600m strike length. In addition a series of north-east trending magnetic highs are interpreted to be coincident with the outlined anomalous zones. Mineralisation remains open north-east-south-west and cross strike.

Infill trenching is to be followed by an RAB/RC drilling in the March 2003 quarter.

### Weststar

Integration of the recently completed ground magnetics, induced polarisation and soil geochemistry (400m x 50m) surveys has delineated two first order targets with a combined 2000m strike length on the Weststar concession.

A detailed soil geochemistry program is currently infilling these targets on a 100m x 25m pattern prior to trenching and drilling.



**CORPORATE**

**Cash and Debt**

As at 31 December 2002, the Resolute Group had A\$19m in cash (30 September 2002: A\$24m) and A\$7m in bullion (30 September 2002: A\$10m). Included in the cash balance is an amount of approximately A\$3m (30 September 2002: A\$3m), which is subject to certain restrictions pursuant to the group’s performance bond credit facility agreements.

At 31 December 2002, Resolute’s debt levels remain at US\$9.4m (A\$16.7m).

The principal movements in the cash balance during the quarter are attributable to: gross cash flow from operations of A\$9m, net negative working capital movements of A\$4.5m (which included closure costs and final payment of Obotan’s creditors), a A\$1.6m outflow in October to acquire a further 4.5% of Gallery Gold’s issued capital, a A\$0.6m outflow in October for participation in the Spinifex rights issue, a A\$2m payment

to Ashanti relating to deferred Golden Pride purchase consideration, exploration and development expenditure (including the plant upgrade expenditure) of A\$4m, royalty expense of A\$1.0m, Abore related performance payments of A\$1.3m, and rehabilitation and operational support costs of A\$2m.

The average cash price received per ounce of gold sold during the quarter was A\$593 (September A\$577/oz). The average accounting revenue price achieved during the quarter ended 31 December 2002 was A\$557/oz of gold poured (September A\$577/oz). In accordance with the principles of hedge accounting, a portion of the cash received on the sale of gold during the quarter has not been recognised in the Statement of Financial Performance in the December 2002 quarter. This deferral of income relates to the gold production that had been scheduled to be delivered into a forward sales contract, but was instead sold into the spot market. The deferred income will be recognised in the Statement of Financial Performance in the accounting



period in which the above-mentioned forward sales contracts are delivered into. The Company has taken advantage of the higher spot prices encountered during the quarter by selling 100% of its gold poured into the spot market.

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 January 2003 as a result of the average gold spot price exceeding US\$295/oz for the December 2002 quarter. This expense has been significantly offset by the higher US\$ spot prices received by Resolute on spot gold sales during the quarter. There are no further payments relating to this prior obligation.

#### Group Hedging Profile at 31 December 2002

Gold Hedging	Forward Sales		Put Options Bought	
	Ounces	\$	Ounces	\$
<u>AUD's</u>				
Y/E 30/6/03	6,000	473	-	-
	6,000	473	-	-
<u>USD's</u>				
Y/E 30/6/03	69,442	310	30,000	300
Y/E 30/6/04	115,706	302	48,440	300
Y/E 30/6/05	61,281	306	-	-
Y/E 30/6/06	40,000	311	-	-
	286,429	306	78,440	300
Total	292,429		78,440	

Call Options	Call Options Sold	
	Ounces	\$
<u>AUD's</u>		
Y/E 30/6/03	90,000	592
<u>USD's</u>		
Y/E 30/6/03	20,000	320
Total	110,000	

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

Given the flexible nature of Resolute's forward gold sales contracts ("forwards") and hedging facilities, the forwards maturing in the years ending 30 June 2003 and 30 June 2004 can be rolled to later dates at the Company's election. This gives the Company the choice of fully participating in spikes in the gold price in the short to medium term.

Using the 31 December 2002 USD spot gold price of US\$347.50/oz and the USD/AUD foreign exchange rate of 0.5611, the mark to market of the Resolute hedge book at period end was a negative amount of approximately A\$26.7m.

#### Share Buy Back

During the quarter, the Company lodged a share buy back notice with the Australian Stock Exchange and the Australian Securities & Investments Commission which enables the Company to buy back up to 15.3m of its ordinary shares on issue. To date, no shares have been bought back, and the Directors will continue to monitor this situation and will buy Resolute shares when they believe the share price is well below fair value.

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

On 22<sup>nd</sup> October 2002 the Company announced an increased 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.

**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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