



**RESOLUTE  
MINING  
LIMITED**

# REPORT ON ACTIVITIES

FOR THE QUARTER TO  
30 JUNE 2004

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

## OVERVIEW

## OPERATIONS

### Annual Production

- **Total production for the year of 230,095** (200,146) ounces of gold was achieved at a cash cost of **A\$364** per ounce (A\$369).
- **Golden Pride in Tanzania** achieved annual gold production of **169,151** (150,997) ounces of gold at a cash cost of **A\$320** (A\$387) (US\$228:US\$226) per ounce.
- Gold production since 1<sup>st</sup> March 2004 for the recently acquired **Ravenswood Gold Mine in Queensland** was **60,944** ounces of gold at a cash cost of **A\$486** per ounce.

### Quarterly Production

- **Gold production for the quarter of 87,423** (54,885) ounces of gold was achieved at a cash cost of **A\$410** per ounce (A\$366).
- Production at **Golden Pride in Tanzania** for the quarter was **40,432** (40,932) ounces of gold at a cash cost of **A\$335** (A\$312) (US\$243:US\$238) per ounce.
- **Gold production at Ravenswood** generated **46,991** (13,953\*\*) ounces of gold at a cash cost of **A\$474** (A\$527\*\*) per ounce.
- Lost Time **Injury free** period exceeds 12 months at **Golden Pride and Obotan** mine sites.

\*\* Includes statistics for the month of March 2004 only as Ravenswood was acquired by the group effective March 2004.

## EXPLORATION

- The current shortage of available drill rigs, both in Africa and Australia, has resulted in a number of programmes to drill-test identified

anomalies and mineralised zones being delayed.

- **Elected** to enter the **earning phase** of the Etruscan Finkolo JV on tenure that abuts the Syama permits.

## DEVELOPMENT

### Syama

- **Option to purchase** an 80% interest in the project was **exercised** and the **acquisition** from Randgold Resources **completed**.
- **Bankable Feasibility Study** on the project commenced and is expected to be **completed this year**.
- **Encouraging metallurgical test results** suggest overall gold recoveries of 89%.

## CORPORATE

- **Group cash and bullion** at the end of the quarter was **A\$19m** (A\$24m).
- **Gross cash flow** from operations for the quarter was **A\$10m** (A\$8m).
- **Placement** of 12.3 million fully paid ordinary shares raises net proceeds of **A\$14.5 million** to fund the acquisition of Syama.
- **Sale** of Burkina Faso exploration interests **deferred**
- Resolute **included** in the **FTSE Gold Mines Index**

PR SULLIVAN  
Chief Executive Officer  
23 July 2004

*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>								
Jun Qtr	667,636	751,139	1.75	95.5	95.6	40,432	335	398
Mar Qtr	619,168	728,299	1.86	94.1	93.7	40,932	312	372
<b>Ravenswood</b>								
Jun Qtr	1,341,604	1,311,832	1.29	86.5	97.0	46,991	474	537
Mar Qtr **	520,730	414,055	1.13	92.7	94.1	13,953	527	589
<b>Total</b>								
Jun Qtr	2,009,240	2,062,971	1.46	90.5	96.3	87,423	410	473
Mar Qtr	1,139,898	1,142,354	1.59	93.8	93.8	54,885	366	427

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

\*\* Includes statistics for the month of March 2004 only as Ravenswood was acquired by the group effective 1 March 2004.

## OPERATIONS

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

The Project remained lost time injury free for the quarter and achieved a 12-month moving average Lost Time Injury Frequency Rate of 0 per million man-hours at the end of the quarter. The site LTIFR record improved to 467 days lost time injury free.

Golden Pride produced 40,432 (40,932) ounces of gold from 751,139 (728,299) tonnes of ore at a head grade of 1.75 (1.86) grams per tonne at a cash cost of US\$243 (US\$238) for the quarter.

Mining operations continued as planned with the majority of ore production coming from the central part of the pit. During the quarter the eastern end of the pit was completed and ramp access to this area removed. The central pit is supplying predominantly lower grade primary ore and this will be the main feed source for the next twelve months. Waste mining continued in the south cut-back which reached the same level as the ore benches in the centre of the pit.

Gold production declined marginally compared to the previous quarter as grade to the treatment plant reduced in line with the life of mine plan. The impact of this was partially offset by a 3% increase in mill throughput during the quarter, setting a new throughput record equivalent to an annualised rate of 3.0 million tonnes, whilst maintaining recovery and availability rates

Maintenance of elevated throughput levels will depend upon water stocks in Kilimi Dam.

During the quarter the minor improvements to the oxygen management system and additional capacity from the second oxygen plant, commissioned in the March quarter, led to a significant improvement in the recovery rate. High recoveries, even with an increasing component of primary ore, indicate that current plant tank capacity is sufficient for current throughput rates.

Gold production for the year of 169,151 ounces at a cash cost of US\$228 per ounce exceeded the forecast published at the start of the financial year of 155,000 at US\$250 per ounce.

### Ravenswood, Australia (Resolute-100%)

The quarter was lost time injury free. A benchmark audit of the safety management systems on site was completed. The opportunities for improving the safety performance identified in the audit have been developed into a Safety Management Plan. This will be implemented in the coming financial year.

Ravenswood produced 46,991 ounces of gold from 1,311,832 tonnes of ore with a head grade of 1.29 grams per tonne and a cash cost of A\$474 (A\$527) per ounce for the quarter.



Ore production was mainly sourced from the central area of the lower pit, with this area producing higher than expected grades. Waste removal in the western cut back area continued with ore production commencing from this area late in the quarter. The transitional material from this area had an adverse impact on recoveries and this will continue into the next quarter until the material has been mined through. Ore production from the open pit was supplemented with ore from the ongoing underground operations.

The throughput capability of the plant was increased through minor debottlenecking works and the reliability of process equipment continued to improve.

The new management team at Ravenswood is now in place. The organisational changes on the site have been completed and the majority of initiatives to reduce overhead costs have been implemented.

During the quarter a full review of the mining and milling activities was conducted. A number of new initiatives to improve mining and plant efficiencies have been identified. Work has been commenced on a revised pit design and life of mine schedule and plans made for treatment plant trials to determine a revised, more cost effective processing route.

In-fill drilling to allow updating of the geological model for the revised pit design was commenced.

## DEVELOPMENT

### Syama, Mali (Resolute - 80%)

The pre-feasibility study on the redevelopment of the 4.5 million ounce resource existing at Syama was completed early in the quarter and concluded that a project is viable at current gold prices.

The option to purchase an 80% interest in the project was exercised prior to its expiry in April and the acquisition from Randgold Resources Limited completed in June.

The company has taken over management of the Syama mine and an office has been established in Bamako.

A Bankable Feasibility Study on the project was commenced and is expected to be completed by the end of this year.

### Metallurgical Testwork

Pre-feasibility test-work was completed during the Quarter and included:

- Continuous fluid bed roaster tests on sulphide and carbonate concentrates from composite samples representing the Main Syama ore zone and the Early ore zone.
- Carbon in leach extraction of gold from the above roaster calcines.
- Thickening, filtration and viscosity tests on sulphide concentrate, carbonate concentrate, roaster calcines and plant flotation tails.
- Further flotation tests on the Main ore composite investigating rate of gold flotation, gold recovery from cleaner tails and the effect of grind size on grade and recovery in sulphide and carbonate concentrates.

The continuous roaster tests were a completion of the pre-feasibility program and have demonstrated higher than batch test sulphur capture (+ 70 %) into calcines, at lower carbonate concentrate additions and better gold extraction from roaster calcines indicating overall recovery of 89% versus 87% used in the pre-feasibility study.

### Bankable Feasibility Study

During the quarter the Bankable Feasibility Study on the project commenced.

#### Drilling

The feasibility drill programme commenced in June. This programme will include drilling for geotechnical purposes, resource and reserve drilling within the proposed pit that will also provide material for variability test-work in the central part of the ore zone.

In addition, it is planned to test the sulphide potential beneath several of the subsidiary pits north of Syama (Alpha & Syama Extension) to determine whether additional sources of sulphide ore can be developed to assist waste stripping schedules in the Syama pit.



Approximately 14 holes have been completed for a total of 1,698m. Samples have been sent to SGS Morila for fire assay and results are awaited.

### Metallurgical Testwork

Additional test-work is expected to be limited to a suite of variability samples derived from stockpile samples in Perth, drill core in Perth from the later stages of the pre-feasibility drilling and current drilling in the main pit reserve area.

### Engineering Study

In early May Lycopodium was awarded the engineering studies associated with the feasibility study.

A favoured circuit has been developed which incorporates filtration and drying of the sulphide concentrates and part of the carbonate concentrates, using power station exhaust heat, along with "trimming" of the roaster feed with carbonate slurry.

This circuit provides maximum gold recovery, maximum sulphur capture and the potential for strongly auto-thermal operation, hence, maximum operating and feed type flexibility.

## **EXPLORATION**

The current shortage of available drill rigs, both in Africa and Australia, has resulted in a number of programmes to drill-test identified anomalies and mineralised zones being delayed.

## **AFRICA**

### Tanzania

#### **Golden Pride Regional**

##### Matinge

Detailed Induced Polarity ("IP") surveys continued at Matinge to aid in the definition of the mineralised reefs and outline covered extensions not previously identified or developed by the local artisans. Upon completion of these surveys a program of RAB/RC drilling will commence.

##### Kahama JV (Sub Sahara)

A 400m long costean was excavated across the centre of the previously reported low order (10ppb) gold in soil anomaly at Igusule

2. An encouraging intersection of 32m @ 160ppb Au hosted within highly weathered sheared quartz-sulphide veined metavolcanics was identified.

An orientation gradient array/dipole-dipole IP survey was carried out late in the quarter over a 400m x 800m area to further aid in the definition of the geological controls on mineralisation. Detailed interpretation of this data is awaited, though a preliminary report has highlighted a chargeability-resistivity anomaly coincident with the peak geochemical results.

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

A comprehensive district based geological review incorporating recently acquired geophysical/multi-element geochemical datasets has outlined a number of new targets in the Nyakafuru region, spatially related to the two major structural corridors. Auger sampling has been proposed to test these areas prior to first pass drilling.

##### Mwagi Magi South

A strong linear north-west trending coincident resistivity/conductivity anomaly was identified to the south-west of the main Mwagi Magi South artisanal workings following a 26 line km IP survey conducted in April. RAB drilling is proposed across this anomaly in the coming months.

##### Kanegele

Two diamond holes were completed during June for 364m. Broad zones of moderate to intense shearing and alteration were recorded within both holes. Assay results are pending.

### Ghana

#### **Weststar (Resolute - 100%)**

##### SW Anomaly

Anomalous results over wide zones have been obtained from trenching of the SW anomaly. Better results obtained (>0.1g/t) include 4m @ 1.58g/t Au, 2m @ 0.72g/t Au, and 2m @ 0.51g/t Au.

The soil anomaly over which these trenches are located continues into Resolute's adjacent Blue River concession.



## **Mali**

**Etruscan Finkolo JV** (Resolute earning up to 60%)

Resolute elected to commence the earning phase obligations on 1<sup>st</sup> April 2004.

Historical aeromagnetics and ground IP data acquired by BHP, Randgold and Etruscan are currently being re-evaluated over the whole belt. This data together with the newly released data from the Mali regional geophysical SYSMIN surveys will be used to re-evaluate the area and to assist in targeting with both the Finkolo JV area and within the Syama concession.

## **AUSTRALIA**

**Ravenswood (Resolute - 100%)**

### **Mt Wright**

A programme of metallurgical drilling has been planned and, subject to rig availability, will be completed next quarter. The drilling will evaluate the upper stopes that have been planned from the resource drilling.

Successful resolution of the metallurgy would warrant commencement of a feasibility study to develop the Mt Wright underground deposit next calendar year.

## **CORPORATE**

As at 30 June 2004, the Resolute Group had A\$13m in cash (March 2004: A\$17.5m) and A\$6m in bullion (A\$6.4m). In addition to the cash and bullion balances, as at 30 June 2004, Resolute had liquid investments with a market value of A\$2.8m.

At 30 June 2004, Resolute's total borrowings of A\$35.5m comprised US\$11m owing on the Golden Pride debt facility and A\$10m plus US\$7.73m owing on the Ravenswood facility. The Ravenswood credit facilities were underwritten by NM Rothschild & Sons, who have subsequently passed on 50% of these facilities to ABN AMRO Bank N.V.

The principal movements in the cash balance during the quarter are attributable to: gross cash flow from operations of A\$10m, a A\$14.5m inflow from the capital raising in May, a US\$11.8m (or A\$16.8m) outflow on the purchase of the Syama Gold Mine, exploration and development expenditure of

A\$2.1m, royalty, sustaining capital expenditure, rehabilitation, decommissioning, overhead and operational support costs of A\$3.5m, insurance payments \$1.3m, expenditures related to mining cut-back activities A\$3.2m and a negative working capital movement of A\$2.5m relating largely to a reduction in trade creditors.

A working capital adjustment pursuant to the Ravenswood Sale and Purchase Agreement has been referred to an independent arbitrator and is expected to be finalised in the coming quarter.

The average cash price received per ounce of gold sold during the quarter was A\$524/oz with one third of the Golden Pride gold poured delivered into existing forward sales contracts and the balance sold into the spot market. All of Ravenswood's gold poured was sold into the spot market.

The average accounting revenue price achieved during the quarter ended 30 June was A\$532/oz of gold poured. The average accounting revenue price achieved during the year ended 30 June 2004 was A\$532/oz of gold poured. The average accounting revenue prices reported above include the call option premium received and the put option premiums paid relating to options that expired during the period.

### **Group Hedging Profile 30 June 2004**

<b>Gold Hedging</b>	<b>Forward Sales</b>		<b>Put Options Bought</b>	
	<b>Ounces</b>	<b>\$</b>	<b>Ounces</b>	<b>\$</b>
<b>AUD's</b>				
Y/E 30/6/05	40,000	565	60,000	546
Y/E 30/6/06	40,000	603	90,000	549
Y/E 30/6/07	45,000	607	96,000	555
Y/E 30/6/08	-	-	10,000	600
	125,000	592	256,000	553
<b>USD's</b>				
Y/E 30/6/05	113,882	306	51,500	362
Y/E 30/6/06	40,000	311	-	-
	153,882	307	51,500	362
<b>Total</b>	<b>278,882</b>		<b>307,500</b>	

<b>Call Options</b>	<b>Call Options Sold</b>	
	<b>Ounces</b>	<b>\$</b>
<b>AUD's</b>		
Y/E 30/6/05	255,000	564
<b>USD's</b>		
Y/E 30/6/05	95,000	391
<b>Total</b>	<b>350,000</b>	



Using the 30 June 2004 USD spot gold price of US\$394/oz and the USD/AUD foreign exchange rate of 0.6952, the mark to market of the Resolute hedge book at period end was a negative amount of approximately A\$21m.

The percentage of Resolute's gold reserves that are committed to hedging contracts remains at a low level relative to the expanded gold reserve base following the recent acquisitions of the Ravenswood and Syama Gold mines.

In line with the previously stated intention to reduce the quantity of Resolute's forward sales contracts, just over 14,000 ounces of Golden Pride's production during the quarter was delivered into existing forward sales contracts. There was a continued shift of the make up of Resolute's "price protection" hedging from forward sales contracts to put options, with the put options having the advantage of providing protection against adverse movements in the gold price, whilst at the same time allowing participation in a rallying gold price.

As at 30 June 2004, Resolute has 307,500 ounces of purchased put options. This represents a net increase during the quarter of 36,000 ounces. The premium paid to purchase put options is expensed in the Statement of Financial Performance at the time of option expiry. Similarly, the premium received on the sale of call options is recognised in the Statement of Financial Position in the month of expiry.

### **Capital Raising**

During the quarter, the Company completed a placement of 12.3 million fully paid ordinary shares to institutional clients of Euroz Securities Limited at an issue price of A\$1.22 per share to raise proceeds (net of fees) of A\$14.5 million.

The funds from this raising were used to settle the acquisition of the Syama Gold Project from Randgold Resources Limited.

### **Sale of Burkina Faso Exploration Interests**

As reported in the last quarterly report, agreement has been reached with Goldbelt Resources Limited, a TSX Venture Exchange listed company, to sell Resolute (West Africa) Limited, the owner of the Belahouro project and other exploration properties in Burkina Faso. This transaction is conditional upon a number of events including completion of a drilling programme. Completion of this transaction has been deferred as a result of delays in accessing drill rigs in Burkina Faso. The transaction is now expected to be completed in the half year ending 31 December 2004.

### **Inclusion in FTSE Gold Mines Index**

Resolute has again been included in the FTSE Gold Mines Index reflecting its increased production level to in excess of 300,000 ounces per annum.


**CORPORATE DIRECTORY**
**Senior Management**

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

**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.resolute-ltd.com.au](http://www.resolute-ltd.com.au)

**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 2333  
Fax: 61 8 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)