



RESOLUTE
MINING
LIMITED

ACN 097 088 689

ASX ANNOUNCEMENT 27 OCTOBER 2010

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ANNUAL REPORT AND NOTICE OF MEETING

Resolute Mining Limited advises that the Company's 2010 Annual Report and Notice of Annual General Meeting are being posted to shareholders today. Copies of these two documents are attached.

GREG FITZGERALD

Company Secretary



RESOLUTE
MINING
LIMITED

ANNUAL REPORT

2010

RESOLUTE IS AN UNHEDGED GOLD PRODUCER WITH THREE OPERATING GOLD MINES IN AUSTRALIA AND AFRICA THAT HAVE FULL EXPOSURE TO THE GOLD PRICE. IT HAS BUILT SHAREHOLDER VALUE THROUGH ITS STRENGTH AS A SUCCESSFUL DEVELOPER AND OPERATOR OF QUALITY GOLD PROJECTS OVER THE PAST 20 YEARS. ITS PROJECTS TO DATE HAVE YIELDED OVER 5.5 MILLION OUNCES OF GOLD. THE COMPANY IS ACTIVELY PROGRESSING ITS PORTFOLIO OF PROJECTS TO FURTHER ENHANCE SHAREHOLDER VALUE.

A photograph of a woman with a vibrant orange, yellow, and red patterned headwrap, smiling and holding a young child. They are in a lush green cornfield under a clear blue sky. The woman is wearing an orange garment, and the child is wearing a dark blue shirt. The background shows rows of tall corn plants and a distant horizon.

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Corporate Directory

DIRECTORS

Chairman
PE Huston

Chief Executive Officer
PR Sullivan

Non-Executive Director
TC Ford

Non-Executive Director
HTS Price

SECRETARY

GW Fitzgerald

REGISTERED OFFICE AND BUSINESS ADDRESS

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Perth, Western Australia 6000

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Perth, Western Australia 6850

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E-mail: contact@rml.com.au

ABN 39 097 088 689

WEBSITE

Resolute maintains a website where all major announcements to the ASX are available.
www.rml.com.au

SHARE REGISTRY

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770 Canning Highway
Applecross, Western Australia 6153
Telephone: + 61 8 9315 2333
Facsimile: + 61 8 9315 2233
registrar@securitytransfer.com.au

HOME EXCHANGE

Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000

Quoted on the official lists of the
Australian Securities Exchange
ASX Ordinary Share Code: "RSG"

SECURITIES ON ISSUE (06/10/2010)

Ordinary Shares	451,380,935
Listed Options	53,597,593
Convertible Notes	146,806,354
Unlisted Options	7,608,335

LEGAL ADVISORS

Hardy Bowen
Level 1, 28 Ord Street
West Perth, Western Australia 6005

AUDITORS

Ernst & Young
Ernst & Young Building
11 Mounts Bay Rd
Perth, Western Australia 6000

BANKERS

Barclays Bank Plc
5 The North Colonnade
Canary Wharf, London
E14 4BB, United Kingdom

Citibank Limited
Level 23, Citigroup Centre
2 Park Street
Sydney, New South Wales 2000

Highlights



OPERATIONS

- YIELDED IN EXCESS OF

350,000 ozs

OF GOLD AT A CASH COST OF A\$741 PER OUNCE

- SYAMA MINE RAMP UP NEARLY COMPLETE WITH PLANT OPTIMISATION CONTINUING
- MT WRIGHT UNDERGROUND MINE IN QUEENSLAND SUCCESSFULLY OPERATING AND REVISED MINING METHOD IMPLEMENTATION WELL PROGRESSED

FINANCIAL

- STRONG UNDERLYING PROFIT BEFORE UNREALISED TREASURY AND TAX OF

A\$36.0M

- ROBUST OPERATING CASH INFLOW OF A\$32M
- NET INVESTING CASH OUTFLOWS OF A\$54M WITH EXPENDITURE ON EVALUATION AND DEVELOPMENT AREAS, INCLUDING SYAMA
- FINANCE FACILITY REPAYMENTS TALLING A\$14.4M

CORPORATE

UNHEDGED

- FUND RAISING ACTIVITIES DURING THE YEAR ENDED 30 JUNE 2010, BY WAY OF ISSUING SHARES, CONVERTIBLE NOTES AND OPTIONS, PROVIDED GROSS PROCEEDS OF \$44.1M

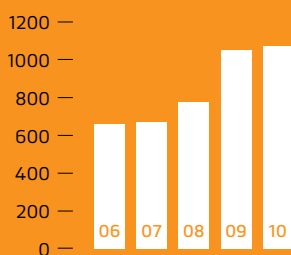
DEVELOPMENT

- CONVERTED SUBSTANTIAL RESOURCES TO RESERVES AT MT WRIGHT UNDERGROUND
- FEASIBILITY STUDY ON SYAMA FREE MILLING ORE COMPLETED
- COMMENCED FEASIBILITY STUDY INTO HIGH VOLTAGE POWER GRID CONNECTION AT SYAMA
- TABAKORONI FEASIBILITY STUDY SUBMITTED

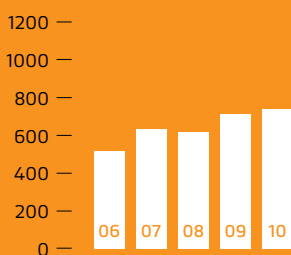
EXPLORATION

- FIRST PASS DIAMOND DRILLING AT THE WELCOME BRECCIA PROSPECT NEAR RAVENWOOD, PRODUCES EXCEPTIONAL INTERCEPTS
- INFILL DRILLING AT TELLEM, SYAMA EXTENSION AND ALPHA ADD TO THE RESOURCE INVENTORY AT SYAMA
- EXCELLENT INTERCEPTS WERE RETURNED FROM WIDE SPACED DRILLING ON THE 12KM LONG PAYSANS-SENUFO TREND IN MALI

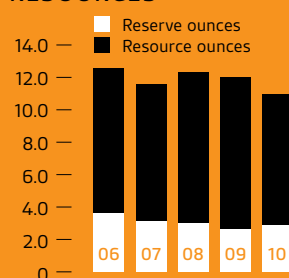
AVERAGE CASH PRICE FOR GOLD SOLD



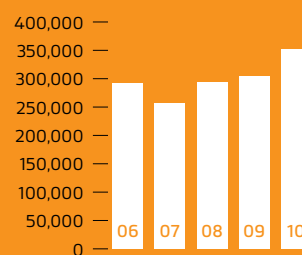
COST PER OUNCE



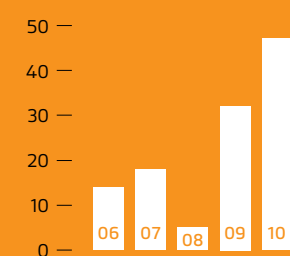
TOTAL PROJECT RESOURCES



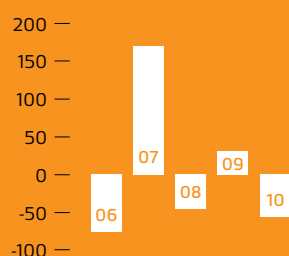
GOLD PRODUCTION



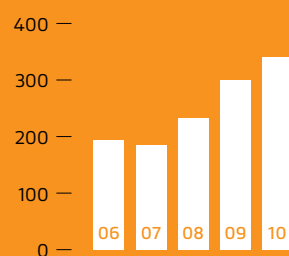
UNDERLYING PROFIT



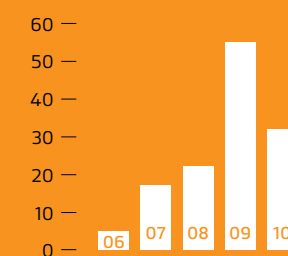
NET PROFIT



REVENUE FROM SALES OF PRECIOUS METAL



OPERATING CASHFLOW



Chief Executive's Review

WE HAVE HAD A VERY DIFFICULT BUT PRODUCTIVE YEAR AS WE NOW START TO SEE THE RETURN ON THE INVESTMENTS WE HAVE MADE OVER THE LAST FEW YEARS AT SYAMA AND MT WRIGHT.

We have had a very difficult but productive year as we now start to see the return on the investments we have made over the last few years at Syama and Mt Wright.

Production from both of these mines is ramping up at a time of record gold prices and these higher returns should more than offset the difficulties we have experienced at each.

Our underlying operating profit of \$36.0m from gold production of 352,302 ounces at a cash cost of A\$741 per ounce was a pleasing result.

Our recent move to being completely unhedged will see a significant improvement in our operating cash flow. Cash generation from our operations prior to this had been masked by the hedge commitments.

Importantly, we have worked hard to maintain our substantial gold base which, along with the numerous opportunities we have to further increase it, will underwrite a solid production profile and strong cash flow for many more years to come.

The Syama operation has made good progress over the last six months. A structured programme to improve both maintenance and operating procedures over this period has been successful in lifting plant operating reliability and throughput. A significant production increase and cash cost reduction is expected over the next two years.

Syama has an exciting range of opportunities to expand on and consolidate it as a valuable, long life asset for the Company. The potential to connect to grid power is becoming a reality and this should deliver further cost reductions and operational improvements. Around 3.0 million ounces are below the current pit design and this offers considerable upside as they are worked into the mining schedule. In addition our very limited exploration along strike to the north and south of the pit has added some 1.0 million ounces of oxide resource. We are reviewing the plan to install a separate oxide circuit while we better understand the flexibility of the existing plant and the size of the oxide resource.

AROUND

3.0M ozs

ARE BELOW THE CURRENT PIT DESIGN AND THIS OFFERS CONSIDERABLE UPSIDE

We also control a further 50km of strike along the Syama shear that has had little exploration apart from that associated with the Tabakoroni deposit. In addition we have established a very extensive position over the birimian greenstones in Cote d'Ivoire. This gives us a sizeable exploration portfolio position in a very prospective part of West Africa.

Ravenswood continues to transition to solely the Mt Wright underground mine with the last of the Sarsfield low grade stock piles expected to be treated in the March 2011 quarter. The set up for the sub level shrinkage mining method is nearly complete and is expected to be ready to ramp up later this year.

The really exciting development for Ravenswood was the Welcome Breccia discovery during the year. This was the result of a great bit of exploration work. We have identified a number of Mt Wright style targets in the region and this was the first tested. The immediate success of this and the number of other targets still to be tested opens up a new dimension to this operation.

Golden Pride has been a very successful operation for Resolute and is now in its 12th year of production with over 1.8 million ounces having been produced. A number of exploration targets still remain but in the absence of a major discovery we are into the last two years of the operation. Closure plans are now well advanced and the excellent rehabilitation work that has been progressively carried out over the mine life means the process will be very straight forward and efficient.

We have continued to look for ways to add value to our projects that are not quite at a development size. The sale of our Ghana projects to Viking Ashanti was completed during the year. We hold a 33% interest in Viking Ashanti after it listed on the ASX, raising A\$8 million for exploration on the projects. Also we have recently tendered for the Buckreef project in Tanzania with a proposal to combine it with our Nyakafuru project to provide the basis for an operation utilising a relocated Golden Pride plant.

Over the next year we see Resolute emerging as a company with a solid production profile, with falling cash costs and strong cash flow generation. There are a number of growth projects underway that can improve this position and there is great exploration potential at all sites. We will be in a very strong position to continue to look for further growth opportunities.

The management team has worked hard to meet the challenges over the last year and should be congratulated. Also support from our shareholders and other groups have ensured we have made the most of our position. We will this year look to reap the fruits of that effort.



Peter Sullivan
Chief Executive Officer

RESERVES AND RESOURCES STATEMENT

AS AT 30 JUNE 2010

GOLD RESERVES AND RESOURCES (INCLUDES STOCKPILES)	PROJECT TONNES	GOLD GRADE (G/T)	PROJECT CONTAINED OUNCES GOLD	RESOLUTE GROUP SHARE %	RESOLUTE GROUP SHARE OUNCES
RESERVES					
<i>RESERVES (PROVED)</i>					
Australia					
Mt Wright (insitu)	3,980,000	2.7	345,000	100%	345,000
Mali					
Syama (insitu)	9,500,000	3.1	947,000	80%	758,000
Stockpiles	613,000	2.8	55,000	80%	44,000
A21 (insitu)	724,000	2.8	65,000	80%	52,000
Finkolo-Etruscan JV (insitu)	1,037,000	3.3	109,000	51%	56,000
Tanzania					
Golden Pride (insitu)	2,260,000	1.9	138,000	100%	138,000
Stockpiles	460,000	1.4	21,000	100%	21,000
Total (Proved)	18,574,000	2.8	1,680,000		1,414,000
<i>RESERVES (PROBABLE)</i>					
Australia					
Mt Wright (insitu)	2,190,000	2.7	190,000	100%	190,000
Stockpiles (Sarsfield, Mt Wright)	2,840,000	0.6	56,000	100%	56,000
Mali					
Syama (insitu)	4,792,000	3.2	493,000	80%	394,000
Stockpiles	1,432,000	1.8	83,000	80%	66,000
A21 (insitu)	1,442,000	2.7	125,000	80%	100,000
Finkolo-Etruscan JV (insitu)	1,381,000	2.9	127,000	51%	65,000
Tanzania					
Golden Pride (insitu)	2,150,000	1.9	131,000	100%	131,000
Stockpiles	1,400,000	0.7	32,000	100%	32,000
Total (Probable)	17,627,000	2.2	1,237,000		1,034,000
Total Reserves (Proved and Probable)	36,201,000	2.5	2,917,000		2,448,000
RESOURCES					
<i>RESOURCES (MEASURED)</i>					
Mali					
Syama (insitu)	11,460,000	2.9	1,068,000	80%	854,000
A21 (insitu)	430,000	2.1	29,000	80%	23,000
Finkolo-Etruscan JV (insitu)	1,300,000	2.7	113,000	60%	68,000
Tanzania					
Golden Pride (insitu)	3,730,000	1.9	228,000	100%	228,000
Total (Measured)	16,920,000	2.6	1,438,000		1,173,000
<i>RESOURCES (INDICATED)</i>					
Australia					
Mt Wright (insitu)	780,000	2.6	65,000	100%	65,000
Mali					
Syama (insitu)	21,336,000	2.6	1,784,000	80%	1,427,000
Stockpiles	2,800,000	1.7	153,000	80%	122,000
A21 (insitu)	1,764,000	2.0	113,000	80%	90,000
Alpha, Syama Extension & Tellem (insitu)	3,203,000	2.2	224,000	80%	179,000
Finkolo-Etruscan JV (insitu)	3,100,000	2.6	259,000	60%	155,000
Tanzania					
Golden Pride (insitu)	10,150,000	1.6	522,000	100%	522,000
Golden Pride (stockpiled)	800,000	0.7	18,000	100%	18,000
Nyakafuru	7,700,000	2.2	545,000	100%	545,000
Total (Indicated)	51,633,000	2.2	3,683,000		3,123,000
Total Measured and Indicated	68,553,000	2.3	5,121,000		4,296,000
<i>RESOURCES (INFERRED)</i>					
Australia					
Mt Wright (insitu)	360,000	3.4	39,000	100%	39,000
Sarsfield (insitu)	23,100,000	1.2	869,000	100%	869,000
Mali					
Syama (insitu)	6,700,000	2.3	495,000	80%	396,000
A21 (insitu)	3,300,000	1.8	191,000	80%	153,000
Alpha, Syama Extension & Tellem (insitu)	2,619,000	2.4	204,000	80%	163,000
Finkolo-Etruscan JV (insitu)	3,100,000	2.2	219,000	60%	131,000
Tanzania					
Golden Pride (insitu)	9,700,000	1.7	530,000	100%	530,000
Nyakafuru JV	11,700,000	1.4	527,000	75%	393,000
Total (Inferred)	60,579,000	1.6	3,074,000		2,674,000
Total Resources	129,132,000	2.0	8,195,000		6,970,000

The information in this report that relates to the Mineral Resources and Ore Reserves is based on information compiled by Mr Richard Bray (full time employee of Resolute Mining Ltd) who is a member of the Australian Institute of Geoscientists. Mr Richard Bray has more than 5 years experience relevant to the styles of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Richard Bray has consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

GROUP PRODUCTION SUMMARY

	ORE MINED TONNES	ORE MILLED TONNES	HEAD GRADE G/T	RECOVERY %	MINE PRODUCTION OZS	CASH COST A\$/OZ	CASH COST US\$/OZ
Golden Pride	2,758,956	2,877,815	1.73	93	148,675	583	514
Ravenswood	606,570	4,943,868	0.89	88	125,652	804	707
Syama	1,905,378	1,311,475	2.69	69	77,975	1,114	1,001
Total	5,270,904	9,133,158	1.42	89	352,302	741	651

GROUP PROJECT SUMMARY

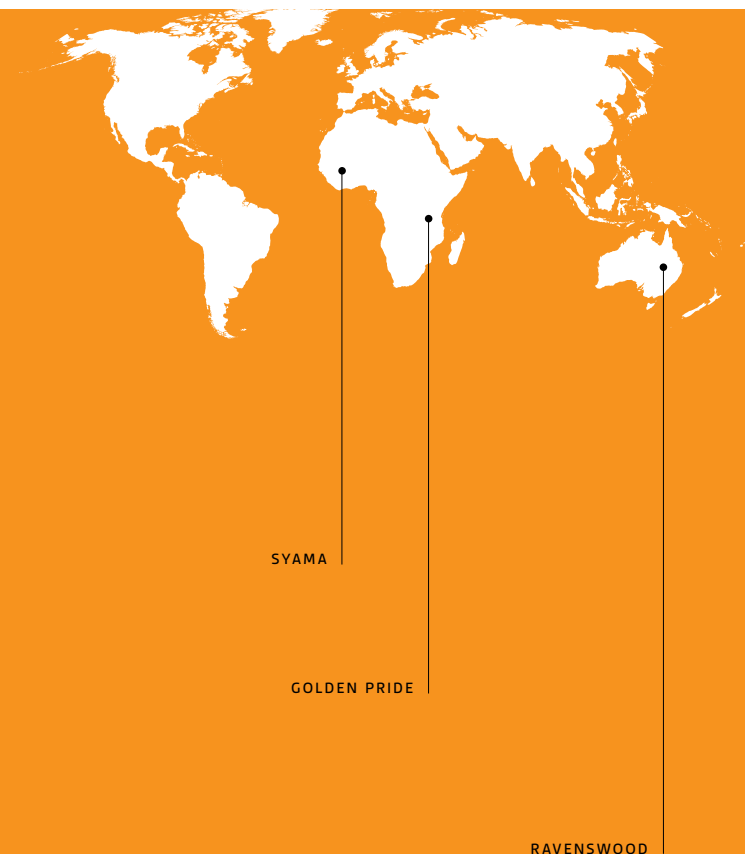
COUNTRY	PROJECT	GRANTED AREA KM²	APPLICATION AREA KM²	COMMODITY	LOCATION
TANZANIA	Bulanga	185	131	Gold	Africa
	Golden Pride	216	176	Gold	Africa
	GP West	133	72	Gold	Africa
	Igunga	53	58	Gold	Africa
	Isaka	314	91	Gold	Africa
	Kahama	66	23	Gold	Africa
	Matinje	111	89	Gold	Africa
	Nyakafuru	181	195	Gold	Africa
		1,259	835		
MALI	Syama	201	0	Gold	Africa
	Finkolo JV	155	230	Gold	Africa
	Other Tenure	311	983	Gold	Africa
		667	1,213		
COTE D'IVOIRE	Various	1,088	8,615	Gold	Africa
		1,088	8,615		
Sub Total Africa		3,014	10,663		
AUSTRALIA	Ravenswood	954	2,221	Gold	Queensland
	Other Tenure	13	0	Gold	Western Australia
Sub Total Australia		967	2,221		
Total Resolute Tenure		3,981	12,884		



Operations Overview

RESOLUTE'S ESTABLISHED OPERATIONS PRODUCED A TOTAL OF 352,302 OUNCES AT AN AVERAGE CASH COST OF A\$741 PER OUNCE.

IN THE COMING FINANCIAL YEAR, RESOLUTE'S MINES AT GOLDEN PRIDE IN TANZANIA, RAVENSWOOD IN QUEENSLAND AND SYAMA IN MALI ARE TOGETHER FORECAST TO PRODUCE APPROXIMATELY 380,000 OUNCES OF GOLD AT AN AVERAGE CASH COST OF AROUND A\$870 PER OUNCE.



Syama

The Syama Gold mine is located in the south of Mali, West Africa approximately 300km southeast of the capital Bamako and 30km from the Côte d'Ivoire border.

Resolute has an 80% interest in the project through its equity in Société des Mines de Syama S.A. (SOMISY). The Malian Government holds a 20% interest in SOMISY, 15% of which is free carried.

Ore for the Syama Operations was sourced from the Syama open pit. Due to the refractory nature of the ore it is treated using conventional four stage crushing, ball-milling, sulphide floatation and dewatering, roasting, calcine leaching and elution at the rate of 2.4Mtpa.

OPERATIONS

The 2010 financial year started with the commissioning of the sulphide circuit and the operational ramp up of the float circuit, roaster, scrubber and electrostatic precipitator. During the period the operation produced 77,926 ounces from a total 1,311,475 tonnes treated at a head grade of 2.69g/t and a metallurgical recovery of 68.7%.

The lower than expected metallurgical recoveries during the period were caused by the intermittent stoppages to the plant with recoveries expected to improve as the plant operates for longer periods without interruption, allowing the process to be optimised.

During the year the treatment plant has been affected by numerous mechanical issues. In particular

- Mill 1 being fully relined in October and May
- Repairs and modifications to the roaster stack and wet scrubber
- Failure of Mill 1 motor
- Major repairs to the crushing circuit during the year.

Despite these setbacks gold production for the second half of the year was 14.8% higher at 41,689 ounces compared to the first half of 36,287 ounces.

One of the highlights was the successful changeover from treating refractory ore to direct leach of lamprophyre type ore during February. This allowed important maintenance and repairs to be undertaken in the roaster, stack and scrubber. Whilst a portion of mined ore continues to be lamprophyre ore, it will allow further opportunities to undertake planned maintenance of the roasting circuit and associated plant without affecting gold production.

During the year extra resources in terms of a dedicated reliability engineer, technicians and a maintenance manager were appointed, as well as the introduction of management consultants to review, establish and coordinate changes to processing and maintenance procedures.

Progress was made in developing the pit to access the deeper higher grade sulphide ore at the Syama pit. Total waste material moved for the year was 4.7 million bank cubic metres. By year end the pit had reached the 300mRL. A further 708,000 bank cubic metres of ore was mined at grade of 2.54g/t. Total material mined from the pit was 5.4 million bank cubic metres representing a 7% increase compared to last year.

Mining performance was below budget at times during the year due to a shortage of truck tyres and mechanical issues with drill rigs and excavators. However these issues did not impact on sufficient ore being delivered to the process plant during the year.

Two successful campaigns of resource drilling were completed during the year. This drilling resulted in a much better understanding of the sulphur and carbon distribution in the pit, which assisted in controlling ore supply more accurately during the CIL treatment campaign of the lamprophyre ore.

OPERATING PERFORMANCE AT A GLANCE

		2009/10	2008/09
Ore Mined	Million Tonnes	1.90	0.87
Ore Milled	Million Tonnes	1.31	0.71
Head Grade	g/t	2.69	1.71
Recovery Rate	%	68.7	62.7
Gold Produced	Ozs	77,926	24,762
Cost Per Ounce	A\$	1,114	N/A
Cost Per Ounce	US\$	1,001	N/A

SYAMA // ORE RESERVES

AS AT 30 JUNE 2010

CATEGORY	TONNES	GRADE	OUNCES
Proved (insitu)	9,500,000	3.1	947,000
Proved (stockpiled)	613,000	2.8	55,000
Probable (insitu)	4,792,000	3.2	493,000
Probable (stockpiled)	1,432,000	1.8	83,000
Total	16,337,000	3.0	1,578,000

A21 // ORE RESERVES

AS AT 30 JUNE 2010

CATEGORY	TONNES	GRADE	OUNCES
Proved (insitu)	724,000	2.8	65,000
Probable (insitu)	1,442,000	2.7	125,000
Total	2,166,000	2.7	190,000

OUTLOOK

The optimisation of plant performance continues at the Syama gold mine with all areas expecting improvement in the coming year. Mill throughput levels and recoveries are both expected to improve materially while head grades will remain at similar levels to 2009/10.

Gold production is expected to increase significantly and cash costs reduce in the coming financial year.

Ravenswood

The Ravenswood gold mine is located approximately 95km south-west of Townsville and 65km east of Charters Towers in north-east Queensland. Resolute has a 100% interest in the mine through its subsidiary Carpentaria Gold Pty Ltd.

Ore for the Ravenswood Operations was sourced from the Mt Wright underground mine and low-grade stockpiles from Sarsfield, Nolans and Bucks Reef. The ore is treated using conventional three stage crushing, ball-milling and carbon-in-pulp processing at the rate of 5Mtpa.

OPERATIONS

During the 2010 financial year, the operation produced 125,652 (2009: 151,913) ounces of gold at a cash cost of A\$804 (2009: A\$763). The main reason for the lower ounces and higher cash cost was the completion of the Sarsfield open pit and resultant milling of low grade stockpiles.

Total material movement from low grade stockpiles was 4.2 million tonnes at 0.63g/t. The Sarsfield pit is now being used as the tailings disposal facility.

Ore from the Mt Wright underground mine exceeded expectations producing 606,570 (2009: 574,724) tonnes @ 2.88 (2009: 2.43) g/t Au. Development also exceeded expectations achieving 7,163 (2009: 4,171) metres. A detailed mining, geological and geotechnical review of the Mt Wright ore body was conducted during the first half of the year. Mining optimisation and method studies involving in-house expertise and international mining consultants was completed. The preferred mining method selected was Sub Level Shrinkage with Continuous Fill (SLS); a non-caving sublevel method.

Based on the review, a proposal to change the mining method was submitted to the Resolute board and approved mid-year. The SLS mining method will increase extraction while reducing capital and operating cost. Conversion to SLS is well underway with the upper levels already in production and proceeding in accordance with expectations.

Resource drilling has converted substantial resources to reserves during the year. Mt Wright reserves have been increased to 6.2 million tonnes @ 2.77g/t from 0.9 million tonnes @ 2.70g/t at end June 2010. This conversion from resource to reserve occurred from the 880mRL down to the 600mRL with further resource drilling continuing below 600mRL.

The processing plant treated 4.9 million tonnes (2009: 5.0) at an average head grade of 0.89 (2009: 1.11) g/t Au. The reduced head grade was due to the treatment of low grade stockpiles after completion of the Sarsfield pit. Optimisation efforts resulted in an increased overall recovery of 88.4% (2009: 84.9%). The gain in recovery is attributable to improved carbon management and process metallurgy refinements.

OPERATING PERFORMANCE AT A GLANCE

		2009/10	2008/09
Ore Mined	Million Tonnes	0.60	0.57
Ore Milled	Million Tonnes	4.94	5.01
Head Grade	g/t	0.89	1.11
Recovery Rate	%	88.4	84.9
Gold Produced	Ozs	125,652	151,913
Cost Per Ounce	A\$	804	763
Cost Per Ounce	US\$	707	567

RAVENSWOOD // MT WRIGHT ORE RESERVES

AS AT 30 JUNE 2010

CATEGORY	TONNES	GRADE	OUNCES
Proved (insitu)	3,980,000	2.7	345,000
Probable (insitu)	2,190,000	2.7	190,000
Probable (stockpiled)	2,840,000	0.6	56,000
Total	9,010,000	2.7	591,000

**RESOURCE DRILLING CONVERTS
SUBSTANTIAL RESOURCES TO RESERVES
TO 6.2MT @ 2.7G/T AU FOR**

535,000 **ozs**

OUTLOOK

The process plant will continue to treat a blend of low grade stockpiles and Mt Wright ore for the first three quarters of the year at a rate equivalent to 5.0Mtpa. Upon completion of the Sarsfield low grade stocks, the process plant will be modified to treat only the higher grade Mt Wright ore with a capacity of 1.5Mtpa. The planning and design work for the conversion is in progress. Most of the engineering works required to modify the plant will be carried out on line and minimal downtime is expected with the final conversion to Mt Wright ore. All metallurgical test work for treating the Mt Wright ore has been completed.

Mt Wright ore production will continue to ramp up throughout the year as the Sub Level Shrinkage with Continuous Fill mining method is further established and the number of available drawpoints increases.

Gold production is expected to be slightly up in the coming financial year as a result of the expected improvement in head grade outweighing the reduced mill throughput that will occur following the depletion of the Sarsfield ore stockpiles. Cash costs per ounce are expected to remain at levels similar to those in 2009/10.

Golden Pride

The Golden Pride mine is located in Tanzania, East Africa, 750km north-west of the port of Dar es Salaam and 200km south of Lake Victoria.

Resolute has a 100% interest in the project through its Tanzanian subsidiary, Resolute (Tanzania) Limited.

Ore for the Golden Pride Operations was sourced from the Golden Pride open pit with supplementary feed from on site low grade stockpiles. The ore is treated using conventional crushing, SAG and ball-milling with carbon-in-pulp processing at the rate of approximately 3Mtpa.

OPERATIONS

The 2010 financial year produced 148,675 (2009: 127,047) ounces of gold at a cash cost of US\$514 (2009: US\$486) per ounce.

Plant throughput was reduced with the harder/fresher ore being processed at 2.8 million tonnes (2009: 3.44) with an average head grade of 1.73g/t (2009: 1.24g/t) while maintaining a recovery rate of 92.7% (2009: 92.5%)

Gold production increased (17%) over the previous year with the majority of the ore processed being mined from the open pit at a higher grade rather than mill feed from the low grade stockpiles. Costs increased slightly during the period with mining and mill costs affected by increases in services and consumables.

The open pit mined 3.5 million bank cubic metres of material at a strip ratio of 3.5 (2009: 9.4). Total material movement was below plan for the year with a number of mining contractor issues being the main contributing factor. The decrease in the strip ratio is a result of the deepening of the Central cutback and the underperformance of the contractor in the Western cutback. Waste from the Western cutback was used for the wall raising of the tailings storage facilities.

The Golden Pride mine has now produced in excess of 1.82 million ounces of gold since commissioning in 1998.

OPERATING PERFORMANCE AT A GLANCE

		2009/10	2008/09
Ore Mined	Million Tonnes	2.76	1.30
Ore Milled	Million Tonnes	2.87	3.44
Head Grade	g/t	1.73	1.24
Recovery Rate	%	92.7	92.5
Gold Produced	Ozs	148,675	127,047
Cost Per Ounce	A\$	583	656
Cost Per Ounce	US\$	514	486

GOLDEN PRIDE // ORE RESERVES

AS AT 30 JUNE 2010

CATEGORY	TONNES	GRADE	OUNCES
Proved (insitu)	2,260,000	1.9	138,000
Proved (stockpiled)	460,000	1.4	21,000
Probable (insitu)	2,150,000	1.9	131,000
Probable (stockpiled)	1,400,000	0.7	32,000
Total	6,270,000	1.6	322,000

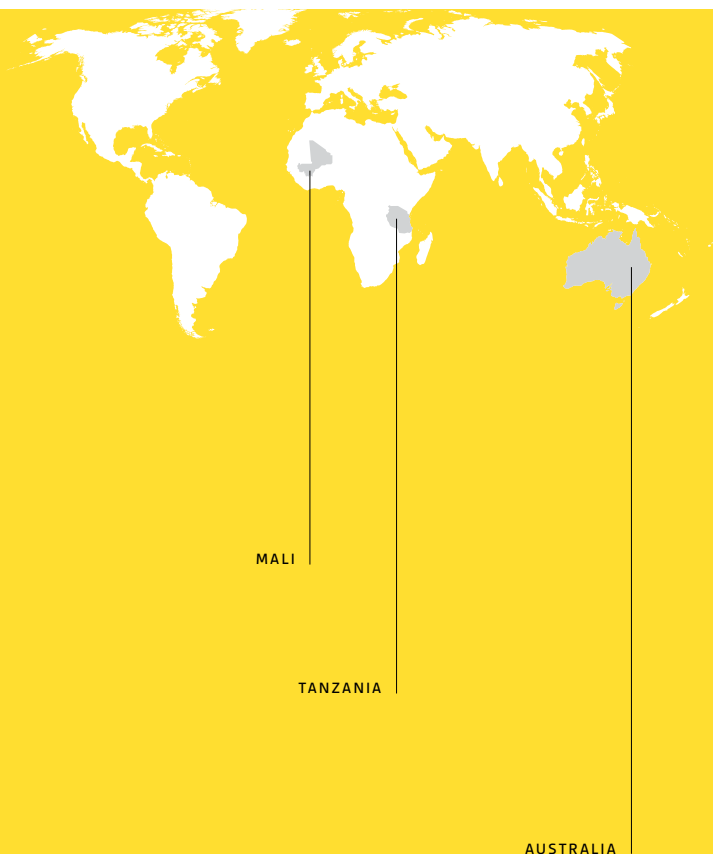
OUTLOOK

As the Central Pit diminishes its productive areas, mining will focus on the South West Central Cutback. Equipment availabilities, limited work area and remediation of existing slips in the pit continue to be the major operating challenges for the coming year.

Mill throughput levels are expected to decline due to the hardness of the ore being treated, and in accordance with the Life of Mine plan, head grades are expected to reduce by approximately 20%. Additional oxide ore will be sourced from the new Maji pit during the year. This will lead to lower gold production and higher cash costs per ounce in the 2010/2011 financial year.

Development Overview

RESOLUTE IS WELL PLACED TO PURSUE OPPORTUNITIES BY USING A COMMON SENSE APPROACH FIRMLY BASED ON ADDING VALUE FOR SHAREHOLDERS. THE BROAD APPROACH IS MEASURED RISK, COST-EFFECTIVE ADDITION TO OR ACQUISITION OF OUNCES.



Mali

FEASIBILITY STUDY ON SYAMA FREE MILLING ORE

The Feasibility Study of an expansion to the Syama Gold operations by processing free milling oxide ore resources, located near the existing Syama sulphide plant, continued into 2010.

The study consisted of:

- Drilling of deposits to define oxide, or non-refractory ores, located close to the Syama plant, and
- An engineering study into the capital and operating cost of adding a circuit to the existing sulphide plant to treat non-refractory ore

The study design and cost estimates were based on treating 1.5 million tonnes per annum of oxide ore. The oxide ore process facilities to be installed would include:

- ROM pad capable of holding 130,000 tonnes of oxide ore
- Primary jaw crusher and associated equipment
- Two stage ball milling circuit with 4,800 kW of installed ball mill motor power
- Gravity concentration and gold recovery unit
- Transfer hopper and pump to move the oxide slurry to the existing nine by 925m³ CIL tanks (currently being used to treat the calcine)
- Construction of a new tailings storage facility to store the oxide ore and calcine cyanide leached tailings
- Construction of a new water storage dam to hold the excess river water collected during the wet season for use during the dry season.

The Project was based on treatment of existing reserves from the A21 pit and oxide stockpiles and assumed additional deposits at Tellem, Alpha and Syama Extension. The estimated capital expenditure for the Syama Oxide Gold Project was US\$64 million, made up of US\$29 million for plant, US\$20 million for additional infrastructure plus tie-in to sulphide plant and US\$14 million for other owner's costs and contingency. Design and construction under an EPCM contract is scheduled to take 18 months.

Estimated annual production over approximately four years was between 80,000 and 100,000 ounces at an average cash cost of approximately US\$400 per ounce. The results showed a high return for the project and the study also identified a number of areas emerging from the ramp up experience at the existing plant that could reduce capital expenditure and give a more robust plant outcome.

Further work to better evaluate these alternatives was completed later in the year. Preliminary results indicated costs of approximately US\$38.2 million for a parallel circuit processing up to 800,000tpa of oxide ore. The main reduction in costs and tonnage are associated with the comminution circuit. In the 800,000tpa circuit a mineral sizer (crushing) was introduced instead of a jaw crusher and an onsite redundant Morgardshammar mill refurbished. The total cost for this comminution circuit is estimated at US\$13.2 million. The remaining components are similar to the larger circuit but have been adjusted for the reduced annual throughput. These components are; tie-in to the sulphide plant, the construction of new tailings and water storage facilities, owners costs and contingency. A cost benefit analysis will be carried out comparing these two designs for a parallel oxide circuit, against treating the oxide ore through the current circuit.

During the second half of the year the current Syama plant was modified to process direct leach ore. The results were very positive and indicate, that with appropriate modifications, oxide ore may be treated through the existing plant and a dual circuit may not be required. Additionally, following the recent impressive results from Alpha, Syama Extension and Tellem it was decided to defer the independent cost benefit analysis on the free milling circuit until additional metallurgical sampling can be completed at all three prospects.

FEASIBILITY STUDY ON HIGH VOLTAGE GRID CONNECTION TO SYAMA (RESOLUTE 80%)

Recent meetings held between representatives of Resolute, the Direction Nationale de L' Energie and Energie du Mali has established that the high voltage power connection from Cote d'Ivoire to Sikasso in Mali is due to be commissioned in early 2011. Resolute has commenced a feasibility study for the supply and installation of a High Voltage Grid Power connection to the Syama Gold mine which is located approximately 80km southwest of Sikasso.

Diesel generated power accounts for roughly one third of the Syama Gold mine cash costs, and following any upfront capital requirements to connect to the power grid, significant operating cost savings are expected.

FINKOLO – ETRUSCAN RESOURCES JV (RESOLUTE 60%)

Resolute and Etruscan representatives met the National Department of Mines and Geology (DNGM) Director in early July 2010 to submit the Finkolo Exploitation permit application including the Feasibility Study and Environmental and Social Impact Assessment.

The results of the Feasibility Study on the Tabakoroni deposit prepared by Resolute, based on a gold price of US\$900 per ounce, show the Finkolo Gold Project returns a net cash flow of US\$17 million and a base case net present value of US\$11.9 million, using a 10% real discount rate.

The Feasibility Study is based on proven reserves of 1.0 million tonnes of ore with an average grade of 3.3 grams per tonne containing 109,000 ounces and probable reserves of 1.4 million tonnes of ore with an average grade of 2.9 grams per tonne containing 127,000 ounces with a strip ratio of 9.5 to 1 and cash costs of US\$710 per ounce.

SYAMA MINE OPENING

On 6th May 2010 the Syama mine was officially opened by His Excellency Amadou Toumani Toure, the President of the Republic of Mali.

Speaking at the opening the President expressed his thanks to Resolute for its investment and efforts at Syama and added that "gold was starting to shine in Mali through Resolute."

At the ceremony, Resolute CEO, Peter Sullivan emphasised the Company's commitment to Mali and its long term partnership approach to unlocking value from natural resource assets in Africa for the benefit of all stakeholders.



It proposes open pit mining of three pits using a contract mining fleet with the ore to be trucked and processed through the Syama gold plant.

The average gold recovery ranges from 89% in the oxide ore to 65.6% in the primary ore. Initial capital costs for the Finkolo Gold Project are estimated to be US\$1.7 million.

Under the terms of the Finkolo Joint Venture, to date, Resolute has funded all of the costs of the joint venture (with the exception of certain deep drilling costs) and Etruscan will reimburse Resolute its 40% share of such costs from 50% of its share of future project cash flow. Going forward, development costs (including the initial capital costs described above) will be funded 60/40 by Resolute and Etruscan.

NYAKAFURU PROJECT, (RESOLUTE 100%)

The Nyakafuru Reefs environmental scoping report was completed and approval to complete the Environmental Social Impact Assessment report was received from the National Environment Management Council (NEMC).

A five day field study was completed by four members of the MTL environmental consulting group. The resulting report will be submitted to the NEMC, who will make an assessment, including a field site inspection. The final report should be completed in late 2010 prior to submission to the NEMC as part of the Nyakafuru Feasibility Study and Mining Lease application.

Australia

Tanzania

GOLDEN PRIDE, (RESOLUTE 100%)

Design and financial evaluation studies of near mine opportunities were completed late in the year. As a result incremental reserve additions of 880,000t @ 1.8g/t Au for approximately 50,000 ounces were added at Maji and Southern Oxides. These projects have the added advantage of providing significant amounts of inert oxide waste material. The use of this material will significantly reduce the amount of re-handle and cost for capping waste dumps and tailings facilities.

Mining of the Maji pit is planned to commence in late 2010. Vegetation and topsoil are being removed from the area and stockpiled, old workings backfilled and grade control drilling will soon commence in preparation for mining activities.

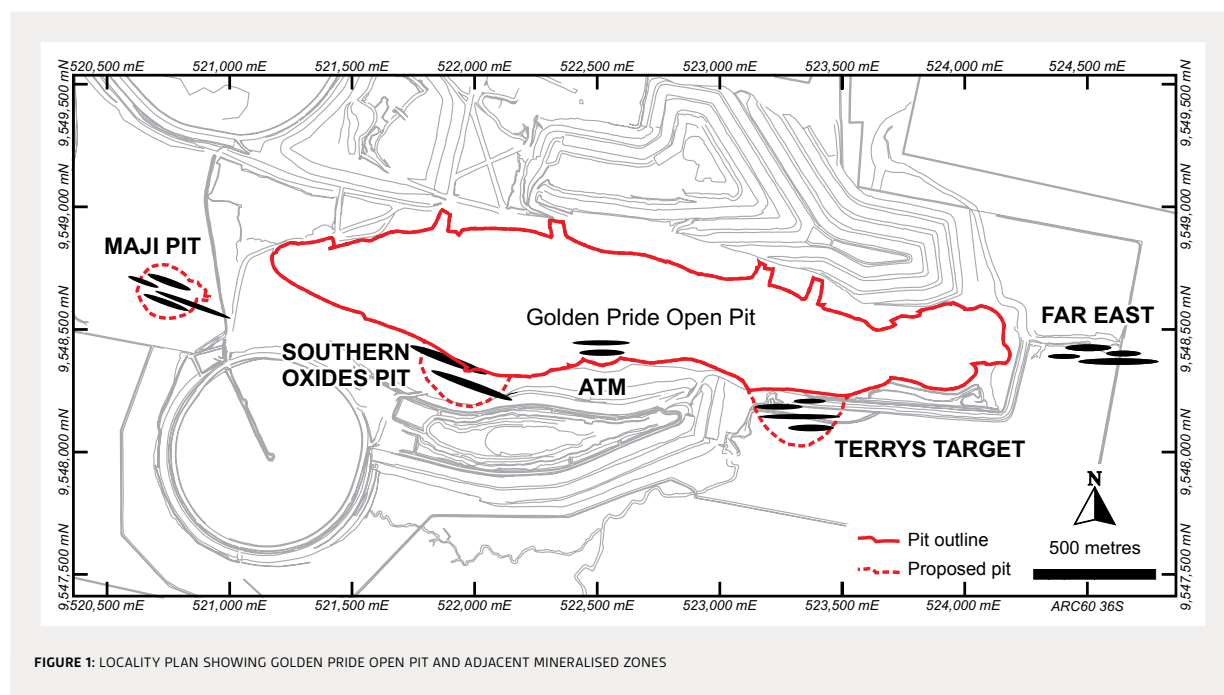
The Far East and China prospects will undergo further infill drilling and metallurgical testing prior to upgrading the resource status and completing initial mining studies.

RESOURCE DEVELOPMENT AT MT WRIGHT, AUSTRALIA (RESOLUTE 100%)

During the year completion of a new underground mine design and 5,515m of infill drilling resulted in the conversion of previously reported resources to proven and probable reserves of 6.2 million tonnes @ 2.7g/t Au for 535,000 ounces.

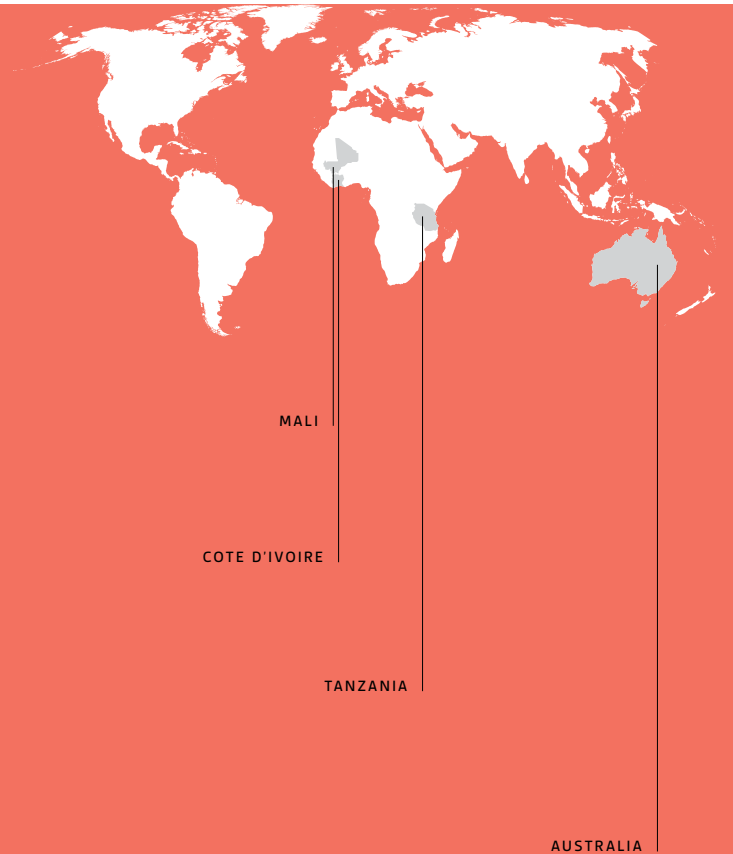
Further strong results from resource infill drilling were returned up to 150m below the current production level. Better results included 43m @ 5.32g/t Au, 28m @ 8.06g/t Au, 95m @ 3.66g/t Au and 106m @ 3.33g/t Au. These results support the robust grades previously encountered and reported in the original Mt Wright feasibility study.

It is expected that infill resource drilling below 600mRL will be completed in the coming year and an updated resource estimate finalised.



Exploration Overview

RESOLUTE IS COMMITTED TO EXPANDING ITS GOLD RESOURCES AND PRODUCTION BASE THROUGH EXPLORATION. THE MAIN THRUST OF EXPLORATION ACTIVITIES HAS BEEN ON OUR TENURE CLOSE TO OUR EXISTING OPERATIONS OR STRATEGIC JOINT VENTURES ON GROUND THAT HAS BEEN IDENTIFIED THROUGH OUR REGIONAL STUDIES.



MALI

COTE D'IVOIRE

TANZANIA

AUSTRALIA

Resolute's exploration team has continued to focus on expanding the Company's gold resources in close proximity to its three operations in Mali, Tanzania and Queensland. New prospective ground has been applied for, joint ventured or acquired within trucking distance of each of the mines during the year.

In Mali, the highly prospective Syama Shear and greenstone belt continues to produce outstanding results which have led to the recent resource additions announced for Tellem, Syama Extension and Alpha, and some excellent intercepts from the 12km long Paysans-Senufo trend. These results will lend further support to the current Syama oxide circuit feasibility study that was initiated in 2010. Regional targets with the potential to uncover large, structurally controlled lode deposits within trucking distance of the Syama Mill are now drill ready.

In Queensland, the Welcome Breccia prospect produced some exceptional first pass diamond drill intercepts including 18m @ 3.92g/t Au from 215m, 19m @ 4.52g/t from 359m, 113m @ 7.7g/t Au from 316m and 50m @ 3.87g/t Au from 298m. Additional diamond drilling to test the vertical and lateral extents of this potential new deposit is continuing. Several other Mt Wright style targets in the district are ready for ground geophysical work and/or drill testing.

Resolute has continued to secure significant land holdings over targeted portions of the largely underexplored Birimian greenstone belts in Cote d'Ivoire. First pass surface geochemical programmes have already defined ten significant gold and pathfinder element anomalies that will undergo further exploration in the coming year.

In Tanzania, a preliminary inferred resource of 1.85mt @ 1.2g/t Au for 71,000oz was delineated at Kavsav, whilst significant reverse circulation drill intercepts have been returned from the China and Kilabili prospects. These results show that economically viable satellite resources still exist within trucking distance of the Golden Pride mine.

The success of the exploration team in adding significant resources at Syama, discovering a potential new deposit at Welcome in Queensland, and delineating significant new greenfields targets in Cote d'Ivoire is based on smart geological concepts and the utilisation of the latest technologies to ensure significant long term organic growth for Resolute shareholders.

THE WELCOME BRECCIA PROSPECT PRODUCED SOME EXCEPTIONAL
FIRST PASS DIAMOND DRILL INTERCEPTS INCLUDING

**113M @ 7.7G/T
AU FROM 316M**

Mali

Exploration within the Syama Greenstone Belt focused on increasing oxide resources within Resolute's 80% controlled Syama Mining Permit and developing new drill targets utilising detailed mapping, geochemical and geophysical surveys. A number of prioritised new targets are now ready for drilling.

Regionally, new permits were applied for or purchased 25kms east of Syama over a previously unrecognised Birimian volcano-sedimentary sequence containing altered "fertile" intrusives, prospective structures and local evidence for Au and Cu mineralisation. Refer Figure 2.

SYAMA PERMIT (RESOLUTE 80%)

The Alpha and Syama Extension prospects are located on a footwall shear 5 to 8km north of the Syama Mine. Infill reverse circulation drilling was carried out at both prospects with fourteen drill holes completed for 1,600m at Alpha and seven drill holes for 870m at Syama Extension. Better intercepts included 14m @ 2.58g/t Au from 66m, 11m @ 4.46g/t Au from 74m and 18m @ 2.77g/t Au from 75m at Alpha and 11m @ 3.75g/t Au from 66m, 11m @ 4.46g/t Au from 71m and 10m @ 6.84g/t Au from 72m at Syama Extension. This drilling confirmed that mineralisation is developed on the sheared contact between the eastern conglomerates and the basalts of the Syama Formation.

INFILL DRILLING AT TELLEM, SYAMA
EXTENSION AND ALPHA ADD RESOURCES
TOTTALLING 5.82MT @ 2.3G/T AU FOR

428,000 ozs

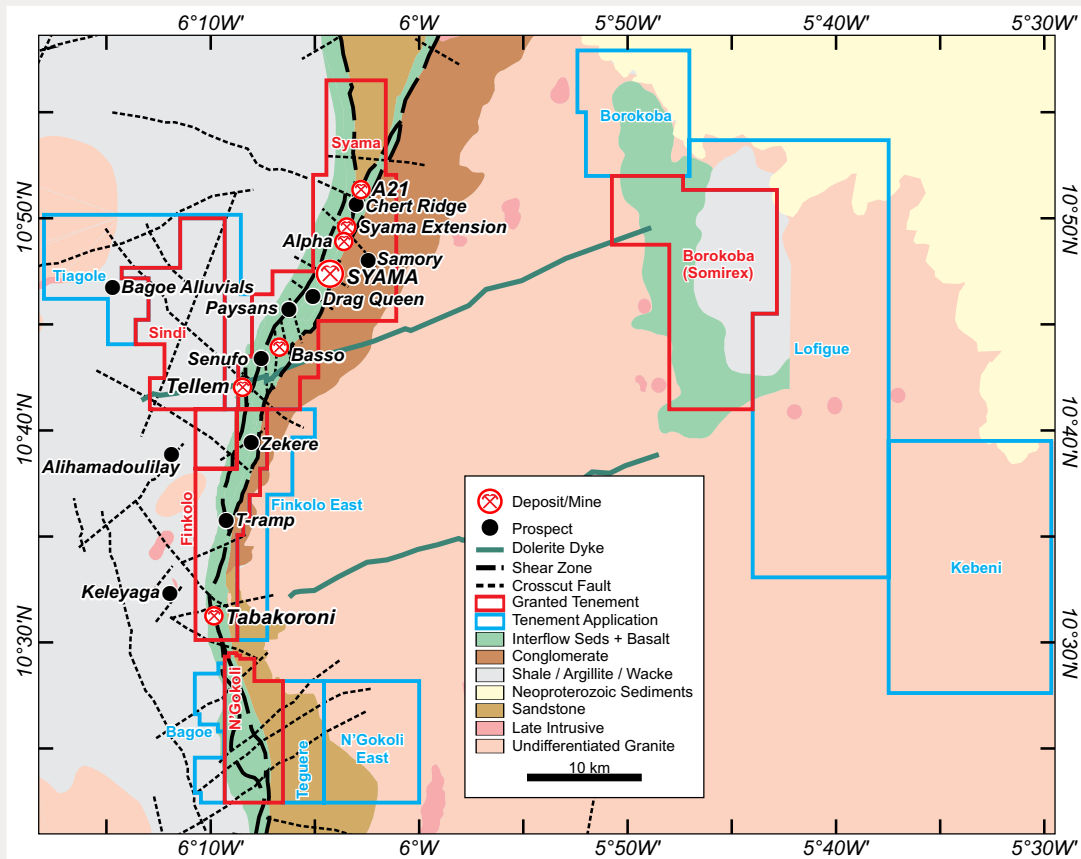


FIGURE 2: RESOLUTE MALI EXPLORATION TENEMENTS, DEPOSITS AND SIMPLIFIED GEOLOGY.

At the Tellem Prospect an additional 6,600m of infill and extension reverse circulation drilling and two diamond drill holes were completed during the 2009/10 field season. The drilling led to a 50m drill line spacing over a strike length of 2kms for resource estimation purposes. Significant economic intercepts included 14m @ 2.17g/t Au from 6m, 8m @ 6.49g/t Au from 80m, 13m @ 3.90g/t Au from 38m, 8m @ 3.03g/t Au from 79m, 8m @ 4.87g/t Au from 52m, 10m @ 2.91g/t Au from 17m and 6m @ 5.33g/t Au from 49m. Refer Figure 3. Systematic re-logging of all mineralised intercepts in order to confirm the true width of the mineralised porphyry was completed and an accurate geological wireframe of the unit produced.

New resources were subsequently estimated for Syama Extension, Alpha and Tellem using all drilling, including verified historical BHP and Randgold drilling. These new resources have added **5.82Mt @ 2.3g/t Au for 428,000 ounces**, at a 1.0g/t cut-off, to the resource inventory of the Syama project. The resources were estimated using the method of Multiple Indicator Kriging with block support adjustment.

In addition to this resource drilling, seventy nine aircore drill holes for 7,329m were drilled across the northern and southern extensions of the Tellem deposit extending the strike length of continuous gold mineralisation to more than 4km. Further drilling to define the limits of the Tellem mineralisation will continue in the coming year.

Two hundred and sixty four aircore drill holes for 17,222m were drilled across the now 12km long Paysans-Senufo-Salikou mineralised trend which is comprised of the steeply dipping northeast trending Bee Sting Fault and shallow dipping subsidiary thrusts near the hanging wall of the Syama Formation. Drilling encountered numerous lamprophyre dykes and abundant quartz veining with associated sericite - carbonate alteration. Better intercepts included 11m @ 3.17g/t Au from 21m, 10m @ 1.51g/t Au from 12m, 7m @ 3.84g/t Au from 37m, 3m @ 6.38g/t Au from 26m, 21m @ 1.11g/t Au from 21m, 3m @ 5.45g/t Au from 20m and 3m @ 2.75g/t Au from 28m. Infill aircore and reverse circulation drilling is planned for the most prospective zones along this strike extensive mineralised trend.

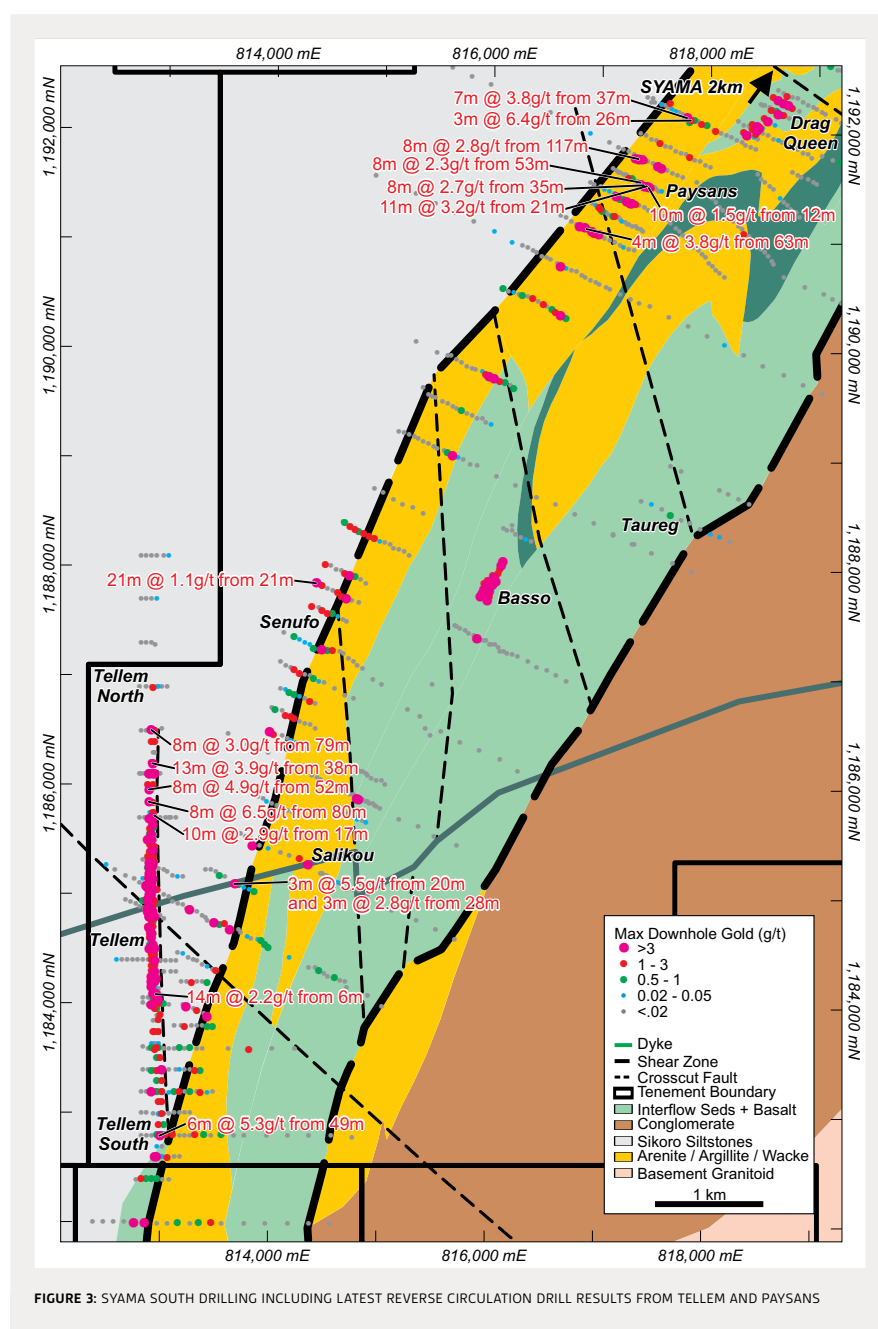


FIGURE 3: SYAMA SOUTH DRILLING INCLUDING LATEST REVERSE CIRCULATION DRILL RESULTS FROM TELLEM AND PAYSANS

Eight reverse circulation drill holes for 969m were drilled to test the depth extensions of some significant aircore intercepts from the central part of the Paysans prospect.

Drilling returned best intercepts of 8m @ 2.76g/t Au from 117m, 8m @ 2.29g/t Au from 53m, 8m @ 2.69g/t Au from 35m and 4m @ 3.79g/t Au from 63m from shallow northwest dipping interpreted thrust faults containing carbonate-albite-sericite alteration and sulphides associated with abundant quartz-carbonate veining. Further drilling is planned to define the limits of the Paysans mineralisation prior to preliminary resource estimation.

BOROKOBA PROJECT (RESOLUTE 100%)

The 195km² Borokoba research permit located 25km east of Syama was purchased from local company SOMIREX during the year. The permit contains a vastly under-explored greenstone belt comprised of granitoids and Birimian mafic volcanic rocks in the north and laterite plateaus with fragmented quartz material and widespread evidence of artisanal mining in mafic volcanics, argillite and magnetite-rich sediments towards the south.

Tanzania

Exploration in Tanzania throughout the year has been focused on increasing near mine oxide resources and outlining high grade mineralisation within trucking distance of the Golden Pride mill, Refer Figure 4. The current Golden Pride geochemical "footprint" knowledge and airborne versus time domain electromagnetic instrument survey (VTEM) data has been vital for this ongoing regional target definition work.

GOLDEN PRIDE NEAR MINE PROSPECTS (RESOLUTE 100%)

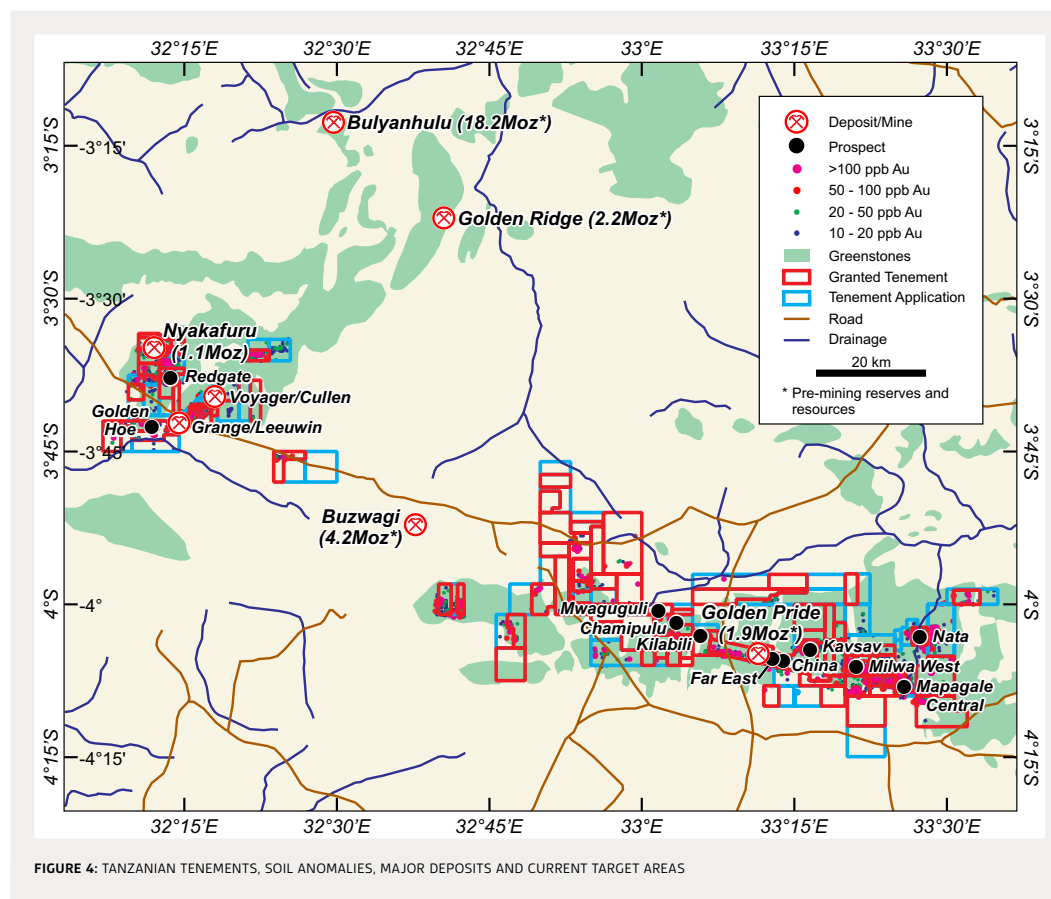
An inferred resource of 1.85Mt @ 1.2g/t Au for 71,000 ounces was estimated for the Kavsav deposit just prior to the 2009/10 field season. The resource figure was based upon an inverse distance weighted (IDW) model using a 0.8g/t Au lower cut-off grade. Additional soil sampling to the east of the prospect has not extended the existing gold in soil anomaly and no further drilling is planned.

Eleven reverse circulation drill holes totalling 737m were drilled at Kilabili, 10km west of Golden Pride, to confirm, infill and extend gold mineralisation identified in previous drilling. Results included 12m @ 2.03g/t Au from 40m, 12m @ 1.46g/t Au from 14m, 8m @ 2.10g/t Au from 43m and 6m @ 1.96g/t Au from 63m. Additional infill drilling will be required in order to confirm a steep north dip to mineralisation prior to resource estimation work. Analysis of soil pH data from the prospect identified a clear correlation between high acidity in soil and reverse circulation drill intercepts of economic significance. This information is being used to identify the most prospective areas along strike to the east.

Eight reverse circulation drill holes for 830m were drilled at the China prospect 3km east of Golden Pride to infill and extend oxide mineralisation associated with previous drill intercepts of 7m @ 2.94g/t Au and 8m @ 2.14g/t Au. Significant results from the current drill programme included 10m @ 4.65g/t Au from 24m, 10m @ 2.34g/t Au from 47m, 13m @ 2.00g/t Au from 47m, 15m @ 2.17g/t Au from 42m, 10m @ 2.51g/t Au from 50m and 14m @ 2.51g/t Au from 49m. Additional drilling is planned to confirm an interpreted northeast trend to mineralisation prior to completing a preliminary resource estimate.

BULANGA PROJECT - BARRICK JV (RESOLUTE EARNING UP TO 70%)

An extensive surface geochemistry programme comprised of 1,360 soil samples and 210 mechanical auger holes was completed at 50m x 100m spacings across shallow alluvial cover along a 9km section of the Golden Pride Shear Zone to the east of Golden Pride during the year. Two significant +50ppb Au anomalies were identified at the Milwa West and Usenge prospects from within a semi continuous +5ppb Au anomaly that links the Milwa prospect (16km east of Golden Pride) to the Njobola prospect (7km east of Golden Pride). Follow-up rock chip sampling at Milwa West returned values of 8.6g/t Au, 6.5g/t Au, 3.3g/t Au and 2.3g/t Au from gossanous conglomerate sub-crop. Five reverse circulation drill holes for 465m returned best results of 1m @ 2.71g/t Au from 46m, 1m @ 1.84g/t Au from 45m, 1m @ 1.31g/t Au from 9m and 1m @ 11.0 g/t Au from 43m. Mineralisation is associated with chlorite-pyrite-pyrrhotite altered brecciated Kavirondian conglomerate adjacent to the unconformable contact with metabasalt. Broad sections of sub-economic gold mineralisation (~0.15g/t) occur throughout the conglomerate unit.



GOLDEN PRIDE WEST PROJECT - BARRICK JV (RESOLUTE EARNING UP TO 70%)

A Joint Venture agreement over Barrick East Africa Limited's Golden Pride West group of tenements was signed whereby Resolute has the right to earn 70% by spending US\$1 million over a 3 year period.

Fifteen reverse circulation drill holes for 1,505m were drilled on five sections spaced 100m apart at the Mwaguguli prospect 18km west of Golden Pride in order to test the continuity of gold mineralisation between existing Barrick rotary airblast drilling intercepts of 6m @ 1.96g/t Au from 3m, 15m @ 1.30g/t Au from 60m and 12m @ 1.06g/t Au from 12m. Results included best intercepts of 11m @ 1.83g/t Au from 41m, 6m @ 3.48g/t Au from 100m, 3m @ 4.81g/t Au from 44m, 13m @ 1.40g/t Au from 55m, 18m @ 2.74g/t Au from 84m, 9m @ 2.69g/t Au from 25m and 3m @ 3.49g/t Au from 58m. Gold mineralisation is associated with disseminated sulphides (pyrite, malachite, pyrrhotite and arsenopyrite) and strong carbonate-silica alteration. Fault offsets and isoclinal folding have been interpreted from the geophysical data, and drill chip logging and assay distribution patterns suggest high grades are contained within plunging ore shoots. Further drilling is planned to define the limits of the Mwaguguli mineralisation prior to preliminary resource estimation work.

Australia

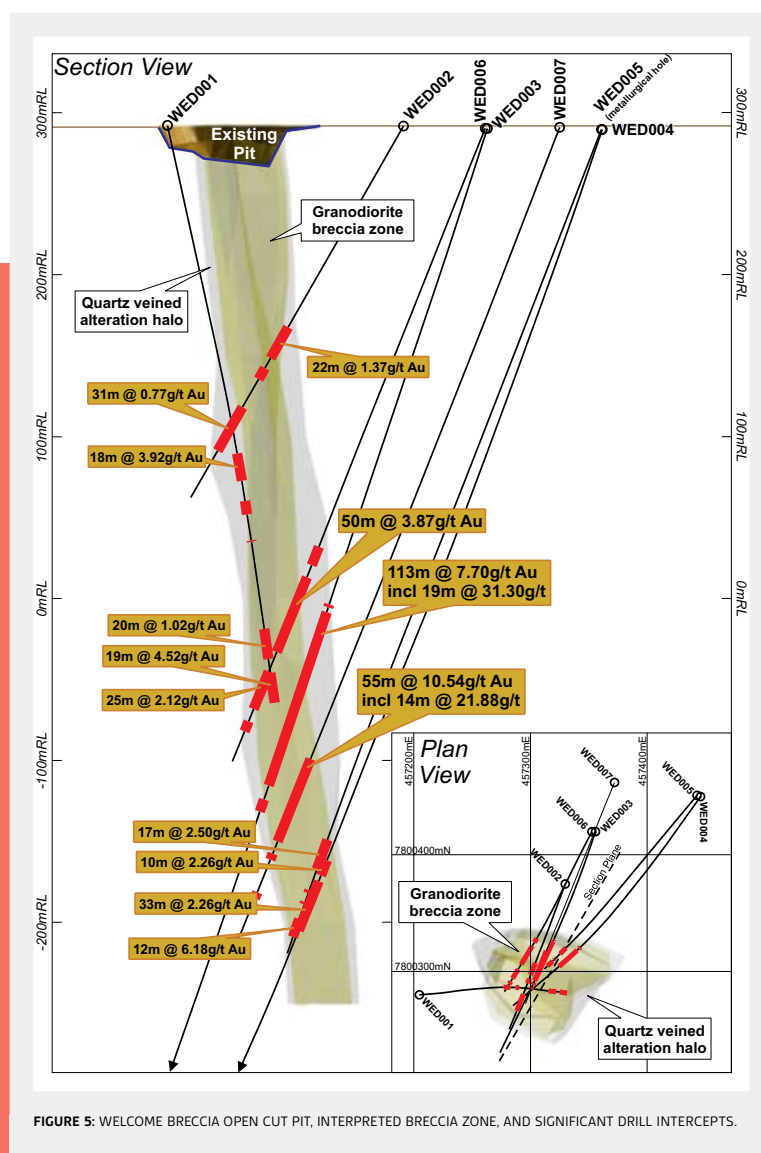
Detailed aeromagnetic data, mapping, and a now extensive surface and downhole geochemical data has led to the definition and prioritisation of a series of drill ready Mt Wright style targets with the very first target (Welcome Breccia) returning exceptional diamond drill intercepts.

Additionally, several near mine targets with potential to host economic oxide gold mineralisation within trucking distance of the Ravenswood mill have recently been delineated.

REGIONAL EXPLORATION

Welcome Project (Denjim JV - Resolute earning 80%)

Six diamond drill holes totalling 2,909m were drilled into the Welcome Breccia within the Welcome Mining Lease during the year. The lease forms part of a Joint Venture with local company Denjim Pty Ltd where Resolute has the right to earn an initial 80% interest by spending A\$1 million over a 24 month period. Recognition of the geochemical and geophysical similarities to Resolute's Mt Wright deposit initiated the current drilling programme.



Several exceptional intercepts have been returned to date including 18m @ 3.92g/t Au from 215m, 19m @ 4.52g/t Au from 359m, 113m @ 7.7g/t Au from 316m (including 19m @ 31.3g/t Au from 401m), 10m @ 2.26g/t Au from 484m, 33m @ 2.26g/t Au from 498m (including 18m @ 3.00g/t Au from 504m), 15m @ 2.76g/t Au from 472m, 12m @ 6.18g/t Au from 524m, 50m @ 3.87g/t Au from 298m and 25m @ 2.12g/t Au from 361m. Refer Figure 5.

High grade gold mineralisation is focused towards the margins of a steep northeast plunging granodiorite breccia zone and within steeply dipping concentric quartz vein arrays within and marginal to the breccia. Further diamond drilling is planned, along with a deep penetrating induced polarisation survey aimed at identifying additional sulphide bearing breccia zones in the district.

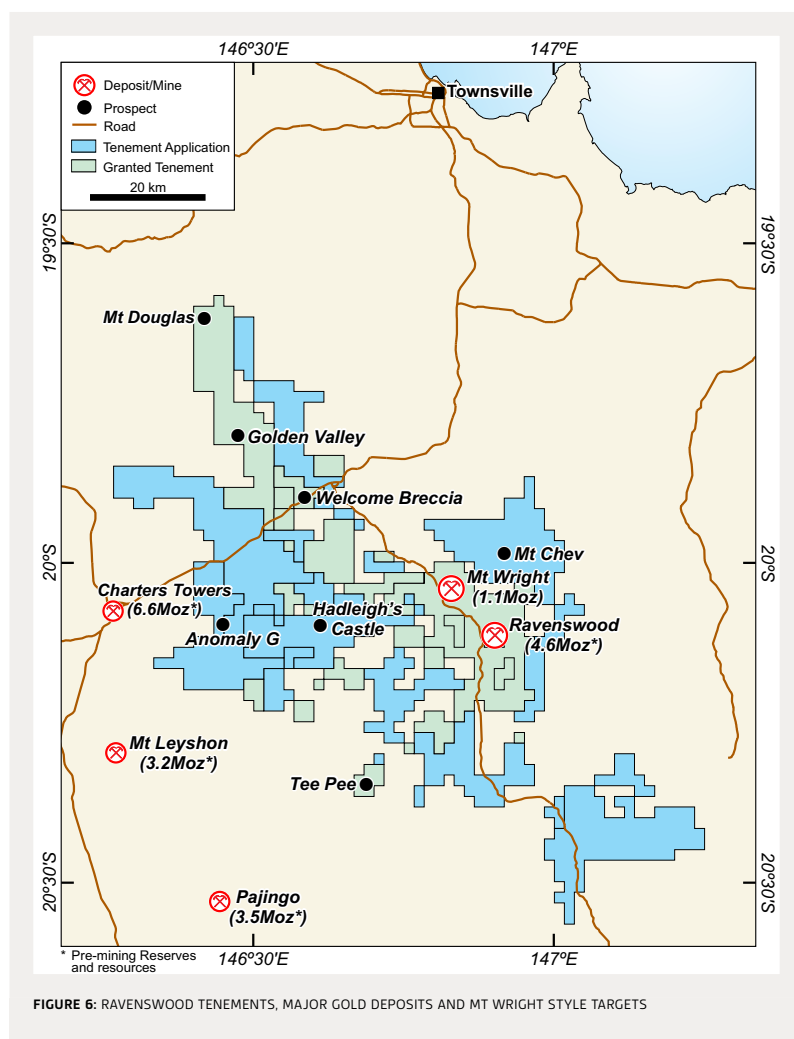
Detailed soil sampling at the Christian Kruck prospect has identified several +50ppb Au anomalies associated with linear magnetic lows, including a zone of northwest trending historic workings and shafts to the north of the Christian Kruck mine. Sixty six rock chip samples collected during the soil sampling returned twenty one assays >1g/t Au, including values of 49g/t Au, 14.7g/t Au, 11.1g/t Au and 5.13g/t Au. Trenching along strike and to the north of the Christian Kruck mine and across the King Solomon lineament to the south of the mine is planned.

MINGELA AREA (RESOLUTE 100%)

Detailed mapping at the Mt Douglas prospect 35km northwest of Mingela has identified southeast and northwest extensions to the mineralised rhyolite unit which now appears to form an open z-fold conformable with the other stratigraphy in the area. Mineralisation is associated with stockworked quartz-sulphide veins within brecciated rhyolite (cf. Mt Wright). Results for forty eight rock chip samples collected during a recent mapping exercise included twelve values >0.2g/t Au including 1.81g/t Au and 2.77g/t Au and some impressive pathfinder element results that suggest the current exposure could be the surface expression of a deeper hydrothermal system. A deep penetrating induced polarisation survey is planned to identify deep drill targets. Refer Figure 6.

Four hundred and sixty seven soil samples and fifty five rock chip samples were collected over Mt Wright style circular magnetic lows and other multi-element geochemical anomalies during the year. Five priority targets that warrant additional test work and possible further drilling have been identified.

Additionally, three exploration permits for minerals (EPM) applications were submitted to the Queensland Department of Employment, Economic Development & Innovation during the year. One application is contiguous with Resolute's Mingela and Mt Success EPM's, and two others cover the prospective Hadleigh's Castle area.



RAVENSWOOD AREA

Reconnaissance mapping and rock chip sampling at the Redback Prospect adjacent to the Sarsfield pit returned gold values of 9.01g/t Au, 5.77g/t Au and 14.89g/t Au from a 3m wide ferruginous quartz-sulphide vein. The vein is located on a linear magnetic low that is interpreted to be the offset continuation of the Nolan's fault. Eight trenches (502m) subsequently excavated across the zone returned intercepts of 13m @ 1.08g/t Au, 5m @ 1.04g/t Au and 3m @ 2.24g/t Au from numerous shallow south southeast dipping, ferruginous quartz veins within Jessop's Creek Tonalite. Six follow up reverse circulation drill holes for 758m returned several wide zones of low grade mineralisation (>0.5g/t Au) with best intercepts of 2m @ 6.34g/t Au from 102m, 6m @ 2.17g/t Au from 28m, 3m @ 1.85g/t Au from 74m, 6m @ 1.22 g/t Au from 91m and 3m @ 1.99g/t Au from 104m from quartz-carbonate-pyrite veined sericite-chlorite altered tonalite. The results confirm the presence of additional mineralisation adjacent to the Sarsfield pit that will require further testing.

Cote d'Ivoire

Over the past year Resolute has continued expanding its tenement portfolio in Cote d'Ivoire with seven research permit applications (converted from reconnaissance permits to allow sub-surface exploration) and four reconnaissance permit applications submitted by Resolute Côte d'Ivoire SARL to the Ministry of Mines. The tenure covers an area of 9,703km² across prospective Birimian greenstones and granite complexes along a major terrane boundary that cuts through the central eastern part of the country. Refer Figure 7. Targets include shear-sedimentary hosted mineralisation analogues typical of Birimian deposits which in the past 100 years have hosted more than 180 million ounces of gold in the West African region. Thirty six percent (by area) of the interpreted Birimian greenstones occurs in Cote d'Ivoire which to date host only 8% of the total known Birimian gold resources.

Four thousand two hundred and seventy 1km x 1km spaced soil samples and twenty rock chip samples were collected across the initial six granted reconnaissance permits during the year. Geological mapping in tandem with the soil sampling has identified belts of sediments interbedded with intermediate to mafic volcanic units within a variety of massive to strongly foliated granites and intermediate intrusives in the western group of tenements.

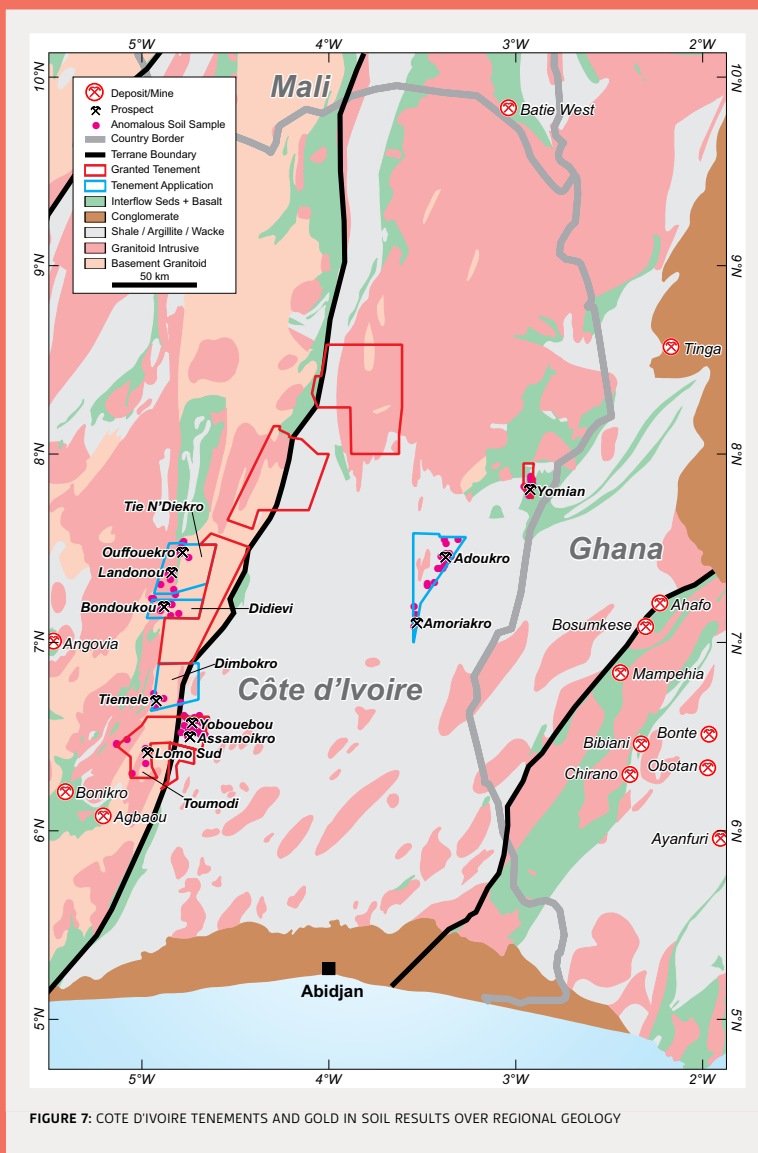
Soil sampling results have defined ten significant gold and pathfinder element anomalies including an extensive 12km wide circular Au-As-Ag-Cu-Mo-Sb-Te-W anomaly located in the northeast corner of the Toumodi tenement surrounding a granitoid intrusion and adjacent to a major north-south trending shear zone / terrane boundary. A second low level gold anomaly ~3km in diameter with gold values up to 130ppb and similar multi-element support associated with intermediate intrusive rocks straddles the western boundary of the Dimbokro tenement. Four semi-continuous zones of elevated Au and multi-element anomalism including a maximum result of 87ppb Au were returned from the Didievi and Tie N'Diekro tenements. These anomalies are between 7km and 15km long and are associated with a 1-5km wide belt of sediments and intermediate to mafic volcanic units cut by west northwest trending faults.

Extensive manipulation of the soil sampling multi-element results including sub-setting based on geological domains, normalisation and calculation of various geochemical indices is planned prior to the next phase of infill sampling.

ALMOST

10,000KM²

OF TENURE ACROSS PROSPECTIVE BIRIMIAN IN COTE D'IVOIRE



Corporate Responsibility

RESOLUTE IS MINDFUL ITS ACTIVITIES MAY POTENTIALLY HAVE AN IMPACT ON THE ENVIRONMENT AND A BROAD RANGE OF PEOPLE. THESE PEOPLE ALL, IN ONE WAY OR ANOTHER, CONTRIBUTE TO OUR ABILITY TO SUSTAIN OUR ACTIVITIES IN A HARMONIOUS MANNER WITHIN THE COMMUNITY AND ENVIRONMENT.

The Company is committed to building relationships through well-targeted social, safety and environmental programmes. Resolute aims to support the host countries and local communities by assisting with programmes and projects that deliver lasting benefits and by paying significant amounts of local and federal taxes.

The taxes that Resolute pays as a Company, those it collects from employees on behalf of the government and those of suppliers' dependent on the Company's presence, are important contributors to the creation of wealth and well-being in host countries.

More than A\$56 million was paid directly to governments in taxes in 2009/10. These taxes include Company taxes, employer taxes, royalties and other licencing and statutory levies as follows:

MORE THAN

A\$56M

WAS PAID DIRECTLY TO GOVERNMENTS
IN TAXES

TAXES PAID TO GOVERNMENTS

	AUSTRALIA	TANZANIA	MALI	TOTAL
Royalties	4.2m	5.4m	5.4m	15.0m
Employer Taxes	8.6m	5.9m	9.5m	24.0m
Company Taxes	-	16.5m	-	16.5m
Licencing & Statutory Taxes	0.5m	0.2m	0.1m	0.8m
	13.3m	28.0m	15.0m	56.3m

Resolute strives to balance environmental protection in a financially sound way over the phases of exploration to operational and then closure activities.

The Environmental Policy provides for environmental management programmes as it undertakes to:

- comply with and, where appropriate, exceed the requirements of applicable legislation, regulations and other policies, codes and standards to which we subscribe
- progressively develop, implement and maintain environmental management systems that are consistent with internationally recognised standards
- integrate environmental processes throughout all aspects of our activities
- identify and assess the potential environmental effects of our activities and manage environmental risk
- continually improve and regularly monitor, audit and review our environmental performance, including the reduction and prevention of impacts and more efficient use of resources
- promote environmental awareness among our personnel and contractors to increase understanding of their roles and responsibilities in environmental management
- develop our people and provide resources to meet our environmental objectives
- promote our environmental progress and performance through liaison with and public reporting to the Government and community.

GOLDEN PRIDE MINE – TANZANIA

Environmental performance at Golden Pride continues to improve and highlights include:

- a fauna survey completed in conjunction with the University of Dar es Salaam, adding sixty two species to the existing fauna register for Golden Pride
- submission of an external compliance audit to the National Environment Management Council
- wide ranging consultation with stakeholders for the drafting of a Statutory Mine Closure Plan and
- ongoing rehabilitation of the north waste rock dump with erosion and sediment control structures and final landform establishment.

Statutory Mine Closure Plan

Consultation occurred during the year for mine closure planning with neighbouring villagers, community leaders and government representatives at all levels. As a part of this consultation, Participatory Rural Appraisal was facilitated to develop a community development programme for the remaining mine life. This programme will focus on improving income generation at the village level.

Rehabilitation

Progressive rehabilitation continued at Golden Pride with about 23ha of waste rock dump fully rehabilitated and an additional 11ha of land prepared for planting in the coming wet season. More than 45,000 seedlings, of species endemic to the area, were planted from both the site based and community nurseries.

Water Management

Surface and groundwater monitoring continued on a monthly basis. This year a significant programme was carried out to install erosion and sediment control structures on the north waste rock dump. Final works will be completed in the coming year.

Emissions to Air

Monitoring showed that dust from the mine site is not harming surrounding properties.

Tailings Management

The annual audit of tailings storage facilities (TSF) showed these were being operated efficiently with adherence to procedures and no major issues with structural stability. An investigation started this year into groundwater quality near TSF 1 to gauge seepage and groundwater dispersion with an additional eleven monitoring bores installed. Monitoring over the next year for these and pre-existing bores will be assessed.

Compliance

The annual audit required by the Environmental Management Act 2004 was submitted to Government, providing a number of minor recommendations.

One compliance issue was carried over from the 2008-09 review period and remained open at the time of reporting:

- total suspended solids and total iron levels in surface waters at the Ibole River monitoring site on the mine boundary

In the reporting period 2009-10 there was one excursion in levels of total suspended solids and total iron measurements at this surface water monitoring in the Ibole River as a result of overland flow from the operation. The condition improved over the reporting period.

Future rehabilitation work as the operation approaches closure will address these water quality levels. Full closure of the north waste rock dump and installation of further sediment control structures at the south waste rock dump are planned for the coming review year.

The Ibole River flows across the mining concession. Total suspended solids and total iron measurements in river water flowing onto the mining concession are often much higher than the statutory levels prescribed for these water quality parameters. The catchment landscape of this river is disturbed by agriculture and clearing.

SYAMA MINE – MALI

During the review period the Syama mine passed from construction phase into operations. Processing activities were undertaken at reduced rates during the reporting period. Monitoring of groundwater, surface water and air quality has continued with all monitoring completed in line with licence conditions.

Rehabilitation

Concurrent rehabilitation of (active) waste rock dumping, or of waste rock dumps incomplete from previous mine ownership is yet to begin. However limited reshaping of waste rock dumps has begun. As a consequence revegetation works are still being planned for the next reporting period.



Considerable effort has been put into establishment of a plant nursery on site. Seed germination and propagation trials have been undertaken. About 7,000 seedlings were "potted on" for use in planned rehabilitation trials.

Water Management

Monitoring of surface water and groundwater quality continues to show that it is generally within acceptable values. Total dissolved salt levels are higher than background levels in groundwater down gradient from the tailings storage facilities at Syama. Further investigation and management options are being considered.

Waste Management

Management of non-hazardous wastes is progressing. Completion of a large capacity landfill and recycling area is on track for late 2010. Once complete a temporary landfill area will be decommissioned and rehabilitated.

Compliance

During the year there were no non-compliances reported.

RAVENSWOOD MINE – QUEENSLAND

At the Ravenswood gold mine work continued on the Safety, Health, and Environmental (SHE) Management System. Site environmental management focused on:

- detailed monthly environmental monitoring and reporting
- waste management procedures, and
- monthly inspections for safety, health, environment and training.

MORE THAN

45,000

SEEDLINGS, OF SPECIES ENDEMIC
TO THE AREA, WERE PLANTED

Rehabilitation

A consultancy was engaged to provide a detailed design for the post closure landform over the Nolan's tailings storage facility. As a precursor to this plan reshaping the tailings surface or "beaches" to achieve a domed surface is underway.

A monitoring technique for revegetation effectiveness, "Ecosystem Function Analysis", was used to compare natural bushland or "analogue" sites with similar landscapes being progressively rehabilitated at the Ravenswood Gold Mine. The work showed these rehabilitation sites have reached, or are progressing towards a sustainable condition.

Weed Management

The programme covered about 300ha around the Ravenswood gold mine with maintenance spraying of "Chinese Apple", "Rubber Vine", "Parthenium" and "Lantana". A reduction in weed densities was observed as a result of weed management in previous years.

Waste Management

A contract waste removal company services Mt Wright. This has proven to be successful in eliminating the disposal of waste on a site with a small footprint area. During the reporting period a waste management procedure was formalised.

Water Management

The Burdekin River is the main source of water for the Ravenswood gold mine. Additional monitoring of the Burdekin River occurred during the reporting period to ensure full compliance with the water extraction permit.

All monitoring was conducted as requested by the Department of Natural Resources and Water. Monitoring indicated the Ravenswood gold mine did not adversely impact environmental flow of the Burdekin River.

Improvements were made to the monitoring and measurement of flows and storage volumes for the site water balance. This allowed a review of water efficiency to be completed and highlighted several opportunities for improvement.

Emissions

During the year Resolute submitted its first report under the Federal Governments "National Greenhouse and Energy Reporting" Programme. Resolute submitted the "Energy Efficiency Opportunities" Assessment and Reporting Schedule to the Federal Government.

No large increases in emissions were calculated for the National Pollution Inventory.

Dust

Throughout the year "polymers" were used to bind the road-base materials to reduce dust, road noise and maintenance needed for the surface of the Mt Wright haul road. Along parts of the haul road the application of polymers and higher rates of watering were needed to control dust levels.

Tailings

Tailings were mainly discharged to the In pit tailings storage facility. As mentioned above, some tailings were placed on the Nolan's TSF to alter the shape of the TSF and its surface drainage pattern.

Compliance

The main compliance issues for the site during the reporting period related to water quality in seepage as follows:

- sulphate concentrations in seepage related groundwater near the above ground tailings storage facility. Measurements of water quality and seepage return continued throughout the year. (A report with recommendations was submitted to the EPA for review)
- cadmium and sulphate concentrations in water from a natural spring below the (long since closed) Buck Reef waste dump. The run of mine pad which forms part of this dump proved economic for gold recovery with reclamation underway during the year. Its excavation will reduce seepage impacts and allow more effective rehabilitation of the site
- sulphate concentration from a waste dump at the Sarsfield mine site. The sulphate levels were attributed to backwash water from the wastewater treatment plant for the mine and town of Ravenswood. A plan to divert the diversion for the backwash water from the wastewater treatment plant to the Sarsfield pit began
- sulphate concentration from seepage from the (closed) Sandy Creek heap leach operation. Water quality has improved with post closure rehabilitation
- sulphate concentrations from the Sarsfield waste rock dump. Processing of low grade ore stockpiled on top of the waste rock dump continued during the year. Rehabilitation work has commenced on the waste dump and will be completed after all low grade ore has been removed.

EASTERN GOLDFIELDS – WESTERN AUSTRALIA

Financial closure obligations remain in place for the closed and rehabilitated sites of the prior mines of Bullabulling and Hopes Hill. The effectiveness of rehabilitation was reviewed at both sites during the year. At Bullabulling the rehabilitation effort has shown remarkable progress. Landforms reshaped and covered by topsoil or earthen materials have allowed widespread and vigorous growth of native plants endemic to the area. Some maintenance earthworks for erosion control or reseeded may be warranted in the next several years.

At Hopes Hill, the rehabilitation effort has been unaltered for a number of years. Native plant growth is widespread atop one of the tailings storage facilities without the placement of earthen capping materials. Lower in the landscape of the site the disturbance adjoins a natural salt lake where vegetation is sparse. Further capping or placement of soils may not be warranted and is unlikely to change the rehabilitation outcome in the longer term.

COMMUNITY RELATIONS

Resolute recognises the need to consult proactively and help manage community issues near its operations. Fostering long term relationships and partnerships with communities is envisaged to develop mutual understanding, cooperation and respect.

Our social investment initiatives aim to deliver significant and lasting benefits to employees, communities and key stakeholders. The policy commits Resolute to:

- recognise and respect the value of cultural heritage and cultural diversity
- establish enduring relationships with communities based on honesty and mutual trust
- support the development and implementation of sustainable social and economic initiatives within the communities through co-operation and participation
- provide management systems to identify, assess, monitor and control existing and potential impacts on communities
- maintain an 'open door' policy whereby the local traditional leaders and community leaders have access at reasonable times to the Company's management
- ensure that employees are aware of and understand the requirements of this policy.

GOLDEN PRIDE MINE – TANZANIA

The Golden Pride Project maintained its commitment to sustainable development of the area around Nzega, particularly to the communities near the mine site. Resolute supported both new and long running community development programmes to improve infrastructure, education, health and the environment. The overall aim is to help these communities improve their standard of living and capabilities through Participatory Rural Appraisal.

Key projects supported by Resolute during the year include:

Education

Three houses for teachers were built near schools. Secondary school fees were paid for 38 students from poor families. Two employees at Golden Pride Project committed to sponsor a monthly salary of a teacher and a cook for the Ibadamabu Nursery School. Exercise books for children and 100 desks for primary schools were provided.



Community Health

Support and donations for communities and dispensaries at Lusu and at Undomo included:

- regular supply of medicines
- weighing scales for children and pregnant mothers
- construction of an incinerator for medical wastes
- funding for an infant delivery kit
- funding for a 10,000 litre rainwater tank
- building security screens for dispensaries
- trainings on HIV/AIDS, with supply of condoms
- training on prevention and control of schistosomiasis (bilihazia)
- 10 local children attending surgery at Bugando hospital performed by doctors from the Rafiki mission of Western Australia.

Environment

Support and donations for communities included:

- completion of a resource centre at Undomo village for sustainable use of natural resources
- training people in beekeeping and propagation of seedlings
- distribution of 4,000 tree seedlings to community groups for income generation
- purchases from community groups of:
 - 12,500 tree and 429 sisal seedlings for mine site rehabilitation
 - 10,000 survey pegs
 - Sewing of 15,000 calico bags
- set up of a milling machine and electrical supply for grain milling
- Farmers Day where seed prices were subsidized and farming implements were displayed.

Community Water Supplies

Bores were drilled in the villages Itonjamandi, Kasela, Isanga, Iyuki, Mwanyagula and Mwagundu. A small dam for rainfall runoff was expanded at Kabale village to water cattle from the three wards of Nata, Nzega Ndogo and Lusu.

Mining Closure Consultation

Consultation on the preparedness of communities for eventual closure of the Golden Pride Project involved people developing community action plans for income generation projects after mine closure.

Capacity building

A leadership training course for village leaders was sponsored to create awareness on combating corruption and improving governance for Nata, Nzega Ndogo and Lusu wards.

Bicycles were donated to 13 villagers of Lusu, Nzega Ndogo and Nata to assist the Village Executive Officers reach many people. A police station at the nearby village of Isanga was also built.

COMPLETION OF A RESOURCE CENTRE AT UNDOMO VILLAGE FOR SUSTAINABLE USE OF NATURAL RESOURCES

SYAMA MINE – MALI

The Syama Mine Community Consultative Committee held monthly meetings for community and environmental issues. Community representatives were updated on mine development progress. Most questions raised by the communities were discussed during these meetings and some found immediate solutions.

The expectations of nearby communities grew during the year and included support for road construction, building classrooms and water supply. Communities remained enthusiastic for SOMISY to hold a social forum (community communication workshop) at which economic, community, environmental and social issues would be discussed.

Nuisance dust levels in the region became prominent during the year as were the requests from the public, the administrative and local authorities of Fourou for assistance with road watering or maintenance.

Some borehole water pumps were repaired and assistance was given to the community in many other domains.

A community health survey was carried out by the Institute of Training and Management (IFG - French). The results of this health survey were collated and presentation at the community communication workshop is planned.

RAVENSWOOD MINE – QUEENSLAND

The Ravenswood gold mine is located near the historic gold mining town of Ravenswood. Resolute worked to maintain a positive relationship with, and inform the community about, proposed changes to the operations during the year through:



- regular meetings with the local community
- distribution of posters and community newsletters describing the Mt Wright Project and upcoming changes in mineral processing
- support of the Ravenswood Restoration and Preservation Association in management of heritage listed buildings within the town
- the onsite clinic and occupational health nurses providing 24 hour emergency medical support to the community. These nurses provided 199 community related consultations. On a monthly basis they also organised visits from the Royal Flying Doctor Service.

HEALTH AND SAFETY

Resolute is committed to creating and maintaining a safe and healthy workplace. A review by the executive management team of the Occupational Health, Safety and Security Policy recommended that a commitment to periodically review the Policy terms should be stated within.

The Policy commits to management programmes for which Resolute will:

- seek continuous improvement in its Occupational Health, Safety and Security performance taking into account evolving scientific knowledge and technology, management practices and community expectations
- comply with the applicable laws, regulations and standards of the countries in which it has workplaces
- train and ensure individual employees and contractors understand their obligations and are held accountable for their area of responsibility

- periodically review this policy and involve all employees and contractors in the improvement of Occupational Health, Safety and Security performance
- communicate and consult openly with staff, contractors, government and the community on Occupational Health, Safety and Security issues
- implement risk management systems to identify, assess, monitor and control hazards in the workplace.

Implementation of the Resolute Safety, Health and Environmental Management System is ensuring that Resolute meets industry standards consistently at each site.

During the year a protocol for field-level-risk assessment was established across all sites and in exploration. At Resolute an employee's self assessment of risks before starting a job is referred to as a SLAM (Stop Look Assess Manage). The SLAM process does not obviate the need to follow a procedure or complete a Job Safety and Environmental Analysis. The SLAM process may determine that adequate controls are already in place. Conversely it may trigger reference to more detailed controls. SLAM pocketbooks are provided and in some workplaces hazard reporting can also be started through a form from the pocketbook.

Across the group of operations, incidents and hazards with a high potential for, or actual unwanted outcomes are investigated. Recordable injuries, including lost time, restricted work and medical treatment injuries are investigated. Summaries are produced for all of these events and distributed to all sites to promote the learning of outcomes from incident recall and to prevent recurrences.

GOLDEN PRIDE MINE – TANZANIA

During the year the Golden Pride Project continued to improve its performance in safety and accident prevention. This is being achieved through integration of safety risk management with the overall enterprise risk management framework. Safety risks and other business risks are undifferentiated and the links between risks are becoming evident. Control of these risks forms a standard part of ownership and accountability for the senior management team at site.

The safety record of site contractors was assessed during the year and showed their performance would improve with full alignment of their activities to the Resolute safety standards and site procedures. This is being achieved now by:

- closely monitoring the high risk activities of contractors
- supporting and training key personnel of the mining contractor, and
- providing regular feedback on performance and action regarding any non-conformance with Resolute expectations.

New modules have been added to the already successful competency based training programme. The number of Tanzanian employees being promoted to supervisory and managerial positions continues to grow. "Certificate IV" supervisor training was also conducted on site by external trainers from Australia.

All Tanzanian employees were trained on "Mine Closure Capacity Building" conducted by Dr. Mchomvu from NODA Associates of Dar es Salaam. This training coached about 160 employees on site to develop their plans for beyond mine closure.

Monitoring of risks and exposures in occupational health and safety risks continued during the year with:

- health surveillances for all Golden Pride personnel
- auditing the effectiveness and emplacement of controls for key risks and workplaces
- site wide assessment of Very High and High Risks
- ongoing development of the "Task Based Risk Register", and
- prioritised development of Job Safety and Environmental Analyses or Procedures for High Risks.

Golden Pride's key performance measure for injuries is the Total Recordable Injury frequency rate which shows 20.36 in July 2009 dropped down to 12.02 in June 2010. The lost time injury frequency rate also showed a commensurate improvement from 1.05 in July 2009 to 0.36 in June 2010.

SYAMA MINE – MALI

This year implementation continued for the combined Safety, Health and Environmental (SHE) Management System.

Training on hazard identification and risk assessment and job safety (HIRA) & Environmental Analysis (JSEA) has been completed by most employees. HIRA and JSEA proficiency is also considered in performance appraisal of employees.

The Emergency Response Team (ERT) is now fully equipped and a fire truck was bought and re-commissioned. The ERT complex was completed and key training was facilitated by an external provider.

A training system was introduced during the year. The progress in training of each employee is a key aspect of their workplace performance appraisals.

Labour inspectors (in Mali responsible for safety and health) visited site twice during the year. No government orders were given. In July 2009 the lost time injury frequency rate at Syama was 2.47 and improved to 1.67 by June 2010.

RAVENSWOOD MINE – AUSTRALIA

During the year, site documentation and systems for safety management were consolidated to provide a "one mine" approach overarching the Ravenswood and Mt Wright workplaces.

The revamping of the site safety procedures ensured alignment to the twenty Resolute standards for safety management. Retraining of site personnel and contractors in the updated system was undertaken in support of the goal of "zero harm."

The lost time frequency rate decreased to 5.88 with 4 lost time injuries for the year. Although this is above the industry average of 2.7 for metalliferous mining, continued improvement over the coming 12 months is anticipated.

Similar Exposure Groups (SEG) were defined for the site during the year to promote consistency in monitoring their health and safety risks and exposures in their workplaces.

Employee medical examinations were aligned with guidelines provided by the mines inspectorate. These "functional" assessments are part of the pre-employment medical assessment to ensure employees will not be at risk of harm and are capable of their workplace duties.

Financial Report

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Directors' Report

for the year ended 30 June 2010

Your directors present their report on the consolidated entity (referred to hereafter as the "Group" or "Resolute") consisting of Resolute Mining Limited and the entities it controlled at the end of or during the year ended 30 June 2010.

CORPORATE INFORMATION

Resolute Mining Limited ("RML" or "the Company") is a company limited by shares that is incorporated and domiciled in Australia.

DIRECTORS

The names and details of the directors of Resolute Mining Limited in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Ernest Huston (Non-Executive Chairman)

B. Juris, LLB (Hons), B.Com., LL.M.

Mr Peter Huston was appointed Chairman in 2000. After gaining admission in Western Australia as a Barrister and Solicitor, Mr Huston initially practised in the area of corporate and revenue law. Subsequently, he moved into the area of public listings, reconstructions, equity raisings, mergers and acquisitions and advised on a number of major public company floats, takeovers and reconstructions. Mr Huston is admitted to appear before the Supreme Court, Federal Court and High Court of Australia. Mr Huston was a partner of the international law firm now known as "Deacons" until 1993 when he retired to establish the boutique investment bank and corporate advisory firm known as "Troika Securities Limited".

Mr Huston is a member of the Audit Committee and the Remuneration and Nomination Committee.

Peter Ross Sullivan (Chief Executive Officer)

B.E., MBA

Mr Peter Sullivan was appointed Chief Executive Officer of the Company in 2001 and has been involved with the Group since 1999. Mr Sullivan is an engineer and has been involved in the management and strategic development of resource companies and projects for over 20 years. Mr Sullivan is also a director of GME Resources Limited (appointed 1996).

Mr Sullivan is a member of the Environment and Community Development Committee, the Safety, Security and Occupational Health Committee, and the Financial Risk Management Committee.

Thomas Cummings Ford (Non-Executive Director)

FAICD

Mr Tom Ford is a non-executive director and was appointed to the board in 2001. Mr Ford is an investment banker and financial consultant with over 30 years experience in the finance industry. He retired as an executive director of a successful and well regarded Australian investment bank in 1991 and now fulfils a number of non-executive director roles. He is also Chairman of RESIMAC Limited (appointed 1985), and

in the last 3 years he was a non-executive director of Amalgamated Holdings Limited (appointed in 1993, served until October 2009).

Mr Ford is a member of the Audit Committee and the Remuneration and Nomination Committee.

Henry Thomas Stuart (Bill) Price (Non-Executive Director)

B.Com., FCA, FAICD

Mr Bill Price is a non-executive director and was appointed to the board in 2003. Mr Price is a Chartered Accountant with over 35 years experience in the accounting profession. Mr Price has extensive taxation and accounting experience in the corporate and mining sector. In addition to his professional qualifications, Mr Price is a member of the Australian Institute of Company Directors, a registered tax agent and registered company auditor. Mr Price is also a director and treasurer of Tennis West.

Mr Price is the Chairman of the Audit Committee and a member of the Remuneration and Nomination Committee.

COMPANY SECRETARY

Greg William Fitzgerald

B.Bus., C.A.

Mr Fitzgerald is a Chartered Accountant with over 20 years of resources related financial experience and has extensive commercial experience in managing finance and administrative matters for listed companies. Mr Fitzgerald is also the General Manager – Finance & Administration and has been Company Secretary since 1996. Prior to his involvement with the Group, Mr Fitzgerald worked with an international accounting firm in Australia.

Mr Fitzgerald is a member of the Financial Risk Management Committee.

Interests in the shares and options of Resolute Mining Limited and related bodies corporate

As at the date of this report, the interests of the directors in shares, options and convertible notes of Resolute Mining Limited and related bodies corporate were:

	ORDINARY SHARES	OPTIONS OVER ORDINARY SHARES	CONVERTIBLE NOTES
P. Huston	401,421	26,761	-
P. Sullivan	3,169,277	133,333	200,000
T. Ford	26,477	133,333	200,000
H. Price	24,772	67,554	100,000
	3,621,947	360,981	500,000

Directors' Report

for the year ended 30 June 2010

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities of entities within the consolidated entity during the year were:

- Gold mining; and,
- prospecting and exploration for minerals.

There has been no significant change in the nature of those activities during the year.

RESULTS

Revenues from operations increased by 14% to \$342.5m (2009: \$299.7m) in the year ended 30 June 2010.

Profit before unrealised treasury and tax increased by 28% to \$36.0m (2009: \$28.2m). This result includes \$9.3m (2009: \$11.5m) of exploration costs charged directly to the consolidated statement of comprehensive income.

The net loss after tax of \$56.6m (2009: \$30.7m profit) primarily results from a \$74.5m unrealised foreign exchange loss (2009: \$0.3m gain) on loans with Resolute Mining subsidiaries.

Resolute Mining has an Australian dollar denominated intercompany loan receivable from its 80% owned Malian operating subsidiary (Societe des Mines de Syama S.A. or "Somisy"). Somisy recognises a foreign exchange (loss)/gain on the restatement of this AUD denominated intercompany loan to the CFA Franc equivalent at period end. The resulting unrealised foreign exchange gain or loss recognised by Somisy is not eliminated on the consolidation of Somisy's results into the Resolute Mining group. This is due to the accounting standard requirement that if the intercompany loan is to be repaid in the foreseeable future, the intercompany loan cannot be regarded as part of a net investment in that subsidiary and consequently, exchange differences on the intercompany loan cannot be taken directly to the Resolute Mining Group's foreign currency reserve on consolidation and must be recognised in the consolidated statement of comprehensive income.

DIVIDENDS

No dividend has been declared or paid during, or subsequent to, the financial year.

REVIEW OF OPERATIONS

Production

The Group gold production for the year was 352,302 ounces (2009: 303,722) of gold at an average cash cost of A\$741/oz (2009: A\$714/oz).

Golden Pride gold mine in Tanzania, Africa, produced 148,675 ounces (2009: 127,042) at a cash cost of A\$583/oz (or US\$514/oz) (2009: A\$656/oz or US\$486/oz).

Ravenswood gold mine in Queensland, Australia, produced 125,652 ounces (2009: 151,913) at a cash cost of A\$804/oz (2009: A\$763/oz).

Syama gold mine in Mali, Africa, produced 77,975 ounces in the twelve month period. For the six months to 30 June 2010, 41,689 ounces were produced at a cash cost of A\$1,114/oz (or US\$1,001/oz). The mine was considered to be in pre production up to 31 December 2009.

Development

MALI

- Feasibility study on treatment of Syama free milling ore completed and review work to determine best circuit design continues.
- Commencement of a feasibility study into the supply and installation of a high voltage power grid connection from Sikasso (approximately 80km away) to Syama gold mine.
- The Finkolo Exploitation permit application, including the Tabakoroni Deposit Feasibility Study and Environmental and Social Impact Assessment was completed and submitted to the Mali Government for approval.

QUEENSLAND

- Completion of a new underground mine design and infill drilling resulted in the conversion of previously reported resources to proven and probable reserves of 6.17 mt @ 2.7g/t Au for 535,000 ounces.
- Diamond drilling is planned to further test the open down plunge extent of the Mt Wright deposit.

TANZANIA

- Updated pit designs completed on Maji and Golden Pride saw incremental reserve additions of 880,000 t @ 1.8g/t Au for approximately 50,000 ounces.
- At Nyakafuru, an environmental scoping report was completed during the period. An Environmental and Social Impact Study along with the Nyakafuru Feasibility Study will now be submitted as part of the Nyakafuru Mining Lease application.

Exploration

MALI

Drilling focused on the Syama shear and greenstone belt to the north and south of Syama.

- Infill drilling at Tellem, Syama Extension and Alpha added combined resources totalling 5.82 mt @ 2.3 g/t Au for 428,000 ounces, at a 1.0 g/t cut off, to the resource inventory at Syama.
- Excellent intercepts were returned from wide spaced drilling on the 12km long Paysans-Senufo trend including 11m @ 3.17g/t Au from 21m, 7m @ 3.84g/t Au from 37m, 3m @ 6.38g/t Au from 26m, 20m @ 1.32g/t Au from 20m, and 8m @ 2.69g/t Au from 35m.

Directors' Report

for the year ended 30 June 2010

QUEENSLAND

- First pass diamond drilling at the Welcome Breccia prospect produced some exceptional drill intercepts including 18m @ 3.92g/t Au from 215m, 19m @ 4.52g/t from 359m, 113m @ 7.7g/t Au from 316m (including 19m @ 31.3g/t Au from 401m), and 53m @ 2.02g/t Au from 475m.
- Additional diamond drilling is planned to test the vertical and lateral extents of this potential new deposit. Several other Mt Wright style targets in the district are ready for ground geophysical work and/or drill testing.

GOLDEN PRIDE PROJECT, TANZANIA

- A new Joint Venture agreement covering the Golden PrideWest tenure was signed with Barrick East Africa Limited. Initial wide spaced reverse circulation drilling returned significant intercepts including 6m @ 3.48g/t from 100m, 18m @ 2.74g/t from 84m, and 9m @ 2.69g/t from 25m.
- In addition to a preliminary inferred resource of 1.85mt @ 1.2g/t Au for 71,000oz at Kavsav, significant reverse circulation drill intercepts have been returned from the China and Kilabili prospects including 10m @ 4.77g/t Au from 24m, 12m @ 1.84g/t Au from 40m, and 7m @ 2.12g/t Au from 43m. These results further emphasise the potential for economically viable satellite resources within trucking distance of Golden Pride.

COTE D'IVOIRE

- Resolute has continued to secure significant land holdings over targeted portions of the largely underexplored Birimian greenstone belts in Cote d'Ivoire. First pass surface geochemical programs have already defined ten significant gold and pathfinder element anomalies that will undergo further exploration in the coming year.

Corporate

- Group cash and receivables – gold bullion sales at 30 June 2010 was \$279m (2009: \$13.0m).
- Net operating cash inflows during the year (which include exploration expenditure) were \$31.8m (2009: \$55.3m). This does not include the \$9.7m of receivables – gold bullion sales on hand at 30 June 2010 and has been impacted by the commencement of corporate income tax payments in Tanzania.
- Net investing cash outflows of \$54.0m (2009: \$160.3m) with expenditure on evaluation and development areas of \$41.1m (2009: \$150.3m), including Syama pre production operating costs of \$56.5m offset by pre-production sales revenue from gold shipped of \$38.8m.
- Fund raising activities during the year ended 30 June 2010, by way of issuing shares, convertible notes and options, provided gross proceeds of \$44.1m. Costs associated with the fund raisings were \$2.4m.

- At 30 June 2010, Resolute's total face value of borrowings were A\$134.9m (2009: A\$137.4m) and comprised US\$33.6m (or A\$39.4m) owing on the Barclays senior debt facility, US\$8.5m (or A\$10.0m) of loans from Barclays used to purchase gold put options, A\$75.6m owing to holders of Resolute Convertible Notes, hire purchase/finance leases totalling A\$3.6m, and a A\$6.4m (AUD equivalent) bank overdraft facility. The borrowings amounts stated here differ to those shown on the balance sheet as these amounts exclude sunk-cost establishment fees and apportionments between debt and equity as required by accounting standards.
- Repayments of borrowings during the period totalled \$14.4m (2009: \$27.6m).
- Interest of \$9.0m owing on the Resolute Convertible Notes for the 12 months ended 30 June 2010 was paid by way of an issue of Resolute ordinary shares.
- The quantity of ounces committed under gold forward contracts decreased during the year ended 30 June 2010 by 114,423 ounces of gold, and as at 30 June 2010, Resolute has 155,080 ounces or 6% of its' attributable gold reserve committed to hedging contracts.
- The average cash price received per ounce of gold sold during the year was A\$1,070/oz (2009: A\$1,051/oz).

Outlook

Forecast gold production for the year ending 30 June 2010 is 380,000 ounces at a cash cost of A\$870 per ounce (based on an assumed USD/AUD exchange rate of 90 cents). This forecast is sensitive to the ongoing plant optimisation at the Syama gold mine.

GOLDEN PRIDE

As the Central Pit diminishes its productive areas, mining will focus on the SouthWest Central Cutback. Equipment availabilities, limited work area and remediation of existing slips in the pit continue to be the major operating challenges during the coming six months. Mill throughput levels are expected to decline due to the hardness of the ore being treated, and in accordance with the Life of Mine plan, head grades are expected to reduce by approximately 20%. This will lead to lower gold production and higher cash costs per ounce in the 2010/2011 financial year.

RAVENSWOOD

Sarsfield low grade ore stockpiles are expected to continue to be treated with Mt Wright ore until March 2011. Gold production is expected to be slightly up in the 2010/2011 financial year as a result of the expected improvement in head grade outweighing the reduced mill throughput that will occur following the depletion of the Sarsfield ore stockpiles. Cash costs per ounce are expected to remain at levels similar to those in 2009/10.

Directors' Report

for the year ended 30 June 2010

SYAMA

The optimisation of plant performance continues at the Syama gold mine with all areas expecting improvement in the coming year. Mill throughout levels and recoveries are both expected to improve materially with head grades to remain at similar levels to 2009/10. Gold production is expected to increase significantly and cash costs reduce in the 2010/2011 financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company other than those listed above.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 20 September 2010, Resolute Mining Limited entered into an agreement to raise \$40.0 million in new equity. The net proceeds from this raising will primarily be applied to partially fund the close out of the Group's gold derivative contracts with the balance used for working capital and general corporate purposes.

Resolute Mining Limited has received approval from its derivative contract counterparties, Barclays Bank PLC and Investec Bank (Australia) Limited, to neutralise, through forward gold purchases, the portion of its gold derivative contracts not closed out with the proceeds from the equity raising. As a result, Resolute Mining Limited will become effectively unhedged and fully exposed to gold price movements.

The equity proceeds were raised through a combination of an institutional placement and exercise of existing listed options (ASX:RSGO). A total of approximately 11.8 million shares were issued at \$1.24 per share under the placement and approximately 42.4 million options were exercised at a price of \$0.60 per option. Funds are expected to be received by 5 October 2010. Morgan Stanley has underwritten this capital raising, which includes a right to terminate the capital raising if the S&P/ASX 200 Index falls at any time by an amount that is 10% or more of the level of that index at the close of trading on 17 September 2010.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The likely developments in the operations of the consolidated entity and the expected results of those operations in the coming financial year are as follows:

- (i) The continued production of gold from the Golden Pride, Ravenswood and Syama mines;
- (iii) mineral exploration will continue; and,
- (iv) the Group will seek to expand its gold production activities by advancing its existing projects or where appropriate, by direct acquisition of projects or investments in other resource based companies.

ENVIRONMENTAL REGULATION PERFORMANCE

The consolidated entity holds licences and abides by Acts and Regulations issued by the relevant mining and environmental protection authorities of the various countries in which the Group operates. These licences, Acts and Regulations specify limits and regulate the management of discharges to the air, surface waters and groundwater associated with the mining operations as well as the storage and use of hazardous materials.

There have been no significant known breaches of the consolidated entity's licence conditions or of the relevant Acts and Regulations.

REMUNERATION REPORT

The following information has been audited.

This remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel ("KMP") of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, including any director (whether executive or otherwise) of the parent company, and includes the executives in the Parent and the Group receiving the highest remuneration.

(a) Key management personnel

(i) Directors

P. Huston	Non-Executive Chairman
P. Sullivan	Director and Chief Executive Officer
T. Ford	Non-Executive Director
H. Price	Non-Executive Director

(ii) Executives

G. Fitzgerald	General Manager - Finance & Administration and Company Secretary
A. King	General Manager - Operations (Contract terminated 30 July 2010)
P. Venn	General Manager - Business Development

(b) Compensation of key management personnel

This report outlines the remuneration arrangements in place for directors and executives of RML.

RML Remuneration Policy

The board recognises that the performance of the Company depends upon the quality of its directors and executives. To achieve its financial and operating objectives, the Company must attract, motivate and retain highly skilled directors and executives.

Directors' Report

for the year ended 30 June 2010

The Company embodies the following principles in its remuneration framework:

- Provides competitive rewards to attract high calibre executives;
- structures remuneration at a level that reflects the executive's duties and accountabilities and is competitive within Australia;
- benchmarks remuneration against appropriate groups at approximately the third quartile; and,
- aligns executive incentive rewards with the creation of value for shareholders.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee is responsible for determining and reviewing the compensation arrangements for the directors themselves, the Chief Executive Officer and the executive team.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative information and internal and independent external information.

In accordance with best practice governance the Remuneration and Nomination Committee is comprised solely of non-executive directors.

Remuneration Structure

In accordance with best practice governance, the structure of non-executive director and senior executive remuneration is separate and distinct. Note that the remuneration structure for the Chief Executive Officer is the same as the executive team.

Non-Executive Director Remuneration

OBJECTIVE

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

STRUCTURE

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 26 November 2003 when the shareholders approved an aggregate remuneration of \$300,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Company. An additional fee is payable for each board committee on which a director sits and an additional fee is also payable to a Chairman of any of these board committees due to the extra workload and responsibilities.

Chief Executive Officer and Senior Executive Remuneration

OBJECTIVE

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to ensure total remuneration is competitive by market standards.

STRUCTURE

In determining the level and make up of executive remuneration, the Remuneration and Nomination Committee uses an external consultant's Remuneration Report to determine market levels of remuneration for comparable executive roles in the mining industry.

It is the Remuneration and Nomination Committee's policy that employment contracts are engaged for the Chief Executive Officer and the executive employees. Details of these contracts are outlined later in this report.

Remuneration consists of the following key elements:

- Fixed remuneration
- Variable remuneration
 - Short term incentives (STI); and,
 - Long term incentives (LTI).

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration and Nomination Committee.

Fixed Remuneration

OBJECTIVE

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration and Nomination Committee. The process consists of a review of business unit, individual performance and relevant comparable remuneration in the mining industry.

STRUCTURE

Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost to the Company.

Directors' Report

for the year ended 30 June 2010

Variable Remuneration – Short Term Incentive (STI)

OBJECTIVE

The objective of the STI is to reward performance that is over and above expectation levels and is linked to the achievement of the Company's performance measures (as set out below) by the executives charged with meeting those targets. The STI is set at a level so as to provide sufficient incentive to the executives to achieve the targets and such that the cost to the Company is reasonable in the circumstances.

STRUCTURE

Actual STI payments granted to each executive depend on their performance over the preceding year and are determined during the annual performance appraisal process. The performance appraisal outcomes are at the discretion of the remuneration committee and takes into account the following factors:

- performance of a business unit;
- contribution to earnings;
- operational performance of a business unit;
- risk management;
- health and safety; and,
- leadership/team contribution.

The executive has to demonstrate outstanding performance in order to trigger payments under the short-term incentive scheme.

On an annual basis, after consideration of performance against KPIs, the overall performance of the Company and each individual business unit is assessed by the Remuneration and Nomination Committee.

The individual performance of each executive is also assessed and all these measures are taken into account when determining the amount, if any, to be paid to the executive as a short-term incentive.

The aggregate of annual STI payments available for executives across the Company is subject to the approval of the Remuneration and Nomination Committee. Payments are usually delivered as a cash bonus and/or in the form of superannuation.

Variable Remuneration – Long Term Incentive (LTI)

OBJECTIVE

The objective of the LTI plan is to reward executives in a manner, which aligns this element of remuneration with the creation of shareholder wealth.

As such LTI's are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance against the relevant long-term performance hurdles.

STRUCTURE

LTI grants to executives are delivered in the form of employee share options. These options are issued with an exercise price at a 10% premium to the RML ordinary share price at the date the Remuneration and Nomination Committee decides to invite the eligible persons to apply for the option. These employee share options will also generally vest over a 30 month period.

Options granted are vested in accordance with the Resolute Mining Limited Employee Share Option Plan following a review by the relevant supervisor of the executive's performance. If a satisfactory performance level is achieved, the relevant portions of the options vests to the executive. In order for the executive's options to vest, the executive must successfully meet the deliverables set out in their employment contract specific to their role. The assessment of whether the executive's role has been successfully performed (therefore allowing the options to vest) is done by way of a formal annual appraisal of the key management personnel's individual performance. Assessments of performance generally exclude factors external to the Company.

The performance of the Chief Executive Officer is assessed by the Chairman, and the performance of the other executives is assessed by the Chief Executive Officer. The annual performance appraisal assesses each key executive's performance against the following categories:

- (a) Professional and technical competence;
- (b) Teamwork and administrative skills;
- (c) Self development and communication skills; and
- (d) Developing people.

Although there are no specific performance hurdles in place, these general performance categories which the executives are evaluated against were chosen to enhance accountability of the executives across several areas critical to good management of the Group, and the board believes the annual appraisal process conducted in light of these categories provides an accurate and adequate measurement of their performance. This LTI method enables the Company to provide its executives with long term objectives which create a link between the delivery of value to shareholders, financial performance, and rewarding and retaining their valued services.

The Company prohibits directors or executives from entering into arrangements to protect the value of unvested Resolute Mining Limited shares or options that the director or executive may become entitled to as part of his/her remuneration package. This includes entering into contracts to hedge their exposure to RML options or shares that may vest to him/her in the future.

Directors' Report

for the year ended 30 June 2010

Details of remuneration provided to key management personnel are as follows:

	BASE REMUNERATION	SHORT TERM BENEFITS		NON MONETARY BENEFITS (ii)	POST EMPLOYMENT BENEFITS SUPERANNUATION
		CASH BONUS (i)	CASH BONUS GRANT, VEST & PAID DATE (i)		
	\$	\$		\$	\$
2010					
Directors					
P. Huston	150,000	-	-	-	-
P. Sullivan	596,121	100,000	11 Dec 2009	61,487	53,839
T. Ford	57,339	-	-	-	5,161
H. Price	12,500	-	-	-	50,000
Officers					
G. Fitzgerald	333,367	20,000	11 Dec 2009	9,096	30,449
P. Venn	254,019	-	-	20,342	24,482
A. King (iii)	391,599	25,000	11 Dec 2009	1,508	35,244
2009					
Directors					
P. Huston	150,000	-	-	-	-
P. Sullivan	570,175	-	-	50,214	68,421
T. Ford	42,049	-	-	-	12,951
H. Price	1,200	-	-	-	53,800
Officers					
M. Turner (iv)	71,944	-	-	13,149	6,475
G. Fitzgerald	290,957	25,000	16 Dec 2008	14,532	49,934
M. Christie (v)	13,815	-	-	159	1,243
P. Venn	248,847	-	-	2,856	22,396
A. King	222,104	-	-	2,549	19,989

- (i) The Remuneration and Nomination Committee approved the amount on the basis of performance and increased workload during the 2008 and 2009 calendar years.
- (ii) Non monetary benefits include, where applicable, the cost to the Company of providing fringe benefits, the fringe benefits tax on those benefits and all other benefits received by the executive.
- (iii) A. King's contract terminated on 30 July 2010.
- (iv) M. Turner's contract terminated on 12 September 2008.
- (v) M Christie's contract terminated on 18 July 2008.

Directors' Report

for the year ended 30 June 2010

SHARE BASED PAYMENTS OPTIONS	PERFORMANCE RELATED		
	OPTIONS	CASH BONUS	CASH BONUS & OPTIONS
\$	%	%	%
-	-	-	-
-	-	12.32	12.32
-	-	-	-
-	-	-	-
44,312	10.13	4.57	14.71
41,907	12.30	-	12.30
32,786	6.74	5.14	11.89
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(6,961)	-	-	-
41,274	9.79	5.93	15.72
(6,961)	-	-	-
29,541	9.73	-	9.73
9,089	3.58	-	3.58

Directors' Report

for the year ended 30 June 2010

Details of option holdings of key management personnel are as follows:

	OPTIONS TYPE	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS COMPENSATION (i)	GRANT DATE	FAIR VALUE OF OPTIONS AT GRANT DATE	TOTAL FAIR VALUE OF OPTIONS AT GRANT DATE	FIRST EXERCISE DATE OF OPTIONS GRANTED DURING THE YEAR
					\$	\$	

2010

Directors

P. Huston	Listed	26,761	-	-	-	-	-
P. Sullivan	Listed	133,333	-	-	-	-	-
T. Ford	Listed	133,333	-	-	-	-	-
H. Price	Listed	67,554	-	-	-	-	-

Officers

G. Fitzgerald	Unlisted	225,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 2010
P. Venn	Unlisted	225,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 2010
P. Venn (ii)	Listed	-	-	-	-	-	-
A. King (iii)	Unlisted	150,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 2010

2009

Directors

P. Huston	Listed	-	-	-	-	-	-
P. Sullivan	Listed	-	-	-	-	-	-
T. Ford	Listed	-	-	-	-	-	-
H. Price	Listed	-	-	-	-	-	-

Officers

M. Turner	Unlisted	75,000	-	-	-	-	-
G. Fitzgerald (vi)	Unlisted	75,000	150,000	31 Jan 2009	0.20	30,000	1 Feb 2010
M. Christie (iv)	Unlisted	225,000	-	-	-	-	-
P. Venn (v),(vi)	Unlisted	24,000	201,000	(v)	(v)	62,640	(v)
A. King	Unlisted	-	150,000	31 Jan 2009	0.20	30,000	1 Feb 2010

- (i) Options granted vest in accordance with the Resolute Mining Limited Employee Share Option Plan following the review by the relevant supervisor of the key management personnel's performance. For details on the valuation of the options, including models and assumptions used, refer to Note 31.
- (ii) During the year P. Venn acquired on the market 5,000 listed options over Resolute Mining Limited ordinary shares.
- (iii) On 1 April 2010, 50,000 options were exercised at a price of \$0.42 per option. These options were due to expire on 31 January 2014. The total fair value at grant date of the options exercised was \$10,200. On 30 July 2010, a further 50,000 options were subsequently exercised at a price of \$0.42 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
- (iv) On 29 August 2008, 150,000 options were exercised at a price of \$1.42 per option. These options were due to expire on 21 December 2009. The total fair value at grant date of the options exercised was \$102,915. One ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options. All remaining options lapsed.
- (v) On 29 August 2008, 51,000 options were granted with a fair value of \$0.64 per option. The total fair value of these options granted was \$32,640. The exercise price of these options is \$1.62. First exercise date of these options was 28 February 2009. These options have an expiry date and last exercise date of 29 August 2013. On 31 January 2009, 150,000 options were granted with an exercise price of \$0.42 and expiry date of 31 January 2014. The fair value of the options at grant date was \$0.20 per option. The total fair value of these options granted was \$30,000. First exercise date of these options is 1 February 2010. These options have an expiry date and last exercise date of 31 January 2014.
- (vi) Pursuant to rights issues made on 31 December 2008, 28 January 2009 and 4 February 2009, the strike price reduced by 1 cent per option, which resulted in a less than \$300 decrease in total fair value of options held by P. Venn and G. Fitzgerald (all other key management personnel:

Directors' Report

for the year ended 30 June 2010

EXPIRY & LAST EXERCISE DATE OF OPTIONS GRANTED DURING THE YEAR	EXERCISE PRICE OF OPTIONS GRANTED DURING THE YEAR \$	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	ACQUIRED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR		VALUE OF OPTIONS EXERCISED DURING THE YEAR \$
						No.	%	
-	-	-	-	-	26,761	-	-	-
-	-	-	-	-	133,333	-	-	-
-	-	-	-	-	133,333	-	-	-
-	-	-	-	-	67,554	-	-	-
14 Feb 2015	1.09	-	-	-	359,102	100,000	27.85	-
14 Feb 2015	1.09	-	-	-	359,102	100,000	27.85	-
-	-	-	-	5,000	5,000	5,000	100.00	-
14 Feb 2015	1.09	(50,000)	-	-	234,102	-	-	32,500
-	-	-	-	26,761	26,761	-	-	-
-	-	-	-	133,333	133,333	-	-	-
-	-	-	-	133,333	133,333	-	-	-
-	-	-	-	67,554	67,554	-	-	-
-	-	-	(75,000)	-	-	-	-	-
31 Jan 2014	0.42	-	-	-	225,000	25,000	11.11	-
-	-	(150,000)	(75,000)	-	-	-	-	19,500
(v)	(v)	-	-	-	225,000	25,000	11.11	-
31 Jan 2014	0.42	-	-	-	150,000	-	-	-

nil). There were no other changes in the terms of the options, including the class of the underlying equity instrument, time remaining until expiry, or any terms affecting the vesting or exercise rights of the options. The market price of Resolute Mining Limited shares at each of the modification dates was as follows:

MODIFICATION DATE	SHARE PRICE
4 February 2009	\$0.48
28 January 2009	\$0.42
31 December 2008	\$0.50
5 November 2007	\$1.88

(vii) The value of the lapsed options at the date of lapse was \$101,032 for M. Christie and \$70,087 for M. Turner.

(viii) These options were acquired through participation in a capital raising. The options have the same terms and conditions as the existing listed series (ASX:RSGO).

Directors' Report

for the year ended 30 June 2010

The table below shows the performance of the Consolidated Entity over the last 5 years:

		30 JUNE 2010	30 JUNE 2009	30 JUNE 2008	30 JUNE 2007	30 JUNE 2006
Net profit before unrealised treasury and tax	\$'000	36,024	28,201	3,466	171,391	11,510
Basic (loss)/earnings per share	cents/share	(9.90)	10.30	(21.61)	73.91	(33.87)

Employment Contracts

The CEO, Mr Sullivan, is employed under contract. His current employment contract commenced on 14 February 2004 and there is no termination date. Under the terms of the contract:

- Mr Sullivan may resign from his position and thus terminate this contract by giving 6 months written notice.
- The Company may terminate this employment agreement by providing 12 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Sullivan's remuneration).

Mr Fitzgerald (General Manager – Finance and Administration) is also employed under contract. This contract has no termination date and under the terms of the contract:

- Mr Fitzgerald may resign from his position and thus terminate his contract by giving 3 months written notice.
- The Company may terminate his employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Fitzgerald's remuneration).

Mr Venn (General Manager – Business Development) is also employed under contract. This contract has no termination date and under the terms of the contract:

- Mr Venn may resign from his position and thus terminate his contract by giving 3 months written notice.
- The Company may terminate his employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Venn's remuneration).

Mr King (General Manager – Operations) is also employed under contract. This contract has no termination date and under the terms of the contract:

- Mr King may resign from his position and thus terminate his contract by giving 3 months written notice.
- The Company may terminate his employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr King's remuneration).
- Mr King's contract terminated on 30 July 2010.

This is the end of the audited information.

SHARES UNDER OPTIONS

Unissued ordinary shares of Resolute Mining Limited under option at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	NUMBER ON ISSUE
24/3/2006	23/3/2011	\$1.12	55,000
16/10/2006	24/10/2011	\$1.32	165,000
23/5/2008	22/5/2013	\$2.12	213,000
29/8/2008	29/8/2013	\$1.62	75,000
7/10/2008	1/10/2011	\$1.63	1,250,000
20/1/2009	31/1/2014	\$0.42	794,002
31/12/2008	31/12/2011	\$0.60	95,974,417*
9/4/2009	31/3/2012	\$1.00	500,000
21/7/2009	30/6/2012	\$0.74	500,000
24/10/2009	24/10/2012	\$0.72	3,000,000
15/2/2010	14/2/2015	\$1.09	899,000
16/7/2010	15/7/2015	\$1.21	179,000

*Denotes options that are listed on the Australian Securities Exchange.

Directors' Report

for the year ended 30 June 2010

Shares issued as a result of the exercise of options:

From 1 July 2009 up until the date of this report, option holders' exercised options to acquire 287,633 fully paid ordinary shares in Resolute Mining Limited at a weighted average exercise price of \$0.42 per share.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company paid an insurance premium of \$70,724 (2009: \$70,724) in respect of a contract insuring the Company's directors and officers against certain liabilities arising as a result of work performed in the capacity as directors and officers. This insurance premium is not allocated over individuals.

DIRECTORS' MEETINGS

The number of meetings and resolutions of directors (including meetings of committees of directors) held during the year and the number of meetings (or resolutions) attended by each director were as follows:

	FULL BOARD	AUDIT	ENVIRONMENT & COMMUNITY DEVELOPMENT	REMUNERATION & NOMINATION	SAFETY, SECURITY & OCCUPATIONAL HEALTH	FINANCIAL RISK MANAGEMENT
P. Huston	20	0	n/a	2	n/a	n/a
P. Sullivan	21	n/a	4	n/a	4	22
T. Ford	19	2	n/a	2	n/a	n/a
H. Price	21	2	n/a	2	n/a	n/a
Number of meetings (or resolutions) held	21	2	4	2	4	22

The details of the functions of the other committees of the Board are presented in the Corporate Governance Statement.

ROUNDING

RML is a Company of the kind specified in Australian Securities and Investments Commission Class Order 98/0100. In accordance with that class order, amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

AUDITOR INDEPENDENCE

Refer to page 50 for the Auditor's Independence Declaration to the Directors of Resolute Mining Limited.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young Australia received or are due to receive \$81,560 for the provision of taxation planning and review services.

Signed in accordance with a resolution of the directors.



P.R. Sullivan
Director

Perth, Western Australia
24 September 2010

Corporate Governance Statement

for the year ended 30 June 2010

The Board of Directors of Resolute Mining Limited ("RML" or "the Company") is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of RML on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board has adopted the "Corporate Governance Principles and Recommendations" established by the ASX Corporate Governance Council and published by the ASX in August 2007. There is a corporate governance section on the Company's website which sets out the various policies, charters and codes of conduct which have been adopted to ensure compliance with the "best practice recommendations" referred to above.

A description of the Company's main corporate governance practices is set out below. All practices, unless otherwise stated, were in place for the entire year.

1. THE BOARD OF DIRECTORS

The Board have established a "Statement of Matters Reserved to the Board" which is available on the Company website. This outlines the functions reserved to the Board and those delegated to management and demonstrates that the responsibilities and functions of the Board are distinct from management.

The key responsibilities of the Board include:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control processes are in place and functioning appropriately. Further, approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Business Ethics and that the Company practice is consistent with that Code; and

- Reporting to and advising shareholders.

The Board is comprised of 3 non-executive Directors including the Chairman and one executive director being the CEO.

The table below sets out the detail of the tenure of each director at the date of this report.

DIRECTOR	ROLE OF DIRECTOR	FIRST APPOINTED (a)	NON-EXECUTIVE	INDEPENDENT
Peter Ernest Huston	Non-executive chairman	June 2001	Yes	Yes
Peter Ross Sullivan	CEO	June 2001	No	No
Thomas Cummings Ford	Non-executive director	June 2001	Yes	Yes
Henry Thomas Stuart Price	Non-executive director	November 2003	Yes	Yes

(a) RML was incorporated on 8 June 2001.

Details of the members of the Board including their experience, expertise and qualifications are set out in the Directors' Report under the heading "Directors".

2. DIRECTOR INDEPENDENCE

Directors are expected to contribute independent views to the Board.

The Board has adopted specific principles in relation to the Directors' independence. These state that to be deemed independent, a director must be a non-executive and:

- Not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.
- Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment.
- Within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided.
- Not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer.
- Must have no material contractual relationship with the Company or another group member other than as a director of the Company.
- Not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived

Corporate Governance Statement

for the year ended 30 June 2010

to, materially interfere with the director's ability to act in the best interests of the Company.

Materiality for these purposes is based on both quantitative and qualitative bases. An amount of over 5% of annual turnover of the Company or Group or 5% of the individual Directors net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed to be material if knowledge of it impacts the shareholders' understanding of the director's performance.

The Board has reviewed and considered the positions and associations of each of the 4 Directors in office at the date of this report and considers that 3 of the directors are independent. Mr Peter Sullivan (CEO) is not considered to be independent. As such it is clear that the majority of the Board are independent and the Chairman is an independent director.

The roles of the Chairman and the CEO are not exercised by the same individual. The Chairman is responsible for leading the Board, ensuring that Board activities are organised and efficiently conducted and for ensuring Directors are properly briefed for meetings. The Board has delegated responsibility for the day-to-day activities to the CEO and the Executive Committee. The Remuneration and Nomination Committee ensure that the Board members are appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the Executive Committee. The CEO is accountable to the Board for all authority delegated to that position and the Executive Committee.

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense.

In relation to the term of office, the Company's constitution specifies that one third of all Directors (with the exception of the CEO) must retire from office annually and are eligible for re-election.

3. REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of the following non-executive Directors, Mr P.Huston (Chairman), Mr T.Ford and Mr H.Price. The attendance record in the current year of members at the Committee meetings is noted in the Directors' Report under the heading "Directors' Meetings".

The Remuneration and Nomination Committee is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the CEO, the executive team and employees. In addition, they are responsible for reviewing the appropriateness of the size of the Board relative to its various responsibilities. Recommendations are made to the Board on these matters. Further roles and responsibilities of this Committee, including a description of the procedure for the selection, appointment and re-election of incumbents, can be found in the Committee's charter which is posted on the Company website.

A performance evaluation of senior executives took place during the financial year and was conducted in accordance with the procedures outlined by the Remuneration and Nomination Committee.

4. ETHICAL STANDARDS AND CODE OF CONDUCT

The Board acknowledges the need for the highest standards of corporate governance and ethical conduct by all Directors and employees of the consolidated entity. As such, the Company has developed a Code of Conduct which has been fully endorsed by the Board and applies to all Directors and employees. This Code of Conduct is regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

A fundamental theme is that all business affairs are conducted legally, ethically and with strict observance of the highest standards of integrity and propriety. The Directors and management have the responsibility to carry out their functions with a view to maximising financial performance of the consolidated entity. This concerns the propriety of decision making in conflict of interest situations and quality decision making for the benefit of shareholders.

Refer to the Company website for specific codes of conduct, including the policy for reporting and investigating unethical practices.

5. SECURITIES TRADING

The Board has adopted the "Dealings in Resolute Mining Limited Securities Trading Policy" (refer website) (which is driven by Corporations Act 2001 requirements) that applies to all Directors, officers and employees of the Company. Under this policy and the Corporations Act 2001, it is illegal for Directors, officers or employees who have price sensitive information relating to the Group which has not been published or which is not otherwise 'generally available' to:

- Buy, sell or otherwise deal in the Company's securities;
- Advise, procure or encourage another person (for example, a family member, a friend, a family Company or trust) to buy or sell Company securities; or
- Pass on information to any other person, if one knows or ought to reasonably know that the person may use the information to buy or sell (or procure another person to buy or sell) Company securities.

Furthermore, the Company prohibits directors or executives from entering into arrangements to protect the value of unvested Resolute Mining Limited securities that the Director or executive may become entitled to as part of his/her remuneration package. This includes entering into contracts to hedge their exposure to securities that may vest to him/her in the future.

Corporate Governance Statement

for the year ended 30 June 2010

6. CORPORATE REPORTING

The CEO and General Manager - Finance & Administration have made the following certifications to the Board:

- That the Company's financial reports are complete and present a true and fair view as required by Accounting Standards, in all material respects, of the financial condition and operational results of the Company and Group; and
- That the above statement is founded on a sound system of internal control and risk management which implements the policies adopted by the Board and that the Company's risk management and internal control is operating efficiently in all material respects.

7. AUDIT COMMITTEE

The Audit Committee consists of the following non-executive Directors; Mr H. Price (Chairman), Mr P. Huston and Mr T. Ford. The attendance record in the current year of members at the Committee meetings is noted in the Directors' Report under the heading "Directors' Meetings".

Details of the members of the Board including their experience, expertise and qualifications are set out in the Directors' Report under the heading "Directors".

The Committee operates under a charter approved by the Board which is posted to the corporate governance section of the website. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes. This includes the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Committee also provides the Board with additional assurance regarding the reliability of the financial information for inclusion in the financial reports.

The Audit Committee is also responsible for:

- Ensuring compliance with statutory responsibilities relating to accounting policy and disclosure;
- Liaising with, discussing and resolving relevant issues with the auditors;
- Assessing the adequacy of accounting, financial and operating controls; and
- Reviewing half-year and annual financial statements before submission to the Board.

8. EXTERNAL AUDITORS

The Company's current external auditors are Ernst & Young. As noted in the Audit Committee charter, the performance and independence of the auditors is reviewed by the Audit Committee.

Ernst & Young's existing policy requires that its audit team provide a statement as to their independence. This statement was received by the Audit Committee for the financial year ended 30 June 2010.

Ernst & Young and the Corporations Act 2001 has a policy for the rotation of the lead audit partner. As a result of this policy, the head audit partner was rotated at the conclusion of the audit for the year ended 30 June 2006.

9. CONTINUOUS DISCLOSURE

The Board has an established disclosure policy which is available on the Company website.

The Company is committed to:

- Ensuring that stakeholders have the opportunity to access externally available information issued by the Company;
- Providing full and timely information to the market about the Company's activities; and
- Complying with the obligations contained in the ASX Listing Rules and the Corporations Act 2001 relating to continuous disclosure.

The CEO and the Company Secretary have been nominated as the people responsible for communication with the ASX. This involves complying with the continuous disclosure requirements outlined in the ASX Listing Rules, ensuring that disclosure with the ASX is co-ordinated and being responsible for administering and implementing the policy.

10. SHAREHOLDER COMMUNICATION

The Board has established a communications strategy which is available on the Company website.

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary and kept informed of all major developments affecting the Company in a timely and effective manner. Information is communicated to the market and shareholders through:

- The annual report which is distributed to all shareholders.
- Half yearly, quarterly reports and all ASX announcements which are posted on the entity's website.
- The annual general meeting and other meetings so called to obtain approval for Board action as appropriate.
- Continuous disclosure announcements made to the Australian Securities Exchange.

Further, it is a CLERP 9 requirement that the auditor of the Company attends the annual general meeting. This provides shareholders the opportunity to question the auditor concerning the conduct of the audit and the preparation and content of the Auditor's Report.

Corporate Governance Statement

for the year ended 30 June 2010

11. RISK MANAGEMENT

The Board recognises the importance of identifying and controlling risks to ensure that they do not have a negative impact on the Company.

In accordance with the ASX Principle 7, the Board has an established Risk Management policy which is available on the Company website which is designed to safeguard the assets and interests of the Company and to ensure the integrity of reporting.

The CEO and General Manager - Finance & Administration will inform the Board annually in writing that:

- The sign off given on the financial statements is founded on a sound system of risk management and internal control compliance which implements the policies adopted by the Board.
- The Company's risk management and internal compliance and control systems is operating effectively and efficiently in all material respects.

The Board has established the following Sub Committees to assist in internal control and business risk management:

- Audit Committee
- Remuneration and Nomination Committee
- Environment and Community Development Committee
- Safety, Security and Occupational Health Committee
- Financial Risk Management Committee

The function of the Audit Committee and the Remuneration and Nomination Committee are outlined above. The function of the other Committees noted above are as follows:

ENVIRONMENT AND COMMUNITY DEVELOPMENT COMMITTEE

The main responsibility of this Committee is to monitor and review RML's environmental performance and compliance with relevant legislation and oversee Community Relations.

Information on compliance with significant environmental regulations is set out in the Directors' Report.

SAFETY, SECURITY AND OCCUPATIONAL HEALTH COMMITTEE

The main functions of this Committee are to oversee an employee education program designed to increase employee awareness of safety, security and health issues in the workplace and monitor safety statistics and report to the Board on the results of incident investigations.

FINANCIAL RISK MANAGEMENT COMMITTEE

The main responsibility of this Committee is to oversee risk management strategies in relation to gold hedging, currency hedging, debt management, capital management, cash management and insurance.

The Board members and their attendance at meetings is outlined in the Directors' Report. Senior members of management who specialise in each area also form part of the respective Committees.

12. REMUNERATION POLICIES

This policy governs the operations of the Remuneration and Nomination Committee. The Committee reviews and reassesses the policy at least annually and obtains the approval of the Board.

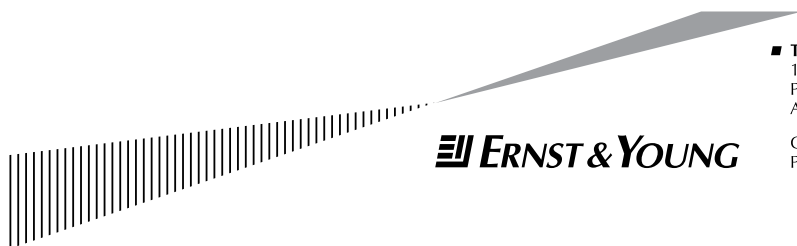
The Remuneration and Nomination Committee are responsible for developing measurable objectives and evaluating progress against these objectives.

In accordance with best governance practice a diversity policy is being established which includes the review of diversity within RML by considering board composition, executive composition and employee composition by gender.

The details of the Directors' and Officers' remuneration policies are provided in the Directors' Report under the heading "Remuneration Report".

Auditor's Independence Declaration

for the year ended 30 June 2010



■ The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

■ Tel 61 8 9429 2222
Fax 61 8 9429 2436

GPO Box M939
Perth WA 6843

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF RESOLUTE MINING LIMITED

In relation to our audit of the financial report of Resolute Mining Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Gavin A Buckingham
Partner
Perth
24 September 2010

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2010

	NOTE	CONSOLIDATED	
		10	09
		\$'000	\$'000
Continuing Operations			
Revenue from gold sales	2(a)	342,484	299,713
Costs of production relating to gold sales	2(b)	(229,007)	(200,589)
Gross profit before depreciation, amortisation and other operating costs		113,477	99,124
Depreciation and amortisation relating to gold sales	2(c)	(43,141)	(27,578)
Other operating costs relating to gold sales	2(d)	(16,565)	(12,660)
Gross profit		53,771	58,886
Other revenue	2(e)	294	1,633
Other income	2(f)	11,620	10,858
Exploration expenditure		(9,280)	(11,543)
Share of associate's loss		(258)	-
Administration and other expenses	2(g)	(8,903)	(27,564)
Profit before unrealised treasury, tax and finance costs		47,244	32,270
Finance costs	2(h)	(11,220)	(4,069)
Profit before unrealised treasury and tax		36,024	28,201
Treasury - unrealised (losses)/gains	2(i)	(75,976)	1,141
(Loss)/profit before income tax		(39,952)	29,342
Tax (expense)/benefit	3	(16,619)	1,334
Net (loss)/profit for the year		(56,571)	30,676
Net (loss)/profit attributable to:			
Members of the parent		(37,173)	30,676
Non-controlling interest		(19,398)	-
		(56,571)	30,676

Consolidated Statement of Comprehensive Income (continued)

for the year ended 30 June 2010

	NOTE	10 \$'000	09 \$'000
Net (loss)/profit for the year (brought forward)		(56,571)	30,676
Other comprehensive (loss)/income			
Exchange differences on translation of foreign operations:			
- Members of the parent		1,538	9,816
- Transferred to profit and loss - disposed subsidiaries		(1,886)	-
- Non-controlling interest		1,607	-
Cash flow hedges: Transfer to profit and loss, net of tax		(5,343)	(4,105)
Impairment of available for sale financial assets, net of tax		-	(2,198)
Changes in the fair value of available for sale financial assets, net of tax		(200)	2,499
Other comprehensive (loss)/income for the period, net of tax		(4,284)	6,012
Total comprehensive (loss)/income for the period		(60,855)	36,688
Total comprehensive (loss)/income attributable to:			
Members of the parent		(43,064)	36,688
Non-controlling interest		(17,791)	-
		(60,855)	36,688
Earnings per share for net (loss)/profit attributable to the ordinary equity holders of the parent:			
Basic (loss)/earnings per share	33	(9.90)	10.30
Diluted (loss)/earnings per share	33	(9.90)	9.74

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2010

	NOTE	CONSOLIDATED	
		10	09
		\$'000	\$'000
Current assets			
Cash	5	18,259	12,701
Receivables - gold bullion sales		9,662	257
Receivables - other	6	6,533	4,396
Inventories	7	85,754	75,265
Available for sale financial assets	8	818	1,107
Financial derivative assets	9	89	-
Other	10	3,866	6,258
Total current assets		124,981	99,984
Non current assets			
Receivables	6	4,083	5,557
Financial derivative assets	9	901	6,457
Exploration and evaluation expenditure	11	10,970	8,928
Development expenditure	12	231,030	399,416
Property, plant and equipment	13	221,274	100,135
Deferred mining costs	14	13,504	17,188
Investment in associate	15	5,892	-
Other	10	-	1,408
Total non current assets		487,654	539,089
Total assets		612,635	639,073
Current liabilities			
Payables	16	47,652	56,135
Interest bearing liabilities	17	29,445	24,277
Tax liabilities		3,454	2,160
Financial derivative liabilities	18	92,075	52,949
Provisions	19	10,933	6,936
Total current liabilities		183,559	142,457
Non current liabilities			
Interest bearing liabilities	17	93,300	100,738
Financial derivative liabilities	18	21,026	62,358
Provisions	19	28,624	30,021
Deferred tax liabilities	3	3,049	-
Other	20	37	193
Total non current liabilities		146,036	193,310
Total liabilities		329,595	335,767
Net assets		283,040	303,306
Equity attributable to equity holders of the parent			
Contributed equity	21	237,083	209,680
Reserves	22	22,690	15,395
Retained earnings	23	41,058	78,231
Parent interest		300,831	303,306
Non-controlling interest		(17,791)	-
Total equity		283,040	303,306

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

	ORDINARY SHARES	NET UNREALISED GAIN/(LOSS) RESERVE	HEDGE RESERVE FORWARDS GAIN/(LOSS)
	\$'000	\$'000	\$'000
At 1 July 2009	209,680	364	5,343
Net (loss)/profit for the year	-	-	-
Other comprehensive income, net of tax	-	(200)	(5,343)
Total comprehensive loss for the period, net of tax	-	(200)	(5,343)
Transactions with owners			
Shares issued	28,446	-	-
Share issue costs	(1,043)	-	-
Options issued to convertible note holders and shareholders, net of tax	-	-	-
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	-
Share-based payments to employees	-	-	-
AT 30 JUNE 2010	237,083	164	-
	ORDINARY SHARES	NET UNREALISED GAIN/(LOSS) RESERVE	HEDGE RESERVE PUT OPTIONS GAIN/(LOSS)
	\$'000	\$'000	\$'000
At 1 July 2008	171,867	63	(42)
Net (loss)/profit for the year	-	-	-
Other comprehensive income, net of tax	-	301	42
Total comprehensive profit/(loss) for the period, net of tax	-	301	42
Transactions with owners			
Shares issued	40,411	-	-
Share issue costs	(2,598)	-	-
Options issued to convertible note holders and shareholders, net of tax	-	-	-
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	-
Share-based payments to employees	-	-	-
At 30 June 2009	209,680	364	-

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2010

CONVERTIBLE NOTES EQUITY RESERVE	SHARE OPTIONS EQUITY RESERVE	EMPLOYEE EQUITY BENEFITS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	NON- CONTROLLING INTEREST	TOTAL
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3,492	4,064	1,499	633	78,231	-	303,306
-	-	-	-	(37,173)	(19,398)	(56,571)
-	-	-	(348)	-	1,607	(4,284)
-	-	-	(348)	(37,173)	(17,791)	(60,855)
-	-	-	-	-	-	28,446
-	-	-	-	-	-	(1,043)
-	1,923	-	-	-	-	1,923
10,741	-	-	-	-	-	10,741
-	-	522	-	-	-	522
14,233	5,987	2,021	285	41,058	(17,791)	283,040
HEDGE RESERVE FORWARDS GAIN/(LOSS)	CONVERTIBLE NOTES EQUITY RESERVE	SHARE OPTIONS EQUITY RESERVE	EMPLOYEE EQUITY BENEFITS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
9,490	-	-	1,103	(9,183)	47,555	220,853
-	-	-	-	-	30,676	30,676
(4,147)	-	-	-	9,816	-	6,012
(4,147)	-	-	-	9,816	30,676	36,688
-	-	-	-	-	-	40,411
-	-	-	-	-	-	(2,598)
-	-	4,064	-	-	-	4,064
-	3,492	-	-	-	-	3,492
-	-	-	396	-	-	396
5,343	3,492	4,064	1,499	633	78,231	303,306

Consolidated Cash Flow Statement

for the year ended 30 June 2010

	NOTE	CONSOLIDATED	
		10	09
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		325,447	294,106
Payments to suppliers and employees		(273,080)	(226,139)
Interest received		290	425
Interest and other costs of finance paid		(3,188)	(3,776)
Proceeds from the sale of gold call options		-	1,569
Expenditure on exploration		(9,280)	(10,861)
Income tax paid		(8,398)	-
Net operating cash flows	28	31,791	55,324
Cash flows from investing activities			
Payments for property, plant and equipment		(13,280)	(24,377)
Proceeds from sale of property, plant and equipment		48	315
Proceeds from the sale of subsidiaries	37	284	-
Proceeds from sale of available for sale financial assets		-	802
Expenditure on evaluation and development areas		(41,053)	(150,289)
Royalties received		-	3,234
Proceeds from the Challenger royalty		-	10,033
Net investing cash flows		(54,001)	(160,282)
Cash flows from financing activities			
Proceeds from issues of ordinary shares		18,900	37,033
Cost of issuing ordinary shares		(1,038)	(5,297)
Proceeds from issues of convertible notes		23,864	51,722
Cost of issuing convertible notes		(1,332)	-
Proceeds from issuing options		1,322	-
Cost of issuing options		(67)	-
Proceeds from borrowings		-	24,978
Repayment of borrowings		(11,815)	(24,862)
Repayment of lease liability		(2,561)	(2,707)
Net financing cash flows		27,273	80,867
Net increase/(decrease) in cash and cash equivalents		5,063	(24,091)
Cash and cash equivalents at beginning of period		6,880	29,731
Exchange rate adjustment		(43)	1,240
Cash and cash equivalents at end of period	5	11,900	6,880

Notes to the financial statements

for the year ended 30 June 2010

CORPORATE INFORMATION

The financial report of Resolute Mining Limited ("consolidated entity" or the "Group") for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of the Directors on 21 September 2010.

Resolute Mining Limited (the parent) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The principal activities of entities within the consolidated entity during the year were:

- Gold mining; and,
- prospecting and exploration for minerals.

There has been no significant change in the nature of those activities during the year.

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial information for Resolute Mining Limited ("RML") as an individual entity and the consolidated entity consisting of RML and its subsidiaries. Where appropriate, comparative information has been reclassified.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Board and the *Corporations Act 2001*.

COMPLIANCE STATEMENT

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Accounting policies adopted are consistent with those of the previous year except as disclosed below (Note 1(ad)).

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit and loss.

SYAMA GOLD MINE – FUTURE CASH FLOW REQUIREMENTS

As at the date of signing the financial statements, the Syama Gold Mine is in the process of being ramped up to normal levels of consistent commercial production. The Group's working capital requirements are sensitive to the Syama Gold Mine plant optimisation and ultimately the assumed ounces of gold to be produced on a monthly basis. Any material delays in

the plant optimisation process could adversely impact the Group's forecast cash flows.

Subsequent to year end, the Group has announced a capital raising of \$40 million before costs. These funds are primarily to be used to close out a number of the Group's outstanding gold derivatives and to provide additional working capital to the Group.

(b) Principles of consolidation

(i) SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RML as at 30 June 2010 and the results of all subsidiaries for the year then ended. RML and its subsidiaries together are referred to in this financial report as the "Group" or the "consolidated entity". Interests in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

Intercompany transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) JOINT VENTURES

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category.

(d) Foreign currency translation

(i) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The consolidated financial statements are presented in Australian dollars, which is Resolute Mining Limited's functional and presentation currency.

(ii) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) GROUP COMPANIES

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and,
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or borrowings repaid, a proportionate share of such exchange differences are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(e) Revenue recognition

(i) GOLD SALES

Revenue is recognised when the risk and reward of ownership has passed from the Group to an external party and the selling price can be determined with reasonable accuracy. Sales revenue represents gross proceeds receivable from the customer. Certain sales are initially recognised at estimated sales value when the gold is dispatched.

Revenue from the sale of by-products such as silver is included in sales revenue.

(ii) INTEREST

Revenue is recognised as interest accrues using the effective interest method.

(f) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed and are included in profit or loss as part of borrowing costs.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the period.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by unused tax losses (if appropriate).

Deferred income tax is provided on all temporary differences at the consolidated statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and,
- in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses, to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting nor taxable profit or loss; and,
- in respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each consolidated statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

TAX CONSOLIDATION LEGISLATION

RML and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2002.

GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and,
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(h) Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as the net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends) and;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and,
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

Divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at financial institutions at call. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Receivables

Trade receivables are recognised at fair value less a provision for any uncollectible debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the transaction. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated statement of comprehensive income.

Receivables from related parties are recognised and carried at the nominal amount due. Where interest is charged it is taken up as income in profit and loss and included in other income.

(k) Inventories

Finished goods, gold in circuit and stockpiles of unprocessed ore are stated at the lower of cost and estimated net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to ore stockpiles and gold in circuit items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business (excluding derivatives) less the estimated costs of completion and the estimated costs necessary to make the sale.

Consumables have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

(l) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the

short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the consolidated statement of financial position date.

(ii) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the consolidated statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the consolidated statement of financial position.

(iii) HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

(iv) AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the consolidated statement of financial position date.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the consolidated statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of comprehensive income as gains and losses from investment securities.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Investments and other financial assets (continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in the consolidated statement of comprehensive income. Impairment losses recognised in the consolidated statement of comprehensive income on equity instruments are not reversed through the consolidated statement of comprehensive income.

(m) Investments in associates

The Group's investment in associates is accounted for using the equity method of accounting in the consolidated financial statements and at cost. An associate is an entity over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have over 20% of voting rights.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. Goodwill included in the carrying amount of the investment in associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income as a component of other income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group makes any adjustments to the performance and position of the associate where appropriate in order to allow for differences in the accounting policies of the Group and those of the associate.

(n) Derivatives

The Group uses derivative financial instruments such as gold options; gold forward contracts and interest rate swaps to manage the risks associated with commodity price and interest rate fluctuations.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

The fair value of derivative financial instruments that are traded on an active market is based on quoted market prices at the consolidated statement of financial position date. The fair value of financial instruments not traded on an active market is determined using appropriate valuation techniques.

At the inception of the transaction, the Group documents the relationship between hedge instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items. Refer to Note 36 for treatment of the Group's gold contracts.

(i) FAIR VALUE HEDGE

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) CASH FLOW HEDGE

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of comprehensive income.

Amounts accumulated in equity are recycled in the consolidated statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place).

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Derivatives (continued)

(ii) CASH FLOW HEDGE

However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of comprehensive income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

(iii) DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the consolidated statement of comprehensive income.

(o) Deferred mining costs

In mining operations, it is necessary to remove overburden and other barren waste materials to access ore from which minerals can economically be extracted. The process of mining overburden and waste materials is referred to as stripping. Stripping costs incurred before production commences are included within capitalised mine development expenditure and subsequently amortised. The Group defers stripping costs incurred subsequently during the production stage of operation.

Stripping ratios are a function of the quantity of ore mined compared with the quantity of overburden, or waste required to be removed to mine the ore. Deferral of the post production costs to the consolidated statement of financial position is made, where appropriate, when actual stripping ratios vary from average life of mine ratios. Deferral of costs to the consolidated statement of financial position is not made when the waste to ore ratio is expected to be consistent throughout the life of the mine.

Costs which have previously been deferred to the consolidated statement of financial position are recognised in the Consolidated statement of comprehensive income on a unit of production basis utilising average stripping ratios. Changes in estimates of average stripping ratios are accounted for prospectively from the date of the change.

As it is not possible to separately identify cash inflows relating to deferred overburden removal costs, such assets are grouped with other assets or a cash generating unit for the purposes of undertaking impairment assessments, where necessary, based on future cash flows for the operation as a whole.

(p) Mineral exploration and evaluation interests

Exploration expenditure is expensed to the consolidated statement of comprehensive income as and when it is incurred and included as part of cash flows from operating activities. Exploration costs are only capitalised to the consolidated statement of financial position if they result from an acquisition.

Evaluation expenditure is capitalised to the consolidated statement of financial position. Evaluation is deemed to be activities undertaken from the beginning of the pre-feasibility study conducted to assess the technical and commercial viability of extracting a mineral resource before moving into the Development phase (see note 1(q) Development expenditure). The criteria for carrying forward the costs are:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- evaluation activities in the area of interest which has not yet reached a state which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Costs carried forward in respect of an area of interest which is abandoned are written off in the year in which the abandonment decision is made.

(q) Development expenditure

(i) AREAS IN DEVELOPMENT

Areas in development represent the costs incurred in preparing mines for production including the required plant infrastructure. The costs are carried forward to the extent that these costs are expected to be recouped through the successful exploitation of the Company's mining leases.

(ii) AREAS IN PRODUCTION

Areas in production represent the accumulation of all acquired exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which economic mining of a mineral reserve has commenced. Amortisation of costs is provided on the unit-of-production method, with separate calculations being made for each mineral resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount, that excess is fully provided against in the financial year in which this is determined.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Property, plant and equipment

(i) COST AND VALUATION

Property, plant and equipment are stated at cost less any accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises:

- Its purchase price, including import duties and non refundable purchase taxes, after deducting trade discounts and rebates;
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and,
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

(ii) DEPRECIATION

Depreciation is provided on a straight-line basis on all property plant and equipment other than land. Major depreciation periods are:

	LIFE	METHOD
Motor vehicles	3 years	Straight line
Office equipment	3 years	Straight line
Plant and equipment	Life of mine years	Straight line

(iii) IMPAIRMENT

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(s) Leases

Finance leases, which effectively transfer to the consolidated entity all of the risks and benefits incidental to ownership of the leased item, are capitalised at the present value of the minimum lease payments, disclosed as leased property, plant and equipment, and amortised over the period the consolidated entity is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction in the lease liability.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charges directly against income.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiation of an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income.

Operating lease payments are recognised as an expense in the consolidated statement of comprehensive income over the lease term.

(t) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired.

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which it belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to that asset.

(v) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

(w) Interest-bearing liabilities

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised and as well as through the amortisation process. Treatment of borrowing costs is outlined in note 1(f).

The component of convertible notes that exhibit characteristics of a liability are recognised as a liability in the consolidated statement of financial position, net of transaction costs.

On issuance of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and that amount is carried as a long-term liability on an amortised cost basis until extinguished on conversion or redemption. The accretion of the liability due to the passage of time is recognised as a finance cost.

COMPOUND FINANCIAL INSTRUMENTS

The remainder of the proceeds received from the issue of the convertible notes are allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not re-measured in subsequent periods.

Interest on the liability component of the instruments is recognised as an expense in the consolidated statement of comprehensive income except for when the borrowing costs are associated with a qualifying asset, in which case the borrowing costs are capitalised and amortised over the useful life of the qualifying asset.

Transaction costs relating to the convertible note issues are apportioned between the liability and equity components of the convertible notes, based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(X) PROVISIONS

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

The consolidated entity records the present value of the estimated cost of legal and constructive obligations (such as those under the consolidated entity's Environmental Policy) to restore operating locations in the period in which the obligation is incurred. The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in the present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Employee benefits

(i) WAGES, SALARIES AND ANNUAL LEAVE

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in other creditors in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) LONG SERVICE LEAVE

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) TERMINATION GRATUITY AND RELOCATION

Liabilities for Termination Gratuity and Relocation payments are recognised and are measured as the present value of expected future payments to be made in respect of employees up to the reporting date.

(iv) SHARE BASED PAYMENTS

Equity-based compensation benefits are provided to employees via the Group's share option plan. The Group determines the fair value of options issued to directors, executives and members of staff as remuneration and recognises that amount as an expense in the consolidated statement of comprehensive income over the vesting period with a corresponding increase in equity.

The fair value at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each consolidated statement of financial position date, the entity revises its estimate of the number of options that are expected to

become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(v) SUPERANNUATION

Contributions made by the Group to employee superannuation funds are charged to the consolidated statement of comprehensive income in the period employees' services are provided.

(z) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Financial Guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

(ab) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(i) DETERMINATION OF MINERAL RESOURCES AND ORE RESERVES

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates, deferred stripping costs and provisions for decommissioning and restoration. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves". The information has been prepared by or under supervision of competent persons as identified by the Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves. Assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Significant accounting estimates and assumptions (continued)

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) IMPAIRMENT OF CAPITALISED MINE DEVELOPMENT EXPENDITURE

The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved and probable reserves and measured, indicated and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

(ii) LIFE-OF-MINE STRIPPING RATIO

The Group has adopted a policy of deferring production stage stripping costs and amortising them in accordance with the life-of-mine strip ratio. Significant judgement is required in determining this ratio for each mine. Factors that are considered include:

- Any proposed changes in the design of the mine;
- estimates of the quantities of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- future production levels;
- future commodity prices; and,
- future cash costs of production and capital expenditure.

(iii) PROVISIONS FOR DECOMMISSIONING AND RESTORATION COSTS

Decommissioning and restoration costs are a normal consequence of mining, and the majority of this expenditure is incurred at the end of a mine's life. In determining an appropriate level of provision consideration is given to the expected future costs to be incurred, the timing of these expected future costs (largely dependent on the life of the mine), and the estimated future level of inflation.

The ultimate cost of decommissioning and restoration is uncertain and costs can vary in response to many factors including changes to the relevant legal requirements, the emergence of new restoration techniques or experience at other mine-sites. The expected timing of expenditure can also

change, for example in response to changes in reserves or to production rates.

Changes to any of the estimates could result in significant changes to the level of provisioning required, which would in turn impact future financial results.

(iv) RECOVERABILITY OF POTENTIAL DEFERRED INCOME TAX ASSETS

The Group recognises deferred income tax assets in respect of tax losses and temporary differences to the extent that it is probable that the future utilisation of these losses and temporary differences is considered probable. Assessing the future utilisation of these losses and temporary differences requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact future financial results.

(v) SHARE BASED PAYMENTS

The Group measures the cost of cash settled transactions with employees by reference to the fair value at the grant date using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 31(b).

(vi) FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The Group assesses the fair value of its financial derivatives in accordance with the accounting policy stated in Note 1(n). Fair values have been determined based on well established valuation models and market conditions existing at the balance date. These calculations require the use of estimates and assumptions. Changes in assumptions concerning interest rates, gold prices and volatilities could have significant impact on the fair valuation attributed to the Group's financial derivatives. When these assumptions change or become known in the future, such differences will impact asset and liability carrying values in the period in which they change or become known.

(vii) SIGNIFICANT ESTIMATE IN DETERMINING THE BEGINNING OF PRODUCTION

Considerations are made in the determination of the point at which development ceases and production commences for a mine development project. This point determines the cut-off between pre-production and production accounting.

The Group ceases capitalising pre-production costs and begins depreciation and amortisation of mine assets at the point commercial production commences. This is based on the specific circumstances of the project, and considers when the mine's plant becomes 'available for use' as intended by management. Determining when the production start date is achieved is an assessment made by management and includes the following factors:

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ac) Significant accounting estimates and assumptions (continued)

(vii) SIGNIFICANT ESTIMATE IN DETERMINING THE BEGINNING OF PRODUCTION (CONTINUED)

- the level of redevelopment expenditure compared to project cost estimates;
- completion of a reasonable period of testing of the mine plant and equipment;
- mineral recoveries, availability and throughput levels at or near expected/budgeted levels;
- the ability to produce gold into a saleable form (where more than an insignificant amount is produced); and,
- the achievement of continuous production.

Any revenues occurring during the pre-production period are capitalised and offset the capitalised development costs.

(ad) New accounting standards and UIG interpretations

- (i) The following new and amended Australian Accounting Standards and AASB interpretations have been adopted by the Group as of 1 July 2009.
- AASB 3 *Business Combinations* (revised 2008);
 - AASB 7 *Financial Instruments: Disclosures*;
 - AASB 8 *Operating Segments*;
 - AASB 101 *Presentation of Financial Statements* (revised 2008);
 - AASB 123 *Borrowing Costs* (revised 2007);
 - AASB 127 *Consolidated and Separate Financial Statements* (revised 2008);
 - AASB Interpretation 16 - *Hedges of a Net Investment in a Foreign Operation*;
 - AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*;
 - AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107];
 - AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
 - AASB 2008-6 *Further amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
 - AASB 2008-7 *Amendments to Australian Accounting Standards – Costs of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*;

- AASB 2009-3 *Amendments to Australian Accounting Standards – Embedded Derivatives* [AASB 139 and Interpretation 9];
- AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- The Group has elected to early adopt the amendment to AASB 107 *Cash Flow Statements* arising from AASB 2009-5 *Further Amendments to Australian Accounting Standards* arising from the Annual Improvement Project; and,
- AASB 2009-7 *Amendments to Australian Accounting Standards*.

Other amendments resulting from the Annual Improvement Project to the following Standards did have an impact on the accounting policies, financial position or performance of the Group as follows:

AASB 3 *Business Combinations* (revised 2008) and AASB 127 *Consolidated and Separate Financial Statements* (revised 2008)

AASB-3 (revised 2008) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transactions costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary.

The changes in AASB 3 (revised 2008) and AASB 127 (revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

AASB 101 *Presentation of Financial Statements*

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) New accounting standards and UIG interpretations (continued)

AASB 107 *Statement of Cash Flows*

The amendment to the Standard arising from the Annual Improvement Project requires that only expenditure resulting in the recognition of an asset in the Statement of Financial Position is eligible for classification as investing activities in the Statement of Cash Flows. The adoption of the amendment has resulted in the reclassification of exploration and evaluation expenditure amounting to \$9.3m (2009: \$10.9m) from investing to operating activities in the consolidated Cash Flow Statement.

- (ii) The following new accounting standards have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the period ended 30 June 2010, and no change to the Group's accounting policy is required:

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The Group has elected to early adopt the amendment to AASB 107 arising from AASB 2009-5.	1 January 2010. Note, Refer Note 1(ad)(i) for early adoption of amendment to AASB 107 Statement of Cash Flows as a result of the Annual Improvements Project.	1 July 2010
AASB 2009-8	Amendments to Australian Accounting Standards arising from AASB 2	The amendments require that an entity receiving goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction in shares or cash.	1 January 2010	1 July 2010
AASB 2009-10	Amendments to Australian Accounting Standards arising from AASB 132	The amendment to AASB 132 classifies rights issues and certain options and warrants as equity instruments rather than financial liabilities. This will result in the reversal of amounts that were previously recognised in the consolidated statement of comprehensive income.	1 February 2010	1 July 2010
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: (a) Two categories of financial assets being amortised cost or fair value each with strict identification, reclassification and disclosure requirements. (b) Removal of the requirement to separate embedded derivatives in financial assets. (c) Option to recognise fair value changes on equity instruments not held for trading through other comprehensive income with no impairment testing.	1 January 2013	1 July 2013
AASB 2009-12	Amendments to Australian Accounting Standards	The amendments make editorial changes across a range of Australian Accounting Standards including AASB 8.	1 January 2011	1 July 2011

Notes to the financial statements

for the year ended 30 June 2010

NOTE 1: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ad) New accounting standards and UIG interpretations (continued)

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP
AASB 2010-4 AASB 2010-3 (Annual Improvement Project)	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011
AASB 124 (Revised)	Amendments to Australian Accounting Standards arising from AASB 124	The amendments to AASB 124 adopt a less complex approach to identifying related parties.	1 January 2011	1 July 2010
AASB 9	Financial Instruments	The new standard constitutes Phase 1 of the IASB's project to replace IAS 39. AASB 9 outlines new classification and measurement requirements for financial assets.	1 January 2013	1 July 2013
AASB 1053	Application of Tiers of Australian Accounting Standards	This new standard introduces a 2 tier approach in outlining requirements of a general purpose financial report. The 2 tiers are: (a) Australian Accounting Standards; and (b) Australian Accounting Standards – Reduced Disclosure requirements.	1 July 2013	1 July 2013
Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to extinguish a financial liability are "consideration paid" in accordance with IAS 39(41) and will result in derecognition of the financial liability. The interpretation also states that the equity instruments issued in a debt for equity swap should be valued at fair value if this can be determined reliably. If not, the fair value of the equity instruments is measured at the fair value of the financial liability that is extinguished pursuant to the swap.	1 July 2010	1 July 2010

The impact of the adoption of these new and revised standards and interpretations has not been determined by the Company.

* designates the beginning of the applicable annual reporting period unless otherwise stated

The following new accounting standards have been issued or amended but are deemed not applicable to the Group and therefore have no impact:

- AASB 2009-9 – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards;
- AASB 2009-13 – Amendments to Australian Accounting Standards arising from Interpretation 19;
- AASB 2009-14 – Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement;
- AASB 2010-1 – Amendments to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosures for First-time Adopters; and,
- AASB 2010-2 – Amendments to Australian Accounting Standards arising from reduced disclosure requirements.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 2: (LOSS)/PROFIT FROM CONTINUING OPERATIONS

		CONSOLIDATED	
		10	09
		\$'000	\$'000
(a) Revenue from gold sales			
Gold sales at spot price (i)		393,936	329,587
Realised loss on gold forward contracts		(59,084)	(35,859)
		334,852	293,728
Amortisation of the gold forward contract hedge reserve		7,632	5,985
		342,484	299,713
(i) Proceeds received on the sale of gold produced at the Syama project up until 31 December 2009 were capitalised into pre-production costs.			
(b) Costs of production relating to gold sales			
Costs of production (excluding gold in circuit inventories movement) (i)		234,139	199,202
Gold in circuit inventories movement		(5,132)	1,387
		229,007	200,589
(i) Costs incurred on the production of gold at the Syama project up until 31 December 2009 were capitalised into pre-production costs.			
(c) Depreciation and amortisation relating to gold sales			
Amortisation of evaluation, development & rehabilitation costs		18,445	10,252
Depreciation of mine site properties, plant & equipment		24,696	17,326
		43,141	27,578
(d) Other operating costs relating to gold sales			
Royalty expense		13,232	9,306
Operational support costs		3,333	3,354
		16,565	12,660
(e) Other revenue			
Interest income - other persons/corporations		294	425
Royalty income		-	1,208
		294	1,633

Notes to the financial statements

for the year ended 30 June 2010

NOTE 2: (LOSS)/PROFIT FROM CONTINUING OPERATIONS (CONTINUED)

	CONSOLIDATED	
	10	09
	\$'000	\$'000
(f) Other income		
Rehabilitation provision adjustment from non operating mine sites	726	-
Profit on sale of subsidiaries (i), (Note 37)	7,208	-
Profit on sale of Challenger Royalty (ii)	-	10,033
Realised gain on gold call options	1,522	-
Profit on sale of property, plant and equipment	1,934	-
Other	230	825
	11,620	10,858
(i) On 7 May 2010, Resolute disposed of a number of Australian and Ghanaian subsidiaries to Viking Ashanti Limited. Proceeds received comprised of 23 million shares in Viking Ashanti Limited and a cash component. As a result of this transaction, Resolute holds 33.25% of the ordinary shares of Viking Ashanti Limited.		
(ii) On 5 February 2009, Resolute Resources Pty Ltd, a wholly owned subsidiary of Resolute Mining Limited, reached agreement with Dominion Gold Operations Pty Ltd to sell its Challenger Royalty for \$10.6m. The profit on sale of the royalty is net of selling costs of \$0.57m.		
(g) Administration and other expenses		
Other management and administration expenses	4,297	3,430
Non mine site insurance costs	737	1,331
Operating lease expenses	512	480
Loss on sale of property, plant and equipment	-	134
Loss on sale of available for sale financial assets	28	436
Share based payments expense	522	396
Rehabilitation provision adjustment from non operating mine sites	-	217
Depreciation of non mine site assets	271	183
Realised loss on gold put options	-	2,397
Realised foreign exchange loss	1,327	1,765
Impairment of accounts receivable	-	3,180
Impairment of available for sale financial assets (i)	-	3,140
Impairment of acquired exploration and evaluation assets (ii)	-	10,172
Other	1,209	303
	8,903	27,564
(i) The amounts previously charged to the reserve relating to available for sale financial assets were impaired and recognised in the consolidated statement of comprehensive income.		
(ii) The acquired exploration asset resulting from the acquisition of Carpentaria Gold Pty Ltd (a 100% owned subsidiary of RML) had been impaired in the year ended 30 June 2009 and recognised in the consolidated statement of comprehensive income, as the foreseeable exploration expenditure program in that area of interest reduced.		

Notes to the financial statements

for the year ended 30 June 2010

NOTE 2: (LOSS)/PROFIT FROM CONTINUING OPERATIONS (CONTINUED)

CONSOLIDATED

10 09
\$'000 \$'000

(h) Finance costs

Interest and fees paid/payable to other entities	10,701	3,070
Rehabilitation provision discount adjustment	519	999
	11,220	4,069

(i) Treasury - unrealised (losses)/gains

Unrealised gain on gold forward contracts	2,077	12,140
Unrealised loss on gold put options	(5,467)	(118)
Unrealised (loss)/gain on gold call options	(1,393)	1,393
Unrealised foreign exchange gain/(loss)	3,351	(12,591)
Unrealised foreign exchange (loss)/gain on loans with subsidiaries	(74,544)	317
	(75,976)	1,141

(j) Employee benefits

Salaries	42,085	31,310
Superannuation	2,553	2,482
Share based payments expense	522	396
	45,160	34,188

NOTE 3: INCOME TAX

(a) Income tax expense/(benefit) attributable to continuing operations

Current tax expense	9,798	-
Deferred tax expense/(benefit)	3,897	(1,475)
Income tax expense/(benefit) attributable to (loss)/profit from continuing operations	13,695	(1,475)
Withholding tax	2,924	141
Total tax expense/(benefit)	16,619	(1,334)

(b) Numerical reconciliation of income tax (benefit)/expense to prima facie tax expense/(benefit)

Profit/(loss) from continuing operations before income tax expense	(39,952)	29,342
Withholding tax	(2,923)	(141)
Profit/(loss) from continuing operations including withholding tax before income tax expense	(42,875)	29,201
Prima facie income tax expense/(benefit) at 30% (2009: 30%)	(12,863)	8,760
Add/(deduct):		
- tax losses and other temporary differences not recognised as benefit not probable/(recognised) to offset deferred tax liabilities	27,142	(10,575)
- foreign exchange gain on investment in subsidiaries	(566)	(167)
- effect of share based payments expense not deductible	157	119
- other	(175)	388
Income tax expense/(benefit) attributable to net (loss)/profit	13,695	(1,475)

Notes to the financial statements

for the year ended 30 June 2010

NOTE 3: INCOME TAX (CONTINUED)

	CONSOLIDATED	
	10	09
	\$'000	\$'000
(c) Amounts recognised directly in equity		
Amounts (credited)/debited directly to equity	(925)	1,479
(d) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised (potential tax benefit at the prevailing tax rates of the respective jurisdictions)	170,682	164,955
A deferred income tax asset has not been recognised for these amounts at balance date as realisation of the benefit is not regarded as probable. The future benefit will only be obtained if:		
(i) future assessable income is derived of a nature and an amount sufficient to enable the benefit to be realised;		
(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and,		
(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.		
(e) Unrecognised temporary differences		
As at 30 June 2010, aggregate unrecognised temporary differences of \$0.09m (2009: \$0.3m) are in respect of investments in foreign controlled entities for which no deferred tax assets have been recognised for amounts which arise upon translation of their financial statements.		
(f) Movements in the deferred tax assets balance		
Balance at the beginning of the year	-	-
Credited to equity	2,376	1,777
Charged to the income statement	(2,376)	(1,782)
Foreign exchange	-	5
Balance as at the end of the year	-	-
The deferred tax assets balance comprises temporary differences attributable to:		
Other financial assets	133	-
Available for sale financial assets	250	216
Property, plant and equipment	1,673	-
Interest bearing liabilities	26,551	-
Financial derivative liabilities	33,930	34,592
Provisions	9,012	8,617
Other	903	444
Tax losses recognised (i)	5,982	9,037
Temporary differences not recognised	(53,682)	(33,736)
	24,752	19,170
Set off of deferred tax liabilities pursuant to set off provisions	(24,752)	(19,170)
Net deferred tax assets	-	-
(i) This amount includes tax losses recognised against deferred tax liabilities in foreign entities of \$1.8m (2009: \$9.0m).		

Notes to the financial statements

for the year ended 30 June 2010

NOTE 3: INCOME TAX (CONTINUED)

CONSOLIDATED

10 09
\$'000 \$'000

(g) Movements in the deferred tax liabilities balance

Balance at the beginning of the year	-	-
Charged to equity	1,452	3,257
Credited to the income statement	1,520	(3,257)
Foreign exchange	77	-
Balance as at the end of the year	3,049	-
The deferred tax liabilities balance comprises temporary differences attributable to:		
Receivables	49	-
Inventories	-	40
Mineral exploration and development interests	16,832	13,054
Property, plant and equipment	3,142	901
Financial derivative assets	297	1,937
Interest bearing liabilities	7,473	3,238
Other	8	-
	27,801	19,170
Set off of deferred tax liabilities pursuant to set off provisions	(24,752)	(19,170)
Net deferred tax liabilities	3,049	-

(h) The equity balance comprises temporary differences attributable to:

Hedge reserve - forwards	-	2,290
Convertible notes equity reserve	2,124	1,496
Option equity reserve	2,566	1,742
Unrealised gain/(loss) reserve	70	156
Net temporary differences in equity	4,760	5,684

(i) Tax consolidation

Resolute Mining Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation on 1 July 2002. On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Resolute Mining Limited.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Resolute Mining Limited for any current tax payable assumed and are compensated by Resolute Mining Limited for any current tax receivable. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements. The head entity and controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

The amount receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable/payable which is at call.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 4: DIVIDENDS PAID OR PROVIDED FOR

There were no dividends paid or provided for during the year.

FRANKING CREDITS

The amount of franking credits available for subsequent financial years is as follows. The amount has been determined using a tax rate of 30%.

NOTE 5: CASH

Cash at bank and in hand

Short-term deposits

Reconciliation to cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 30 June:

Cash at bank and in hand

Short-term deposits

Bank overdraft (Note 17)

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

The fair value of cash and cash equivalents is equal to their book value.

NOTE 6: RECEIVABLES

Current

Sundry debtors (a)

Allowance for impairment loss

Non Current

Sundry debtors

Allowance for impairment loss

- (a) Current sundry debtors are non interest bearing and are generally on 30-60 day terms. A provision for doubtful debt is recognised when there is objective evidence that the Group may not be able to collect all amounts due according to original terms of the transaction.
- (b) Receivables past due but not considered impaired are \$3.8m (2009: \$8.4m). Payment terms on these amounts have not been re-negotiated, however the Group maintains direct contact with the relevant debtor and is satisfied that payment will be received in full.

CONSOLIDATED

10 09
\$'000 \$'000

	2010	2009
	7,417	7,417
Cash at bank and in hand	18,259	12,660
Short-term deposits	-	41
	18,259	12,701
Cash at bank and in hand	18,259	12,660
Short-term deposits	-	41
Bank overdraft (Note 17)	(6,359)	(5,821)
	11,900	6,880
Sundry debtors (a)	8,390	4,555
Allowance for impairment loss	(1,857)	(159)
	6,533	4,396
Sundry debtors	7,070	8,737
Allowance for impairment loss	(2,987)	(3,180)
	4,083	5,557

Notes to the financial statements

for the year ended 30 June 2010

NOTE 6: RECEIVABLES (CONTINUED)

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Movements in the allowance for impairment losses were as follows:		
At start of year	(3,339)	(5,685)
Charge for the year	(918)	(3,180)
Amount reversed	-	5,542
Foreign exchange translation	(587)	(16)
At end of year	(4,844)	(3,339)
As at 30 June, the aging analysis of current and non current sundry debtors is as follows:		
0-30 days	3,511	1,266
31-60 days	3,344	242
61-90 days (Past due but not impaired)	3,241	36
+91 days (Past due but not impaired)	520	8,409
+91 days (Considered impaired)	4,844	3,339
Total	15,460	13,292

NOTE 7: INVENTORIES

Gold in circuit		
- At cost	10,899	24,216
- At net realisable value	14,672	-
Total gold in circuit	25,571	24,216
Consumables at cost	42,112	44,739
Ore stockpiles		
- At cost	14,477	6,310
- At net realisable value	3,594	-
Total ore stockpiles	18,071	6,310
	85,754	75,265

NOTE 8: AVAILABLE FOR SALE FINANCIAL ASSETS

Shares at fair value - listed	818	1,107
	818	1,107

Available for sale financial assets consist of investments in ordinary shares, and therefore have no maturity date or coupon rate.

In the year ended 30 June 2009, the consolidated entity sold a portion of its shareholding in a listed company. \$0.4m was released from the unrealised gain/loss reserve. Refer to Note 2(g) for amounts impaired during 2009.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 9: FINANCIAL DERIVATIVE ASSETS

		CONSOLIDATED	
		10	09
		\$'000	\$'000
Current			
Gold put options (Note 36)		89	-
		89	-
Non Current			
Gold put options (Note 36)		901	6,457
		901	6,457

NOTE 10: OTHER ASSETS

Current			
Prepayments		3,866	6,258
		3,866	6,258
Non Current			
Prepayments (a)		-	1,408
		-	1,408

(a) Amount represents the non-current portion of monies paid in connection with mining operations for the Syama gold mine.

NOTE 11: EXPLORATION AND EVALUATION EXPENDITURE - AT COST

The consolidated entity has the following gold mineral exploration and evaluation expenditure carried forward in respect of areas of interest:

Areas in exploration and evaluation (at cost)

Balance at the beginning of the year	8,928	15,406
- Expenditure during the year	1,448	2,178
- Transfers from/(to) areas in production or development	656	(526)
- Other transfers	353	36
- Impaired during the year	-	(10,172)
- Foreign currency translation	(406)	2,006
- Disposals during the year	(9)	-
Balance at the end of the year	10,970	8,928

Ultimate recoupment of costs carried forward, in respect of areas of interest in the exploration and evaluation phase, is dependent upon the successful development and commercial exploitation, or alternatively the sale of the respective areas at an amount at least equivalent to the carrying value. For areas which do not meet the criteria of the accounting policy per Note 1(p), those amounts are charged to the consolidated statement of comprehensive income.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 12: DEVELOPMENT EXPENDITURE

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Areas in development (at cost)		
Balance at the beginning of the year	341,788	206,764
- Additions	71,535	161,333
- Syama gold mine preproduction gold sales	(38,253)	(14,495)
- Transfers (to)/from property, plant & equipment	(143,489)	2,887
- Transfers to areas in exploration and evaluation	(707)	-
- Transfers to areas in production	(206,004)	-
- Transfers to inventories	(1,636)	(16,306)
- Foreign currency translation	(23,234)	1,605
Balance at the end of the year	-	341,788
Areas in production (at cost)		
Balance at the beginning of the year	57,628	46,961
- Additions	11,354	15,049
- Transfers from areas in development	206,004	-
- Transfer from inventory	5,451	-
- Transfers from areas in exploration and evaluation	51	526
- Amount amortised during the year	(12,929)	(7,346)
- Foreign currency translation	(38,362)	1,117
- Adjustments to rehabilitation obligations	1,833	1,321
Balance at the end of the year	231,030	57,628
Total development expenditure	231,030	399,416

Notes to the financial statements

for the year ended 30 June 2010

NOTE 13: PROPERTY, PLANT & EQUIPMENT

Consolidated	BUILDINGS	PLANT & EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT	PLANT AND EQUIPMENT UNDER LEASE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 JUNE 2010						
At 1 July 2009 net of accumulated depreciation	2,871	86,963	2,165	1,204	6,932	100,135
Additions	607	10,353	485	2,003	21	13,469
Transfers from areas in development	4,083	137,265	1,400	741	-	143,489
Disposals	-	(15)	(7)	(13)	-	(35)
Depreciation expense	(872)	(23,086)	(610)	(480)	(2,897)	(27,945)
Foreign exchange translation	(20)	(7,457)	(275)	(87)	-	(7,839)
At 30 June 2010 net of accumulated depreciation	6,669	204,023	3,158	3,368	4,056	221,274

30 JUNE 2010

Cost	11,318	290,201	5,719	5,012	12,517	324,767
Accumulated depreciation	(4,649)	(86,178)	(2,561)	(1,644)	(8,461)	(103,493)
Net carrying amount	6,669	204,023	3,158	3,368	4,056	221,274

Consolidated

30 June 2009

At 1 July 2008 net of accumulated depreciation	3,078	86,835	1,201	527	3,797	95,438
Additions	285	13,855	1,553	979	5,151	21,823
Transfers to development expenditure, and other	-	(2,887)	-	-	-	(2,887)
Disposals	(9)	(430)	(6)	(4)	-	(449)
Depreciation expense	(589)	(14,052)	(569)	(283)	(2,016)	(17,509)
Foreign exchange translation	106	3,642	(14)	(15)	-	3,719
At 30 June 2009 net of accumulated depreciation	2,871	86,963	2,165	1,204	6,932	100,135

30 June 2009

Cost	6,781	151,718	4,544	2,560	12,496	178,099
Accumulated depreciation	(3,910)	(64,755)	(2,379)	(1,356)	(5,564)	(77,964)
Net carrying amount	2,871	86,963	2,165	1,204	6,932	100,135

NOTE 14: DEFERRED MINING COSTS

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Deferred mining costs	13,504	17,188
	13,504	17,188

These costs represent prepaid mining expenses deferred in accordance with the accounting policy referred in Note 1(o).

Notes to the financial statements

for the year ended 30 June 2010

NOTE 15: INVESTMENT IN ASSOCIATE

CONSOLIDATED

10 09
\$'000 \$'000

(a) Investment details

Listed

Viking Ashanti Limited

5,892	-
5,892	-

The Group holds 23 million shares in Viking Ashanti Limited which represents 33.25% of their ordinary shares on issue.

(b) Movements in the carrying amount of the Group's investment in associate

Viking Ashanti Limited

At 1 July

-	-
---	---

Purchase of investment

6,150	-
-------	---

Share of loss after income tax

(258)	-
-------	---

At 30 June

5,892	-
--------------	----------

(c) Fair value of investment in listed associate

The market value of the Group's investment in Viking Ashanti Limited is \$5,290,000 (2009: \$nil).

(d) Summarised financial information

The following table illustrates summarised financial information relating to the Group's associate:

Extract from the associate's statement of financial position

Current assets	7,856	-
Non-current assets	6,374	-
Total assets	14,230	-
Current liabilities	477	-
Non-current liabilities	-	-
Total liabilities	477	-
Net assets	13,753	-
Share of associates' net assets	4,573	-

Extract from the associate's statement of comprehensive income:

Revenue	-	-
Net Loss	(1,030)	-

Notes to the financial statements

for the year ended 30 June 2010

NOTE 16: PAYABLES

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Trade creditors and accruals (a)	47,652	56,135
	47,652	56,135

(a) Payables are non interest bearing and generally settled on 30-90 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

NOTE 17: INTEREST BEARING LIABILITIES

Current

Lease liabilities (a)	1,865	2,976
Borrowings (b),(e)	21,221	15,480
Bank overdraft (d)	6,359	5,821
	29,445	24,277

Non Current

Lease liabilities (a)	1,851	3,271
Borrowings (b),(e)	26,213	57,041
Convertible notes (c),(e)	65,236	40,426
	93,300	100,738

- (a) Carpentaria Gold Pty Ltd ("CGPL"), a wholly owned subsidiary of RML, has entered into hire purchase agreements with Esanda Finance Corporation Limited, Caterpillar Financial Australia Limited and Atlas Copco Customer Finance Pty Ltd for the purchase of mining equipment which is being used at Mt Wright, Ravenswood. Several of these hire purchase agreements expired during the current year and were refinanced. Monthly instalments are required under the terms of the contracts which expire between July 2010 and December 2012. RML has provided an unsecured parent entity guarantee to these financiers in relation to these finance facilities.
- (b) The US\$33.5m (or \$39.4m in AUD equivalent terms) senior debt facility provided by Barclays Bank Plc, the derivative facilities provided by Barclays Bank Plc and Investec Bank (Australia) Limited, a \$5m environmental bond facility and a US\$8.1m (or \$9.9m in AUD equivalent terms) deferred premium loan facility provided by Barclays Bank Plc are secured by the following:
- Cross Guarantee and Indemnity given by RML, Carpentaria Gold Pty Ltd, Resolute (Tanzania) Limited, Mabangu Mining Limited, Resolute Pty Ltd, Resolute (Treasury) Pty Ltd and Resolute (Somisy) Limited;
 - fixed and floating charge over all the current and future assets of Resolute (Tanzania) Limited including onshore and offshore bank accounts and shares of Mabangu Mining Ltd;
 - fixed and floating charge over all the current and future assets of Mabangu Mining Limited including onshore and offshore bank accounts;
 - mortgage over mining lease ML 19/97 of the Resolute (Tanzania) Limited group;
 - mortgage over prospecting licences PL 1461/2000, PL 1462/2000, PL 1732/2001, PL 347/95, PL 1833/2001, PL 1890/2002, PL 1891/2002 and PL 1892/2002 of Resolute (Tanzania) Limited;
 - share Mortgage by Resolute Pty Ltd over all of its shares in Resolute (Tanzania) Limited and including an assignment of Tanzanian general and political risks insurance policies with the Security Trustee being named as the loss payee;
 - share Mortgage by the Borrower over all of its shares in Carpentaria Gold Pty Ltd;
 - share Mortgage by the Borrower over all of its shares in Resolute (Somisy) Limited and including an assignment of rights under Malian general and political risks insurance policies with the Security Trustee being named as the loss payee;
 - fixed and floating charge over all the current and future assets of Resolute (Treasury) Pty Ltd including bank accounts and an assignment of all Hedging Contracts;

Notes to the financial statements

for the year ended 30 June 2010

NOTE 17: INTEREST BEARING LIABILITIES (CONTINUED)

(x) fixed and floating charges over all the current and future assets of Carpentaria Gold Pty Ltd including bank accounts and an assignment of all Hedging Contracts;

(xi) mortgage over key Carpentaria Gold Pty Ltd mining tenements, and

(xii) mortgage over the loan receivable from Societe des Mines de Syama SA.

The US\$33.5m senior debt facility is a revolving corporate loan that is to be repaid in half yearly instalments from December 2010 to December 2012; these instalments are included in note 36(d). The term of the derivative facilities extends to 30 September 2011. The environmental bond facility expires on 31 December 2012.

The total assets of the entities over which security exists amounts to A\$696.7m.

The following debt ratios are required to be maintained:

(i) A debt service cover ratio of not less than 1.35:1;

(ii) a loan life cover ratio of not less than 1.65:1; and,

(iii) a reserve tail ratio of not less than 30%.

There have been no breaches of the above ratios.

Refer to Note 36(b) for details of average interest rates.

- (c) The Group issued 34,091,911 convertible notes at a price of \$0.70 each and 11,363,636 options at a price of \$0.10 each in the year ended 30 June 2010. Gross proceeds of \$25.0m were raised as a result of these issues. The effective interest rate on these convertible notes for accounting purposes is 16.41%. A portion of the funds raised pursuant to the issue of convertible notes has been recognised in the Convertible Notes Equity Reserve.

The Group issued 103,443,677 convertible notes in the year ended 30 June 2009 at a price of \$0.50 each raising \$51.7m. Subscribers also received one free option for every 3 convertible notes taken up under this offer. The effective interest rate on these convertible notes for accounting purposes is 18.18%. A portion of the funds raised pursuant to the issue have been recognised in the Convertible Notes Equity Reserves.

The notes are unsecured and subordinated to the senior credit facilities, have a coupon rate of 12% on the \$0.50 face value and are convertible into ordinary shares, one for one, at the option of the holder up until 31 December 2012 or repayable by the Company on 31 December 2012. The Company has the right to redeem the notes from 31 December 2011 by paying \$0.50 per note to the note holders, and in this event, the note holder has the right to convert their notes into ordinary shares on a one for one basis prior to them being redeemed). The terms of the convertible notes also allow for the Company to determine at a future date whether interest will be paid 6 monthly in arrears (in the form of cash or shares) or whether the payment of interest will be deferred until the third anniversary of the convertible notes. Full terms and conditions of the convertible notes can be found in the Convertible Note Trust Deed.

During the year ended 30 June 2010 583,558 convertible notes were converted into ordinary shares. The total number of convertible notes remaining was 151,152,268 as at 30 June 2010.

- (d) This facility is in place indefinitely, is subject to an annual revision in approximately September 2010, and has an interest rate of 8% per annum on the basis of usage. The maximum limit of this facility is \$11.1m (AUD equivalent), and as at balance date \$4.7m (AUD equivalent) of the facility was unused.
- (e) During the year ending 30 June 2009, the Group drew down on all of a \$20.0m standby credit facility. \$10.0m was switched by the financiers into Resolute convertible notes during the year ended 30 June 2009 and the remaining \$10.0m was outstanding on 30 June 2009. During the year ended 30 June 2010, the \$10m loan facility plus accrued fees was converted to 14,201,475 convertible notes and 4,733,825 listed options.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 18: FINANCIAL DERIVATIVE LIABILITIES

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Current		
Gold forwards (Note 36)	92,075	52,820
Gold call options (Note 36)	-	129
	92,075	52,949
Non Current		
Gold forwards (Note 36)	21,026	62,358
	21,026	62,358

NOTE 19: PROVISIONS

Current		
Site restoration (a)	5,319	1,929
Employee entitlements	4,724	4,113
Dividend payable	69	69
Other provisions	821	825
	10,933	6,936
Non Current		
Site restoration (a)	28,103	29,740
Employee entitlements	521	281
	28,624	30,021
(a) Site restoration		
Balance at the beginning of the year	31,669	28,090
Restoration borrowing cost unwound	519	999
Change in scope of restoration provision	4,081	3,863
Utilised during the year	(985)	(2,167)
Foreign exchange translation	(1,862)	884
Balance at the end of the year	33,422	31,669
Reconciled as:		
Current provision	5,319	1,929
Non- current provision	28,103	29,740
Total provision	33,422	31,669

The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. Typically the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related mining assets. Over time, the liability is increased for the change in present value based on the discount rates that reflect the current market assessments and the risks specific to the liability. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 20: OTHER LIABILITIES

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Financial guarantees (a)	37	193
	37	193

- (a) RML agreed to provide financial support to the Syama mining contractor (PW Mining International Ltd S.A.R.L.) by guaranteeing the repayment to its financier of outstanding amounts borrowed. The amount outstanding at 30 June 2010 by PW Mining International Ltd S.A.R.L. to its financier is US\$3.1m. The amount shown is the recognition of the financial guarantee at fair value. The fair value has been calculated by assessing the probability of this guarantee being called by the financier.

NOTE 21: CONTRIBUTED EQUITY

(a) Contributed equity

Ordinary share capital:	237,083	209,680
-------------------------	----------------	----------------

392,586,434 ordinary fully paid shares (2009: 352,313,556)

(b) Movements in contributed equity, net of issuing costs

Balance at the beginning of the year	209,680	171,867
Conversion of 583,558 convertible notes to shares at \$0.50 per share	269	-
Placement of 30,000,000 shares to M&G Investments at \$0.63 per share	17,862	-
Exercise of 109,640 listed options at \$0.60 per share	66	-
Issue of 4,818,911 shares to Convertible Note holders in lieu of interest payable at \$0.94 per share	4,540	-
Exercise of 286,998 unlisted options at \$0.42 per share	116	-
Issue of 4,474,355 shares to Convertible Note holders in lieu of interest payable at \$1.02 per share	4,550	-
Exercise of 150,000 unlisted options at \$1.42 per share	-	211
Exercise of 55,000 unlisted options at \$1.13 per share	-	60
Issue of 30,072,231 shares pursuant to the 1 for 9 Renounceable Rights Issue at \$0.40 per share	-	11,042
Issue of 35,720,000 shares to sophisticated investors at \$0.70 per share	-	23,372
Exercise of 951 listed options at \$0.60 per share	-	1
Issue of 5,485,649 shares to Convertible Note holders in lieu of interest payable at \$0.57 per share	-	3,127
Balance at the end of the year	237,083	209,680

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(d) Employee share options

Refer to Note 31 for details of the Employee Share Option Plan. Each option entitles the holder to purchase one share. The names of all persons who currently hold employee share options, granted at any time, are entered into the register kept by the Company, pursuant to Section 215 of the Corporations Act 2001. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the parent entity or any other body corporate.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 21: CONTRIBUTED EQUITY (CONTINUED)

(e) Capital management

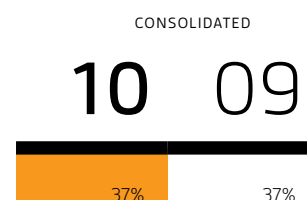
The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure that is appropriate for the Group's current and/or projected financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders (if any), return capital to shareholders, issue new shares, borrow from financiers or sell assets to reduce debt.

The Group monitors the adequacy of capital by analysing cash flow forecasts over the term of the Life of Mine for each of its projects. To a lesser extent, gearing ratios are also used to monitor capital. Appropriate capital levels are maintained to ensure that all approved expenditure programs are adequately funded. This funding is derived from an appropriate combination of debt and equity.

The gearing ratio is calculated as net debt divided by total capital. Net debt is defined as interest bearing liabilities less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Consolidated statement of financial position (including non-controlling interest) plus net debt.

Gearing Ratio



The Group is not subject to any externally imposed capital requirements. Refer to Note 1(a) for discussion regarding future cash flow requirements.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 22: RESERVES

(a) Movements in reserves

Consolidated	FOREIGN CURRENCY TRANSLATION RESERVE	HEDGE RESERVE PUT OPTIONS GAIN/(LOSS)	HEDGE RESERVE FORWARDS GAIN/(LOSS)	UNREALISED GAIN/(LOSS) RESERVE	SHARE BASED PAYMENTS RESERVE	CONVERTIBLE NOTES EQUITY RESERVE	SHARE OPTIONS EQUITY RESERVE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2008	(9,183)	(42)	9,490	63	1,103	-	-	1,431
Currency translation differences	9,816	-	-	-	-	-	-	9,816
Hedge reserve put options, net of tax	-	42	-	-	-	-	-	42
Hedge reserve forwards, net of tax	-	-	(4,147)	-	-	-	-	(4,147)
Unrealised gain/(loss) reserve, net of tax	-	-	-	301	-	-	-	301
Share based payments to employees	-	-	-	-	396	-	-	396
Value of conversion rights on convertible notes (including transaction costs, net of tax (i))	-	-	-	-	-	3,492	-	3,492
Value of options issued to convertible note and share holders, net of tax	-	-	-	-	-	-	4,064	4,064
As at 30 June 2009	633	-	5,343	364	1,499	3,492	4,064	15,395
Currency translation differences	(348)	-	-	-	-	-	-	(348)
Hedge reserve put options, net of tax	-	-	-	-	-	-	-	-
Hedge reserve forwards, net of tax	-	-	(5,343)	-	-	-	-	(5,343)
Unrealised gain/(loss) reserve, net of tax	-	-	-	(200)	-	-	-	(200)
Share based payments to employees	-	-	-	-	522	-	-	522
Value of conversion rights on convertible notes (including transaction costs, net of tax (i))	-	-	-	-	-	10,741	-	10,741
Value of options issued to convertible note and share holders, net of tax	-	-	-	-	-	-	1,923	1,923
AS AT 30 JUNE 2010	285	-	-	164	2,021	14,233	5,987	22,690

(i) The gross transaction costs allocated to the equity component of the convertible notes were \$0.1m (2009: \$0.9m).

(b) Nature and purpose of reserves

(I) FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, refer Note 1(d)(iii).

(II) HEDGE RESERVES

The hedging reserves are used to record gains or losses on an effective hedging instrument, refer Note 1(n). Ineffective amounts are recognised in the consolidated statement of comprehensive income.

(III) UNREALISED GAIN/(LOSS) RESERVE

This reserve records fair value changes on available for sale investments, refer Note 1(l)(iv).

(IV) SHARE BASED PAYMENT RESERVE

The share based payments reserve is used to recognise the fair value of options granted over the vesting period of the option, refer Note 1(y)(iv).

(V) CONVERTIBLE NOTES EQUITY RESERVE

This reserve records the value of the equity portion (conversion rights) of the convertible notes.

(VI) SHARE OPTIONS EQUITY RESERVE

The equity reserve records transactions between owners as owners.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 23: RETAINED EARNINGS

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Retained profits at the beginning of the year	78,231	47,555
Net (loss)/profit attributable to members of the parent	(37,173)	30,676
Retained profits at the end of the financial year	41,058	78,231

NOTE 24: EXPLORATION AND DEVELOPMENT COMMITMENTS

Exploration commitments:

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the parent entity and consolidated entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments. The approximate level of exploration expenditure expected in the year ending 30 June 2011 for the consolidated entity is approximately \$12.8m (2010: \$9.9m). This includes the minimum amounts required to retain tenure.

NOTE 25: LEASE COMMITMENTS

a) Finance Lease

Lease expenditure contracted and provided for:

Due within one year	2,119	3,365
Due between one and five years	1,937	3,575
Total minimum lease payments	4,056	6,940
Less finance charges	(340)	(693)
Present value of minimum lease payments	3,716	6,247

Reconciled to:

Current liability	1,865	2,976
Non current liability	1,851	3,271
	3,716	6,247

b) Operating leases (non-cancellable)

Due within one year	773	220
Due between one and five years	2,827	-
Aggregate lease expenditure contracted for at balance date but not provided for	3,600	220

The operating lease expenditure relates to the rental of office premises and is fixed.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 26: RELATED PARTY TRANSACTIONS

- (i) Refer to Note 34 for directors' indirect and direct interests in securities.
- (ii) RML is the ultimate Australian holding company and there is no controlling entity of RML at 30 June 2010.
- (iii) The directors received the following shares in lieu of interest payable on convertible notes held by them:

	FULLY PAID ORDINARY SHARES
P. Huston	—
P. Sullivan	12,269
T. Ford	12,269
H. Price	6,134

NOTE 27: INTERESTS IN JOINT VENTURES

The consolidated entity has an interest in the following material joint ventures, whose principal activities are to explore for gold. The Group's interests in the assets employed in the joint venture are included in the consolidated statement of financial position, in accordance with the accounting policy as described in Note 1(b)(ii).

There are no commitments relating to the joint ventures (2009: nil).

Jointly controlled assets

INTERESTS IN JOINT VENTURES		PERCENTAGE OF INTEREST HELD	
ENTITY HOLDING INTEREST	OTHER PARTICIPANT/JOINT VENTURE	2010 %	2009 %
Mabangu Mining Limited	Sub-Sahara/Nyakafuru JV	51%	51%
		Elected to earn additional 19%	Elected to earn additional 19%
Resolute Pty Ltd	Etruscan/Finkolo JV	60%	60%
Carpentaria Gold Pty Ltd	Denjim/Welcome Breccia JV	Earning 80%	-

Notes to the financial statements

for the year ended 30 June 2010

NOTE 28: NOTES TO THE CASH FLOW STATEMENT

	CONSOLIDATED	
	10	09
	\$'000	\$'000
(a) Reconciliation of net(loss)/profit from continuing operations after income tax to the net cash flows		
Net (loss)/profit from ordinary activities after income tax	(56,571)	30,676
Add/(deduct):		
Share based payments expense	522	396
Profit on sale of subsidiaries	(7,208)	-
(Profit)/loss on sale of property, plant and equipment	(1,934)	134
Loss on sale of available for sale financial assets	28	436
Rehabilitation provision discount adjustment	519	999
Rehabilitation provision adjustment from non operating mine sites	(726)	217
Depreciation and amortisation of property, plant and equipment	24,967	17,509
Amortisation of exploration, development and rehabilitation costs	18,445	10,252
Foreign exchange loss	72,520	14,039
Impairment of accounts receivable	-	3,180
Impairment of available for sale financial assets	-	3,140
Impairment of acquired exploration and evaluation assets	-	10,172
Profit on sale of Dominion/Challenger royalty	-	(10,033)
Royalty income	-	(1,208)
Capitalised finance costs	(536)	(706)
Non cash finance costs	7,625	-
Other	52	482
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(10,068)	4,006
Increase in inventories	(10,489)	(32,056)
Increase in financial derivatives	(4,082)	(9,208)
Decrease/(increase) in prepayments	3,800	(1,304)
Increase/(decrease) in deferred mining costs	3,684	(2,115)
(Decrease)/increase in payables	(14,775)	14,184
Increase in provision for taxation	1,294	-
Increase/(decrease) in deferred tax balances	2,124	(3,238)
Increase in provisions	2,600	5,370
Net operating cash flows	31,791	55,324

Notes to the financial statements

for the year ended 30 June 2010

NOTE 28: NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

(b) Finance Leases

Refer to Note 17(a) for additions to finance leases and for terms and conditions.

(c) Non cash operating, financing and investing activities

2010

The consolidated entity repaid the Utilico debt facility, interest and fees (totalling \$10.4m) by issuing 14,201,475 convertible notes at an issue price of 70 cents each and 4,733,825 listed options at an issue price of 10 cents each.

The consolidated entity issued 500,000 options in lieu of fees owing with a strike price of 74 cents to Utilico Limited as facility fees. The value of the options issued was \$0.1m. Refer to Option issue 2 below for the assumptions used in the valuation of options.

The consolidated entity issued shares to the value of \$9.1m for no consideration to convertible note holders in lieu of interest payable.

The consolidated entity issued 3,000,000 options with a strike price of 72 cents to Barclays Bank Plc upon the restructuring of the senior debt facility. The value of the options issued was \$1.1m. Refer to Option issue 1 below for the assumptions used in the valuation of options.

The consolidated entity received shares in Viking Ashanti Limited as consideration for the disposal of a number of its Ghanaian subsidiaries (refer Note 37).

2009

The consolidated entity issued 78,237,463 listed options (for nil consideration) with a strike price of 60 cents per share along with the issue of 103,443,677 convertible notes and 30,072,231 shares (pursuant to the 1 for 9 non-renounceable rights issue). 44,505,303 of the total options were attached to the convertible notes, and the remaining 33,732,160 options were issued as loyalty options to investors who had made a firm commitment to participate in the capital raising. The value of the loyalty options issued was \$5.2m. Refer to Option issue 5 for the assumptions used in the valuation of options.

Establishment, drawdown and quarterly extension fees valued at \$0.6m were paid by way of issuing listed options. Refer to Option issues 3, 4 and 6 for the details of those options.

INPUT	OPTION ISSUE					
	1	2	3	4	5	6
Number of Options	3,000,000	500,000	1,750,000	500,000	33,732,160	1,250,000
Grant date	24/10/2009	20/7/2009	9/4/2009	28/1/2009	23/12/2008	7/10/2008
Expected volatility (%)	50%	50%	50%	50%	50%	50%
Risk free rate (%)	7%	7%	7%	7%	6%	7%
Expected life of options (years)	3	3	3	3	3	3
Original option exercise price (\$)	0.72	0.74	0.60	1.00	0.60	1.64
Share price at grant date (\$)	0.81	0.64	0.40	0.73	0.48	1.01
Value per option at grant date (\$)	0.36	0.22	0.11	0.22	0.15	0.25

Notes to the financial statements

for the year ended 30 June 2010

NOTE 29: CONTROLLED ENTITIES

The following were controlled entities during the year and have been included in the consolidated accounts. All entities in the consolidated entity carry on business in their place of incorporation.

NAME OF CONTROLLED ENTITY AND COUNTRY OF INCORPORATION	CONSOLIDATED ENTITY COMPANY HOLDING THE INVESTMENT	PERCENTAGE OF SHARES HELD BY CONSOLIDATED ENTITY	
		10	09
		%	%
Abore Mining Company Limited, Ghana (b)	Associated Gold Fields Pty Ltd	-	90
Associated Gold Fields Pty Ltd, Aust. (a),(b)	Resolute Pty Ltd	-	100
	Tuki Nominees Pty Ltd		
	Kiwi International Resources Pty Ltd		
Broken Hill Metals Pty Ltd, Aust. (a)	Resolute (Treasury) Pty Ltd	100	100
Carpentaria Gold Pty Ltd, Aust.	Resolute Mining Limited	100	100
Ghana Mining Investments Pty Ltd, Aust. (a),(b)	Associated Gold Fields Pty Ltd	-	100
Goudhurst Pty Ltd, Aust. (a)	Stockbridge Pty Ltd	100	100
Kiwi Goldfields Limited, Ghana (b)	Associated Gold Fields Pty Ltd	-	100
	Kiwi International Resources Pty Ltd		
Kiwi International Resources Pty Ltd, Aust. (a),(b)	Associated Gold Fields Pty Ltd	-	100
Mabangu Exploration Limited, Tanzania	Resolute (Tanzania) Limited	100	100
Mabangu Mining Limited, Tanzania	Resolute (Tanzania) Limited	100	100
Obenemase Gold Mines Ltd, Ghana (b)	Ghana Mining Investments Pty Ltd	-	90
Resolute (CDI Holdings) Limited, Jersey (a),(d)	Resolute Mining Limited	100	-
Resolute CI SARL, Cote d'Ivoire (e)	Resolute (CDI Holdings) Limited	100	-
Resolute (Finkolo) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute (Ghana) Limited, Ghana (c)	Resolute Mining Limited	100	100
Resolute Mali S.A., Mali	Resolute (Somisy) Limited	100	100
Resolute (Somisy) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute (Tanzania) Limited, Tanzania	Resolute Pty Ltd	100	100
Resolute (Treasury) Pty Ltd, Aust. (a)	Resolute Mining Limited	100	100
Resolute Amansie Limited, Ghana (b)	Associated Gold Fields Pty Ltd	-	90
	Kiwi International Resources Pty Ltd		
Resolute Pty Ltd, Aust.	Resolute Mining Limited	100	100
Resolute Resources Pty Ltd, Aust. (a)	Resolute Pty Ltd	100	100
Societe des Mines de Syama S.A., Mali	Resolute (Somisy) Limited	80	80
Stockbridge Pty Ltd, Aust. (a)	Resolute (Treasury) Pty Ltd	100	100
Stockbridge Services Unit Trust, Aust. (a),(f)	Stockbridge Pty Ltd	-	100
Tuki Nominees Pty Ltd, Aust. (a)	Resolute Pty Ltd	100	100

(a) These entities are not required to be separately audited. An audit of the entity's results and position is performed for the purpose of inclusion in the consolidated entity's accounts.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 29: CONTROLLED ENTITIES (CONTINUED)

(b) On 7 May 2010 the following entities were sold to Viking Ashanti Limited (refer to Note 37):

- Abore Mining Company Limited;
- Associated Gold Fields Pty Ltd;
- Ghana Mining Investments Pty Ltd;
- Kiwi Goldfields Limited;
- Kiwi International Resources Pty Ltd;
- Obenemase Gold Mines Ltd; and,
- Resolute Amansie Limited.

c) During the year, ownership of Resolute (Ghana) Limited transferred from Resolute Pty Ltd wholly to Resolute Mining Limited.

d) On 10 May 2010, Resolute (CDI Holdings) Limited was incorporated as a wholly owned subsidiary of Resolute Mining Limited.

e) On 26 March 2010, Resolute CI SARL was incorporated as a wholly owned subsidiary of Resolute (CDI Holdings) Limited.

f) On 30 June 2010, the Stockbridge Services Unit Trust, Australia was terminated.

NOTE 30: AUDITOR REMUNERATION

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Amounts received or due and receivable by Ernst & Young Australia, from entities in the consolidated entity or related entities:		
Auditing (i)	305,580	319,643
Taxation planning advice and review	81,560	82,268
	387,140	401,911
ii) Included in the current year is \$11,000 (2009: \$42,000) pertaining to additional work performed in relation to the audit of the prior year.		
Amounts received or due and receivable by a related overseas office of Ernst & Young, from entities in the consolidated entity or related entities:		
Auditing (Ernst & Young, Ghana)	-	18,154
Tax Advice (Ernst & Young, Ghana)	8,750	-
	8,750	18,154
Total amounts received or due and receivable by Ernst & Young globally	395,890	420,065
Amounts received or due and receivable by non Ernst & Young firms for auditing	37,522	36,607
NOTE 31: EMPLOYEE BENEFITS		
a) Employee entitlements		
<i>The aggregate employee entitlement liability is comprised of:</i>		
Provisions (current) (Note 19)	4,724	4,113
Provisions (non current) (Note 19)	521	281
	5,245	4,394

Notes to the financial statements

for the year ended 30 June 2010

NOTE 31: EMPLOYEE BENEFITS

(b) Employee share option plan

An employee share option plan has been established where executives and members of staff of the consolidated entity are issued with options over the ordinary shares of RML. The options, issued for nil consideration, are issued in accordance with the terms and conditions of the shareholder approved RML Employee Share Option Plan and performance guidelines established by the directors of RML.

The options do not provide any dividend or voting rights. The options are not quoted on the ASX.

Outstanding at balance date are 55,000 options (Options C). This balance has remained unchanged since 30 June 2009. These options were issued on 24 March 2006 with an exercise price of \$1.28 and an expiry date of 23 March 2011. One third of the options were able to be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. Pursuant to the rights issues in the years ended 30 June 2008 and 30 June 2009, the strike price reduced by 16 cents per option in accordance with the RML Share Option Plan. The strike price is now \$1.12.

Also outstanding at balance date are 255,000 options (Options D) which are comprised of the opening balance of 335,000 less 80,000 options lapsed during the year. These options were issued on 25 October 2006 with an exercise price of \$1.48 and an expiry date of 24 October 2011. One third of the options were able to be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. Pursuant to the rights issues in the years ended 30 June 2008 and 30 June 2009, the strike price reduced by 16 cents per option in accordance with the RML Share Option Plan. The strike price is now \$1.32.

Also outstanding at balance date are 213,000 options (Options E) which are comprised of the opening balance of 237,000 less 24,000 options lapsed during the year. These options were issued on 25 March 2008 with an exercise price of \$2.13 and an expiry date of 23 May 2013. One third of the options were able to be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. Pursuant to the rights issues in the years ended 30 June 2008 and 30 June 2009, the strike price reduced by 1 cent per option in accordance with the RML Share Option Plan. The strike price is now \$2.12.

Also outstanding at balance date are 75,000 options (Options F) which are comprised of the opening balance of 99,000 less 24,000 options lapsed during the year. These options were issued on 29 August 2008 with an exercise price of \$1.63. One third of the options were able to be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. Pursuant to the rights issues in the year ended 30 June 2009, the strike price reduced by 1 cent per option in accordance with the RML Share Option Plan. The strike price is now \$1.62.

Also outstanding at balance date are 1,173,002 options (Options G) which are comprised of the opening balance of 1,805,000, less 286,998 options exercised during the year and 345,000 options lapsed during the year. These options were issued on 31 January 2009 with an exercise price of \$0.42 and an expiry date of 31 January 2014. One third of the options are able to be exercised 12 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue.

Options H were issued under the employee share option plan on 15 February 2010. These options were comprised of 1,237,000 options, with an exercise price of \$1.09 and an expiry date of 14 February 2015. One third of the options are able to be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. The balance of these options is 1,064,000 options being 1,237,000 less 173,000 options lapsed during the year.

Employees will only be able to exercise the options allocated to them if they meet certain performance criteria. Details of the employee share option plan for both the parent and the consolidated entity are as follows:

	NUMBER OF OPTIONS	2010 WEIGHTED AVERAGE EXERCISE PRICE \$	NUMBER OF OPTIONS	2009 WEIGHTED AVERAGE EXERCISE PRICE \$
Balance at the beginning of the year	2,571,000	0.74	1,246,000	1.62
- granted	1,237,000	1.09	1,985,000	0.48
- exercised/lapsed	(972,998)	0.73	(660,000)	1.64
Balance at end of year	2,835,002	0.90	2,571,000	0.74
Vested and exercisable at the end of the year	406,000	1.47	542,000	1.45

Notes to the financial statements

for the year ended 30 June 2010

NOTE 31: EMPLOYEE BENEFITS (CONTINUED)

The following tables summarises information about options exercised by employees during the year:

NUMBER OF OPTIONS	GRANT DATE	EXERCISE DATE	EXPIRY DATE	WEIGHTED AVERAGE EXERCISE PRICE \$	PROCEEDS FROM SHARES ISSUED \$	NUMBER OF SHARES ISSUED	ISSUE DATE OF THE SHARES	FAIR VALUE OF SHARES ISSUED \$
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2010

137,000	31 Jan 09	15 Feb 10	31 Jan 14	0.42	57,540	137,000	15 Feb 10	0.98
38,333	31 Jan 09	26 Mar 10	31 Jan 14	0.42	16,100	38,333	26 Mar 10	1.00
66,666	31 Jan 09	1 Apr 10	31 Jan 14	0.42	28,000	66,666	1 Apr 10	1.10
44,999	31 Jan 09	16 Apr 10	31 Jan 14	0.42	18,900	44,999	16 Apr 10	1.20

2009

150,000	21 Dec 04	29 Aug 08	21 Dec 09	1.42	213,000	150,000	29 Aug 08	1.60
55,000	24 Mar 06	25 Sep 08	31 Dec 08	1.13	62,150	55,000	25 Sep 08	1.39

Fair value of the shares issued is estimated to be the market price of the shares of Resolute Mining Limited on the ASX as at close of trading on their respective issue dates.

The following table lists the key variables used in the option valuation:

	OPTIONS C	OPTIONS D	OPTIONS E	OPTIONS F	OPTIONS G	OPTIONS H
Number of options at year end	55,000	255,000	213,000	75,000	1,173,002	1,064,000
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	50%	50%	40%	40%	50%	50%
Risk free interest rate (%)	5.50%	5.50%	8.30%	7.00%	7.00%	7.00%
Expected life of options (years)	5	5	5	5	5	5
Original option exercise price (\$)	1.28	1.48	2.13	1.63	0.42	1.09
Share price at grant date (\$)	1.16	1.35	1.94	1.48	0.38	0.99
Value per option at grant date (\$)	0.55	0.65	0.88	0.64	0.20	0.49

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

The fair value of the options is measured at the grant date using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and liabilities to pay for those services are recognised over the expected vesting period.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS

Contingent Liabilities

(a) NATIVE TITLE CLAIMS

Native title determination applications have been lodged with the National Native Title Tribunal established under the Native Title Act 1993 over areas of interest currently leased by the consolidated entity. Some of those claims have been accepted by the Tribunal. Acceptance of an application by the Tribunal is merely a preliminary step in the procedure established by the Native Title Act to determine whether or not native title exists. The final effect of these claims is not known and the claims are not currently affecting the mining and exploration projects of the consolidated entity.

(b) TANZANIAN TAX AUTHORITIES

(I) GENERAL

The operations and earnings of the Group continue, from time to time, to be affected to varying degrees by fiscal, legislative, regulatory and political developments, including those relating to environmental protection, in the countries in which the Group operates.

The industry in which the Group is engaged is also subject to physical risks of various types. The nature and frequency of these developments and events, not all of which are covered by insurance, as well as their effect on future operations and earnings, are unpredictable.

(II) CORPORATIONS TAX ASSESSMENT

1) In 2005, Resolute (Tanzania) Limited ("RTL") received an income tax assessment from the Tanzanian Revenue Authority ("TRA"). The assessment is in relation to the period 1 July 1998 to 30 June 2004 and is for an amount of US\$32.4 million. The assessment follows a review of RTL's affairs by a government appointed auditor. The review purports that RTL has not been able to substantiate the capital development costs and operating costs associated with the Golden Pride gold mine. In formulating the assessment, the TRA has decided to arbitrarily deny RTL deductions for 60% of its capital expenditure and 40% of all operating expenditure between 1 July 1998 and 30 June 2004. It has also increased assessable sales revenue by 40% over the same period, and did not recognise some of the carry forward losses for expenditures incurred prior to 30 June 1998.

The TRA assessment, in the Company's opinion, contains fundamental and material errors, has no substance or foundation in fact, and its issue appears to be a serious breach of due process. The Company strongly disputes the validity of the assessment and believes that there is no amount of income tax owing by RTL to the TRA. RTL will vigorously defend its position. Pursuant to the Tanzanian taxation system, taxpayers have the ability to object against an assessment by lodging a deposit with the tax authorities equal to one third of the assessed amount. The deposit must be made within one month of receiving an assessment. An objection to the assessment and a waiver to the requirement to lodge a deposit has been lodged by RTL with the appropriate Authority.

An additional income tax assessment was received in June 2008 for US\$1.6 million. The company believes that this assessment is equally flawed.

Considerable time has since lapsed, and no response has been received on RTL's objection or waiver request, nor has any attempt been made to enforce the payment of the assessed tax.

2) As previously reported in prior period reports, in accordance with both Tanzanian tax legislation and the Mabangu Mining Limited ("MML", a wholly owned Group company incorporated in Tanzania, Africa) Development Agreement, MML withheld a 3% Management Services tax on payments it made to Goudhurst Pty Ltd ("GPL", a wholly owned Group company incorporated in Australia) for management services rendered to MML between 1998 and 2008. As outlined in an Assessment issued to MML in February 2009, the TRA believes the services rendered were actually professional services provided by GPL to MML, and as such would attract the higher withholding tax rate of 20%, or a difference amounting to US\$1.8m.

MML strongly disagrees with the TRA's determination of the services rendered by GPL, and has received professional independent advice regarding the matter which concurs with MML's view. MML has filed statements of appeal with the Tanzanian Revenue Appeals Board and is awaiting for its appeal to be heard.

3) As previously reported in the prior period reports, in February 2009, MML received an assessment for US\$4.7m from the TRA who claim that MML has entered into a tax avoidance scheme by not following through with its initial intention of liquidating MML in 2006. The TRA claim that MML ceased the liquidation of MML to avoid paying withholding tax that they believe would have been payable if MML had been liquidated and its retained profits distributed to RTL in the form of a dividend. In MML's opinion, the TRA assessment is fundamentally flawed and has no substance or foundation in fact. MML strongly disputes the validity of the assessment and believes there is no amount of withholding tax owing by MML to the TRA. MML has received professional advice confirming that even if MML were liquidated and its profits were distributed to RTL, no such withholding tax is payable on dividends paid by one Tanzanian entity to another. MML will vigorously defend its position and has applied for a waiver of any deposit payable to the TRA ordinarily required to defend the claim. A letter of objection was sent to the TRA in March 2009 and a request to the Commissioner General for a waiver of the one third tax deposit was submitted in February 2010. A response to this request is yet to be received.

The financial effects of all of the above TRA assessments have not been recognised within the accounts.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS (CONTINUED)

(III) INDIRECT TAXES

The Tanzanian Revenue Authority ("TRA") has changed its interpretation on the tax legislation relating to the fuel levy and fuel excise and duties ("fuel taxes"). The amount paid by Resolute (Tanzania) Limited ("RTL", a wholly owned Group company incorporated in Tanzania, Africa) when it purchases fuel includes this payment of fuel taxes. The fuel supplier remits the fuel tax to the TRA, and as in a similar manner as is done with a Goods and Services Tax or a Value Added Tax, RTL would then lodge a claim to claim back from the TRA the fuel taxes it has paid to the supplier. Up until December 2005, the TRA refunded all of the fuel taxes paid by RTL. From January 2006 onwards, the TRA has changed its interpretation and has denied further refunding of fuel taxes if the fuel is used by a sub-contractor.

The TRA had previously refunded 9.1b Tanzanian Shillings ("Tsh") (or US\$6.9m) of fuel taxes to RTL during the period from 1999 to 2005, but due to their new interpretation are now arguing they should not have. As a result, they demanded that the refunded amount be returned by RTL to the TRA by 3 October 2008, which did not occur.

RTL strongly disagrees with the TRA revised interpretation and it will continue to vigorously defend its position. The majority of the amounts sought by the TRA are "time barred" and can only be claimed from RTL if RTL has acted in a fraudulent manner. RTL has acted in accordance with the law. In addition, further protection is provided to RTL by its Mining Development Agreement, which limits the amount of fuel taxes to be paid by RTL.

In October 2008, RTL lodged an appeal against this demand and requested a waiver of any deposit to have this case heard by the Tax Appeal Board. The waiver was unsuccessful and the TRA agreed to a modified deposit to be paid, and is in the form of Tsh 150m (or approximately US\$0.1m) per month up until the case is heard by the Tax Appeals Board (expected to be late 2010). Up until 30 June 2010, RTL has paid 17 monthly instalments of Tsh 150m (totalling approximately US\$1.7m). These deposits are treated as a non-current receivable when they are paid.

(c) SUMMIT RESOURCES (AUST) PTY LTD, PALADIN ENERGY LIMITED AND AREVA NC (AUSTRALIA) PTY LTD

On 6 September 2006 RML entered into a Deed of Indemnity with Paladin Resources Limited ("Paladin") to indemnify Paladin and its related parties for any loss they suffer as a result of a material breach of the Isa Uranium Joint Venture Agreement due to disclosure of information concerning the Joint Venture to persons not party to the Joint Venture. Under this indemnity, in the circumstances which now pertain, RML's liability is capped at \$75m. The Isa Uranium Joint Venture is a joint venture between Summit Resources (Aust) Pty Ltd ("Summit") and Mount Isa Uranium Pty Ltd ("MIU") (a wholly owned subsidiary of Valhalla Uranium Limited, which in turn is wholly owned by Paladin). Valhalla Uranium Limited was previously a wholly owned subsidiary of RML.

In September 2006 Summit commenced proceedings ("Proceedings") in the Supreme Court of Western Australia against RML and MIU in relation to disclosures allegedly in breach of the Isa Uranium Joint Venture Agreement. Summit claimed it was entitled to acquire MIU's interest in the Isa Uranium Joint Venture at 85% of value, on account of alleged disclosure of joint information by MIU and its predecessor Resolute, to amongst others, Paladin. Were Summit to be successful in the Proceedings and acquire MIU's interest in the Isa Uranium Joint Venture, RML would become liable to Paladin for an amount equal to 15% of the value of MIU's joint venture interest, capped at \$75m.

On 3 August 2007, Summit, after having an Independent Committee (of the Board of Summit Resources Limited, Summit's holding company) obtain legal advice and review the commercial rationale for litigation, determined it to be in Summit's best interests to discontinue the Proceedings and as a result, a Deed of Release and Settlement was executed by Summit and the other parties to the Proceedings. The principal terms of settlement were that Proceedings be terminated on the basis that each party bears its own costs.

On 3 August 2007, Areva NC (Australia) Pty Ltd ("Areva") (a wholly owned subsidiary of French company, Areva NC) by then a 10% shareholder in Summit Resources Limited commenced an application to the Supreme Court of Western Australia to intervene in the Proceedings and act on behalf of Summit in the Proceedings (under section 237 of the Corporations Act). The application was heard by the Court in May 2009, and judgement is awaited.

If Areva's application is successful which includes overturning the Deed of Release and Settlement, then subject to any appeal, the Proceedings will be resumed and both MIU and Resolute will defend them. Were Summit to then be successful in the Proceedings and acquire MIU's interest in the Isa Uranium Joint Venture, RML would become exposed to a liability to Paladin for an amount equal to 15% of the value of MIU's joint venture interest, capped at \$75m. RML is confident that at all times the disclosure obligations under the Isa Uranium Joint Venture Agreement have been complied with.

In October 2009, RML, Areva NC (Australia) Pty Ltd, Paladin Energy Limited ("Paladin"), Mt Isa Uranium Pty Ltd (a subsidiary of Paladin) and Summit Resources Limited entered into a conditional Deed of Settlement, Release and Assignment ("Settlement Agreement") to settle a number of outstanding matters, including litigation, between the various parties. Included in this Settlement Agreement is the termination of the Deed of Indemnity provided by RML to Paladin in 2006 (at the time RML sold its uranium assets to Paladin). The estimated cost associated with settling this conditional Settlement Agreement has been provided for in RML's accounts at 30 June 2010.

(d) TANESCO ELECTRICITY SUPPLY CONTRACT

TanESCO (the Tanzanian national electricity provider) provides electricity to RTL pursuant to an Electricity Supply Agreement. The Agreement refers to an annual price escalation formula containing escalation factors that are open to interpretation. Pursuant to TanESCO's interpretation of the escalation formula,

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4.7b Tsh (USD\$3.2m) relating to amounts in excess of the general Tanzanian public rate covering the period from 1 January 2008 to 30 June 2008 was invoiced to RTL. The rates charged by Tanesco in their invoice were significantly higher than the general Tanzanian public rate. The amount recognised by RTL reflected the amounts payable to Tanesco by RTL if it had terminated the Agreement and elected to receive and pay for electricity under the general Tanzanian public rate. Contract discussions are continuing and both parties have confirmed their commitment to find a fair and reasonable solution.

Since 1 July 2008, RTL has continued to pay (or accrue) the electricity costs at the general Tanzanian public rate, as both Tanesco and RTL have agreed that while rate negotiations are ongoing, RTL will continue to pay the general Tanzanian public rate. The difference between the billed rate and the general Tanzanian public rate for electricity used by RTL between 1 July 2008 to 30 June 2010, which has not been accrued for or paid, is approximately 3.8b Tsh (US\$2.5m), bringing the total unrecognised amount in dispute to 8.4b Tsh (US\$5.6m).

Commitments

(a) RANDGOLD/SYAMA ROYALTY

Pursuant to the terms of the Syama Sale and Purchase agreement, Randgold Resources Limited will receive a royalty on Syama production, where the gold price exceeds US\$350 per ounce, of US\$10 per ounce on the first million ounces of gold production attributable to Resolute Mining Limited ("RML") and US\$5 per ounce on the next three million attributable ounces of gold production.

(b) NYAKAFURU ROYALTY

Resolute will be required to pay a royalty of US\$10 per ounce for each additional resource ounce, attributable to the former lamgold 34% interest that is proven up on the project, up to a total cap of US\$3.75m.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 33: EARNINGS PER SHARE (EPS)

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Basic earnings per share		
(Loss)/profit used in calculation of basic earnings per share (\$'000)	(37,173)	30,676
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	375,297,701	297,921,013
Basic EPS (cents per share)	(9.90)	10.30
Diluted earnings per share		
Net (loss)/profit attributable to ordinary equity holders of the parent adjusted for the effect of convertible notes (\$'000)	(30,810)	30,676
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	375,297,701	297,921,013
Weighted average number of notional shares used in determining diluted EPS	n/a	17,103,396
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	375,297,701	315,024,409
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS	200,669,184	2,900,000
Diluted EPS (cents per share)	(9.90)	9.74

Dilutive instruments have not been included in the calculation of diluted earnings per share for 2010 because the result for the year was a loss.

Between the reporting date and the date of completion of these financial statements there have been the following transactions involving ordinary shares or potential ordinary shares:

- 149,999 unlisted and 299 listed options over Resolute Mining Limited Ordinary Shares were issued at an average exercise price of \$0.42 per option; and,
- the issuance of Resolute Mining Limited Ordinary Shares were included in the confirmed details of a capital raising (refer to Note 38).

Notes to the financial statements

for the year ended 30 June 2010

NOTE 34: KEY MANAGEMENT PERSONNEL

(a) Key management personnel

(i) DIRECTORS

P. Huston	Non-Executive Chairman
P. Sullivan	Director and Chief Executive Officer
T. Ford	Non-Executive Director
H. Price	Non-Executive Director

(ii) EXECUTIVES

G. Fitzgerald	General Manager - Finance & Administration and Company Secretary
P. Venn	General Manager - Business Development (Appointed 21 July 2008)
A. King	General Manager - Operations (Appointed 1 December 2008, contract terminated 30 July 2010)
M. Christie	General Manager - Exploration (Contract terminated 18 July 2008)*
M. Turner	General Manager - Operations (Contract terminated 12 September 2008)*

*Included in 2009 key management personnel

(b) Compensation of key management personnel

Details of remuneration provided to key management personnel are as follows:

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Short-term employee benefits	2,032,378	1,719,550
Post-employment benefits	199,175	235,209
Share-based payments	119,004	65,982
	2,350,557	2,020,741

Notes to the financial statements

for the year ended 30 June 2010

NOTE 34: KEY MANAGEMENT PERSONNEL (CONTINUED)

(a) Details of option holdings of key management personnel are as follows

	OPTIONS TYPE	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR AS COMPENSATION (i)	GRANT DATE	FAIR VALUE OF OPTIONS AT GRANT DATE	TOTAL FAIR VALUE OF OPTIONS AT GRANT DATE	FIRST EXERCISE DATE OF OPTIONS GRANTED DURING THE YEAR
					\$	\$	

2010

Directors

P. Huston	Listed	26,761	-	-	-	-	-
P. Sullivan	Listed	133,333	-	-	-	-	-
T. Ford	Listed	133,333	-	-	-	-	-
H. Price	Listed	67,554	-	-	-	-	-

Officers

G. Fitzgerald	Unlisted	225,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 2010
P. Venn	Unlisted	225,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 2010
P. Venn (ii)	Listed	-	-	-	-	-	-
A. King (iii)	Unlisted	150,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 2010

2009

Directors

P. Huston	Listed	-	-	-	-	-	-
P. Sullivan	Listed	-	-	-	-	-	-
T. Ford	Listed	-	-	-	-	-	-
H. Price	Listed	-	-	-	-	-	-

Officers

M. Turner	Unlisted	75,000	-	-	-	-	-
G. Fitzgerald (vi)	Unlisted	75,000	150,000	31 Jan 2009	0.20	30,000	1 Feb 2010
M. Christie (iv)	Unlisted	225,000	-	-	-	-	-
P. Venn (v),(vi)	Unlisted	24,000	201,000	(v)	(v)	62,640	(v)
A. King	Unlisted	-	150,000	31 Jan 2009	0.20	30,000	1 Feb 2010

- (i) Options granted vest in accordance with the Resolute Mining Limited Employee Share Option Plan following the review by the relevant supervisor of the key management personnel's performance. For details on the valuation of the options, including models and assumptions used, refer to Note 31.
- (ii) During the year P. Venn acquired on the market 5,000 listed options over Resolute Mining Limited ordinary shares.
- (iii) On 1 April 2010, 50,000 options were exercised at a price of \$0.42 per option. These options were due to expire on 31 January 2014. The total fair value at grant date of the options exercised was \$10,200. On 30 July 2010, a further 50,000 options were subsequently exercised at a price of \$0.42 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
- (iv) On 29 August 2008, 150,000 options were exercised at a price of \$1.42 per option. These options were due to expire on 21 December 2009. The total fair value at grant date of the options exercised was \$102,915. One ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options. All remaining options lapsed.
- (v) On 29 August 2008, 51,000 options were granted with a fair value of \$0.64 per option. The total fair value of these options granted was \$32,640. The exercise price of these options is \$1.62. First exercise date of these options was 28 February 2009. These options have an expiry date and last exercise date of 29 August 2013. On 31 January 2009, 150,000 options were granted with an exercise price of \$0.42 and expiry date of 31 January 2014. The fair value of the options at grant date was \$0.20 per option. The total fair value of these options granted was \$30,000. First exercise date of these options is 1 February 2010. These options have an expiry date and last exercise date of 31 January 2014.

Notes to the financial statements

for the year ended 30 June 2010

EXPIRY & LAST EXERCISE DATE OF OPTIONS GRANTED DURING THE YEAR	EXERCISE PRICE OF OPTIONS GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	LAPSED DURING THE YEAR	ACQUIRED DURING THE YEAR	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR		VALUE OF OPTIONS EXERCISED DURING THE YEAR
	\$					No.	%	\$
-	-	-	-	-	26,761	-	-	-
-	-	-	-	-	133,333	-	-	-
-	-	-	-	-	133,333	-	-	-
-	-	-	-	-	67,554	-	-	-
14 Feb 2015	1.09	-	-	-	359,102	100,000	27.85	-
14 Feb 2015	1.09	-	-	-	359,102	100,000	27.85	-
-	-	-	-	5,000	5,000	5,000	100.00	-
14 Feb 2015	1.09	(50,000)	-	-	234,102	-	-	32,500
-	-	-	-	26,761	26,761	-	-	-
-	-	-	-	133,333	133,333	-	-	-
-	-	-	-	133,333	133,333	-	-	-
-	-	-	-	67,554	67,554	-	-	-
-	-	-	(75,000)	-	-	-	-	-
31 Jan 2014	0.42	-	-	-	225,000	25,000	11.11	-
-	-	(150,000)	(75,000)	-	-	-	-	19,500
(v)	(v)	-	-	-	225,000	25,000	11.11	-
31 Jan 2014	0.42	-	-	-	150,000	-	-	-

- (vi) Pursuant to rights issues made on 31 December 2008, 28 January 2009 and 4 February 2009, the strike price reduced by 1 cent per option, which resulted in a less than \$300 decrease in total fair value of options held by P. Venn and G. Fitzgerald (all other key management personnel: nil). There were no other changes in the terms of the options, including the class of the underlying equity instrument, time remaining until expiry, or any terms affecting the vesting or exercise rights of the options. The market price of Resolute Mining Limited shares at each of the modification dates was as follows:

MODIFICATION DATE	SHARE PRICE
4 February 2009	\$0.48
28 January 2009	\$0.42
31 December 2008	\$0.50
5 November 2007	\$1.88

- (vii) The value of the lapsed options at the date of lapse was \$101,032 for M. Christie and \$70,087 for M. Turner.

- (viii) These options were acquired through participation in a capital raising. The options have the same terms and conditions as the existing listed series (ASX:RSGO).

Notes to the financial statements

for the year ended 30 June 2010

NOTE 34: KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Details of share holdings of key management personnel are as follows:

	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR ON THE EXERCISE OF OPTIONS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2010				
Directors				
P. Huston	401,421	-	-	401,421
P. Sullivan (i)	3,157,008	-	12,269	3,169,277
T. Ford (i)	14,208	-	12,269	26,477
H. Price (i)	18,638	-	6,134	24,772
Officers				
G. Fitzgerald	-	-	-	-
P. Venn (ii)	16,000	-	(8,000)	8,000
A. King (iii)	20,000	50,000	-	70,000
2009				
Directors				
P. Huston (iv)	361,279	-	40,142	401,421
P. Sullivan (i)	3,146,400	-	10,608	3,157,008
T. Ford (i)	3,600	-	10,608	14,208
H. Price (i)(iv)	12,000	-	6,638	18,638
Officers				
M. Turner (v)	-	-	-	-
G. Fitzgerald	-	-	-	-
M. Christie (v)	186,000	150,000	-	336,000
P. Venn	16,000	-	-	16,000
A. King	-	-	20,000	20,000

(i) These shares were issued by the company in lieu of interest owing on convertible notes held by the director.

(ii) These shares were acquired or sold at the prevailing market price; no amounts remain unpaid as at 30 June 2010.

(iii) These shares were acquired through the exercise of options.

(iv) These shares were acquired through participation in a rights issue.

(v) Balance at the end of the year refers to the date of termination.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 34: KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Details of convertibles note holdings of key management personnel are as follows:

	BALANCE AT THE START OF THE YEAR	ACQUIRED DURING THE YEAR	BALANCE AT THE END OF THE YEAR
2010			
Directors			
P. Huston	-	-	-
P. Sullivan	200,000	-	200,000
T. Ford	200,000	-	200,000
H. Price	100,000	-	100,000
Officers			
G. Fitzgerald	-	-	-
P. Venn	-	-	-
A. King	-	-	-
2009			
Directors			
P. Huston	-	-	-
P. Sullivan	-	200,000	200,000
T. Ford	-	200,000	200,000
H. Price	-	100,000	100,000
Officers			
M. Turner	-	-	-
G. Fitzgerald	-	-	-
M. Christie	-	-	-
P. Venn	-	-	-
A. King	-	-	-

These convertible notes were acquired through participation in a capital raising.

Notes to the financial statements

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NOTE 35: OPERATING SEGMENTS

The Group has identified three operating segments based on the internal reports that are reviewed and used by the chief executive officer and his management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management as being operating mine sites. Each of the mine sites are managed separately and they operate in different regulatory and economic environments.

The principal activities of each operating segment are gold mining and prospecting and exploration for minerals.

Information regarding the operations of each reportable segment is included below. Performance is measured based on ounces delivered and cost of production per ounce. Management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the gold mining industry.

The accounting policies used by the Group in reporting segments are the same as those used in the preparation of financial statements.

Inter-entity gold sales are recognised based on the prevailing spot price. The price is aimed to reflect what the segment would have achieved if it sold its gold to external parties at arm's length.

Income tax expense is calculated based on the segment operating net profit using a notional charge of the respective tax jurisdiction. No effect is given for taxable or deductible temporary differences.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Realised and unrealised treasury transactions, including derivative contract transactions;
- Finance costs - including adjustments on provisions due to discounting; and,
- Net gains/losses on disposal of available-for-sale investments.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 35: OPERATING SEGMENTS (CONTINUED)

2010	RAVENSWOOD (AUSTRALIA)	GOLDEN PRIDE (TANZANIA)	SYAMA (MALI)	UNALLOCATED		TOTAL
				CORP/OTHER	TREASURY	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
				(c)	(c)	
Revenue						
Gold sales at spot to external customers (a)	158,456	181,446	54,034	-	-	393,936
Total segment gold sales revenue	158,456	181,446	54,034	-	-	393,936
Cash costs	(101,081)	(86,617)	(46,441)	-	-	(234,139)
Depreciation and amortisation	(21,034)	(6,155)	(15,952)	-	-	(43,141)
Other operating costs (b)	(6,112)	(6,990)	(291)	(388)	-	(13,781)
Other corporate/admin costs (b)	(53)	-	-	(3,627)	-	(3,680)
Segment operating result before treasury, other income/(expenses) and tax	30,176	81,684	(8,650)	(4,015)	-	99,195
Finance costs	-	-	-	-	(11,220)	(11,220)
Other realised treasury	-	-	-	-	(51,257)	(51,257)
Segment operating result before unrealised treasury, other income/(expenses) and tax	30,176	81,684	(8,650)	(4,015)	(62,477)	36,718
Other income	38	9	-	9,297	294	9,638
Exploration expenditure	(1,586)	(2,415)	(2,995)	(2,284)	-	(9,280)
Other	-	-	-	(1,052)	-	(1,052)
Unrealised treasury	-	-	-	-	(75,976)	(75,976)
Income tax (expense)/benefit	(2,290)	(15,555)	-	1,226	-	(16,619)
Net profit/(loss) after tax	26,338	63,723	(11,645)	3,172	(138,159)	(56,571)
Reconciliation of total segment revenue to statement of comprehensive income:						
Total segment gold sales revenue to external customers						393,936
Realised loss on gold forward contracts						(59,084)
Amortisation of gold hedge reserve						7,632
Total revenue per statement of comprehensive income						342,484
Reconciliation of cash flow by segment to the cash flow statement:						
Cash flow by segment, including receivables - gold bullion sales	30,292	73,726	(49,711)	(5,898)	(33,360)	15,049
Movement in cash and cash equivalents per cash flow statement						5,063
Capital expenditure	18,160	3,407	67,303	8,936	-	97,806
Segment assets	121,117	79,131	380,726	31,572	89	612,635
Non-current assets based on their locations	100,183	30,195	327,349	19,051	-	476,778
Segment liabilities	26,983	24,685	40,929	6,373	230,625	329,595

Notes to the financial statements

for the year ended 30 June 2010

NOTE 35: OPERATING SEGMENTS (CONTINUED)

2009	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED		TOTAL \$'000
				CORP/OTHER \$'000 (c)	TREASURY \$'000 (c)	
Revenue						
Gold sales at spot to external customers (a)	182,159	147,428	-	-	-	329,587
Total segment gold sales revenue	182,159	147,428	-	-	-	329,587
Cash costs	(115,919)	(83,283)	-	-	-	(199,202)
Depreciation and amortisation	(19,955)	(7,623)	-	-	-	(27,578)
Other operating costs (b)	(7,254)	(6,807)	(2,103)	-	-	(16,164)
Other corporate/admin costs (b)	-	-	-	(4,223)	-	(4,223)
Segment operating result before treasury, other income/(expenses) and tax	39,031	49,715	(2,103)	(4,223)	-	82,420
Finance costs	-	-	-	-	(4,069)	(4,069)
Other realised treasury	-	-	-	-	(34,036)	(34,036)
Segment operating result before unrealised treasury, other income/(expenses) and tax	39,031	49,715	(2,103)	(4,223)	(38,105)	44,315
Other income	-	-	-	11,496	425	11,921
Exploration expenditure	(849)	(4,046)	(3,223)	(3,425)	-	(11,543)
Asset impairment	(9,182)	(3,180)	-	(4,130)	-	(16,492)
Unrealised treasury	-	-	-	-	1,141	1,141
Income tax (expense)/benefit	(1,760)	-	-	3,094	-	1,334
Net profit/(loss) after tax	27,240	42,489	(5,326)	2,812	(36,539)	30,676
Reconciliation of total segment revenue to statement of comprehensive income:						
Total segment gold sales revenue to external customers						329,587
Realised loss on gold forward contracts						(35,859)
Amortisation of gold hedge reserve						5,985
Total revenue per statement of comprehensive income						299,713
Cash flow by segment, including receivables - gold bullion sales	43,949	37,987	(158,208)	(5,731)	62,436	(19,567)
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						57
Movement in bank overdraft						(5,821)
Exchange rate adjustment						1,240
Movement in cash and cash equivalents per cash flow statement						(24,091)
Capital expenditure	30,867	15,381	156,230	20	-	202,498
Segment assets	119,944	81,111	422,169	9,392	6,457	639,073
Non-current assets based on their locations	102,711	43,008	371,201	8,747	-	525,667
Segment liabilities	32,121	21,097	39,363	2,864	240,322	335,767

Notes to the financial statements

for the year ended 30 June 2010

NOTE 35: OPERATING SEGMENTS (CONTINUED)

- (a) Revenue from external sales for each reportable segment is derived from several customers. Except for two particular customers, the other customers individually make up greater than 10% of the respective segments' sales revenue.
- (b) Includes inter-segment revenue and expenditure.
- (c) This information does not represent an operating segment as defined by AASB 8, however this information is analysed in this format by the Chief Operating Decision Makers, and forms part of the reconciliation of the results and positions of the operating segments to the financial statements.

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including gold price risk, diesel fuel price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks, where considered appropriate, to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to manage certain risk exposures. Derivatives are used exclusively for managing financial risks, and not as trading or other speculative instruments.

Risk management is carried out by the Group's Financial Risk Management Committee under policies approved by the Board of Directors. The Financial Risk Management Committee identifies, evaluates and manages financial risks as deemed appropriate. The Board provides guidance for overall risk management, including guidance on specific areas, such as mitigating commodity price, foreign exchange, interest rate and credit risks, by using derivative financial instruments.

(a) Market risk

USE OF DERIVATIVE INSTRUMENTS TO ASSIST IN MANAGING GOLD PRICE RISK

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group's financiers, a variety of financial instruments (such as gold forward sales contracts, gold call options and gold put options) are used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. Within this context, the programs undertaken are structured with the objective of retaining as much upside to the gold price as possible, but in any event, by limiting derivative commitments to no more than 50% of the Group's gold reserves. The value of these financial instruments at any given point in time, will in times of volatile market conditions, show substantial variation over the short term. The facilities provided by the Group's various counterparties do not contain margin calls. The Group does not hedge account for these instruments as at balance date as noted below.

During the financial year, the Group delivered 114,423 ounces of gold into forward sales contracts at an average price of A\$731 per ounce (2009: 79,288 ounces of gold at an average price of A\$745 per ounce).

Details of the gold derivative contracts at year end are shown below. To calculate the Group's total gold derivative contracts in the table below, gold denominated in USD has been converted to an AUD equivalent using the year end USD/AUD spot rate of US\$0.8520 (2009: US\$0.8142).

Gold forwards and put options

	FORWARD SALES		PUT OPTIONS BOUGHT		TOTAL	
	OUNCES	SALES PRICE \$/Ounce	OUNCES	STRIKE PRICE \$/Ounce	Ounces	\$/Ounce
2010						
AUD Denominated Contracts						
Maturity within 1 year	128,065	761	52,800	1,000	180,865	830
Between 1 and 2 years	27,015	726	57,200	1,000	84,215	912
Total	155,080	755	110,000	1,000	265,080	856

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

	FORWARD SALES		PUT OPTIONS BOUGHT		TOTAL	
	OUNCES	SALES PRICE \$/Ounce	OUNCES	STRIKE PRICE \$/Ounce	Ounces	\$/Ounce
2009						
AUD Denominated Contracts						
Maturity within 1 year	77,361	726	-	-	77,361	726
Between 1 and 2 years	108,061	726	52,800	1,000	160,861	816
Between 2 and 3 years	27,015	726	57,200	1,000	84,215	912
Total	212,437	726	110,000	1,000	322,437	819
USD Denominated Contracts						
Maturity within 1 year	37,065	522	-	-	37,065	522
Total	37,065	522	-	-	37,065	522
Total (converted to AUD)						
Maturity within 1 year	114,427	698	-	-	114,427	698
Between 1 and 2 years	108,061	726	52,800	1,000	160,861	816
Between 2 and 3 years	27,015	726	57,200	1,000	84,215	912
Total	249,503	713	110,000	1,000	359,503	801

Gold call options sold

	OUNCES	STRIKE PRICE A\$
2009		
Maturity within one year	10,000	1,300

There were no sold call option contracts outstanding as at 30 June 2010.

Movements in the fair value of these contracts are accounted for through the consolidated statement of comprehensive income. From 1 July 2007, no contracts satisfy the criteria for hedge accounting. As at 30 June 2007, 625,404 contracted ounces met the criteria for hedge accounting. As a result \$43.4m was deferred in equity in the prior years. In accordance with accounting policy at Note 1(n) this amount was transferred to the consolidated statement of comprehensive income when the forecasted sales transaction occurred. There are no amounts remaining in reserves at 30 June 2010.

DIESEL FUEL PRICE RISK

The Group is exposed to movements in the diesel fuel price. The costs incurred purchasing diesel fuel for use by the Group's operations is significant. The Group's Financial Risk Management Committee continues to manage and monitor diesel fuel price risk. At present, the Group does not specifically hedge its exposure to diesel fuel price movements.

FOREIGN EXCHANGE CURRENCY RISK

The Group receives USD proceeds on the sale of some of its gold production and significant costs for the Syama Gold Project and the Golden Pride Project are denominated in both USD and the local currencies of those operations, and as such movements within these currencies expose the Group to exchange rate risk.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk can be measured by performing a sensitivity analysis that quantifies the impact of different assumed exchange rates on the Group's forecast cash flows.

The Group's Financial Risk Management Committee continues to manage and monitor foreign exchange currency risk. At present, the Group does not specifically hedge its exposure to foreign currency exchange rate movements.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's exposure to foreign exchange currency risk at the reporting date was as follows:

	UNITED STATES DOLLARS A\$'000	AUSTRALIAN DOLLARS A\$'000	TANZANIAN SHILLINGS A\$'000	OTHER A\$'000	NO FOREIGN CURRENCY RISK A\$'000	TOTAL A\$'000
2010						
Financial Assets						
Cash	3,540	987	1,725	15	11,992	18,259
Receivables	9,614	83	10,128	8	445	20,278
Available for sale financial assets	-	-	-	126	692	818
Financial derivative assets	-	-	-	-	990	990
	13,154	1,070	11,853	149	14,119	40,345
Financial Liabilities						
Payables	6,493	2,031	868	3,317	34,943	47,652
Interest bearing liabilities (i)	49,327	-	-	-	73,418	122,745
Financial derivative liabilities	-	-	-	-	113,101	113,101
Other financial liabilities	37	-	-	-	-	37
	55,857	2,031	868	3,317	221,462	283,535
2009						
Financial Assets						
Cash	2,033	1,314	775	15	8,564	12,701
Receivables	-	166	7,169	-	2,875	10,210
Available for sale financial assets	-	-	-	55	1,052	1,107
Financial derivative assets	-	-	-	-	6,457	6,457
	2,033	1,480	7,944	70	18,948	30,475
Financial Liabilities						
Payables	721	6,520	808	5,384	42,702	56,135
Interest bearing liabilities (i)	63,929	-	-	-	61,086	125,015
Financial derivative liabilities	18,847	-	-	-	96,460	115,307
Other financial liabilities	193	-	-	-	-	193
	83,690	6,520	808	5,384	200,248	296,650

- (i) Several of the intercompany balances between Group entities create foreign exchange differences which are not eliminated from the Group's consolidated statement of comprehensive income. Those intercompany balances are not shown here as they are eliminated from the Group's consolidated statement of financial position. Refer to the table below for the significant intercompany balances outstanding at 30 June 2010.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

2010	FACILITY CURRENCY DENOMINATION	FUNCTIONAL CURRENCY OF THE BORROWER	AUD EQUIVALENT	
			2010 \$'000	2009 \$'000
Resolute Mining Limited (beneficiary)/Resolute (Somisy) Limited	AUD	Central African Franc	410,499	364,417
Resolute (Tanzania) Limited (beneficiary)/Resolute Pty Ltd	USD	AUD	68,541	26,100
			479,040	390,517

(b) Interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. For the 2010 and 2009 financial years, the majority of the Group's borrowings have been denominated in both USD and AUD.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to the potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. There is no intention at this stage to enter into any interest rate swaps.

The following tables summarises the financial assets and liabilities of the Group, together with effective interest rates as at balance date.

	FLOATING INTEREST RATE \$'000	FIXED INTEREST RATE MATURING IN			NON INTEREST BEARING \$'000	TOTAL \$'000	AVERAGE INTEREST RATE	
		< 1 YEAR \$'000	1 TO 5 YEARS \$'000	> 5 YEARS \$'000			FLOATING	FIXED
2010								
Financial Assets								
Cash	18,259	-	-	-	-	18,259	1.5%	-
Receivables	-	-	-	-	20,278	20,278	-	-
Available for sale financial assets	-	-	-	-	818	818	-	-
Financial derivative assets	-	-	-	-	990	990	-	-
	18,259	-	-	-	22,086	40,345		
Financial Liabilities								
Payables	-	-	-	-	47,652	47,652	-	-
Interest bearing liabilities	37,455	13,123	72,167	-	-	122,745	5.4%	15.2%
Financial derivative liabilities	-	92,075	21,026	-	-	113,101	-	9.9%
Other financial liabilities	-	-	-	-	37	37	-	-
	37,455	105,198	93,193	-	47,689	283,535		
2009								
Financial Assets								
Cash	12,701	-	-	-	-	12,701	0.3%	-
Receivables	-	-	-	-	10,210	10,210	-	-
Available for sale financial assets	-	-	-	-	1,107	1,107	-	-
Financial derivative assets	-	-	-	-	6,457	6,457	-	-
	12,701	-	-	-	17,774	30,475		
Financial Liabilities								
Payables	-	-	-	-	56,135	56,135	-	-
Interest bearing liabilities	52,632	43,623	28,760	-	-	125,015	2.1%	13.7%
Financial derivative liabilities	-	52,949	62,358	-	-	115,307	-	9.2%
Other financial liabilities	-	-	-	-	193	193	-	-
	52,632	96,572	91,118	-	56,328	296,650		

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Credit risk exposure

The group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets as well as US\$3.1m in relation to financial guarantees granted (see note 20(a)).

Credit risk is managed on a Group basis. Credit risk predominately arises from cash, cash equivalents, derivative financial instruments, deposits with banks and financial institutions and receivables from statutory authorities. For derivative financial instruments, management mitigates some credit risk by using a number of different hedging counterparties.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to Financial Risk Management Committee approval. Refer to Note 17 (a) and (b) and Note 20 for information on guarantees provided.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Cash at bank & short term deposits		
<i>Counterparties with external credit ratings</i>		
A+	13,562	10,448
BBB	4,376	1,958
<i>Counterparties without external credit ratings</i>		
No rating	321	295
Total cash at bank & short term deposits	18,259	12,701
Trade receivables		
<i>Counterparties with external credit ratings</i>		
AA+	1,132	1,128
B-	579	702
<i>Counterparties without external credit ratings *</i>		
Group 1	2,249	2,725
Group 2	11,500	8,737
Total trade receivables	15,460	13,292
Financial derivative assets		
AA-	990	6,457
Total financial derivative assets	990	6,457

* Group 1 refers to existing counterparties with no defaults in the past. Group 2 refers to existing counterparties where difficulty in recovering these debts in the past has been experienced.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, or having the availability of funding through an adequate amount of undrawn committed credit facilities.

As at 30 June 2010, the Group had \$4.7m (AUD equivalent) in unused bank overdraft facilities (2009: \$5.1m (AUD equivalent)).

Refer to Note 1(a) for the discussion on future cash flow requirements.

The remaining contractual maturities of the Group's financial liabilities, including future finance costs, are:

LIQUIDITY ANALYSIS

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Due within 1 to 3 months	82,864	73,499
Due within 4 months to one year	62,149	56,865
Due between one and five years	177,288	206,987
Total contractual repayments	322,301	337,351

(e) Instruments recognised at amounts other than fair value

Except for the liability portion of the convertible notes, the fair value of all the Group's financial instruments recognised in the financial statements approximates or equals their carrying amounts.

The fair value of the liability portion of the convertible notes is estimated using the market interest rate available to the issuer for an instrument with identical terms but without the conversion option.

(f) Fair values for instruments recognised at fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	AS AT 30 JUNE 2010				AS AT 30 JUNE 2009			
	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE - MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE - NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL	QUOTED MARKET PRICE (LEVEL 1)	VALUATION TECHNIQUE - MARKET OBSERVABLE INPUTS (LEVEL 2)	VALUATION TECHNIQUE - NON MARKET OBSERVABLE INPUTS (LEVEL 3)	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
Available for sale financial assets	818	-	-	818	1,107	-	-	1,107
Financial derivative assets	-	990	-	990	-	6,457	-	6,457
	818	990	-	1,808	1,107	6,457	-	7,564
Financial Liabilities								
Financial derivative liabilities	-	113,101	-	113,101	-	115,307	-	115,307
	-	113,101	-	113,101	-	115,307	-	115,307

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses a valuation technique such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include forward commodity.

The fair value of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk are not observable, the derivative would be classified as based on non observable market inputs (Level 3). Certain long dated forward commodity contracts where there are no observable forward prices in the market are classified as Level 2 as the unobservable inputs are not considered significant to the overall value of the contract.

(g) Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

Notes to the financial statements

for the year ended 30 June 2010

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Sensitivity analysis

The following table summarises the post tax effect of the sensitivity of the Group's financial assets and financial liabilities on profit and equity at balance date to interest rate risk, foreign exchange currency risk and gold price risk.

	INTEREST RATE RISK			
		-1%		+1%
	CARRYING AMOUNT	PROFIT	EQUITY	PROFIT
	\$'000	\$'000	\$'000	\$'000
Consolidated				
30 JUNE 2010				
Financial Assets				
Cash and cash equivalents	18,259	(128)	(128)	128
Trade and other receivables	20,278	-	-	-
Available for sale financial assets	818	-	-	-
Financial derivative assets	990	77	77	(70)
Financial Liabilities				
Payables	47,652	-	-	-
Interest bearing liabilities	122,745	275	275	(275)
Financial derivative liabilities	113,101	451	451	(445)
Other financial liabilities	37	-	-	-
Total increase/(decrease)		675	675	(662)

Consolidated

30 June 2009

Financial Assets

Cash and cash equivalents	12,701	(89)	(89)	89	89
Trade and other receivables	10,210	-	-	-	-
Available for sale financial assets	1,107	-	-	-	-
Financial derivative assets	6,457	-	-	-	-

Financial Liabilities

Payables	56,135	-	-	-	-
Interest bearing liabilities	125,015	378	378	(378)	(378)
Financial derivative liabilities	115,307	-	-	-	-
Other financial liabilities	193	-	-	-	-
Total increase/(decrease)		289	289	(289)	(289)

Notes to the financial statements

for the year ended 30 June 2010

FOREIGN EXCHANGE RISK				GOLD PRICE RISK			
-10%		+10%		-10%		+10%	
PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY	PROFIT	EQUITY
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
621	621	(421)	(421)	-	-	-	-
1,489	1,489	(1,217)	(1,217)	-	-	-	-
(9)	(9)	9	9	-	-	-	-
(341)	(341)	537	537	611	611	(316)	(316)
(571)	(571)	496	496	-	-	-	-
(38,933)	(38,933)	31,854	31,854	-	-	-	-
(17,649)	(17,649)	14,440	14,440	15,877	15,877	(15,877)	(15,877)
-	-	-	-	-	-	-	-
(55,393)	(55,393)	45,698	45,698	16,488	16,488	(16,193)	(16,193)
295	295	(265)	(265)	-	-	-	-
1,676	1,676	(1,035)	(1,035)	-	-	-	-
4	4	(4)	(4)	-	-	-	-
(1,665)	(1,665)	2,020	2,020	2,261	2,261	(1,530)	(1,530)
(523)	(523)	817	817	-	-	-	-
(33,321)	(33,321)	27,263	27,263	-	-	-	-
(20,665)	(20,665)	16,743	16,743	20,063	20,063	(20,235)	(20,235)
-	-	-	-	-	-	-	-
(54,199)	(54,199)	45,539	45,539	22,324	22,324	(21,765)	(21,765)

Notes to the financial statements

for the year ended 30 June 2010

NOTE 37: SALE OF SUBSIDIARIES

During the year the Group sold a number of its Ghanaian subsidiaries to Viking Ashanti Limited. Consideration was received in the form of 23 million ordinary shares in Viking Ashanti (33.25% of the ordinary share capital) and cash.

Assets and liabilities of disposed entities:

The major classes of assets and liabilities are as follows:

	ASSOCIATED GOLD FIELDS PTY LTD	GHANA MINING INVESTMENTS PTY LTD	KIWI INTERNATIONAL RESOURCES PTY LTD	O BENEMASE GOLD MINES LTD	RESOLUTE AMANSIE LIMITED	KIWI GOLDFIELDS LIMITED	ABORE MINING COMPANY LIMITED	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets								
Trade and other receivables	-	-	-	12	890	1	-	903
Inventories	-	-	-	-	26	-	-	26
Property, plant and equipment	-	-	-	-	35	-	-	35
Other	-	-	-	-	66	-	-	66
	-	-	-	12	1,017	1	-	1,030
Liabilities								
Trade and other payables	-	-	-	(37)	(85)	-	(2)	(124)
	-	-	-	(37)	(85)	-	(2)	(124)
Net (liabilities)/assets attributable to subsidiaries disposed of	-	-	-	(25)	932	1	(2)	906

Gain on disposal of subsidiary

Consideration received:

Shares in Viking Ashanti Limited

Cash

Total consideration

Less net assets of entities disposed

Add foreign currency translation disposed of

Gain on disposal of subsidiaries before income tax

Other costs incidental to sale

Income tax expense

Gain on disposal of subsidiaries after income tax

Net cash inflow on disposal:

Cash and cash equivalents consideration

Less cash and cash equivalents balance disposed of:

Reflected in the consolidated statement of cash flows

10
\$'000

6,000
284
6,284
(906)
1,886
7,264
(56)
-
7,208
284
-
284

Notes to the financial statements

for the year ended 30 June 2010

NOTE 38: SUBSEQUENT EVENTS

On 20 September 2010, Resolute Mining Limited entered into an agreement to raise \$40.0 million in new equity. The net proceeds from this raising will primarily be applied to partially fund the close out of the Group's gold derivative contracts with the balance used for working capital and general corporate purposes.

Resolute Mining Limited has received approval from its derivative contract counterparties, Barclays Bank PLC and Investec Bank (Australia) Limited, to neutralise, through forward gold purchases, the portion of its gold derivative contracts not closed out with the proceeds from the equity raising. As a result, Resolute Mining Limited will become effectively unhedged and fully exposed to gold price movements.

The equity proceeds were raised through a combination of an institutional placement and exercise of existing listed options (ASX:RSGO). A total of approximately 11.8 million shares were issued at \$1.24 per share under the placement and approximately 42.4 million options were exercised at a price of \$0.60 per option. Funds are expected to be received by 5 October 2010. Morgan Stanley has underwritten this capital raising, which includes a right to terminate the capital raising if the S&P/ASX 200 Index falls at any time by an amount that is 10% or more of the level of that index at the close of trading on 17 September 2010.

NOTE 39: PARENT ENTITY INFORMATION

Information relating to Resolute Mining Limited:

	CONSOLIDATED	
	10	09
	\$'000	\$'000
Current Assets	2,422	654
Total Assets	434,803	455,224
Current Liabilities	17,770	69,719
Total Liabilities	105,315	157,511
Issued Capital	237,083	209,680
Retained Earnings	70,114	78,978
Convertible Note Equity Reserve	11,646	3,492
Option Equity Reserve	8,554	4,064
Share Based Payments Reserve	2,021	1,499
Reserves-Unrealised Gain/Loss	70	-
Total Shareholders Equity	329,488	297,713
Loss of Resolute Mining Limited	(8,864)	(14,056)
Total comprehensive expense of Resolute Mining Limited	(8,794)	(13,789)

Refer to Note 32 for the contingent liabilities and commitments of Resolute Mining Limited.

Directors' declaration

In accordance with a resolution of the directors of Resolute Mining Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and,
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a);
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and,
- (d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2010.

On behalf of the Board



P.R. Sullivan
Director

Perth, Western Australia
24 September 2010

Independent audit report

to the members of Resolute Mining Limited



Independent audit report to the members of Resolute Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Resolute Mining Limited, which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 (a), the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

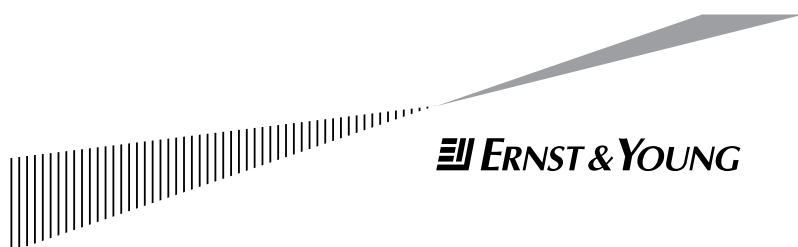
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Independent audit report

to the members of Resolute Mining Limited



AUDITOR'S OPINION

In our opinion:

1. the financial report of Resolute Mining Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 37 to 44 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the Remuneration Report of Resolute Mining Limited for the year ended 30 June 2010, complies with section 300A of the Corporations Act 2001.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin A Buckingham'.

Gavin A Buckingham

Partner

Perth

24 September 2010

Shareholder information

SUBSTANTIAL SHAREHOLDERS AT 30 SEPTEMBER 2010

	NUMBER HELD	PERCENTAGE
Ordinary shares		
Alliance Life Common Fund Limited	77,691,224	20.0%
M&G Investment Management Limited (or Vanguard Precious Metals and Mining Fund)	75,116,144	19.1%
Vanguard Precious Metals and Mining Fund	51,965,029	13.4%
Baker Steel Capital Managers LLP (Clients of and associated or connected parties)	38,794,200	9.9%
Bank of America Corporation / Merrill Lynch	34,701,392	8.8%
Acorn Capital Limited	11,541,979	6.5%
Options - ordinary shares		
J P Morgan Nominees Australia Limited	17,603,695	29.8%
HSBC Custody Nominees Australia Limited	11,932,935	20.2%
National Nominees Limited	7,202,298	12.2%
Equity Trustees Limited	5,519,246	9.3%
Convertible notes		
J P Morgan Nominees Australia Limited	61,540,247	40.71%
HSBC Custody Nominees Australia Limited	44,926,125	30.60%
National Nominees Limited	22,831,636	15.55%
Equity Trustees Limited	6,157,433	4.19%

DISTRIBUTION OF EQUITY SECURITIES AS AT 1 OCTOBER 2010

Size of Holding	CLASS OF EQUITY SECURITY		
	ORDINARY SHARES SHARES	ORDINARY SHARES OPTIONS	CONVERTIBLE NOTES
1 - 1,000	1,122	326	2
1,001 - 5,000	1,808	198	71
5,001 - 10,000	681	51	68
10,001 - 100,000	928	82	62
100,001 - and over	112	32	25
Total equity security holders	4,651	689	228
Number of equity security holders with less than a marketable parcel	465	0	0

VOTING RIGHTS

(a) Ordinary shares

Under the Company's Constitution, all ordinary shares issued by the Company carry one vote per share without restriction.

(b) Options - Ordinary shares

No voting rights

(c) Convertible notes

No voting rights

Shareholder information

TWENTY LARGEST SHAREHOLDERS AS AT 30 SEPTEMBER 2010

Name	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
HSBC Custody Nominees Australia Limited	131,063,685	33.00%
J P Morgan Nominees Australia Limited	60,542,639	15.24%
National Nominees Limited	59,836,225	15.06%
Merrill Lynch Australia Nominees Pty Ltd	17,229,914	4.34%
ANZ Nominees Limited	15,388,204	3.87%
Citicorp Nominees Pty Ltd	12,849,861	3.23%
Avanteos Investments Limited (Symetry Retire)	5,887,081	1.48%
Bond Street Custodians Limited	5,067,747	1.28%
JP Morgan Nominees Australia Limited (Cash income a/c)	5,015,906	1.26%
Custodial Capital Management Pty Ltd	2,879,957	0.73%
Lim Sun Heng	2,500,000	0.63%
Mr Peter Sullivan	2,400,000	0.60%
NEFCO Nominees Pty Ltd	2,188,025	0.55%
Newport Black Trust Co Limited	1,978,485	0.50%
RBC Dexia Investor SVCS A (MLCI A/C)	1,977,242	0.50%
Berhad Lyne Ching SDN	1,950,000	0.49%
Kardinia Nominees Pty Ltd	1,620,000	0.41%
Equity Trustees Limited	1,510,000	0.38%
Queensland Investments Corporation	1,455,800	0.37%
Pan Australia Nominees Pty Ltd	1,295,610	0.33%
	334,636,381	84.24%



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A.B.N. 39 097 088 689

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders of Resolute Mining Limited (the "**Company**") will be held at 10.00 a.m. (WST) on Tuesday, 30 November 2010 at the Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia.

BUSINESS

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2010, which includes the Financial Report and Directors' Report in relation to that financial year and the Auditor's Report on the Financial Report.

2. Resolution 1 – Adopt Remuneration Report

To consider and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That the Remuneration Report for the year ended 30 June 2010 be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum."

3. Resolution 2 - Re-election of Director – Mr (Bill) Henry Thomas Stuart Price

To consider and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That Mr (Bill) Henry Thomas Stuart Price, who retires by rotation in accordance with the Constitution and being eligible, offers himself for re-election, be re-elected as a Director."

4. Resolution 3 - Ratify Share Issue

To consider and, if thought fit, pass as an ordinary resolution with or without amendment the following:

*"That, in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,762,463 Shares each at an issue price of \$1.24 to sophisticated and institutional investors on the terms and conditions in the Explanatory Memorandum (**Share Issue**)."*

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a person who participated in the Share Issue, or an associate of those persons. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 4 – Authorisation of increase in Directors Fees

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That, in accordance with Listing Rule 10.17 and Article 10.2 of the Constitution the maximum aggregate remuneration which may be paid by the Company to its Directors in each financial year be increased by \$300,000 to a maximum sum of \$600,000 for each financial year commencing 1 July 2010 which may be allocated between the Directors in the manner determined by the board of the Company from time to time."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by a Director or any of their associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Resolution 5 – Authority to issue Shares to Alliance upon exercise of Options and conversion of Convertible Notes

To consider, and if thought fit, pass as an ordinary resolution with or without amendment the following:

"That for the purposes of section 611 item 7 of the Corporations Act and all other purposes, Shareholders approve the issue of ordinary shares in the Company in respect of the exercise of the Options and conversion of Convertible Notes by Alliance on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Alliance and its associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 6 – Approval of Grant of Employee Options under Employee Share Option Plan to Mr Peter Sullivan

To consider and, if thought fit, pass the following as an ordinary resolution:

"That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 2,000,000 Employee Options under the Employee Share Option Plan to Mr Peter Sullivan on the terms set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast on Resolution 6 by Mr Peter Sullivan and any of his associates. However, the Company will not disregard a vote cast on Resolution 3 if it:

- (a) is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Determination of Shareholders Right to Vote

For the purposes of the Meeting, persons who are registered holders of Shares as at 9.00am (WST) on Monday, 29 November 2010 will be voting members.

BY ORDER OF THE BOARD

G. W. Fitzgerald
Company Secretary
Dated: 22 October 2010



A.B.N. 39 097 088 689

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 10.00am (WST) on Tuesday, 30 November 2010 at Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia.

1. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, Directors' Report and Auditor's Report for the financial year ended 30 June 2010, a copy of which can be obtained on the Company's website at www.rml.com.au or by contacting the Company on telephone number: +61 8 9261 6100.

Shareholders will be offered the opportunity to ask questions or make comments on the management of the Company.

2. Resolution 1 – Adopt Remuneration Report

Pursuant to section 250R(2) of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report for the year ended 30 June 2010 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Chief Executive Officer, specified executives and non-executive Directors.

The provisions of the Corporations Act provide that Resolution 1 need only be an advisory vote of Shareholders.

Therefore, Resolution 1 is advisory only and does not bind the Directors. Of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

3. Resolution 2 - Re-election of Director - Mr (Bill) Henry Thomas Stuart Price

Article 3.6 of the Constitution requires that one-third of the Directors must retire at each annual general meeting (or if that is not a whole number, the whole number nearest to one-third).

Article 3.6 also provides that a Director who retires is eligible for re-election.

Pursuant to these Articles, Mr Price will retire by rotation and seek re-election.

A brief resume of Mr Price is contained in the Annual Report.

The Board believes that Mr Price has performed the duties and responsibilities of a director diligently and professionally, in the best interests of all Shareholders.

The Board unanimously supports the re-election of Mr Price.

Resolution 2 is an ordinary resolution.

4. Resolution 3 - Ratify Share Issue

4.1 General

On 20 September 2010, the Company announced that it had successfully completed an equity raising of \$40 million through a combination of an institutional placement and exercise of existing listed options.

As part of the equity raising, on 6 October 2010 the Company issued 11,762,463 Shares to sophisticated and institutional investors of Morgan Stanley Australia Securities Limited at an issue price of \$1.24 per Share.

Resolution 3 seeks Shareholder approval for the ratification of the Share Issue to sophisticated and institutional investors of Morgan Stanley Australia Securities Limited, who are not a related party of the Company.

Resolution 3 is an ordinary resolution.

4.2 Listing Rule 7.4

The Shares issued under the Share Issue were issued within the Company's 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval. The effect of Shareholders passing Resolution 3 will be to restore the Company's ability to issue securities within that limit, to the extent of the Share Issue.

4.3 Specific Information required by Listing Rule 7.5

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) 11,762,463 Shares were issued to sophisticated and institutional investors of Morgan Stanley Australia Securities Limited on 6 October 2010;
- (b) the Shares were issued at a price of \$1.24 each;
- (c) the Shares under the Share Issue are fully paid ordinary shares in the capital of the Company;
- (d) \$14,585,454 was raised by the issue of Shares under the Share Issue before costs. The funds raised will be used to close out a portion of the Company's hedge book; and
- (e) a voting exclusion statement is included in the Notice.

5. Resolution 4 – Authorisation of increase in Directors Fees

Article 10.2 of the Constitution provides for the Company to fix the maximum aggregate amount of fees payable to the directors by ordinary resolution and any changes made to the fixed directors' fees require approval of the members in general meeting.

Listing Rule 10.17 provides that an entity must not increase the total amount of Directors' fees payable by it or any of its controlled entities without the approval of holders of its ordinary securities. The rule does not apply to the salary of an executive director. This requirement is also reflected in the Company's Constitution.

The current maximum remuneration payable to Directors pursuant to prior shareholder approval and the Company's Constitution is \$300,000 per annum. The Directors of the Company seek shareholders' approval to increase this maximum amount by \$300,000 to \$600,000 per annum to provide the Board with flexibility to appoint further independent Directors to enhance the capability of the Board and deal with the various interests of the Company now and in the future.

The Directors do not intend utilising the entire maximum sum of \$600,000 in the first instance. By having an increase in the maximum amount that can be paid to Directors, the Directors have the flexibility to seek new independent Directors to the Board as and when appropriate.

Resolution 4 is an ordinary resolution.

6. Resolution 5 – Authority to issue Shares to Alliance on conversion of Convertible Notes and exercise of Options

6.1 Background

Alliance is a substantial shareholder in the Company and currently holds 21.6% of the Company's Shares on issue. It also holds a significant number of Convertible Notes and Options, and in aggregate, holds 32.9% of the Company's total securities on issue.

Pursuant to the Corporations Act, Alliance has the right to gradually increase its shareholding in the Company at the rate of 3% every 6 months. If Alliance elect to do this, within a period of 2 years, it can convert all of its Convertible Notes and exercise all of its Options and increase its interest in the Company's Shares accordingly.

The proposal being put to shareholders is to allow for the issue of Shares to Alliance from the conversion of their Convertible Notes and exercise of their Options at any time. This approval was not sought prior to the issue of these securities due to time constraints and will circumvent any issues that may arise on either the Option or Convertible Note maturity dates, whereby absent shareholder approval, the Corporations Act may restrict the number of Shares the Company can issue to Alliance at that point in time.

The Directors believe that this improved flexibility in capital management will be of benefit to the Company.

Further, given the support that Alliance has provided the Company over an extended period, particularly in respect of the capital raisings conducted during the global financial crisis, combined with the "reasonable" opinion provided by an independent expert, the Directors recommend to Shareholders to approve this Resolution 5.

By way of further background information, Alliance became a substantial shareholder in the Company on 5 October 2001, with an original holding of approximately 42.7% of the Shares of the Company. Given working capital shortages and funding pressures throughout the global financial crisis the Company conducted a number of capital raisings during 2008 and 2009. Alliance provided support within a short time frame to the Company by subscribing for a number of Convertible Notes and as a result, received attaching Options.

Alliance's shareholding in the Company was diluted as a result of the capital raisings. Alliance subscribed for Options and Convertible Notes issued as part of these capital raisings, but Shareholder approval under item 7 of section 611 of the Corporations Act to issue Shares upon exercise of these Options or Convertible Notes was not sought at the time due to time constraints on the Company to complete the capital raisings.

Further details on the background of Alliance's interest in the Company is in the Independent Expert's Report in Schedule 2.

Resolution 5 seeks Shareholder approval, pursuant to and in accordance with item 7 of section 611 of the Corporations Act and for all other purposes, for the allotment and issue of Shares in respect of the exercise of Options and conversion of Convertible Notes by Alliance.

Resolution 5 is an ordinary resolution.

6.2 Impact on the Company and the Risks in issuing Shares to Alliance upon exercise of Options and conversion of Convertible Notes

(a) *Impact on Capital Structure*

Refer to Schedules 2 and 3 for further information.

If all the Convertible Notes are converted and the Options exercised by Alliance the Company will issue up to 119,433,258 new Shares in the Company to Alliance. Alliance's total holding will be 216,752,233.

This will increase the Shares on issue from 451,380,935 to 570,814,193 and the interests of Shareholders in the Company's Shares may be decreased by up to approximately 16.4% if no other Options are exercised or Convertible Notes converted.

This Share issue is not dilutive as a result of the Options and Convertible Notes held by Alliance already being part of the Company's overall capital structure.

(b) *Change in Voting Power*

Alliance's voting power in the Company may change as follows:

- (i) Voting power will be increased as a result of the:
 - (1) conversion of the Convertible Notes and exercise of the Options either through approval of resolution 5 or Alliance creeping 3% every 6 months;

- (2) acquisition of Shares by Alliance on and off market. Alliance could increase their shareholding under the creeping provisions allowing them to acquire 3% every 6 months; and
 - (3) cancellation of Shares held by Shareholders other than Alliance.
- (ii) Voting power will be decreased as a result of the:
 - (1) disposal of Shares by Alliance;
 - (2) issue of Shares by the Company to Shareholders other than Alliance;
 - (3) exercise of Options by Shareholders other than Alliance; and
 - (4) conversion of Convertible Notes by note holders other than Alliance.

6.3 Independent Expert's Report

It was resolved to appoint BDO as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the proposal in Resolution 5 is fair and reasonable to the existing Shareholders (**Independent Expert's Report**).

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

BDO has concluded that the issue of Shares to Alliance upon conversion of the Convertible Notes and exercise of Options is not fair but reasonable to the existing Shareholders.

Section 10 of the Independent Expert's Report deals with BDO's basis for concluding that the proposal is not fair as the assessed value of the Shares is above the exercise price of the Options and the conversion price of the Convertible Notes. This will be the position whether or not this proposal is approved. Please refer to Schedule 2 for further details.

BDO further notes in Section 11.4 that Alliance could increase their shareholding under the creeping provisions of the Corporations Act. Under this scenario, Alliance will be able to convert all Convertible notes and exercise all Options held to achieve a maximum interest of 37.97% in the Company within three years. This scenario will most likely only occur in the event that the Company's share price falls below the conversion price of the Convertible Notes and exercise price of the Options held and Alliance converts Convertible Notes and exercise Options held. BDO notes that if the Company share price falls to these levels then it is possible that the proposal could be considered to be fair.

The Company recommends that you read the Independent Expert's Report a copy of which is at Schedule 2 to this Notice.

6.4 Directors' Recommendation

Based on the information available, including that contained in this Explanatory Memorandum (specifically in section 6.1) and the Independent's Expert's report (including the advantages and disadvantages outlined therein), all of the Directors consider Resolution 5 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 5.

6.5 Background information on the Corporations Act

Refer to Schedule 4 for background information on the Corporations Act.

6.6 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 for obtaining approval pursuant to item 7 of section 611 of the Corporations Act:

- (a) *The identities of the allottee and any person who will have a relevant interest in the Shares to be allotted*
 - (i) Alliance Life Common Fund Ltd of 1/12 Via San Simpliciano, Milan, Italy;
 - (ii) Utilico Ltd, Exchange House, Primrose Street, London, EC2A 2NY, United Kingdom;
 - (iii) Eclectic Investment Company PLC of Springfield Lodge, Colchester Road, Chelmsford Essex CM2 5PW, United Kingdom; and
 - (iv) Custodial Capital Management Pty Ltd, PO Box 2073, Rose Bay North, NSW 2030.
- (b) *Full particulars (including the number and percentage) of the Shares in which Alliance have or will have a relevant interest immediately before and after the acquisition*

Refer to section 6.2(a) of this Explanatory Memorandum and Schedule 3 for full particulars (including the number and percentage) of the Shares in which Alliance have or will have a relevant interest immediately before and after the allotment of Shares upon the conversion of Convertible Notes and exercise of Options.
- (c) *The identity, associations (with Alliance or any of their associates) and qualifications of any person who is intended to become a director if Shareholders agree to the allotment of Shares to Alliance upon exercise of Options and conversion of Convertible Notes*

It is not intended that any new Directors will be appointed to the Board if Shareholders approve Resolution 5.
- (d) *Alliance's intentions regarding the future of the Company if Shareholders agree to the allotment of Shares to Alliance upon exercise of Options and conversion of Convertible Notes*

Other than as disclosed in this Explanatory Memorandum:

- (i) There is no intention to change the business of the Company.
- (ii) There is no intention to inject further capital into the Company.
- (iii) There is no intention to change the future employment of the present employees of the Company.
- (iv) There is no proposal whereby any property will be transferred between the Company and Alliance or any person associated with Alliance.
- (v) There is no intention to otherwise redeploy any of the fixed assets of the Company.

- (e) *Particulars of the terms of the proposed allotment of Shares and any contract or proposed contract between Alliance and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders agreement to the allotment of Shares to Alliance upon exercise of Options and conversion of Convertible Notes*

There is no contract or proposed contract between Alliance and the Company which is conditional on shareholder approval.

- (f) *When the allotment of Shares in respect of the exercise of the Options and conversion of the Convertible Notes is to be made*

There is no present intention to convert the Convertible Notes or exercise the Options. This may occur at any time in the future following the decision by Alliance, in their discretion, to convert the Convertible Notes or exercise the Options.

- (g) *An explanation of the reasons for the proposed issue of Shares to Alliance*

The Shares will be issued on the exercise of the Options and conversion of the Convertible Notes which have been granted or issued by the Company to Alliance in 2008 and 2009. See the Independent Expert's Report in Schedule 2 for further detail.

- (h) *The interests of the Directors in Resolution 5*

None of the Directors have an interest in Resolution 5.

- (i) *Identity of the Directors who approved or voted against the proposal to put Resolution 5 to Shareholders*

All of the Directors approved the proposal to put Resolution 5 to Shareholders.

- (j) *Any intention of Alliance to change significantly the financial or dividend policies of the Company*

Other than as disclosed in this Explanatory Memorandum, there is no intention by Alliance to change significantly the financial or dividend policies of the Company.

- (k) *Recommendation or otherwise of each Director as to whether Shareholders should agree to the proposed issue of Shares to Alliance in respect of the exercise of the Options and conversion of the Convertible Notes and the reasons for the recommendation*

Based on the information available, including that contained in this Explanatory Memorandum and the Independent Expert's Report, all of the Directors consider that Resolution 5 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 5.

- (l) *An analysis of whether the proposed issue of Shares to Alliance in respect of the exercise of the Options and conversion of the Convertible Notes the subject of Resolution 5 is fair and reasonable when considered in the context of the interests of the Shareholders other than Alliance.*

See Section 6.3 of the Explanatory Memorandum.

7. Resolution 6 – Approval of Grant of Employee Options under Employee Share Option Plan to Mr Peter Sullivan

7.1 Background

In line with the Company's Remuneration Policy and the desire to appropriately remunerate, incentivise and retain its Chief Executive Officer, the Company is seeking approval to grant 2,000,000 of Employee Options to Mr Sullivan under the Employee Share Option Plan. The Company believes it is preferable to align executive remuneration with shareholder wealth. Executives influence shareholder wealth by participating in the strategic direction and operational management of the Company. As such, the Company grants options and/or shares to executives, which allows executives to participate in the future growth of the Company.

The key terms of the Employee Options to be issued to Mr Sullivan under the Employee Share Option Plan are:

- (a) an exercise price equal to the Market Price (as defined in the Employee Share Option Plan Rules) of 1 Share at the date the Board decides to invite Mr Sullivan to apply for the Employee Options, plus a premium of 10%; and
- (b) an expiry date set at 5 years from the date the Employee Options are issued to Mr Sullivan.

The grant of the Employee Options will comply with the terms and conditions of the Employee Share Option Plan.

7.2 Listing Rule 10.14

Shareholder approval is required under Listing Rule 10.14 for the issue of Employee Options to Mr Sullivan as he is a Director and therefore a related party of the Company. The Board has considered the application of Chapter 2E of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances and accordingly, the Company will not also seek approval for the issue of Employee Options to Mr Sullivan pursuant to section 208 of the Corporations Act.

7.3 Specific Information required by Listing Rule 10.15

Listing Rule 10.15 requires the following information to be provided in relation to the Employee Options which may be granted to Mr Sullivan pursuant to the Employee Share Option Plan:

- (a) the maximum number of Employee Options (and hence the maximum number of Shares) which may be issued to Mr Sullivan is 2,000,000;
- (b) no consideration is payable by Mr Sullivan at the time of issue of the Employee Options or upon exercise thereof.
- (c) there have been 2,000,000 Employee Options with an exercise price of \$0.42 and a 5 year term issued to Directors in December 2001 under the Employee Share Option Plan since the date the Employee Share Option Plan was last approved by Shareholders;
- (d) under the Share Option Plan, only eligible employees and consultants are entitled to participate in the Plan. Mr Sullivan has been determined to be an eligible employee for the purposes of the Plan;
- (e) no loans will be made by the Company in connection with the issue of Employee Options to Mr Sullivan;
- (f) the Employee Options will be issued to Mr Sullivan no later than one year after the date of the Meeting (or such later date as permitted by ASX by way of a waiver from the Listing Rules); and
- (g) except as stated above, all other terms and conditions of Mr Sullivan's Employee Options are as described above in respect of the Employee Share Option Plan.

Schedule 1 – Definitions

In this Explanatory Memorandum and Notice:

Alliance means Alliance Life Common Fund Ltd of 1/12 Via San Simpliciano, Milan, Italy.

Annual Report means the Financial Report, Directors' Report and Auditor's Report in respect to the financial year ended 30 June 2010.

Article means an article of the Constitution.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Company means Resolute Mining Limited ABN 39 097 088 689.

Constitution means the Constitution of the Company.

Convertible Note means a convertible note issued by the Company.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Employee Option means an option granted under the Employee Share Option Plan.

Employee Share Option Plan means the Resolute Mining Limited Employee Share Option Plan.

Explanatory Memorandum means the explanatory memorandum to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Independent Expert's Report has the meaning section 6.3 of the Explanatory Memorandum.

Listing Rules means the Listing Rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Option means option of the Company.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a Schedule to this Notice.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Issue has the meaning in Resolution 3.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 - Independent Expert's Report

RESOLUTE MINING LTD
Independent Expert's Report

21 October 2010



Financial Services Guide

21 October 2010

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (“**BDO**” or “**we**” or “**us**” or “**ours**” as appropriate) has been engaged by Resolute Mining Limited (“**Resolute**”) to provide an independent expert’s report on the proposal to issue of shares to Alliance Life Common Fund Ltd (“**Alliance**”) and its associates on exercise of options and conversion of convertible notes, thereby increasing its shareholding in Resolute (“**the Proposal**”). You will be provided with a copy of our report as a retail client because you are a shareholder of Resolute Mining Limited.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide (“**FSG**”). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice

Fees, Commissions and Other Benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee for this engagement is approximately \$30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

We have received a fee from Rolute for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution*Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 Subiaco WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service (“FOS”). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

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21 October 2010

The Directors
Resolute Mining Limited
PO Box 7232
Cloisters Square
PERTH WA 6850

Dear Sirs

Independent Expert's Report

1. Introduction

The Alliance Life Common Fund Ltd ("**Alliance**") together with its associates comprising of Utilico Ltd ("**Utilico**"), Eclectic Investment Company Plc ("**Eclectic**") and Custodial Capital Management Pty Ltd ("**Custodial**"), (together known as ("**Alliance and its associates**") are major shareholders of Resolute Mining Limited ("**Resolute**" or "**the Company**") with a 21.56% holding interest in the Company. If the Proposal is approved, Alliance and its associates will be able to convert its convertible notes and exercise options held for shares resulting in an increase in their interest in Resolute from 21.56% to a maximum of 37.97%.

2. Summary and Opinion

2.1 Purpose of the report

The Directors of Resolute have requested that BDO Corporate Finance (WA) Pty Ltd ("**BDO**") prepare an independent expert's report ("**our Report**") to express an opinion as to whether or not the issue of shares to Alliance and its associates on exercise of options and conversion of convertible notes ("**the Proposal**") is fair and reasonable to the non associated shareholders of Resolute ("**Shareholders**").

Our Report is prepared pursuant to section 611 of the Corporations Act and is to be included in the Explanatory Memorandum for Resolute to be sent to all Shareholders to assist them in deciding whether to approve the Proposal.

2.2 Opinion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is not fair but reasonable to Shareholders.

2.3 Fairness

In Section 10 we determined that the conversion price of the convertible notes and exercise price of the options held by Alliance and their associates is less than the current fair value range of a Resolute share on issue, as detailed hereunder.

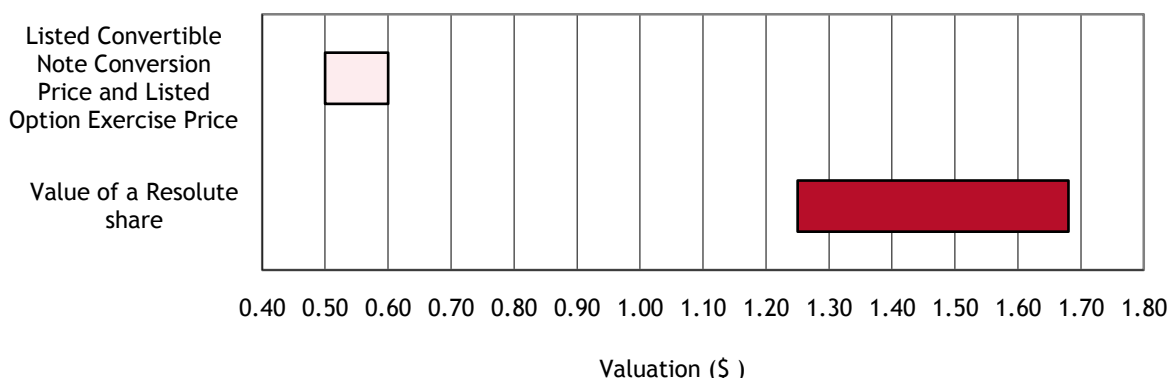
	Section	Low (\$)	High (\$)
Value of a Resolute share	9.2	1.25	1.68

	Section	Number of convertible notes or options held	Conversion Price or Exercise Price
Listed convertible notes with expiry date of 31 December 2012	10	88,242,996	\$0.50
Listed options with expiry date of 31 December 2011	10	28,940,262	\$0.60
Total listed convertible notes and options		117,183,258	
Unlisted options with expiry date of 1 October 2011	10	1,250,000	\$1.63
Unlisted options with expiry date of 31 March 2012	10	500,000	\$1.00
Unlisted options with expiry date of 30 June 2012	10	500,000	\$0.74
Total unlisted options		2,250,000	

Based on the table above, besides the unlisted options with expiry date of 1 October 2011, all listed convertible notes and a majority of options held by Alliance and its associates have a conversion price and exercise price that is significantly below the range of value for a Resolute share of \$1.25 and \$1.68 determined in Section 9.

The above valuation ranges are graphically presented below:

Valuation Summary



The above pricing indicates that, in the absence of any other relevant information, the Proposal is not fair for Shareholders.

2.4 Reasonableness

We have considered the analysis in Section 11 of this report, in terms of both

- Advantages and disadvantages of approving the Proposal; and
- Alternatives, including the position of Shareholders if the Proposal is not approved.

In our opinion, the position of the Shareholders if the Proposal is approved or not approved is neutral.

Accordingly in the absence of any other relevant information and/or a superior Proposal we believe that the Proposal is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES OF APPROVING THE PROPOSAL			
Section	Advantages	Section	Disadvantages
11.3.1	Improved net tangible asset position through cash received from the exercise of options	11.3.2	Proposal is not fair
11.3.1	No changes to current operating and financial arrangements	11.3.2	Dilution of Shareholders' interest
11.3.2	Improved capital structure flexibility		

Other key matters we have considered include:

Section	Description
11.1	No alternative transactions that we are aware of
11.2	Alliance and its associates maintains significant influence in the Company
11.4	The rejection of the Proposal merely defers the impact of the Proposal

3. Scope of the Report

3.1 Purpose of the Report

Alliance and its associates together own 21.56% of the shares in Resolute. Section 606 of the Corporations Act Regulations (**"the Act"**) expressly prohibits the acquisition of further shares by a party who already holds (with associates) more than 20% of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

Regulatory Guide 74 issued by ASIC deals with "Acquisitions Agreed to by Shareholders". It states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Resolute, by either:

- Undertaking a detailed examination of the Proposal themselves, if they consider that they have sufficient expertise; or
- By commissioning an Independent Expert's Report.

The directors of Resolute have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

The Act does not define the meaning of "fair and reasonable". In determining whether the Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about Proposals.

This Regulatory Guide suggests that an opinion as to whether Proposals are fair and reasonable should focus on the purpose and outcome of the Proposal that is, the substance of the Proposal rather than the legal mechanism to effect the Proposal. RG 111 suggests that where a transaction is a control transaction it should be analysed on a basis consistent with a takeover bid.

If the Proposal is approved Alliance will increase its interest in Resolute from 21.56% to up to 37.97%. Whilst Alliance will not substantially increase its effective control in the Company, as it already holds more than 20%, it will not be able to gain more than a 50% interest and it is already the largest shareholder in the Company, the Proposal does represent a technical increase in control and therefore must be assessed as a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. When the consideration for those securities is in the form of scrip then the expert should the expert should. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the amount that will be received by the Company from Alliance and its associates upon the exercise of the options and the conversion of the convertible notes and the value of a Resolute share to Shareholders (fairness - see Section 10 "Is the Proposal Fair?"); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 11 "Is the Proposal Reasonable?").

This assignment is a Valuation Engagement as defined by APES 225 Valuation Services. A Valuation Engagement means an engagement or assignment to perform a valuation and provide a valuation report where we determine an estimate of value of the Company by performing appropriate valuation procedures and where we apply the valuation approaches and methods that we consider to be appropriate in the circumstances.

4. Outline of the Proposal

The Proposal involves the issue of shares to Alliance and its associates on conversion of convertible notes and the exercise of options held.

The table below summarises the impact to the Company's capital structure following the issue of shares on conversion of Alliance and its associates' convertible notes and exercise of options held:

Resolute Share Structure	Pre Proposal		Post Proposal (Assuming only Alliance and its associates converts convertible notes and exercise options held)		Post Proposal (Assuming all convertible notes are converted and options are exercised)	
Undiluted Basis						
Shareholders						
Other Shareholders	354,061,960	78.44%	354,061,960	62.03%	442,640,984	67.13%
Alliance and its associates	97,318,975	21.56%	216,752,233	37.97%	216,752,233	32.87%
Total Shares on an undiluted basis	451,380,935	100.00%	570,814,193	100.00%	659,393,217	100.00%
Diluted Basis						
Convertible Notes						
Other Convertible Noteholders	58,563,358		58,563,358		~	
Alliance and its associates	88,242,996		~		~	
Total Convertible Notes	146,806,354		58,563,358		~	
Options						
Other Optionholders	30,015,666		30,015,666		~	
Alliance and its associates	31,190,262		~		~	
Total Options	61,205,928		30,015,666		~	
Total Convertible Notes and Options	208,012,282		88,579,024		~	
Total Shares on a diluted basis	659,393,217		659,393,217		659,393,217	

Based on the table above, Alliance and its associates will increase their shareholding interest in Resolute from 21.56% to a maximum of 37.97% following the conversion of 88,242,996 convertible notes and 31,190,262 options held. Assuming all the conversion of all convertible notes and all options are exercised, Alliance and its associates will only increase its shareholding interest in Resolute from 21.56% to 32.87%. Given that the majority of options and all convertible notes are 'in the money', Alliance and its associates' shareholding interest in the Company will most likely be 32.87%. On a fully diluted basis, the total number of shares potentially issued is the same pre and post Proposal.

Under the Proposal, Alliance and its associates will not seek to appoint a director to the Board of Resolute, nor will they intend to change the business of the Company, inject further capital into the Company, alter the future employment of the present employees of the Company, or significantly change the financial or dividend policies of Resolute.

If the Proposal is rejected by Shareholders, Alliance and its associates will consider all options available to them, including using the 3% creep provision (to convert 3% every 6 months, which does not need shareholder approval), disposing of their holding, and/or making a takeover offer at the conversion price. As most of the options and all of the convertible notes are listed on the ASX, Alliance and its associates are able to sell these to other parties and the new holders will not be required to obtain shareholder approval to convert or exercise the securities.

The table below outlines the terms and conditions of the convertible notes and options held by Alliance and its associates.

	Number of convertible notes and options held	Conversion Price or Exercise Price
Listed convertible notes with expiry date of 31 December 2012	88,242,996	\$0.50
Listed options with expiry date of 31 December 2011	28,940,262	\$0.60
Unlisted options with expiry date of 1 October 2011	1,250,000	\$1.63
Unlisted options with expiry date of 31 March 2012	500,000	\$1.00
Unlisted options with expiry date of 30 June 2012	500,000	\$0.74

5. Profile of Resolute Mining Limited

5.1 Overview

Resolute Mining Limited is a Perth based, ASX listed, gold production, development and exploration company. Resolute made its debut on the Australian Securities Exchange on 20 September 2001 after a capital consolidation under a scheme of arrangement was undertaken to form Resolute. Prior to the scheme of arrangement, Resolute Limited (which is now a wholly owned subsidiary of Resolute Mining Limited) had been listed on the ASX since 1979.

5.2 History of the Options and Convertible Notes

After the reorganisation which involved the issue of Resolute ordinary shares to holders of Resolute Limited preference shares, Alliance Life Common Fund Ltd became a substantial shareholder of Resolute on 5 October 2001 with a relevant interest in the issued share capital of 66,291,066 ordinary shares (42.7%). Alliance commenced its involvement with the Resolute group when it subscribed for an amount of Resolute Limited preference shares that were issued pursuant to a prospectus in July 1998.

Resolute suffered significant working capital shortages throughout the global financial crisis which commenced in October 2008. Between April and October 2008 the capital estimate for the Syama gold mine redevelopment had increased from US\$151 million to US\$ 174 million and construction and commissioning delays meant that Resolute was not able to fund all of its activities from production revenue.

On 9 October 2008 Resolute announced a proposed one for three renounceable rights issue at 55 cents per share to raise \$51 million. At the same time the Company announced that it had drawn down \$10 million of a \$20 million unsecured standby facility and had issued 1.25 million options to the debt provider. However on 20 October 2008 Resolute entered a voluntary trading halt which was upgraded to a suspension on 22 October 2008 pending an announcement regarding the previously announced capital raising.

On 28 October 2008 the Company announced that the capital raising had been restructured and that funding of \$50 million to \$60 million would be required as a result of increased capital estimates coupled with a slower than anticipated ramp up of production. On 18 November 2008 the revised capital raising of \$72.5 million was announced. Under this revised proposal convertible notes, shares and options would be issued as follows:

- By way of a prospectus dated 26 November 2008 up to \$12.5 million would be raised by way of a non-renounceable rights issue on a 1-for-9 basis at 40 cents per share with one free attaching option for each three shares held; and
- By way of a prospectus dated 28 November 2008 (and a supplementary prospectus dated 10 December 2008) up to \$60 million would be raised by way of a convertible note issue with 120 million notes being offered at 50 cents each with one free attaching option for every three convertible notes issued. The notes had a four year life with a coupon rate of 12% per annum. An additional free attaching option for every three convertible notes was given to those investors that committed to this capital raising well in advance of providing subscription monies.

Alliance provided support to this capital raising and subscribed for a number of convertible notes and as a result, received the attaching options. The capital raising was approved by shareholders at an Extraordinary General Meeting of the Company on 22 December 2008 and the capital raising was successfully completed on 2 January 2009 with Resolute's shares being reinstated to official quotation on

5 January 2009. At the Extraordinary General Meeting on 22 December 2008 shareholder approval had not been sought for the notes to be converted or the options to be exercised by Alliance as required under the Corporations Act. At the time when the capital raising was conducted, Resolute was experiencing funding pressures and was able to receive financial support from the Company's major shareholder, Alliance within a short time frame. Due to the urgencies surrounding the Company's financial situation, Resolute was not able to obtain the necessary shareholder approval for Alliance to convert convertible notes and exercise options within the necessary timeframe.

Concerns were raised in the Company's audited financial statements for the financial year ended 30 June 2008 and the Company's reviewed financial statements for the half year ended 31 December 2008 regarding the inherent uncertainties around the continuation of the Company as a going concern and therefore the Company's ability to pay its debts as and when they fall due.

Resolute entered into a voluntary suspension on 1 September 2009 pending the announcement of a capital raising plan. A prospectus issue was announced on 8 September 2009 whereby Resolute confirmed plans to raise \$35 million in capital to fund a restructure of the Company's debt, working capital and to fund further development work on growth projects through a placement of convertible notes and options.

The convertible note and option offer comprised a package of three convertible notes at a price of \$0.70 each and one option at a price of \$0.10 each for a total of \$2.20 for the package. The face value of the convertible notes was \$0.50 with the additional \$0.20 representing a premium that is not redeemable by the Noteholders. The convertible notes also feature an interest rate of 12% per annum on the face value and expire on 31 December 2012. Resolute has the right to redeem the notes from 31 December 2011 by paying \$0.50 per convertible note to the Noteholders, and in this event, the Note holder has the right to convert their notes into ordinary share on a one for one basis prior to them being redeemed. The options have an exercise price of \$0.60 and expire on 31 December 2011. In a subsequent announcement, Resolute confirmed that the convertible note and options issue was capped at \$25 million. Resolute issued 34,090,911 convertible notes and 11,363,636 options to raise \$25 million.

Over the same period, Resolute raised a further \$18.9 million through the issue of 30,000,000 ordinary shares at \$0.63 each to M&G Investments. The Company also received a notice from Utilico, who is the provider of Resolute's standby loan facility, to convert its \$10 million facility plus accrued fees and interest outstanding into 14,201,475 convertible notes and 4,733,825 options under the same terms as the prospectus issue.

In substantial shareholder notices lodged with ASX on 29 October 2009, 27 November 2009 and 5 January 2010, Alliance indicated that it had been selling Resolute shares and using these proceeds to buy convertible notes.

5.3 Operations and Exploration Projects

Resolute operates gold mines in West Africa, East Africa and Queensland. These include Syama in Mali, Golden Pride in Tanzania and Ravenswood in Queensland. Resolute is also involved in exploration activities close to its existing mine operations and in Cote d'Ivoire in West Africa.

Golden Pride Mine, Tanzania

The Golden Pride Mine is located 750km north-west of the port of Dar es Salaam and 200km south of Lake Victoria. The gold mine produced 148,675 ounces at a cash cost of A\$583/oz during the 2010 financial year.

Ravenswood Gold Mine, Queensland

The Ravenswood Gold Mine is located approximately 95km south-west of Townsville and 65km east of Charters Towers in north-east Queensland. During FY2010, the mine produced 125,652 ounces at a cash cost of A\$804/oz.

Syama Gold Mine, Mali

The Syama Gold Mine is located in the south of Mali, West Africa approximately 30kms from the Cote d'Ivoire border and 300km southeast of the capital Bamako. Resolute holds an 80% interest in the project.

As at 30 June 2010, Resolute's Reserves and Resources Statement shows total Proved and Probable Reserves of 2,917,000 ounces and in addition total Resources of 8,195,000 ounces.

5.3 Historical Balance Sheet

Historical Balance Sheet	Audited As at 30 June 2010 \$'000	Audited As at 30 June 2009 \$'000
CURRENT ASSETS		
Cash	18,259	12,701
Receivables	16,195	4,653
Inventories	85,754	75,265
Available for sale financial assets	818	1,107
Financial derivative assets	89	-
Other	3,866	6,258
Total Current Assets	124,981	99,984
NON-CURRENT ASSETS		
Receivables	4,083	5,557
Financial derivative assets	901	6,457
Exploration & Evaluation Expenditure	10,970	8,928
Development Expenditure	231,030	399,416
Property, Plant & Equipment	221,274	100,135
Deferred mining costs	13,504	17,188
Investment in associate	5,892	-
Other	-	1,408
Total Non-Current Assets	487,654	539,089
TOTAL ASSETS	612,635	639,073
CURRENT LIABILITIES		
Payables	47,652	56,135
Interest bearing liabilities	29,445	24,277
Tax liabilities	3,454	2,160
Financial derivative liabilities	92,075	52,949
Provisions	10,933	6,936
Total Current Liabilities	183,559	142,457
NON-CURRENT LIABILITIES		
Interest bearing liabilities	93,300	100,738

Historical Balance Sheet	Audited As at 30 June 2010 \$'000	Audited As at 30 June 2009 \$'000
Financial derivative liabilities	21,026	62,358
Provisions	28,624	30,021
Deferred tax liabilities	3,049	-
Other liabilities	37	193
Total Non-Current Liabilities	146,036	193,310
TOTAL LIABILITIES	329,595	335,767
NET ASSETS	283,040	303,306
EQUITY		
Contributed Equity	237,083	209,680
Reserves	22,690	15,395
Retained Earnings	41,058	78,231
Parent Interest	300,831	303,306
Non-controlling interest	(17,791)	-
TOTAL EQUITY	283,040	303,306

Source: Audited consolidated financial statements as at 30 June 2009 and 30 June 2010.

The net asset position of Resolute decreased slightly from \$303.3 million as at 30 June 2009 to \$283.0 million as at 30 June 2010.

Group cash (including bullion) at 30 June 2010 was \$27.9 million, up from \$13.0 million as at 30 June 2009.

Development expenditure recorded in the statement of financial position decreased over the year, primarily due to the transfer of Areas in Development to Property, Plant & Equipment of \$143.5 million and foreign currency translation losses of \$38.3 million. Property, Plant & Equipment increased from 30 June 2009 to 30 June 2010 due to the aforementioned transfer of Areas in Development.

Contributed equity increased by \$27.4 million from 30 June 2009 to 30 June 2010, via the issue of shares, the conversion of some convertible notes, and the exercise of both listed and unlisted options.

The net asset position of Resolute will improve by approximately \$64.4 million if the Proposal is approved through cash received of \$20,271,657 from options exercised and the elimination of interest bearing liabilities of approximately \$44.1 million associated with the 88,242,996 convertible notes held by Alliance and its associates at a face value of \$0.50 each.

5.4 Historical Income Statements

Income Statement	Audited Year ended 30 June 2010 \$'000s	Audited Year ended 30 June 2009 \$'000s
Continuing Operations		
Revenue from gold sales	342,484	299,713
Costs of producing relating to gold sales	(229,007)	(200,589)
Gross profit before depreciation, amortisation and other operating costs	113,477	99,124
Depreciation and amortisation relating to gold sales	(43,141)	(27,578)
Other operating costs relating to gold sales	(16,565)	(12,660)
Gross profit	53,771	58,886
Other revenue	294	1,633
Other income	11,620	10,858
Exploration Expenditure	(9,280)	(11,543)
Share of associates loss	(258)	-
Administration and other expenses	(8,903)	(27,564)
Profit before unrealised treasury, tax and finance costs	47,244	32,270
Finance costs	(11,220)	(4,069)
Profit before unrealised treasury and tax	36,024	28,201
Treasury - unrealised (losses)/gains	(75,976)	1,141
(Loss)/profit before income tax	(39,952)	29,342
Tax (expense)/benefit	(16,619)	1,334
Net (loss)/profit for the year	(56,571)	30,676

Source: Audited consolidated financial statements as at 30 June 2009 and 30 June 2010.

Resolute increased revenues from gold sales in FY2010 from FY2009 by 14%, and achieved a gross profit before depreciation, amortisation and other operating costs of over \$113 million. However, the Company made a net loss of \$56.6 million in FY2010, primarily due to an unrealised foreign exchange loss of \$74.5 million on loans with subsidiaries. This relates to the accounting treatment of the Australian Dollar denominated intercompany loan from Resolute Mining to Societe des Mines de Syama S.A.

5.5 Capital Structure

The share structure of Resolute as at 13 October 2010 is outlined below:

Description	Number
Total Ordinary Shares on Issue	451,380,935
Top 20 Shareholders	391,682,973
Top 20 Shareholders - % of shares on issue	86.77%

Source: Security Transfer Registrars as at 13 October 2010

The range of shares held in Resolute as at 13 October 2010 is as follows:

Range of Shares Held	No. of holders of Ordinary Shares
1-1,000	1,143
1,001-5,000	1,820
5,001-10,000	672
10,001-100,000	925
100,001 - and over	102
TOTAL	4,662

Source: Security Transfer Registrars as at 13 October 2010

The ordinary shares held by the most significant shareholders as at 13 October 2010 are detailed below:

Name	No of Ordinary Shares Held	Percentage of Issued Shares (%)
HSBC Custody Nominees Australia Ltd	142,315,721	31.5%
JP Morgan Nominees Australia Ltd	89,734,798	19.9%
National Nominees Ltd	69,458,495	15.4%
JP Morgan Nominees Australia Ltd	21,588,261	4.8%
Total Top 4	323,097,275	
Others	128,283,660	28.4%
Total Ordinary Shares on Issue	451,380,935	100.0%

Source: Security Transfer Registrars as at 13 October 2010

The listed options held by the most significant option holders as at 13 October 2010 are detailed below:

Name	No of Options Held	Percentage of Issued Options (%)
JP Morgan Nominees Australia Ltd	17,603,695	32.8%
HSBC Custody Nominees Australia Ltd	11,974,557	22.3%
National Nominees Ltd	7,202,298	13.4%
Bond Street Custodians Ltd	1,858,936	3.5%
Total Top 4	38,639,486	
Others	14,958,107	27.9%
Total Listed Options on Issue	53,597,593	

Source: Security Transfer Registrars as at 13 October 2010

The listed options have an exercise price of \$0.60 and an expiry date of 31 December 2011.

Resolute has 7,608,335 unlisted options on issue as at 13 October 2010 as detailed below:

Options	Number of Options	Expiry Date
Unlisted options with an exercise price of \$1.12	55,000	23 March 2011
Unlisted options with an exercise price of \$1.32	165,000	24 October 2011
Unlisted options with an exercise price of \$2.12	213,000	22 May 2013
Unlisted options with an exercise price of \$1.62	75,000	29 August 2013
Unlisted options with an exercise price of \$1.63	1,250,000	1 October 2011
Unlisted options with an exercise price of \$0.42	772,335	31 January 2014
Unlisted options with an exercise price of \$1.00	500,000	31 March 2012
Unlisted options with an exercise price of \$0.74	500,000	30 June 2012
Unlisted options with an exercise price of \$0.72	3,000,000	24 October 2012
Unlisted options with an exercise price of \$1.09	899,000	14 February 2015
Unlisted options with an exercise price of \$1.21	179,000	15 July 2014

Source: ASX Announcement 5 October 2010

The listed convertible notes held by the most significant holders as at 13 October 2010 are detailed below:

Name	No of Convertible Notes Held	Percentage of Issued Convertible Notes (%)
JP Morgan Nominees Australia Ltd	61,540,247	41.92%
HSBC Custody Nominees Australia Ltd	45,244,125	30.82%
National Nominees Ltd	22,831,636	15.55%
Equity Trustees Ltd	6,157,433	4.19%
Total Top 4	135,773,441	
Others	11,032,913	7.52%
Total Listed Options on Issue	146,806,354	

Source: Security Transfer Registrars as at 13 October 2010

The listed convertible notes have a conversion price of \$0.50 and an expiry date of 31 December 2012.

6. Profile of Alliance and its associates

6.1 History

Alliance's interest in Resolute is based on an amalgamation of its direct interest as Alliance Life Common Fund and its indirect interest through Utilico, Eclectic and Custodial. Alliance through its interest in Utilico, Eclectic and Custodial has various global investment interests.

Utilico is a closed-ended investment company which operates with an objective to provide long term capital appreciation by investing in infrastructure, utility and related companies. The Company's subsidiary undertakings, Utilico Finance Limited ("UFL"), Utilico NZ Limited ("UNZL") and UEM Holdings Limited ("UEMH") carry on business as investment companies. The Company focuses on the developed markets of Australasia, Western Europe and North America. The Company makes investments predominantly in utilities and related sectors, including (but not limited to) water and sewerage companies, waste, electricity, gas, telecommunications, ports, airports, service companies, rail, roads, any business with essential service or monopolistic characteristics and in any new utilities which may arise. The Company may also invest in businesses, which supply services to, or otherwise support, the utilities and related sectors. Its investment manager is Ingot Capital Management Pty Ltd.

Eclectic Investment Company Plc is an investment company incorporated in the United Kingdom. The Company does not have a main country of operation, as it is a global investment company and the weighting of investments will be subject to change.

Custodial Capital Management Pty Ltd is a private investment company incorporated in Australia.

7. Economic Analysis

7.1 Current Economic Conditions

The global economy grew faster than trend over the year to mid 2010, but will probably ease back to about trend pace over the coming year. Recent information is consistent with a more sustainable, but still strong, pace of growth in China and most of the Asian region. In Europe and the United States, growth prospects appear to be modest in the near term, a legacy of the financial crisis and its impact on private and public finances. Financial markets are still characterised by a degree of uncertainty, and are responding both to differences in growth outlooks between regions and evident strains on public finances and banking systems in several smaller countries in Europe. Most commodity prices have changed little over recent months, and those most important to Australia remain very high.

Information on the Australian economy shows growth around trend over the past year. Public spending was prominent in driving aggregate demand for several quarters but this impact is now lessening, while the prospects for private demand, and in particular business investment, have been improving. This is to be expected given the large rise in Australia's terms of trade, which is now boosting national income very substantially.

Asset values are not moving notably in either direction, and overall credit growth is quite subdued at this stage, notwithstanding evidence of some greater willingness to lend. Inflation has moderated from the excessive pace of 2008. The effects of the rise in tobacco taxes aside, CPI inflation has been running at around 2¾ per cent over the past year. That looks likely to continue in the near term.

The current stance of monetary policy is delivering interest rates to borrowers close to their average of the past decade. The Board regards this as appropriate for the time being. If economic conditions evolve as the Board currently expects, it is likely that higher interest rates will be required, at some point, to ensure that inflation remains consistent with the medium-term target.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 5 Oct 2010

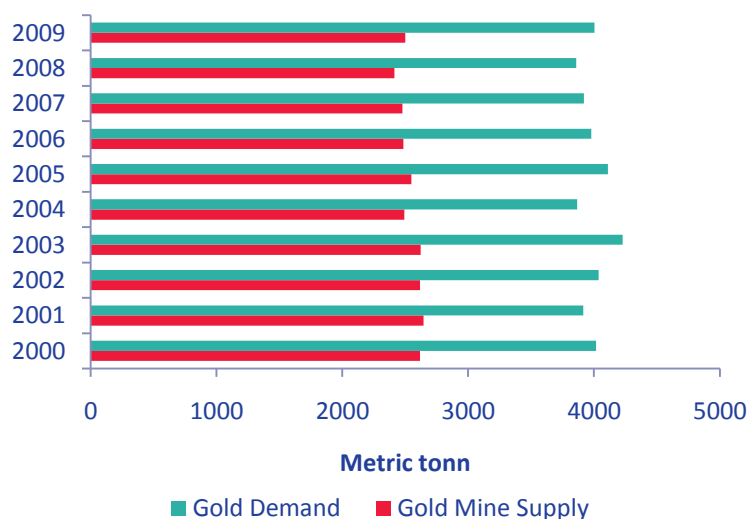
8. Industry Analysis

8.1 Supply and Demand

Gold is both a commodity and an international store of monetary value. Once mined, gold continues to exist indefinitely, often melted down and recycled to produce alternative or replacement products. This characteristic means that gold demand is supported by both mine production and gold recycling.

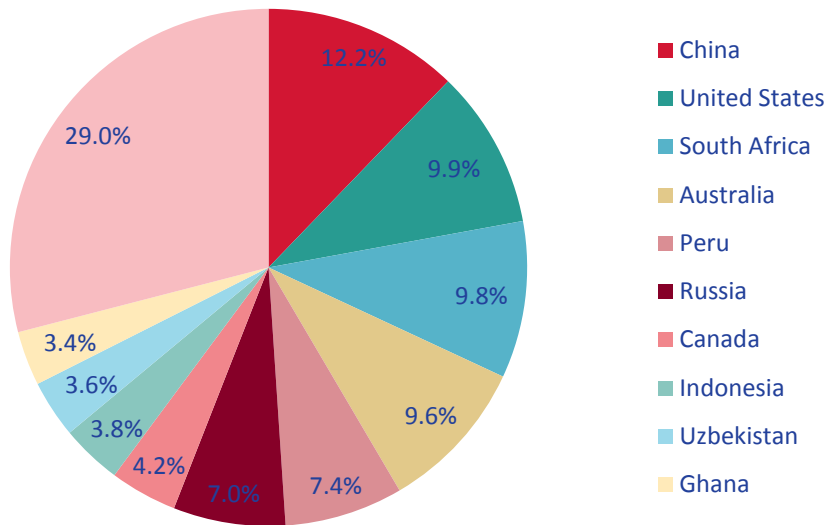
According to GFMS Limited, at the end of 2007 the above ground stocks of gold were approximately 161,000 tonnes. Approximately two-thirds of annual demand for gold is driven by jewellery fabrication, with the remainder driven by industrial use and investment in gold.

As illustrated in the chart below, gold mine production was approximately 2,502 metric tonnes in 2009 and gold consumption was 4,003 metric tonnes. While demand for gold consistently exceeds supply, the escalated level of economic and financial uncertainty during the past 18 months has caused investors to move capital from risky assets to gold assets, which are perceived to be a good store of monetary value. As a result, total gold demand increased by approximately 4% between 2008 and 2009.



Source: Bloomberg

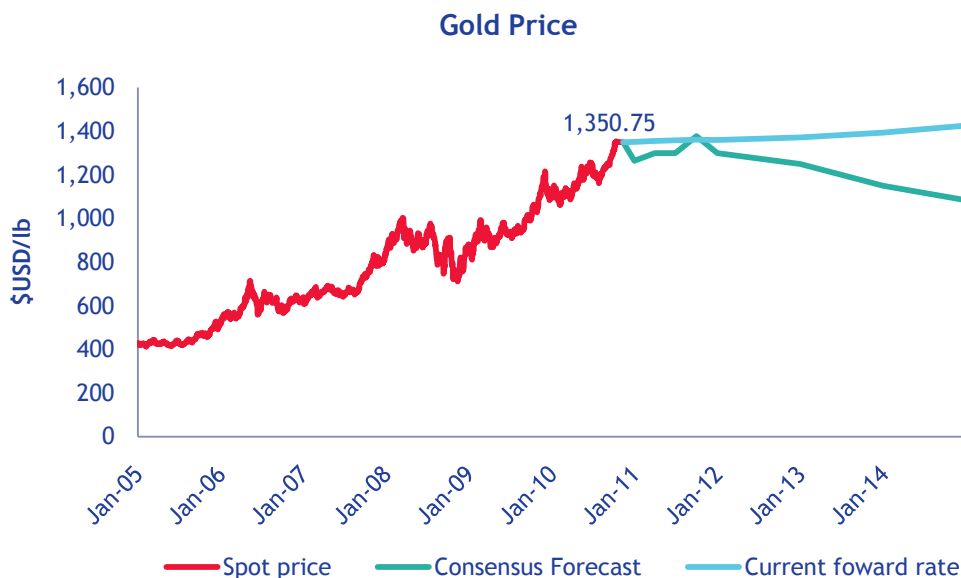
Until the late 1980's South Africa produced approximately half of total gold production. More recently, gold production has become geographically segmented, as shown in the chart below. In 2008 production was dominated by China (288 metric tonnes), USA (234 metric tonnes), South Africa (232 metric tonnes) and Australia (225 metric tonnes).



Source: Data from GFMS Limited

Current and future gold prices

The price of gold fluctuates on a daily basis depending on global demand and supply factors. As can be seen in the graph below, the value of gold has increased over the past 5 years to US\$1,350.75 per ounce at 10 October 2010. This trend is reflective of high demand for gold due to weak economic conditions during the past 18 months. The consensus view is that gold prices will fall over the next 3 years to approximately US\$1,084 per ounce in 2014. The current forward rate suggests that the price of gold will stabilise at current levels over the next three years.



Source: Bloomberg

9. Valuation Approach Adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Net Tangible Assets on a going concern basis (“NTA”)
- Quoted Market Price Basis (“QMP”)
- Capitalisation of future maintainable earnings (“FME”)
- Discounted Cash Flow (“DCF”)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1 Valuation of Resolute shares

In our assessment of the value of Resolute shares we have chosen to employ the following methodologies:

- Quoted Market Price Basis (“QMP”) - Primary Valuation
- Net Tangible Assets on a going concern basis (“NTA”) - Secondary Valuation

We have chosen these methodologies for the following reasons:

- Quoted Market Price Basis (“QMP”) has been considered as our primary valuation methodology where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share; and
- A Net Tangible Assets on a going concern basis (“NTA”) is commonly used where entities are not profitable and a significant proportion of the entity’s assets are liquid. We have performed a NTA valuation of a Resolute share on a book value basis as a comparative measure of a Resolute share.

9.1.1 Quoted Market Prices for Resolute

The quoted market value of a company’s shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.22 suggests that when considering the value of a company’s shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- Control over decision making and strategic direction;
- Access to underlying cash flows;
- Control over dividend policies; and
- Access to potential tax losses.

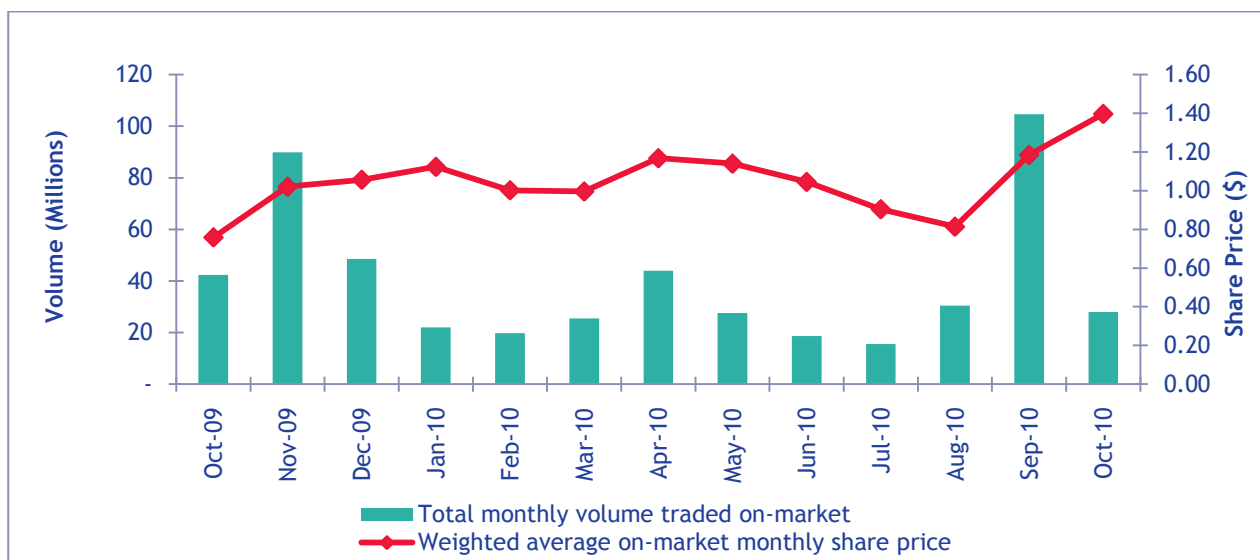
Whilst Alliance and its associates will not be obtaining 100% of Resolute, RG 111 states that the expert should calculate the value of a target’s shares as if 100% control were being obtained. RG 111.24 states that the expert can then consider an acquirer’s practical level of control when considering reasonableness. Reasonableness has been considered in Section 12.

Therefore, our calculation of the quoted market price of a Resolute share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Resolute share is based on the most recent trading price over the last 12 months prior to the announcement of the Proposal.

The following chart provides a summary of the share price movement over the year to the date of this report.



Source: Bloomberg

The daily price of Resolute shares from one year to the date of this report has ranged from a high of \$1.430 on 15 October 2010 to a low of \$0.645 on 29 October 2009.

During this period a number of announcements were made by Resolute. The key announcements can be observed under Appendix 3 of our Report.

To provide further analysis of the market prices for an Resolute share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to the 15 October 2010, being the last trading day prior to the date of this report.

	15 October 2010	10 Days	30 Days	60 Days	90 Days
Closing Price	\$ 1.390				
Weighted Average		\$ 1.398	\$ 1.290	\$ 1.143	\$ 1.25

The above weighted average prices are as at the date of this report.

An analysis of the volume of trading in Resolute shares for the six months to 15 October 2010 is set out below:

	Share price Low (\$)	Share price High (\$)	Cumulative Volume traded	As a % of Issued capital
1 Trading Day	1.365	1.430	1,545,376	0.34%
10 Trading Days	1.345	1.420	26,153,174	5.79%
30 Trading Days	1.010	1.420	108,564,566	24.05%
60 Trading Days	0.720	1.420	167,469,312	37.10%
90 Trading Days	0.720	1.420	192,299,063	42.60%
180 Trading Days	0.720	1.420	313,360,840	69.42%

Source: Bloomberg

This table indicates that Resolute's shares display a high level of liquidity, with 69.42% of the Company's current issued capital being traded over 180 trading days. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.53 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant. In the case of Resolute, we consider that there is a deep market for its shares.

Resolute's Quoted Market Price results in the following valuation range:

	Low (\$)	High (\$)
Quoted Market Price value	1.14	1.40

Our assessment is that a range of values for Resolute shares based on market pricing is between \$1.14 and \$1.40.

Quoted market price including control premium

The concept of a premium for control reflects the additional value that attaches to a controlling interest. In determining whether including a control premium is appropriate in this instance we believe there are two key considerations to contemplate. Firstly, we believe it is appropriate to consider the level of control currently held by Alliance and its associates and what additional level of control/ability to

influence the Company Alliance and its associates would gain if the Proposal is approved and whether a premium for control is appropriate given the current position of the company.

Alliance and its associates currently have a significant influence over Resolute when compared to all other shareholders. By holding a 21.56% in interest in the Company, with the rest of share capital widely held, Alliance and its associates is currently able to significantly influence the activities of the Company. If the Proposal is approved, Alliance and its associates would be increasing their controlling interest to 37.97% of the shares in Resolute, which represents an interest in significant influence but not necessarily an effective control over the Company. As outlined in Section 4, Alliance and its associates will not seek to appoint a director to the Board of Resolute, nor will they intend to change the business of the Company, inject further capital into the Company, alter the future employment of the present employees of the Company, or significantly change the financial or dividend policies of Resolute.

In our opinion, Alliance and its associates will not have effective control over the Company and will derive only a minimal benefit from increasing their controlling interest in Resolute, and as such should not be expected to pay a similar premium for control as if he were acquiring 100% of Resolute.

Taking the factors above into consideration in applying a control premium to Resolute's quoted market share price we believe an appropriate range to be 10% - 20%. Applying this range results in the following quoted market price value including a premium for control.

	Low	High
Quoted Market Price value	\$ 1.14	\$ 1.40
Control premium	10%	20%
Quoted Market Price valuation including a premium for control	\$1.25	\$1.68

Therefore, our valuation of a Resolute share based on the quoted market price method and including a premium for control is between \$1.25 and \$1.68.

9.1.2 Net Tangible Asset for Resolute

The value of Resolute's assets on a going concern basis is reflected in our valuation below:

	Note	Pre-Proposal Adjusted As at 30-Jun-10 \$'000
Net Assets as at 30 June 2010		283,040
<i>Adjustments</i>		
Cash	A	~
Financial derivative liabilities	B	80,000
Interest bearing liabilities	C	(50,000)
Adjusted Net Assets		340,781
Number of shares issued	D	451,380,935
Net book value per share		\$ 0.689

Pro-forma Adjustments

We have adjusted the consolidated Statement of Financial Position as at 30 June 2010 to reflect the following:

A Cash

The Company received funds of \$37 million after costs to partially fund the closure of the Company's gold hedging contracts of approximately \$80 million with the balance used for working capital and general corporate purposes. Therefore no adjustment to cash was performed.

B Financial derivative liabilities

We have adjusted the Company's financial derivative liabilities to reflect the closure of the Company's \$80 million gold hedging contract exposures. This was partially funded through \$30 million of the total funds raised from the capital raising performed in September and October 2010 of \$37 million after costs and a \$50 million credit from the hedging counterparties, Barclays and Investec.

C Interest bearing liabilities

An adjustment of \$50 million has been included to reflect funds received to eliminate the Company's gold hedging positions.

D Shares issued

The number of shares issued represents the total number of shares on issue prior to the Proposal as noted in Section 4 and 5 of our Report.

As described in Section 9.1, we have chosen to value a Resolute share on a book value basis. As such we have not requested an independent specialist valuation of Resolute's mining assets to determine the fair value of a Resolute share. If a technical valuation was considered, the value of a Resolute share would

most likely include a premium to reflect the fair value of the Company's mining tenements and development activities. However, given the level of the Quoted Market Price value over the Net Tangible Asset Value, we consider it unlikely that any difference between the book value and the market value of these assets would alter our opinion.

Based on the analysis performed, the value of a Resolute share on a net tangible asset basis pre Proposal is \$0.69.

9.2 Assessment of Resolute Share

The results of the valuations performed are summarised in the table below:

	Low (\$)	High (\$)
Quoted Market Price value (Section 9.1.1)	1.25	1.68
Net Tangible Asset value (Section 9.1.2)	0.69	0.69

As evident in the table above, the value of a Resolute Share of \$0.69 under the net tangible asset methodology is significantly lower than the value of a Resolute share of between \$1.25 and \$1.68 under the QMP methodology. The QMP value of a Resolute share is preferred over the NTA value as it is a market reflection of the value of Resolute as a company, its future growth potential and a fair value of its mining assets.

For analysis purposes, we determine that a valuation range of between \$1.25 and \$1.68 for a Resolute share.

10. Is the Proposal Fair?

In considering the Proposal as outlined in Section 4, we have performed an analysis to determine if the conversion price of the convertible notes and exercise price of the options held by Alliance and its associates is in excess of the current fair value of a Resolute share on issue.

The table below shows a comparison of the value of a Resolute share in comparison to the conversion price of the convertible notes and exercise price of the options held by Alliance and its associates.

	Section	Low (\$)	High (\$)
Value of a Resolute share	9.2	1.25	1.68

	Section	Number of convertible notes and options held	Conversion Price or Exercise Price
Listed convertible notes with expiry date of 31 December 2012	4	88,242,996	\$0.50
Listed options with expiry date of 31 December 2011	4	28,940,262	\$0.60
Total listed convertible notes and options		117,183,258	
Unlisted options with expiry date of 1 October 2011	4	1,250,000	\$1.63
Unlisted options with expiry date of 31 March 2012	4	500,000	\$1.00
Unlisted options with expiry date of 30 June 2012	4	500,000	\$0.74
Total unlisted options		2,250,000	
Total convertible notes and options		119,433,258	

Based on the table above, besides the unlisted options with expiry date of 1 October 2011, all listed convertible notes and listed options held by Alliance and its associates have a conversion price and exercise price that is significantly below the range of value for a Resolute share of \$1.25 and \$1.68 determined in Section 9. We note that the conversion price of \$0.50 for the listed convertible notes and exercise price of \$0.60 for the listed options are lower than the net book value per Resolute share of \$0.69 as determined in Section 9.1.2.

On this basis, we consider the Proposal to be not fair.

As noted in Section 5 of our Report, Resolute issued convertible notes and options in November 2008 to Alliance and its associates during a period of dire financial stress. Without the support from the Company's largest shareholder, the Company may not have been able to continue to operate as a going concern. In fact, the Company's share price fell rapidly from a high of \$2.51 on 30 May 2008 to a low of \$0.38 on 20 January 2009 as shown in the chart below.



Source: Bloomberg

The convertible notes and options issued as part of the capital raisings in November 2008 were performed during a period when Resolute's share price was significantly lower than current market price. A comparison of the conversion price of the convertible notes and exercise price of the options held by Alliance and its associates at that time may have resulted in us being able to arrive at the opinion that their exercise or conversion would be fair.

11. Is the Proposal Reasonable?

11.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the non-associated Shareholders of Resolute a premium over the value ascribed to that resulting from the Proposal. However should the Proposal not be approved there are other options available to Alliance which will ultimately results in the notes being converted and the options being exercised.

11.2 Practical Level of Control

In assessing the practical level of control attained by Alliance and its associates, we referred to RG 111.24 which deals with circumstances in which the allottee increases an existing holding of 20% or more, but does not obtain a practical measure of control or increases its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG 111.10.

If the Proposal is approved and no other options and convertible notes are exercised then Alliance and its associates will have the capacity to hold a maximum interest of 37.97% in Resolute. However, we note that it is most likely that Alliance and its associates' interest will increase to only 32.87%. Currently, Alliance and its associates hold an interest of 21.56%. When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. While

Alliance and its associates will not have effective control of Resolute, they will have significant influence in the passing of resolutions and the ability to block special resolutions.

Ordinary resolutions include, but are not limited to:

- Election/re-election of directors;
- Appointment of an auditor;
- Acceptance of reports at the annual general meeting;
- The ability to make strategic or commercial decisions; and
- The ability to increase or decrease the number of directors in the Company.

Special resolutions include but are not limited to;

- Giving different dividend rights or shares in the same asset class; and
- Selective reduction of share capital.

In our opinion, Alliance and its associates currently have significant or effective control of Resolute when compared to all other shareholders. By holding a 21.56% interest in the Company, with the rest of share capital widely held, Alliance and its associates are currently able to significantly influence the activities of the Company. If the Proposal is approved, Alliance and its associates would be able to increase their controlling interest to a maximum of 37.97% of the shares in Resolute but not necessarily enabling Alliance and its associates to control the appointment and removal of directors and pass ordinary resolutions without the consent or agreement of any other shareholder.

In our opinion, Alliance and its associates will not be able to exercise a similar level of control as if 100% of Resolute was held, and as such should not be expected to pay a similar premium for control as if it were acquiring 100% of Resolute.

11.3 Advantages and Disadvantages of Approving the Proposal

In Section 5, we note that convertible notes and options were issued to Alliance and its associates as a result of the following key events:

- Two capital raisings involving the issue of convertible notes and options were conducted in November 2008 and September 2009 for the purposes of funding working capital shortages, capital restructuring and funding further development work on growth projects. Without the capital raising, Resolute may not have been able to continue to operate as a going concern as concluded by the Company's auditor in the audited financial statements for the financial year ended 30 June 2008 and reviewed financial statements for the half year ended 31 December 2008;
- Conversion of Utilico's \$10 million facility plus accrued fees and interest outstanding for convertible notes and options; and
- Over the period from October 2009 to January 2010, Alliance and its associates sold Resolute shares and used these proceeds to purchase convertible notes.

In assessing the Proposal, we have to consider the implication to Shareholders following the issue of Resolute shares to Alliance and its associates.

11.3.1 Advantages of Approving the Proposal

If the Proposal is approved, in our opinion, the potential advantages to Shareholders include those listed in the table below:

Advantage	Description
Improved net tangible asset position through cash received from the exercise of options	If the Proposal is approved, Resolute's net tangible asset position will improve for the following reasons: - Cash will be received of \$20,271,657 in the event that all options held by Alliance and its associates are exercised in the future; and - Resolute will not be required to repay the \$0.50 face value of the 88,242,996 convertible notes held by Alliance and its associates if Alliance and its associates elect to convert the convertible notes into shares. Cash received could be used to expand the Company's exploration and evaluation activities or fund existing working capital requirements.
No changes to current operating and financial arrangements	If the Proposal is approved, Alliance and its associates could potentially increase their shareholding in Resolute from 21.56% to 37.97%. However, we note in Section 4 of our Report that Alliance and its associates will not seek to appoint a director to the Board of Resolute, nor will they intend to change the business of the Company, inject further capital into the Company, alter the future employment of the present employees of the Company, or significantly change the financial or dividend policies of Resolute. This implies that there will no changes to current operating and financing arrangements and Resolute will be able to continue to develop its gold mines in Africa and Australia on its own accord.
Improved capital structure flexibility	If the Proposal is approved and Alliance and its associates will have the ability to convert their convertible notes and options early. The Company's capital structure will be simplified and allow the directors to have more flexibility in ensuring that the company's share structure is optimised.

11.3.2 Disadvantages of Approving the Proposal

If the Proposal is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Proposal is not fair	If the Proposal is approved, Resolute will be issuing shares to Alliance and its associates with a significantly higher value over the conversion price and exercise price of the convertible notes and options held.
Dilution of Shareholders' interest	If the Proposal is approved, Shareholders may see their shareholding interest in Resolute decrease from 78.4% to 62.0% if Alliance and its associates elect to convert the convertible notes into shares and exercise their options for shares. This implies that Shareholders will see their voting interest in key operational and financial decisions diminished.

11.4 Other Considerations

In assessing the fairness and reasonableness of approving or rejecting the Proposal, we have considered the advantages and disadvantages of approving or rejecting the Proposal. Although the Proposal is considered not fair, we believe the Proposal is reasonable as Shareholders will not be disadvantaged if the Proposal is approved. In the following points explored below, we highlight that the rejection of the Proposal will merely defer the timing that the advantages and disadvantages of the Proposal highlighted in Section 11.3.1 and 11.3.2 respectively will occur.

a) Dilution of Shareholders' interest will occur

In Section 4 of our Report, we outlined that Shareholders' interest in Resolute will decrease from 78.4% to 62.0% if the Proposal is approved and Alliance and its associates elect to convert their convertible notes into shares and exercise their options for shares. However, in the event that the Proposal is rejected, Shareholders' interest will still be diluted if Alliance pursues the following options:

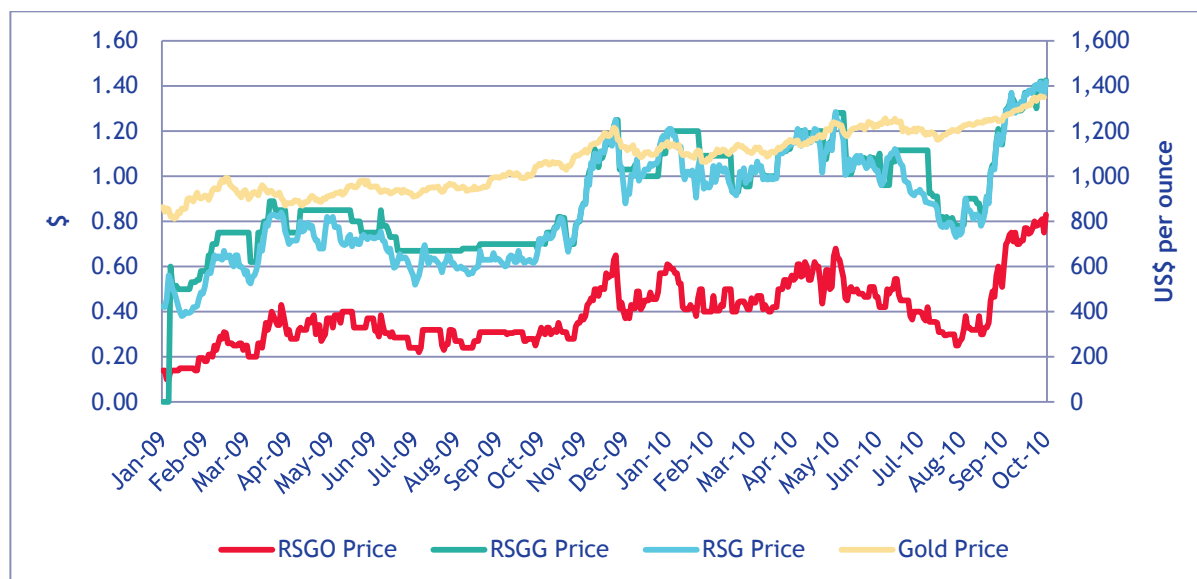
- Alliance and its associates could increase their shareholding under the creeping provisions of the Act which allow them to convert its convertible notes or options to increase its shareholding in Resolute by 3% every 6 months without shareholder approval.

Under the scenario that Alliance and its associates exercises their rights under the creeping provisions, Alliance and its associates will be able to convert all convertible notes and exercise all options held to achieve a maximum interest of 37.97% in Resolute within three years. This scenario will most likely only occur in the event that Resolute's share price falls below the conversion price of the convertible notes and exercise price of the options held and Alliance and its associates converts convertible notes and exercise options held. We also note that if the Company share price falls to these levels then it is possible that the Proposal could be considered to be fair.

However given the convertible notes and options are 'in the money', other option holders and convertible note holders will most likely exercise and convert their options and convertible notes respectively resulting in Alliance and its associates achieving an increase in shareholding interest to only 32.87%. This also implies that Alliance and its associates will be able to convert the convertible notes and options under the creeping provisions at a faster pace.

- Alliance and its associates may choose to sell the listed convertible notes and listed options on the market, effectively transferring the rights to convert the convertible notes and rights to exercise the options to other parties which may not be subject to the restrictions under Section 606 of the Corporations Act.

The chart below shows the movement of Resolute listed convertible notes price ("RSGG") and Resolute listed options ("RSGO") against the movement of Resolute share price and gold prices over the period starting 12 January 2009 (the beginning date of RSGG listing on ASX) to the our Report date.



Source: Bloomberg

Based on the chart above, RSGG and RSGO prices have increased significantly since listing on 6 January 2009 and 12 January 2009 respectively. The movement in the convertible note and option price coincides with the increase in Resolute share price from approximately \$0.40 to \$1.40 and the appreciation in gold prices from approximately US\$1,000 per ounce to approximately US\$1,350 per ounce over the period analysed.

If the Proposal is rejected, Alliance and its associates will be able to sell the convertible notes and options on the market to other parties. Both the convertible notes and options are 'in the money' and accordingly prior to their expiry or redemption the rational investment decision of a third party would be to convert the convertible notes and options.

This also implies that Resolute convertible notes are not likely to be redeemed at its face value of \$0.50 prior to the expiration date of 31 December 2012 and the options would mostly likely be exercised prior to the expiration date of 31 December 2011 to take advantage of the potential upside value.

Under both scenarios, the same dilutionary impact to existing Shareholders' interest will occur. If the Proposal is rejected, the dilution of Shareholders' interests will be merely deferred to a future period.

Furthermore, it is important to note that the fully diluted position of the Company's capital structure is no different pre and post the Proposal.

b) Same future net tangible asset position

If the Proposal is rejected, the future net tangible asset position will be same assuming Alliance and its associates pursue either the creeping provisions which will allow Alliance and its associates to convert and exercise convertible notes and options held respectively or sell the convertible notes and options held to a third party who would not face restrictions on exercise or conversion.

c) Resolute share price reflects full dilution

Resolute has undergone several capital raisings through shares, convertible notes and options over the last two years. The market is fully informed of Alliance and its associates' significant interest in the Company and is also aware that the convertible notes and options held by Alliance and its associates are 'in the money'. As such, in opinion, the Company's share price already reflects the effect of the potential share dilution from the conversion of the convertible notes and exercise of options.

d) Resolute share price unlikely to react to the rejection of the Proposal

If the Proposal is rejected, it is unlikely that the Resolute ASX share price will decline as the market will still be aware of the share overhang from the convertible notes and options existing in the market. The Proposal focuses on the approval of the issue of shares to Alliance and its associates on conversion of convertible notes and the exercise of options held. Alliance may or may not convert or exercise their convertible notes or options immediately if the Proposal was approved.

12. Conclusion

We have considered the terms of the Proposal as outlined in the body of this report and have concluded that the Proposal is not fair but reasonable to the Shareholders of Resolute.

13. Sources of Information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Resolute for the years ended 30 June 2009 and 30 June 2010;
- Company ASX announcements;
- Share registry information;
- Information in the public domain;
- Discussions with Directors and Management of Resolute;
- Terms and conditions of the convertible notes and options issued; and
- Past prospectus issues and other company documents.

14. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$30,000 (excluding GST and reimbursement of out of pocket expenses). Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Resolute in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by Resolute, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Resolute and Alliance and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Resolute and Alliance and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with Resolute, or their associates, other than in connection with the preparation of this report.

A draft of this report was provided to Resolute and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

15. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 130 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 11 years in the Audit and Assurance and Corporate Finance areas.

16. Disclaimers and Consents

This report has been prepared at the request of Resolute for inclusion in the Explanatory Memorandum which will be sent to all Resolute Shareholders. Resolute engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the issue of shares to Alliance (and its associates) through the conversion of convertible notes held and the exercise of options held is fair and reasonable.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

BDO Corporate Finance (WA) Pty Ltd has not independently verified the information and explanations supplied to us, nor has it conducted anything in the nature of an audit or review of Resolute or Alliance and its associates in accordance with standards issued by the Auditing and Assurance Standards Board. However, we have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Resolute. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Resolute, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD



Sherif Andrawes
Director



Adam Myers
Associate Director
Authorised Representative

Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act
Alliance	Alliance Common Life Fund
Alliance and its associates	Alliance Common Life Fund, Custodial Capital Management Pty Ltd, Utilico Ltd and Eclectic Investment Company Plc
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Custodial	Custodial Capital Management Pty Ltd
Eclectic	Eclectic Investments Company Plc
Resolute	Resolute Mining Limited
The Company	Resolute Mining Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FMD	Future Maintainable Dividends
FME	Future Maintainable Earnings
ROC	Return of Capital
RSGG	Resolute listed convertible notes price
NTA	Net Tangible Assets
The Proposal	The proposal to grant Alliance and its associates the rights to acquire shares in Resolute through the exercise of options and conversion of convertible notes by Alliance and its associates.
UEMH	UEM Holdings Limited
UFL	Utilico Finance Limited
Utilico	Utilico Ltd
UNZL	Utilico NZ Limited
Our Report	This Independent Expert's Report prepared by BDO
VWAP	Volume Weighted Average Price
Shareholders	Shareholders of Resolute not associated with Alliance and its associates

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net tangible asset value on a going concern basis (“NTA”)

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 Quoted Market Price Basis

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 Capitalisation of future maintainable earnings (“FME”)

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (“EBIT”) or earnings before interest, tax, depreciation and amortisation (“EBITDA”). The capitalisation rate or “earnings multiple” is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows (“DCF”)

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

Appendix 3 - Company Announcements

Date	Announcement	Closing Price Following Announcement	% Change	Closing Share Price Three Days	% Change
20/09/2010	Equity Raising and Removal of Gold Hedges	1.370	▲ 4.58%	1.315	▼ (4.01)%
08/09/2010	Syama Record Production Month	1.150	▲ 11.65%	1.160	▲ 0.87%
03/09/2010	Response to ASX Query	1.020	▲ 15.91%	1.150	▲ 12.75%
31/08/2010	More High Grade at Welcome Breccia	0.840	▲ 5.00%	1.020	▲ 21.43%
30/08/2010	Preliminary Final Report	0.800	▲ 2.56%	0.880	▲ 10.00%
18/08/2010	Reserves Resources Statement	0.850	▼ (5.56)%	0.810	▼ (4.71)%
03/08/2010	Syama Operations	0.775	▼ (1.27)%	0.785	▲ 1.29%
27/07/2010	Quarterly Activities Report	0.855	▼ (2.29)%	0.775	▼ (9.36)%
13/07/2010	Syama Operations	0.930	-	0.920	▼ (1.08)%
22/04/2010	Quarterly Report to 31 March 2010	1.145	▼ (4.98)%	1.210	▲ 5.68%
15/04/2010	High Grade Gold Discovery - Ravenswood	1.210	▲ 5.22%	1.165	▼ (3.72)%
29/03/2010	Priority Offer in Viking Ashanti IPO	0.985	▼ (1.50)%	1.100	▲ 11.68%
25/02/2010	Half Yearly Report and Accounts	0.955	▼ (2.05)%	0.915	▼ (4.19)%
28/01/2010	December 09 Quarterly Report	1.025	▲ 1.99%	1.035	▲ 0.98%
07/12/2009	Syama November Progress	1.045	▼ (10.3)%	0.880	▼ (15.79)%
12/11/2009	Response to ASX Price Query	0.990	▲ 3.14%	1.035	▲ 4.55%
06/11/2009	Syama October Progress	0.805	▲ 0.63%	0.875	▲ 8.70%
23/10/2009	September Quarterly Report	0.815	▲ 3.16%	0.715	▼ (12.27)%

Source: ASX

The Company's share price noted to increase significantly after the announcement on 31 August 2010 of additional high grade gold intercepts from the Welcome Breccia discovery, Ravenswood Gold Project, Queensland, Australia.

The share price continued to increase at the beginning of September 2010. The Company listed the following possible reasons for the price increase:

- The Preliminary Final Report released on 30 August 2010 which showed a 28% increase in net profit before unrealised treasury and tax;
- Drilling results released on 31 August 2010 relating to the new Welcome Breccia gold discovery in Queensland showed further high grade gold intercepts in mineralisation that remains open at depth and laterally; and
- The presentation given by the Company at the Africa Down Under Conference on 1 September 2010 was released to the market.

In addition, the Newcrest/Lihir merger was completed making Resolute the second largest ASX listed gold producer and the bid by Eldorado Gold to acquire Andean Resources at a significant premium to the recent share price trading range may have also had a positive impact on the price and volume of the Company's securities.

Schedule 3 – Alliance Holding

1. Alliance's Substantial Shareholder Notice

Holder of relevant interest	Class and number of securities
Alliance Life Common Fund Ltd	69,439,018
Custodial Capital Management Pty Ltd	2,879,957
Utilico Ltd	25,000,000
TOTAL	97,318,975

Details contained in Alliance's ASIC Form 604 dated 8 October 2010.

2. Alliance's Relevant Interest before and after conversion of Alliance's Convertible Notes and exercise of Alliance's Options only

Holder of relevant interest	No. of Shares presently on issue	No. of Shares on conversion of Convertible Notes and exercise of Options
Shares held by Alliance	97,318,975	216,752,233
Total Number of Shares on issue	451,380,935	570,814,193
Percentage held by Alliance	21.56%	37.97%

3. Alliance's Relevant Interest before and after conversion of all Convertible Notes and exercise of all Options

Holder of relevant interest	No. of Shares presently on issue	No. of Shares on conversion of Convertible Notes and exercise of Options
Shares held by Alliance	97,318,975	216,752,233
Total Number of Shares on issue	451,380,935	659,393,217
Percentage held by Alliance	21.56%	32.87%

Schedule 4 – Resolution 5 - Corporations Act, Listing Rules and Regulatory Information

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of the Company if, because of the acquisition, that person's or another person's voting power in the Company increases from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90%.

The voting power of a person in the Company is determined by reference to section 610 Corporations Act. A person's voting power in the Company is the total of the votes attaching to the Shares in the Company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.

Under section 608 Corporations Act a person will have a relevant interest in Shares if:

- (a) the person is the registered holder of the Shares;
- (b) the person has the power to exercise or control the exercise of votes or disposal of the Shares; or
- (c) the person has over 20% of the voting power in a company that has a relevant interest in Shares, then the person has a relevant interest in said Shares.

For the purpose of determining who is an associate you need to consider section 12 of the Corporations Act. Any reference in chapters 6 to 6C of the Corporations Act to an associate is as that term is defined in section 12. The definition of 'associate' in section 12 is exclusive. If a person is an associate under section 11, 13 or 15 of the Corporations Act then it does not apply to chapters 6 to 6C. A person is only an associate for the purpose of chapter 6 to 6C if he is an associate under section 12.

A person (**second person**) will be an associate of the other person (**first person**) if:

- (a) the first person is a body corporate and the second person is:
 - (i) a body corporate the first person controls;
 - (ii) a body corporate that controls the first person: or
 - (iii) a body corporate that is controlled by an entity that controls the first person;
- (b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board of The Company or the conduct of the affairs of the Company; and
- (c) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the affairs of The Company.

The Corporations Act defines 'control' and 'relevant agreement' very broadly as follows:

- (a) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company. In determining the capacity you need to take into account the practical influence a person

can exert and any practice or pattern of behaviour affecting the financial or operating policies of the Company.

- (b) Under section 9 of the Corporations Act relevant agreement means an agreement, arrangement or understanding:
 - (i) whether formal or informal or partly informal and partly informal;
 - (ii) whether written or oral or partly written and partly oral; and
 - (iii) whether or not having legal or equitable force and whether or not based on legal or equitable rights.

Associates are determined as a matter of fact. For example where a person controls or influences the Board or the conduct of the Company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

Section 611 of the Corporations Act has exceptions to the prohibition in section 606 of the Corporations Act. Item 7 of section 611 of the Corporations Act provides a mechanism by which Shareholders may approve an issue of Shares to a person which results in that person's or another person's voting power in the Company increasing from:

- (a) 20% or below to more than 20%; or
- (b) a starting point that is above 20% and below 90%.

To comply with the requirements of the Corporations Act (as contained in ASIC Regulatory Guide 74), the Company provides the information in section 6 of the Explanatory Memorandum to Shareholders in relation to Resolution 5.

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

RESOLUTE MINING LIMITED

ABN: 39 097 088 689

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd

All Correspondence to:

PO BOX 535,

APPLECROSS WA 6953 AUSTRALIA

770 Canning Highway,

APPLECROSS WA 6153 AUSTRALIA

T: +61 8 9315 2333 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

Code: RSG

Holder Number:

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

OR

The meeting Chairperson
(mark with an "X")

The name of the person you are appointing

(if this person is someone other than the Chairperson of the meeting).

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10.00am (WST) on 30 November 2010 at the Conference Room, Ground Floor, BGC Centre, 28 The Esplanade, Perth, Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

Resolution

1. Adopt Remuneration Report
2. Re-election of Director - Mr (Bill) Henry Thomas Stuart Price
3. Ratify Share Issue
4. Authorisation of Directors Fees
5. Authority to issue Shares to Substantial Holder on exercise of Options and conversion of Convertible Notes
6. Grant of employee options to Mr Sullivan

For Against Abstain*

☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐
☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

☐

If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

SECTION C: Please Sign Below

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10.00am (WST) on Sunday 28 November 2010.

ONLINE PROXY SERVICE

You can lodge your proxy online at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

Online Proxy ID:

My/Our contact details in case of enquiries are:

NAME

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TELEPHONE NUMBER

(			)																
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NOTES

1. Name and Address

This is the name and address on the Share Register of Resolute Mining Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. Please also refer to Section B of this proxy form and ensure you mark the box in that section if you wish to appoint the Chairperson as your Proxy.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Resolute Mining Limited.

3. Directing your Proxy how to vote

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. Appointment of a Second Proxy

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

5. Signing Instructions

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. Lodgement of Proxy

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 10.00am WST on Sunday 28 November 2010, being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

Security Transfer Registrars Pty Ltd
PO BOX 535
Applecross, Western Australia 6953

Street Address:
Alexandrea House, Suite 1
770 Canning Highway
Applecross, Western Australia 6153

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

Online www.securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.