



RESOLUTE
MINING
LIMITED

ACN 097 088 689

APPENDIX 4D HALF YEAR REPORT 31 DECEMBER 2010

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HIGHLIGHTS

- Net profit after tax attributable to members up by 39% to \$20.2m.
- Half year gold production of 161,648 ounces at a cash cost of \$918/oz.
- Cash and bullion of \$33.1m.
- Hedging program closed out.
- Reserve base at Ravenswood increased by 174%, to greater than 1.5m ounces supporting a further 10 years of operation.
- Opportunity to increase Syama production and extend mine life by re-optimising open pit and adding an oxide ore processing circuit.
- 2010/11 forecast group gold production of 330,000 ounces.

RESULTS

- Revenues from gold sales increased by 32% to \$204.1m (2009 half year: \$154.3m). Revenues were enhanced by the close out of the hedge book in October which has allowed greater participation in the strong spot gold price.
- The average cash price received per ounce of gold sold during the half year was \$1,273/oz (2009 half year: \$1,040/oz).
- Net profit after tax attributable to members increased by 39% to \$20.2m (2009 half year: \$14.6m).
- Net operating cash inflows during the half year (which include exploration expenditure) were \$25.1m (2009 half year: \$24.2m).
- Net investing cash outflows of \$16.2m (2009 half year: \$37.3m) include plant and equipment purchases of \$10.1m (\$4.1m), and expenditure on evaluation and development areas of \$5.7m (\$33.1m).
- Syama's results have been included in the 2010 half year result but for the 2009 half year comparative result all costs and revenue were capitalised.
- The \$78.4m cost of closing out the hedge book did not have a significant impact on the current year profit result due to this expense being recognised in prior periods.

OPERATIONS

- The Group gold production for the half year was 161,648 ounces (2009 half year: 182,069) at an average cash cost of \$918/oz (2009: \$667/oz).
- Golden Pride gold mine in Tanzania, Africa, produced 57,232 ounces (2009 half year: 78,326) of gold at a cash cost of \$722/oz (or US\$676/oz) (2009 half year: \$603/oz or US\$525/oz).
- Ravenswood gold mine in Queensland, Australia, produced 57,076 ounces (2009 half year: 67,457) of gold at a cash cost of \$952/oz (2009 half year: \$743/oz).
- Syama gold mine in Mali, Africa, produced 47,340 ounces (2009 half year: 36,286) of gold at a cash cost of \$1,116/oz (or US\$1,046/oz).

DEVELOPMENT

Syama

- A positive Feasibility Study for the supply and installation of High Voltage Grid Power to Syama was completed during the December quarter. The results indicated it would be possible to significantly reduce operating cost by switching from diesel power. The capital expenditure required is estimated to be US\$42.2m.
- Syama Strategic Study shows opportunity to increase production and extend mine life by re-optimising the open pit and adding an oxide ore processing circuit. A Feasibility study will be undertaken in 2011.

Ravenswood

- An internal scoping study to assess the cost benefits of redeveloping the Sarsfield open cut supported the expansion of the open pit. As a result the reserve base at Ravenswood has increased 174%, to greater than 1.5m ounces, supporting a further 10 years of operation.

EXPLORATION

- Exploration drilling continued in Tanzania while target definition and tenement consolidation work continued in Mali, Queensland and Cote d'Ivoire.
- Resources estimates for the Syama Extension, Alpha and Tellem deposits added 5.82Mt@ 2.3g/t for 428,000 ounces to the Syama resource inventory.

The information in this report that relates to the Mineral Resources and Ore Reserves is based on information compiled by Mr Richard Bray who is a Registered Professional Geologist with the Australian Institute of Geoscientists and Mr Iain Wearing, a member of The Australian Institute of Mining and Metallurgy. Mr Richard Bray and Mr Iain Wearing both have 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 and Mr Iain Wearing are full time employees of Resolute Mining Limited Group and have consented to the inclusion of the matters in this report based on their information in the form and context in which it appears.

- Drilling at the Welcome Breccia deposit near Ravenswood better defined the ore body and an initial first pass inferred resource estimate of 2.04Mt @ 3.18g/t for 208,150 ounces was made.

CORPORATE

- Group cash and bullion at the end of the period was \$33.1m (30 June 2010: \$27.9m).
- Fund raising activities during the half year, through a combination of a fully underwritten institutional placement and exercise of existing options, provided gross proceeds of \$40.3m.
- The hedging program was closed out in October 2010. Funding for the gold purchases to achieve this comprised approximately \$30.4m from the equity raising in October and \$48.5m of credit from the hedging counterparties, Barclays and Investec. The credit is scheduled to be repaid in monthly instalments between February and September 2011.
- At 31 December 2010, the face value of Resolute's total borrowings was \$168m (compared to \$135m at 30 June 2010) and the weighted average interest rate payable on the borrowings at that date was 8.3%. The borrowings amounts stated here differs to that 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 \$4.5m (2009 half year: \$11.6m).
- During the half year, 14.0m convertible notes were converted to fully paid ordinary Resolute shares and this reduced the face value of the Company's debt by \$7.0m.
- Interest of \$4.5m owing on the Resolute convertible notes for the 6 months ended 31 December 2010 was paid by the Company on 4 January by way of an issue of 3.6m Resolute ordinary shares at an issue price of \$1.24 each.

OUTLOOK

Forecast gold production for the Group for the year ending 30 June 2011 is 330,000 ounces at a cash cost of approximately \$880 per ounce. This is based on current expectations for the ongoing optimisation and ramp up of the Syama project.

Golden Pride

Gold production for the second half is expected to be similar to the first half. Ore and gold production will decline during the coming quarter as mining of the southwest cutback will produce only minor ore quantities over the quarter. Following this cutback, ore and gold production will improve in the June quarter.

The processing plant throughput is expected to increase over the coming half with higher levels of lower grade oxide stockpiles presenting to the plant whilst ore supplies transition to the southwest cutback. However, a major maintenance shutdown is scheduled for March to reline the SAG mill.

Ravenswood

Gold production in the coming half is expected to be marginally lower than the first half due primarily to the depletion of low grade stockpiles in the early part of the June quarter. At that time, the mill will be reconfigured to treat only ore from the Mt Wright deposit, resulting in a lower tonnage and higher grade operation.

Syama

Continued improvement in the plant performance and higher gold production is expected through the second half, however, the extent of this improvement was hampered by the January failure of the mill exciter motor. In addition, a major maintenance shutdown involving Mill 1 is scheduled to occur over 2 weeks in April/May. Repairs to the roaster refractory will also be undertaken during the June quarter. There will be sufficient direct leach ore stocks to maintain gold production during repairs to the roaster. These events will set the plant up for an expected period of positive improvements for the Syama mine.

Exploration and Development

Feasibility work continues on the three key development projects at Syama: The open pit expansion; the oxide processing circuit; and the grid power connection. The Feasibility Study into the expansion of the Sarsfield open pit at Ravenswood will also continue to be advanced.

Exploration activities will continue across the very prospective project portfolio with the primary focus on the along strike satellite deposit at Syama and the depth extensions to the Mt Wright and Welcome Breccia deposits at Ravenswood.

Corporate

The majority of Resolute's cash flows in the coming calendar year are currently earmarked for approximately A\$83m of scheduled debt repayments. Following these repayments, Resolute's debt levels are projected to be negligible. Consideration will be given to whether it is preferable to maintain this debt repayment schedule or to extend the term of repayment over a longer period to allow exploration and development initiatives to be more aggressively advanced.



PR SULLIVAN
Chief Executive Officer
25 February 2011



APPENDIX 4D

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

REPORTING PERIOD

The reporting period is for the half year ended 31 December 2010 with the corresponding reporting period being for the half year ended 31 December 2009.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Results	A\$'000			
	up	32%	to	
Revenue from gold sales	up	32%	to	204,106
Net Profit before tax attributable to members of the parent	up	67%	to	29,558
Net Profit after tax attributable to members of the parent	up	39%	to	20,183

Dividends	Amount per security	Franked amount per security
	n/a	n/a
Final dividend - no final dividend is proposed	n/a	n/a
Interim dividend - no interim dividend is proposed	n/a	n/a
Record date for determining entitlements to the dividend	n/a	

This half year report should be read in conjunction with the most recent annual financial report.



RESOLUTE
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HALF YEAR REPORT

FOR THE SIX MONTHS ENDED
31 DECEMBER 2010

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

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RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

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

4th Floor, The BGC Centre
28 The Esplanade
Perth, Western Australia 6000

Postal

PO Box 7232 Cloisters Square
Perth, Western Australia 6850

Telephone: + 61 8 9261 6100
Facsimile: + 61 8 9322 7597
Email: contact@rml.com.au

ABN 39 097 088 689

Website

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

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Telephone: + 61 8 9315 2333
Facsimile: + 61 8 9315 2233
Email: 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"
ASX Listed Convertible Notes Code: "RSGG"
ASX Listed Options Code: "RSGO"

Securities on Issue (31/12/2010)

Ordinary Shares	461,322,666
Listed Options	53,474,741
Unlisted options	7,521,667
Convertible Notes	137,132,475

Legal Advisor

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

Auditor

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

Bankers

Barclays Bank Plc
Level 24
400 George Street
Sydney, New South Wales 2000

Investec Bank (Australia) Limited
Level 31, 2 Chifley Square
Sydney, New South Wales 2000

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

Shareholders wishing to receive copies of Resolute Mining Limited ASX announcements by e-mail should register their interest by contacting the Company at contact@rml.com.au

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

DIRECTORS' REPORT

Your directors present their half year report on the consolidated entity (referred to hereafter as the "Group") consisting of Resolute Mining Limited and the entities it controlled at the end of or during the half year ended 31 December 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 of the Company's directors in office during the half year and until the date of this report are as follows. Directors were in office for this entire period.

PE Huston (Chairman)
PR Sullivan (Chief Executive Officer)
TC Ford (Non-Executive Director)
HTS Price (Non-Executive Director)

COMPANY SECRETARY

GW Fitzgerald

REVIEW OF OPERATIONS

Production

The Group gold production for the half year was 161,648 ounces (2009 half year: 182,069) at an average cash cost of A\$918/oz (2009: A\$667/oz).

Golden Pride Mine

Golden Pride gold mine in Tanzania, Africa, produced 57,232 ounces (2009 half year: 78,326) of gold at a cash cost of A\$722/oz (or US\$676/oz) (2009 half year: A\$603/oz or US\$525/oz).

Ravenswood Gold Mine

Ravenswood gold mine in Queensland, Australia, produced 57,076 ounces (2009 half year: 67,457) of gold at a cash cost of A\$952/oz (2009 half year: A\$743/oz).

Syama Gold Mine

Syama gold mine in Mali, Africa, produced 47,340 ounces (2009 half year: 36,286) of gold at a cash cost of A\$ 1,116/oz (or US\$1,046/oz). The mine was considered to be in pre production up to 31 December 2009. All costs and revenue associated with the Syama gold mine were capitalised up to 31 December 2009.

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

DIRECTORS' REPORT (continued)

Development

Syama

- A Positive Feasibility Study for the Supply and Installation of a High Voltage Grid Power to Syama was completed during the December quarter. The capital expenditure required is estimated to be US\$42.200m.
- Syama Strategic Study shows opportunity to increase production and extend mine life by re-optimising open pit and adding an oxide ore processing circuit. The review included:
 - Optimising the production and blending strategy from the main pit using current processing capacity including the option to phase in satellite pits;
 - Identification of the optimal open pit to underground cut-over point;
 - Assessing the value of adding a separate oxide process route; and,
 - Assessing the impact of a higher long-term gold price on the strategic mine plan.

A feasibility study investigating these recommendations is underway and due for completion in 2011.

- Future drilling programmes will focus on depth and strike extensions of known deposits to further extend mine life.

Ravenswood

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

Exploration

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

Corporate

- Group cash and bullion at the end of the period was \$33.147m.
- Hedging program closed out in October 2010.
- \$40.339m capital raising completed.

RESULTS

Revenues from gold sales increased by 32% to \$204.106m (2009 half year: \$154.341m) in the six months ended 31 December 2010.

Net profit after tax decreased by 5% to \$8.108m (2009 half year: \$8.567m profit) and includes a \$23.474m unrealised foreign exchange loss (2009 half year: \$24.675m loss) on loans with subsidiaries.

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

DIRECTORS' REPORT (continued)

SIGNIFICANT EVENTS AFTER BALANCE DATE

An internal scoping study was completed to assess the financial benefit of expanding the Sarsfield open cut pit at Ravenswood gold mine in North Queensland, and has resulted in a 174% increase in the reserves, with total reserves now in excess of 1.5 million ounces.

AUDITOR'S INDEPENDENCE

Refer to page 8 for a copy of the Auditor's Independence Declaration to the Directors of Resolute Mining Limited.

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.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'PR Sullivan', with a stylized flourish at the end.

PR Sullivan
Director
Perth, Western Australia
24 February 2011

Auditor's Independence Declaration to the Directors of Resolute Mining Limited

In relation to our review of the financial report of Resolute Mining Limited for the half year ended 31 December 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.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin A Buckingham
Partner
Perth
24 February 2011

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the half year ended 31-Dec-10 \$'000	For the half year ended 31-Dec-09 (Restated) \$'000
Continuing Operations			
Revenue from gold sales	4(a)	204,106	154,341
Costs of production relating to gold sales	4(b)	<u>(142,812)</u>	<u>(100,225)</u>
Gross profit before depreciation, amortisation and other operating costs		61,294	54,116
Depreciation and amortisation relating to gold sales	4(c)	(31,516)	(13,131)
Other operating costs relating to gold sales	4(d)	(10,608)	(6,662)
Gross profit		<u>19,170</u>	<u>34,323</u>
Other revenue	4(e)	114	158
Other income	4(f)	168	976
Exploration expenditure		(3,964)	(3,708)
Share of associate's loss		(312)	-
Administration and other expenses	4(g)	<u>(4,668)</u>	<u>(4,475)</u>
Profit before treasury, tax and finance costs		10,508	27,274
Finance costs	4(h)	<u>(9,833)</u>	<u>(1,684)</u>
Profit before treasury and tax		<u>675</u>	<u>25,590</u>
Treasury - gains on gold forward contracts closed out		34,743	-
Treasury - other realised (losses)/gains	4(i)	(3,435)	857
Treasury - other unrealised losses	4(j)	<u>(14,500)</u>	<u>(14,714)</u>
Profit before tax		<u>17,483</u>	<u>11,733</u>
Tax expense		(9,375)	(3,166)
Net profit		<u><u>8,108</u></u>	<u><u>8,567</u></u>
Net profit/(loss) attributable to:			
Members of the parent		20,183	14,569
Non-controlling interest		<u>(12,075)</u>	<u>(6,002)</u>
		<u><u>8,108</u></u>	<u><u>8,567</u></u>

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	For the half year ended 31-Dec-10 \$'000	For the half year ended 31-Dec-09 (Restated) \$'000
Net profit (brought forward)	8,108	8,567
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations:		
- Members of the parent	(15,230)	(8,342)
- Non-controlling interest	1,968	161
Cash flow hedges: Transfer to profit and loss, net of tax	-	(2,755)
Changes in the fair value of available for sale financial assets, net of tax	1,050	376
Other comprehensive loss for the period, net of tax	(12,212)	(10,560)
Total comprehensive loss for the period	<u>(4,104)</u>	<u>(1,993)</u>
Total comprehensive income/(loss) attributable to:		
Members of the parent	6,003	3,848
Non-controlling interest	<u>(10,107)</u>	<u>(5,841)</u>
	<u>(4,104)</u>	<u>(1,993)</u>
Earnings per share for net profit attributable to the ordinary equity holders of the parent:		
Basic earnings per share	4.78	4.01
Diluted earnings per share	4.29	4.01

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

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31-Dec-10 \$'000	As at 30-Jun-10 \$'000
Current assets			
Cash		32,346	18,259
Receivables - gold bullion sales		801	9,662
Receivables - other		5,579	6,533
Inventories		90,784	85,754
Available for sale financial assets		1,686	818
Financial derivative assets		103	89
Other		4,551	3,866
Total current assets		135,850	124,981
Non current assets			
Receivables		4,459	4,083
Financial derivative assets		256	901
Exploration and evaluation expenditure		9,226	10,970
Development expenditure		216,316	231,030
Property, plant and equipment		196,273	221,274
Deferred mining costs		19,276	13,504
Investment in associate		5,580	5,892
Total non current assets		451,386	487,654
Total assets		587,236	612,635
Current liabilities			
Payables		54,654	47,652
Interest bearing liabilities		39,903	29,445
Tax liabilities		5,170	3,454
Financial liabilities	6	48,497	92,075
Provisions		11,587	10,933
Total current liabilities		159,811	183,559
Non current liabilities			
Interest bearing liabilities		70,479	93,300
Financial liabilities	6	-	21,026
Provisions		32,457	28,624
Deferred tax liabilities		1,954	3,049
Other		-	37
Total non current liabilities		104,890	146,036
Total liabilities		264,701	329,595
Net assets		322,535	283,040

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	As at 31-Dec-10 \$'000	As at 30-Jun-10 \$'000
Equity attributable to equity holders of the parent			
Contributed equity	7	280,967	237,083
Reserves		8,225	22,690
Retained earnings		61,241	41,058
Parent interest		350,433	300,831
Non-controlling interest		(27,898)	(17,791)
Total equity		322,535	283,040

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

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares	Net unrealised gain/(loss) reserve	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	\$'000	\$'000
At 1 July 2010	237,083	164	14,233	5,987	2,021	285	41,058	(17,791)	283,040
Net profit/(loss) for the year	-	-	-	-	-	-	20,183	(12,075)	8,108
Other comprehensive income, net of tax	-	1,050	-	-	-	(15,230)	-	1,968	(12,212)
Total comprehensive income/(loss) for the period, net of tax	-	1,050	-	-	-	(15,230)	20,183	(10,107)	(4,104)
Transactions with owners									
Shares issued	47,027	-	-	-	-	-	-	-	47,027
Share issue costs	(3,143)	-	-	-	-	-	-	-	(3,143)
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	(461)	-	-	-	-	-	(461)
Share-based payments to employees	-	-	-	-	176	-	-	-	176
At 31 December 2010	280,967	1,214	13,772	5,987	2,197	(14,945)	61,241	(27,898)	322,535

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

	Ordinary shares	Net unrealised gain/(loss) reserve	Hedge reserve forwards gain/(loss)	Convertible notes equity reserve	Share options equity reserve	Employee equity benefits reserve	Foreign currency translation reserve (Restated) \$'000	Retained earnings (Restated) \$'000	Non-controlling interest (Restated) \$'000	Total \$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2009	209,680	364	5,343	3,492	4,064	1,499	633	78,231	-	303,306
Net profit for the year	-	-	-	-	-	-	-	14,569	(6,002)	8,567
Other comprehensive income/(loss), net of tax	-	376	(2,755)	-	-	-	(8,342)	-	161	(10,560)
Total comprehensive income/(loss) for the period, net of tax	-	376	(2,755)	-	-	-	(8,342)	14,569	(5,841)	(1,993)
Transactions with owners										
Shares issued	18,960	-	-	-	-	-	-	-	-	18,960
Share issue costs	(1,016)	-	-	-	-	-	-	-	-	(1,016)
Options issued to convertible note holders and shareholders, net of tax	-	-	-	-	1,923	-	-	-	-	1,923
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	-	10,760	-	-	-	-	-	10,760
Share-based payments to employees	-	-	-	-	-	204	-	-	-	204
At 31 December 2009	227,624	740	2,588	14,252	5,987	1,703	(7,709)	92,800	(5,841)	332,144

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

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

CONSOLIDATED CASH FLOW STATEMENT

	For the half year ended 31-Dec-10 \$'000	For the half year ended 31-Dec-09 \$'000
Cash flows from operating activities		
Receipts from customers	213,074	138,676
Payments to suppliers, employees and others	(174,317)	(108,903)
Income tax paid	(7,773)	-
Exploration expenditure	(3,964)	(3,708)
Interest paid	(2,037)	(1,978)
Interest received	114	158
Net cash flows from operating activities	<u>25,097</u>	<u>24,245</u>
Cash flows from investing activities		
Payments for property, plant & equipment	(10,103)	(4,097)
Proceeds from property, plant & equipment	9	45
Payments for development costs	(5,728)	(33,118)
Other	(392)	(150)
Net cash flows from investing activities	<u>(16,214)</u>	<u>(37,320)</u>
Cash flows from financing activities		
Proceeds from issuing ordinary shares	40,340	18,960
Costs of issuing ordinary shares	(3,143)	(1,016)
Proceeds from issuing convertible notes	-	23,864
Costs of issuing convertible notes	-	(1,332)
Proceeds from issuing options	-	1,136
Costs from issuing options	-	(63)
Payments for close-out of hedgebook funded with proceeds from issuing ordinary shares	(30,368)	-
Repayment of borrowings	(3,351)	(10,224)
Repayment of lease liability	(1,109)	(1,394)
Proceeds from loans	2,961	-
Net cash flows from financing activities	<u>5,330</u>	<u>29,931</u>
Net increase in cash and cash equivalents	14,213	16,856
Cash and cash equivalents at the beginning of the financial period	11,900	6,880
Exchange rate adjustment	(528)	(211)
Cash and cash equivalents at the end of the period	<u>25,585</u>	<u>23,525</u>
Cash and cash equivalents comprise the following:		
Cash	32,346	27,213
Bank overdraft	(6,761)	(3,688)
	<u>25,585</u>	<u>23,525</u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: CORPORATE INFORMATION

The financial report of Resolute Mining Limited and its controlled entities (the "Group" or "consolidated entity") for the half year ended 31 December 2010 was authorised for issue in accordance with a resolution of directors on 24 February 2011.

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 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report for the half year ended 31 December 2010 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

It is recommended that the half year financial report be read in conjunction with the Annual Report for the year ended 30 June 2010 and considered together with any public announcements made by Resolute Mining Limited during the half year ended 31 December 2010 in accordance with the continuous disclosure obligations of the Australian Securities Exchange listing rules.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

Future Cash Flow Requirements

The Group's working capital requirements remain 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 ultimately impact the Group's forecast cash flows. In addition, the Group is currently required to repay approximately \$83.000m in debt to its financiers over the next 12 month period. Following those repayments, the Group's interest bearing and financial liabilities will be down to only \$14.660m (excluding the Convertible Notes on issue).

The Group's current cash flow forecasts suggest that if the Group continues to commit to its discretionary expenditure programs, a portion of the debt repayments falling due in the June 2011 quarter may need to be deferred or alternatively additional funds via a debt or capital raising may need to be raised to meet these repayments. Management and the Directors are satisfied a portion of these debt repayments can be restructured, additional funds secured or discretionary expenditure deferred to meet these required repayments such that the Group can continue to pay its debts as and when they become due and payable.

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restatement of comparative information - Non-controlling interest

At 31 December 2009, a non-controlling interest should have been recognised in the half year financial report in accordance with AASB 127 Consolidated and Separate Financial Statements. The 30 June 2010 Annual Report correctly included the requirements of the accounting standard.

The effect of recognising a non-controlling interest at 31 December 2009 is as follows, and has been reflected in the comparative balances in this half year financial report accordingly:

	Restated 31-Dec-09 \$'000	Previously reported 31-Dec-09 \$'000
<i>Consolidated Statement of Comprehensive Income</i>		
Report		
Net profit/(loss) attributable to:		
Members of the parent	14,569	8,567
Non-controlling interest	(6,002)	-
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations:		
- Members of the parent	(8,342)	(8,181)
- Non-controlling interest	161	-
Total comprehensive income/(loss) attributable to:		
Members of the parent	3,848	(1,993)
Non-controlling interest	(5,841)	-
Earnings per share for net profit attributable to the ordinary equity holders of the parent:		
Basic earnings per share	4.01	2.36
Diluted earnings per share	4.01	2.00
<i>Consolidated Statement of Changes in Equity</i>		
Net profit/(loss) attributable to:		
Members of the parent	14,569	8,567
Non-controlling interest	(6,002)	-
Other comprehensive income/(loss)		
Exchange differences on translation of foreign operations:		
- Members of the parent	(8,342)	(8,181)
- Non-controlling interest	161	-
At 31 December 2009		
Foreign currency translation reserve	(7,709)	(7,548)
Retained earnings	92,800	86,798
Non-controlling interest	(5,841)	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New accounting standards and UIG interpretations

From 1 July 2010 the Group has adopted all new and revised Australian Accounting Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2010, including:

- *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

Impact: The Group has adopted the amendment to AASB 107 and only classifies expenditure that has resulted in the recognition of an asset in the Statement of Financial Position, as investing activities in the Consolidated Cash Flow Statement.

The amendments to AASB 117 do not have any impact on the classification of any land leases held by the Group.

- *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.

Impact: The amendments do not have any impact on the Group as it does not enter into any transactions where one entity receives or acquires goods or services while another entity settles the transaction by way of issuing equity instruments.

- *AASB 2009-10 Amendments to Australian Accounting Standards arising from AASB 132*

The amendments reclassify certain options and warrants as equity instruments rather than financial liabilities resulting in the reversal of amounts that were previously recognised in the Consolidated Statement of Comprehensive Income.

Impact: The amendments do not have any impact on the Group's options that are on issue.

- *AASB 124 Amendments to Australian Accounting Standards arising from AASB 124*

The amendments to AASB 124 adopt a less complex approach to identifying related parties.

Impact: The amendments do not have any impact on the related parties that have been identified by the Group.

- *Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments*

The interpretation clarifies that equity instruments issued to extinguish a financial liability are "consideration paid" in accordance with IAS 39(41) and will result in de-recognition of the financial liability.

Impact: The interpretation does not change the way in which the Group accounts for such transactions.

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: OPERATING SEGMENTS

For the six months ended 31 December 2010

	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED CORP/OTHER \$'000	TREASURY \$'000	TOTAL \$'000
				(c)	(c)	
Revenue						
Gold sales at spot to external customers (a)	79,048	83,571	59,341	-	-	221,960
Total segment gold sales revenue	79,048	83,571	59,341	-	-	221,960
Cash costs	(54,323)	(41,321)	(52,814)	-	-	(148,458)
Depreciation and amortisation	(12,221)	(2,995)	(16,300)	-	-	(31,516)
Other operating costs (b)	(1,935)	(5,874)	1,946	(387)	-	(6,250)
Other corporate/admin costs (b)	(27)	-	-	(2,147)	-	(2,174)
Segment operating result before treasury, other income/(expenses) and tax	10,542	33,381	(7,827)	(2,534)	-	33,562
Other income	8	-	-	96	114	218
Exploration expenditure	(1,305)	(1,017)	(924)	(718)	-	(3,964)
Finance costs	-	-	-	-	(9,833)	(9,833)
Realised loss on gold forward contracts delivered into with production	-	-	-	-	(17,854)	(17,854)
Other	-	-	-	(1,454)	-	(1,454)
Segment operating result before treasury and tax	9,245	32,364	(8,751)	(4,610)	(27,573)	675
Treasury - gains on gold forward contracts closed out	-	-	-	-	34,743	34,743
Treasury - other realised losses	-	-	-	-	(3,435)	(3,435)
Treasury - other unrealised losses	-	-	-	-	(14,500)	(14,500)
Income tax (expense)/benefit	-	(9,579)	-	204	-	(9,375)
Net profit/(loss) after tax	9,245	22,785	(8,751)	(4,406)	(10,765)	8,108

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: OPERATING SEGMENTS (continued)

For the six months ended 31 December 2010	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED		TOTAL \$'000
				CORP/OTHER \$'000	TREASURY \$'000	
				(c)	(c)	
Reconciliation of total segment revenue to statement of comprehensive income:						
Total segment gold sales revenue to external customers						221,960
Realised loss on gold forward contracts						(17,854)
Amortisation of gold hedge reserve						-
Total revenue per statement of comprehensive income						204,106
Cash flow by segment, including receivables - gold bullion sales	14,391	23,303	(15,776)	(2,101)	(14,591)	5,226
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						8,861
Movement in bank overdraft						(402)
Exchange rate adjustment						528
Movement in cash and cash equivalents per consolidated cash flow statement						14,213
Capital expenditure	5,974	750	3,335	44	-	10,103
Segment assets	130,769	72,783	355,980	27,570	134	587,236
Segment liabilities	35,271	25,977	39,518	10,273	153,662	264,701

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: OPERATING SEGMENTS (continued)

For the six months ended 31 December 2009	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED		TOTAL \$'000
				CORP/OTHER \$'000	TREASURY \$'000	
				(c)	(c)	
Revenue						
Gold sales at spot to external customers (a)	84,370	92,893	-	-	-	177,263
Total segment gold sales revenue	84,370	92,893	-	-	-	177,263
Cash costs	(50,095)	(47,209)	-	-	-	(97,304)
Depreciation and amortisation	(10,461)	(2,670)	-	-	-	(13,131)
Other operating costs (b)	(5,313)	(1,893)	(1,183)	-	-	(8,389)
Other corporate/admin costs (b)	(28)	-	-	(3,753)	-	(3,781)
Segment operating result before treasury, other income/(expenses) and tax	18,473	41,121	(1,183)	(3,753)	-	54,658
Other income	22	9	-	124	158	313
Exploration expenditure	(559)	(1,152)	(1,044)	(953)	-	(3,708)
Finance costs	-	-	-	-	(1,684)	(1,684)
Realised loss on gold forward contracts delivered into with production	-	-	-	-	(22,922)	(22,922)
Other	-	-	-	(1,067)	-	(1,067)
Segment operating result before treasury and tax	17,936	39,978	(2,227)	(5,649)	(24,448)	25,590
Treasury - other realised gains	-	-	-	-	857	857
Treasury - other unrealised losses	-	-	-	-	(14,714)	(14,714)
Income tax (expense)/benefit	(1,181)	(3,554)	-	1,569	-	(3,166)
Net profit/(loss) after tax	16,755	36,424	(2,227)	(4,080)	(38,305)	8,567

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: OPERATING SEGMENTS (continued)

For the six months ended 31 December 2009	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED		TOTAL \$'000
				CORP/OTHER \$'000	TREASURY \$'000	
				(c)	(c)	
Reconciliation of total segment revenue to statement of comprehensive income:						
Total segment gold sales revenue to external customers						177,263
Realised loss on gold forward contracts						(26,857)
Amortisation of gold hedge reserve						3,935
Total revenue per statement of comprehensive income						<u>154,341</u>
Cash flow by segment, including receivables - gold bullion sales	25,694	39,296	(34,740)	(3,117)	(891)	26,242
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						(11,730)
Movement in bank overdraft						2,133
Exchange rate adjustment						211
Movement in cash and cash equivalents per consolidated cash flow statement						<u>16,856</u>
Capital expenditure	9,496	1,275	25,849	9,036	-	45,656
Segment assets (as at 30 June 2010)	121,117	79,131	380,726	31,572	89	612,635
Segment liabilities (as at 30 June 2010)	26,983	24,685	40,929	6,373	230,625	329,595

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: OPERATING SEGMENTS (continued)

- (a) Revenue from external sales for each reportable segment is derived from several customers. Except for one particular customer, the remaining customers each 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 4: PROFIT FROM CONTINUING OPERATIONS

		Consolidated	
		For the half year ended 31-Dec-10 \$'000	For the half year ended 31-Dec-09 \$'000
(a)	Revenue from gold sales		
	Gold sales at spot price (i)	221,960	177,263
	Realised loss on gold forward contracts	(17,854)	(26,857)
		204,106	150,406
	Amortisation of the gold forward contract hedge reserve	-	3,935
		204,106	154,341
(i)	During the half year ended 31 December 2010, the Group has delivered 32,013 ounces (2009: 50,396) into gold forward contracts at an average price of A\$797/oz (2009: A\$647/oz).		
(b)	Costs of production relating to gold sales		
	Costs of production (excluding gold in circuit inventories movement)	148,458	97,304
	Gold in circuit inventories movement	(5,646)	2,921
		142,812	100,225
(c)	Depreciation and amortisation relating to gold sales		
	Amortisation of evaluation, development & rehabilitation costs	13,589	6,935
	Depreciation of mine site properties, plant & equipment	17,927	6,196
		31,516	13,131

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: PROFIT FROM CONTINUING OPERATIONS (continued)

		Consolidated	
		For the half year ended 31-Dec-10 \$'000	For the half year ended 31-Dec-09 \$'000
(d)	Other operating costs relating to gold sales		
	Royalty expense	8,575	4,926
	Operational support costs	2,033	1,736
		<u>10,608</u>	<u>6,662</u>
(e)	Other revenue		
	Interest income - other persons/corporations	114	158
		<u>114</u>	<u>158</u>
(f)	Other income		
	Rehabilitation provision adjustment from non operating mine sites	72	822
	Profit on sale of property, plant and equipment	-	21
	Other	96	133
		<u>168</u>	<u>976</u>
(g)	Administration and other expenses		
	Other management and administration expenses	2,075	2,423
	Non mine site insurance costs	357	385
	Operating lease expenses	408	251
	Loss on sale of property, plant and equipment	571	-
	Share based payments expense	176	204
	Depreciation of non mine site assets	128	137
	Other	953	1,075
		<u>4,668</u>	<u>4,475</u>
(h)	Finance costs		
	Interest and fees paid/payable to other entities	9,457	1,442
	Rehabilitation provision discount adjustment	376	242
		<u>9,833</u>	<u>1,684</u>

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: PROFIT FROM CONTINUING OPERATIONS (continued)

		Consolidated	
		For the half year ended 31-Dec-10 \$'000	For the half year ended 31-Dec-09 \$'000
(i)	Treasury - other realised (losses)/gains		
	Realised loss on gold call options	-	1,522
	Realised loss on gold put options	(1,959)	-
	Realised foreign exchange loss	(1,476)	(665)
		<u>(3,435)</u>	<u>857</u>
(j)	Treasury - other unrealised (losses)/gains		
	Unrealised gain on gold forward contracts	-	7,406
	Unrealised gain/(loss) on gold put options	1,327	(2,483)
	Unrealised loss on gold call options	-	(1,393)
	Unrealised foreign exchange gain	7,647	6,431
	Unrealised foreign exchange loss on loans with subsidiaries (i)	(23,474)	(24,675)
		<u>(14,500)</u>	<u>(14,714)</u>

i) The unrealised foreign exchange gains and losses on intercompany balances between entities in the Group are taken directly to the Group's consolidated statement of comprehensive income.

NOTE 5: DIVIDENDS

There were no dividends paid or provided for during the half year and up to the date of this report.

NOTE 6: FINANCIAL LIABILITIES

- a) In October 2010, the Group completed the close out of its hedge book. Funding for the gold purchases to achieve this comprised approximately A\$30.368m from an equity raising in October and A\$47.991m of credit from the hedging counterparties, Barclays and Investec. The credit is scheduled to be repaid in monthly instalments between February and September 2011. The majority of the Group's cash flows in the coming year are currently earmarked for scheduled debt repayments, which total approximately A\$82.193m over the calendar 2011 year. Following these repayments the Group's debt levels to Barclays and Investec are projected to be negligible.

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: FINANCIAL LIABILITIES (continued)

- b) The new financing arrangement to fund the gold purchases has the same securities in place as the senior debt facility, the environmental bond facility, and the deferred put option premium facility. Those securities are as follows:
- (i) Cross Guarantee and Indemnity given by Resolute Mining Limited, Carpentaria Gold Pty Ltd, Resolute (Tanzania) Limited, Mabangu Mining Limited, Resolute Pty Ltd, Resolute (Treasury) Pty Ltd and Resolute (Somisy) Limited;
 - (ii) 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;
 - (iii) fixed and floating charge over all the current and future assets of Mabangu Mining Limited including onshore and offshore bank accounts;
 - (iv) mortgage over mining lease ML 19/97 of the Resolute (Tanzania) Limited group;
 - (v) 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;
 - (vi) 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;
 - (vii) share Mortgage by the Borrower over all of its shares in Carpentaria Gold Pty Ltd;
 - (viii) 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;
 - (ix) 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;
 - (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.

NOTE 7: CONTRIBUTED EQUITY

	Total Number	Number Quoted	\$'000
Ordinary securities			
As at 31 December 2010	461,322,666	461,322,666	280,967
<u>Changes during current period, net of issue costs</u>			
Increases through exercise of unlisted options	454,001	454,001	248
Increases through exercise of listed options	42,499,975	42,499,975	25,499
Increases through placement of shares to sophisticated investors	11,762,463	11,762,463	11,446
Increases through conversion of convertible notes (non cash, converted at a face value of 50 cents per share)	14,019,793	14,019,793	6,691

RESOLUTE MINING LIMITED
 HALF YEAR REPORT
 For the six months ended 31 December 2010

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: CONTRIBUTED EQUITY (continued)

	Total Number	Number Quoted	Exercise Price	Expiry Date
Options on issue				
As at 31 December 2010	10,000	-	\$1.12	23/03/2011
	125,000	-	\$1.32	24/10/2011
	213,000	-	\$2.12	22/05/2013
	75,000	-	\$1.62	29/08/2013
	1,250,000	-	\$1.63	1/10/2011
	705,667	-	\$0.42	31/01/2014
	53,474,741	53,474,741	\$0.60	31/12/2011
	500,000	-	\$1.00	31/03/2012
	500,000	-	\$0.74	30/06/2012
	3,000,000	-	\$0.72	24/10/2012
	829,000	-	\$1.09	14/02/2015
	179,000	-	\$1.21	15/07/2015
	135,000	-	\$1.43	15/11/2015
<u>Changes during current period</u>				
Lapsing of unlisted options	(130,000)	-	\$1.32	24/10/2011
Lapsing of unlisted options	(108,334)	-	\$0.42	31/01/2014
Lapsing of unlisted options	(185,000)	-	\$1.09	14/02/2015
Exercise of unlisted options	(45,000)	-	\$1.12	23/03/2011
Exercise of unlisted options	(359,001)	-	\$0.42	31/01/2014
Exercise of unlisted options	(50,000)	-	\$1.09	14/02/2015
Exercise of listed options	(42,499,975)	(42,499,975)	\$0.60	31/12/2011
	Total Number	Number Quoted	Conversion Price	Expiry Date
Convertible notes on issue				
As at 31 December 2010	137,132,475	137,132,475	\$0.50	31/12/2012
<u>Changes during current period</u>				
Conversion of convertible notes	(14,019,793)	(14,019,793)	\$0.50	31/12/2012

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Except for the below mentioned changes to the contingent liability status, there have been no other changes to the contingent liabilities or contingent assets of the Group from those disclosed in the financial report for the year ended 30 June 2010.

Syama gold mine redevelopment

As part of the refurbishment and construction of the Syama gold mine in Mali, various contractors were engaged by Societe des Mines de Syama SA ("SOMISY") to perform specific tasks. The installation portion of the contract for the supply and installation of structural steel, mechanical, piping and platework for the refurbishment and construction of the mine was awarded to Group Five International Limited ("Group Five"). Group Five has recently lodged a claim of US\$5.2m against SOMISY relating to the amount it believes is owing under this installation contract. SOMISY has not provided for any of the claimed amount in its accounts.

SOMISY is conducting further investigation to determine the validity of this claim, and to date, has not received evidence that confirms this amount is payable to Group Five. Based on the information provided, SOMISY denies this amount is payable to Group Five and will strongly defend its position. Pursuant to the terms of the contract, Group Five has filed a Request for Arbitration with the Secretariat of the International Court of Arbitration in Paris, France.

NOTE 9: EVENTS OCCURRING AFTER BALANCE DATE

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

RESOLUTE MINING LIMITED
HALF YEAR REPORT
For the six months ended 31 December 2010

DIRECTORS' DECLARATION

In the opinion of the directors:

a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB 134 *Interim Financial Reporting*, the *Corporations Regulations 2001*; and

(ii) giving a true and fair view of the Group's financial position as at 31 December 2010 and of its performance, as required by Accounting Standards, for the half year ended on that date.

b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the directors.



P.R. Sullivan
Director

Perth, Western Australia
24 February 2011

To the members of Resolute Mining Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resolute Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resolute Mining Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with 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.

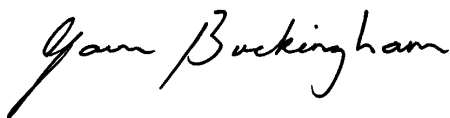
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resolute Mining Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Gavin Buckingham'.

Gavin Buckingham
Partner
Perth
24 February 2011