



RESOLUTE
MINING
LIMITED

A PROVEN GOLD PRODUCER

ANNUAL REPORT 2011



CONTENTS

02	2011 HIGHLIGHTS
04	CHIEF EXECUTIVE'S REVIEW
06	RESERVES AND RESOURCES
07	PRODUCTION AND PROJECT SUMMARY
08	OPERATIONS OVERVIEW
12	DEVELOPMENT OVERVIEW
20	EXPLORATION OVERVIEW
30	CORPORATE RESPONSIBILITY
37	FINANCIAL REPORT

RESOLUTE IS AN UNHEDGED GOLD PRODUCER WITH THREE OPERATING GOLD MINES IN AUSTRALIA AND AFRICA THAT HAVE FULL EXPOSURE TO THE GOLD PRICE.

It continues to build 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 almost 6 million ounces of gold. The Company is actively progressing its portfolio of projects and assessing new opportunities to further enhance shareholder value.

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

P0 Box 7232 Cloisters Square
Perth, Western Australia 6850

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

ABN 39 097 088 689

WEB SITE

Resolute maintains a web site 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
E-mail: 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 (30/09/2011)

Ordinary Shares	469,031,918
Listed Options	49,910,087
Convertible Notes	136,862,475
Unlisted Options	9,114,333

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

Investec Bank (Australia) Limited

Level 31 The Chifley Tower
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

HIGHLIGHTS

OPERATIONS

- YIELDED IN EXCESS OF 330,000 OUNCES OF GOLD AT A CASH COST OF A\$908 PER OUNCE.
- SYAMA MINE PLANT OPTIMIZATION CONTINUING WITH FLOAT RECOVERIES, CONCENTRATE SULPHIDE GRADES, CIL RECOVERIES AND OVERALL GOLD RECOVERIES ALL APPROACHING FEASIBILITY STUDY SPECIFICATIONS FOR EXTENDED PERIODS.
- MT WRIGHT UNDERGROUND MINE IN QUEENSLAND REVISED MINING METHOD SUCCESSFULLY IMPLEMENTED, RESULTING IN SIGNIFICANTLY INCREASED PRODUCTION.

CORPORATE

- UNHEDGED FOLLOWING HEDGE BOOK CLOSE OUT IN OCTOBER 2010.
- GROSS PROCEEDS OF \$41.8M BY WAY OF ISSUING SHARES.

FINANCIAL

- STRONG NET PROFIT AFTER TAX ATTRIBUTABLE TO MEMBERS OF \$59.7M.
- ROBUST OPERATING CASH INFLOW OF A\$59M.
- NET INVESTING CASH OUTFLOWS OF \$34M WITH EXPENDITURE ON PROPERTY, PLANT AND EQUIPMENT AND DEVELOPMENT.
- FINANCE FACILITY REPAYMENTS TALLING \$47M.

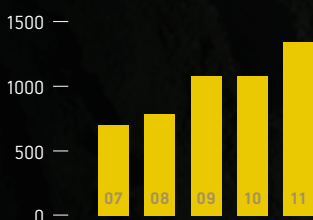
DEVELOPMENT

- SYAMA STRATEGIC STUDY COMPLETED RESULTING IN AN EXPANDED PIT REPRESENTING A 104% RESERVE INCREASE.
- PROJECT MANAGEMENT AND ENGINEERING DESIGN FOR SYAMA EXPANSION DEFINITIVE FEASIBILITY STUDY AWARDED.
- FEASIBILITY STUDY COMPLETED FOR THE SUPPLY AND INSTALLATION OF A HIGH VOLTAGE GRID CONNECTION AT SYAMA.
- DEFINITIVE FEASIBILITY STUDY COMMENCED ON SARSFIELD OPEN PIT RE-DEVELOPMENT/EXPANSION.
- CONVERTED SUBSTANTIAL RESOURCES TO RESERVES AT MT WRIGHT UNDERGROUND.

EXPLORATION

- FURTHER DIAMOND DRILLING AT THE WELCOME BRECCIA PROSPECT NEAR RAVENWOOD, RETURNS IMPRESSIVE RESULTS.
- INFILL DRILLING AT TELLEM, SYAMA EXTENSION AND ALPHA ADD TO THE RESOURCE INVENTORY AT SYAMA.
- DRILLING AT THE BA01 PROSPECT NEAR SYAMA RETURNS EXCELLENT FIRST PASS INTERCEPTS.
- EXCELLENT NEAR SURFACE INTERCEPTS WERE RETURNED AT THE FAR EAST DEPOSIT NEAR GOLDEN PRIDE IN TANZANIA.

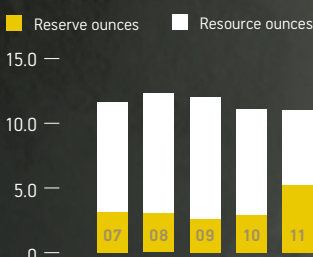
AVERAGE CASH PRICE FOR GOLD SOLD



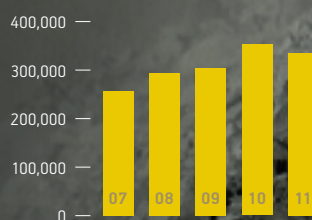
COST PER OUNCE



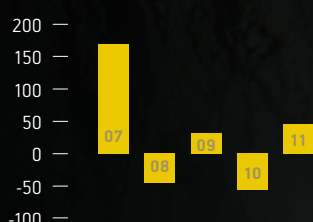
TOTAL PROJECT RESOURCES



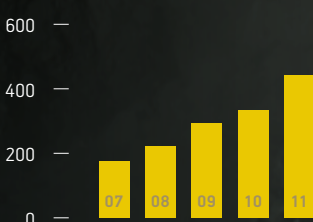
GOLD PRODUCTION



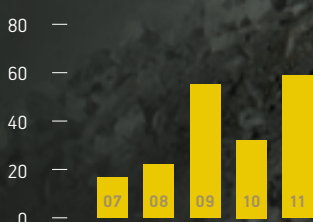
NET PROFIT



REVENUE FROM SALES OF PRECIOUS METAL



OPERATING CASHFLOW





CHIEF EXECUTIVE'S REVIEW



WE ARE GOING THROUGH A REMARKABLE TRANSITION AT RESOLUTE. A SUBSTANTIAL INCREASE IN CASH FLOW THIS YEAR WILL SEE US EMERGE AS AN UNHEDGED AND UNGEARED GOLD COMPANY WITH FUNDS TO MEET ALL OUR GROWTH OBJECTIVES AS WELL AS CONSIDER RETURNS TO SHAREHOLDERS. THIS IS A SIGNIFICANT SHIFT FROM OUR POSITION OF THE LAST FEW YEARS AND SETS THE COMPANY UP FOR AN EXCITING FUTURE.

Production of around 410,000 ounces of gold is expected from our three producing gold mines in the coming year, which is a 20 per cent increase on the 330,000 ounces produced last year. Importantly, the average group cash cost is expected to fall to around \$730 per ounce from \$908 per ounce of the previous period.

This combination of higher production and lower cash costs, along with a higher gold price, translates to strong cash generation. This will enable us to push much harder on our organic growth potential with a view to delivering added value to our shareholders.

Our improved production outlook is driven by the Syama operation. Better plant throughput and grade are expected, giving rise to a major lift in production and reduction in cash cost per ounce at this operation. Ravenswood and Golden Pride are both expected to perform at similar levels to last year.

In the coming year we are planning to make meaningful progress on several development projects that will improve our long term production profile and cost structure.

At Syama we have lifted reserves and extended the overall mine life through the planned deepening of the main pit. This, along with adding an oxide circuit to the plant to treat the ore from deposits discovered along strike of the main pit, should see Syama move to over 300,000 ounces of production a year.

We are also well advanced in our plans for a grid power connection at Syama which will deliver significant cost savings and other operational benefits.

At Ravenswood, the reopening of the Sarsfield open pit will deliver a long term ore source for the plant. The process to obtain all regulatory approvals for this has commenced. In addition, further development drilling to extend the depth of the Mt Wright ore body is planned.

Golden Pride is moving into its final period of operation. We have an approved closure plan for the operation and we are well advanced in our work to meet this. Of growing importance for us in Tanzania is the Nyakafuru project, given the strong gold price. We are conducting a scoping study on the potential to develop this project utilising a relocated Golden Pride plant.

Another key area we are focussing on is the very prospective exploration tenure we hold. The exploration budget for the coming year is \$20 million, which is double that spent in each of the last few years. One of the key targets is for additional oxide resources along the Syama strike, where we have already had exceptional success. Another is further drilling of the breccia pipe targets at Ravenswood, in particular the Welcome Breccia and Golden Valley breccia complex.

On the corporate side, a significant reduction in the secured debt is scheduled in the first half of the year. Depending upon share price movements there is potential for further balance sheet transformation with the unsecured convertible note debt and listed share options to be converted to equity by the end of December 2011, making the Company effectively ungeared.

This conservative balance sheet and strong cash flow will enable the Board to positively consider the balance between growth objectives and returns to shareholders, through either share buy backs or dividends, over coming years.

We have an ambitious agenda in front of us but we are well equipped to meet it. Our experienced, skilled and hard working management team has continued to deliver in what have been difficult operating circumstances.

We are now very well placed to see the full value of the investments we have made over the last few years emerge. The continued support of the Board and shareholders has been crucial to the achieving this position. We very much look forward to the year ahead.



Peter Sullivan
Chief Executive Officer

RESERVES AND RESOURCES STATEMENT

AS AT 30 JUNE 2011

GOLD RESERVES AND RESOURCES (INCLUDES STOCKPILES)	PROJECT TONNES	GOLD GRADE (G/T)	PROJECT CONTAINED OUNCES GOLD	RESOLUTE GROUP SHARE %	RESOLUTE GROUP SHARE OUNCES
RESERVES					
Reserves (Proved)					
Australia					
Mt Wright (insitu)	5,180,000	2.8	466,000	100%	466,000
Sarsfield (insitu)	20,270,000	0.9	604,000	100%	604,000
Mali					
Syama (insitu)	15,806,000	3.0	1,525,000	80%	1,220,000
Stockpiles	573,000	2.6	48,000	80%	38,000
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)	1,880,000	2.0	121,000	100%	121,000
Stockpiles	380,000	1.3	16,000	100%	16,000
Total (Proved)	45,850,000	2.0	2,954,000		2,573,000
Reserves (Probable)					
Australia					
Mt Wright (insitu)	830,000	2.0	53,000	100%	53,000
Sarsfield (insitu)	15,860,000	0.8	428,000	100%	428,000
Stockpiles (Sarsfield)	250,000	0.6	1,000	100%	1,000
Mali					
Syama (insitu)	15,885,000	2.7	1,379,000	80%	1,103,000
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)	940,000	2.0	60,000	100%	60,000
Stockpiles	1,100,000	0.7	25,000	100%	25,000
Total (Probable)	39,120,000	1.8	2,281,000		1,901,000
Total Reserves (Proved and Probable)	84,970,000	1.9	5,235,000		4,474,000
RESOURCES					
Resources (Measured)					
Australia					
Sarsfield (insitu)	2,030,000	0.8	52,000	100%	52,000
Mali					
Syama (insitu)	2,630,000	3.0	254,000	80%	203,000
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)	3,580,000	1.9	219,000	100%	219,000
Total (Measured)	9,970,000	2.1	667,000		565,000
Resources (Indicated)					
Australia					
Mt Wright (insitu)	780,000	2.6	65,000	100%	65,000
Sarsfield (insitu)	5,360,000	0.7	121,000	100%	121,000
Mali					
Syama (insitu)	7,414,000	2.7	644,000	80%	515,000
Stockpiles	3,360,000	1.4	151,000	80%	121,000
A21 (insitu)	1,764,000	2.0	113,000	80%	90,000
Alpha, Syama Ext & 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)	8,210,000	1.6	422,000	100%	422,000
Golden Pride (stockpiled)	1,100,000	0.7	25,000	100%	25,000
Nyakafuru	7,700,000	2.2	545,000	100%	545,000
Total (Indicated)	41,991,000	1.9	2,569,000		2,238,000
Total Measured and Indicated	51,961,000	1.9	3,236,000		2,803,000

RESERVES AND RESOURCES STATEMENT CONTINUED

AS AT 30 JUNE 2011

GOLD RESERVES AND RESOURCES (INCLUDES STOCKPILES)	PROJECT TONNES	GOLD GRADE (G/T)	PROJECT CONTAINED OUNCES GOLD	RESOLUTE GROUP SHARE %	RESOLUTE GROUP SHARE OUNCES
Resources (Inferred)					
Australia					
Mt Wright (insitu)	470,000	2.6	39,000	100%	39,000
Sarsfield (insitu)	7,850,000	0.8	202,000	100%	202,000
Welcome Breccia (insitu)	2,040,000	3.2	210,000	87%	180,000
Mali					
Syama (insitu)	3,800,000	2.4	293,000	80%	234,600
A21 (insitu)	3,300,000	1.8	191,000	80%	153,000
Alpha, Syama Ext G Tellem (insitu)	2,619,000	2.4	204,000	80%	163,000
Finkolo-Etruscan JV (insitu)	3,100,000	2.2	219,000	60%	131,400
Tanzania					
Golden Pride (insitu)	11,800,000	1.7	645,000	100%	645,000
Nyakafuru JV	11,700,000	1.4	527,000	75%	393,000
Total (Inferred)	46,679,000	1.7	2,530,000		2,141,000
Total Resources	98,640,000	1.8	5,766,000		4,944,000

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 Ltd 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.

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
Syama	2,118,010	1,463,561	2.57	71	85,362	1,209	1,197
Ravenswood	934,787	4,488,471	0.94	90	122,576	893	885
Golden Pride	2,063,925	2,474,281	1.65	94	122,921	713	708
Total	5,116,722	8,426,313	1.43	85	330,859	908	898

GROUP PROJECT SUMMARY

COUNTRY	PROJECT	GRANTED AREA KM ²	APPLICATION AREA KM ²	COMMODITY	LOCATION
Tanzania	Bulanga	141	176	Gold	Africa
	Golden Pride	190	181	Gold	Africa
	GP West	130	75	Gold	Africa
	Igunga	26	58	Gold	Africa
	Isaka	228	118	Gold	Africa
	Kahama	28	60	Gold	Africa
	Matinje	107	93	Gold	Africa
	Nyakafuru	160	226	Gold	Africa
		1,010	987		
Mali	Syama	201	0	Gold	Africa
	Finkolo JV	155	230	Gold	Africa
	Other Tenure	984	502	Gold	Africa
		1,340	732		
Cote D'Ivoire	Various	1,088	8,615	Gold	Africa
		1,088	8,615		
Sub Total Africa		3,438	10,334		
Australia	Ravenswood	1,497	1,581	Gold	Queensland
	Other Tenure	13	0	Gold	Western Australia
Sub Total Australia		1,510	1,581		
Total Resolute Tenure		4,948	11,915		

OPERATIONS OVERVIEW

RESOLUTE'S ESTABLISHED OPERATIONS PRODUCED A TOTAL OF 330,859 OUNCES AT AN AVERAGE CASH COST OF A\$908 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 410,000 OUNCES OF GOLD AT AN AVERAGE CASH COST OF AROUND A\$730 PER OUNCE.



Syama

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

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 flotation and dewatering, roasting, calcine leaching and elution at the targeted rate of 2.4Mtpa.

OPERATIONS

During the 2011 financial year the plant treated 1.46 million tonnes (2010: 1.31mt) at an overall head grade of 2.57g/t (2010: 2.69g/t) to produce 85,362 (2010: 77,926) ounces of gold at an improved overall metallurgical recovery rate of 70.9% (2010: 68.7%).

This production was derived from the processing of:

- 738,581 tonnes (50.5%) of direct leach of lamprophyre type ore at a head grade of 2.91g/t and overall recovery rate of 63% to produce 43,531 ounces of gold. Higher gold grades in the mine were targeted to offset the metallurgical lower recoveries.
- 724,980 tonnes (49.5%) of refractory ore treated through the roaster circuit at a head grade of 2.20g/t and an overall recovery rate of 81% to produce 41,831 ounces of gold.

The supply of the lamprophyre ore allowed important maintenance and repairs to be undertaken in the roaster, stack and scrubber, in particular:

- Repairs to the roaster stack and plant modifications to reduce ongoing corrosion issues to the stack and throughout the plant during August, September and October.
- Re-bricking of the roaster and repairs to the roaster circuit during April and May.

The highlight of the year was the increased run time and the metallurgical performance of the roaster which operated on a consistent basis from November 2010 until April 2011 with float recoveries, concentrate sulphide grades, CIL recoveries and overall gold recoveries all approaching Feasibility Study specifications during this period. The roaster was shut down for six weeks in April to undergo repairs to the brickwork and recommenced operations June 2011, operating to specification thereafter.

Mill throughput was affected by planned maintenance issues totalling four weeks, and by two major unplanned mechanical (mill pinion bearing) and electrical breakdowns (exciter motor failure), totalling a further six weeks.

Mining progress continued in developing the pit to access the deeper higher grade sulphide ore at the Syama pit. Total waste material moved for the year was 3.8 million bank cubic metres of material (2010: 4.7m). By year's end the pit had reached the 270-265mRL. A further 800,000 bank cubic metres of ore (2010: 708,000) was mined at a grade of 2.40g/t Au (2010: 2.54g/t).

Mining performance ensured sufficient quantities of roaster type ore and lamprophyre ore was delivered to the treatment plant. Mining was affected by mechanical issues with drill rigs and excavators however there was no impact on ore supply for treatment.

Pumps were installed to dewater the Syama pit. These pumps ran continuously all year and by June 2011 the water level had dropped from the 250mRL to the 220mRL, 1.1 million cubic meters of water had been pumped out which equates to 80% of the original volume of water. This water was used in the processing operations during the year.

OPERATING PERFORMANCE AT A GLANCE

		2010/11	2009/10
Ore Mined	Million Tonnes	2.12	1.90
Ore Milled	Million Tonnes	1.46	1.31
Head Grade	g/t	2.57	2.69
Recovery Rate	%	70.9	68.7
Gold Produced	Ozs	85,362	77,926
Cost Per Ounce	AS	1,209	1,114
Cost Per Ounce	US\$	1,197	1,001

SYAMA - ORE RESERVES AS AT 30 JUNE 2011

Category	Tonnes	Grade	Ounces
Proved (insitu)	15,806,000	3.0	1,525,000
Proved (stockpiled)	573,000	2.6	48,000
Probable (insitu)	15,885,000	2.7	1,379,000
Probable (stockpiled)	1,432,000	1.8	83,000
Total	33,696,000	2.8	3,035,000

A21 - ORE RESERVES AS AT 30 JUNE 2011

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

As a result of all the rectification works and improvements throughout the plant and roaster, as well as further optimization of plant performance, we expect significant improvement in the coming year.

Mill throughput levels are expected to improve materially, with plans to treat 100% of ore through the roaster. This means increased overall metallurgical recoveries and coupled with increasing mine head grades, gold production is expected to significantly improve leading to a reduction in cash cost per ounce in the 2011/2012 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 4.5Mtpa.

OPERATIONS

During the 2011 financial year, the operations produced 122,576 (2010: 125,652) ounces of gold at a cash cost of A\$893 (2010: A\$804) per ounce. The main reason for the lower ounces and higher cash cost was due to reduced mill throughput, resulting from a requirement to batch treat Mt Wright ore.

OPERATING PERFORMANCE AT A GLANCE

		2010/11	2009/10
Ore Mined	Million Tonnes	0.93	0.60
Ore Milled	Million Tonnes	4.49	4.94
Head Grade	g/t	0.94	0.89
Recovery Rate	%	90.0	88.4
Gold Produced	Ozs	122,576	125,652
Cost Per Ounce	A\$	893	804
Cost Per Ounce	US\$	885	707

RAVENSWOOD - ORE RESERVES AS AT 30 JUNE 2011

	Tonnes	Grade	Ounces
Proved MTW (insitu)	5,180,000	2.8	466,000
Proved Sarsfield (insitu)	20,270,000	0.9	604,000
Probable MTW (insitu)	830,000	2.0	53,000
Probable Sarsfield (insitu)	15,860,000	0.8	428,000
Stockpiles (Sarsfield)	250,000	0.6	1,000
Total	42,390,000	1.1	1,552,000

Ore from the Mt Wright underground mine continued to increase producing 934,787 (2010: 606,570) tonnes @ 2.71g/t Au (2010: 2.88g/t). Development reduced in line with the mining schedule, achieving 5,968 (2010: 7,163) metres. Establishment of the Sub-Level Shrinkage with Continuous Fill (SLS) mining method is complete. The method has proved successful and resulted in significantly increased production.

Drilling during the year has largely replaced mining depletion of reserves. Mt Wright reserves are 6.0 million tonnes @ 2.7g/t Au, compared to 6.2 million tonnes @ 2.7g/t Au at June 2010. The conversion from resource to reserve occurred from the 800 RL down to the 600 RL with further resource drilling continuing below 600 RL.

Total material movement from low grade stockpiles was 3.6 million tonnes at 0.54g/t Au (2010: 4.2mt at 0.63g/t Au).

The processing plant treated 4.5 million tonnes (2010: 4.9mt) at an average head grade of 0.94g/t Au (2010: 0.89g/t Au). The reduction in overall treatment tonnes was necessary to batch treat Mt Wright ore which requires longer leach times. The increased head grade was due to the additional higher grade ore produced from Mt Wright. Optimisation efforts resulted in an increased overall recovery rate to 90.0% (2010: 88.4%) with the gain attributable to improved carbon management and the batch treatment of Mt Wright ore.

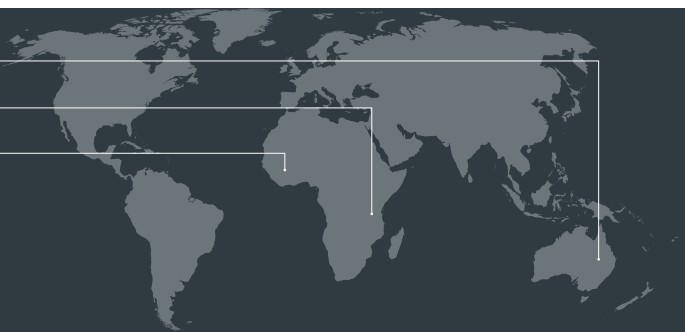
OUTLOOK

The process plant will continue to batch treat low grade stockpiles and Mt Wright ore during the first two months of the 2012 financial year at a rate equivalent to 4.5 Mtpa. Upon completion of the Sarsfield low grade stockpiles, the process plant will be modified to treat only the higher grade Mt Wright ore at a rate of 1.5 Mtpa. The planning and design work for the conversion is complete with the engineering work required to modify the plant being carried out in advance and on line. The final engineering work consists primarily of converting Mill 1 to a SAG mill and connecting up the new gravity circuit. Downtime is expected of less than two weeks and will occur during the first quarter.

Mt Wright ore production will continue to ramp up with multiple production levels now being on line along with increased trucking capacity.

As a result of the completion of the low grade stocks and subsequent downsizing of the mill, gold production is expected to be slightly lower in the 2012 financial year. Cash costs per ounce are however expected to reduce from 2011 levels, due to predominantly higher grade Mt Wright ore being processed and continuing improvements in production efficiency.

RAVENSWOOD
GOLDEN PRIDE
SYAMA



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 2.4Mtpa.

OPERATIONS

The 2011 financial year produced 122,921 (2010: 148,675) ounces of gold at a cost of US\$708 (2010: US\$514) per ounce.

Plant throughput was reduced this year to 2.4 million tonnes (2010: 2.8mt) due to a large component of the harder/fresher ore from the deeper sections of the main western pit being processed. The average head grade was slightly lower at 1.65g/t (2010: 1.73g/t) whilst the recovery rate improved to 93.7% (2010: 92.7%).

Gold production decreased compared to the previous year with the higher grade fresh ore mined from the deeper sections of the open pit, being blended with lower grade material from the low grade stockpiles and ore from two satellite oxide pits. Costs increased during the period with increased mining costs as the pit deepens and milling costs affected by increases in services and consumable costs.

The open pits mined 5.1 million bank cubic metres of material (2010 – 3.5m) at an increased strip ratio of 5.7:1 (2010 – 3.5:1). The increase in strip ratio was attributable to the waste cutback of the main western pit. Establishment of two satellite pits adjacent to the main pit were commenced during the year. Oxide ore from these pits will be processed during the coming year.

The Golden Pride mine has now produced in excess of 1.94 million ounces of gold since commissioning in 1998.

OUTLOOK

Mining over the coming twelve month period to June 2012 will see the completion of the south west cutback and the deepening of the main western pit. This will be the main source of ore during this period. Additional oxide ore will be mined from the two new satellite pits, Maji and Southern Oxides. Other areas of possible future development include Far East and Terry's Target which are currently under mining reviews.

Mill throughput levels are expected to be maintained with a blend of the higher grade fresh ore from the main western pit and the softer oxide ore from the new pits. Overall head grade will increase slightly compared with 2011, as the mined oxide ore grade from the satellite pits is higher than the low grade stockpiled ore currently being treated. The fresh ore grade will remain at current levels. The predicted gold production for 2012 will accordingly increase slightly with the higher average head grade.

Cash cost per ounce will be similar to current levels with the higher mining costs of the cutback/main pit offset by the lower cost of mining the surface pits. Consumable costs will increase slightly but will be offset by the higher gold production.

OPERATING PERFORMANCE AT A GLANCE

		2010/11	2009/10
Ore Mined	Million Tonnes	2.06	2.76
Ore Milled	Million Tonnes	2.47	2.87
Head Grade	g/t	1.65	1.73
Recovery Rate	%	93.7	92.7
Gold Produced	Ozs	122,921	148,675
Cost Per Ounce	A\$	713	583
Cost Per Ounce	US\$	708	514

GOLDEN PRIDE - ORE RESERVES AS AT 30 JUNE 2011

Category	Tonnes	Grade	Ounces
Proved (insitu)	1,880,000	2.0	121,000
Proved (stockpiled)	380,000	1.3	16,000
Probable (insitu)	940,000	2.0	60,000
Probable (stockpiled)	1,100,000	0.7	25,000
Total	4,300,000	1.6	222,000

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

HIGH VOLTAGE GRID INTERCONNECTION TO SYAMA (RESOLUTE 80%)

Positive results for the High Voltage Grid Power Interconnection Feasibility Study undertaken by BEC Engineering were received and announced early in 2011. With the inclusion of client expenses, the supply and installation of the 72km grid connection from Sikasso to the Syama Mine is estimated to cost US\$42.2M. Major costs breakdown is tabulated below.

SYAMA GRID POWER INTERCONNECTION COST ESTIMATES

	US\$M
Infrastructure Capital	29.5
Site Power Station Integration	2.1
Project Spares	3.8
EPCM	0.6
Project Contingency (10%)	3.6
Client Costs	2.6
TOTAL	42.2

This Interconnection will replace onsite diesel generation of power and significantly lower cash costs. Operating cost savings, using conservative tariff assumptions, indicate a pay back of the capital in less than 30 months. The full financial benefit of the connection will be determined following a conclusion to negotiations with the Malian power authority, Energie du Mali, on the key issues associated with the construction, operation and maintenance of the connection.

The project is estimated to take 14 months to complete from commitment.

Agreement has recently been reached on the selection of a favoured connection option and discussions are well advanced on the tariff structure and the preferred powerline route.

The Memorandum of Understanding documents have been submitted to the required government authorities and Terms of Reference documents relating to Engineering Works and the Environmental and Social Impact Studies are due to be submitted in coming months.

SYAMA EXPANSION STUDY (RESOLUTE 80%)

Early in the financial year Snowden Mining Consultants were engaged to undertake a strategic review of the significant resource lying beneath the Syama open pit. In this study they reviewed the following elements:

- Identify the optimal open pit to underground cutover point
- Assess the impact of a higher long term gold price on the strategic mine plan
- Optimise the mine production and blending strategy from the Syama pit using the current processing facility, including an option to phase in ore sources from nearby satellite deposits
- Assess the value of adding a separate oxide processing facility to treat satellite ore

Snowden completed the scoping study using updated Whittle 4X optimisations for the Syama deposit and various satellite pits within the Somisy tenement suite. The various cost inputs and mining parameters were based on known and expected values. On the basis of the optimised pits, mining and processing schedules were prepared using Snowden's in-house software and expertise. Their recommendations contained the following important results:

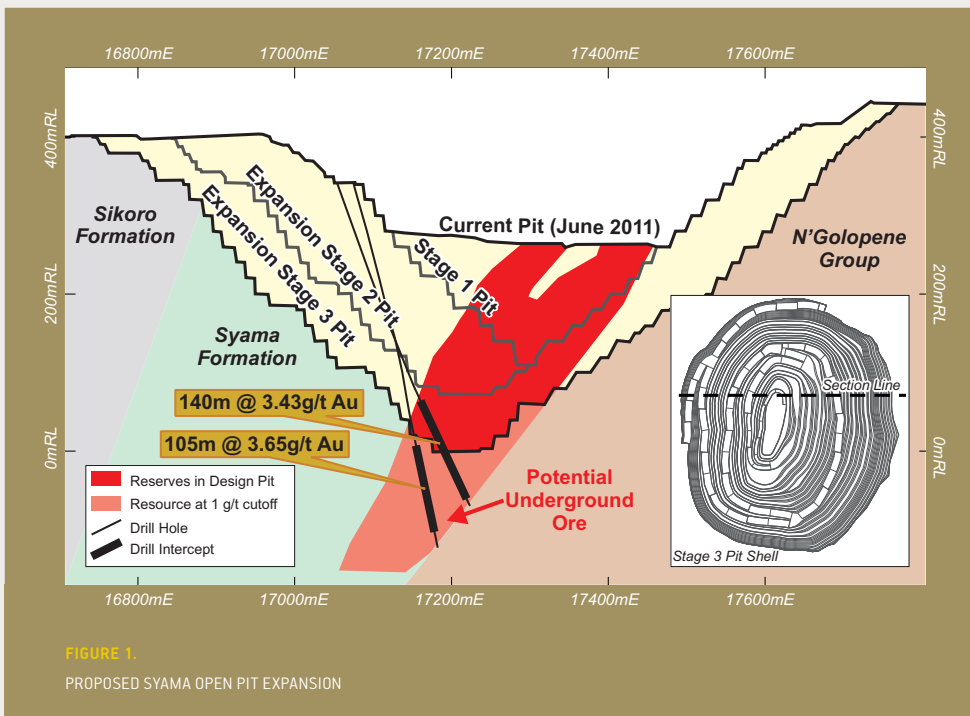
- A significant increase in project value could be achieved by expanding the Syama open pit and deferring underground operations
- Substantial increases in cash flows and recovered gold could be achieved by incorporating ore from various satellite deposits
- The highest project value included processing of the satellite deposits through a separate 1Mtpa CIL circuit. The additional processing facility improved annual gold production and increased flexibility with dedicated sulphide and oxide processing streams.

On the basis of the scoping study outcomes, Resolute continued to evaluate various open pit expansion design alternatives for the Syama open pit and in July 2011 announced the doubling of the open pit reserves over the stated life of mine reserves as at 30 June 2010 (1.44Moz) to 2.94Moz with a revised mine life of 13 years.

This expansion will see the Syama pit deepen a further 110m in two stages from:

- Stage 2 110mRL to 70mRL
- Stage 3 70mRL to 0mRL and an overall pit depth of 400m.

These later stages involve cutbacks, to both eastern and western walls, improving access to mineralisation at depth and reducing geotechnical risk. Optimisation of the expanded pit production profile incorporates a nominal mining rate of 35Mt per year supporting consistent delivery of ore to the sulphide processing facility over a mine life of 13 years.



104%

INCREASE IN RESERVES
AT SYAMA

Resolute has recently awarded project management of the Syama Expansion Project Feasibility Study to consultants GR Engineering Services ("GRES"). In addition to managing sub-contractors, GRES will be responsible for completion of engineering design aspects of a separate oxide processing facility and aspects of the mine infrastructure related to expansion of the Syama open pit. Knight Piesold has been awarded the design, engineering and evaluation work for the tailings storage facility. The Study includes geotechnical assessment for the expanded open pit, hydrological investigation and environment and community aspects. This study is due for completion in early 2012.

Other accretive opportunities not factored into the final Syama Strategic Study include:

- Addition of significant sulphide ore material from the various satellite deposits.
- Improved scheduling of the various satellite ore bodies to optimise the delivery of material to the processing plant. The number of deposits provides a significant reduction in mining risk.
- Continuing underground potential as highlighted in Figure 1 with previous drill intersections of 105m @ 3.65g/t Au and 140m @ 3.43g/t Au reported beneath the proposed expanded pit.
- Outstanding potential for further oxide and sulphide discoveries within the 60km strike extent of Somisy tenements surrounding the Syama operation. The oxide circuit currently has an indicative production profile of 70,000oz per annum over a 7 year period based on optimised satellite open pit resources.
- Driving progressive increases in metallurgical recoveries as operating experience improves.
- Substantial reduction in operating costs through the connection of grid power to the mine site in 2013.

SATELLITE DEPOSIT RESOURCE EVALUATION (RESOLUTE 80%)

Resource development work on the various satellite deposits adjacent to the Syama operation continued through the year. Drilling of resource holes was completed at Alpha and Syama Extension projects located 5km north of the Syama open pit. Drill density has been increased in line with open pit evaluation work which includes geotechnical studies and metallurgical test work. In total twelve drill holes were completed at Syama Extension for 1,057m and a further twenty one holes for 1,798m drilled at the Alpha deposit. An updated evaluation of the geological interpretation shows mineralisation is closely associated with siliceous shears and along contacts with basaltic units. At Alpha, host rocks comprise lamprophyre intrusive units that closely match the stratigraphy observed in the Syama open pit adjacent to the regionally extensive Syama Shear. Of the twenty one drill holes completed at the Alpha deposit, nineteen contained significant economic mineralisation. The distribution of assay results and geology indicates that mineralisation remains open toward the south and is considered a high priority drill target.

Some of the significant intercepts received from the resource drilling included:

- ALRC035 12m @ 11.73g/t Au from a depth of 49m
- ALRC040 20m @ 3.17g/t Au from a depth of 83m
- ALRC042 16m @ 3.43g/t Au from a depth of 81m
- ALRC043 16m @ 4.17g/t Au from a depth of 89m
- ALRC051 15m @ 3.74g/t Au from a depth of 42m
- SERC019 12m @ 4.91g/t Au from a depth of 50m
- SERC031 3m @ 11.99g/t Au from a depth of 65m
- SERC037 4m @ 9.38g/t Au from a depth of 11m

The drilling contractor has planned for a diamond rig to be mobilised to site for resource and geotechnical programmes during the first quarter, 2012.

FINKOLO – ETRUSCAN RESOURCES JV (RESOLUTE 60%)

A mining exploitation permit application covering the Finkolo Joint Venture's Tabakoroni Mine was submitted to the government 2 July 2010. The Company has continued to provide information sessions designed to elaborate project details and to respond to specific requests. A delegation of seventeen representatives from various Direction Nationale de l'Assainissement et du Contrôle des Pollutions et des Nuisances (DNACPN) government departments travelled to the proposed Tabakoroni site during October 2010. In addition, Resolute and Etruscan personnel met with the Direction Nationale de la Geologie et des Mines (DNGM) in Bamako in late 2010 to present details of the projects development.

Activity at the project has moved to a resource generative phase while government approval is awaited. All funding for the project is now a shared cost in accordance with the Finkolo JV agreement with Etruscan.



REPRESENTATIVES FROM DNACPN VISIT THE TABAKORONI PROJECT AREA





Australia

SARSFIELD EXPANSION STUDY (RESOLUTE 100%)

A re-evaluation of the Sarsfield deposit via an internal scoping study in late 2010 highlighted the viability for the expansion of the existing open pit that ceased operation in 2009 when gold prices were approximately \$900/oz. Following optimisation and scheduling work, a preferred mine design was presented in January 2011 that highlighted a new reserve estimate for Sarsfield, comprising proven and probable reserves of 38 million tonnes @ 0.8g/t Au and for 1.03 million ounces. It is proposed to treat the Sarsfield ore in conjunction with Mt Wright Underground ore, at a rate of 5Mtpa through the Nolan's treatment plant. This would support a 10 year operation with average production during this period of 140,000 ounces per annum at an estimated overall cash cost of \$860/ounce.

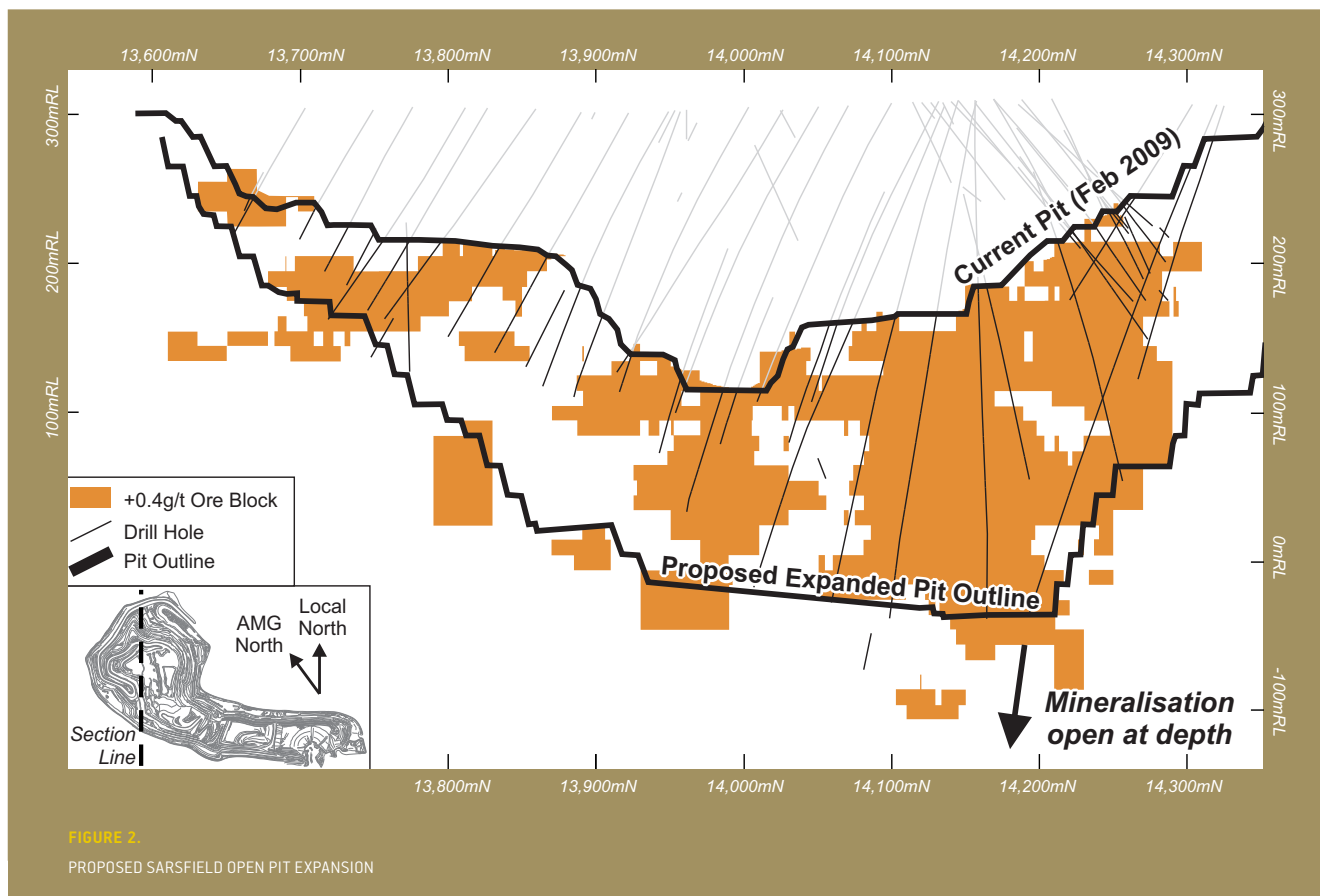
The study identified a number of areas of infrastructure that may require modification, relocation or upgrading to allow for the expanded pit. Metallurgical recovery parameters, processing costs, mineralisation controls and mining parameters are well understood from previous mining operations. Preliminary capital costs were estimated at \$72 million.

The Company commenced work on the Sarsfield Expansion Project Definitive Feasibility Study with the appointment of consultants GR Engineering Services as project managers. They will interface with the various sub-consultants responsible for the different components of the study, as well as undertake all engineering aspects associated with the Nolan's process plant. Geotechnical aspects of the study will be undertaken by Pells, Sullivan & Meynink and environmental and tailings design work is to be completed by Coffey Environmental and Coffey Mining. Preliminary work on the study was dominated by environmental and social aspects including community and stakeholder engagement meetings. A community meeting conducted in Ravenswood in June 2011 provided local residents with information on the proposed operation.

Following the completion of the Definitive Feasibility Study in Q1 2012 and permit approvals targeted for Q3 2012, construction is estimated to commence in Q1 2013.

A 10 YEAR OPERATION

WITH AVERAGE PRODUCTION OF 140,000 OUNCES PER ANNUM AT AN ESTIMATED OVERALL CASH COST OF \$860/OUNCE.





MT WRIGHT (RESOLUTE 100%)

Resource consultants Hellman & Schofield were engaged to complete an updated resource block model for the Mt Wright Underground ore body incorporating recently completed underground drilling. The updated model extends to the 600RL level which is the planned base of life of mine operations. During the underground diamond drilling programme, additional mineralisation was identified within and adjacent to the rhyolite breccia. Initial open spaced drilling in these target areas was very promising and further drilling is being completed to confirm the ore body geometry and grade tenor for mine planning purposes. Mineralisation now extends east into the adjacent granite breccia and significant additional material may be available for sub-level shrinkage mining operations.

Underground diamond drilling is planned to continue into first quarter 2012 to ensure the additional mineralisation is evaluated prior to completion of an updated resource model and an assessment of mining expansion alternatives - Refer Figure 3. The timing for drilling of resource targets below 600RL has been deferred while potential extension targets at elevations higher in the mine are assessed.

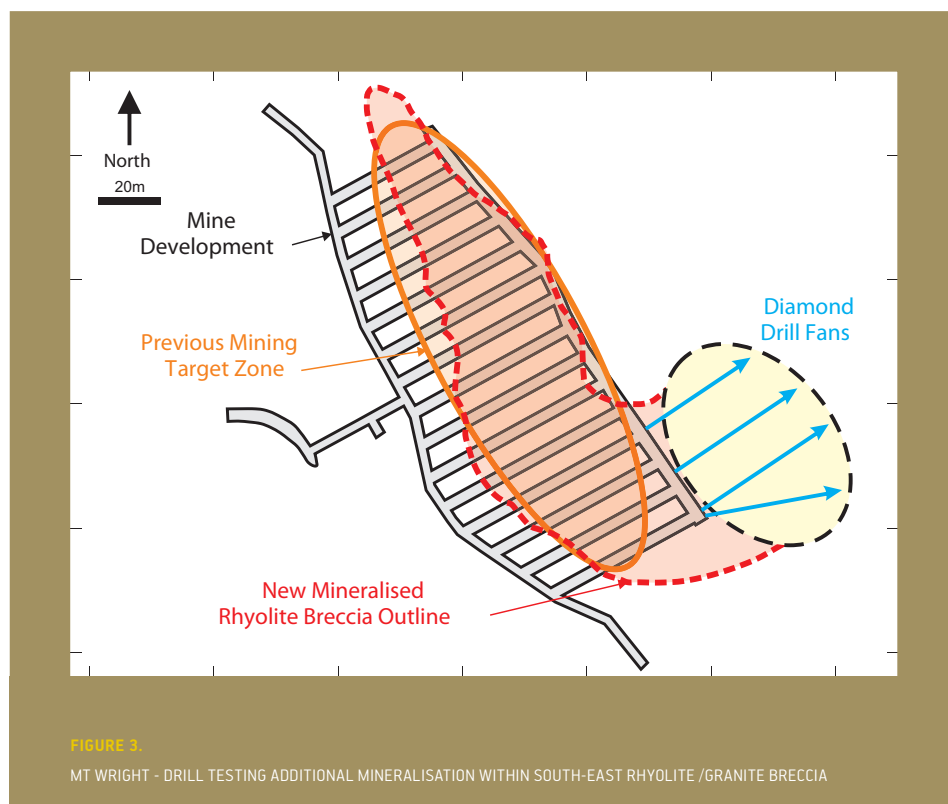
In the Mining One report they proposed an initial deepening of the existing open cut and then establishing a portal and decline to access the higher grade underground mineralisation. Selected material could be mined and hauled to the Nolan's processing facility. They reported a positive project value however numerous assumptions were made in the project assessment. In their report, Mining One recommended an increase in the resource base would improve project economics. Resolute has now moved to a resource extension phase with exploratory geophysics and drilling programmes aimed at expanding the resource.

MINING ONE PROPOSED A COMBINED OPEN CUT AND UNDERGROUND MINING OPERATION WHICH OUTLINED AN ORE RESERVE ESTIMATE OF

**2.04MT @
3.18G/T AU**

WELCOME BRECCIA (RESOLUTE 89%)

Consultants, Mining One were engaged to complete a scoping study at the Welcome Breccia deposit to assess mining opportunities following recent successful exploration drilling results and a first pass MIK resource estimate of 2.04Mt @ 3.18g/t Au for 208,150 oz (1g/t cutoff)





Tanzania

FAR EAST (RESOLUTE 100%)

The Far East deposit lies a short distance along strike to the east of the Golden Pride open pit. Recent infill drilling was included in an updated resource model covering the deposit area. Optimisation and mine design work outlined a viable open pit with ore to be processed in the nearby Golden Pride process plant. Mining personnel at the Golden Pride mine are in the process of securing formal approvals for the project which includes an Environmental Impact Statement submitted to the National Environment Management Council.

NYAKAFURU PROJECT (RESOLUTE 100%)

Resolute has recently commenced a scoping study evaluation of the Nyakafuru project aimed at extracting increased value from the 1.1Moz resource base. Previous studies have indicated processing opportunities using heap leach and CIL methods. The Company has appointed consultants to independently evaluate mining and processing alternatives using updated costs and consensus gold prices. The Company also intends to complete an aggressive resource and exploratory drilling programme designed to expand the resource base available for development.



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.



The Board of Resolute recently approved a 100% increase in the Exploration budget for 2011/12 to US\$20.5M. This increase not only reflects the Group's strengthening balance sheet but a strong commitment to further grow the Company's resource base at all of its major operations and ensure significant long term organic growth for Resolute shareholders.

Once again, 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 formation continued to deliver economic grade intercepts from the 12km long Paysans-Senufo trend south of Syama Mine and the recently tested BA01 and Quartz Vein Hill Prospects, 3-6km north of the Syama Mine. Some of the better intercepts included: 13m @ 5.41g/t Au, 14m @ 6.48g/t Au, 25m @ 7.64g/t, 15m @ 4.45g/t Au and 21m @ 2.93g/t Au. These results will further support the current Syama oxide circuit assessment that will be included in the Syama Expansion Definitive Feasibility Study due for completion in 2012. Regionally the Group now controls in its own right, or under joint venture, an 80km strike length of this under explored greenstone belt. The exploration budget will principally concentrate on further delineating resources north and south and within trucking distance of the Syama mine, but will also continue to build the portfolio of prospects in southern Mali.

In Queensland, the Welcome Breccia prospect continued to deliver some exceptional diamond drill intercepts including 55m @ 10.54g/t Au, 47m @ 2.57g/t Au and 14m @ 18.78g/t Au. A preliminary inferred resource of 208,150ozs @ 3.18g/t Au was estimated from the first phase (ten hole) diamond drilling campaign. A new programme of drilling has recently commenced and will test the vertical extents of this new Mt Wright style deposit, whilst recent geophysical surveying has already outlined a number of new targets in close proximity to the Welcome deposit. Several other similar targets have been outlined in the district, including the recently purchased Golden Valley/Mount Success Project, that are ready for ground geophysical work and drill testing.

Resolute has secured significant land holdings over targeted portions of the largely unexplored Birimian greenstone belts in Cote d'Ivoire. Following a year of political instability, the exploration team has once again begun following up on ten previously delineated gold and multi-element in soil anomalies. The exploration team hopes to be in a position to drill test the better anomalies in the second half of the financial year.

In Tanzania, some very robust drill intercepts were returned from the Far East Prospect, 500m from the eastern end of the Golden Pride open cut, including 16m @ 9.44g/t Au, 12m @ 18.22g/t Au and 18m @ 13.81g/t Au. These results further support that economically viable satellite resources may still exist within trucking distance of Golden Pride mine. Additionally, following the recent gold price movements, it is planned to commit US\$3.5M to upgrade and extend the resources within the 1.1 Moz Nyakafuru Project. The results of this campaign will be added to a new scoping study that will look at possible processing routes.



Mali

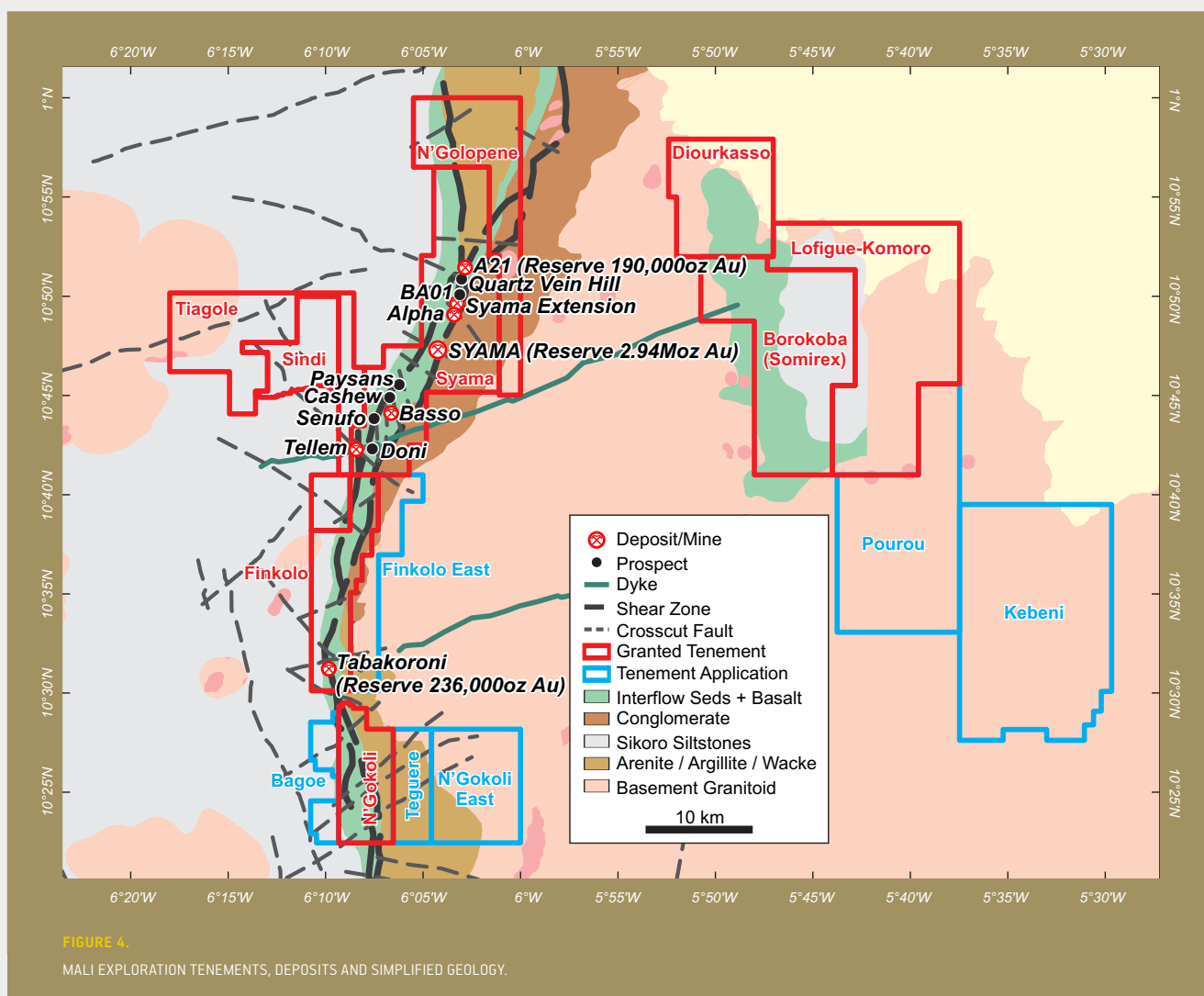
Exploration within the Syama Greenstone Belt once again focused on defining and increasing oxide resources within Resolute's 80% controlled SOMISY Mining Permit and developing new drill targets utilising detailed mapping, geochemical and geophysical surveys. A number of prioritised new targets were highlighted and subsequently some have been drill tested both south and north of the Syama mine during the year.

Work also commenced on new permits 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 gold and base metal mineralisation. Refer Figure 4.

SYAMA PERMIT (RESOLUTE 80%)

To the south of Syama one hundred and forty nine air core holes for 7,700m were drilled along the 12km long Paysans-Cashew-Doni-Senufo-Salikou mineralised trend that comprises the steeply dipping northeast trending Bee Sting Fault and shallow dipping subsidiary thrusts near the hanging wall of the Syama Formation.

This drilling encountered a fertile lithological sequence with abundant quartz veining and associated sericite-carbonate alteration. Better intercepts during the year included: 9m @ 1.51/t Au from 59m, 20m @ 1.33g/t Au from 4m, 23m @ 1.67g/t Au from 36m, 4m @ 4.27/t Au from 12m, 9m @ 2.73g/t Au from 28m and 12m @ 1.94g/t Au from 4m. Follow up air core and reverse circulation drilling will continue to test the most prospective zones along this strike extensive mineralised trend with the aim of ultimately delineating new oxide resources.



Nine reverse circulation holes for 917m were drilled on 100m spaced lines at the Paysans prospect in order to test the strike and down dip extensions of the previous ore grade intercepts. Drilling returned numerous ore grade intercepts including: 18m @ 1.17g/t Au from 85m, 14m @ 1.89g/t Au from 106m, 10m @ 4.07g/t Au from 56m, 5m @ 2.47g/t Au from 87m and 11m @ 1.09g/t Au from 67m. This drilling confirmed that mineralisation is associated with a shallow northwest dipping thrust fault. The total strike length of continuous mineralisation at Paysans is now 1.7km and remains open along strike and at depth. Additional reverse circulation drilling, down dip and along strike to the north and south of all existing drill intercepts, is planned for late 2011 that will define the limits to mineralisation prior to resource modelling.

Exploration commenced for the first time since 2008 north of Syama. Refer Figure 5. At BA01, 5km northeast of Syama, twenty-two holes were drilled for 2,053m. Logging recorded multiple altered and quartz-sulphide veined zones within mafics units and at mafic-sediment contacts. Assays returned significant intercepts including: 13m @ 5.41g/t Au from 58m, 14m @ 6.48g/t Au from 141m, 25m @ 7.64g/t Au from 62m, 3m @ 16.14g/t Au from 23m, 19m @ 2.34g/t from 50m and 15m @ 1.59g/t Au from 103m.

Late in the year, twelve holes were drilled for a total of 902m at Quartz Vein Hill. Most of the holes drilled over the 500m strike intersected zones of extensively altered lamprophyre and argillite/greywacke with intermittent zones of vein breccia or stockworks of carbonate veining. The more intensely altered and deformed zones were marked with an increase in fine disseminated pyrite. Significant intersections included: 24m @ 1.80g/t Au from 3m, 15m @ 4.45g/t Au from 4m, 18m @ 2.55g/t Au from 7m, 7m @ 5.92g/t Au from 55m, 9m @ 4.92g/t Au from 18m, 21m @ 2.93g/t Au from 32m, 11m @ 3.81g/t Au from 1m, 14m @ 2.40g/t Au from 66m and 14m @ 2.77g/t Au from 7m.

Additional drilling is planned to target near surface gold mineralisation along the 8km trend between Syama and A21 and delineate new oxide resources over the coming year.

BOROKOBA PROJECT (RESOLUTE 100%)

Assay results for fifty three rock chip samples collected during the regional soil sampling and mapping programme returned best results of 0.18g/t and 0.09g/t Au from a strong sericite altered basalt outcrop with narrow stockworked pyrite veins adjacent to a northeast trending shear zone approximately 900m northwest of the Sokorani prospect, 25km east of Syama.

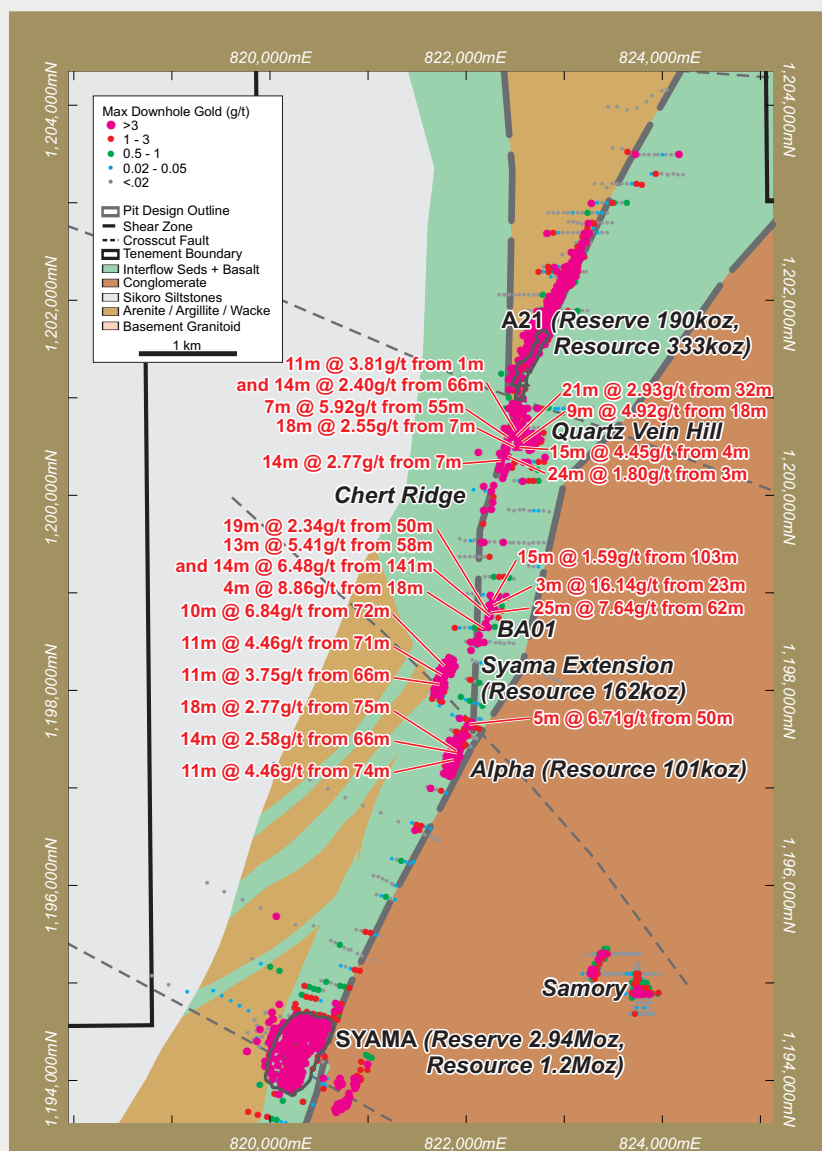


FIGURE 5.

SYAMA NORTH DRILLING INCLUDING LATEST REVERSE CIRCULATION DRILL RESULTS FROM BA01 AND QVH

Gold results for the four hundred and fifty five 1km x 1km first pass regional soils and seven hundred and thirty six 500m x 200m infill samples delineated a large robust northeast trending gold anomaly (11km long x 2km wide) centred on the Sokorani Prospect. The southern part of the mineralised corridor is consistent with historical soil data and induced polarisation survey interpretations, while aeromagnetic interpretations suggest the northern part is associated with different lithologies. Auger drilling and trenching across the best parts of the soil geochemistry is ongoing.

FINKOLO - ETRUSCAN RESOURCES JV (RESOLUTE 60%)

A one hundred and twenty line kilometre induced polarisation/resistivity survey, designed to define the stratigraphy and structures across the northern part of the N'Gokoli permit and help outline mineralisation trends, was completed.

Principal findings included:

- Gradient arrays mapped lithological variations and NW structures within the overall conductive zone.
- Secondary NE structures (oriented N030°) are clearly defined.
- Several targets were identified at the intersections of the abovementioned NE/NW structures.

- Coincident high order conductive/resistive anomalies mapped.
- Pole-dipole cross sections has aided in defining depth of weathering and edges of possible alteration zones.

A preliminary interpretation based on the overlaying of magnetic, conductive and resistive layers on regional geology was completed and highlighted a number of potential new targets. An air core drilling programme has been designed to constrain the interpretation.

NGOLOPENE - ROBEX RESOURCES JV (RESOLUTE EARNING 70%)

Resolute entered into a Farm In and Joint Venture Agreement in July 2011 with TSX listed Robex Resources Inc that granted Resolute the right to earn up to a 70% interest in the 108km² N'Golopène gold exploration permit that provides another 6km of strike of the Syama Formation to the north of the SOMISY mining lease - see Figure 4.

A multi-element soil sampling programme, covering the northern part of permit with a sample space density of 500m x 500m, closing-up to 250m x 500m over the Syama Formation, commenced in July.



Tanzania

Exploration in Tanzania throughout the year has once again been focused on defining near mine oxide resources and outlining economic mineralisation within trucking distance of the Golden Pride mill.

GOLDEN PRIDE NEAR MINE PROSPECTS (RESOLUTE 100%)

Thirty three reverse circulation holes for 1,420m were drilled at the Far East Prospect, 500m east of Golden Pride, in order to complete a 25m x 20m drill pattern and to test the near surface sections of the previously delineated mineralisation. Some excellent broad high grade intercepts were received including: 16m @ 9.44g/t Au from 9m, 12m @ 18.22g/t Au from 19m, 18m @ 13.81g/t Au from 8m, 24m @ 3.88g/t Au from 27m, 17m @ 5.48g/t Au from 11m, 18m @ 10.27g/t Au from 12m and 9m @ 19.16g/t Au from 23m.

Ten infill reverse circulation holes totalling 695m were drilled at the China prospect in order to complete a nominal 20m x 20m drill pattern. Results included: 13m @ 2.00g/t Au from 47m, 15m @ 2.17g/t Au from 42m, 6m @ 2.48g/t Au from 22m, 10m @ 2.51g/t Au from 50m and 14m @ 2.51g/t Au from 49m.

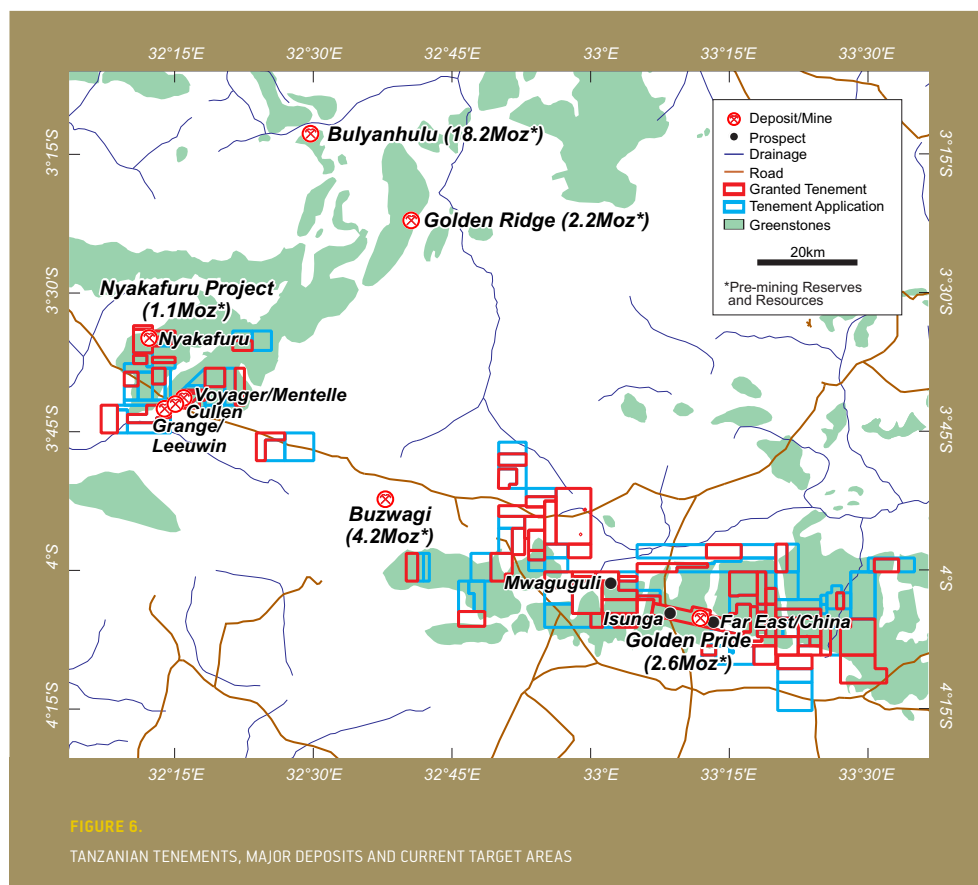
These results lend support that economically viable satellite resources may still exist within trucking distance of Golden Pride Mine and both prospects will be further assessed by the Golden Pride operations team in 2011/12.

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

Thirty combination reverse circulation/air core holes for 1,968m were drilled at the Mwaguguli prospect during 2010. Drilling targeted the western strike extension of known gold mineralisation and possible mineralised cross-structures highlighted by recent close spaced soil sampling. Best drill results included: 6m @ 1.42g/t Au from 102m, 15m @ 1.43g/t Au from 56m and 5m @ 2.03g/t Au from 23m. Gold mineralisation has now been identified over a strike length of more than 900m, however high grade mineralisation appears to be confined to steep plunging shoots with limited horizontal extent.

NYAKAFURU PROJECT (RESOLUTE 100%)

Drill planning has been carried out for infill and extension drilling along the Kanegele mineralised trend 8km east of the Nyakafuru Reefs, including the Voyager, Mentelle, and Cullen deposits to confirm and upgrade the known resources. A total of 13,500m of reverse circulation drilling is planned to be completed in 2011/12. The results of this campaign will be applied to a new scoping study to be completed on the 1.1Moz Nyakafuru Gold Project.



Australia

Utilising detailed aeromagnetic data, mapping and a now extensive, surface and downhole geochemical database has led to the definition and prioritisation of a series of Mt Wright style targets. Drill testing of these high priority targets will commence along with further resource definition of the Welcome Breccia deposit.

REGIONAL EXPLORATION

WELCOME PROJECT (DENJIM JV - RESOLUTE EARNT 87%)

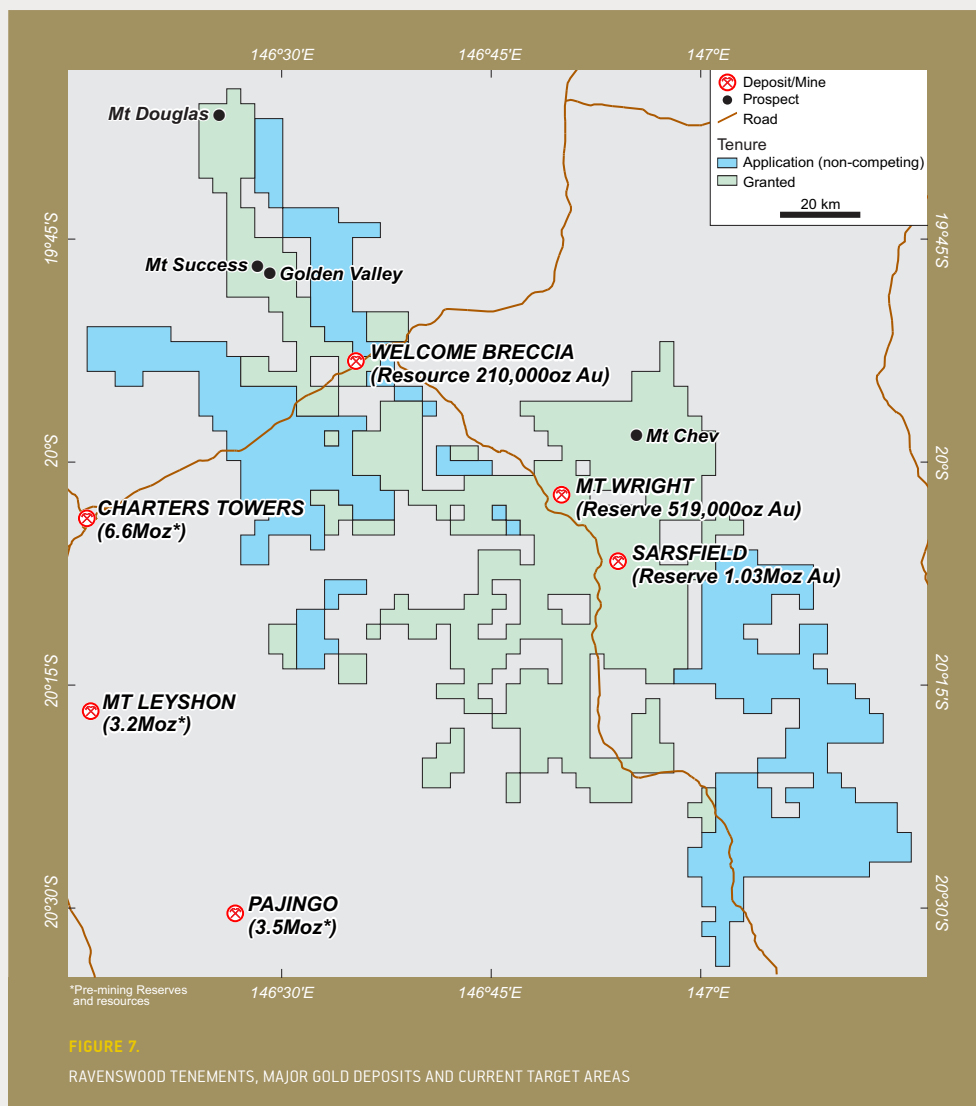
Four additional diamond holes totalling 1,932m were drilled at Welcome Breccia to complete a first pass campaign. Several exceptional intercepts were returned including **55m @ 10.54g/t Au** from 420m including **14m @ 21.88g/t Au** from 425m, 47m @ 2.57g/t Au from 255m and 17m @ 2.02g/t Au from 336m, (Figure 8).

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. The breccia is comprised of sub-rounded granodiorite clasts within a variably silicified sericite-chlorite-calcite altered rock flour matrix. Both coarse and finely disseminated visible gold occurs within quartz-pyrite-sphalerite-chalcopryrite veins and to a lesser extent within the breccia matrix. The mineralisation appears to plunge towards a magnetic low and remains open at depth and along strike. Multi-element sampling suggests that Ag, Bi, Cu, Mo, Pb, Te, W and Zn correlate strongly with Au grades.

An inferred multiple indicator kriging resource estimation conducted in late 2010 returned a figure of **208,150ozs @ 3.18g/t Au** when applying a 1g/t cutoff.

A twenty three hole reverse circulation drilling campaign for 3,677m commenced late in the year. It was targeted at an untested portion of the mineralised breccia zone, between the base of the old Welcome open pit (~40m depth) and the shallowest of the 2010 diamond hole programme (~160m depth).

A number of significant intercepts were returned including: **14m @ 18.78g/t Au from 69m**, 25m @ 1.70g/t Au from 98m, 19m @ 1.58g/t Au from 132m, 16m @ 2.08g/t Au from 192m, 7m @ 7.84g/t Au from 76m, 16m @ 3.16g/t Au from 148m, 15m @ 2.12g/t Au from 131m, 6m @ 5.09g/t Au from 87m, 18m @ 5.32g/t Au from 106m and 16m @ 3.39g/t Au from 71m. Mineralisation was observed to be associated with zones of strong sericite±chlorite-silica altered granodiorite with varying amounts of pyrite ± sphalerite-calcite-quartz veining, principally occurring on the hanging wall and footwall of the breccia.



Further diamond drilling is planned to test the down plunge limits of the Welcome Breccia mineralisation. A revised resource estimate will be completed during the year.

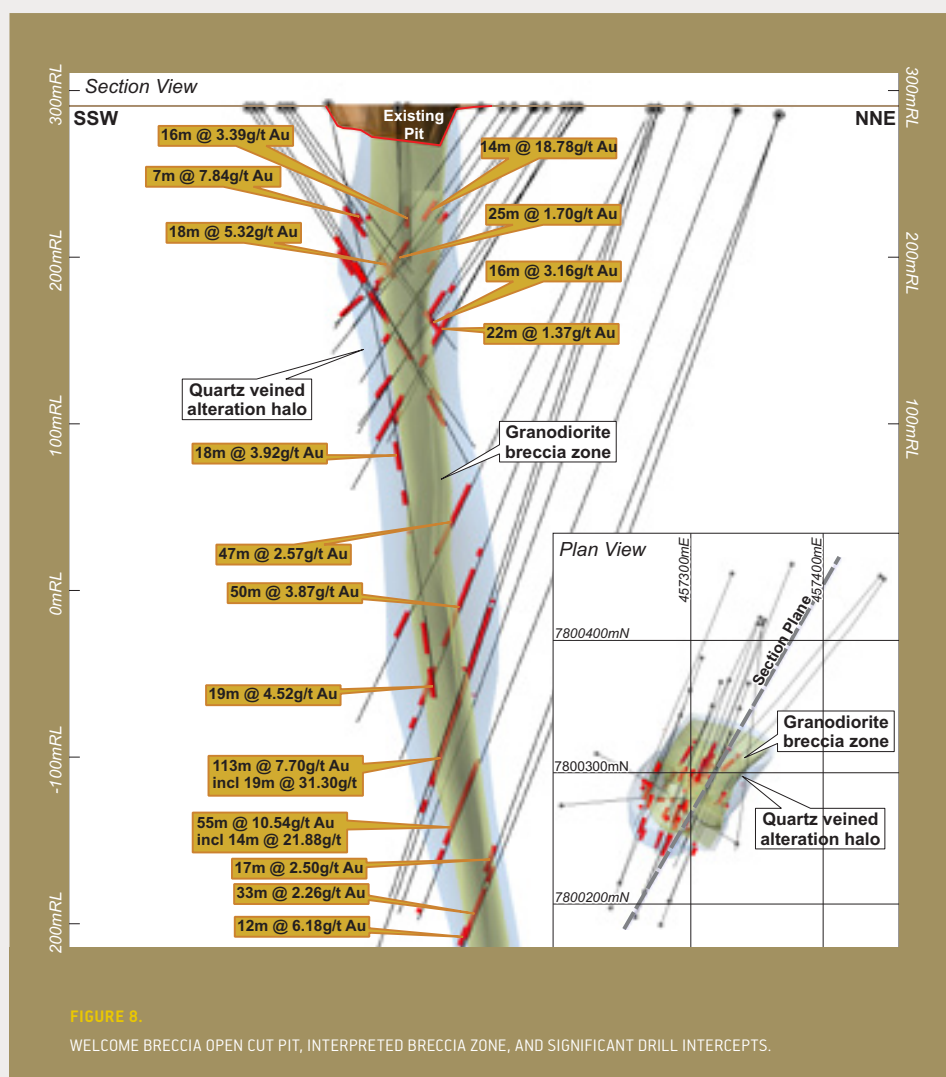
MINGELA PROJECT (RESOLUTE 100%)

Welcome Surrounds / Milnes Reward (40km NW of Ravenswood)

Mapping has been completed for the Welcome and Milnes Reward areas resulting in a simplified geological interpretation being produced. A narrow andesite dyke that was intersected in several drill holes at Welcome has been observed in outcrop and traced for approximately 1km in a west northwest orientation. It is thought that the andesite dykes may be Permian-Carboniferous in age and intimately related to brecciation and mineralisation. A separate 400m long WNW-trending andesite dyke mapped approximately 1km to the south west of Welcome represents another possible target.

Gold results were received for the twenty seven rock chip samples collected during a mapping programme. Best gold results from outcrop were 19.45g/t and 3.48g/t Au in Fe-oxide stained quartz veins collected 400m south of the Welcome pit, within a significant west northwest trending linear magnetic low. These results are also coincident with a large chargeability anomaly identified in a recent induced polarisation survey.

Additionally rock chip gold values of 14.75g/t, 6.49g/t, 4.26g/t and 3.48g/t Au were obtained from Milnes Reward. Multi-element support included maximum values of 43.6ppm Ag, 0.81% As, 180ppm Sb, 0.31% Pb, 63.6ppm Te and 0.64% Zn.



A recent survey, consisting of twenty seven MIMDAS three dimensional induced polarisation lines averaging 1.5km in length, was completed across the Welcome-Milnes Reward area. Processing of this survey data led to the outlining of a large, high intensity chargeable zone 400m-600m south of the Welcome breccia, coincident with a broad zone of gold and strong multi-element soil anomalism.

The near surface zone around the Welcome Breccia is associated with a weak to moderate chargeability high, which drops to background levels approximately 100m below surface then re-appears at the 50mRL as a moderate chargeability anomaly that coincides with an increase in sulphides and gold grade. This zone extends down to the -400mRL where it joins the abovementioned large high intensity anomaly to the south (Figure 9). Other conductivity/resistivity results may suggest several additional conductive zones around the Welcome pipe, which may relate to alteration within the granodiorite.

The combined results of the survey will play an important role in delineating further drill targets in 2012.

MT SUCCESS PROJECT (RESOLUTE 100%)

Mt Douglas Prospect (70km NW of Ravenswood)

Multi-element assay results for two hundred and forty eight -80mesh soil and rock chips collected to the east of the Mt Douglas prospect further confirmed the prospectivity of the area, with several distinct gold anomalies highlighted as well as highlighting the presence of a large hydrothermal system.

The ridge at Mt Douglas corresponds with weak to moderate Au-Cu-Te and strong Ag-As-Bi-Pb-Sb-Zn anomalism, with the zone of strong Ag anomalism extending along strike for over 3km. Mt Hotspur (approx 1.5km NW of Mt Douglas itself) corresponds with patchy Au-Cu, moderate As-Pb-Zn and strong Ag-Sb-Te anomalism and is either a secondary target or a potentially more distal expression of the hydrothermal system already identified at Mt Douglas. A weak intensity Au anomaly has also been identified approx 3km NE of Mt Douglas and corresponds to Ag-As-Bi-Sb anomalism. This area will undergo follow-up sampling in the upcoming year.

A MIMDAS induced polarisation survey to assist with drill target definition is due to begin in early August.

GOLDEN VALLEY / MT SUCCESS / LIMESTONE HILLS AREA (55KM NW OF RAVENSWOOD)

Two hundred and sixty two multi-element soil samples were collected at sample centres of 200m x 200m over the Golden Valley / Mt Success / Limestone Hills area in February 2011

to determine the presence and distribution of Mt Wright/Welcome style pathfinder elements. Results defined typical "intrusion related" pathfinder element anomalies around the Mt Success prospect, with high levels of multi-element anomalism. The Limestone Hills area is also strongly anomalous in As-Sb-Te but precious metals were low order. It is interpreted that all three locations are highlighting metal zonation within a single, large hydrothermal system, with current exposure levels distal to the gold rich zone.

The Limestone Hills area anomalism may represent a separate pipe or mineralised zone beneath the limestone linked to the same source as Mt Success and Golden Valley at depth.

A planned MIMDAS induced polarisation survey will extend over the Limestone Hills area in order to detect any sulphide mineralisation at depth and is due to commence in July 2011.

In June 2011 a Sale and Purchase Agreement was signed with a group of companies including Queensland Energy Resources Limited, Central Pacific Minerals NL and Australmin Holdings Limited over two mining licences located approximately 60km northwest of Ravenswood.

Mineral Development Licence 257 (Golden Valley) and Mining Licence 1404 (Mount Success) cover parts of the Siluro-Devonian Ravenswood Batholith basement and limestone units of the Middle Devonian Fanning River Group. Permo-Carboniferous felsic volcanic units of the Mount Success Rhyolite and rhyolite-rhyodacite of the Mount Success and Golden Valley breccia systems have intruded the older rocks and represent key future targets.

The area was originally worked up until 1914, with numerous shallow workings and only three mines developed on deeper shafts. Production records indicate that during the period 1898 to 1914, 4,759t of ore yielded 5,920 ounces of gold.

Limited exploration activity in the 1990's by the vendors outlined a small near surface gold resource at Golden Valley.

A work programme of mapping, soil/rock sampling, ground geophysics and ultimately drilling is currently being planned.

RAVENSWOOD PROJECT (RESOLUTE 100%)

Queen of Sheba (15km SSE of Ravenswood)

The potential of the old Queen of Sheba area 15km SSE of Ravenswood was reviewed late in the year.

Multi-element assay data for six diamond and ten reverse circulation drill holes drilled by Chevron exploring for base metals in the 1980's was extracted from company reports. Notable intercepts include: 3m @ 3.81g/t Au from 26m, 9m @ 14.7ppm Ag, 0.74% Cu, 0.25% Pb, 1.57% Zn from 51m, 4m @ 28.3ppm Ag, 0.3% Pb, 1.28% Zn from 123m.

One hundred and eighty soil samples collected highlighted subtle gold anomalies around known historic workings and the northern edge of a previously mapped breccia body. A broad area (~1 x 1km) is also associated with moderate to strong Ag-Bi-Cu-In-Mo-Sb-Te anomalism.

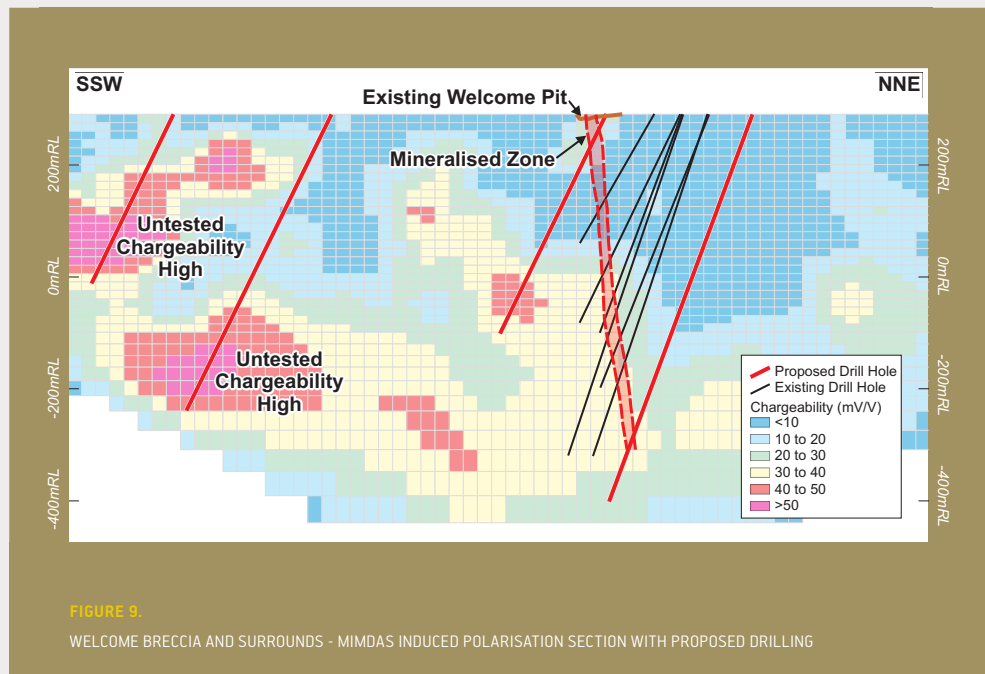
Assay results for forty six rock chip samples returned thirteen gold values greater than or equal to 0.2g/t Au to a maximum of 13.3g/t Au. Maximum values for other elements included 367ppm Ag, 2610ppm As, 1515ppm Bi, 1.69% Cu, 1.63% Pb, 833ppm Sb and 7.78% Zn.

Further work, including additional mapping and rock chip sampling will be conducted prior to drill targeting.

MT WRIGHT PROJECT (RESOLUTE 100%)

Mt Wright (11km Nth of Ravenswood)

A combined wireframe for the rhyolite and polymictic breccia units was completed during the year using data obtained from two hundred and fifty one exploration and underground drill holes. The new wireframe includes an east-west trending extension on the north edge of the rhyolite that was not previously modelled. The rhyolite in this area contains similar, albeit less abundant mineralisation than seen in the main pipe, with marcasite-pyrite and trace pyrrhotite present as breccia infill and minor veins.



Multi-element results from four holes drilled from the 800 level into the granite breccia east of the main rhyolite pipe at Mt Wright were reviewed in May 2011. The multi-element signature of the rhyolite intercepted towards the end of hole MTWR178 suggests that it is situated in the gold mineralisation window, similar to the equivalent level of the main pipe. This suggests that the low gold grades intercepted in this zone (best intercept of 8m @ 1.13g/t Au) are related to a lack of sulphides and/or open space rather than metal zonation. As such, further drilling in the vicinity of this rhyolite is justified (either above/below/along strike) as better grades may be present in more favourable geological conditions in close proximity.

A wireframe for the granite breccia was completed in June 2011. The overall geometry of the granite breccia varies as the diameter appears to narrow with depth and the centre point appears to shift to the south. The geometry of the breccia is less constrained at depth (due to the decreased drill density) and the wireframe will be continually updated as more data is obtained. The granite breccia wireframe includes a range of matrix to clast supported breccias and also a number of isolated rhyolite breccias and dykes. These small rhyolite units are often associated with elevated Au grades and appear to be directly related to the main rhyolite pipe. Potential exists for more substantial mineralisation in these bodies at depth and will be targeted by future drill programmes within the granite breccia.

A SERIES OF MT WRIGHT "LOOK ALIKES" IDENTIFIED AS

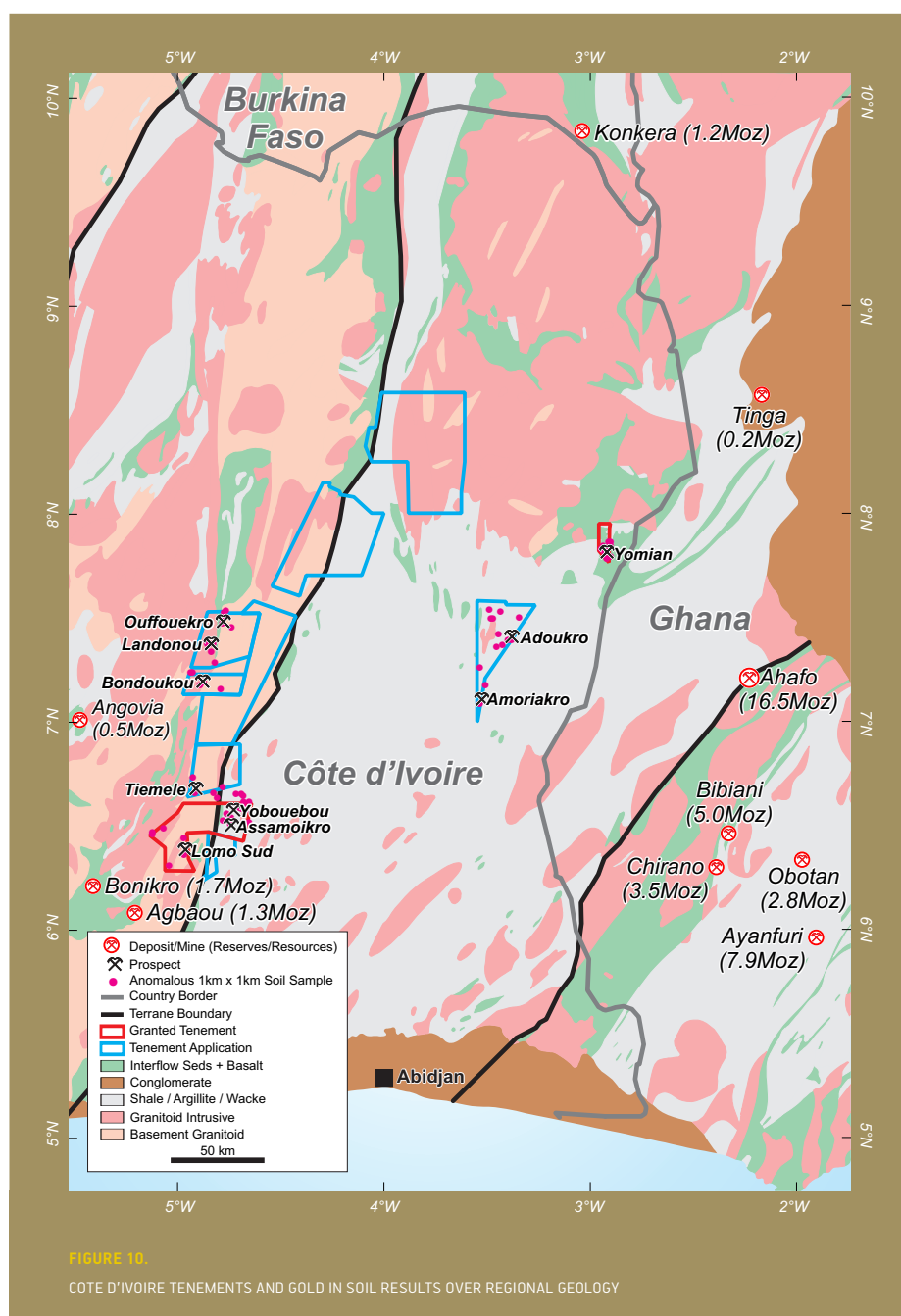
HIGH PRIORITY TARGETS

Cote d'Ivoire

For a large portion of the past twelve months, political instability has restricted Resolute's exploration progress in Cote d'Ivoire. Following the inauguration of President Alassane Outtara in May 2011, stability has begun to return to the country.

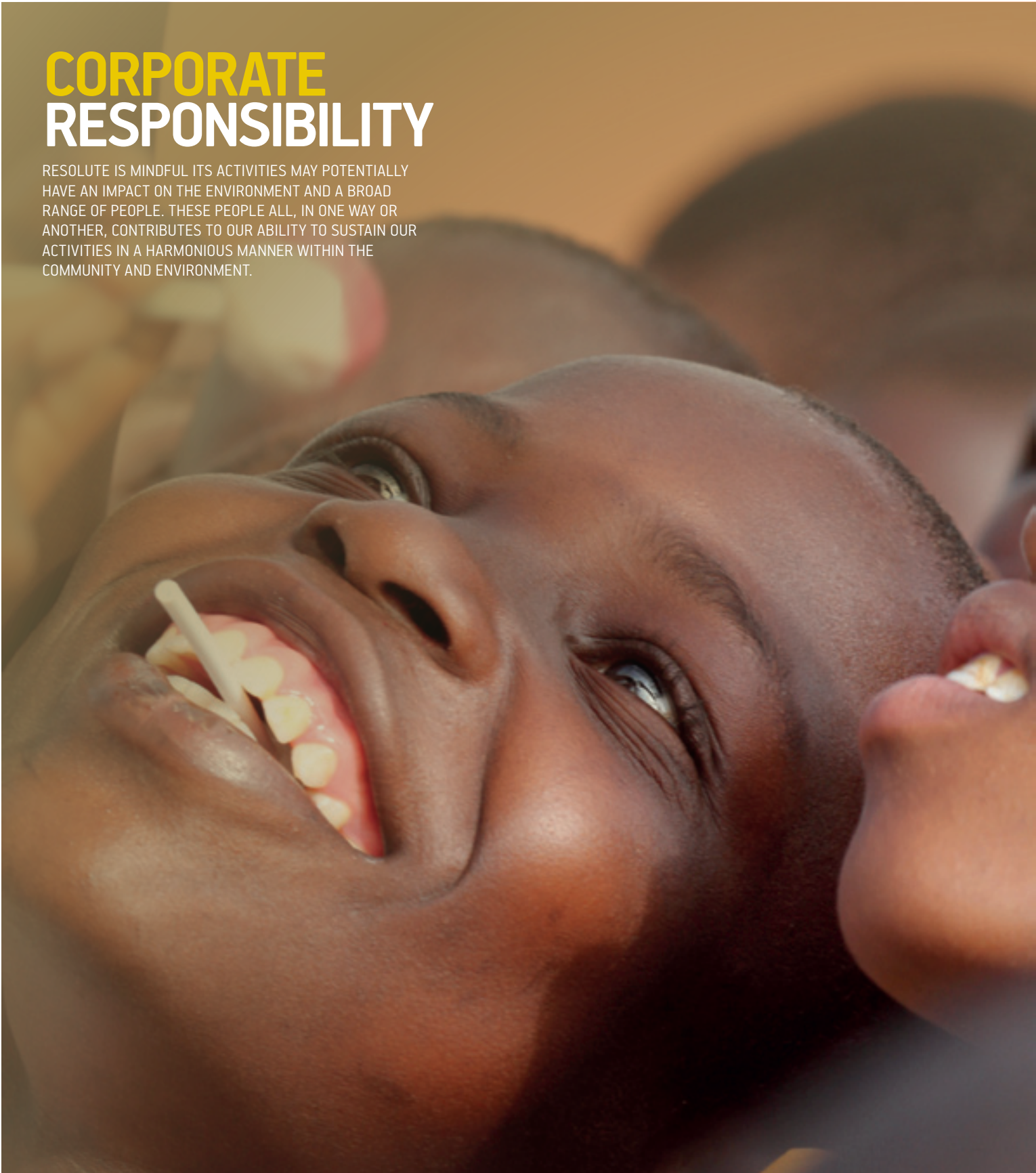
Prior to this instability Resolute Côte d'Ivoire SARL had two applications; Toumodi and Goureme Research Permits approved. There remains five Research and four Reconnaissance Permits to be processed. This tenure covers an area of 10,078km² across prospective Birimian greenstones and granite complexes along a major terrane boundary that cuts through the central eastern part of the country (Figure 10). Targets include shear-sedimentary hosted mineralisation analogues typical of Birimian deposits which in the past 100 years have hosted more than 200 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.

Field exploration has only recently recommenced with infill multi-element soil sampling at Toumodi and Goureme. Currently, rotary air blast drilling of high priority targets is planned to commence in 2012.



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, CONTRIBUTES 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 local communities by assisting with programmes and projects that deliver lasting benefits.

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.

Almost A\$60 million was paid directly to governments in taxes in 2010/11. These taxes include Company taxes, employer taxes, royalties and other licencing and statutory levies as follows:

	Australia	Tanzania	Mali	Other	Total
Royalties	6.6m	5.3m	7.0m	-	18.9m
Employer Taxes	8.8m	5.0m	5.6m	0.1m	19.5m
Company Taxes	-	19.2m	-	-	19.2m
Licensing & Statutory Taxes	0.5m	1.4m	0.1m	0.1m	2.1m
Total	15.9m	30.9m	12.7m	0.2m	59.7m

Environment

Resolute strives to balance environmental protection in a financially sound way over the phases of exploration, to operations 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 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:

- completion of the Statutory Mine Closure Plan (SMCP)
- completion of rehabilitation on the north waste rock dump
- completion of predictive studies for Open-Pit water storage after mine closure and re-diversion of the Ibole River, and
- scheduling of tailings storage operations through to progressive closure and rehabilitation.

STATUTORY MINE CLOSURE PLAN

Further consultation during the year with neighbouring villagers, community leaders and government representatives at all levels enabled the finalization and acceptance of the Statutory Mine Closure Plan by the Tanzanian Ministry of Minerals and Energy. The plan allows for mine closure and relinquishment to the Ministry of Home Affairs for the use of the land and remaining assets by the Tanzanian Prisons Service. Golden Pride is the first mine in Tanzania to have a SMCP approved.

REHABILITATION

Completion of rehabilitation on the north waste rock dump occurred during the year with erosion and sediment control structures installed to the crest. As vegetation becomes established water quality of runoff from the landform will improve over time.

33.1ha of land were prepared for the 2010/11 planting season. Seedlings of endemic plants were established on this land form and other rehabilitation areas. Support of the reforestation initiatives within the local community occurred with the donation of approximately 14,500 seedlings to date in the 2010/11 season.

WATER MANAGEMENT

Regular monitoring continued throughout the year of surface and groundwaters.

Leaching tests were completed on waste rock and rock types from the open pit walls with the data being included in predicted water quality and volume estimates for water storage envisaged in the pit after closure.

Environmental impact studies started in the reporting period for the re-diversion of the Ibole River into the open pit after closure. It is envisaged that the lake formed will become a water storage of value to nearby communities for irrigation and stock watering. After the open pit fills, runoff flowing down the Ibole River will continue on downstream in future seasons.

EMISSIONS TO AIR

Monitoring showed isolated dust levels that were high and which related to lift off from the main site access road or being from bare areas offsite.

TAILINGS MANAGEMENT

The tailings storage facilities (TSF) continued to be operated efficiently with adherence to procedures and no major issues with structural stability.

Geotechnical experts were engaged to assist the site team in scheduling the disposal of tailings to the two storage facilities for the remaining period of operation. Tailings being discharged predominantly to storage facility TSF 2 will enable this facility to be closed before the end of mining and enable an efficient and timely capping of this facility. The design will allow rainfall runoff to be directed off the landform being rehabilitated and be settled in the open pit.

COMPLIANCE

Future rehabilitation work as the operation approaches closure will address the periodic measurements of non-conformance against prescribed levels for dissolved salts, iron, sulphate and pH. The catchment landscape around the site is disturbed by agriculture and clearing.

A Tanzanian government technical taskforce considered water quality trends around site and directed management to investigate the relationship between TSF 1 and groundwater. A review of groundwater monitoring around both TSF showed levels of sulphate have gradually increased in the groundwater near TSF 1 and in most areas compliance is being maintained.

Groundwater in the area remains suitable for livestock watering and crop irrigation. Groundwater from the down-gradient side of the TSF is being pumped back to the facility from where it is reused in the mill process.

An environmental water-quality analyser was purchased for site so that cyanide levels could be closely monitored as a further control for TSF management.

SYAMA MINE – MALI

During the annual review period the monitoring of groundwater, surface water and air quality continued according to licence conditions.

REHABILITATION

Some reshaping has begun on outer embankments of waste rock dumps. About 12ha of rehabilitation and various trials were established during the review period. A mine completion plan for eventual closure was also prepared. This plan will be revised as needed to accommodate any approved changes to the mine plan through expansion or mine-life extension. Care will be needed to confirm areas that are available for rehabilitation without the risk of future disturbance.

As planned, about 6,000 tree seedlings were propagated at the site nursery and planted out in rehabilitation areas during the year. Other seedlings were provided to local villages for their establishment.

WATER MANAGEMENT

Monitoring the quality of surface water and groundwater 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.

A balance model was prepared for all water use and discharges at site. Water meters were procured to measure the flow rates so that the accuracy of the water balance can be calibrated over time.

WASTE MANAGEMENT

Management of non-hazardous wastes is progressing. A procedure was developed to ensure the safe recovery and reuse of containers or recycling of materials offsite and by nearby communities. The environmental performance of commercial receivers for reclamation of waste oil was verified and found to be acceptable during the review period.

A large-capacity landfill and recycling area was established on site allowing a temporary landfill area to be decommissioned and rehabilitated during the year.

AIR QUALITY

Additional monitors were purchased during the year and installation continues. These will allow sulphur dioxide to be recorded continuously at several nearby villages with real-time measurements being transmitted back to the operation for additional control of roaster emissions.

COMPLIANCE

During the year, there were no non-compliances reported.

Through ongoing consultation with the Ministry of Water and Energy and after the issuing of a Decree, Somisy was provided with a Concession and Conditions to pump water from the nearby Bago River for operational use. A protocol was then written by government to prescribe a royalty for the water offtake.

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

REHABILITATION

Rehabilitation and shaping of the landform on the upper surface of the Nolan's tailings storage facility (NTSF) made substantial progress during the review period. A slightly domed upper surface allows rainfall to run off the landform and discharge over the embankment by a rock-lined drain. Extreme rainfall occurred after these civil engineering works were completed and these performed according to design. The chemistry of the runoff was as predicted with all runoff contained over the wet season and discharged to the open-pit containment facility.

Further rehabilitation occurred at the old Buck Reef Mine site to allow preparation for revegetation and is expected to also lead to improved water quality near the site.

WATER MANAGEMENT

In accordance with discharge permit, a new plant for sewage-wastewater treatment was installed at the Mt Wright Underground Mine. It provides tertiary treatment for water being discharged to the environment.

EMISSIONS

During the year Resolute, with support from energy experts, completed the review of the Nolans mill and plant site for energy efficiency opportunities. Other energy use and emissions reporting was completed according to regulatory requirements.

COMPLIANCE

The main compliance issue for the site during the reporting period related to water quality in seepage and the influence on sulphate levels in site drainage and groundwater. As mentioned above, rehabilitation efforts on both the Buck Reef site and the closed Nolans TSF aim to reduce these impacts over time.

During the review period the Queensland Government was notified of a feasibility study underway and environmental approval to be sought, for the restart of mining at the Sarsfield open pit. A series of cutbacks over time to this open pit are envisaged. Tailings will be pumped out to a new dedicated tailings storage facility. Waste-rock dumping areas will be extended and the Nolans processing plant will be refurbished and modified. These works will be enabled through further investigation in the Environmental and Social Impact Assessment.

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 revegetation continues, with widespread and healthy 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 essential to develop mutual understanding, cooperation, and respect. Our social investment initiatives aim to deliver significant and lasting benefits to communities, employees and key stakeholders.

Our Community 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.

BUILDING PROJECTS

During the review period several construction projects were completed for nearby communities including a police station, housing for teachers, medical dispensaries and speciality school rooms.

COMMUNITY HEALTH

6,500 school children were tested or treated through provision of medicine and testing consumables for bilharzias. HIV/AIDS awareness training continued at site and in surrounding communities. Assistance was also provided for 15 people who underwent plastic surgery at Bugando Hospital.

WATER BORE INSTALLATION

In 2010 four community water boreholes were installed and four existing boreholes repaired by RTL in order to improve access to clean drinking water.

ISILIAZA DAM

During the year Resolute assisted Isiliaza Village to increase the capacity of its community surface water dam. Earthmoving equipment worked in the area to increase the depth of the dam and strengthen walls.

TRAINING AND CAPACITY BUILDING

In 2010 training was conducted to build the capacity of environment conservation for the three wards of Nata, Lusu and Nzega Ndogo. 137 people were trained from ward environmental committees.

The training/capacity building aimed at creating awareness and self capacity on environmental matters. The training covered environmental sustainability and climatic change.

BEEKEEPING COURSE

A 6 day beekeeping course was organised for employees and five people from Undomo, Ibadamabu, Nata, and Isanga villages. The attendees had the opportunity to learn modern ways of bee keeping and environmental conservation which contribute to improving their economy through quality honey production.



ENVIRONMENT MINING VISIT

Site visits were provided for village leaders and environment committees from surrounding communities to observe environmental protection and how different mining activities are carried out.

FUEL EFFICIENT STOVES

Training occurred at Undomo village for villagers being introduced to a new type of cooking stove. These can use much less firewood for similar meal preparation. 15 stoves were made using locally available clay soil.

COMMUNITY NURSERY

During the review period about 12,500 tree seedlings and 2,000 sisal suckers were purchased from the community nurseries. The tree seedlings were planted into the rehabilitation areas on site and the sisal used for developing a natural boundary fence.

SYAMA MINE – MALI

The Syama Mine Community Consultative Committee held regular meetings for community and environmental issues. Community representatives were updated on mine development progress. Questions raised by the communities were discussed during these meetings and where possible immediate solutions implemented.

COMMUNITY COMMUNICATION WORKSHOP

During the year Syama held a social forum (Community Communication Workshop) at which economic, community, environmental and social issues were discussed including how Syama could assist in establishing long-term sustainable projects.

COMMUNITY HEALTH

During the review period medical equipment and supplies were provided to the Fourou clinic and training in the use of this equipment was provided to the local medical staff.

EDUCATION SUPPORT

12 classrooms were built at the Fourou School and 3 classrooms were built at Gouéné School to accommodate secondary students. Other classrooms were refurbished and equipment provided.

COMMUNITY HOUSING

A donation of financial support was provided for the establishment of a workers housing co-operative, which will help employees purchase a house during the life of the mine.

WATER SUPPLY

Some borehole water pumps were repaired and new water supply bores for the surrounding communities were constructed.

COMMUNITY DUST CONTROL

Nuisance dust levels in the region were addressed and a water cart was provided for community use along with a water tank supplied from the Bagoe River pipeline.

RAVENSWOOD MINE – QUEENSLAND

The Ravenswood Gold Mine is located nearby 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. In June 2011 a community forum provided a detailed presentation and opportunity for enquires or initial feedback on the proposed cut back and restart of mining in the Sarsfield Open Pit. (As the Environmental and Social Impact Assessment gets underway in 2011-2012 there will be further opportunities for contact and formal acknowledgement of stakeholder consultation.)
- 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 during the reporting period. 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 through its Occupational Health, Safety and Security Policy which commits the company to manage programmes that:

- 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 meet industry standards at each site.

During the year a protocol was developed for reporting serious incidents. It provides a template, a series of prompts and checklists for safety incidents or injuries, major business interruption, a security breach, community complaint or environmental incident.

The reporting protocol aims to ensure all legal requirements are met, that loss is contained, support and response is provided and learning's are communicated to other sites or externally to prevent recurrence of similar or related events.

A focus on risk management continued across the operations with key performance indicators being measured that are updated to executive management and track:

- actions completed to manage high risks.
- timely close out of any actions through government directions.
- presence of managers and leaders in the field with their teams.
- establishment of procedures to control high risks.
- emergency preparedness for known high risks.
- updating of risk profiles for high risk events that are new or recurrent.
- self auditing targeting high risk controls.

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.

During the review period the site management team began to collate information on high level risks for which new KPI's are being tracked. Site personnel will continue to update its task based risk register.

A site wide audit against existing safety procedures was completed and safety guidelines for small contractors were created. Regular audits and inspections of the transport of reagent cyanide to site occurred in the review period also and excellent conformance was recorded.

An "exercise" to test the site crisis and emergency response plan was successfully undertaken. To compliment this effort all supervisor levels participated in training for Senior First Aid and Accident Investigation.

Two injuries required medical treatment during the year, but no employees suffered lost work time. All of the injury frequency rates improved for the Golden Pride Project during the reporting period with the Medical Treatment Injury Frequency Rate at 0.99 and the Lost Time Injury Frequency rate at 0. All employees were working on normal duties.

SYAMA MINE – MALI

During the review period a major focus of the occupational health and safety programme was on employee training. Courses for many employees included:

- incident investigation and cause analysis
- hazard identification and risk assessment
- job safety and environmental analysis and
- basic fire training.

Competency based training was also delivered on site for all personnel involved in use of cranes and heavy lifting. Senior First Aid and Chemalet courses are planned for upcoming training efforts.

During the review period the site management team began to collate information on high level risks for which new KPI's are being tracked. Site continued to update its task based risk register.

Included along with regular audits of work tasks at site were inspections of the transport for reagent cyanide to site and excellent conformance was recorded.

Occupation health monitoring for exposures to dust and noise are programmes to be developed further in the next review period.

The Emergency Response Team has been provided with a fully resourced training centre and ready room. Emergency response training is planned and being aligned to the known high risks that the operation faces.

Injury frequency rates improved during the review period. A Lost Time Injury Frequency rate of 0.8 reflected only two such injuries occurring by the end of the review period. The Medical Treatment Injury Frequency Rate improved to 3.98 but 9 medically treated injuries occurred. One employee is recovering on restricted duties from a hand injury but all other injured employees have returned to normal duties.

RAVENSWOOD MINE – AUSTRALIA

During the review period a major focus of the occupational health and safety programme was on employee training. Courses for many employees included:

- Senior First Aid
- Basic fire training and
- Fire Warden responsibilities.

The management team completed a site wide review of risk assessments. Importantly, procedures were developed for changes to the mining method underground at Mt Wright Underground mine.

Included along with regular audits of work tasks at site were inspections of the transport for reagent cyanide to site and excellent conformance was recorded.

The occupation-health monitoring programme was reviewed for exposures to dust. Reviews were also completed for emergency preparedness for fire and cyanide exposure or spills.

A study of safety culture across site occurred during the review period. It revealed an opportunity to improve safe working behaviours. Some of the key drivers to improve may be realised through:

- prescribing and communicating to employees the critically important and desired safe-work behaviours
- maintaining awareness of desired safe work behaviours
- supervisors and leaders routinely observing, coaching for, and rewarding safe work behaviours.

Injury frequency rates showed a plateau effect during the review period, however, there was a marked improvement in the reduction of occurrence of injuries which classified employees for restricted work duties.

Three lost time injuries occurred on site during the review period and the Lost Time Injury Frequency rate finished at 5.43. The Medical Treatment Injury Frequency rate was 12.21 at the end of the review period over which 8 medically treated injuries occurred. Sprain and strain injuries were common. However, at the end of the review period, a crush injury to an employee's toes was receiving ongoing treatment.

FINANCIAL REPORT

38	DIRECTORS' REPORT
51	CORPORATE GOVERNANCE STATEMENT
55	AUDITOR'S INDEPENDENCE DECLARATION
56	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
58	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
60	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
62	CONSOLIDATED CASH FLOW STATEMENT
63	NOTES TO THE FINANCIAL STATEMENTS
135	DIRECTORS' DECLARATION
136	INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS
138	SHAREHOLDER INFORMATION



Directors' Report

for the year ended 30 June 2011

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 2011.

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	3,174,115	2,133,333	200,000
T. Ford	131,315	133,333	200,000
H. Price	27,191	67,554	100,000
	3,734,042	2,360,981	500,000

Directors' Report

for the year ended 30 June 2011

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 30% to \$445.055m (2010: \$342.484m) in the year ended 30 June 2011.

The net profit after tax was \$42.930m (2010: \$56.571m loss).

The average cash price received per ounce of gold sold during the year was \$1,337/oz (2010: \$1,070/oz).

The \$78.358m realised loss on closing out the hedge book did not have an impact on the current year profit result due to this expense being recognised in prior periods.

Net operating cash inflows during the year (which include exploration expenditure) were \$58.640m (2010: \$31.791m). This does not include the \$14.465m of bullion on hand at 30 June 2011.

Net investing cash outflows of \$34.242m (2010: \$54.001m) relate mainly to expenditure on property, plant and equipment and development.

Net financing outflows of \$31.805m (2010: \$27.273m inflow) include \$46.948m of borrowing repayments.

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 330,859 ounces (2010: 352,302 oz) of gold at an average cash cost of \$908/oz (2010: \$741/oz).

Golden Pride gold mine in Tanzania, Africa, produced 122,921 ounces (2010: 148,675 oz) at a cash cost of \$713/oz (or US\$708/oz) (2010: \$583/oz or US\$514/oz).

Ravenswood gold mine in Queensland, Australia, produced 122,576 ounces (2010: 125,652 oz) at a cash cost of \$893/oz (2010: \$804/oz).

Syama gold mine produced a total of 85,362 ounces (2010: 77,975 oz) at a cash cost of \$1,209/oz (or US\$1,197/oz) (2010: \$1,114/oz or US\$1,001).

DEVELOPMENT

Mali

- The Syama Strategic Study was completed and resulted in an expanded pit with a contained reserve of 31.7Mt @ 2.9g/t Au for 2.94 million ounces of gold. This reserve represents a 104% increase over reserves at 30 June 2010.
- Project management and engineering design for the Syama Expansion Definitive Feasibility Study ("DFS") was awarded to GR Engineering Services in Perth. This study will include all aspects of the open pit expansion as well as the design and construction of a parallel oxide ore circuit. This study is due for completion in Q1 2012.
- A positive Feasibility Study was completed for the Supply and Installation of a High Voltage Grid to supply power to Syama. A Memorandum of Understanding and Terms of Reference documents are being progressed between the State of Mali, the Energie du Mali and SOMISY S.A..

Queensland

- An internal scoping study to assess the benefits of re-developing 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. A DFS is now underway to evaluate this expansion and also the process to obtain all regulatory approvals for this has commenced.
- New proven and probable reserves of 6.0Mt @ 2.7g/t Au for 519,000 ounces were estimated for Mt Wright. Infill diamond drilling to the 600mRL delivered a 90,000 ounce reserve addition which largely replaced full-year production at Ravenswood.

EXPLORATION

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

Mali

- Resource estimates for the Syama Extension, Alpha and Tellem deposits added 5.82Mt @ 2.3g/t for 428,000 ounces to the Syama resource inventory.
- Drilling at the BA01 Prospect, 5km northeast of Syama, returned excellent first pass intercepts including; 13m @ 5.41g/t Au from 58m and 14m @ 6.48g/t Au from 141m, and 25m @ 7.64g/t Au from 62m.

Directors' Report

for the year ended 30 June 2011

Queensland

- Further diamond drilling at Welcome Breccia returned impressive results including 55m @ 10.54 g/t Au from 420m including 14m @ 21.83 g/t Au from 425m, 12m @ 6.18 g/t Au from 524m, and 50m @ 3.87 g/t Au from 298m. Subsequently, an initial inferred resource of 2.04Mt @ 2.04g/t Au for 210,000 ounces was estimated.
- A drill campaign was commenced in the June Quarter 2011 to test the vertical and lateral extents on the Welcome Deposit. Significant assay results have included 14m @ 18.78 g/t Au from 69m and 25m @ 1.70 g/t Au from 98m from RC drilling just below the old Welcome open pit.
- Several other Mt Wright style targets in the district are now ready for ground geophysical work and/or drill testing.

Golden Pride Project, Tanzania

- RC drilling at the Far East deposit returned exceptional near surface intercepts including 18m @ 10.27 g/t Au from 12m, 9m @ 19.16 g/t Au from 23m and 5m @ 6.82 g/t Au from 58m.

Cote d'Ivoire

- Resolute has secured a significant land holding 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 bullion at 30 June 2011 was \$25.678m (2010: \$27.921m).
- Fund raising activities during the year, through a combination of a fully underwritten institutional placement and exercise of existing options, provided gross proceeds of \$41.826m.
- The hedging program was closed out in October 2010. Funding for the gold purchases to achieve this comprised approximately \$30.368m from the equity raising in October and \$47.991m of credit from the hedging counterparties, Barclays and Investec. The credit is being repaid in monthly instalments between February and September 2011, and as at 30 June, only \$18.910m (inclusive of interest) of repayments remain.
- At 30 June 2011, the face value of Resolute's total borrowings were \$125.960m (2010: \$134.910m). The borrowing 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.
- The Barclays/Investec senior credit facilities have been recently amended to provide Resolute with more financial flexibility going forward. The revised amortisation profile sees the facility limit reduce to US\$25.000m at 31 December 2011, US\$12.500m at 30 June 2012 and nil by 10 December 2012.
- Repayments of borrowings during the year totalled \$46.948m (2010: \$14.376m), including a voluntary principal repayment of US\$10.000m to Barclays/Investec on 30 June. Following the repayment and as a result of the amendment to the debt repayment schedule, Resolute has up to US\$10.000m of unused credit on this cash advance facility, which can be utilised if necessary in line with the above limits.

- Interest of \$4.106m owing on the Resolute Convertible Notes for the 6 months ended 30 June 2011 was paid in cash on 1 July 2011 and the \$4.469m owing for the previous 6 months was funded / paid from 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 2012 is 410,000 ounces at a cash cost of approximately \$730 per ounce (based on an assumed USD/AUD exchange rate of US\$1.05).

Golden Pride

Gold production is expected to increase slightly this year as a result of the processing of higher grade ore.

Ravenswood

Gold production is expected to be marginally lower in the coming year due to the completion of processing the Sarsfield low grade ore stockpiles and reconfiguration of the operation to treatment of Mt Wright ore only.

Syama

Gold production is expected to significantly improve as the effects of improved reliability and throughput impact positively on the operation and better grade material becomes available from the pit.

Development

Work will continue on the DFS for the Syama Expansion, Syama High Voltage Grid Connection and Sarsfield Open Pit projects, with completion of all three expected during the year.

Diamond drilling is planned to test the down dip and adjacent extents of the Mt Wright deposit.

A scoping study of the Nyakafuru Project in Tanzania will be undertaken along with further resource drilling.

Exploration

The exploration budget has been approximately doubled to \$20.294 million for the 2012 financial year.

Exploration spending will be primarily directed towards a number of highly prospective tenement package areas around existing infrastructure.

In Mali this includes the numerous oxide and sulphide targets identified along the Syama Sheer to the north and south of the Syama pit.

The Mt Wright-style targets at the Welcome Breccia and Golden Valley/ Mt Success Projects near Ravenswood will also be advanced.

Corporate

Cash flow is expected to improve over the year significantly strengthening the balance sheet.

In the early part of the year this will involve the aggressive pay down of secured debt.

Directors' Report

for the year ended 30 June 2011

Depending on market conditions, further de-gearing of the balance sheet could occur through the early redemption/conversion of the Convertible Notes representing approximately \$68.431m of unsecured debt.

Consideration will also be given to capital management initiatives.

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

No significant events have occurred from 30 June 2011 to the date of this report.

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;
- (ii) mineral exploration will continue; and,
- (iii) 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
P. Beilby	General Manager - Operations (Appointed 20 September 2010)
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.

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.

Directors' Report

for the year ended 30 June 2011

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 30 November 2010 when the shareholders approved an aggregate remuneration of \$600,000 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 and for sitting on relevant board committees. The fee size is commensurate with the workload and responsibilities undertaken.

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.

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.

Directors' Report

for the year ended 30 June 2011

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.

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.

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.

Directors' Report

for the year ended 30 June 2011

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

2011	BASE REMUNERATION	SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS SUPERANNUATION
		CASH BONUS (iv)	CASH BONUS GRANT, VEST & PAID DATE (iv)	NON MONETARY BENEFITS (i)	
DIRECTORS	\$	\$		\$	\$
P. Huston	150,000	-	-	-	-
P. Sullivan	609,859	-	-	60,206	54,887
T. Ford	17,980	-	-	-	47,645
H. Price	15,367	-	-	-	50,258
OFFICERS					
G. Fitzgerald	358,985	-	-	3,764	32,309
P. Beilby (ii)	307,272	-	-	-	49,091
P. Venn	275,435	-	-	27,446	26,949
A. King (iii)	78,828	-	-	686	3,018

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

- (i) 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.
- (ii) P. Beilby was appointed 20 September 2010.
- (iii) A. King's contract terminated on 30 July 2010.
- (iv) The Remuneration and Nomination Committee approved the amount on the basis of performance and increased workload during the 2009 calendar year.

Directors' Report

for the year ended 30 June 2011

	SHARE BASED PAYMENTS	PERFORMANCE RELATED		
	OPTIONS	OPTIONS	CASH BONUS	CASH BONUS & OPTIONS
	\$	%	%	%
	-	-	-	-
	723,352	49.94	-	49.94
	-	-	-	-
	-	-	-	-
	47,761	10.79	-	10.79
	65,878	15.60	-	15.60
	47,998	12.70	-	12.70
	(24,649)	-	-	-
	-	-	-	-
	-	-	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

Directors' Report

for the year ended 30 June 2011

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
2011							
DIRECTORS					\$	\$	
P. Huston	Listed	26,761	-	-	-	-	-
P. Sullivan	Unlisted	-	2,000,000	2 Dec 2010	0.70	1,390,904	5 Jul 2011
P. Sullivan	Listed	133,333	-	-	-	-	-
T. Ford	Listed	133,333	-	-	-	-	-
H. Price	Listed	67,554	-	-	-	-	-
OFFICERS							
G. Fitzgerald	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011
P. Beilby	Unlisted	-	90,000	27 Oct 2010	0.73	65,546	16 May 2011
P. Beilby	Unlisted	-	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011
P. Venn	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011
P. Venn	Listed	5,000	-	-	-	-	-
A. King (ii), (iii)	Unlisted	190,000	-	-	-	-	-

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 (v)	Listed	-	-	-	-	-	-
A. King (iv)	Unlisted	150,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 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. The percentage of options granted during the financial year that also vested during the financial year is 1.3% (2010: nil). None of these options were forfeited during the financial year.
- (ii) On 30 July 2010, 50,000 options were exercised at a price of \$0.42 per option. The fair value at grant date of the options exercised was \$10,200. 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.
- (iii) The value of options at the date of lapse was \$69,900.

Directors' Report

for the year ended 30 June 2011

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	GRANTED & VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR	VALUE OF OPTIONS EXERCISED DURING THE YEAR
	\$					No.	No.	%
-	-	-	-	-	26,761	-	26,761	100.00
4 Jan 2016	1.36	-	-	-	2,000,000	-	-	-
-	-	-	-	-	133,333	-	133,333	100.00
-	-	-	-	-	133,333	-	133,333	100.00
-	-	-	-	-	67,554	-	67,554	100.00
24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40
15 Nov 2015	1.43	-	-	-	90,000	30,000	30,000	33.33
24 Jan 2016	1.43	-	-	-	100,000	-	-	-
24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40
-	-	-	-	-	5,000	-	5,000	100.00
-	-	(50,000)	(140,000)	-	-	-	-	-
-	-	-	-	-	26,761	-	26,761	100.00
-	-	-	-	-	133,333	-	133,333	100.00
-	-	-	-	-	133,333	-	133,333	100.00
-	-	-	-	-	67,554	-	67,554	100.00
14 Feb 2015	1.09	-	-	-	315,000	-	100,000	31.75
14 Feb 2015	1.09	-	-	-	315,000	-	100,000	31.75
-	-	-	-	5,000	5,000	-	5,000	100.00
14 Feb 2015	1.09	(50,000)	-	-	190,000	-	-	-

- (iv) 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 fair value at grant date of the options exercised was \$10,200. 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.
- (v) During the year ended 30 June 2010, P. Venn acquired on the market 5,000 listed options over Resolute Mining Limited ordinary shares.

Directors' Report

for the year ended 30 June 2011

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

- Mr Beilby's contract commenced on 20 September 2010.
- Mr Beilby 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 Beilby's remuneration).

COMPANY PERFORMANCE

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

		30 JUNE 2011	30 JUNE 2010	30 JUNE 2009	30 JUNE 2008	30 JUNE 2007
Net profit/(loss) after tax	\$'000	42,930	(56,571)	30,676	(56,722)	169,996
Basic earnings/(loss) per share	cents/share	13.42	(9.90)	10.30	(21.61)	73.91

This is the end of the audited information.

Directors' Report

for the year ended 30 June 2011

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
16/10/06	24/10/11	\$1.32	50,000
23/05/08	22/05/13	\$2.12	213,000
29/08/08	28/08/13	\$1.62	51,000
7/10/08	1/10/11	\$1.63	1,250,000
20/01/09	31/01/14	\$0.42	537,333
31/12/08	31/12/11	\$0.60	50,333,231 *
9/04/09	31/03/12	\$1.00	500,000
21/07/09	30/06/12	\$0.74	500,000
24/10/09	24/10/12	\$0.72	3,000,000
15/02/10	14/02/15	\$1.09	717,000
30/06/10	15/07/15	\$1.21	99,000
27/10/10	15/11/15	\$1.43	135,000
2/12/10	4/01/16	\$1.36	2,000,000
23/12/10	24/01/16	\$1.43	1,157,000
29/06/11	15/07/16	\$1.18	130,000

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

Shares issued as a result of the exercise of options:

From 1 July 2011 up until the date of this report, option holders' exercised options to acquire 969,826 fully paid ordinary shares in Resolute Mining Limited at a weighted average exercise price of \$0.65 per share.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company paid an insurance premium of \$70,716 (2010: \$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' Report

for the year ended 30 June 2011

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	18	0.5	n/a	2	n/a	n/a
P. Sullivan	19	n/a	4	n/a	4	21
T. Ford	19	2	n/a	2	n/a	n/a
H. Price	19	2	n/a	2	n/a	n/a
Number of meetings (or resolutions) held	19	2	4	2	4	21

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

NON-AUDIT SERVICES

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 \$102,890 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
22 September 2011

Corporate Governance Statement

for the year ended 30 June 2011

The Board of Directors of Resolute Mining Limited ("RML" or "the Company") is responsible for the corporate governance of the consolidated entity (the "Group"). 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.

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

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

Corporate Governance Statement

for the year ended 30 June 2011

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.

A diversity policy has been established with the goal of promoting a high performance culture that draws on the diverse and relevant experience, skills, expertise, perspectives and the unique personal attributes of its board members and employees.

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.
- Subject to clause 2.5 of the RML Securities Trading Policy, trade in the securities of the Company one week before the release of the Company's Quarterly, Half yearly or Preliminary Final Report to the ASX is prohibited.

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 2011

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 2011.

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 will be rotated at the conclusion of the audit for the year ended 30 June 2011.

9. CONTINUOUS DISCLOSURE

In accordance with ASX Principle 5, 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.

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.

Corporate Governance Statement

for the year ended 30 June 2011

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, insurance and tax risk management.

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.

In accordance with best governance practice a diversity policy has been 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".

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.

Auditor's Independence Declaration

for the year ended 30 June 2011



Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

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 2011, 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 A Buckingham'.

Gavin A Buckingham
Partner
Perth
22 September 2011

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	NOTE	CONSOLIDATED	
		2011	2010
		\$'000	\$'000
Continuing Operations			
Revenue from gold sales	2(a)	445,055	342,484
Costs of production relating to gold sales	2(b)	(293,499)	(229,007)
Gross profit before depreciation, amortisation and other operating costs		151,556	113,477
Depreciation and amortisation relating to gold sales	2(c)	(62,391)	(43,141)
Other operating costs relating to gold sales	2(d)	(23,276)	(16,565)
Gross profit		65,889	53,771
Other revenue	2(e)	329	294
Other income	2(f)	1,316	10,098
Exploration expenditure		(8,726)	(9,280)
Share of associate's loss	15(b)	(800)	(258)
Administration and other expenses	2(g)	(9,757)	(7,576)
Profit before treasury, tax and finance costs		48,251	47,049
Finance costs	2(h)	(19,597)	(11,220)
Profit before treasury and tax		28,654	35,829
Treasury - movement on gold forward contracts closed out	18	34,742	-
Treasury - other realised (losses)/gains	2(i)	(4,574)	195
Treasury - unrealised gains/(losses)	2(j)	730	(75,976)
Profit/(loss) before income tax		59,552	(39,952)
Tax expense	3	(16,622)	(16,619)
Profit/(loss) for the year		42,930	(56,571)
Profit/(loss) attributable to:			
Members of the parent		59,700	(37,173)
Non-controlling interest		(16,770)	(19,398)
		42,930	(56,571)

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

Consolidated Statement of Comprehensive Income (continued)

for the year ended 30 June 2011

	NOTE	CONSOLIDATED	
		2011	2010
		\$'000	\$'000
Profit/(loss) for the year (brought forward)		42,930	(56,571)
Other comprehensive (loss)/income			
Exchange differences on translation of foreign operations:			
- Members of the parent		(23,826)	1,538
- Transferred to profit and loss - disposed subsidiaries		-	(1,886)
- Non-controlling interest		1,438	1,607
Cash flow hedges: Transfer to profit and loss, net of tax		-	(5,343)
Changes in the fair value of available for sale financial assets, net of tax		(52)	(200)
Other comprehensive loss for the period, net of tax		(22,440)	(4,284)
Total comprehensive income/(loss) for the period		20,490	(60,855)
Total comprehensive income/(loss) attributable to:			
Members of the parent		35,822	(43,064)
Non-controlling interest		(15,332)	(17,791)
		20,490	(60,855)
Earnings per share for net profit/(loss) attributable to the ordinary equity holders of the parent:			
Basic earnings/(loss) per share	33	13.42	(9.90)
Diluted earnings/(loss) per share	33	10.97	(9.90)

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 2011

	NOTE	2011 \$'000	2010 \$'000
Current assets			
Cash	5	11,213	18,259
Receivables - gold bullion sales		14,465	9,662
Receivables - other	6	4,033	6,533
Inventories	7	96,464	85,754
Available for sale financial assets	8	692	818
Financial derivative assets	9	11	89
Other	10	3,270	3,866
Total current assets		130,148	124,981
Non current assets			
Receivables	6	3,769	4,083
Financial derivative assets	9	-	901
Exploration and evaluation expenditure	11	9,045	10,970
Development expenditure	12	219,329	231,030
Property, plant and equipment	13	190,878	221,274
Deferred mining costs	14	20,585	13,504
Investment in associate	15	5,092	5,892
Total non current assets		448,698	487,654
Total assets		578,846	612,635
Current liabilities			
Payables	16	47,433	47,652
Interest bearing liabilities	17	23,539	29,445
Tax liabilities		2,725	3,454
Financial liabilities	18	18,910	92,075
Provisions	19	14,455	10,933
Total current liabilities		107,062	183,559
Non current liabilities			
Interest bearing liabilities	17	78,341	93,300
Financial liabilities	18	-	21,026
Provisions	19	38,000	28,624
Deferred tax liabilities	3	1,125	3,049
Other	20	-	37
Total non current liabilities		117,466	146,036
Total liabilities		224,528	329,595
Net assets		354,318	283,040

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

Consolidated Statement of Financial Position (continued)

as at 30 June 2011

	NOTE	CONSOLIDATED	
		2011	2010
		\$'000	\$'000
Equity attributable to equity holders of the parent			
Contributed equity	21	287,125	237,083
Reserves	22	(442)	22,690
Retained earnings	23	100,758	41,058
Parent interest		387,441	300,831
Non-controlling interest		(33,123)	(17,791)
Total equity		354,318	283,040

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 2011

AT 1 JULY 2010	ORDINARY SHARES	NET UNREALISED GAIN/ (LOSS) RESERVE	CONVERTIBLE NOTES EQUITY RESERVE	SHARE OPTIONS EQUITY RESERVE	EMPLOYEE EQUITY BENEFITS RESERVE
	\$'000	\$'000	\$'000	\$'000	\$'000
	237,083	164	14,233	5,987	2,021
Net profit/(loss) for the year	-	-	-	-	-
Other comprehensive (loss)/income, net of tax	-	(52)	-	-	-
Total comprehensive (loss)/income for the period, net of tax	-	(52)	-	-	-
Transactions with owners					
Shares issued	53,107	-	-	-	-
Share issue costs	(3,065)	-	-	-	-
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	(469)	-	-
Share-based payments to employees	-	-	-	-	1,215
At 30 June 2011	287,125	112	13,764	5,987	3,236

AT 1 JULY 2009	ORDINARY SHARES	NET UNREALISED GAIN/ (LOSS) RESERVE	HEDGE RESERVE FORWARDS GAIN/(LOSS)	CONVERTIBLE NOTES EQUITY RESERVE	SHARE OPTIONS EQUITY RESERVE
	\$'000	\$'000	\$'000	\$'000	\$'000
	209,680	364	5,343	3,492	4,064
Net loss for the year	-	-	-	-	-
Other comprehensive (loss)/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	-	-	-	-	1,923
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	-	10,741	-
Share-based payments to employees	-	-	-	-	-
At 30 June 2010	237,083	164	-	14,233	5,987

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

Consolidated Statement of Changes in Equity (continued)

for the year ended 30 June 2011

	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTEREST	TOTAL
	\$'000	\$'000	\$'000	\$'000
	285	41,058	(17,791)	283,040
	-	59,700	(16,770)	42,930
	(23,826)	-	1,438	(22,440)
	(23,826)	59,700	(15,332)	20,490
	-	-	-	53,107
	-	-	-	(3,065)
	-	-	-	(469)
	-	-	-	1,215
	(23,541)	100,758	(33,123)	354,318

	EMPLOYEE EQUITY BENEFITS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	NON-CONTROLLING INTEREST	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
	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
	-	-	-	-	10,741
	522	-	-	-	522
	2,021	285	41,058	(17,791)	283,040

Consolidated Cash Flow Statement

for the year ended 30 June 2011

	NOTE	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers		440,378	325,447
Payments to suppliers, employees and others		(353,220)	(273,080)
Income tax paid		(15,825)	(8,398)
Exploration expenditure		(8,649)	(9,280)
Interest paid		(4,373)	(3,188)
Interest received		329	290
Net cash flows from operating activities	28	58,640	31,791
Cash flows from investing activities			
Payments for property, plant & equipment		(20,415)	(13,280)
Proceeds from property, plant & equipment		71	48
Payments for development costs		(13,225)	(41,053)
Other		(673)	284
Net cash flows from investing activities		(34,242)	(54,001)
Cash flows from financing activities			
Proceeds from issuing ordinary shares		41,826	18,900
Costs of issuing ordinary shares		(3,065)	(1,038)
Proceeds from issuing convertible notes		-	23,864
Costs of issuing convertible notes		-	(1,332)
Proceeds from issuing options		-	1,322
Costs from issuing options		-	(67)
Payments for close-out of derivatives funded with proceeds from issuing ordinary shares		(30,368)	-
Repayment of borrowings		(44,243)	(11,815)
Repayment of lease liability		(2,705)	(2,561)
Proceeds from finance facility		6,750	-
Net cash flows from financing activities		(31,805)	27,273
Net (decrease)/increase in cash and cash equivalents		(7,407)	5,063
Cash and cash equivalents at the beginning of the financial period		11,900	6,880
Exchange rate adjustment		(822)	(43)
Cash and cash equivalents at the end of the period	5	3,671	11,900
Cash and cash equivalents comprise the following:			
Cash		11,213	18,259
Bank overdraft		(7,542)	(6,359)
		3,671	11,900

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

Notes to the Financial Statements

CORPORATE INFORMATION

The financial report of Resolute Mining Limited ("consolidated entity" or the "Group") for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the Directors on 22 September 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 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.

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.

(B) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of RML as at 30 June 2011 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.

(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.

Notes to the Financial Statements

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

(C) SEGMENT REPORTING (CONTINUED)

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.

(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.

Notes to the Financial Statements

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

(G) INCOME TAX (CONTINUED)

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.

(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.

Notes to the Financial Statements

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

(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.

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.

Notes to the Financial Statements

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

(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). 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.

Notes to the Financial Statements

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

(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.

(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

Notes to the Financial Statements

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

(R) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(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.

(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.

Notes to the Financial Statements

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

(W) INTEREST-BEARING LIABILITIES (CONTINUED)

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.

(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.

Notes to the Financial Statements

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

(Y) EMPLOYEE BENEFITS (CONTINUED)

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 Aus.IMM "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 and 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.

(AC) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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 discount rate used in the calculation of these provisions is consistent with the risk free rate.

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.

Notes to the Financial Statements

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

(AC) SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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:

- 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

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.

- *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.

Notes to the Financial Statements

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

(AD) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS (CONTINUED)

- *AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project*
The amendment limits the scope of the measurement choices of non-controlling interest to instruments that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. Other components of NCI are measured at fair value.
Impact: The amendments do not have any impact on the methodology used to calculate the non-controlling interest in the Group.
- (i) 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 2011, and no change to the Group's accounting policies are required:

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>). These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below. (a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria. (b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.	1 January 2013	1 July 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	► These amendments arise from the issuance of AASB 9 <i>Financial Instruments</i> that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i>. ► This Standard shall be applied when AASB 9 is applied.	1 January 2013	1 July 2013

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 <i>Operating Segments</i> to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	1 July 2011
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.	1 January 2011	1 July 2011

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments	1 July 2013	1 July 2013
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits	1 July 2011	1 July 2011
AASB 2010-2	Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This Standard makes amendments to many Australian Accounting Standards, reducing the disclosure requirements for Tier 2 entities, identified in accordance with AASB 1053, preparing general purpose financial statements.	1 July 2013	1 July 2013

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	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. Clarifies 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 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. Disclosures require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	1 July 2011

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: ▶ The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ▶ The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	1 July 2013
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate <i>SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets</i> into AASB 112.	1 January 2012	1 July 2012
AASB 2011-1	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]	This Standard amends many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.	1 July 2011	1 July 2011

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101, AASB 1054]	This Standard makes amendments to the application of the revised disclosures to Tier 2 entities, that are applying AASB 1053.	1 July 2013	1 July 2013
AASB 10	Consolidated Financial Statements	IFRS 10 establishes a new control model that applies to all entities. It replaces parts of IAS 27 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and SIC-12 <i>Consolidation – Special Purpose Entities</i>. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is unlikely to lead to more entities being consolidated into the group.	1 January 2013	1 July 2013
AASB 11	Joint Arrangements	IFRS 11 replaces IAS 31 <i>Interests in Joint Ventures</i> and SIC-13 <i>Jointly-controlled Entities – Non-monetary Contributions by Ventures</i> . IFRS 11 uses the principle of control in IFRS 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 13	Fair Value Measurement	IFRS 13 establishes a single source of guidance under IFRS for determining the fair value of assets and liabilities. IFRS 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under IFRS when fair value is required or permitted by IFRS. Application of this definition may result in different fair values being determined for the relevant assets. IFRS 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.	1 January 2013	1 July 2013
AASB 119 (Revised)	Employee Benefits	The main changes to accounting for defined benefit plans are: ▶ to eliminate the option to defer the recognition of gains and losses (the 'corridor method'); ▶ requiring re-measurements to be presented in other comprehensive income; and ▶ enhancing the disclosure requirements relating to defined benefit plans for Tier 1 entities. The AASB has provided relief from certain disclosure requirements for entities that adopt Tier 2 Reduced Disclosure Requirements.	1 January 2013	1 January 2013
AASB 2011-9	Amendments to Australian Accounting Standards - <i>Presentation of Items of Other Comprehensive Income</i> [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	The main change resulting from the amendments relates to the 'Statement of Profit or Loss and Other Comprehensive Income' and the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially re-classifiable to profit or loss subsequently (reclassification adjustments). The amendments do not remove the option to present profit or loss and other comprehensive income in two statements. The amendments do not change the option to present items of OCI either before tax or net of tax. However, if the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified to profit or loss and those that will not be reclassified) must be shown separately.	1 July 2012	1 July 2012
AASB 2011-3	Amendments to Australian Accounting Standards – <i>Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments</i> [AASB 1049]	This Standard makes amendments including clarifying the definition of the ABS GFS Manual, facilitating the orderly adoption of changes to the ABS GFS Manual and related disclosures to AASB 1049.	1 July 2012	1 October 2012

Notes to the Financial Statements

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

REFERENCE	TITLE	SUMMARY	APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR GROUP*
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.	1 July 2013	1 October 2013
AASB 2011-5	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]	This Standard makes amendments to: ▶ AASB 127 Consolidated and Separate Financial Statements; ▶ AASB 128 Investments in Associates; and ▶ AASB 131 Interests in Joint Ventures; to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation, and relates primarily to those applying the reduced disclosure regime or not-for-profit entities.	1 July 2011	1 October 2011

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.

Notes to the Financial Statements

NOTE 2: PROFIT/(LOSS) FROM CONTINUING OPERATIONS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(A) REVENUE FROM GOLD SALES		
Gold sales at spot price (i)	462,911	393,936
Realised loss on gold forward contracts	(17,856)	(59,084)
	445,055	334,852
Amortisation of the gold forward contract hedge reserve	-	7,632
	445,055	342,484
(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)	300,342	234,139
Gold in circuit inventories movement	(6,843)	(5,132)
	293,499	229,007
(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	23,712	15,467
Depreciation of mine site properties, plant & equipment	38,679	27,674
	62,391	43,141
(D) OTHER OPERATING COSTS RELATING TO GOLD SALES		
Royalty expense	19,541	13,232
Operational support costs	3,735	3,333
	23,276	16,565
(E) OTHER REVENUE		
Interest income - other persons/corporations	329	294

Notes to the Financial Statements

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

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(F) OTHER INCOME		
Rehabilitation provision adjustment to non operating mine sites	1,073	726
Profit on sale of subsidiaries (i)	-	7,208
Profit on sale of property, plant and equipment	139	1,934
Other	104	230
	1,316	10,098
(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.		
(G) ADMINISTRATION AND OTHER EXPENSES		
Other management and administration expenses	4,248	4,297
Non mine site insurance costs	714	737
Operating lease expenses	770	512
Loss on sale of available for sale financial assets	-	28
Share based payments expense	1,215	522
Depreciation of non mine site assets	250	271
Impairment of accounts receivable	1,361	-
Other	1,199	1,209
	9,757	7,576
(H) FINANCE COSTS		
Interest and fees paid/payable to other entities (i)	18,612	10,701
Rehabilitation provision discount adjustment	985	519
	19,597	11,220
(i) Interest and fees paid/payable to other entities relating to financing of the Syama redevelopment and pre-production costs up until 31 December 2009 were capitalised into pre-production costs.		
(I) TREASURY - OTHER REALISED (LOSSES)/GAINS		
Realised gain on gold call options	-	1,522
Realised loss on gold put options	(3,909)	-
Realised foreign exchange loss	(665)	(1,327)
	(4,574)	195

Notes to the Financial Statements

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

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(J) TREASURY - UNREALISED GAINS/(LOSSES)		
Unrealised gain on gold forward contracts	-	2,077
Unrealised gain/(loss) on gold put options	2,930	(5,467)
Unrealised loss on gold call options	-	(1,393)
Unrealised foreign exchange gain	7,991	3,351
Unrealised foreign exchange loss on loans with subsidiaries	(10,191)	(74,544)
	730	(75,976)
(K) EMPLOYEE BENEFITS		
Salaries	44,090	42,085
Superannuation	2,545	2,553
Share based payments expense	1,215	522
	47,850	45,160

NOTE 3: INCOME TAX

(A) INCOME TAX EXPENSE ATTRIBUTABLE TO CONTINUING OPERATIONS		
Current tax expense	15,962	9,798
Deferred tax (benefit)/expense	(1,127)	3,897
Income tax expense attributable to profit/(loss) from continuing operations	14,835	13,695
Withholding tax	1,787	2,924
Total tax expense	16,622	16,619

Notes to the Financial Statements

NOTE 3: INCOME TAX (CONTINUED)

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX EXPENSE		
Profit/(loss) from continuing operations before income tax expense	59,552	(39,952)
Withholding tax	(1,787)	(2,924)
Profit/(loss) from continuing operations including withholding tax before income tax expense	57,765	(42,876)
Prima facie income tax expense/(benefit) at 30% (2010: 30%)	17,330	(12,863)
Add/(deduct):		
- tax losses and other temporary differences (recognised to offset deferred tax liabilities)/not recognised	(3,603)	27,142
- foreign exchange gain on investment in subsidiaries	-	(566)
- effect of share based payments expense not deductible	365	157
- other	743	(175)
Income tax expense attributable to net profit/(loss)	14,835	13,695
(C) AMOUNTS RECOGNISED DIRECTLY IN EQUITY		
Amounts credited directly to equity	(222)	(925)
(D) TAX LOSSES		
- Revenue losses		
Australia	78,774	65,400
Mali*	79,518	72,234
Other	327	295
	158,619	137,929
- Capital losses		
Australia	38,723	31,677
Total tax losses not used against deferred tax liabilities for which no deferred tax asset has been recognised (potential tax benefit at the prevailing tax rates of the respective jurisdictions)	197,342	169,606

* Pursuant to the Establishment Convention between the State of Mali and Societe des Mines de Syama S.A. (owner of the Syama gold mine), there is an income tax holiday for 5 years post the declaration of first commercial production at Syama.

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.

Notes to the Financial Statements

NOTE 3: INCOME TAX (CONTINUED)

(E) UNRECOGNISED TEMPORARY DIFFERENCES

As at 30 June 2011, aggregate unrecognised temporary differences of \$7.062m (2010: \$0.086m) are in respect of investments in foreign controlled entities for which no deferred tax liabilities (2010: deferred tax assets) have been recognised for amounts which arise upon translation of their financial statements.

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(F) MOVEMENTS IN THE DEFERRED TAX ASSETS BALANCE		
Balance at the beginning of the year	-	-
Credited to equity	222	2,376
Charged to the income statement	(222)	(2,376)
Balance as at the end of the year	-	-
The deferred tax assets balance comprises temporary differences attributable to:		
Receivables	1,119	-
Other financial assets	133	133
Available for sale financial assets	317	250
Property, plant and equipment	2,274	1,673
Interest bearing liabilities	34,409	26,551
Financial derivative liabilities	-	33,930
Provisions	11,917	9,012
Other	15	903
Tax losses recognised (i)	15,435	5,982
Temporary differences not recognised	(31,876)	(53,682)
	33,743	24,752
Set off of deferred tax liabilities pursuant to set off provisions	(33,743)	(24,752)
Net deferred tax assets	-	-
(i) This amount includes tax losses recognised against deferred tax liabilities in foreign entities of \$1.458m (2010: \$1.760m).		

Notes to the Financial Statements

NOTE 3: INCOME TAX (CONTINUED)

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(G) MOVEMENTS IN THE DEFERRED TAX LIABILITIES BALANCE		
Balance at the beginning of the year	3,049	-
Charged to equity	-	1,452
(Credited)/charged to the income statement	(1,349)	1,520
Foreign exchange	(575)	77
Balance as at the end of the year	1,125	3,049
The deferred tax liabilities balance comprises temporary differences attributable to:		
Receivables	4,898	49
Mineral exploration and development interests	20,589	16,832
Property, plant and equipment	1,724	3,142
Financial derivative assets	3	297
Interest bearing liabilities	7,272	7,473
Other	382	8
	34,868	27,801
Set off of deferred tax liabilities pursuant to set off provisions	(33,743)	(24,752)
Net deferred tax liabilities	1,125	3,049
(H) THE EQUITY BALANCE COMPRISES TEMPORARY DIFFERENCES ATTRIBUTABLE TO:		
Convertible notes equity reserve	1,922	2,124
Option equity reserve	2,568	2,566
Unrealised gain/(loss) reserve	48	70
Net temporary differences in equity	4,538	4,760

(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

NOTE 4: DIVIDENDS PAID OR PROVIDED FOR

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
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%.	7,417	7,417

NOTE 5: CASH

Cash at bank and on hand	11,213	18,259
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 on hand	11,213	18,259
Bank overdraft (Note 17)	(7,542)	(6,359)
	3,671	11,900

Cash at bank earns interest at floating rates based on 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.

Notes to the Financial Statements

NOTE 6: RECEIVABLES

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Current		
Sundry debtors (a)	4,940	8,390
Allowance for impairment loss	(907)	(1,857)
	4,033	6,533
Non Current		
Sundry debtors	7,500	7,070
Allowance for impairment loss	(3,731)	(2,987)
	3,769	4,083
(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. Receivables past due but not considered impaired are \$3.245m (2010: \$3.761m). 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.		
Movements in the allowance for impairment losses were as follows:		
At start of year	(4,844)	(3,339)
Charge for the year	(1,355)	(918)
Amount reversed	890	-
Foreign exchange translation	671	(587)
At end of year	(4,638)	(4,844)
As at 30 June, the aging analysis of current and non current sundry debtors is as follows:		
0-30 days	4,165	3,511
31-60 days	392	3,344
61-90 days (Past due but not impaired)	130	3,241
+91 days (Past due but not impaired)	3,115	520
+91 days (Considered impaired)	4,638	4,844
Total	12,440	15,460

Notes to the Financial Statements

NOTE 7: INVENTORIES

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Gold in circuit		
- At cost	10,530	10,899
- At net realisable value	19,670	14,672
Total gold in circuit	30,200	25,571
Consumables at cost	44,186	42,112
Ore stockpiles		
- At cost	14,914	14,477
- At net realisable value	7,164	3,594
Total ore stockpiles	22,078	18,071
	96,464	85,754
Inventory recognised as an expense for the year ended 30 June 2011 totalled \$94.041m (2010: \$65.383m) for the Group. Inventory costs relating to the Syama redevelopment and pre-production costs up until 31 December 2009 were capitalised into pre-production costs.		

NOTE 8: AVAILABLE FOR SALE FINANCIAL ASSETS

Shares at fair value - listed	692	818
Available for sale financial assets consist of investments in ordinary shares, and therefore have no maturity date or coupon rate. Refer to Note 36(f) for information on the determination of fair value.		

NOTE 9: FINANCIAL DERIVATIVE ASSETS

Current		
Gold put options (Note 36)	11	89
Non Current		
Gold put options (Note 36)	-	901

NOTE 10: OTHER ASSETS

Current		
Prepayments	3,270	3,866

Notes to the Financial Statements

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:

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Areas in exploration and evaluation (at cost)		
Balance at the beginning of the year	10,970	8,928
- Expenditure during the year	-	1,448
- Transfers from areas in production or development	-	656
- Other transfers	-	353
- Impaired during the year	(362)	-
- Foreign currency translation	(1,563)	(406)
- Disposals during the year	-	(9)
Balance at the end of the year	9,045	10,970
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

NOTE 12: DEVELOPMENT EXPENDITURE

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Areas in development (at cost)		
Balance at the beginning of the year	-	341,788
- Additions	-	71,535
- Syama gold mine preproduction gold sales	-	(38,253)
- Transfers to property, plant & equipment	-	(143,489)
- Transfers to areas in exploration and evaluation	-	(707)
- Transfers to areas in production	-	(206,004)
- Transfers to inventories	-	(1,636)
- Foreign currency translation	-	(23,234)
Balance at the end of the year	-	-
Areas in production (at cost)		
Balance at the beginning of the year	231,030	57,628
- Additions	9,443	11,354
- Transfers from areas in development	-	206,004
- Transfers (to)/from inventory	(58)	5,451
- Transfers from areas in exploration and evaluation	-	51
- Amount amortised during the year (including finance costs)	(24,622)	(15,917)
- Foreign currency translation	(11,142)	(38,362)
- Adjustments to rehabilitation obligations	14,678	4,821
Balance at the end of the year	219,329	231,030
Total development expenditure	219,329	231,030

Notes to the Financial Statements

NOTE 13: PROPERTY, PLANT & EQUIPMENT

CONSOLIDATED	BUILDINGS	PLANT AND EQUIPMENT	MOTOR VEHICLES	OFFICE EQUIPMENT	PLANT AND EQUIPMENT UNDER LEASE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2011						
At 1 July 2010 net of accumulated depreciation	6,669	204,023	3,158	3,368	4,056	221,274
Additions	196	12,701	526	212	6,851	20,486
Depreciation expense	(1,247)	(32,903)	(1,060)	(1,158)	(2,561)	(38,929)
Foreign exchange translation	(412)	(11,163)	(191)	(187)	-	(11,953)
At 30 June 2011 net of accumulated depreciation	5,206	172,658	2,433	2,235	8,346	190,878
Summary						
Cost	10,404	281,323	5,223	4,839	19,368	321,157
Accumulated depreciation	(5,198)	(108,665)	(2,790)	(2,604)	(11,022)	(130,279)
Net carrying amount	5,206	172,658	2,433	2,235	8,346	190,878
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
Summary						
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

NOTE 14: DEFERRED MINING COSTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Deferred mining costs	20,585	13,504

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

Notes to the Financial Statements

NOTE 15: INVESTMENT IN ASSOCIATE

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(A) INVESTMENT DETAILS		
Listed		
Viking Ashanti Limited	5,092	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	5,892	-
Purchase of investment	-	6,150
Share of loss after income tax	(800)	(258)
At 30 June	5,092	5,892
(C) FAIR VALUE OF INVESTMENT IN LISTED ASSOCIATE		
At 30 June, the market value of the Group's investment in Viking Ashanti Limited was \$3.220m (2010: \$5.290m).		
(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	4,230	7,856
Non-current assets	6,435	6,374
Total assets	10,665	14,230
Current liabilities	456	477
Non-current liabilities	-	-
Total liabilities	456	477
Net assets	10,121	13,753
Share of associates' net assets	3,365	4,573
Extract from the associate's statement of comprehensive income:		
Revenue	-	-
Total comprehensive loss	(3,632)	(1,030)

Notes to the Financial Statements

NOTE 16: PAYABLES

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Current		
Trade creditors and accruals (a)	47,433	47,652
(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)	3,353	1,865
Borrowings (b)	12,644	21,221
Bank overdraft (d)	7,542	6,359
	23,539	29,445
Non Current		
Lease liabilities (a)	4,189	1,851
Borrowings (b)	11,223	26,213
Convertible notes (c)	62,929	65,236
	78,341	93,300

- (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, Atlas Copco Customer Finance Pty Ltd and the Commonwealth Bank of Australia for the purchase of mining equipment which is being used at Mt Wright, Ravenswood. Monthly instalments are required under the terms of the contracts which expire between July 2011 and March 2014. RML has provided an unsecured parent entity guarantee to these financiers in relation to some of these finance facilities.
- (b) The US\$32.425m (or \$30.250m in AUD equivalent terms) senior debt facility provided by Barclays Bank Plc and Investec Bank (Australia) Limited, the \$18.910m of derivative facilities provided by Barclays Bank Plc and Investec Bank (Australia) Limited, a \$5.000m environmental bond facility and a US\$4.644m (or \$4.333m 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 of companies;
 - 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;

Notes to the Financial Statements

NOTE 17: INTEREST BEARING LIABILITIES (CONTINUED)

- (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) caveat over Carpentaria Gold Pty Ltd's Exploration permits for Minerals 14778, 15098, 15099, 16203, 16204 and 16847; and
- (xiii) mortgage over the \$436.601m (2010: \$410.499m) loan receivable from Societe des Mines de Syama SA.

The US\$32.425m senior debt facility is a revolving corporate loan that is currently drawn to US\$22.425m (or A\$20.923m). The amortisation profile of this revolving facility was amended in June 2011 to provide RML with more financial flexibility going forward. The revised amortisation schedule is now as follows:

DATE	FACILITY LIMIT
30 June 2011	US\$32.425m
31 December 2011	US\$25.000m
30 June 2012	US\$12.500m
10 December 2012	Nil

The term of the derivative facilities extends to 30 September 2011 and the deferred premium loan facility extends to 30 June 2012. The environmental bond facility expires on 31 December 2012.

The total assets of the entities over which security exists amounts to A\$696.798m, of these assets \$55.059m relates to property plant and equipment.

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 has 136,862,475 convertible notes on issue at a price of \$0.50 each. Subscribers also received one free option for every 3 convertible notes taken up under this offer. The average effective interest rate on these convertible notes for accounting purposes is 17.48%. 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. Full terms and conditions of the convertible notes can be found in the Convertible Note Trust Deed.

During the year ended 30 June 2011, 14,289,793 convertible notes were converted into ordinary shares.

- (d) This facility is in place indefinitely, is subject to an annual revision in approximately September 2011, and has an interest rate of 8% per annum on the basis of usage. The maximum limit of this facility is \$10.387m (AUD equivalent), and as at balance date \$2.845m (AUD equivalent) of the facility was unused.

Notes to the Financial Statements

NOTE 18: FINANCIAL LIABILITIES

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Current		
Financial liabilities (a)	18,910	-
Gold forwards (Note 36)	-	92,075
	18,910	92,075
(a) In October 2010, the Group completed the close out of its hedge book. Funding for 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 was scheduled to be repaid in monthly instalments between February and September 2011. The remaining balance owing as at 30 June 2011 is A\$18.910m and is scheduled to be fully repaid by September 2011. The financing arrangement to fund the gold purchases has the same securities in place as the other financing facilities listed at Note 17(b).		
Non Current		
Gold forwards (Note 36)	-	21,026

NOTE 19: PROVISIONS

Current		
Site restoration (a)	5,341	5,319
Employee entitlements	6,197	4,724
Dividend payable	68	69
Other provisions	2,849	821
	14,455	10,933
Non Current		
Site restoration (a)	37,236	28,103
Employee entitlements	764	521
	38,000	28,624

Notes to the Financial Statements

NOTE 19: PROVISIONS (CONTINUED)

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(A) SITE RESTORATION		
Balance at the beginning of the year	33,422	31,669
Restoration borrowing cost unwound	985	519
Change in scope of restoration provision	13,587	4,081
Utilised during the year	(2,980)	(985)
Foreign exchange translation	(2,437)	(1,862)
Balance at the end of the year	42,577	33,422
Reconciled as:		
Current provision	5,341	5,319
Non-current provision	37,236	28,103
Total provision	42,577	33,422
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.		
NOTE 20: OTHER LIABILITIES		
Financial guarantees (a)	-	37
(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 2011 by PW Mining International Ltd S.A.R.L. to its financier is \$nil (2010: US\$3.100m). 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.		

Notes to the Financial Statements

NOTE 21: CONTRIBUTED EQUITY

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(A) CONTRIBUTED EQUITY		
Ordinary share capital:	287,125	237,083
467,638,948 ordinary fully paid shares (2010: 392,586,434)		
(B) MOVEMENTS IN CONTRIBUTED EQUITY, NET OF ISSUING COSTS		
Balance at the beginning of the year	237,083	209,680
Conversion of 14,289,793 convertible notes to shares at \$0.50 per share	6,833	-
Exercise of 359,001 unlisted options at \$0.42 per share	151	-
Exercise of 44,917,993 listed options at \$0.60 per share	25,015	-
Exercise of 55,000 unlisted options at \$1.12 per share	62	-
Exercise of 65,000 unlisted options at \$1.09 per share	71	-
Issue of 3,603,264 shares to Convertible Note holders in lieu of interest payable at \$1.24 per share	4,446	-
Placement of 11,762,463 shares at \$1.24 per share	13,464	-
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
Balance at the end of the year	287,125	237,083

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

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.

	CONSOLIDATED	
	2011	2010
Gearing ratio	25%	37%

The Group is not subject to any externally imposed capital requirements.

NOTE 22: RESERVES

(A) MOVEMENTS IN RESERVES

CONSOLIDATED	FOREIGN CURRENCY TRANSLATION RESERVE	HEDGE RESERVE FORWARDS GAIN/ (LOSS)	NET UNREALISED GAIN/(LOSS) RESERVE	EMPLOYEE EQUITY BENEFITS RESERVE	CONVERTIBLE NOTES EQUITY RESERVE	SHARE OPTIONS EQUITY RESERVE	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 July 2009	633	5,343	364	1,499	3,492	4,064	15,395
Currency translation differences	(348)	-	-	-	-	-	(348)
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
Currency translation differences	(23,826)	-	-	-	-	-	(23,826)
Unrealised gain/(loss) reserve, net of tax	-	-	(52)	-	-	-	(52)
Share based payments to employees	-	-	-	1,215	-	-	1,215
Conversion of convertible notes (including transaction costs, net of tax)	-	-	-	-	(469)	-	(469)
As at 30 June 2011	(23,541)	-	112	3,236	13,764	5,987	(442)

Notes to the Financial Statements

NOTE 22: RESERVES (CONTINUED)

(A) MOVEMENTS IN RESERVES (CONTINUED)

(i) Gross transaction costs of \$0.126m were allocated to the equity component of the convertible notes in the year ended 30 June 2010.

(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)(ii).

(ii) Hedge reserve forwards gain/(loss)

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) Net 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.

NOTE 23: RETAINED EARNINGS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Retained profits at the beginning of the year	41,058	78,231
Net profit/(loss) attributable to members of the parent	59,700	(37,173)
Retained profits at the end of the financial year	100,758	41,058

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 2012 for the consolidated entity is approximately \$20.294m (2011: \$8.649m). This includes the minimum amounts required to retain tenure. There are no material exploration commitments further out than one year.

Notes to the Financial Statements

NOTE 25: LEASE COMMITMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(A) FINANCE LEASE		
Lease expenditure contracted and provided for:		
Due within one year	3,829	2,119
Due between one and five years	4,513	1,937
Total minimum lease payments	8,342	4,056
Less finance charges	(800)	(340)
Present value of minimum lease payments	7,542	3,716
Reconciled to:		
Current liability	3,353	1,865
Non current liability	4,189	1,851
	7,542	3,716
(B) OPERATING LEASES (NON-CANCELLABLE)		
Due within one year	787	773
Due between one and five years	2,040	2,827
Aggregate lease expenditure contracted for at balance date but not provided for	2,827	3,600
The operating lease expenditure relates to the rental of office premises and is fixed.		
(C) OTHER EXPENDITURE COMMITMENTS		
Due within one year (a)	1,116	-
Due between one and five years	-	-
Aggregate expenditure contracted for at balance date but not provided for	1,116	-

- (a) Other expenditure commitments represent the expected minimum expenditure required under the electricity supply agreement between Carpentaria Gold Pty Ltd and AGL Energy Limited up until 31 December 2011.

Notes to the Financial Statements

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 2011.
- (iii) The directors received the following shares in lieu of interest payable on convertible notes held by them:

DIRECTORS	FULLY PAID ORDINARY SHARES
P. Huston	-
P. Sullivan	4,838
T. Ford	4,838
H. Price	2,419

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 (2010: nil).

Jointly controlled assets

ENTITY HOLDING INTEREST	OTHER PARTICIPANT/JOINT VENTURE	PERCENTAGE OF INTEREST HELD	
		2011 %	2010 %
Mabangu Mining Limited	Sub Sahara/Nyakafuru JV	49%	51% Elected to earn additional 19%
Mabangu Mining Limited	Yellowstone/Mega JV	49%	nil
Mabangu Mining Limited	Yellowstone/Kanengele JV	65%	nil
Resolute Pty Ltd	Etruscan/Finkolo JV	60%	60%
Carpentaria Gold Pty Ltd	Denjim/Welcome Breccia JV	87%	80%
Resolute (Tanzania) Limited	Sub Sahara/Kahama JV	49%	49%

Notes to the Financial Statements

NOTE 28: NOTES TO THE CASH FLOW STATEMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
(A) RECONCILIATION OF NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS AFTER INCOME TAX TO THE NET CASH FLOWS:		
Net profit/(loss) from ordinary activities after income tax	42,930	(56,571)
Add/(deduct):		
Share based payments expense	1,215	522
Profit on sale of subsidiaries	-	(7,208)
Profit on sale of property, plant and equipment	(139)	(1,934)
Loss on sale of available for sale financial assets	-	28
Rehabilitation provision discount adjustment	985	519
Rehabilitation provision adjustment to non operating mine sites	(1,073)	(726)
Depreciation and amortisation	62,641	43,412
Movement on gold forward contracts closed out	(34,742)	-
Foreign exchange loss	2,865	72,520
Impairment of accounts receivable	1,361	-
Business development write off	362	-
Capitalised finance costs	-	(536)
Non cash finance costs	14,331	7,625
Other	(104)	52
Changes in operating assets and liabilities:		
Increase in receivables	(1,989)	(10,068)
Increase in inventories	(19,840)	(10,489)
Decrease/(increase) in financial derivatives	979	(4,082)
Decrease in prepayments	596	3,800
(Increase)/decrease in deferred mining costs	(9,117)	3,684
Decrease in payables	(3,336)	(14,775)
(Decrease)/increase in provision for taxation	(729)	1,294
(Decrease)/increase in deferred tax balances	(1,924)	2,124
Increase in provisions	3,368	2,600
Net operating cash flows	58,640	31,791

(B) FINANCE LEASES

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

Notes to the Financial Statements

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

(C) NON CASH OPERATING, FINANCING AND INVESTING ACTIVITIES

2011

The consolidated entity issued 3,603,264 shares at an issue price of \$1.24 each to raise proceeds of \$4.469m which was simultaneously paid to convertible note holders in lieu of interest owing.

2010

The consolidated entity repaid the Utilico debt facility, interest and fees (totalling \$10.400m) 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 \$0.114m. Refer to Option issue 2 below for the assumptions used in the valuation of options.

The consolidated entity issued 9,293,266 shares with an average issue price of \$0.98 each to raise proceeds of \$9.090m which was simultaneously paid to convertible note holders in lieu of interest owing.

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 \$1.086m. 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).

INPUT	OPTION ISSUE	
	1	2
Number of Options	3,000,000	500,000
Grant date	24/10/09	20/07/09
Expected volatility (%)	50%	50%
Risk free rate (%)	7%	7%
Expected life of options (years)	3	3
Original option exercise price (\$)	0.72	0.74
Share price at grant date (\$)	0.81	0.64
Value per option at grant date (\$)	0.36	0.22

Notes to the Financial Statements

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	
		2011 %	2010 %
Broken Hill Metals Pty Ltd, Aust. (a)	Resolute (Treasury) Pty Ltd	100	100
Carpentaria Gold Pty Ltd, Aust.	Resolute Mining Limited	100	100
Goudhurst Pty Ltd, Aust. (a)	Resolute (Treasury) Pty Ltd	100	100
Mabangu Exploration Limited, Tanzania	Resolute (Tanzania) Limited	100	100
Mabangu Mining Limited, Tanzania	Resolute (Tanzania) Limited	100	100
Resolute (CDI Holdings) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute CI SARL, Cote d'Ivoire	Resolute (CDI Holdings) Limited	100	100
Resolute (Finkolo) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute (Ghana) Limited, Ghana	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 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),(b)	Resolute (Treasury) Pty Ltd	-	100
Tuki Nominees Pty Ltd, Aust. (a),(b)	Resolute Pty Ltd	-	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.

(b) On 26 January 2011, Stockbridge Pty Ltd, Aust. and Tuki Nominees Pty Ltd, Aust. were de-registered.

Notes to the Financial Statements

NOTE 30: AUDITOR REMUNERATION

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Amounts received or due and receivable by Ernst & Young Australia, from entities in the consolidated entity or related entities:		
Auditing (i)	306,180	305,580
Taxation planning advice and review	102,890	81,560
	409,070	387,140
(i) Included in the current year is \$9,000 (2010: \$11,000) 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 and Tanzania)	12,111	6,646
Tax Advice (Ernst & Young, Ghana)	-	8,750
	12,111	15,396
Total amounts received or due and receivable by Ernst & Young globally	421,181	402,536
Amounts received or due and receivable by non Ernst & Young firms for auditing	40,149	37,522

NOTE 31: EMPLOYEE BENEFITS

(A) EMPLOYEE ENTITLEMENTS		
The aggregate employee entitlement liability is comprised of:		
Provisions (current) (Note 19)	6,197	4,724
Provisions (non current) (Note 19)	764	521
	6,961	5,245

(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.

During the year the remaining balance of 55,000 options (Options C) were exercised. 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 year ended 30 June 2008 and 30 June 2009, the strike price reduced by 16 cents, to \$1.12 per option in accordance with the RML Share Option Plan.

Outstanding at balance date are 125,000 options (Options D) which are comprised of the opening balance of 255,000 less 130,000 options which 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.

Notes to the Financial Statements

NOTE 31: EMPLOYEE BENEFITS (CONTINUED)

(B) EMPLOYEE SHARE OPTION PLAN (CONTINUED)

Also outstanding at balance date are 213,000 options (Options E). There was no change in the balance outstanding 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 51,000 options (Options F) which are comprised of the opening balance of 75,000 less 24,000 options which 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 680,667 options (Options G) which are comprised of the opening balance of 1,173,002 less 359,001 options exercised during the year and 133,334 options which 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 were 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.

Also outstanding at balance date are 739,000 options (Options H) which are comprised of the opening balance of 1,064,000, less 65,000 options exercised during the year and 260,000 options which lapsed during the year. These options were issued on 15 February 2010 with an exercise price of \$1.09 and an expiry date of 14 February 2015. 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.

Options I were granted under the employee share option plan on 30 June 2010 and subsequently issued on 16 July 2010. These options were comprised of 179,000 options with an exercise price of \$1.21 and an expiry date of 15 July 2015. 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. The balance of these options is 99,000 options, being 179,000 options less 80,000 options which lapsed during the year.

Options J were granted under the employee share option plan on 27 October 2010 and subsequently issued on 16 November 2010. These options were comprised of 135,000 options with an exercise price of \$1.43 and an expiry date of 15 November 2015. 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. The balance of these options is 135,000 at balance date.

Options K were granted under the employee share option plan on 2 December 2010 and subsequently issued on 5 January 2011. These options were comprised of 2,000,000 options with an exercise price of \$1.36 and an expiry date of 4 January 2016. 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. The balance of these options is 2,000,000 at balance date.

Options L were granted under the employee share option plan on 23 December 2010 and subsequently issued on 25 January 2011. These options were comprised of 1,338,000 options with an exercise price of \$1.43 and an expiry date of 24 January 2016. 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. The balance of these options is 1,163,000 options, being 1,338,000 options less 175,000 options which lapsed during the year.

Options M were granted under the employee share option plan on 29 June 2011 and subsequently issued on 30 June 2011. These options were comprised of 130,000 options with an exercise price of \$1.18 and an expiry date of 15 July 2016. 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 130,000 at balance date.

Notes to the Financial Statements

NOTE 31: EMPLOYEE BENEFITS (CONTINUED)

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:

	2011		2010	
	NUMBER OF EMPLOYEE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF EMPLOYEE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
		\$		\$
Balance at the beginning of the year	2,835,002	0.90	2,571,000	0.74
- granted	3,782,000	1.37	1,237,000	1.09
- exercised	(479,001)	0.59	(286,998)	0.42
- lapsed	(802,334)	1.17	(686,000)	0.85
Balance at end of year ^a	5,335,667	1.22	2,835,002	0.90
Vested and exercisable at the end of the year	1,079,111	1.00	406,000	1.47

(a) The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 3.94 years (2010: 3.66 years).

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
				\$	\$			\$
2011								
149,999	31 Jan 09	11 Aug 10	31 Jan 14	0.42	63,000	149,999	11 Aug 10	0.76
137,335	31 Jan 09	14 Sep 10	31 Jan 14	0.42	57,681	137,335	14 Sep 10	1.20
21,667	31 Jan 09	6 Oct 10	31 Jan 14	0.42	9,100	21,667	6 Oct 10	1.40
50,000	31 Jan 09	23 Nov 10	31 Jan 14	0.42	21,000	50,000	23 Nov 10	1.32
50,000	15 Feb 10	23 Nov 10	14 Feb 15	1.09	54,500	50,000	23 Nov 10	1.32
45,000	24 Mar 06	23 Nov 10	23 Mar 11	1.12	50,400	45,000	23 Nov 10	1.32
15,000	15 Feb 10	10 Feb 11	14 Feb 15	1.09	16,350	15,000	10 Feb 11	1.38
10,000	24 Mar 06	10 Feb 11	23 Mar 11	1.12	11,200	10,000	10 Feb 11	1.38

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

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.

Notes to the Financial Statements

NOTE 31: EMPLOYEE BENEFITS (CONTINUED)

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

	OPTIONS D	OPTIONS E	OPTIONS F	OPTIONS G	OPTIONS H	OPTIONS I	OPTIONS J	OPTIONS K	OPTIONS L	OPTIONS M
Number of options at year end	125,000	213,000	51,000	680,667	739,000	99,000	135,000	2,000,000	1,163,000	130,000
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	50%	40%	40%	50%	50%	64%	63%	63%	63%	63%
Risk free interest rate (%)	5.50%	8.30%	7.00%	7.00%	7.00%	6.25%	6.25%	6.25%	6.25%	6.25%
Expected life of options (years)	5	5	5	5	5	5	5	5	5	5
Original option exercise price (\$)	1.48	2.13	1.63	0.42	1.09	1.21	1.43	1.36	1.43	1.18
Share price at grant date (\$)	1.35	1.94	1.48	0.38	0.99	1.08	1.28	1.22	1.27	1.13
Value per option at grant date (\$)	0.65	0.88	0.64	0.20	0.49	0.61	0.73	0.70	0.72	0.66

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.

The weighted average fair value of options granted during the year was \$0.70 per option (2010: \$0.42).

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.

Notes to the Financial Statements

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS (CONTINUED)

(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\$32.400 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 income tax 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\$1.600 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 the prior period reports, in February 2009 and again in April 2011, MML received an assessment for US\$4.700m 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 again in April 2011 and a request to the Commissioner General for a waiver of the one third tax deposit was submitted. A response to this request is yet to be received. In May 2011, a hearing before the Tax Revenue Appeals Board was successful in barring the TRA taking any recovery measures while the issue is before the court.

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

(iii) Indirect Taxes

The 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 RTL 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 9.100b Tanzanian Shillings ("Tsh") (or US\$5.987m) 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 was ordered to pay a deposit equal to one third of the amount in dispute for the case to be heard by the Tax Revenue Appeals Board (expected to be in 2011/12). Up until 30 June 2011, RTL has paid 3.030b Tsh (or US\$2.023m) as a deposit to have its appeal heard. These deposits are treated as a non-current receivable.

(c) 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, 4.700b Tsh (USD\$3.200m) 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 2009, which has not been accrued for or paid, is approximately 3.800b Tsh (or US\$2.500m), bringing the total unrecognised amount in dispute to 8.500b Tsh (US\$5.700m).

Notes to the Financial Statements

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS (CONTINUED)

(d) Syama Construction Contract

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 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.

(e) INPS claim

The Institut National de Prevoyance Sociale (INPS) in Mali has issued SOMISY with a CFA3.895b (\$8.067m) assessment in relation to INPS allegedly owing on salaries paid by SOMISY to its expatriate employees between January 2005 and July 2010. Malian legislation requires the remittance of 24% of an employee's gross salary to the government's INPS department and is a form of social tax. In accordance with the Establishment Convention between the State of Mali and SOMISY, SOMISY is exempted from paying INPS on expatriate employees during the Syama mine Development Period. The Development Period is defined as being the period up to first commercial production (which is yet to occur). First commercial production is defined in the Establishment Convention as the date on which the Syama mine reaches 60 uninterrupted days of production at 90% of its design capacity of production as established in the submitted feasibility study. Syama is yet to achieve these production levels to date and consequently has not reached and declared first commercial production. As a result, the INPS assessment, which infers a first production date of January 2005, which is before the Syama redevelopment had even commenced, is considered to be fundamentally flawed and is being strongly disputed by SOMISY. The dispute was heard by the Malian Labour Tribunal in August 2011, which ruled that SOMISY owes CFA3.895b (\$8.067m) to INPS. SOMISY is awaiting formal notification of this decision together with the Tribunal's rationale for this decision. When formal notification is received, an appeal will be immediately lodged. SOMISY has not provided for this assessment as a liability, as it is confident that it will win its appeal against the Labour Tribunal's decision when the matter is elevated for consideration at a higher level within the judicial system.

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

NOTE 33: EARNINGS PER SHARE (EPS)

	CONSOLIDATED	
	2011	2010
Basic earnings per share		
Profit/(loss) used in calculation of basic earnings per share (\$'000)	59,700	(37,173)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	444,809,350	375,297,701
Basic EPS (cents per share)	13.42	(9.90)
Diluted earnings per share		
Profit/(loss) used in calculation of basic earnings per share (\$'000)	59,700	(37,173)
Tax effected interest on convertible notes (\$'000)	8,305	6,363
Net profit/(loss) attributable to ordinary equity holders of the parent adjusted for the effect of convertible notes (\$'000)	68,005	(30,810)
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	444,809,350	375,297,701
Weighted average number of notional shares used in determining diluted EPS	175,133,158	n/a*
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	619,942,508	375,297,701
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS	1,873,000	200,669,184
Diluted EPS (cents per share)	10.97	(9.90)

* 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:

- (a) 246,334 unlisted and 723,492 listed options over Resolute Mining Limited Ordinary Shares were issued at an average exercise price of \$0.65 per option.

INFORMATION ON THE CLASSIFICATION OF SECURITIES

(i) Options

Options granted to employees (including KMP) as described in Note 31 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

(ii) Convertible notes

Convertible notes are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The convertible notes have not been included in the determination of basic earnings per share.

Notes to the Financial Statements

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
P. Beilby	General Manager - Operations (Appointed 20 September 2010)
A. King	General Manager - Operations (Contract terminated 30 July 2010)

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	CONSOLIDATED	
	2011	2010
	\$	\$
Short-term employee benefits	1,905,828	2,032,378
Post-employment benefits	264,157	199,175
Share-based payments	860,341	119,004
	3,030,326	2,350,557

Notes to the Financial Statements

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
2011							
DIRECTORS					\$	\$	
P. Huston	Listed	26,761	-	-	-	-	-
P. Sullivan	Unlisted	-	2,000,000	2 Dec 2010	0.70	1,390,904	5 Jul 2011
P. Sullivan	Listed	133,333	-	-	-	-	-
T. Ford	Listed	133,333	-	-	-	-	-
H. Price	Listed	67,554	-	-	-	-	-
OFFICERS							
G. Fitzgerald	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011
P. Beilby	Unlisted	-	90,000	27 Oct 2010	0.73	65,546	16 May 2011
P. Beilby	Unlisted	-	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011
P. Venn	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011
P. Venn	Listed	5,000	-	-	-	-	-
A. King (ii), (iii)	Unlisted	190,000	-	-	-	-	-

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 (v)	Listed	-	-	-	-	-	-
A. King (iv)	Unlisted	150,000	90,000	15 Feb 2010	0.49	44,100	15 Aug 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. The percentage of options granted during the financial year that also vested during the financial year is 1.3% (2010: nil). None of these options were forfeited during the financial year.
- (ii) On 30 July 2010, 50,000 options were exercised at a price of \$0.42 per option. The fair value at grant date of the options exercised was \$10,200. 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.
- (iii) The value of options at the date of lapse was \$69,900.

Notes to the Financial Statements

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	GRANTED & VESTED DURING THE YEAR	VESTED AND EXERCISABLE AT THE END OF THE YEAR	VALUE OF OPTIONS EXERCISED DURING THE YEAR
	\$					No.	No.	%
-	-	-	-	-	26,761	-	26,761	100.00
4 Jan 2016	1.36	-	-	-	2,000,000	-	-	-
-	-	-	-	-	133,333	-	133,333	100.00
-	-	-	-	-	133,333	-	133,333	100.00
-	-	-	-	-	67,554	-	67,554	100.00
24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40
15 Nov 2015	1.43	-	-	-	90,000	30,000	30,000	33.33
24 Jan 2016	1.43	-	-	-	100,000	-	-	-
24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40
-	-	-	-	-	5,000	-	5,000	100.00
-	-	(50,000)	(140,000)	-	-	-	-	16,500

-	-	-	-	-	26,761	-	26,761	100.00	-
-	-	-	-	-	133,333	-	133,333	100.00	-
-	-	-	-	-	133,333	-	133,333	100.00	-
-	-	-	-	-	67,554	-	67,554	100.00	-
14 Feb 2015	1.09	-	-	-	315,000	-	100,000	31.75	-
14 Feb 2015	1.09	-	-	-	315,000	-	100,000	31.75	-
-	-	-	-	5,000	5,000	-	5,000	100.00	-
14 Feb 2015	1.09	(50,000)	-	-	190,000	-	-	-	32,500

- (iv) 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 fair value at grant date of the options exercised was \$10,200. 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.
- (v) During the year ended 30 June 2010, P. Venn acquired on the market 5,000 listed options over Resolute Mining Limited ordinary shares.

Notes to the Financial Statements

NOTE 34: KEY MANAGEMENT PERSONNEL (CONTINUED)

(B) DETAILS OF SHARE HOLDINGS OF KEY MANAGEMENT PERSONNEL ARE AS FOLLOWS

2011	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
DIRECTORS				
P. Huston	401,421	-	-	401,421
P. Sullivan (i)	3,169,277	-	4,838	3,174,115
T. Ford (i)	26,477	-	104,838	131,315
H. Price (i)	24,772	-	2,419	27,191
OFFICERS				
G. Fitzgerald	-	-	-	-
P. Beilby	8,000	-	-	8,000
P. Venn	-	-	-	-
A. King (ii)	70,000	-	(70,000)	-

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 (iii)	16,000	-	(8,000)	8,000
A. King (iv)	20,000	50,000	-	70,000

Notes to the Financial Statements

NOTE 34: KEY MANAGEMENT PERSONNEL (CONTINUED)

- (i) These shares were issued by the Company in lieu of interest owing on convertible notes held by the director.
- (ii) A. King's shares are no longer held in the capacity as a member of key management personnel.
- (iii) These shares were acquired or sold at the prevailing market price; no amounts remain unpaid as at 30 June 2010.
- (iv) These shares were acquired through the exercise of options.

(C) DETAILS OF CONVERTIBLES NOTE HOLDINGS OF KEY MANAGEMENT PERSONNEL ARE AS FOLLOWS

2011	BALANCE AT THE START OF THE YEAR	ACQUIRED DURING THE YEAR	BALANCE AT THE END OF THE YEAR
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. Beilby	-	-	-
P. Venn	-	-	-
A. King	-	-	-

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	-	-	-

These convertible notes were acquired through participation in a capital raising.

Notes to the Financial Statements

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

NOTE 35: OPERATING SEGMENTS (CONTINUED)

2011	RAVENSWOOD (AUSTRALIA)	GOLDEN PRIDE (TANZANIA)	SYAMA (MALI)	UNALLOCATED		TOTAL
				CORP/OTHER	TREASURY	
	\$'000	\$'000	\$'000	\$'000 (c)	\$'000 (c)	\$'000
Revenue						
Gold sales at spot to external customers (a)	170,036	176,745	116,130	-	-	462,911
Total segment gold sales revenue	170,036	176,745	116,130	-	-	462,911
Cash costs	(109,435)	(87,710)	(103,197)	-	-	(300,342)
Depreciation and amortisation	(24,791)	(6,502)	(31,098)	-	-	(62,391)
Other operating costs (b)	(5,672)	(9,383)	(4,175)	(682)	-	(19,912)
Other corporate/admin costs (b)	(64)	-	-	(4,585)	-	(4,649)
Segment operating result before treasury, other income/(expenses) and tax	30,074	73,150	(22,340)	(5,267)	-	75,617
Other income	-	-	-	1,073	572	1,645
Exploration expenditure	(2,374)	(1,950)	(2,933)	(1,469)	-	(8,726)
Finance costs	-	-	-	-	(19,597)	(19,597)
Realised loss on gold forward contracts delivered into with production	-	-	-	-	(17,856)	(17,856)
Other	-	-	-	(2,429)	-	(2,429)
Segment operating result before treasury and tax	27,700	71,200	(25,273)	(8,092)	(36,881)	28,654
Treasury - movement on gold forward contracts closed out	-	-	-	-	34,742	34,742
Treasury - other realised losses	-	-	-	-	(4,574)	(4,574)
Treasury - other unrealised losses	-	-	-	-	730	730
Income tax expense	-	(16,314)	-	(308)	-	(16,622)
Net profit/(loss) after tax	27,700	54,886	(25,273)	(8,400)	(5,983)	42,930

Notes to the Financial Statements

NOTE 35: OPERATING SEGMENTS (CONTINUED)

2011	RAVENSWOOD (AUSTRALIA)	GOLDEN PRIDE (TANZANIA)	SYAMA (MALI)	UNALLOCATED		TOTAL
	\$'000	\$'000	\$'000	CORP/OTHER	TREASURY	\$'000
				\$'000 (c)	\$'000 (c)	
Reconciliation of total segment revenue to statement of comprehensive income:						
Total segment gold sales revenue to external customers						462,911
Realised loss on gold forward contracts						(17,856)
Total revenue per statement of comprehensive income						445,055
Cash flow by segment, including receivables - gold bullion sales	23,541	60,409	(29,779)	(3,193)	(53,221)	(2,243)
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						(4,803)
Movement in bank overdraft						(1,183)
Exchange rate adjustment						822
Movement in cash and cash equivalents per cash flow statement						(7,407)
Capital expenditure	12,545	1,021	6,704	217	-	20,487
Segment assets	130,130	65,500	354,333	28,872	11	578,846
Segment liabilities	39,257	24,392	37,064	10,557	113,258	224,528

Notes to the Financial Statements

NOTE 35: OPERATING SEGMENTS (CONTINUED)

2010	RAVENSWOOD (AUSTRALIA)	GOLDEN PRIDE (TANZANIA)	SYAMA (MALI)	UNALLOCATED		TOTAL
				CORP/OTHER	TREASURY	
	\$'000	\$'000	\$'000	\$'000 (c)	\$'000 (c)	\$'000
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)	-	-	(4,353)	-	(4,406)
Segment operating result before treasury, other income/(expenses) and tax	30,176	81,684	(8,650)	(4,741)	-	98,469
Other income	38	9	-	10,023	294	10,364
Exploration expenditure	(1,586)	(2,415)	(2,995)	(2,284)	-	(9,280)
Finance costs	-	-	-	-	(11,220)	(11,220)
Realised loss on gold forward contracts delivered into with production	-	-	-	-	(51,452)	(51,452)
Other	-	-	-	(1,052)	-	(1,052)
Segment operating result before unrealised treasury, other income/(expenses) and tax	28,628	79,278	(11,645)	1,946	(62,378)	35,829
Treasury - other realised losses	-	-	-	-	195	195
Treasury - other unrealised losses	-	-	-	-	(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)

Notes to the Financial Statements

NOTE 35: OPERATING SEGMENTS (CONTINUED)

2010	RAVENSWOOD (AUSTRALIA)	GOLDEN PRIDE (TANZANIA)	SYAMA (MALI)	UNALLOCATED		TOTAL
	\$'000	\$'000	\$'000	CORP/OTHER	TREASURY	\$'000
				\$'000 (c)	\$'000 (c)	
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
Cash flow by segment, including receivables - gold bullion sales	30,292	73,726	(49,711)	(5,898)	(33,360)	15,049
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						(9,405)
Movement in bank overdraft						(538)
Exchange rate adjustment						(43)
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
Segment liabilities	26,983	24,685	40,929	6,373	230,625	329,595

- (a) Revenue from external sales for each reportable segment is derived from several customers. The 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.

Notes 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 have been 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 32,013 ounces of gold into forward sales contracts at an average price of A\$797 per ounce (2010: 114,423 ounces of gold at an average price of A\$731 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\$1.0718 (2010: US\$0.8520).

Gold forwards and put options

	FORWARD SALES		PUT OPTIONS BOUGHT		TOTAL	
	OUNCES	SALES PRICE \$/OUNCE	OUNCES	STRIKE PRICE \$/OUNCE	OUNCES	\$/OUNCE
2011						
AUD Denominated Contracts						
Maturity within 1 year	-	-	57,200	1,000	57,200	1,000

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

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 the accounting policy at Note 1(n) this amount was transferred to the consolidated statement of comprehensive income when the forecasted sales transaction occurred. There were no amounts remaining in reserves by the end of 30 June 2010.

Notes to the Financial Statements

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

The Group's exposure to foreign exchange currency risk at the reporting date was as follows:

2011	UNITED STATES DOLLARS	AUSTRALIAN DOLLARS	TANZANIAN SHILLINGS	OTHER	NO FOREIGN CURRENCY RISK	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Cash	3,944	92	381	-	6,796	11,213
Receivables	129	12	3,914	-	18,212	22,267
Available for sale financial assets	-	-	-	-	692	692
Financial derivative assets	-	-	-	-	11	11
	4,073	104	4,295	-	25,711	34,183
Financial Liabilities						
Payables	2,993	7,303	42	677	36,418	47,433
Interest bearing liabilities (i)	23,867	-	-	-	78,013	101,880
Financial derivative liabilities	-	-	-	-	18,910	18,910
	26,860	7,303	42	677	133,341	168,223

Notes to the Financial Statements

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

2010	UNITED STATES DOLLARS	AUSTRALIAN DOLLARS	TANZANIAN SHILLINGS	OTHER	NO FOREIGN CURRENCY RISK	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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

- (i) Several of the intercompany balances between Group entities create foreign exchange differences which have historically been material and are not eliminated from the Group's consolidated statement of comprehensive income (Refer to note 2(j)). 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 2011.

	FACILITY CURRENCY DENOMINATION	FUNCTIONAL CURRENCY OF THE BORROWER	AUD EQUIVALENT 2011	2010
			\$'000	\$'000
Resolute Mining Limited (beneficiary)/Resolute (Somisy) Limited	AUD	Central African Francs	436,601	410,499
Resolute (Tanzania) Limited (beneficiary)/Resolute Pty Ltd	USD	AUD	107,179	68,541
			543,780	479,040

Notes to the Financial Statements

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 2011 and 2010 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	FIXED INTEREST RATE MATURING IN			NON INTEREST BEARING	TOTAL	AVERAGE INTEREST RATE	
		< 1 YEAR	1 TO 5 YEARS	> 5 YEARS			FLOATING	FIXED
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
2011								
Financial Assets								
Cash	11,213	-	-	-	-	11,213	3.6%	-
Receivables	-	-	-	-	22,267	22,267	-	-
Available for sale financial assets	-	-	-	-	692	692	-	-
Financial derivative assets	-	-	-	-	11	11	-	-
	11,213	-	-	-	22,970	34,183		
Financial Liabilities								
Payables	-	-	-	-	47,433	47,433	-	-
Interest bearing liabilities	19,609	15,118	67,153	-	-	101,880	4.2%	14.6%
Financial derivative liabilities	-	18,910	-	-	-	18,910	-	5.4%
	19,609	34,028	67,153	-	47,433	168,223		

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%
Financial liabilities	-	-	-	-	37	37	-	-
	37,455	105,198	93,193	-	47,689	283,535		

Notes to the Financial Statements

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.

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	
	2011	2010
	\$'000	\$'000
Cash at bank & short term deposits		
Counterparties with external credit ratings		
A	9,801	13,562
BBB	1,282	4,376
Counterparties without external credit ratings		
No rating	130	321
Total cash at bank & short term deposits	11,213	18,259
Trade receivables		
Counterparties with external credit ratings		
AA+	1,218	1,132
B-	-	579
Counterparties without external credit ratings *		
Group 1	3,029	2,249
Group 2	8,193	11,500
Total trade receivables	12,440	15,460
Financial derivative assets		
Counterparties with external credit ratings		
A	11	990
Total financial derivative assets	11	990

* 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

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 2011, the Group had \$12.176m (AUD equivalent) (2010: \$4.700m (AUD equivalent)) in unused financing facilities.

The remaining contractual maturities of the Group's financial liabilities, including future finance costs, are:

Liquidity analysis

	CONSOLIDATED					
	2011			2010		
	\$'000		TOTAL	\$'000		TOTAL
	NON-DERIVATIVE	DERIVATIVE		NON-DERIVATIVE	DERIVATIVE	
Due within 1 to 3 months	79,096	-	79,096	53,912	28,952	82,864
Due within 4 months to one year	24,235	-	24,235	40,337	21,812	62,149
Due between one and five years	84,851	-	84,851	114,952	62,337	177,289
Total contractual repayments	188,182	-	188,182	209,201	113,101	322,302
Less finance charges	(19,959)	-	(19,959)	(38,767)	-	(38,767)
Present value of minimum repayments	168,223	-	168,223	170,434	113,101	283,535

(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.

Notes to the Financial Statements

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(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.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	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	692	-	-	692	818	-	-	818
Financial derivative assets	-	11	-	11	-	990	-	990
	692	11	-	703	818	990	-	1,808
Financial Liabilities								
Financial derivative liabilities	-	-	-	-	-	113,101	-	113,101
	-	-	-	-	-	113,101	-	113,101

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 contracts.

The fair value of other 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

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.

The sensitivity analysis below is based on movements that are reasonably possible in interest rates, foreign exchange currency rates and the gold price based on historical information and future expectations.

CONSOLIDATED

	CARRYING AMOUNT	INTEREST RATE RISK			
		-1%		+1%	
		PROFIT	EQUITY	PROFIT	EQUITY
	\$'000	\$'000	\$'000	\$'000	\$'000
2011					
Financial Assets					
Cash and cash equivalents	11,213	(78)	(78)	78	78
Trade and other receivables	22,267	-	-	-	-
Financial derivative assets	11	1	1	(1)	(1)
Financial Liabilities					
Payables	47,433	-	-	-	-
Interest bearing liabilities	101,880	146	146	(146)	(146)
Financial liabilities	18,910	-	-	-	-
Total increase/(decrease)		69	69	(69)	(69)

2010

Financial Assets					
Cash and cash equivalents	18,259	(128)	(128)	128	128
Trade and other receivables	20,278	-	-	-	-
Available for sale financial assets	818	-	-	-	-
Financial derivative assets	990	77	77	(70)	(70)
Financial Liabilities					
Payables	47,652	-	-	-	-
Interest bearing liabilities	122,745	275	275	(275)	(275)
Financial derivative liabilities	113,101	451	451	(445)	(445)
Other financial liabilities	37	-	-	-	-
Total increase/(decrease)		675	675	(662)	(662)

Notes to the Financial Statements

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
319	319	(261)	(261)	-	-	-	-
315	315	(257)	(257)	-	-	-	-
-	-	-	-	39	39	(6)	(6)
(829)	(829)	681	681	-	-	-	-
(1,959)	(1,959)	1,602	1,602	-	-	-	-
-	-	-	-	-	-	-	-
(2,154)	(2,154)	1,765	1,765	39	39	(6)	(6)
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)

Notes to the Financial Statements

NOTE 37: SALE OF SUBSIDIARIES

During the year ended 30 June 2010 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

Notes to the Financial Statements

NOTE 37: SALE OF SUBSIDIARIES (CONTINUED)

GAIN ON DISPOSAL OF SUBSIDIARY

	CONSOLIDATED 2010 \$'000
Consideration received:	
Shares in Viking Ashanti Limited	6,000
Cash	284
Total consideration	6,284
Less net assets of entities disposed	(906)
Add foreign currency translation disposed of	1,886
Gain on disposal of subsidiaries before income tax	7,264
Other costs incidental to sale	(56)
Income tax expense	-
Gain on disposal of subsidiaries after income tax	7,208
Net cash inflow on disposal:	
Cash and cash equivalents consideration	284
Less cash and cash equivalents balance disposed of:	-
Reflected in the consolidated statement of cash flows	284

Notes to the Financial Statements

NOTE 38: SUBSEQUENT EVENTS

No significant events have occurred from 30 June 2011 to the date of this report.

NOTE 39: PARENT ENTITY INFORMATION

Information relating to Resolute Mining Limited:

	AS AT 30 JUNE	
	2011	2010
	\$'000	\$'000
Current Assets	1,754	2,422
Total Assets	454,223	434,803
Current Liabilities	14,105	17,770
Total Liabilities	88,702	105,315
Issued Capital	287,139	237,083
Retained Earnings	55,395	70,114
Convertible Note Equity Reserve	11,198	11,646
Option Equity Reserve	8,554	8,554
Share Based Payments Reserve	3,236	2,021
Reserves-Unrealised Gain/Loss	-	70
Total Shareholders Equity	365,522	329,488
Loss of Resolute Mining Limited	(14,719)	(8,864)
Total comprehensive expense of Resolute Mining Limited	(14,719)	(8,794)

Refer to Note 32 for the contingent liabilities and commitments of Resolute Mining Limited.

The parent company guarantee provided by the Resolute Mining Limited as outlined in Note 17(a) has a written down value of five thousand dollars as at 30 June 2011 (30 June 2010: one thousand dollars).

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 2011 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 ended 30 June 2011.

On behalf of the Board



P.R. Sullivan

Director

Perth, Western Australia

22 September 2011

Independent Auditor's Report



Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843
Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

Independent audit report to members of Resolute Mining Limited

Report on the financial report

We have audited the accompanying financial report of Resolute Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, 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 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 of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements* ("AASB 101"), that the financial statements comply with *International Financial Reporting Standards*.

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 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.

Independent Auditor's Report



Opinion

In our opinion:

- a. 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 as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 48 of the directors' report for the year ended 30 June 2011. 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.

Opinion

In our opinion, the Remuneration Report of Resolute Mining Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

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

Ernst & Young

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

Gavin A Buckingham
Partner
Perth
22 September 2011

Shareholder Information

SUBSTANTIAL SHAREHOLDERS AT 30 SEPTEMBER 2011

	NUMBER HELD	PERCENTAGE
ORDINARY SHARES		
MG&G Investment Management Limited (or Vanguard Precious Metals and Mining Fund)	89,197,466	19.2%
Alliance Life Common Fund Limited	79,711,370	17.1%
Vanguard Precious Metals and Mining Fund	56,975,570	12.2%
Baker Steel Capital Managers LLP (Clients of and associated or connected parties)	36,062,000	7.7%
Acorn Capital Limited	11,541,979	6.5%

DISTRIBUTION OF EQUITY SECURITIES AS AT 3 OCTOBER 2011

SIZE OF HOLDING	CLASS OF EQUITY SECURITY		
	ORDINARY SHARES	CONVERTIBLE NOTES	
	SHARES	OPTIONS	
1 - 1,000	1,243	284	2
1,001 - 5,000	1,932	164	61
5,001 - 10,000	750	48	58
10,001 - 100,000	876	65	58
100,001 - and over	113	22	20
Total equity security holders	4,914	583	199

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 2011

	NUMBER OF ORDINARY SHARES	% OF ISSUED CAPITAL
NAME		
J P Morgan Nominees Australia Limited	127,804,799	27.25%
HSBC Custody Nominees Australia Limited	122,252,112	26.06%
National Nominees Limited	71,777,545	15.30%
Citicorp Nominees Pty Ltd	16,990,660	3.62%
JP Morgan Nominees Australia Limited (Cash income A/C)	14,153,254	3.02%
Merrill Lynch Australia Nominees Pty Ltd	13,929,356	2.97%
AMP Life Limited	8,158,150	1.74%
Equity Trustees Limited	6,408,653	1.37%
Queensland Investments Corporation	3,410,403	0.73%
Lim Sun Heng	2,449,800	0.52%
Mr Peter Sullivan	2,400,000	0.51%
Avanteos Investments Limited (Symetry Retire)	2,231,914	0.48%
Cogent Nominees Pty Ltd	2,098,289	0.45%
Cogent Nominees Pty Ltd (SMP A/C)	2,011,950	0.43%
Berhad Lyne Ching SDN	1,980,484	0.42%
NEFCO Nominees Pty Ltd	1,733,518	0.37%
Jersey Investments WA Pty Ltd	1,650,000	0.35%
HSBC Custody Nominees Australia Limited	1,475,547	0.31%
RBC Dexia Investor SVCS A (MLCI A/C)	1,423,906	0.30%
Share Direct Nominees Pty Ltd	1,333,303	0.28%
	405,673,643	86.48%

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