

A proven gold producer

RESOLUTE MINING LIMITED

FINANCIAL REPORT



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CORPORATE DIRECTORY

Directors

Chairman – PE Huston
Chief Executive Officer – PR Sullivan
Non-Executive Director – MJ Botha
Non-Executive Director – HTS Price

Secretary

GW Fitzgerald

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Website

Resolute Mining Limited 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
Email: registrar@securitytransfer.com.au

Home Exchange

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

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

Securities on Issue (30/06/2014)

Ordinary Shares	641,189,223
Unlisted Options	4,214,066
Unlisted Performance Rights	5,172,206

Legal Advisor

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

Auditor

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

Bankers

Barclays Bank Plc
Level 42
225 George Street
Sydney, New South Wales 2000

Investec Bank (Australia) Limited
Level 23,
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

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 2014.

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 the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Ernest Huston (Non-Executive Chairman)

B. Juris, LLB (Hons), B.Com., LLM

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 Chairman of 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), Zeta Resources Limited (listed on the ASX in June 2013). Mr Sullivan was a director of Kumarina Resources Limited (appointed 2011) until the company de-listed from the ASX following a Scheme of Arrangement with Zeta Resources Limited.

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.

Marthinus (Martin) Johan Botha (Non-Executive Director) – appointed 21 February 2014

Mr Martin Botha is a non-executive director and was appointed to the board on 21 February 2014. Mr Botha is an Engineering Surveyor by training who has 30 years experience in banking, with 24 years spent in leadership roles building Standard Bank Plc's international operations. Mr Botha's primary responsibilities at Standard Bank included establishing and leading the development of the core global natural resources trading and financing franchises, as well as various geographic strategies, including those in the Russian Commonwealth of Independent States, Turkey and the Middle East. Mr Botha is currently non-executive Chairman of Sberbank CIB (UK) Ltd, a securities broker regulated by the UK Financial Services Authority and is a non-executive director of Zeta Resources Limited (an ASX

listed company). Mr Botha graduated with first class honours from the University of Cape Town and is currently based in London.

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

Thomas Cummings Ford (Non-Executive Director) – resigned 21 February 2014

FAICD

Mr Tom Ford was 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 of experience in the finance industry. He retired as an executive director of a successful and well regarded Australian investment bank in 1991 and is also Chairman of RESIMAC Limited (appointed 1985).

Until his retirement, Mr Ford was a member of the Audit Committee and the Remuneration and Nomination Committee.

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

B.Com., FCA, MAICD

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 of 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 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 Greg Fitzgerald is a Chartered Accountant with over 25 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 performance rights of Resolute Mining Limited and related bodies corporate were:

	Fully Paid Ordinary Shares	Options Over Ordinary Shares	Performance Rights
P. Huston	428,182	-	-
P. Sullivan	3,007,448	2,000,000	1,772,330
M. Botha	-	-	-
H. Price	194,745	-	-
	<u>3,630,375</u>	<u>2,000,000</u>	<u>1,772,330</u>

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.

FINANCIAL POSITION AND PERFORMANCE

- Revenue from gold sales down 15% to \$527m (2013: \$619m) due to lower gold price and reaching the end of gold production at Golden Pride.
- Average cash price received on 371,976 ounces of gold sold (2013: 395,181 ounces) was \$1,413/oz (2013: \$1,562/oz).
- Average cash cost per ounce of gold produced was \$922/oz (2013: \$811/oz). A weaker AUD, planned maintenance shutdown activities and a ramp up at Syama early in FY2014 contributed towards the increase in reported AUD costs per ounce.
- Reported net profit after tax attributable to members of \$33.3m (2013: \$84.9m), including \$22.2m of non-cash asset impairment expenses, fair value movements, and unrealised treasury transactions, and \$10.2m of care and maintenance costs at Golden Pride mine in Tanzania (which ceased production in December 2013).
- Net operating cash inflows during the year were \$104.7m (2013: \$154.5m). The cessation of production at Golden Pride resulted in less ounces of gold sold. Additionally, the prevailing gold spot price was lower than the comparative year.
- Net investing cash outflows of \$97.0m (2013: \$234.7m) included \$33.0m of proceeds from sale of available for sale financial assets, and \$89.2m of development expenditure mostly for the Syama Expansion Project.
- Net financing inflows of \$13.1m (2013: \$8.2m inflow) included \$24.5m received from new finance facilities.

DIVIDENDS

No dividend was declared for the year ended 30 June 2014 (2013: \$31.6m).

REVIEW OF OPERATIONS

Production

The Group gold production for the year was 342,774 ounces (2013: 435,855) at an average cash cost¹ of \$922/oz (2013: \$811/oz).

Syama mine in Mali, Africa, produced 165,493 ounces (2013: 196,182) of gold at a cash cost of \$1,006/oz (or US\$922/oz) (2013: \$796/oz or US\$818/oz). Both gold production and cash costs during the year were adversely impacted by a major planned maintenance shutdown and ramp-up at Syama in July/August 2013.

Ravenswood mine in Queensland, Australia, produced 139,291 ounces (2013: 141,846) of gold at a cash cost of \$832/oz (2013: \$760/oz).

Golden Pride gold mine in Tanzania, Africa, produced 37,990 ounces (2013: 97,827) of gold at a cash cost of \$887/oz (or US\$814/oz) (2013: \$916/oz or US\$938/oz). Gold production at Golden Pride ceased in December 2013 and the mine is now proceeding towards closure with demolition works, rehabilitation and restoration works significantly progressed.

All in sustaining costs² ("AISC") for the year were Syama – \$1,311/oz (2013: \$1,217/oz), Ravenswood – \$1,029/oz (2013: \$1,079/oz), Golden Pride – \$1,030/oz (2013: \$1,007/oz) and for the Group – \$1,177/oz (2013: \$1,131/oz). Syama's AISC included \$13.9m of waste stripping expenditure capitalised during the year.

All in costs² ("AIC") for the year were Syama – \$1,733/oz (2013: \$1,712/oz), Ravenswood – \$1,052/oz (2013: \$1,122/oz), Golden Pride – \$1,104/oz (2013: \$1,067/oz) and for the Group – \$1,387/oz (2013: \$1,375/oz). Syama's AIC included \$68.3m of expansion and development expenditure during the year.

Development

Mali

- Syama Expansion Project ("SEP") well progressed, with total forecast capital spend unchanged at US\$235m and total expenditure to 30 June 2014 of US\$152m.
- The parallel oxide circuit portion of the SEP had reached 78% completion at 30 June 2014 and remains on schedule for January 2015 commissioning.
- Underground Pre-Feasibility Study at Syama delivered a 54% increase in ore reserves to 3.15Moz with an additional 14.3Mt of ore supporting a high volume, low cost and financially viable operation extending long term production by at least 7 years to beyond 2025. Refer to ASX announcement 28 March 2014.
- Diamond drilling of deep targets within the proposed Syama underground project area continued. Best results were received during the June quarter including 19m @ 4.70g/t Au in SYDD390 and 39m @ 3.51g/t Au in SYDD396. Refer to ASX announcement 24 June 2014. The drilling is expected to provide tangible increases to both the down-dip/plunge portions of the Syama resource model.
- Resolute completed the purchase of the remaining 40% interest in the Finkolo Joint Venture and was awarded an Exploitation Permit south of Syama that includes the 800,000oz Au Tabakoroni deposit where infill and extension drilling commenced. Refer to ASX announcement 29 October 2013.

1 – Cash cost per ounce of gold produced is calculated as costs of production relating to gold sales excluding gold in circuit inventory movements divided by gold ounces produced.

2 – AISC and AIC per ounce of gold produced is calculated in accordance with World Gold Council guidelines.

These measures are included to assist investors to better understand the performance of the business. Cash cost per ounce of gold produced, AISC, and AIC are non-International Financial Reporting Standards financial information and where included in this Directors' Report have not been subject to review by the Group's external auditors.

Queensland

- An inaugural resource estimate of 1.28Moz Au was reported for the Buck Reef West deposit including 70% of resources in the Measured and Indicated categories of 29.4Mt @1.0g/t Au. A scoping study is now in progress to assess the optionality of the open pit mining schedule, which has the potential to provide the Ravenswood Operation with a low development risk opportunity to extend gold production at the mine. Refer to ASX announcement 20 June 2014.
- At Mt Wright a 46% increase in ore reserves was delineated that included an extension of a further three levels to the mine. This addition of 137,000oz Au extends the production profile until at least September 2016. Refer to ASX announcement 6 March 2014.

Exploration

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

- In Queensland, drilling continued at Buck Reef West following the resource announcement on 20 June 2014. Reverse circulation drilling is planned to infill gaps in the resource model and extend the limits of the mineralisation.
- In Mali, a large IP geophysical survey over the Birimian greenstones north of Tabakoroni has shown a strong resistivity anomaly coincident with a well-defined gold in soil trend, outlined by air core drilling and reported during the year.
- In Cote d'Ivoire, air core drilling commenced on the two granted research permits. Large gold and multi-element pathfinder element anomalies at Goumere and Toumodi are currently being covered by air core drilling.

Corporate

- The market value of group cash, bullion and liquid investments at the end of the period was \$69m (2013: \$156m) comprising of \$18m in cash, gold bullion held in metal accounts with a market value of \$26m and liquid investments of \$25m.
- In October 2013, Resolute drew down on a US\$20 million extension to the existing secured loan facility jointly provided by Barclays Bank Plc and Investec Bank (Australia). The loan is repayable in gold ounces in 24 equal instalments of 660oz per month between November 2013 and October 2015.
- Resolute became the 90% owner and operator of the Bibiani gold project in Ghana and progressed work to commence an underground feasibility study including a 20,000m drill program at the advanced West African gold project.

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 REPORTING DATE

On 1 July 2014, 3,088,428 performance rights were granted and issued, vesting after 3 years subject to performance hurdles being met and with a strike price of \$nil. A further 1,544,023 performance rights were issued on 27 August 2014, vesting on 30 June 2016 and subject to a service period hurdle and with a strike price of \$nil.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Operations

- The Company's production guidance for FY2015 is 315,000 ounces at an average cash cost of \$890 per ounce and AISC of \$1,280 per ounce.
- Production in FY2015 is impacted by the recent closure of Golden Pride in Tanzania and slightly lower grade ore at Ravenswood in line with the life of mine plan. However the Company will benefit from increased production at Syama following commissioning of the new parallel oxide processing plant.
- Whilst cash costs are forecast to reduce in FY2015, AISC will be impacted by an increase in waste removal volumes at Syama for the year; however this is forecast to diminish in subsequent years.

Development and Exploration

- At the Bibiani project in Ghana, Resolute will undertake a Feasibility Study for an underground operation. As part of this study, which is expected to take up to 24 months, work will start promptly on a 20,000m drill program to better define the underground resource. Bibiani will continue under care and maintenance while the Feasibility Study is progressed. The former employees of the Ghanaian subsidiaries of Noble will be paid their entitlements in accordance with the terms agreed, as will indebtedness to local creditors. This will involve initial payments of approximately US\$10m in the September 2014 quarter with a further US\$5m over the next 12 months.
- In Mali, SEP expenditure for FY2015 is estimated to be US\$55m. The parallel oxide circuit is on schedule for commissioning in January 2015. The construction schedule for the 72km High Voltage Grid Connection depends on concluding several agreements with various Malian authorities.
- A 16,000m diamond drill program to both infill and extend the underground resource base at Syama commenced in the March 2014 quarter with several high grade intercepts reported to date. The Company is conducting project work concurrent with the drilling which comprises a geotechnical and structural evaluation specific to the underground project, identification of the optimal portal location and identification of sites for key underground infrastructure (ventilation, escape ways, pumping requirements). The results of these activities will be incorporated into the Definitive Feasibility Study due to commence in 2015.
- At Ravenswood in Queensland, reverse circulation drilling is planned to infill gaps in the newly delineated 1.28Moz Au Buck Reef West resource model and extend the limits of the mineralisation. The Company has commenced a scoping study to evaluate potential open pit mining of the Buck Reef West and Nolans East resource in conjunction with its existing project plan. The Nolans process plant was until recently running at a 5Mtpa rate on Sarsfield ore and minimal capital expenditure would be required to accommodate the additional ore supply from the nearby satellite deposits.

Corporate

- To maintain an active but disciplined examination of the new growth opportunities outlined above, the Company will be using a mix of its existing cash reserves, operating cash flows and debt funding to allow it to advance them at an appropriate pace. Refinancing of the US\$50m Cash Advance Facility, which is set for repayment in March 2016, will also be considered as part of this process.

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 Company 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
M. Botha	Non-Executive Director (appointed 21 February 2014)
T. Ford	Non-Executive Director (resigned 21 February 2014)
H. Price	Non-Executive Director

(ii) Executives

P. Beilby	General Manager - Operations
G. Fitzgerald	General Manager - Finance & Administration and Company Secretary
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.

Remuneration Structure

In accordance with best practice governance, the structure of non-executive director and senior executive remuneration is separate and distinct.

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. An external advisor has been used in a prior year to assist in the design and implementation of a Remuneration Framework that is in line with industry practice.

It is the Remuneration and Nomination Committee's policy that employment contracts are entered into with 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
 - o Short term incentives (STI); and,
 - o 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 and is as follows:

CEO	Fixed remuneration (45%)	Target STI (22%) (50% of fixed)	Target LTI (33%) (75% of fixed)
Other Executives	Fixed remuneration (50%)	Target STI (25%) (50% of fixed)	Target LTI (25%) (50% of fixed)

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 individual performance, relevant experience, and relevant comparable remuneration in the mining industry.

Structure

Executives are given the opportunity to receive their fixed 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 provide a greater alignment between performance and remuneration levels.

Structure

The STI is an annual “at risk” component of remuneration for KMP. It is payable based on performance against key performance indicators (KPIs) set at the beginning of the financial year. STI’s are structured to remunerate KMP for achieving annual Company targets and their own individual performance targets. The net amount of any STI after allowing for applicable taxation, is payable in cash.

KPIs require the achievement of strategic, operational or financial measures and in most cases are linked to the drivers of business performance. For each KPI there are defined “threshold”, “target” and “stretch” measures which are capable of objective assessment.

Target performance represents challenging but achievable levels of performance. Stretch performance requires significant performance above and beyond normal expectations and if achieved is anticipated to result in a substantial improvement in key strategic outcomes, operational or financial results, and/or the business performance of the Company.

The Remuneration Committee is responsible for recommending to the Board KPIs for each KMP and then later assessing the extent to which the KPIs of the KMP have been achieved, and the amount to be paid to each KMP. To assist in making this assessment, the Committee receives detailed reports and presentations on the performance of the business from the CEO, Company Secretary and independent remuneration consultants as required.

The Company STI measures comprise:

- Improved safety performance – measured in the form of a specified reduction in the Total Recordable Injury Frequency Rate in comparison to prior years;
- The achievement of defined targets relative to budget relating to:
 - o Operating cash flow;
 - o gold production; and,
 - o cost per tonne milled.

These measures have been selected as they can be reliably measured, are key drivers of value for shareholders and encourage behaviours in line with the Company’s core values.

The individual performance measures vary according to the individual KMP’s position, and reflect value accretive and/or risk mitigation achievements for the benefit of the Company within each KMP’s respective areas of responsibility. They also include a discretionary factor determined by the Board designed to take into account unexpected events and achievements during the year.

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 delivered as a cash bonus and/or in the form of superannuation.

Variable Remuneration – Long Term Incentive (“LTI”)

Objective

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

As such LTIs 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.

Overview of the Company’s approach to Long Term Incentives

a) Selecting the right plan vehicle

To provide an effective tool to reward, retain and motivate KMP, following receipt of external advice, the Board decided that the most appropriate LTI plan is a Performance Rights Plan. Under a Performance Rights Plan, KMP are granted a right to be issued a share in the future subject to performance based vesting conditions being met.

b) Grant Frequency and LTI quantum

KMP receive a new grant of Performance Rights every year and the LTI forms a key component of KMP Total Annual Remuneration.

The LTI dollar value that KMP are entitled to receive is set at a fixed percentage of their fixed remuneration and equates to 75% of fixed remuneration for the Chief Executive Officer and 50% of fixed remuneration for the other KMP. This level of LTI is in line with current market practice.

The number of Performance Rights to be granted is determined by dividing the LTI dollar value of the award by the fair value of a Performance Right on the grant date.

c) Performance Conditions

Performance conditions have been selected that reward KMP for creating shareholder value as determined via the change in the Company’s share price and via reserves/resources growth over a 3 year period.

The LTI performance is structured as follows:

Performance Rights will vest subject to meeting service and performance conditions as defined below:

- 75% of the Rights will be performance tested against the relative total shareholder return (“TSR”) measure over a 3 year period; and,
- 25% of the Rights will be performance tested against the reserve/resource growth over a 3 year period.

Reflecting on market practice the Board has decided that the most appropriate performance measure to track share price performance is via a relative TSR measure.

The Company's TSR is updated each year and is measured against a customised peer group comprising the following companies:

- Alacer Gold Corporation
- Beadell Resources Ltd
- Endeavour Mining Corporation
- Evolution Mining Ltd
- Gold One International Ltd
- Kingsgate Consolidated Ltd
- Medusa Mining Ltd
- OceanaGold Corporation
- Perseus Mining Ltd
- Ramelius Resources Ltd
- Regis Resources Ltd
- Saracen Mining Ltd
- Silver Lake Resources Ltd
- St Barbara Ltd
- Teranga Gold Corporation

No Performance Rights (relating to TSR) will vest unless the percentile ranking of the Company's TSR for the relevant performance year, as compared to the TSR's for the peer group companies for that year, is at or above the 50th percentile.

The following table sets out the vesting outcome based on the company's relative TSR performance:

Relative TSR performance	Performance Vesting Outcomes
Less than 50 th percentile	0% vesting
At the 50 th percentile	50% vesting
Between 50 th and 75 th percentile	For each percentile over the 50 th , an additional 2% of the performance rights will vest
At or above 75 th percentile	100% vesting

The second performance condition is reserve/resource growth net of depletion over a 3 year period. Broadly, the quantum of the increase in reserves/resources will determine the number of Performance Rights to vest.

The following table sets out the vesting outcome based on the company's reserve/resource growth performance:

Reserves and Resource Growth Performance	Performance Vesting Outcomes
R&R depleted	0% vesting
R&R maintained	50% vesting
R&R grown by up to 30%	For each 1% growth in R&R, an additional 1.67% of the performance rights will vest
R&R grown by 30% or more	100% vesting

d) Performance period

Grants under the LTI need to serve a number of different purposes:

- i) Act as a key retention tool; and,
- ii) focus on future shareholder value generation.

Therefore, the awards under the LTI relate to a 3 year period and provide a structure that is focused on long term sustainable shareholder value generation.

Up until January 2012, LTI grants to executives were delivered in the form of employee share options. These options were previously issued with an exercise price at a 10% premium to the RML ordinary share price at the date the Remuneration and Nomination Committee decided to invite the eligible persons to apply for the option. These employee share options vest over a 30 month period. This option plan has been replaced by the new Performance Rights Plan. All existing options issued under the employee share option plan will continue to vest, however it is the current intention that no further options will be issued in the future.

Options granted in prior periods 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 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 for the Employee Share Option Plan, 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.

The Company prohibits directors or executives from entering into arrangements to protect the value of unvested Resolute Mining Limited shares, options or performance rights 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 rights, options or shares that may vest to him/her in the future.

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

2014	SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS	LONG TERM BENEFITS	SHARE BASED PAYMENTS		PERFORMANCE RELATED		
	Base Remuneration \$	Non Monetary Benefits (i) \$	Short Term Incentive (ii) \$	Annual Leave Provision	Long Service Leave Provision Movement \$	Options \$	Performance Rights \$	Short Term Incentive, Options and Performance Rights	Options and Performance Rights	
				Movement				Rights	Performance Rights	
				\$				%	%	
Directors										
P. Huston	175,000	-	-	-	-	-	-	-	-	-
P. Sullivan	671,342	4,918	403,418	(40,654)	25,000	25,040	2,450	442,250	55	29
M. Botha	30,000	-	-	-	-	-	-	-	-	-
T. Ford	55,046	-	-	-	5,092	-	-	-	-	-
H. Price	55,000	-	-	-	35,000	-	-	-	-	-
Officers										
P. Beilby	416,009	-	257,191	(1,642)	25,000	(805)	8,311	185,220	51	22
G. Fitzgerald	355,930	4,723	223,276	2,964	25,000	90	8,311	162,226	50	22
P. Venn	318,634	4,834	198,847	(8,381)	25,000	12,370	8,311	142,776	50	22

2013	SHORT TERM BENEFITS				POST EMPLOYMENT	LONG TERM	SHARE BASED PAYMENTS		PERFORMANCE RELATED	
	Base Remuneration \$	Non Monetary Benefits (i) \$	Short Term Incentive (iii) \$	Annual Leave Provision Movement (iv) \$	Superannuation \$	Long Service Leave Provision Movement (iv) \$	Options \$	Performance Rights \$	Short Term	
									Incentive, Options and Performance Rights %	Options and Performance Rights %
Directors										
P. Huston	175,000	-	-	-	-	-	-	-	-	-
P. Sullivan	671,080	4,910	227,194	16,346	25,000	38,398	182,876	266,602	47	31
T. Ford	82,569	-	-	-	7,431	-	-	-	-	-
H. Price	69,687	-	-	-	20,313	-	-	-	-	-
Officers										
P. Beilby	414,999	-	145,449	1,768	25,000	4,499	38,649	111,719	40	20
G. Fitzgerald	356,237	4,723	126,114	(150)	25,000	(4,984)	31,665	97,754	40	20
P. Venn	307,868	2,674	108,731	(15,776)	25,000	8,897	31,665	85,059	41	21

- (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) 90% of the Short Term Incentives were paid in cash on 27 June 2014 for the year ended 30 June 2014 and were based on the performance metrics outlined in the "Variable Remuneration – Short Term Incentive" section of this Remuneration Report. The balance (10%) of the Short Term Incentives was paid in cash on 15 September 2014.
- (iii) The Short Term Incentives were paid in cash on 14 September 2013 for the year ended 30 June 2013 and were based on the performance metrics outlined in the "Variable Remuneration – Short Term Incentive" section of this Remuneration Report.
- (iv) The following cash payments were made to Key Management Personnel during the year ended 30 June 2013 relating to the payout of annual and long service leave entitlements accrued in prior years - Peter Sullivan (\$233,370), Greg Fitzgerald (\$28,121), Peter Beilby (\$2,847) and Peter Venn (\$24,283).

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

2014	Options type	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year (ii)	Acquired during the year	Balance at the end of the year	Vested and exercisable at the end of the year		Value of options exercised during the year \$
								No.	%	
Directors										
P. Sullivan	Unlisted	2,000,000	-	-	-	-	2,000,000	2,000,000	100	-
Officers										
P. Beilby	Unlisted	250,000	-	-	-	-	250,000	230,000	92	-
G. Fitzgerald	Unlisted	250,000	-	-	-	-	250,000	230,000	92	-
P. Venn (i)	Unlisted	451,000	-	(150,000)	(51,000)	-	250,000	230,000	92	18,000

2013	Options type	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Lapsed during the year (ii)	Acquired during the year	Balance at the end of the year	Vested and exercisable at the end of the year		Value of options exercised during the year
								No.	%	\$
Directors										
P. Sullivan	Unlisted	2,000,000	-	-	-	-	2,000,000	1,333,334	67	-
Officers										
P. Beilby	Unlisted	250,000	-	-	-	-	250,000	176,667	71	-
G. Fitzgerald (iii)	Unlisted	475,000	-	(150,000)	(75,000)	-	250,000	176,667	71	217,500
P. Venn	Unlisted	475,000	-	-	(24,000)	-	451,000	377,667	84	-

Details of performance rights holdings of key management personnel are as follows:

2014	Balance at the start of the year	Granted during the year as compensation							Balance at the end of the year
		Number	Grant date	Fair value of performance rights at grant date (iv) \$	Total Fair value of performance rights at grant date \$	Vesting date	Expiry of performance rights	Exercise price of performance rights granted during the year \$	
Directors									
P. Sullivan	546,875	1,225,455	1 Jul 2013	0.43	526,946	30 Jun 2016	1 Jul 2018	\$nil	1,772,330
Officers									
P. Beilby	229,167	512,801	1 Jul 2013	0.43	220,504	30 Jun 2016	1 Jul 2018	\$nil	741,968
G. Fitzgerald	200,521	449,806	1 Jul 2013	0.43	193,417	30 Jun 2016	1 Jul 2018	\$nil	650,327
P. Venn	174,479	402,683	1 Jul 2013	0.43	173,154	30 Jun 2016	1 Jul 2018	\$nil	577,162

2013	Balance at the start of the year	Granted during the year as compensation							Balance at the end of the year
		Number	Grant date	Fair value of performance rights at grant date (v) \$	Total Fair value of performance rights at grant date \$	Vesting date	Expiry of performance rights	Exercise price of performance rights granted during the year \$	
Directors									
P. Sullivan	-	546,875	27 Nov 2012	1.46	799,805	30 Jun 2015	27 Nov 2017	\$nil	546,875
Officers									
P. Beilby	-	229,167	27 Nov 2012	1.46	335,157	30 Jun 2015	27 Nov 2017	\$nil	229,167
G. Fitzgerald	-	200,521	27 Nov 2012	1.46	293,262	30 Jun 2015	27 Nov 2017	\$nil	200,521
P. Venn	-	174,479	27 Nov 2012	1.46	255,176	30 Jun 2015	27 Nov 2017	\$nil	174,479

- (i) On 17 January 2014, 150,000 unlisted options were exercised at a price of \$0.42 per option. 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.
- (ii) The value of options at the date they lapsed was \$nil.
- (iii) On 17 October 2012, 150,000 unlisted options were exercised at a price of \$0.42 per option. One ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
- (iv) The performance rights vest over a 3 year period. The fair value of the performance rights on the allocation and grant date was \$0.4275.
- (v) The performance rights vest over a 3 year period. On the date of calculating the number of performance rights to be allocated to KMP, the fair value of a performance right was \$0.96. By the time the performance rights were granted on 27 November 2012, the fair value of the performance rights had increased to \$1.4625 each resulting in an LTI expense that is higher than that anticipated on the allocation date.
- (vi) Performance rights vest in accordance with the Resolute Mining Limited Remuneration Policy and Equity Incentive Plan which outline the key performance indicators that need to be satisfied. For details on the valuation of the performance rights, including models and assumptions used, refer to Note 30(c). The percentage of performance rights granted during the financial year that also vested during the financial year is nil. No performance rights were forfeited during the financial year.

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

2014	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	428,182	-	-	428,182
P. Sullivan	3,007,448	-	-	3,007,448
M. Botha	-	-	-	-
T. Ford (i)	464,648	-	(464,648)	-
H. Price	194,745	-	-	194,745
Officers				
P. Beilby	20,000	-	-	20,000
G. Fitzgerald	-	-	-	-
P. Venn (iii)	5,000	150,000	(70,000)	85,000
2013	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	428,182	-	-	428,182
P. Sullivan (ii)	3,507,448	-	(500,000)	3,007,448
T. Ford	464,648	-	-	464,648
H. Price	194,745	-	-	194,745
Officers				
P. Beilby	20,000	-	-	20,000
G. Fitzgerald (iii)	-	150,000	(150,000)	-
P. Venn	5,000	-	-	5,000

- (i) Mr Ford ceased to be a director on 21 February 2014.
- (ii) Shares were disposed of during the year at the prevailing market price. No amounts remain unpaid as at 30 June 2013.
- (iii) Shares were acquired from the exercise of options, and were sold at the prevailing market price. No amounts remain unpaid at period end.

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 Sullivan accrues 5 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 7 years.

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 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).
- Mr Beilby accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 10 years.

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 Fitzgerald accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 10 years.

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 Venn accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 10 years.

Loans to Key Management Personnel

There were no loans to key management personnel during the years ended 30 June 2014 and 30 June 2013.

Other Transactions and Balances with Key Management Personnel

During the year the Group compulsorily acquired all unowned minority held convertible notes in Noble Mineral Resources Limited which had a face value of \$0.12 per note, a coupon rate of 8% and a term of 3 years. Included in the acquisition was the purchase of 40,000 convertible notes from Hardrock Capital Pty Ltd - CGLW No. 2 Super Fund, whose beneficiary is Peter Sullivan, who is a director and member of Resolute's Key Management Personnel. The acquisition price of those notes was \$0.129 per note, totalling \$5,160.

Apart from the above transaction, there were no other transactions and balances with key management personnel during the years ended 30 June 2014 and 30 June 2013.

Company Performance

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

		30 June 2014	30 June 2013	30 June 2012	30 June 2011	30 June 2010
Net profit/(loss) after tax	\$'000	29,156	105,443	101,859	42,930	(56,571)
Basic earnings/(loss) per share	cents/share	5.20	13.29	18.62	13.42	(9.90)

This is the end of the audited information.

SHARES UNDER OPTIONS

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

Grant date	Expiry date	Exercise price	Number on issue
15/02/2010	14/02/2015	\$1.09	450,000
16/07/2010	15/07/2015	\$1.21	39,000
16/11/2010	15/11/2015	\$1.43	90,000
5/01/2011	4/01/2016	\$1.36	2,000,000
25/01/2011	24/01/2016	\$1.43	815,666
30/06/2011	15/07/2016	\$1.18	130,000
4/01/2012	26/01/2017	\$1.85	689,400
			<u>4,214,066</u>

Shares issued as a result of the exercise of options:

From 1 July 2014 up until the date of this report, no options have been exercised.

Performance rights at the date of this report are as follows:

Grant date	Vesting date	Exercise price	Number on issue
27/11/2012	30/06/2015	-	1,586,978
1/07/2013	30/06/2016	-	3,585,228
1/07/2014	30/06/2017	-	3,088,428
27/08/2014	30/06/2016	-	1,544,023

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

RML maintains an insurance policy for its directors and officers against certain liabilities arising as a result of work performed in the capacity as directors and officers. The company has paid an insurance premium for the policy. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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	15	2	n/a	4	n/a	n/a
P. Sullivan	15	n/a	4	n/a	4	20
M. Botha (appointed 21 February 2014)	7	n/a	n/a	2	n/a	n/a
T. Ford (resigned 21 February 2014)	8	2	n/a	2	n/a	n/a
H. Price	15	2	n/a	4	n/a	n/a
Number of meetings (or resolutions) held	15	2	4	4	4	20

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 98/100. 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 35 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 \$135,370 for the provision of taxation planning advice and other review services in the year ended 30 June 2014.

Signed in accordance with a resolution of the directors.



P.R. Sullivan
Director
Perth, Western Australia
16 September 2014

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 with the amendments made in 2010. There is a corporate governance section on the Company's website which sets out the various policies, charters and codes of conduct which have been adopted to ensure compliance with the "best practice recommendations" referred to above.

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

1. The Board of Directors

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

The key responsibilities of the Board include:

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

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

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

Director	Role of Director	First Appointed (a)	Resigned	Non-executive	Independent	Gender
Peter Ernest Huston	Non-executive chairman	Jun 2001	N/A	Yes	Yes	Male
Peter Ross Sullivan	CEO	Jun 2001	N/A	No	No	Male
Thomas Cummings Ford	Non-executive director	Jun 2001	Feb 2014	Yes	Yes	Male
Henry Thomas Stuart Price	Non-executive director	Nov 2003	N/A	Yes	Yes	Male
Martin Johan Botha	Non-executive director	Feb 2014	N/A	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.

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 (resigned 21 February 2014), Mr M.Botha (appointed 21 February 2014) 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.

Diversity

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.

Resolute's Diversity Policy applies to all Resolute employees and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, training and other aspects of employment. Details of the policy are set out under the "About Us – Corporate Governance – Resolute Mining Diversity Policy" section of Resolute's website at www.rml.com.au

The Diversity Policy includes a goal to contribute positively to the success of the Company by 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. In accordance with this Charter, the directors have set measurable objectives towards establishing this goal. Details of these objectives and the progress towards achieving them are provided in the table below.

Measurable Objective	Activity During Year								
To include in the Remuneration & Nomination Committee Charter responsibility for diversity, including an annual review and report to the board on the: a. progress towards achieving these measurable objectives and overall effectiveness of the policy; b. proportion of women and men in the Resolute workforce at three levels in the organisation (board level, senior management and the whole organisation), including benchmarking this data against relevant industry standards where possible; and,	The Charter updated in November 2012 includes responsibilities for diversity, including the introduction of an Annual Review and Report to the board on gender diversity. The measurable objectives are being progressed and the overall effectiveness of the policy will be ascertained in the coming reporting periods. The proportion of women in the entire Resolute workforce are as follows: <table> <tr> <th>Category</th><th>As at 30/6/14</th></tr> <tr> <td>Board Level*</td><td>0%</td></tr> <tr> <td>Senior Management</td><td>0%</td></tr> <tr> <td>Whole organisation</td><td>9%</td></tr> </table>	Category	As at 30/6/14	Board Level*	0%	Senior Management	0%	Whole organisation	9%
Category	As at 30/6/14								
Board Level*	0%								
Senior Management	0%								
Whole organisation	9%								

c. remuneration by gender together with any recommendations to the board	*This excludes a female director on the board of certain Resolute subsidiaries. This information has been collated and provided in the annual review and report to the board.
To engage consultants that support and promote the Company's diversity policy	Resolute continues to engage consultants that are encouraged to put forward a diverse range of applicants for a vacant position.
To ensure that candidate lists for permanent employee positions are suitably qualified and where possible recognisably diverse by age, sex or ethnicity	Resolute's main recruitment objective continues to be focussed on offering jobs to the best qualified applicant, regardless of their age, sex or ethnicity. To achieve this, it continues to compile a diverse range of candidates on its shortlists. This is cognisant of the fact that different types of applicants will be more likely to over or under sell themselves in a Résumé.
To consider diversity when reviewing board succession plans with the aim to have gender representation and diversity	The board appointment made during the year was completed after considering and meeting various candidates, some of which were female. The best qualified applicant for the vacancy was selected.

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, trading 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.

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, Mr T. Ford (resigned 21 February 2014) and Mr M. Botha (appointed 21 February 2014). 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 current financial year.

Ernst & Young and the *Corporations Act 2001* has a policy for the rotation of the lead audit partner.

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 or made available 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 legal 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.

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, tax risk management, and other items as they arise from time to time.

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

12. Remuneration Policies

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

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

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

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 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Peter McIver
Partner
16 September 2014

RESOLUTE MINING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014



	Note	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
Continuing Operations			
Revenue from gold and silver sales	2(a)	526,797	618,602
Costs of production relating to gold sales	2(b)	(345,543)	(315,692)
Gross profit before depreciation, amortisation and other operating costs		181,254	302,910
Depreciation and amortisation relating to gold sales	2(c)	(67,726)	(63,860)
Other operating costs relating to gold sales	2(d)	(32,863)	(40,222)
Gross profit		80,665	198,828
Other revenue	2(e)	41	3,204
Other income	2(f)	13,988	3,798
Exploration and business development expenditure		(14,667)	(20,617)
Share of associates' losses	14	(704)	(21,379)
Administration and other corporate expenses	2(g)	(7,218)	(6,546)
Treasury - realised (losses)/gains	2(h)	(395)	483
Care and maintenance costs		(10,236)	-
Asset impairment expenses, fair value movements, and unrealised treasury gains/(losses)	2(i)	(22,220)	(25,158)
Profit before interest and tax		39,254	132,613
Finance costs	2(j)	(8,833)	(4,130)
Profit before tax		30,421	128,483
Tax expense	3	(1,265)	(23,040)
Profit for the year		29,156	105,443
Profit attributable to:			
Members of the parent		33,313	84,878
Non-controlling interest		(4,157)	20,565
		29,156	105,443

RESOLUTE MINING LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014



	Note	For the year ended 30-Jun-14	For the year ended 30-Jun-13
		\$'000	\$'000
Profit for the year (brought forward)		29,156	105,443
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations:			
- Members of the parent		(7,300)	29,748
- Non-controlling interest		166	(1,803)
Changes in the fair value of available for sale financial assets, net of tax		11,488	252
Other comprehensive income for the year, net of tax		4,354	28,197
Total comprehensive income for the year		33,510	133,640
Total comprehensive income/(loss) attributable to:			
Members of the parent		37,501	114,878
Non-controlling interest		(3,991)	18,762
		33,510	133,640
Earnings per share for net profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	32	5.20	13.29
Diluted earnings per share	32	5.15	13.26

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

RESOLUTE MINING LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014



	Note	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Current assets			
Cash and cash equivalents	5	18,546	3,040
Receivables	6	4,084	9,147
Inventories	7	150,777	202,913
Available for sale financial assets	8	23,523	28,909
Other current assets	9	2,644	4,156
Total current assets		199,574	248,165
Non current assets			
Receivables	6	1,308	1,875
Other financial assets	10	2,908	64,788
Exploration and evaluation expenditure	11	42,665	11,539
Development expenditure	12	457,325	395,914
Property, plant and equipment	13	240,509	181,734
Investment in associates	14	-	604
Total non current assets		744,715	656,454
Total assets		944,289	904,619
Current liabilities			
Payables	15	49,636	71,329
Interest bearing liabilities	16	30,699	34,941
Unearned revenue	17	9,731	-
Current tax liabilities		1,214	2,266
Provisions	18	30,725	26,126
Total current liabilities		122,005	134,662
Non current liabilities			
Interest bearing liabilities	16	58,352	56,384
Unearned revenue	17	3,344	-
Provisions	18	61,283	54,970
Total non current liabilities		122,979	111,354
Total liabilities		244,984	246,016
Net assets		699,305	658,603

	Note	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Equity attributable to equity holders of the parent			
Contributed equity	19	380,305	380,225
Reserves	20	40,084	33,816
Retained earnings	21	292,049	259,139
Total equity attributable to equity holders of the parent		712,438	673,180
Non-controlling interest	22	(13,133)	(14,577)
Total equity		699,305	658,603

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

RESOLUTE MINING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014



	Contributed equity \$'000	Net unrealised gain/(loss) reserve \$'000	Share options equity reserve \$'000	Employee equity benefits reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total \$'000
At 1 July 2013	380,225	-	5,987	6,018	21,811	259,139	(14,577)	658,603
Profit for the year	-	-	-	-	-	33,313	(4,157)	29,156
Other comprehensive income/(loss), net of tax	-	11,488	-	-	(7,300)	-	166	4,354
Total comprehensive income for the year, net of tax	-	11,488	-	-	(7,300)	33,313	(3,991)	33,510
Transactions with owners								
Shares issued	80	-	-	-	-	-	-	80
Transfer from foreign currency translation reserve	-	-	-	-	403	(403)	-	-
Non-controlling interest in subsidiary acquired	-	-	-	-	-	-	5,435	5,435
Share-based payments to employees	-	-	-	1,677	-	-	-	1,677
At 30 June 2014	380,305	11,488	5,987	7,695	14,914	292,049	(13,133)	699,305

RESOLUTE MINING LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014



	Contributed equity \$'000	Net unrealised gain/(loss) reserve \$'000	Share options equity reserve \$'000	Employee equity benefits reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total \$'000
At 1 July 2012	368,047	(252)	5,987	4,626	(7,937)	205,861	(33,339)	542,993
Profit for the year	-	-	-	-	-	84,878	20,565	105,443
Other comprehensive income/(loss), net of tax	-	252	-	-	29,748	-	(1,803)	28,197
Total comprehensive income for the year, net of tax	-	252	-	-	29,748	84,878	18,762	133,640
Transactions with owners								
Shares issued	23,210	-	-	-	-	-	-	23,210
Share issue costs	(44)	-	-	-	-	-	-	(44)
Share buy-backs	(10,988)	-	-	-	-	-	-	(10,988)
Dividend paid	-	-	-	-	-	(31,600)	-	(31,600)
Share-based payments to employees	-	-	-	1,392	-	-	-	1,392
At 30 June 2013	380,225	-	5,987	6,018	21,811	259,139	(14,577)	658,603

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

RESOLUTE MINING LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014



	Note	Consolidated For the year ended 30-Jun-14 \$'000	Consolidated For the year ended 30-Jun-13 \$'000
Cash flows from operating activities			
Receipts from customers		526,798	618,602
Payments to suppliers, employees and others		(398,421)	(430,278)
Income tax paid		(2,405)	(16,273)
Exploration expenditure		(15,651)	(16,763)
Interest paid		(5,635)	(1,742)
Interest received		41	937
Net cash flows from operating activities	27	104,727	154,483
Cash flows used in investing activities			
Payments for property, plant & equipment		(13,471)	(23,417)
Proceeds from sale of available for sale financial assets		33,000	5,989
Payments for acquisition of available for sale financial assets		(100)	(13,427)
Net cash in subsidiaries acquired		241	-
Payments for development activities		(89,216)	(113,306)
Payments for evaluation activities		(17,763)	(3,932)
Proceeds from sale of property, plant & equipment		283	-
Loan to associate		(8,868)	159
Other investing activities		(1,120)	(1,441)
Payments for other financial assets		-	(85,363)
Net cash flows used in investing activities		(97,014)	(234,738)
Cash flows from financing activities			
Proceeds from issuing ordinary shares		82	2,562
Costs of issuing ordinary shares		(2)	(44)
Repayment of borrowings		(6,670)	-
Repayment of lease liability		(4,736)	(3,213)
Proceeds from finance facilities		24,472	51,530
Dividends paid		-	(31,600)
Payments for share buy backs		-	(10,988)
Net cash flows from financing activities		13,146	8,247
Net increase/(decrease) in cash and cash equivalents		20,859	(72,008)
Cash and cash equivalents at the beginning of the financial year		(28,143)	43,142
Exchange rate adjustment		(60)	723
Cash and cash equivalents at the end of the year		(7,344)	(28,143)
Cash and cash equivalents comprise the following:			
Cash at bank and on hand		18,546	3,040
Bank overdraft	16	(25,890)	(31,183)
		(7,344)	(28,143)

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

CORPORATE INFORMATION

The financial report of Resolute Mining Limited (“consolidated entity” or the “Group”) for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the Directors on 15 September 2014.

Resolute Mining Limited (the parent entity) is a for profit 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*.

The financial report has been prepared in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

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. With the exception of those new accounting standards and interpretations outlined at note 1(ad), 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 2014 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.

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

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and,
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- de-recognises the carrying amount of any non-controlling interests;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and,
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

(ii) Joint Arrangements

Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. The statement of profit or loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired.

If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Joint operations

The Group recognises its interest in joint operations by recognising its:

- Assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation; and,

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

- expenses, including its share of any expenses incurred jointly.

(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 maker 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 maker – being the executive management team.

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(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.

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.

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

(g) Income tax

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

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

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

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

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

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

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

Tax consolidation legislation

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

Goods and Services Tax

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

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

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

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 include 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 initially recognised at fair value and subsequently at amortised cost 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.

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

(k) Inventories

Finished goods (bullion), 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.

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

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

(m) Investments in associates

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

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.

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

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 from time to time derivative financial instruments such as gold options, gold forward contracts, contracts for difference, and interest rate swaps to manage the risks associated with market 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 a transaction that may qualify for hedge accounting, 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.

(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

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

forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated statement of comprehensive income.

(iii) Derivatives that do not qualify for hedge accounting

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

(o) Stripping activity asset

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period, and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalised as a stripping activity asset, where certain criteria are met. Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping which relates to the extraction of inventory and that which relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components for the ore bodies in each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g. tonnes) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans, and therefore the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the ore body, to be the most suitable production measure.

Furthermore, judgements and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset(s).

(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

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

- 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

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

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

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 non-financial 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 amortised cost which is the amount initially recognised, minus repayments whether or not billed to the consolidated entity.

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

(w) Interest-bearing liabilities

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

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

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

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

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

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

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.

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

(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 and performance rights plan. The Group determines the fair value of securities 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 pricing model or Monte Carlo simulation that takes into account the exercise price, the term of the option or performance right, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option or performance right, 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 or performance right.

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.

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

(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 mine properties, plant and equipment

The future recoverability of capitalised mine properties and plant and equipment is dependent on a number of key factors including; gold price, pre-tax discount rates used in determining the estimated discounted cash flows of Cash Generating Units ("CGUs"), foreign exchange rates, the level of proved and probable reserves and measured, indicated and inferred mineral resources, the estimated value of unmined inferred mineral properties included in the determination of fair value less cost to sell ('Fair Value'), future technological changes which could impact the cost of mining, and future legal changes (including changes to environmental restoration obligations).

Impairment is recognised when the carrying amount of the CGU exceeds its recoverable amount. The recoverable amount of each CGU has been determined on its fair value less cost to sell ('Fair Value'). The costs to sell have been estimated by management based on prevailing market conditions.

Fair Value is estimated based on discounted cash flows using market based commodity price and exchange assumptions, estimated quantities of recoverable minerals, production levels, operating costs and capital requirements, based on CGU life-of-mine ('LOM') plans.

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

When LOM plans do not fully utilise existing mineral properties for a CGU, and options exist for the future extraction and processing of all or part of those resources, an estimate of the value of mineral properties is included in the determination of Fair Value. The Group considers this valuation approach to be consistent with the approach taken by market participants.

Estimates of quantities of recoverable minerals, production levels, operating costs and capital requirements are sourced from the Group's planning process documents, including LOM plans, external expert reports where appropriate and operational budgets.

Significant judgements and assumptions are required in making estimates of Fair Value. This is particularly so in the assessment of long life assets. CGU valuations are subject to variability in key assumptions including, but not limited to, long-term gold prices, currency exchange rates, discount rates, and production and operating costs. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's Fair Value.

Unmined resources (including the value of certain mineral properties) may not be included in a CGU's particular life-of-mine plan for a number of reasons, including the need to constantly re-assess the economic returns on and timing of specific production options in the current economic environment. The Group has estimated its unmined resource values based on a dollar margin per gold equivalent ounce basis individually for each CGU, taking into account a range of factors including the current market rate for similar resources, physical specifications of the ore, probability of conversion, estimated capital and operating costs, and length of mine life. The value of unmined resources as a proportion of the assessed Fair Value is a significant judgement which requires an estimate of the quantity and value of the unmined resources. The group considers this approach to be consistent with the approach adopted by market participants.

In determining the Fair Value of CGUs, future cash flows were discounted using rates based on the Group's estimated before tax weighted average cost of capital. When it is considered appropriate to do so, an additional premium is applied with regard to the geographic location and nature of the CGU.

Life-of-mine operating and capital cost assumptions are based on the Group's latest budget and LOM plans. Operating cost assumptions reflect the expectation that costs will, over the long term, have a degree of positive correlation to the prevailing commodity price and exchange rate assumptions.

After assessing the Fair Value of each CGU against its carrying value, no impairment charges were recognised for the current financial year.

Any variation in the key assumptions used to determine Fair Value would result in a change of the assessed Fair Value. If the variation in assumption had a negative impact on Fair Value, it could indicate a requirement for impairment to non-current assets.

To the extent that capitalised mine properties, plant and equipment 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 on a units-of-production basis. Significant judgement is required in determining the contained ore units for each mine. Factors that are considered include:

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

- 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.

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 equity settled transactions with employees by reference to the fair value at the grant date using a Black Scholes formula or Monte Carlo simulation taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 30(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 reporting 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.

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

(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.

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

(ad) New accounting standards and UIG interpretations

- (i) From 1 July 2013 the Group has adopted all new and revised Australian Accounting Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2013, including:

Reference	Title	Application date of standard	Application date for Group*
AASB 10	Consolidated Financial Statements AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 <i>Consolidated and Separate Financial Statements</i> dealing with the accounting for consolidated financial statements and UIG-112 <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. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.	1 January 2013	1 July 2013
AASB 11	Joint Arrangements AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly-controlled Entities - Non-monetary Contributions by Ventures</i>. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it 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. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 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. Consequential amendments were also made to other standards via AASB 2011-8. Refer to Note 10 for additional disclosure on the impact of this standard.	1 January 2013	1 July 2013

Reference	Title	Application date of standard	Application date for Group*
AASB 119	Employee Benefits The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities AASB 2012-2 principally amends AASB 7 <i>Financial Instruments: Disclosures</i> to require disclosure of the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when all the offsetting criteria of AASB 132 are not met.	1 January 2013	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The standard addresses a range of improvements, including the following: ▶ Repeat application of AASB 1 is permitted (AASB 1) ▶ Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 <i>Presentation of Financial Statements</i>).	1 January 2013	1 July 2013
AASB 2012-9	Amendment to AASB 1048 arising from the withdrawal of Australian Interpretation 1039 AASB 2012-9 amends AASB 1048 <i>Interpretation of Standards</i> to evidence the withdrawal of Australian Interpretation 1039 <i>Substantive Enactment of Major Tax Bills in Australia</i>.	1 January 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 July 2013

*The new and revised accounting standards have not required any changes to the Group's financial report, unless otherwise stated.

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

- (ii) The following new accounting standards have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the period ended 30 June 2014:

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
Interpretation 21	Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 July 2014
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be 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. (b) 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. (d) Where the fair value option is used for financial liabilities the change in fair value is to be 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. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group*
		circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.		
AASB 2013-3	Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	These amendments define an investment entity and require that, with limited exceptions, an investment entity does not consolidate its subsidiaries or apply AASB 3 Business Combinations when it obtains control of another entity. These amendments require an investment entity to measure unconsolidated subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments also introduce new disclosure requirements for investment entities to AASB 12 and AASB 127.	1 January 2014	1 July 2014
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	AASB 2013-7 removes the specific requirements in relation to consolidation from AASB 1038, which leaves AASB 10 as the sole source for consolidation requirements applicable to life insurer entities.	1 January 2014	1 July 2014
AASB 1031	Materiality	The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.	1 January 2014	1 July 2014
Annual Improvements 2010–2012 Cycle	Annual Improvements to IFRSs 2010–2012 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: ▶ IFRS 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ▶ IFRS 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to IAS 37. ▶ IFRS 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ▶ IAS 16 & IAS 38 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ▶ IAS 24 - Defines a management entity providing KMP services	1 July 2014	1 July 2014

Reference	Title	Summary	Application date of standard	Application date for Group*
		as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of IAS 24 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.		
Annual Improvements 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRS) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: ► IFRS 13 - Clarifies that the portfolio exception in paragraph 52 of IFRS 13 applies to all contracts within the scope of IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32. ► IAS 40 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of IFRS 3 that includes an investment property. That judgment is based on guidance in IFRS 3.	1 July 2014	1 July 2014
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>	The Standard contains three main parts and makes amendments to a number Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 <i>Hedge Accounting</i> into AASB 9 <i>Financial Instruments</i>.	PART A & PART B: 1 July 2014 PART C: 1 July 2015	PART A & PART B: 1 July 2014 PART C: 1 July 2015
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 July 2016
IFRS 15	Revenue from Contracts with Customers	IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS 15 supersedes: (a) IAS 11 Construction Contracts (b) IAS 18 Revenue (c) IFRIC 13 Customer Loyalty Programmes (d) IFRIC 15 Agreements for the Construction of Real Estate (e) IFRIC 18 Transfers of Assets from Customers	1 January 2017	1 July 2017

Reference	Title	Summary	Application date of standard	Application date for Group*
		(f) SIC-31 Revenue—Barter Transactions Involving Advertising Services The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.		

*The impact of the adoption of these new and revised standards and interpretations on the financial statements of the Group is yet to be determined.

NOTE 2: PROFIT FROM CONTINUING OPERATIONS

		Consolidated	
		For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(a)	Revenue from gold and silver sales		
	Gold and silver sales	526,797	618,602
(b)	Costs of production relating to gold sales		
	Costs of production (excluding gold in circuit inventories movement)	316,097	353,569
	Gold in circuit inventories movement	29,446	(37,877)
		345,543	315,692
(c)	Depreciation and amortisation relating to gold sales		
	Amortisation of evaluation, development and rehabilitation costs	35,823	36,910
	Depreciation of mine site properties, plant and equipment	31,903	26,950
		67,726	63,860
(d)	Other operating costs relating to gold sales		
	Royalty expense	29,317	33,965
	Operational support costs	3,546	6,257
		32,863	40,222
(e)	Other revenue		
	Interest income	41	3,204
(f)	Other income		
	Profit on sale of property, plant and equipment	210	-
	Profit on sale of available for sale financial assets	13,707	1,775
	Other	71	66
	Profit on sale of non operating mine sites	-	1,957
		13,988	3,798

NOTE 2: PROFIT FROM CONTINUING OPERATIONS (continued)

		Consolidated	
		For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(g)	Administration and other corporate expenses		
	Other management and administration expenses	5,867	5,202
	Share based payments expense	1,237	1,179
	Depreciation of non mine site assets	114	104
	Rehabilitation and restoration provision adjustment from non operating mine sites	-	61
		<u>7,218</u>	<u>6,546</u>
(h)	Treasury - realised (losses)/gains		
	Realised foreign exchange (loss)/gain	(258)	483
	Realised loss on repayment of gold prepay loan	(137)	-
		<u>(395)</u>	<u>483</u>
(i)	Asset impairment expenses, fair value movements, and unrealised treasury gains/(losses)		
	Impairment of accounts receivable	(919)	(6,127)
	Fair value movement on convertible notes held in associate (i)	(18,000)	(20,000)
	Impairment of inventories (ii)	(21,362)	-
	Unrealised foreign exchange gain/(loss)	1,601	(5,333)
	Unrealised foreign exchange gain on intercompany balances (iii)	16,460	40,460
	Impairment of gold equity investments	-	(31,794)
	Unrealised loss on financial derivative assets	-	(2,364)
		<u>(22,220)</u>	<u>(25,158)</u>

- (i) A fair value adjustment of \$18.000m (2013: \$20.000m) was recorded in the statement of comprehensive income against the carrying value of convertible notes held in Noble Mineral Resources Limited ("NMRL") to reflect the changes to the value of that asset in the six months ended 31 December 2013. No further fair value adjustments were recognised in the six months ended 30 June 2014.
- (ii) \$15.396m of this impairment expense relates to ore stockpile and gold in circuit inventory write-downs. The lower gold price experienced mid-year impacted the market value of the gold inventories held by Resolute. Hence a non-cash impairment charge has been recorded against the ore stockpile and gold in circuit inventory values. These inventories are recorded on the Statement of Financial Position at the lower of cost and net realisable value. The remaining balance of this impairment charge relates to the write-down of warehouse inventory and critical spares to their recoverable value.

NOTE 2: PROFIT FROM CONTINUING OPERATIONS (continued)

- (iii) Due to an accounting standard requirement the unrealised foreign exchange gains and losses on intercompany balances between entities in the Group are taken directly to the Group's statement of comprehensive income.

		Consolidated	
		For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(j)	Finance costs		
	Interest and fees	7,501	2,735
	Rehabilitation and restoration provision accretion	1,332	1,395
		<u>8,833</u>	<u>4,130</u>
(k)	Employee benefits		
	Salaries	79,491	74,155
	Superannuation	2,954	2,874
	Share based payments expense	1,687	1,391
		<u>84,132</u>	<u>78,420</u>

NOTE 3: INCOME TAX

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(a) Income tax expense attributable to continuing operations		
Current tax expense	1,326	18,037
Deferred tax benefit	(270)	(476)
Income tax expense attributable to profit from continuing operations	1,056	17,561
Withholding tax	209	5,479
Total tax expense	1,265	23,040
(b) Numerical reconciliation of income tax expense to prima facie tax expense		
Profit from continuing operations before income tax expense	30,421	128,483
Withholding tax	(209)	(5,479)
Profit from continuing operations including withholding tax before income tax expense	30,212	123,004
Prima facie income tax expense at 30% (2013: 30%)	9,064	36,901
(Deduct)/add:		
- tax losses and other temporary differences recognised to offset deferred tax liabilities	(8,584)	(21,886)
- effect of share based payments expense not deductible	655	185
- prior year under provision	96	1,773
- other	(175)	588
Income tax expense attributable to net profit	1,056	17,561
(c) Amounts recognised directly in equity		
Amounts debited directly to equity	270	-

NOTE 3: INCOME TAX (continued)

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(d) Tax losses (tax effected)		
- Revenue losses		
Australia	46,989	55,361
Tanzania	5,169	4,534
Mali*	67,426	70,509
Ghana	28,075	536
	147,659	130,940
- Capital losses		
Australia	49,766	38,833
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)	197,425	169,773

*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, which commenced on 1 January 2012.

A deferred income tax asset has not been recognised for these amounts at reporting date as realisation of the benefit is not regarded as probable. The future benefit will only be obtained if:

- (i) future assessable income is derived of a nature and an amount sufficient to enable the benefit to be realised;
- (ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and,
- (iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

(e) Unrecognised temporary differences

As at 30 June 2014, aggregate unrecognised temporary differences of \$4.474m (2013: \$6.543m) are in respect of investments in foreign controlled entities for which no deferred tax assets have been recognised for amounts which arise upon translation of their financial statements.

NOTE 3: INCOME TAX (continued)

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(f) Movements in the deferred tax assets balance		
Balance at the beginning of the year	-	-
Charged to equity	(270)	-
Credited to the income statement	270	-
Balance as at the end of the year	-	-
The deferred tax assets balance comprises temporary differences attributable to:		
Receivables	60,926	40,667
Inventories	5,923	-
Available for sale financial assets	8,540	9,552
Other financial assets	-	12,646
Mineral exploration and development interests	6,353	-
Property, plant and equipment	2,187	132
Payables	707	658
Interest bearing liabilities	1,312	29,101
Provisions	22,670	19,131
Tax losses recognised (i)	251	239
Temporary differences not recognised	(107,094)	(90,549)
	1,775	21,577
Set off of deferred tax liabilities pursuant to set off provisions	(1,775)	(21,577)
Net deferred tax assets	-	-

- i) This amount includes tax losses recognised against deferred tax liabilities in foreign entities of \$0.251m (2013: \$0.238m).

NOTE 3: INCOME TAX (continued)

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
(g) Movements in the deferred tax liabilities balance		
Balance at the beginning of the year	-	486
Credited to the income statement	-	(476)
Foreign exchange	-	(10)
Balance as at the end of the year	-	-

The deferred tax liabilities balance comprises temporary differences

Mineral exploration and development interests	-	20,175
Property, plant and equipment	210	276
Payables	-	1,126
Provisions	1,565	-
	1,775	21,577
Set off of deferred tax liabilities pursuant to set off provisions	(1,775)	(21,577)
Net deferred tax liabilities	-	-

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

Option equity reserve	2,568	2,568
Unrealised gain/(loss) reserve	270	-
Other	28	28
Net temporary differences in equity	2,866	2,596

(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.

NOTE 3: INCOME TAX (continued)

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.

NOTE 4: DIVIDENDS PAID OR PROVIDED FOR

No dividend has been declared for the year ended 30 June 2014. For the year ended 30 June 2013, a dividend of \$31.600m was declared on 28 August 2012, and paid on 16 November 2012.

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
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%.	103	103

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	18,546	3,040
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Cash at bank earns interest at floating rates based on bank deposit rates.

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	18,546	3,040
Bank overdraft (Note 16)	(25,890)	(31,183)
	(7,344)	(28,143)

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

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

NOTE 6: RECEIVABLES

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
Current		
Sundry debtors (a)	4,084	10,048
Allowance for impairment loss	-	(901)
	4,084	9,147
Non Current		
Sundry debtors	13,786	13,844
Allowance for impairment loss	(12,478)	(11,969)
	1,308	1,875

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 \$3.221m (2013: \$3.292m). Payment terms on these amounts have not been re-negotiated, however the Group maintains direct contact with the relevant debtor and is satisfied that net receivables will be collected in full.

Movements in the allowance for impairment loss is as follows:

At start of year	(12,870)	(5,868)
Charge for the year	(919)	(6,127)
Transfer to development expenditure - areas in production	901	-
Foreign exchange translation	410	(875)
At end of year	(12,478)	(12,870)

As at 30 June 2014, the aging analysis of current and non-current sundry debtors is as follows:

0-30 days	1,909	6,170
31-60 days	262	1,560
61-90 days (Past due but not impaired)	236	1,698
Less than 91 days (Considered impaired)	-	5,179
+91 days (Past due but not impaired)	2,985	1,594
+91 days (Considered impaired)	12,478	7,691
Total	17,870	23,892

NOTE 7: INVENTORIES

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Gold in circuit and gold bullion		
-At cost	86,875	120,642
Total gold in circuit	86,875	120,642
Consumables at cost	53,353	57,229
Ore stockpiles		
-At cost	4,397	10,654
-At net realisable value	6,152	14,388
Total ore stockpiles	10,549	25,042
	150,777	202,913

Inventory recognised as an expense within costs of gold production for the year ended 30 June 2014 totalled \$157.149m (2013: \$90.543m) for the Group.

NOTE 8: AVAILABLE FOR SALE FINANCIAL ASSETS

Shares at fair value - listed	23,523	28,909
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Available for sale financial assets consist of investments in ordinary shares, and therefore have no maturity date or coupon rate.

NOTE 9: OTHER CURRENT ASSETS

Prepayments	2,644	4,156
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NOTE 10: OTHER FINANCIAL ASSETS

	Consolidated	
	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
Non Current		
Environmental bond - restricted cash (a)	2,908	-
Convertible notes held in Noble Mineral Resources Limited (b)	-	64,788
	2,908	64,788

- (a) The Ghanaian Environmental Protection Authority holds the US\$2.7m of restricted cash as security for the rehabilitation and restoration provision of Mensin Gold Bibiani Limited.
- (b) The 706,568,933 convertible notes held by the Resolute group had a face value of 12 cents per note and were recorded at a total cost of \$84.788m prior to a \$20.000m fair value adjustment made on 30 June 2013 (an additional \$18.000m fair value adjustment was made on 31 December 2013). The convertible notes earned interest at 8% per annum over a 3 year term that commenced on 1 March 2013 with interest owing at 30 June 2013 capitalised.

The notes were convertible to shares on a one for one basis at no cost at the election of the holder. The notes were carried at fair value with adjustments to fair value recorded as profit or loss in accordance with Note 1(l)(i).

The convertible notes were subsequently forgiven as consideration for the acquisition of the shares in Noble Mineral Resources Limited ("NMRL") subsidiaries. Refer to Note 36 for further information.

The notes were carried at fair value with adjustments to fair value recorded in the statement of comprehensive income. The fair value of the investment was determined following a consideration of fair value less cost to sell ("fair value"), and the underlying Bibiani Gold Project's ("the project") enterprise value.

Fair value was estimated based on discounted cash flows using a market based gold price, estimated quantities of recoverable minerals, production levels, and operating costs and capital requirements based on a scoping study of the project. Furthermore, the fair value calculation included an estimate for the value of resources outside of the scoping study. The Group considered this valuation approach to be consistent with the approach taken by market participants.

The fair value of convertible notes held in NMRL at 30 June 2013 was dependent on some unobservable inputs including a gold price of US\$1,325 per ounce and a pre-tax discount rate of 15%. The discount rate applied takes into consideration the geographic location, nature and risk of the project.

NOTE 11: EXPLORATION (ACQUIRED) AND EVALUATION EXPENDITURE

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

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Areas in exploration and evaluation (at cost)		
Balance at the beginning of the year	11,539	9,522
- Expenditure during the year	220	1,062
- Acquired during the year	31,180	-
- Foreign currency translation	(274)	955
Balance at the end of the year	42,665	11,539

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.

NOTE 12: DEVELOPMENT EXPENDITURE

Areas in production (at cost)

Mine property development

Balance at the beginning of the year	322,443	208,543
- Additions	81,491	118,502
- Amounts charged to amortisation and finance costs	(36,749)	(37,708)
- Adjustments to rehabilitation and restoration obligations	(725)	5,850
- Foreign currency translation	2,639	27,256
Balance at the end of the year	369,099	322,443

Stripping activity asset

Balance at the beginning of the year	27,328	28,229
- Additions	5,433	16,562
- Amounts amortised to costs of production relating to gold sales	(12,288)	(19,298)
- Foreign currency translation	633	1,835
Balance at the end of the year	21,106	27,328

Areas in development (at cost)

Stripping activity asset (Stage 2 Syama)

Balance at the beginning of the year	46,143	-
- Additions	20,596	41,035
- Foreign currency translation	381	5,108
Balance at the end of the year	67,120	46,143

Total development expenditure	457,325	395,914
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NOTE 13: PROPERTY, PLANT & EQUIPMENT

Consolidated	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Plant and Equipment under Lease \$'000	Total \$'000
<u>30 June 2014</u>						
At 1 July 2013 net of accumulated depreciation	5,330	166,590	817	1,090	7,907	181,734
Additions through acquisitions of subsidiaries	4,615	64,141	424	1,728	3,924	74,832
Additions	194	9,516	367	115	3,864	14,056
Transfers from areas in development	-	-	(66)	(12)	-	(78)
Disposals	-	(63)	(9)	(1)	-	(73)
Depreciation expense	(1,147)	(26,252)	(307)	(346)	(3,965)	(32,017)
Foreign currency translation	47	1,997	7	4	-	2,055
At 30 June net of accumulated depreciation	9,039	215,929	1,233	2,578	11,730	240,509
<u>30 June 2014</u>						
Cost	18,161	404,483	6,468	7,386	28,862	465,360
Accumulated depreciation	(9,122)	(188,554)	(5,235)	(4,808)	(17,132)	(224,851)
Net carrying amount	9,039	215,929	1,233	2,578	11,730	240,509
<u>30 June 2013</u>						
At 1 July 2012 net of accumulated depreciation	3,864	153,689	1,324	1,460	7,051	167,388
Additions	2,256	17,484	221	607	3,790	24,358
Disposals	-	-	-	-	(6)	(6)
Depreciation expense	(1,141)	(21,156)	(793)	(1,036)	(2,928)	(27,054)
Foreign currency translation	351	16,573	65	59	-	17,048
At 30 June net of accumulated depreciation	5,330	166,590	817	1,090	7,907	181,734
<u>30 June 2013</u>						
Cost	13,440	337,471	6,028	5,531	25,112	387,582
Accumulated depreciation	(8,110)	(170,881)	(5,211)	(4,441)	(17,205)	(205,848)
Net carrying amount	5,330	166,590	817	1,090	7,907	181,734

NOTE 14: INVESTMENT IN ASSOCIATES

	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
	<i>Viking Mines Limited (formerly Viking Ashanti Limited)</i>		<i>Noble Mineral Resources Limited¹</i>	
Listed	-	604	-	-
Shares held in associates (No. of shares)	31,607,143	28,750,000	131,099,300	131,099,300
18c options, expiring 31 August 2014 (No. of options)	5,750,000	5,750,000	-	-
Percentage of ownership (%)	28.05%	31.89%	19.67%	19.67%

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

At 1 July	604	2,223	-	-
Purchase of investment	100	575	-	20,648
Share of loss after income tax ²	(704)	(731)	-	(20,648)
Impairment of investment	-	(1,463)	-	-
At 30 June	-	604	-	-

(c) Fair value of investment in listed associates

Market value of the Group's investment as at 30 June	1,264	604	n/a	1,180
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(d) Summarised financial information

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

Extract from the associates' statement of financial position

Current assets	63	256	n/a	32,197
Non-current assets	3,503	3,014	n/a	98,756
Total assets	3,566	3,270	n/a	130,953
Current liabilities	558	142	n/a	45,600
Non-current liabilities	-	-	n/a	79,360
Total liabilities	558	142	n/a	124,960
Net assets	3,008	3,128	n/a	5,993
Share of associates' net assets	844	998	n/a	1,179

Extract from the associates' statement of comprehensive income:

Revenue	-	-	-	-
Total comprehensive loss	(233)	(4,925)	(19,979)	(131,115)

¹Noble Mineral Resources Limited entered into administration on 12 September 2013.

²The unrecognised share of Noble's total comprehensive loss for the year ended 30 June 2013 was \$5.142m. The loss was unrecognised because the carrying value of the investment in Noble had reduced to zero.

NOTE 15: PAYABLES

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Current		
Trade creditors and accruals (a)	49,636	71,329

- 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 16: INTEREST BEARING LIABILITIES

Current

Lease liabilities (a), (b)	4,809	3,758
Bank overdraft (c)	25,890	31,183
	30,699	34,941

Non Current

Lease liabilities (a), (b)	5,380	2,577
Borrowings (d)	52,972	53,807
	58,352	56,384

- a) Carpentaria Gold Pty Ltd ("CGPL"), a wholly owned subsidiary of RML, entered into hire purchase agreements with Esanda Finance Corporation 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 2014 and August 2016. RML has provided an unsecured parent entity guarantee to these financiers in relation to some of these finance facilities.
- b) Drilling and Mining Services Limited ("DAMS"), a wholly owned subsidiary of RML acquired during the year, entered into a hire purchase agreement in 2012 with Bank of Africa Ghana Limited for the purchase of mining equipment. Monthly instalments are required under the terms of the contract which expires in May 2016. RML has provided an unsecured parent entity guarantee to the financier over this finance facility. Bank of Africa Ghana Limited has security over DAMS mining fleet equipment.
- c) This facility is in place and is subject to an annual revision in approximately June 2015, and has an interest rate of 8% per annum on the basis of usage. The maximum limit of this facility is \$33.090m (AUD equivalent), and as at reporting date \$7.200m (AUD equivalent) of the facility was unused.

NOTE 16: INTEREST BEARING LIABILITIES (continued)

d) RML entered into a Syndicated Facilities Agreement with Barclays Bank Plc and Investec Bank (Australia) Limited. The facilities comprise a US\$50m senior secured Cash Advance Facility and a A\$11.990m Environmental Performance Bond Facility. The facilities are revolving with a 3 year term and expire on 28 February 2016. The facilities are secured by the following:

- (i) Cross Guarantee and Indemnity given by RML ("the Borrower"), Carpentaria Gold Pty Ltd, Resolute (Somisy) Limited, Resolute (Treasury) Pty Ltd, Resolute Pty Ltd and Resolute (Bibiani) Limited;
- (ii) Share Mortgage granted by Resolute Pty Ltd over all of its shares in Resolute (Tanzania) Limited;
- (iii) Share Mortgage granted by RML over all of its shares in Carpentaria Gold Pty Ltd;
- (iv) Share Mortgage granted by the Borrower over all of its shares in Resolute (Bibiani) Limited;
- (v) Share Mortgage granted by the Borrower over all of its shares in Resolute (Somisy) Limited;
- (vi) Fixed and Floating Charge granted by Resolute (Treasury) Pty Ltd over all its current and future assets including bank accounts and an assignment of all Hedging Contracts;
- (vii) Mining Mortgage and Fixed and Floating Charge granted by Carpentaria Gold Pty Ltd, including mining mortgage over key Carpentaria Gold Pty Ltd mining tenements and charge over all the current and future assets of Carpentaria Gold Pty Ltd including bank accounts and an assignment of all Hedging Contracts;
- (viii) Mortgage of Contractual Rights granted by Resolute Mining Limited in favour of the Security Trustee over a loan provided to Société des Mines de Syama SA to fund the development of the Syama Gold project in Mali;
- (ix) Mortgage of Contractual Rights granted by Resolute (Bibiani) Limited in favour of the Security Trustee over a loan provided to Drilling and Mining Services Limited, Mensin Gold Bibiani Limited and Noble Mining Ghana Limited to fund the development of the Bibiani Gold project in Ghana; and,
- (x) Mortgage of Contractual Rights granted by Resolute (Treasury) Pty Ltd in favour of the Security Trustee over a loan provided to Mensin Gold Bibiani Limited to fund the development of the Bibiani Gold project in Ghana.

Pursuant to the Syndicated Facilities Agreement, the following ratios are required:

- (i) (Interest Cover Ratio): the ratio of EBITDA to Net Interest Expense will be greater than 5.00 times;
- (ii) (Net Debt to EBITDA): the ratio of Net Debt to EBITDA will be less than 2.00 times;
- (iii) (Consolidated Gearing): the ratio of Net Debt to Equity will be less than 1.00 times;
- (iv) (Loan Life Cover Ratio): will be equal to or greater than 1.50:1; and,
- (v) (Reserve Tail Ratio): will exceed 30%.

There have been no breaches of these ratios.

- e) The total assets of the entities over which security exists amounts to \$951.479m. \$240.190m of these assets relate to property plant and equipment.
- f) Refer to Note 35(b) for details of average interest rates.

NOTE 17: UNEARNED REVENUE

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Current		
Gold prepay loan	9,731	-
Non Current		
Gold prepay loan	3,344	-

In October 2013, Resolute drew down on a US\$20.000 million extension to the existing secured loan facility jointly provided by Barclays Bank PLC ("Barclays") and Investec Bank (Australia) Limited ("Investec"). The loan is repayable in gold ounces in 24 equal instalments of 660 ounces per month between November 2013 and October 2015 inclusive.

The secured loan has been classified as unearned revenue on the Statement of Financial Position as Barclays and Investec prepaid Resolute for a fixed quantity of gold ounces. Resolute has a legal obligation to deliver gold ounces, and recognises revenue as and when it makes the repayments in gold ounces.

NOTE 18: PROVISIONS

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Current		
Site restoration (a)	3,435	3,591
Employee entitlements	21,043	17,258
Dividend payable	83	83
Withholding taxes	4,560	3,949
Other provisions	1,604	1,245
	30,725	26,126
Non Current		
Site restoration (a)	60,016	54,033
Employee entitlements	1,267	937
	61,283	54,970

(a) Site restoration

Balance at the beginning of the year	57,624	49,901
Rehabilitation and restoration provision accretion	1,332	1,395
Change in scope of restoration provision	(725)	5,911
Utilised during the year	(6,465)	(2,658)
Acquired/(extinguished) through asset acquisition/divestment	11,424	(355)
Foreign exchange translation	261	3,430
Balance at the end of the year	63,451	57,624

NOTE 18: PROVISIONS (continued)

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 19: CONTRIBUTED EQUITY

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
(a) Contributed equity		
Ordinary share capital:	380,305	380,225
641,189,223 ordinary fully paid shares (2013: 640,994,224)		
(b) Movements in contributed equity, net of issuing costs		
Balance at the beginning of the year	380,225	368,047
Exercise of 194,999 unlisted options at \$0.42 per share	80	-
Exercise of 322,334 unlisted options at \$0.42 per share	-	133
Exercise of 106,000 unlisted options at \$1.09 per share	-	112
Exercise of 42,000 unlisted options at \$1.21 per share	-	42
Exercise of 70,334 unlisted options at \$1.43 per share	-	98
Exercise of 3,000,000 unlisted options at \$0.74 per share	-	2,158
Issue of 10,924,933 shares to Noble Mineral Resources Limited at \$1.89 per share	-	20,623
On market buy-back of 9,400,000 shares at an average price of \$1.01 per share	-	(10,988)
Balance at the end of the year	380,305	380,225

(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.

NOTE 19: CONTRIBUTED EQUITY (continued)

(d) Employee share options

Refer to Note 30 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.

(e) Performance rights

Refer to Note 30 for details of the Performance Rights Plan. The vesting of performance rights is conditional upon specific performance criteria being met by holders and entitles the holder to one share. The names of all persons who currently hold performance rights, granted at any time, are entered into the register kept by the Company, pursuant to Section 215 of the *Corporations Act 2001*. Holders have no right, by virtue of the performance rights, to participate in any share issue by the parent entity or any other body corporate.

(f) 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, buy back its shares, 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	
	2014	2013
Gearing ratio	10%	13%

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

NOTE 20: RESERVES

(a) Movements in reserves

	Foreign Currency Translation \$'000	Net Unrealised gain/(loss) reserve \$'000	Employee equity benefits reserve \$'000	Share Options Reserve \$'000	Total \$'000
As at 30 June 2012	(7,937)	(252)	4,626	5,987	2,424
Currency translation differences	29,748	-	-	-	29,748
Unrealised gain/(loss) reserve, net of tax	-	252	-	-	252
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	1,392	-	1,392
As at 30 June 2013	21,811	-	6,018	5,987	33,816
Currency translation differences	(7,300)	-	-	-	(7,300)
Unrealised gain/(loss) reserve, net of tax	-	11,488	-	-	11,488
Share based payments to employees	-	-	1,677	-	1,677
Transfer from retained earnings	403	-	-	-	403
As at 30 June 2014	14,914	11,488	7,695	5,987	40,084

NOTE 20: RESERVES (continued)

(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) *Net unrealised gain/(loss) reserve*

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

(iii) *Employee equity benefits reserve*

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

(iv) *Convertible notes equity reserve*

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

(v) *Share options equity reserve*

The equity reserve records transactions between owners as owners.

NOTE 21: RETAINED EARNINGS

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Retained earnings at the beginning of the year	259,139	205,861
Transfer to foreign currency translation reserve	(403)	-
Net profit attributable to members of the parent	33,313	84,878
Dividend paid	-	(31,600)
Retained earnings at the end of the financial year	<u>292,049</u>	<u>259,139</u>

NOTE 22: MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by Non-Controlling Interests

Name	Country of incorporation and operation	2014	2013
Societe des Mines de Syama SA	Mali	20%	20%
Mensin Gold Bibiani Limited	Ghana	10%	-

	2014 \$'000	2013 \$'000
Accumulated balances of material Non-Controlling Interest:		
Societe des Mines de Syama SA	(18,568)	(14,577)
Mensin Gold Bibiani Limited	5,435	-
Total Non-Controlling Interest	(13,133)	(14,577)

(Loss)/Profit allocated to material Non-Controlling Interest:

Societe des Mines de Syama SA	(4,157)	20,565
Mensin Gold Bibiani Limited	-	-

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Comprehensive Income

	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
	<i>Societe des Mines de Syama SA</i>		<i>Mensin Gold Bibiani Limited</i>	
Revenue	231,038	251,043	-	-
(Loss)/Profit for the period	(20,787)	102,824	-	-
Total comprehensive (loss)/income for the period	(20,787)	102,824	-	-

Summarised Statement of Financial Position

Current assets	131,871	136,313	2,639	-
Non-current assets	588,396	513,217	87,050	-
Current liabilities	(58,608)	(78,454)	(11,963)	-
Non-current liabilities - External	(30,151)	(30,310)	(11,425)	-
Non-current liabilities - Intra Resolute Mining Limited Group	(675,157)	(563,634)	(300,438)	-
Total Equity	(43,649)	(22,868)	(234,137)	-

NOTE 22: MATERIAL PARTLY-OWNED SUBSIDIARIES (continued)

Summarised Statement of Cash Flow

	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000	For the year ended 30-Jun-14 \$'000	For the year ended 30-Jun-13 \$'000
	<i>Societe des Mines de Syama SA</i>		<i>Mensin Gold Bibiani Limited</i>	
Operating	25,489	3,890	-	-
Investing	(96,932)	(92,610)	-	-
Net decrease in cash and cash equivalents	(71,443)	(88,720)	-	-

NOTE 23: 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 2015 for the consolidated entity is approximately \$10.095m (2014: \$13.534m). This includes the minimum amounts required to retain tenure. There are no material exploration commitments further out than one year.

NOTE 24: LEASE COMMITMENTS

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
a) Finance leases		
Lease expenditure contracted and provided for:		
Due within one year	5,426	5,156
Due between one and five years	5,673	5,574
Total minimum lease payments	11,099	10,730
Less finance charges	(910)	(652)
Present value of minimum lease payments	10,189	10,078
Reconciled to:		
Current liability (Note 16)	4,809	3,758
Non current liability (Note 16)	5,380	2,577
Add: Leases that commenced after 30 June up until the date of this report	-	3,743
	10,189	10,078

NOTE 24: LEASE COMMITMENTS (continued)

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
b) Operating leases (non-cancellable)		
Due within one year	644	619
Due between one and five years	23	635
Aggregate lease expenditure contracted for at balance date but not provided for	<u>667</u>	<u>1,254</u>

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

c) Other expenditure commitments

Due within one year	1,705	-
Aggregate expenditure contracted for at balance date but not provided for	<u>1,705</u>	<u>-</u>

NOTE 25: RELATED PARTY TRANSACTIONS

- (i) Refer to the audited Remuneration Report for directors' direct and indirect interests in securities.
- (ii) RML is the ultimate Australian holding company and there is no controlling entity of RML at 30 June 2014.
- (iii) During the year the Group compulsorily acquired all unowned minority held convertible notes in Noble which had a face value of \$0.12 per note, a coupon rate of 8% and a term of 3 years. Included in the acquisition was the purchase of 40,000 convertible notes from Hardrock Capital Pty Ltd - CGLW No. 2 Super Fund, whose beneficiary is Peter Sullivan, who is a director and member of Resolute's Key Management Personnel. The acquisition price of those notes was \$0.129 per note, totalling \$5,160.
- (iv) During the year ended 30 June 2013, RML provided a US\$15.000m unsecured loan to an associate, Noble Mineral Resources Limited at an interest rate of 8% p.a. This loan and interest of \$0.339m (AUD equivalent) was fully repaid by Noble during the year. RML holds a 19.67% interest in Noble's shares on issue.
- (v) During the year ended 30 June 2013, RML acted as an underwriter to an \$85.000m financing transaction undertaken by Noble. The financing transaction resulted in RML purchasing 706,568,933 convertible notes (\$84.788m) in Noble with a face value of \$0.12 per note, a coupon rate of 8% and a term of 3 years. The convertible notes were recorded within other financial assets in the statement of financial position. \$2.267m in interest was accrued to 30 June 2013.
- (vi) On 1 March 2013, P Beilby who is a member of Resolute's Key Management Personnel was appointed as a Non-Executive director on the Board of Noble Mineral Resources Limited. A fee of \$40,000 plus superannuation p.a. was paid directly to P Beilby in his capacity as a director. Mr Beilby ceased his Noble directorship on 13 February 2014.
- (vii) During the year ended 30 June 2014, pursuant to an interim funding agreement, RML advanced \$11.946m (AUD equivalent) to Mensin Gold Bibiani Limited (formerly Noble Gold Bibiani Limited), in its capacity as an associate. The loan subsequently formed part of the consideration provided by RML for the acquisition of the Bibiani Gold Project. Refer to note 36 for more information.

NOTE 26: INTERESTS IN JOINT ARRANGEMENTS

The consolidated entity has an interest in the following material joint operations, whose principal activities are to explore for gold. The Group's interests in the assets employed in the joint operations 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 operations (2013: nil).

Joint operations

<u>Entity Holding Interest</u>	<u>Other Participant/Joint Operation</u>	<u>Percentage of Interest Held</u>	
		2014 %	2013 %
Mabangu Mining Limited	Sub Sahara Resources (Tanzania) Limited/Nyakafuru JV ²	63%	49%
Mabangu Mining Limited	Yellowstone Limited /Mega JV	49%	0%
Societe des Mines de Finkolo SA	2013: Etruscan Resources Bermuda Ltd/Finkolo JV ¹	100%	60%
Resolute (Tanzania) Limited	Sub Sahara Resources (Tanzania) Limited/Kahama JV	0%	49%
Resolute (Tanzania) Limited	ABG Exploration Limited/GP West JV ²	70%	70%

- 1) Resolute completed the purchase of the remaining 40% interest in the Finkolo Joint Venture and was awarded an Exploitation Permit south of Syama that includes the 800,000oz Au Tabakoroni deposit where infill and extension drilling commenced. This acquisition has been included in note 11.
- 2) Interests in joint operations greater than 50% have been accounted for as joint operations as all decision making requires unanimous agreement.

NOTE 27: NOTES TO THE CASH FLOW STATEMENTS

(a) Reconciliation of net profit from continuing operations after income tax to the net operating cash flows:

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Net profit from ordinary activities after income tax	29,156	105,443
Add/(deduct):		
Share based payments including employee long term incentives costs	1,677	1,392
Share of associates' losses	704	21,379
Profit on sale of property, plant and equipment	(210)	-
Profit on sale of available for sale financial assets	(13,707)	(1,775)
Profit on sale of non-operating mine sites	-	(1,957)
Impairment of gold equity investments	-	31,794
Rehabilitation and restoration provision accretion	1,332	1,395
Rehabilitation and restoration provision adjustment from non operating mine sites	-	61
Depreciation and amortisation of property, plant and equipment	32,017	27,054
Amortisation of evaluation, development and rehabilitation costs	35,823	36,910
Foreign exchange gains	(18,061)	(32,763)
Impairment of accounts receivable	919	6,127
Impairment of inventories	21,362	-
Rehabilitation and restoration cash expenditure	(6,465)	(2,658)
Fair value movement on convertible notes held in associate	18,000	20,000
Non cash finance costs	926	748
Business development costs	-	2,870
Decrease/(increase) in receivables	4,430	(2,015)
Decrease/(increase) in inventories	37,229	(37,806)
Decrease in prepayments	1,460	411
Increase in stripping activity asset	(13,877)	(39,881)
(Decrease)/increase in payables	(23,743)	14,431
(Decrease)/increase in current tax balances	(1,069)	1,797
Change in deferred tax balances	-	(478)
(Decrease)/Increase in operating provisions	(3,176)	2,004
Net operating cash flows	104,727	154,483

(b) Finance Leases

Refer to Note 16(a) for additions to finance leases and for terms and conditions.

(c) Non cash investing and financing activities

2014

On 18 June 2014, RML acquired three subsidiaries from Noble Mineral Resources Limited. As part of the consideration, RML forgave amounts owing on the 706m convertible notes held in Noble Mineral Resources Limited. Refer to Note 36 for further information.

NOTE 27: NOTES TO THE CASH FLOW STATEMENTS (continued)

2013

On 17 January 2013, RML sold Broken Hill Metals Pty Ltd to Bullseye Mining Limited. Proceeds included a non-cash component of 1,500,000 fully paid shares in Bullseye Resources Limited valued at \$0.300m.

On 20 November 2012, RML issued 10,924,933 ordinary shares to the shareholders of Noble Mineral Resources Limited as consideration for the purchase of 131,099,300 shares in Noble.

On 22 November 2012, RML sold its Bullabulling tenement M15/552 for non-cash consideration of 13,500,000 Bullabulling Gold Limited shares valued at \$1.053m.

NOTE 28: 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	
		2014 %	2013 %
Amber Gold Cote d'Ivoire SARL	Resolute (CDI Holdings) Limited	100	100
Carpentaria Gold Pty Ltd, Aust.	Resolute Mining Limited	100	100
Drilling and Mining Services Limited, Ghana (d)	Resolute (Bibiani) Limited	100	-
Excalibur Cote d'Ivoire SARL	Resolute (CDI Holdings) 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
Mensin Gold Bibiani Limited, Ghana (d)	Resolute (Bibiani) Limited	90	-
Noble Mining Ghana Limited, Ghana (d)	Resolute (Bibiani) Limited	100	-
Resolute (Bibiani) Limited, Jersey (a,c)	Resolute Mining Limited	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 Exploration SARL, Mali	Resolute (Finkolo) 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 Pty Ltd, Aust.	Resolute Mining Limited	100	100
Resolute Resources Pty Ltd, Aust. (a, b)	Resolute Pty Ltd	-	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
Societe des Mines de Finkolo SA, Mali	Resolute (Finkolo) Limited	100	100
Societe des Mines de Syama S.A., Mali	Resolute (Somisy) Limited	80	80

(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) Resolute Resources Pty Ltd was de-registered on 14 May 2014.

(c) Resolute (Bibiani) Limited was incorporated on 13 December 2013.

(d) These entities were acquired during the year. Refer to Note 36 for further information.

(e) There are no significant restrictions over the controlled entities on their ability to use assets and settle the liabilities of the group.

NOTE 29: AUDITOR REMUNERATION

	Consolidated	
	2014	2013
	\$	\$
Auditing (i)	320,165	318,319
Taxation planning advice and review and other services	135,370	118,896
	<u>455,535</u>	<u>437,215</u>

- i) Included in the prior year is \$6,319 pertaining to additional work performed in relation to the audit of the 2012 financial 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)	13,225	12,888
Total amounts received or due and receivable by Ernst & Young globally	<u>468,760</u>	<u>450,103</u>
Amounts received or due and receivable by non Ernst & Young firms for auditing	<u>33,247</u>	<u>28,809</u>

NOTE 30: EMPLOYEE BENEFITS

a) Employee entitlements

The aggregate employee entitlement liability is comprised of:

	Consolidated	
	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Provisions (current) (Note 18)	21,043	17,258
Provisions (non current) (Note 18)	1,267	937
	<u>22,310</u>	<u>18,195</u>

b) Employee share option plan

Up until January 2012, LTI grants to executives and employees were delivered in the form of employee share options. The options over the ordinary shares of RML, 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. This option plan has been replaced by a Performance Rights Plan (refer to note 30(c)).

The maximum number of options that can be issued under the Employee Share Option Plan is capped at 5% of the ordinary shares on issue. The options do not provide any dividend or voting rights. The options are not quoted on the ASX. One third of the options issued pursuant to the Plan 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.

NOTE 30: EMPLOYEE BENEFITS (continued)

Outstanding at reporting date are 450,000 options (Options H). There was no change in the balance outstanding during the year. These options were comprised of 1,237,000 options issued on 15 February 2010 with an exercise price of \$1.09 and an expiry date of 14 February 2015.

Also outstanding at reporting date are 39,000 options (Options I). There was no change in the balance outstanding during the year. These options 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.

Also outstanding at reporting date are 90,000 options (Options J) which are comprised of the opening balance of 135,000 options less 45,000 options which lapsed during the year. These options 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.

Also outstanding at reporting date are 2,000,000 options (Options K) which were granted under the employee share option plan on 2 December 2010 and subsequently issued on 5 January 2011. There was no change in the balance outstanding during the year. These options were comprised of 2,000,000 options with an exercise price of \$1.36 and an expiry date of 4 January 2016.

Also outstanding at reporting date are 815,666 options (Options L) which are comprised of the opening balance of 915,666 options less 100,000 options which lapsed during the year. These options were granted under the employee share option plan on 23 December 2010 and subsequently issued on 25 January 2011. These options were comprised of 1,366,000 options with an exercise price of \$1.43 and an expiry date of 24 January 2016.

Also outstanding at reporting date are 130,000 options (Options M). There was no change in the balance outstanding during the year. These options 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.

Also outstanding at reporting date are 689,400 options (Options N). The balance of these options is comprised of the opening balance of 764,400 options less 75,000 options which lapsed during the year. The options were granted under the employee share option plan on 4 January 2012 and subsequently issued on 27 January 2012. These options comprised of 823,300 options with an exercise price of \$1.85 and an expiry date of 26 January 2017.

Employees will only be able to exercise the options allocated to them if they meet certain performance criteria.

NOTE 30: EMPLOYEE BENEFITS (continued)

Details of the employee share option plan for the consolidated entity are as follows:

	2014		2013	
	Number of Employee Options	Weighted Average Exercise Price	Number of Employee Options	Weighted Average Exercise Price
Balance at the beginning of the year	4,680,065	1.39	5,443,733	1.35
- granted	-	-	-	-
- exercised	(194,999)	0.42	(540,668)	0.74
- lapsed	(271,000)	1.58	(223,000)	2.07
Balance at end of year (i)	4,214,066	1.42	4,680,065	1.39
Vested and exercisable at the end of the year	3,984,266	1.39	3,155,243	1.32

- i) The weighted average remaining contractual life for the share options outstanding as at 30 June 2014 is 1.45 years (2013: 2.51 years).

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

2014								
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 \$
194,999	31 Jan 09	17 Jan 14	31 Jan 14	0.42	81,900	194,999	17 Jan 14	0.54

2013								
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 \$
300,000	31 Jan 09	17 Oct 12	31 Jan 14	0.42	126,000	300,000	17 Oct 12	1.87
22,334	31 Jan 09	17 Dec 12	31 Jan 14	0.42	9,380	22,334	17 Dec 12	1.68
51,000	15 Feb 10	20 Sep 12	14 Feb 15	1.09	55,590	51,000	20 Sep 12	1.89
55,000	15 Feb 10	17 Dec 12	14 Feb 15	1.09	59,950	55,000	17 Dec 12	1.68
6,000	16 Jul 10	20 Sep 12	15 Jul 15	1.21	7,260	6,000	20 Sep 12	1.89
36,000	16 Jul 10	17 Oct 12	15 Jul 15	1.21	43,560	36,000	17 Oct 12	1.87
18,667	25 Jan 11	20 Sep 12	24 Jan 16	1.43	26,694	18,667	20 Sep 12	1.89
31,667	25 Jan 11	17 Oct 12	24 Jan 16	1.43	45,284	31,667	17 Oct 12	1.87
20,000	25 Jan 11	17 Dec 12	24 Jan 16	1.43	28,600	20,000	17 Dec 12	1.68
540,668				0.74	402,318	540,668		1.84

NOTE 30: EMPLOYEE BENEFITS (continued)

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

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

	<u>Options H</u>	<u>Options I</u>	<u>Options J</u>	<u>Options K</u>	<u>Options L</u>	<u>Options M</u>	<u>Options N</u>
Number of options at year end	450,000	39,000	90,000	2,000,000	815,666	130,000	689,400
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	50%	64%	63%	63%	63%	63%	65%
Risk free interest rate (%)	7.00%	6.25%	6.25%	6.25%	6.25%	6.25%	3.50%
Expected life of options (years)	5	5	5	5	5	5	5
Original option exercise price (\$)	1.09	1.21	1.43	1.36	1.43	1.18	1.85
Share price at grant date (\$)	0.99	1.08	1.28	1.22	1.27	1.13	1.75
Value per option at grant date (\$)	0.49	0.61	0.73	0.70	0.72	0.66	0.98

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.

No options were granted during the year ended 30 June 2014 (2013: nil).

c) Performance rights plan

A Performance Rights Plan was approved by shareholders and implemented in 2012. Details of the plan are outlined below:

Variable Remuneration – Long Term Incentive (LTI)

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 LTIs 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.

Overview of the Company's approach to Long Term Incentives for Level 1 Employees

i) Grant Frequency and LTI quantum

KMP and Operations Managers receive a new grant of Performance Rights every year and the LTI given to KMP forms a key component of their Total Annual Remuneration. The LTI dollar value that KMP are entitled to receive is set at a fixed percentage of their fixed remuneration and equates to 75% of fixed remuneration for the Chief Executive Officer, 50% of fixed remuneration for the other KMP and 30% of fixed remuneration for the Operations Managers. This level of LTI is in line with current market practice. The number of Performance Rights to be granted is determined by dividing the LTI dollar value of the award by the fair value of a Performance Right on the grant date.

NOTE 30: EMPLOYEE BENEFITS (continued)

ii) Performance Conditions

Performance conditions have been selected that reward KMP for creating shareholder value as determined via the change in the Company's share price and via reserves/resources growth over a 3 year period.

The LTI performance for Level 1 employees is structured as follows:

Performance Rights will vest subject to meeting service and performance conditions as defined below:

- 75% of the Rights will be performance tested against the relative total shareholder return ("TSR") measure over a 3 year period; and
- 25% of the Rights will be performance tested against the reserve/resource growth over a 3 year period.

iii) Performance period

Grants under the LTI need to serve a number of different purposes:

- i) Act as a key retention tool; and,
- ii) focus on future shareholder value generation.

Therefore, the awards under the LTI relate to a 3 year period and provide a structure that is focused on long term sustainable shareholder value generation.

Overview of the Company's approach to Long Term Incentives for Level 2 Employees

In accordance with the remuneration framework adopted by the RML board in 2012 and rolled out to Level 2 employees (ie. those employees reporting to a Level 1 employee) on 1 July 2013, Level 2 employees receive a performance based Short Term Incentive ("STI") each year (target equal to 20% of their fixed remuneration) and at the time of receiving their STI, receive a deferred STI (or "LTI") for the same amount in the form of Performance Rights which will vest in a further 2 years' time subject to the employee still working for RML for that period. This is the LTI component of Level 2's remuneration package and has replaced the employee options that were previously issued. On 27 August 2014, 1,544,023 Performance Rights were issued to Level 2 employees relating to their performance in the year ended 30 June 2014.

NOTE 30: EMPLOYEE BENEFITS (continued)

The following table lists the key variables used in the valuation of performance rights:

Performance hurdle	For the year ended 30 June 2014			For the year ended 30 June 2013		
	Reserve and resources rights	TSR rights	Total	Reserve and resources rights	TSR rights	Total
	(25% of Total)	(75% of Total)		(25% of Total)	(75% of Total)	
Number of performance issued	896,307	2,688,921	3,585,228	396,745	1,190,233	1,586,978
Underlying share price (\$)	0.60	0.60	0.60	1.92	1.92	1.92
Exercise price (\$)	-	-	-	-	-	-
Risk free rate	2.75%	2.75%	2.75%	2.74%	2.74%	2.74%
Volatility factor	53.00%	53.00%	53.00%	50.00%	50.00%	50.00%
Dividend yield	3.40%	3.40%	3.40%	2.50%	2.50%	2.50%
Period of the rights from grant date (years)	3	3	3	2.59	2.59	2.59
Effect of performance hurdles	Not reflected in valuation due to non- market condition	Reflected in valuation through Monte Carlo simulation		Not reflected in valuation due to non- market condition	Reflected in valuation through Monte Carlo simulation	
Value of performance right at grant date	\$0.53	\$0.39	\$0.43	\$1.80	\$1.35	\$1.46

No performance rights lapsed or vested in the years ended 30 June 2014 and 30 June 2013.

NOTE 31: 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.

NOTE 31: CONTINGENT LIABILITIES & COMMITMENTS (continued)

ii) Indirect Taxes

1) As reported in prior periods, in February 2009 and again in April 2011, Mabangu Mining Limited ("MML") received an assessment for US\$4.700m from the Tanzanian Revenue Authority ("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 Resolute (Tanzania) Limited ("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 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. Letters of objection have been sent to the TRA 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.

In October 2011 the Tax Revenue Appeals Board decided in MML's favour and ordered the TRA to determine our waiver application. However on appeal in August 2013 the Tax Tribunal decided, on a technicality, in favour of the TRA that they did not have to determine our deposit waiver application. In relation to this case MML successfully won appeals to both the Tax Revenue Appeals Board and the Tax Tribunal against agency orders issued by the TRA for collection of the US\$4.700m and a TRA appeal to the Appeal Court is currently pending. Various further legal appeal options are being considered.

2) 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 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 then lodges 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\$5.515m) of fuel taxes to RTL during the period from 1999 to 2005, but due to their change in 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 2014/15). Up until 30 June 2014, RTL has paid 3.030b Tsh (or US\$1.836m) as a deposit to have its appeal heard. These deposits are treated as a non-current receivable.

NOTE 31: CONTINGENT LIABILITIES & COMMITMENTS (continued)

3) A Tsh 9.327b (US\$5.652m) payment certificate was issued by TRA to RTL in July 2012 comprising Tsh 3.935b of alleged under remittance of withholding tax over the 2003 to 2010 period and Tsh 5.392b of related penalties / interest. In accordance with Tanzanian tax law, RTL withheld tax at the rate of 3% for payments made to offshore companies of a technical and managerial nature whilst the TRA has the view these services were “professional” in nature and hence attract the higher 15% or 20% rate. RTL strongly disputes the validity of the payment certificate and believes there is no amount of withholding tax owing by RTL to the TRA. RTL has received professional advice confirming the position taken by RTL is compliant with Tanzanian tax law. RTL will vigorously defend its position. An appeal against a payment certificate does not require payment of a deposit.

This matter was heard by the Tax Revenue Appeals Board and a judgment was handed down in favour of the TRA in November 2013. RTL has received legal advice confirming that it has strong grounds to appeal this decision and as a result has lodged an appeal against this decision with the Tax Tribunal and is waiting for its case to be heard.

4) A Tsh 2.968b (US\$1.799m) payment certificate was issued by the TRA to RTL in July 2012 comprising Tsh 2.181b of PAYE allegedly owing and Tsh 0.787b of penalties / interest. The dispute relates to the amount of PAYE remitted by RTL on the employment contracts for its expatriates working in Tanzania. The TRA alleges that the PAYE remitted by RTL on expatriate salaries is a fringe benefit and should also be taxed. RTL grosses up the expatriates’ net salaries to arrive at the correct gross salary and calculates the PAYE to be remitted to the TRA on the grossed up salary. The TRA’s position effectively double taxes a portion of the expatriates’ salaries. RTL strongly disputed the validity of the payment certificate and believed there was no amount of tax owing by RTL to the TRA. RTL has received professional advice confirming the position taken by RTL is compliant with Tanzanian tax law. In November 2013, the Tax Revenue Appeals Board handed down a judgement in favour of RTL and the decision has not been appealed by the TRA, so the matter is no longer a contingent liability.

5) In January and February 2013, the TRA issued RTL with tax assessments in value of US\$36.820m (A\$39.008m) relating to income tax and interest allegedly owing from the 1998 to 2010 financial years. The assessments purport to deny/disallow deductions claimed in the past income tax returns. RTL and its advisor strongly disagree with the TRA’s interpretations in all aspects and have submitted a response to the TRA’s assessment explaining why the amounts are not payable. RTL has lodged a US\$5.900m deposit to have its appeal against this assessment heard. The balance of the assessed amount has not been provided for in the June 2014 accounts. A date for the appeal to be heard is yet to be set.

(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\$2.848m) 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.

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\$2.303m), bringing the total unrecognised amount in dispute to 8.500b Tsh (US\$5.151m).

NOTE 31: CONTINGENT LIABILITIES & COMMITMENTS (continued)

(d) INPS Claim in Mali, Africa

In November 2013, Societe des Mines de Syama SA ("SOMISY") received a CFA 4.569b (A\$10.127m) notification from the Nationale de Prévoyance Sociale ("INPS") alleging SOMISY owed taxes to INPS on salaries paid by SOMISY to its expatriate employees between August 2010 to July 2013. 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 exempt from paying INPS on expatriate employees during the Syama Mine Development Period. SOMISY has correctly remitted INPS after the cessation of the Development Period. This claim is similar to an A\$7.7m assessment received in a prior year which resulted in SOMISY paying A\$3.8m to INPS. Negotiations with the State of Mali are ongoing to recover the INPS paid relating to the earlier assessment and to resolve this matter. This new assessment is in breach of the Establishment Convention and will be vigorously defended.

e) Amounts Potentially Payable to historical Bibiani Creditors

In June 2014, Mensin Gold Bibiani Limited, Drilling and Mining Services Limited and Noble Mining Ghana Limited (collectively referred to as the "Companies") entered into court approved Schemes of Arrangement ("Scheme") with their creditors and employees ("Scheme Creditors"). The Scheme outlines the timing and amounts of payments to be made by the Companies to a Scheme Fund and a Future Fund who in turn are responsible for making payments to the Scheme Creditors. The Scheme Creditors arise from transactions that occurred prior to the Companies becoming part of the Resolute group. The Scheme Fund and the Future Fund are administered by Ferrier Hodgson.

The implementation of the Scheme has had the effect of removing from the Companies' balance sheets all historical liabilities relating to amounts payable to Scheme Creditors and replacing this with an obligation to fund the Scheme Fund and Future Fund as and when necessary. The unconditional obligations to make payments to the Scheme Fund have either been paid prior to 30 June 2014 or have been recorded as liabilities in the Companies' accounts as at 30 June 2014. In addition to those recorded payments and liabilities, the following contingent liabilities to provide funding to the Scheme Fund and Future Fund exist at year end:

- Potential payment to the Scheme Fund of US\$3.600m if, following receipt of the Feasibility Study, the board of Resolute, in its absolute discretion, makes a decision to proceed with the development of Bibiani; and
- Potential payment to a Future Fund of up to US\$7.800m conditional upon the generation of Free Cashflow from Bibiani mine operations for the period of 5 years from the date that Commercial Production is declared. Free Cashflow means 25% of the sum of Project Revenue for that period less Permitted Payments for that period, which includes:
 - o operational expenses and capital costs paid in connection with the mining operations; and,
 - o repayment of principal and interest relating to funds advanced by Resolute up to the commencement of mining operations.

NOTE 31: CONTINGENT LIABILITIES & COMMITMENTS (continued)

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.

Contingent Assets

(a) INPS Claim in Mali, Africa

In a prior reporting period SOMISY was ordered to pay 50% of a CFA3.895b (A\$8.592m) assessment issued by INPS in relation to taxes owing to INPS on salaries paid by SOMISY to its expatriate employees between January 2005 and July 2010. This assessment is disputed by SOMISY on the basis that the Establishment Convention between the State of Mali and SOMISY, rendered SOMISY exempt from paying these taxes during the assessment period. As such this assessment is in the process of further appeal, which could potentially result in the refund of the 50% payment of CFA1.947b (A\$4.295m).

NOTE 32: EARNINGS PER SHARE (EPS)

	Consolidated	
	Jun-14	Jun-13
Basic earnings per share		
Profit attributable to ordinary equity holders of the parent for basic earnings per share (\$'000)	33,313	84,878
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	641,081,840	638,425,204
Basic EPS (cents per share)	5.20	13.29
Diluted earnings per share		
Profit used in calculation of basic earnings per share (\$'000)	33,313	84,878
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	641,081,840	638,425,204
Weighted average number of notional shares used in determining diluted EPS	5,172,206	1,805,281
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	646,254,046	640,230,485
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS	4,214,066	1,866,066
Diluted EPS (cents per share)	5.15	13.26

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) On 1 July 2014, 3,088,428 performance rights were granted and issued, vesting after 3 years subject to performance hurdles being met and with a strike price of \$nil. A further 1,544,023 performance rights were issued on 27 August 2014, vesting on 30 June 2016 and subject to a service period hurdle and with a strike price of \$nil.

Information on the classification of securities

- i) *Options*
Options granted to employees (including KMP) as described in Note 30 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) *Performance rights*
Performance rights granted to employees (including KMP) as described in Note 30, are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The performance rights have not been included in the determination of basic earnings per share.

NOTE 33: KEY MANAGEMENT PERSONNEL

Compensation of key management personnel

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

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	3,126,455	2,699,423
Post-employment benefits	140,092	127,744
Long-term employment benefits	36,695	46,810
Share-based payments	959,855	845,989
	4,263,097	3,719,966

NOTE 34: OPERATING SEGMENTS

The Group has identified four 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 maker) 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 gold sold 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.

NOTE 34: OPERATING SEGMENTS (continued)

For the year ended 30 June 2014

	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	BIBIANI (GHANA) \$'000	UNALLOCATED (b)		TOTAL \$'000
					CORP/OTHER \$'000	TREASURY \$'000	
Revenue							
Gold and silver sales at spot to external customers (a)	195,083	100,044	231,128	-	-	542	526,797
Total segment gold and silver sales revenue	195,083	100,044	231,128	-	-	542	526,797
Cash costs	(115,946)	(33,701)	(166,450)	-	-	-	(316,097)
Depreciation and amortisation	(38,052)	(15)	(29,659)	-	-	-	(67,726)
Other operating costs (including gold in circuit movement)	(8,124)	(53,004)	(13,499)	-	2,083	-	(72,544)
Other corporate/admin costs	-	-	-	-	(7,218)	-	(7,218)
Segment operating result before treasury, other income/(expenses) and tax	32,961	13,324	21,520	-	(5,135)	542	63,212
Other income	128	122	-	-	4	13,774	14,028
Exploration and business development expenditure	(2,742)	(3,165)	(3,317)	(2,754)	(2,689)	-	(14,667)
Finance costs	-	-	-	-	-	(8,833)	(8,833)
Share of associates' losses, asset impairment expenses and fair value movements	384	(7,269)	(15,396)	(18,000)	(704)	-	(40,985)
Segment operating result before treasury and tax	30,731	3,012	2,807	(20,754)	(8,524)	5,483	12,755
Treasury - realised losses	-	-	-	-	-	(395)	(395)
Treasury - unrealised gains	-	-	-	-	-	18,061	18,061
Tax expense	-	(1,068)	-	-	(197)	-	(1,265)
Profit/(loss) for the period	30,731	1,944	2,807	(20,754)	(8,721)	23,149	29,156

NOTE 34: OPERATING SEGMENTS (continued)

<u>For the year ended 30 June 2014</u>	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	BIBIANI (GHANA) \$'000	UNALLOCATED (b)		TOTAL \$'000
					CORP/OTHER \$'000	TREASURY \$'000	
Cash flow by segment, including gold bullion, and gold shipped but unsold and held in metal accounts	53,711	(4,340)	(71,443)	-	(14,591)	39,828	3,165
Reconciliation of cash flow by segment to the cash flow statement:							
Movement in gold shipped but unsold and held in metal accounts							17,157
Mark to market movement in gold unsold							(4,816)
Movement in bank overdraft							5,293
Exchange rate adjustment							60
Movement in cash and cash equivalents per consolidated cash flow statement							20,859
Capital expenditure	13,521	24	82,037	-	185	-	95,767
Segment assets	102,021	17,767	660,103	93,967	70,431	-	944,289
Segment liabilities	46,606	16,324	78,431	30,127	73,496	-	244,984

NOTE 34: OPERATING SEGMENTS (continued)

<u>For the year ended 30 June 2013</u>	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED (b)		TOTAL \$'000
				CORP/OTHER \$'000	TREASURY \$'000	
Revenue						
Gold and silver sales at spot to external customers (a)	221,867	145,381	251,043	-	311	618,602
Total segment gold sales revenue	221,867	145,381	251,043	-	311	618,602
Cash costs	(107,870)	(89,585)	(156,114)	-	-	(353,569)
Depreciation and amortisation	(36,172)	(6,537)	(21,151)	-	-	(63,860)
Other operating costs (including gold in circuit movement)	(11,875)	4,015	3,175	(2,101)	-	(6,786)
Other corporate/admin costs	(68)	-	-	(2,038)	-	(2,106)
Segment operating result before treasury, other income/(expenses) and tax	65,882	53,274	76,953	(4,139)	311	192,281
Other income	17	-	-	3,781	3,205	7,003
Exploration and business development expenditure	(5,553)	(5,651)	(4,210)	(5,203)	-	(20,617)
Finance costs	-	-	-	-	(4,130)	(4,130)
Share of associates' losses, asset impairment expenses and fair value movement on convertible notes	-	-	-	(79,300)	-	(79,300)
Segment operating result before treasury and tax	60,346	47,623	72,743	(84,861)	(614)	95,237
Treasury - realised gains	-	-	-	-	483	483
Treasury - unrealised gains	-	-	-	-	32,763	32,763
Tax expense	-	(17,561)	(3,756)	(1,723)	-	(23,040)
Profit/(loss) for the period	60,346	30,062	68,987	(86,584)	32,632	105,443

NOTE 34: OPERATING SEGMENTS (continued)

<u>For the year ended 30 June 2013</u>	RAVENSWOOD (AUSTRALIA) \$'000	GOLDEN PRIDE (TANZANIA) \$'000	SYAMA (MALI) \$'000	UNALLOCATED (b)		TOTAL \$'000
				CORP/OTHER \$'000	TREASURY \$'000	
Cash flow by segment, including gold bullion, and gold shipped but unsold and held in metal accounts	63,971	54,236	(88,720)	(149,023)	26,009	(93,527)
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in gold shipped but unsold and held in metal accounts						1,438
Mark to market movement in gold unsold						3,967
Prior period Other Financial Assets - Restricted Cash used to acquire Available For Sale Financial Assets						42,758
Movement in bank overdraft						(25,921)
Exchange rate adjustment						(723)
Movement in cash and cash equivalents per consolidated cash flow statement						(72,008)
Capital expenditure	30,187	1,159	112,274	305	-	143,925
Segment assets	126,185	70,687	593,166	114,581	-	904,619
Segment liabilities	46,503	33,421	98,380	6,706	61,006	246,016

- a) Revenue from external sales for each reportable segment is derived from several customers.
- b) 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 Maker, and forms part of the reconciliation of the results and positions of the operating segments to the financial statements.

NOTE 35: 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 may use 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, and derivative financial instrument risk.

(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) may be 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. No such instruments were in existence at reporting date.

No gold was delivered into forward sales contracts during the year or in the prior year.

Gold forwards and put options

2014

There were no gold forward or gold put option contracts outstanding as at 30 June 2014 (2013: nil).

Movements in fair value are accounted for through the consolidated statement of comprehensive income.

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.

NOTE 35: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange currency risk

The Group receives multiple currency proceeds on the sale of its gold production and significant costs for the Syama Gold Project and the Golden Pride Project are denominated in AUD, 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:

	United States Dollars A\$'000	Australian Dollars A\$'000	Tanzanian Shillings A\$'000	Pounds Stirling A\$'000	Other A\$'000	No foreign currency risk A\$'000	Total A\$'000
Financial Assets							
Cash	6,659	1,792	620	4,598	128	4,749	18,546
Receivables	1,155	20	3,363	-	-	854	5,392
Available for sale financial assets	-	-	-	-	-	23,523	23,523
Other financial assets	-	-	-	-	-	2,908	2,908
	<u>7,814</u>	<u>1,812</u>	<u>3,983</u>	<u>4,598</u>	<u>128</u>	<u>32,034</u>	<u>50,369</u>
Financial Liabilities							
Payables	4,445	1,761	2	-	1,550	41,878	49,636
Interest bearing liabilities (i)	52,972	-	-	-	-	36,079	89,051
	<u>57,417</u>	<u>1,761</u>	<u>2</u>	<u>-</u>	<u>1,550</u>	<u>77,957</u>	<u>138,687</u>

NOTE 35: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

2013

	United States Dollars A\$'000	Australian Dollars A\$'000	Tanzanian Shillings A\$'000	Other A\$'000	No foreign currency risk A\$'000	Total A\$'000
Financial Assets						
Cash	92	36	143	39	2,730	3,040
Receivables	1,914	13	4,722	-	4,373	11,022
Available for sale financial assets	-	-	-	-	28,909	28,909
Other financial assets	-	-	-	-	64,788	64,788
	<u>2,006</u>	<u>49</u>	<u>4,865</u>	<u>39</u>	<u>100,800</u>	<u>107,759</u>
Financial Liabilities						
Payables	1,241	9,980	2,585	723	56,800	71,329
Interest bearing liabilities (i)	53,807	-	-	-	37,518	91,325
	<u>55,048</u>	<u>9,980</u>	<u>2,585</u>	<u>723</u>	<u>94,318</u>	<u>162,654</u>

(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(i)). 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 2014.

	Facility currency denomination	Functional Currency of the borrower	AUD equivalent	
			2014 \$'000	2013 \$'000
		Central African		
Resolute Mining Limited (beneficiary)/Resolute (Somisy) Limited	AUD	Francs	537,676	456,502
Resolute (Tanzania) Limited and its controlled entities (beneficiary)/Resolute Pty Ltd	USD	AUD	231,527	200,209
Resolute (Treasury) Pty Ltd (beneficiary) and its controlled entity	GBP	GBP	30,763	56,001
Resolute (Treasury) Pty Ltd (beneficiary) and Mensin Gold Bibiani Limited (another Group controlled entity)	USD	USD	11,946	-
			<u>811,912</u>	<u>712,712</u>

NOTE 35: 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 2014 and 2013 financial years, the Group's external borrowings have been denominated in USD, Central African Francs, 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 reporting date.

2014	Floating	Fixed Interest Rate			Non Interest	Total	Average Interest Rate	
	Interest	Maturing in			Bearing		Floating	Fixed
	Rate	< 1 Year	1 to 5 Years	> 5 Years				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets								
Cash	18,546	-	-	-	-	18,546	0.5%	-
Receivables	-	-	-	-	5,392	5,392	-	-
Available for sale financial assets	-	-	-	-	23,523	23,523	-	-
Other financial assets	2,908	-	-	-	-	2,908	0.4%	-
	21,454	-	-	-	28,915	50,369		
Financial Liabilities								
Payables	-	-	-	-	49,636	49,636	-	-
Interest bearing liabilities	-	83,671	5,380	-	-	89,051	-	5.4%
	-	83,671	5,380	-	49,636	138,687		
2013								
2013	Floating	Fixed Interest Rate			Non Interest	Total	Average Interest Rate	
	Interest	Maturing in			Bearing		Floating	Fixed
	Rate	< 1 Year	1 to 5 Years	> 5 Years				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
Financial Assets								
Cash	3,040	-	-	-	-	3,040	1.4%	-
Receivables	-	-	-	-	11,022	11,022	-	-
Available for sale financial assets	-	-	-	-	28,909	28,909	-	-
Other financial assets	-	-	64,788	-	-	64,788	-	8.0%
	3,040	-	64,788	-	39,931	107,759		
Financial Liabilities								
Payables	-	-	-	-	71,329	71,329	-	-
Interest bearing liabilities	-	88,748	2,577	-	-	91,325	-	5.7%
	-	88,748	2,577	-	71,329	162,654		

NOTE 35: 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, gold bullion held in metal accounts, 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. With the exception of those items disclosed in note 16, no guarantees have been provided to third parties as at reporting date.

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	
	2014	2013
	\$'000	\$'000
Cash at bank & short term deposits		
<i>Counterparties with external credit ratings</i>		
A	14,378	2,173
BBB	3,643	618
<i>Counterparties without external credit ratings</i>		
No rating	525	249
Total cash at bank & short term deposits	18,546	3,040

NOTE 35: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade receivables		
<i>Counterparties with external credit ratings</i>		
AA+	123	1,064
B-	193	568
<i>Counterparties without external credit ratings *</i>		
Group 1	1,542	5,567
Group 2	16,012	16,694
Total trade receivables	17,870	23,893
Other financial assets - restricted cash		
<i>Counterparties with external credit ratings</i>		
No rating	2,908	-

* 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.

(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 2014, the Group had \$7.200m (AUD equivalent) (2013: \$1.149m (AUD equivalent)) of unused financing facilities.

NOTE 35: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

Liquidity analysis

2014	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Less finance charges \$'000	Total \$'000
Payables	49,636	-	-	-	49,636
Interest bearing liabilities	28,209	5,067	59,956	(4,181)	89,051
	<u>77,845</u>	<u>5,067</u>	<u>59,956</u>	<u>(4,181)</u>	<u>138,687</u>

2013	Less than 3 months \$'000	3 to 12 months \$'000	1 to 5 years \$'000	Less finance charges \$'000	Total \$'000
Payables	71,329	-	-	-	71,329
Interest bearing liabilities	32,642	4,625	59,890	(5,832)	91,325
	<u>103,971</u>	<u>4,625</u>	<u>59,890</u>	<u>(5,832)</u>	<u>162,654</u>

(e) Instruments recognised at amounts other than fair value

The fair value of all the Group's financial instruments recognised in the financial statements approximates or equals their carrying amounts other than the Group's interest bearing liabilities which have a fair value is \$90.002m (2013: \$92.187m) compared to the carrying value of \$89.051m (2013: \$91.325m). The difference between the fair value and carrying amount is capitalised borrowing costs.

(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.

NOTE 35: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

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

	As at 30 June 2014		As at 30 June 2013		
	Quoted market price (Level 1)	Total	Quoted market price (Level 1)	Valuation technique - non market observable inputs (Level 3)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets*					
Available for sale financial assets	23,523	23,523	28,909	-	28,909
Other financial assets	-	-	-	64,788	64,788
	<u>23,523</u>	<u>23,523</u>	<u>28,909</u>	<u>64,788</u>	<u>93,697</u>

*The above table only includes financial instruments that require one of the abovementioned valuation techniques to determine fair value.

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.

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).

The comparative period included holdings of convertible notes in Noble Mineral Resources Limited which were measured at fair value (refer to Note 10). Fair value was estimated using a discounted cash flow model which included some assumptions that are not supportable by observable market prices for rates. The key judgemental assumptions used in the discounted cash flow model were gold price and pre-tax discount rate. A significant change in these key assumptions, particularly gold price, would have caused a significant change in the estimated discounted cash flows used in determining the fair value of this asset.

(g) Transfer between categories

There were no transfers between categories during the year.

NOTE 35: 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 reporting 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 30 June 2014	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk				Gold price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets													
Cash and cash equivalents	18,546	(41)	(41)	41	41	1,056	1,056	(864)	(864)	-	-	-	-
Trade and other receivables	5,392	-	-	-	-	262	262	(215)	(215)	-	-	-	-
Available for sale financial assets	23,523	-	-	-	-	-	-	-	-	(1,647)	(1,647)	1,647	1,647
Other financial assets	2,908	(20)	(20)	20	20	226	226	(185)	(185)	-	-	-	-
Financial Liabilities													
Payables	49,636	-	-	-	-	(241)	(241)	197	197	-	-	-	-
Interest bearing liabilities	89,051	-	-	-	-	(4,120)	(4,120)	3,371	3,371	-	-	-	-
Total increase/(decrease)		(61)	(61)	61	61	(2,817)	(2,817)	2,304	2,304	(1,647)	(1,647)	1,647	1,647

NOTE 35: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Consolidated	Interest rate risk				Foreign exchange risk				Gold price risk				
30 June 2013		-1%		+1%		-10%		+10%		-10%		+10%	
	Carrying												
	Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets													
Cash and cash equivalents	3,040	(15)	(15)	15	15	24	24	(19)	(19)	-	-	-	-
Trade and other receivables	11,022	-	-	-	-	368	368	(301)	(301)	-	-	-	-
Available for sale financial assets	28,909	-	-	-	-	-	-	-	-	(1,952)	(1,952)	1,952	1,952
Other financial assets	64,788	-	-	-	-	-	-	-	-	-	-	-	-
Financial Liabilities													
Payables	71,329	-	-	-	-	(888)	(888)	876	876	-	-	-	-
Interest bearing liabilities	91,325	-	-	-	-	(4,252)	(4,252)	3,479	3,479	-	-	-	-
Total increase/(decrease)		(15)	(15)	15	15	(4,748)	(4,748)	4,035	4,035	(1,952)	(1,952)	1,952	1,952

NOTE 36: ACQUISITION OF BIBIANI GOLD PROJECT

Acquisition of Mensin Gold Bibiani Limited, Drilling and Mining Services Limited and Noble Mining Ghana Limited.

On 18 June 2014, the Group acquired three subsidiaries of Noble Mineral Resources Limited ("Noble"), being Mensin Gold Bibiani Limited ("MGBL", formerly Noble Gold Bibiani Limited), Drilling and Mining Services Limited ("DAMS") and Noble Mining Ghana Limited ("NMGL"). The percentage of voting rights acquired is shown in the table below.

The Group acquired these companies to gain ownership of the Bibiani Gold Project to pursue a feasibility study and ultimately develop the Bibiani Gold Project.

The acquisition was settled on 18 June 2014, following Resolute meeting the conditions of a deed of company arrangement ("DOCA") that was established between Resolute and Noble's Administrator in November 2013 by which Resolute would forgive all amounts owing by Noble which included convertible notes (with a written down value of \$45.737m). A further \$11.946m (US\$11.248m) of funds were advanced to MGBL and \$0.721m was incurred during the year in acquisition related costs. The total acquisition consideration therefore equalled \$58.404m.

The acquisition for the Bibiani Gold Project has been accounted for as an asset acquisition in accordance with Australian Accounting Standards.

Assets acquired and liabilities assumed

The carrying amounts based on relative fair values attributed to the assets and liabilities of the acquired entities as at the date of acquisition are detailed below:

	MGBL \$'000	DAMS \$'000	NMGL \$'000	Total \$'000
Assets				
Cash	33	18	190	241
Inventories	2,436	-	-	2,436
Prepayments	168	-	10	178
Property, plant & equipment	70,772	4,060	-	74,832
Exploration and evaluation expenditure	13,370	-	-	13,370
Environmental bond - restricted cash	2,908	-	-	2,908
	89,687	4,078	200	93,965
Liabilities				
Payables	4,892	1,493	242	6,627
Provisions	18,494	157	-	18,651
Interest bearing liabilities	-	4,847	1	4,848
	23,386	6,497	243	30,126
Net identifiable assets	66,301	(2,419)	(43)	63,839
Non-controlling interest	(5,435)	-	-	(5,435)
Net assets	60,866	(2,419)	(43)	58,404
Percentage of voting equity interests acquired	90%	100%	100%	

The non-controlling interest in MGBL is held by the Ghanaian Government.

NOTE 37: SUBSEQUENT EVENTS

On 1 July 2014, 3,088,428 performance rights were granted and issued, vesting after 3 years subject to performance hurdles being met and with a strike price of \$nil. A further 1,544,023 performance rights were issued on 27 August 2014, vesting on 30 June 2016 and subject to a service period hurdle and with a strike price of \$nil.

NOTE 38: PARENT ENTITY INFORMATION

Information relating to Resolute Mining Limited:

	As at 30-Jun-14 \$'000	As at 30-Jun-13 \$'000
Current assets	685	926
Total assets	572,546	515,131
Current liabilities	743	556
Total liabilities	53,728	55,230
Issued capital	380,305	380,225
Retained earnings	124,810	67,657
Share option equity reserve	5,987	5,987
Employee equity benefits reserve	7,703	6,018
Total shareholders equity	<u>518,805</u>	<u>459,887</u>
Profit of Resolute Mining Limited	57,153	65,383
Total comprehensive profit of Resolute Mining Limited	57,153	65,383

Refer to Note 31 for the contingent liabilities and commitments of Resolute Mining Limited.

The parent company guarantees provided by the Resolute Mining Limited as outlined in Note 16(a) has a nil written down value as at 30 June 2014 (30 June 2013: \$nil).

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 2014 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 2014.

On behalf of the Board



P.R. Sullivan
Director

Perth, Western Australia
16 September 2014

Independent auditor's report to the members of Resolute Mining Limited

Report on the financial report

We have audited the accompanying financial report of Resolute Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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*, 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.

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 2014 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 10 to 25 of the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Peter McIver
Partner
Perth
16 September 2014

Substantial shareholders at 31 August 2014

	<i>Number held</i>	<i>Percentage</i>
Ordinary shares		
ICM Limited	226,362,476	35.3%
Van Eck Associates Corporation	53,104,809	8.3%

Distribution of equity securities as at 29 Aug 2014

<i>Size of Holding</i>	<i>Ordinary Shares</i>
1 - 1,000	1,194
1,001 - 5,000	1,911
5,001 - 10,000	887
10,001 - 100,000	1,206
100,001 - and over	165
Total equity security holders	5,363
Number of equity security holders with less than a marketable parcel	1,050

Voting rights

(a) Ordinary shares

Under the Company's Constitution, all ordinary shares issued by the Company carry one vote per share without restriction.

Twenty largest shareholders as at 31 August 2014

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of Issued Capital</i>
1 HSBC Custody Nominees Australia Limited	191,344,444	29.84%
2 J P Morgan Nominees Australia Limited	186,773,166	29.13%
3 National Nominees Limited	95,634,978	14.92%
4 Citicorp Nominees Pty Ltd	36,545,047	5.70%
5 HSBC Custody Nominees Australia Limited	10,755,900	1.68%
6 BNP Paribas Nominees Pty Ltd	8,704,739	1.36%
7 HSBC Custody Nominees Australia Limited	4,352,675	0.68%
8 NEFCO Nominees Pty Ltd	3,978,200	0.62%
9 Hardrock Capital Pty Ltd	2,282,000	0.36%
10 QIC Limited	2,073,990	0.32%
11 Brispot Nominees Pty Ltd	1,983,628	0.31%
12 Avanteos Investments Limited	1,694,935	0.26%
13 ABN Amro Clearing Sydney	1,655,219	0.26%
14 UBS Wealth Management Australia Nominees	1,634,000	0.25%
15 Radford Stacey	1,200,000	0.19%
16 Citicorp Nominees Pty Ltd (Colonial First State)	1,163,809	0.18%
17 Amalgamated Dairies Limited	1,071,626	0.17%
18 BBY Nominees Limited	1,038,466	0.16%
19 Guy David and Therese	1,000,000	0.16%
20 AMP Life Limited	929,699	0.14%
	555,816,521	86.69%