



**RESOLUTE
MINING
LIMITED**
A.C.N. 097 088 689

**FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2003**

DIRECTORS' REPORT

Your directors submit the report of Resolute Mining Limited for the year ended 30 June 2003.

Directors

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

*Names, qualifications, experience and special responsibilities***Peter 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 Resolute group since 1999. Mr Sullivan is an engineer and has been involved in the development of resource companies and projects for approximately 20 years. Mr Sullivan has four years experience in corporate finance with an investment bank and two years in a corporate development role with an Australian resource group. Mr Sullivan has considerable experience in the management and strategic development of resource companies.

Peter Ernest Huston (Non-Executive Chairman)

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

Mr Peter Huston was appointed to the Board as Chairperson in 2001 and has been a director of Resolute Limited since 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".

Thomas Cummings Ford (Non-Executive Director)

FAICD

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

Company Secretary**Greg William Fitzgerald**

C.A. B.Bus

Mr Fitzgerald is a Chartered Accountant with over 15 years of resources related financial experience and has extensive commercial experience in managing finance and administrative matters for listed companies. Mr Fitzgerald is the General Manager – Finance & Administration and has been Resolute's Company Secretary since 1996. Prior to his involvement with the Company, Mr Fitzgerald worked with an international accounting firm in Australia.

DIRECTORS' REPORT (continued)

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the Company and related bodies corporate were:

	Resolute Mining Limited Ordinary Shares	Options Over Ordinary Shares
P.Sullivan	372,750	2,449,250
P.Huston	800	266
T.Ford	3,000	-
	376,550	2,449,516

Corporate Information

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

On 5 September 2001, RML acquired Resolute Limited ("RL") by way of a Scheme of Arrangement. Consolidated accounts have been prepared from this date. Prior to this date, RML was dormant. As such the comparative balances incorporate the results of Resolute Limited and its controlled entities from 5 September 2001 to 30 June 2002.

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 changes in the nature of those activities during the year.

Results

Consolidated entity profit from ordinary activities after tax and outside equity interests for the financial year was \$15,281,068 (2002: \$13,859,873).

Dividends

No dividend has been declared.

Employees

The consolidated entity employed 390 employees as at 30 June 2003 (2002: 516).

DIRECTORS' REPORT (continued)

Review of Operations**(a) Production**

The total Resolute Mining Limited group gold production for the year was 200,146 ounces at an average cash cost of A\$369/oz (or US\$213/oz). In the prior reporting period ending 30 June 2002, the total gold production (i.e. between 5 September 2001 and 30 June 2002) recognised in Resolute Mining Limited's profit result amounted to 203,916 ounces at an average cash cost of A\$390/oz (or US\$203/oz).

Golden Pride Mine

The Golden Pride mine in Tanzania produced 150,997 ounces of gold in the 12 months ended 30 June 2003 at a cash cost of A\$387/oz (or US\$226/oz) compared to gold production of 148,702 ounces at a cash cost of A\$379/oz (or US\$198/oz) in the 12 months ended 30 June 2002. The upgrading of the treatment plant was completed during the year at a cost of approximately US\$10m and the throughput rates have been increased to the new design rate of 2.6m tonnes per annum.

A Presidential Award was given to Resolute during the year for Environmental Excellence and Leadership for its activities at the Golden Pride mine site in Tanzania.

Obotan Mine

The Obotan mine in Ghana produced 49,149 ounces of gold at a cash cost of A\$311/oz (or US\$172/oz) compared to gold production of 97,761 ounces at a cash cost of A\$400/oz (or US\$209/oz) in the 12 months ended 30 June 2002. This project was decommissioned in December 2002 and placed on care and maintenance. Subsequent to year end, the Obotan plant was sold to Golden Star Resources Limited for US\$4.3m and the profit on this transaction will be recognised in the 2003/04 financial year. Resolute has retained the mining lease and rehabilitation obligations following the removal of the plant from the site.

(b) Exploration and Development

Exploration programs undertaken during the year under review concentrated on advancing Resolute's range of exploration properties located in Tanzania, Ghana and Burkina Faso and a variety of encouraging results were generated.

An option agreement to acquire 80% of the Syama Gold Project in Mali was entered into during the year. A pre-feasibility study has commenced incorporating metallurgical test work, flow sheet development and a drill program to determine the viability of this project.

(c) Corporate

The following significant activities occurred during the year ended 30 June 2003.

- (i) RML entered into a finance facility with Standard Bank London to fund the US\$10 million Golden Pride Upgrade Project. The Facility Agreement and associated agreements were executed on 19 July 2002 with an initial drawdown of US\$9.4 million on 23 July 2002. The US\$11 million facility is a revolving line of credit with an expiration date of June 2006.
- (ii) Resolute Mining Limited and Northern Mining Explorations Limited ("MDN") reached an agreement for Resolute to subscribe for a US\$5.5 million convertible note issued by MDN. Refer to Note 6(a) for further details of this transaction. Further, Resolute arranged debt financing for the same amount as the convertible note with RMB Resources Ltd, a unit of Rand Merchant Bank, providing the convertible note as security for that facility.

DIRECTORS' REPORT (continued)

- (iii) The Board of RML announced that the Company intended to take the opportunity to purchase its shares on market where the share price is considered to be well below the underlying value, for up to a total of 15.3 million shares. To date, no shares have been bought back.
- (iv) RML was awarded the Presidential Award for Environmental Excellence and Leadership for its activities at the Golden Pride mine site in Tanzania. This is the first year of the award, which is given to the company or business that has made an outstanding contribution to the environment and social development above and beyond normal legal compliance.
- (v) Resolute Mining Limited raised \$7.7 million by way of a placement of 10.65 million shares at 72 cents per share to two institutional resource investors, African Lion Limited and Resource Capital Funds II LP. Refer Note 23(b).
- (vi) RML announced that the Company had increased its substantial shareholding in Gallery Gold Limited to 16.1%, who in the first half of the financial year had commenced a definitive feasibility study for gold deposits in Botswana.
- (vii) Pursuant to the shareholder approved Resolute Mining Limited Employee Share Option Plan, the directors approved the issue of 1,965,000 options to employees of the Resolute group in accordance with this Plan. Details of the options are outlined in Note 37(b).
- (viii) Resolute Mining Limited announced that the Deed of Release entered into with Preston Resources and various of its subsidiaries became effective on 30 August 2002 which ended all links between the two companies other than any potential exposure to Bulong Operations through its position as guarantor on the Sulphuric Acid Supply Deed. It was announced during the financial year that Bulong Operations Pty Ltd was placed into voluntary administration and receivership.

Significant Changes in the State of Affairs

Other than the move from a producing operation into a decommissioning; care and maintenance; reclamation, rehabilitation and revegetation monitoring and maintenance stage in relation to the Obotan project, there has been no significant changes in the state of affairs of the Company. Refer to Note 30 in relation to Discontinuing Operations.

Significant Events after the Balance Date
Sale of Obotan Plant

As mentioned in Note 30, subsequent to year end the Obotan plant (which includes all processing plant and equipment, powerhouse, stores inventory and spares) was sold to Golden Star Resources Limited ("GSR") for US\$4.3m consideration.

Within this agreement between Resolute Mining Limited and GSR, GSR had agreed to purchase Resolute Mining Limited's 4.5% shareholding in Red Back Mining Limited for US\$1.24m which was subject to approval by Red Back Mining Limited. However, the agreement to sell the Red Back Mining shareholding to GSR expired on 1 August 2003 due to approval from Red Back Mining Limited not being received prior to this expiry date.

Resolute Mining Limited's shares in Red Back Mining Limited have been disposed of subsequent to 1 August 2003 to other external parties.

Likely Developments and Expected Results

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

- (i) The continued production of gold from the Golden Pride mine.
- (ii) Continued decommissioning; care and maintenance; and reclamation, rehabilitation and revegetation monitoring and maintenance at Obotan.
- (iii) Mineral exploration and a pre-feasibility study on the Syama Project in Mali will continue.
- (iv) The consolidated entity will seek to expand its gold production activities by direct acquisition of projects or investments in other resource based companies.

DIRECTORS' REPORT (continued)

Environmental Regulation Performance

The consolidated entity's environmental obligations are regulated under both State and Federal Law. All environmental performance obligations are monitored by the Environment and Community Development Committee and subjected from time to time to Government agency audits and site inspections. The consolidated entity has a policy of at least complying, but in most cases exceeding it's environment performance obligations. No environmental breaches have been notified by any Government agency during the year ended 30 June 2003.

Directors' and Officers' Remuneration

Remuneration of directors and senior executives of the Company is established by the Remuneration and Nomination Committee. Remuneration is determined as part of an annual performance review, having regard to market factors, a performance evaluation process and independent remuneration advice, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality Board and executive team. Executive directors' and officers' remuneration packages generally comprise salary, a performance based bonus where appropriate, and superannuation. Executives are also provided with longer term incentives via option schemes, which act to align the executives' actions with the interests of the shareholders.

The Remuneration and Nomination Committee plans to assess the performance of the directors on an annual basis as part of their review of director remuneration levels. The Chief Executive Officer evaluates the performance of all other senior executives. These evaluations are based on a range of criteria, including the Company's performance and whether long term strategic objectives and individual performance objectives have been achieved.

Details of remuneration provided to directors and the five most highly remunerated officers are as follows:

	Base Remun- eration	Consulting Fees	Bonus	Other Benefits (a)	Super	Options Granted	Options Vested	Value of Vested Options (b)	Value of Options as a % of Remun- eration
Director									
P.Sullivan	280,000	-	-	57,670	33,600	-	666,667	46,238	12%
P.Huston	75,000	75,000	-	138	-	-	-	-	-
T.Ford	30,000	-	-	138	3,240	-	-	-	-
Officers									
R.Barnes	38,069	212,366	8,498	-	-	75,000	25,000	3,233	1%
M.Turner	194,423	-	-	26,128	17,501	300,000	100,000	12,930	5%
D.Cairns	-	234,925	-	-	-	300,000	100,000	12,930	5%
R.Clarke	222,918	-	-	20,394	-	-	-	-	-
G.Pierce	-	221,646	-	-	-	75,000	25,000	3,233	1%

(a) Other benefits include, where applicable, the cost to the Company of providing fringe benefits, the fringe benefits tax on those benefits and director indemnity insurance premiums paid by the Company and all other benefits received by the executive.

(b) Details of the terms and conditions of the options are set out in Note 37(b). Fair values have been determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the Resolute Mining Limited ordinary share price at the date of issue, the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The value of the options vested is not included in the remuneration bands shown at Notes 33 and 34.

DIRECTORS' REPORT (continued)

Indemnification and Insurance of Directors and Officers and Auditors

During or since the financial year, the Company paid an insurance premium of \$54,400 (2002: \$52,625) in respect of a contract insuring the Company's directors and officers against certain liabilities arising as a result of work performed in the capacity as directors. The premium paid is included as part of directors' remuneration in Note 33.

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 and Community Development	Remuneration and Nomination	Safety, Security & Occupational Health	Financial Risk Management
P.Sullivan	20	n/a	5	2	5	36
P.Huston	20	2	n/a	2	n/a	n/a
T.Ford	20	2	n/a	n/a	n/a	n/a
Number of meetings held	20	2	5	2	5	36

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 Investment Commission Class Order 98/0100. In accordance with that class order, amounts in the financial report and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Signed in accordance with a resolution of the directors.



P.R. Sullivan
Director



P.E. Huston
Director

Perth, Western Australia
12 September 2003

CORPORATE GOVERNANCE STATEMENT

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

An extensive review of the Company's corporate governance framework was completed in April 2003 in light of the best practice recommendations released by the Australian Stock Exchange Corporate Governance Council in March 2003. The Company's framework was largely consistent with the recommendations. However, a few changes were made as a result of this review and other recent governance developments.

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.

The Board of Directors

The board operates in accordance with the broad principles set out in the "Statement of Matters Reserved to the Board" which is available on the Company website. This outlines the responsibilities of the board and delegated responsibilities.

Board Membership

The Directors in office as at the date of this report are as follows:

Director	First Appointed (a)	Non-executive	Independent (b)
Peter Ernest Huston	June 2001	Yes	Yes
Thomas Cummings Ford	June 2001	Yes	Yes
Peter Ross Sullivan	June 2001	No	No

(a) Resolute Mining Limited was incorporated on 8 June 2001.

(b) 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:

- Is 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.
- Is 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.
- Has no material contractual relationship with the Company or another group member other than as a director of the Company.
- Has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

CORPORATE GOVERNANCE STATEMENT

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.

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

Board Composition

In line with the best practice guidelines set out in the ASX's "Principles of Good Corporate Governance and Best Practice Recommendations", the majority of the board are independent, the Chairman is an independent director and the roles of the Chairman and the Chief Executive Officer ("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 board 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.

Board Responsibilities

The key responsibilities of the board include:

- Appointing, evaluating, rewarding and if necessary the removal of the 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.

Independent Professional Advice

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

CORPORATE GOVERNANCE STATEMENT

Committees of the Board

The Board is responsible for the internal control framework and has developed a set of policies, procedures and practices and various committees which enable the Board to monitor compliance with statutory requirements and implement best practice. Ad hoc committees are also established as the need arises. Each committee has a charter under which it operates.

Committees which operated during the year were as follows:

Audit Committee

Members and their attendance at the Audit Committee meetings are noted in the Directors' Report under the heading "Directors' Meetings".

The Board has established an Audit Committee, which operates under a charter approved by the Board. 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 following points summarise the major corporate governance practices in relation to the Audit Committee:

- The Audit Committee consists only of non-executive directors.
- The Chair of the Audit Committee is a non-executive independent director who is not the Chairman of the Board.

Although it is recommended as part of the ASX's "Principles of Good Corporate Governance and Best Practice Recommendations", that the Audit Committee should comprise at least 3 directors, this recommendation has not been adhered to by Resolute Mining Limited. Due to the size of the board comprising only 3 directors, it is not practical to adhere to this recommendation. Further, the ASX has transitional arrangements in place until 1 July 2005 whereby the only requirements are for the Audit Committee to comprise of a majority of non-executive directors and at least one member of the Audit Committee must be independent. Resolute Mining Limited complies with these transitional recommendations.

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.

Remuneration and Nomination Committee

Members and their attendance at the Committee meetings are 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

CORPORATE GOVERNANCE STATEMENT

of the board relative to its various responsibilities. Recommendations are made to the Board on these matters. Further roles and responsibilities of this Committee can be found in the Committee's charter which is posted on the Company's website.

Remuneration Policy

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 of directors.

Overall Director Remuneration

Shareholder approval must be obtained in relation to the overall limit set for directors' fees. The directors must set individual board fees within the limit approved by shareholders.

Further, shareholders must approve the framework for any equity schemes and if a director is recommended for being able to participate in an equity scheme, this participation must be approved by the shareholders.

Executive Remuneration

Main principles

The Remuneration and Nomination Committee's reward policy reflects its obligation to align executive directors' remuneration with shareholders' interests and to engage appropriately qualified executive talent for the benefit of the group. The main principles of the policy are:

- Reward reflects the competitive global market in which the Company operates.
- Individual reward should be linked to performance criteria.
- Executives should be rewarded for both financial and non-financial performance.

Elements of Remuneration

The executive directors total remuneration consists of the following:

- Salary - each executive director receives a fixed sum payable monthly in cash.
- Bonus - each executive director is eligible to participate in a bonus scheme if deemed appropriate.
- Long Term Incentives - each executive director may participate in share option schemes with the approval of shareholders. The committee's policy is that at each vesting date of the options, a review of the performance of a director holding options must be undertaken to ensure that it is appropriate that the options can be vested. A recommendation must be forwarded to the board and the board must ratify the vesting of any options.
- Other benefits - executive directors are eligible to participate in superannuation schemes.

Non-Executive Remuneration

Main principles

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration and Nomination Committee recommends the actual payments to directors and the board is responsible for ratifying any recommendations if appropriate. The maximum aggregate remuneration approved for non-executive directors is currently \$200,000.

CORPORATE GOVERNANCE STATEMENT

Non-executive directors are not entitled to participate in equity based remuneration schemes. Further, non-executive directors are not permitted to be provided with retirement benefits other than statutory superannuation.

Directors are entitled to have their indemnity insurance paid by the Company.

Performance Assessment

The Board undertakes an annual assessment which is driven by the Chairman. This assessment occurred in December 2002 and will be conducted again in December 2003. The Chairman annually assesses the performance of the individual directors whilst the Chairman's performance is reviewed by the Board.

Details of the policies in relation to the board and senior executive performance are available on the Company's website.

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

Environment and Community Development Committee

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

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.
- 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, investments and insurance.

Corporate Reporting

The CEO and Chief Financial Officer have made the following certifications to the board:

- That the Company's financial reports are complete and present a true and fair view, 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.

The Company adopted this reporting structure for the year ended 30 June 2003.

CORPORATE GOVERNANCE STATEMENT

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.

Continuous Disclosure and Shareholder Communication

The Board aims to ensure that the shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the directors. Information is communicated to the shareholders through:

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

The Company posted all relevant documents (as outlined in the ASX Corporate Governance Council "Principles of Good Corporate Governance and Best Practice Recommendations") to the Company's website at www.resolute-ltd.com, in July 2003. As noted above the Company has complied with all recommendations with the one exception noted under "Audit Committee". However, it should be noted that this exception is within the transitional arrangements in place until 1 July 2005 as explained above.

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Resolute Mining Limited	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenue from gold sales	2(a)	108,629	117,479	-	-
Cost of sales	2(c)	<u>(91,296)</u>	<u>(101,056)</u>	<u>-</u>	<u>-</u>
Gross profit		17,333	16,423	-	-
Other revenues from ordinary activities	2(b)	5,220	3,500	120	44,271
Borrowing cost expense	2(d)	(797)	(61)	(76)	(5)
Other expenses from ordinary activities	2(e)	<u>(5,685)</u>	<u>(4,545)</u>	<u>(1,770)</u>	<u>(42,890)</u>
Profit/(loss) from ordinary activities before income tax		16,071	15,317	(1,726)	1,376
Income tax expense attributable to ordinary activities	3	<u>(143)</u>	<u>(1,209)</u>	<u>-</u>	<u>-</u>
Profit/(loss) from ordinary activities after income tax		15,928	14,108	(1,726)	1,376
Net profit attributable to outside equity interests	26	<u>647</u>	<u>248</u>	<u>-</u>	<u>-</u>
Net profit/(loss) attributable to members of Resolute Mining Limited		<u>15,281</u>	<u>13,860</u>	<u>(1,726)</u>	<u>1,376</u>
Net exchange difference on translation of financial reports of self sustaining foreign operations	24	<u>(10,281)</u>	<u>(4,513)</u>	<u>-</u>	<u>-</u>
Total revenues, expenses and valuation adjustments attributable to members of Resolute Mining Limited and recognised directly in equity		<u>(10,281)</u>	<u>(4,513)</u>	<u>-</u>	<u>-</u>
Total changes in equity other than those resulting from transactions with owners as owners		<u>5,000</u>	<u>9,347</u>	<u>(1,726)</u>	<u>1,376</u>
Basic earnings per share (cents per share)	41	9.4	11.0		
Diluted earnings per share (cents per share)	41	9.4	10.9		

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	Note	Consolidated		Resolute Mining Limited	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CURRENT ASSETS					
Cash assets	5	17,627	15,622	-	-
Receivables	6	11,802	1,769	8,263	1,211
Other financial assets	7	5,424	4,153	1,753	-
Inventories	8	16,453	19,259	-	-
Other	9	1,095	1,389	54	2
TOTAL CURRENT ASSETS		52,401	42,192	10,070	1,213
NON-CURRENT ASSETS					
Receivables	10	50	51	30,229	27,276
Other financial assets	11	9,445	7,159	25,831	23,545
Mineral exploration and development interests	12	14,374	11,416	-	-
Property, plant and equipment	13	32,208	37,642	-	-
Other	14	18,438	14,573	-	-
TOTAL NON-CURRENT ASSETS		74,515	70,841	56,060	50,821
TOTAL ASSETS		126,916	113,033	66,130	52,034
CURRENT LIABILITIES					
Payables	15	14,452	26,148	255	1,136
Interest bearing liabilities	16	8,293	26	8,193	-
Tax liabilities	17	-	732	-	-
Provisions	18	9,236	12,739	58	-
TOTAL CURRENT LIABILITIES		31,981	39,645	8,506	1,136
NON-CURRENT LIABILITIES					
Interest bearing liabilities	19	14,003	7	-	-
Provisions	20	2,842	5,740	-	-
Deferred tax liabilities	21	5,823	8,512	-	-
Other liabilities	22	-	-	1,406	622
TOTAL NON-CURRENT LIABILITIES		22,668	14,259	1,406	622
TOTAL LIABILITIES		54,649	53,904	9,912	1,758
NET ASSETS		72,267	59,129	56,218	50,276
EQUITY					
Parent entity interest:					
Contributed equity	23	56,568	48,900	56,568	48,900
Reserves	24	(14,794)	(4,513)	-	-
Retained profits/(losses)	25	29,141	13,860	(350)	1,376
Parent entity interest in equity		70,915	58,247	56,218	50,276
Outside equity interests:					
Contributed equity	26	770	770	-	-
Reserves	26	(313)	(136)	-	-
Retained profits	26	895	248	-	-
Outside equity interests in equity		1,352	882	-	-
TOTAL EQUITY		72,267	59,129	56,218	50,276

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Resolute Mining Limited	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		112,473	121,391	107	-
Payments to suppliers and employees		(97,667)	(98,005)	(1,450)	(1,108)
Dividend received		-	-	-	10,541
Interest received		522	948	5	-
Interest and other costs of finance paid		(546)	(61)	-	(5)
Income taxes paid		(375)	(2,777)	-	-
GST refunded from the Australian Taxation Office		439	440	66	33
Net operating cash flows	27(b)	14,846	21,936	(1,272)	9,461
CASH FLOWS FROM INVESTING ACTIVITIES					
Payment for property, plant and equipment		(14,185)	(8,499)	-	-
Proceeds from sale of plant and equipment		192	202	-	-
Payments for investments		(4,176)	(7,980)	(4,040)	(10,913)
Proceeds from sale of investments		793	536	-	16,418
Expenditure on exploration and development areas		(7,902)	(6,165)	(439)	-
Acquisition of areas in production		(9,083)	(2,777)	-	-
Proceeds on sale of exploration interest		20	-	-	-
Loan to other entities		(9,075)	(615)	(9,075)	-
Loan to other persons/corporations repaid		-	2,660	-	-
Loan to controlled entities		-	-	(7,242)	(3,617)
Loans repaid by controlled entity		-	-	6,274	3,617
Cash received on purchase of controlled entity		-	43,822	-	-
Net investing cash flows		(43,416)	21,184	(14,522)	5,505
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of securities		7,668	-	7,668	-
Proceeds from borrowings		26,325	-	9,075	-
Repayment of borrowings		-	(11,286)	-	-
Repayment of lease liability		(27)	(72)	-	-
Return of capital		(933)	(14,401)	(933)	(14,401)
Buy back of shares		(16)	(565)	(16)	(565)
Other		82	-	-	-
Net financing cash flows		33,099	(26,324)	15,794	(14,966)
Net increase in cash held		4,529	16,796	-	-
Cash and bullion held at the beginning of year		15,622	-	-	-
Exchange rate adjustment		(2,524)	(1,174)	-	-
Cash and bullion held at the end of the year	27(a)	17,627	15,622	-	-

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for current investments which have been valued at lower of cost or market value and non-current investments which have been recorded at lower of cost or recoverable value. Cost in relation to assets represents the cash amount paid or the fair value of the asset given in exchange.

Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policies with respect to dividends and employee benefits.

(i) Provision for dividends

The consolidated entity has adopted the new Accounting Standard 1044 "Provisions, Contingent Liabilities and Contingent Assets" which has resulted in a change in the accounting for the dividends provision. Previously, the consolidated entity recognised a provision for dividend based on the amount that was proposed or declared after the reporting date (if applicable). In accordance with the requirements of the new Standard, a provision for dividends will only be recognised at the reporting date where the dividends have been declared, determined or publicly recommended prior to the reporting date. The effect of the change in accounting policy has not had a material effect on the 2003 financial results.

(ii) Employee benefits

The consolidated entity has adopted the revised Accounting Standard 1028 "Employee Benefits", which has resulted in a change in the accounting policy for the measurement of employee benefit liabilities. Previously, the consolidated entity measured the provision for employee benefits based on the remuneration rates at the date of recognition of the liability. In accordance with the requirements of the revised Standard, the provision for employee benefits is now measured based on remuneration rates expected to be paid when the liability is settled. The effect of the change in accounting policy has not had a material effect on the 2003 financial results.

Principles of Consolidation

The consolidated financial statements include the financial statements of Resolute Mining Limited (the parent entity), and its controlled entities, referred to collectively as the "consolidated entity".

All inter-entity balances and transactions have been eliminated. Where an entity either began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with the consolidated entity's policy and generally accepted accounting principles in Australia.

Foreign Currency Transactions

Foreign currency items are translated to Australian currency on the following basis:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction;
- amounts payable and receivable that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year; and

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- the financial statements of all self-sustaining foreign operations are translated using the current rate method where exchange gains or losses on translation are recorded in the foreign currency translation reserve. The financial statements of all integrated operations are translated using the temporal method. Exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change, except where the exchange difference relates to the cost of acquisition of an asset under construction or otherwise being made ready for future productive use by the consolidated entity in its own operations. In these cases the exchange difference is included in the cost of the asset.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand, at financial institutions at call and gold bullion on hand at year-end.

Inventories

Gold in circuit and stockpiles of unprocessed ore have been valued at the lower of cost and estimated net realisable value. In determining costs, an absorption basis is used including variable costs and an appropriate portion of fixed overheads. Average costs over the relevant period of production are assigned to balance date inventory quantities. Stores have been valued at cost less an appropriate provision for obsolescence. Cost is determined on a first-in-first-out basis.

Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Where interest is charged it is taken up as income on an accruals basis.

Convertible notes are recognised at cost with any uncollectible amount being provided for at the time of deeming an amount not to be recoverable. Where interest is charged it is taken up as income on an accruals basis.

Deferred Mining Costs

Periodically, pre-strip and waste removal costs are incurred to enable mining of a new resource or a substantial re-design of a current pit. These pre strip costs are deferred and amortised over the remaining life of the particular pit in accordance with the life of the pit strip ratio.

Joint Venture Operations

Interests in joint venture operations are brought to account by including in the respective classifications, the share of the individual assets employed and share of liabilities and expenses incurred.

Recoverable Amount

Non-current assets are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount, assets are written down. In determining the recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate of 6%.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment*(a) Cost and Valuation*

Property, plant and equipment are carried at cost.

(b) Depreciation

Depreciation is provided on a straight-line basis on all property plant and equipment other than land. Major depreciation periods for the 2002 and 2003 financial reporting periods are:

	Life	Method
Motor vehicles	3 years	straight line
Office equipment	3 years	straight line
Plant and equipment	6 years	straight line

Leased Assets

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.

Operating lease payments where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased items, are included in the determination of profit from ordinary activities in equal instalments over the lease term.

Mineral Exploration and Development Costs

The consolidated entity follows the area of interest method of accounting for exploration properties.

(a) Areas in Exploration and Evaluation

Exploration and evaluation costs related to an area of interest are carried forward only when rights of tenure to the area of interest are current and provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area of interest have 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 that is abandoned are written off in the year in which the decision to abandon is made.

(b) Areas in Production

Areas in production represent the accumulation of all exploration, evaluation and development expenditure incurred by or on behalf of the entity in relation to areas of interest in which mining of a mineral resource 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 resources.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The net carrying value of each mine property is reviewed regularly and, to the extent to which this value exceeds its recoverable amount (based on the higher of the net present value of estimated future net cash flows and its estimated sale value), that excess is fully provided against in the financial year in which this is determined.

(c) Restoration Costs

Costs of restoration work are provided for and treated as production costs. The provision for restoration costs is reassessed at balance date.

Restoration and rehabilitation activity performed as part of the ongoing operations is expensed as it is incurred. The amount of restoration obligations required at the cessation of a particular mine-site are provided for gradually over the mine's life of production. The restoration obligation recognised includes the costs of reclamation and waste site closure and are estimated on the basis of estimates of future costs on an undiscounted basis. Changes in estimates are dealt with on a prospective basis.

(d) Mine Closure

Mine closure costs are provided for once it is imminent that a mine's life is complete and it is probable that additional costs will be incurred in relation to the closure, which can be reliably measured.

Interest-Bearing Liabilities

All loans are measured at the principal amount. Also, refer to "Borrowing Costs" below.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

Provisions

Provisions are recognised when the consolidated entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed Equity

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

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Income Recognition

Revenue from production of gold is recognised when the product is ready for dispatch to a gold refinery. Revenue from the sale of assets is recognised when control of the goods has passed to the buyer and interest revenue is recognised when control of the right to receive the interest payment is received.

Income Tax

Tax effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the accounts and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised. The net future tax benefit relating to timing differences is not carried forward as an asset unless the realisation of the benefit is virtually certain of being realised. A future income tax benefit is brought to account where it offsets deferred tax liabilities in the same accounting period.

Goods and Services Tax (GST)

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

Borrowing Costs

Borrowing costs (excluding interest) incurred in relation to the negotiation of financing facilities, are capitalised when incurred and amortised over the term of the loan. Interest is expensed as incurred, except where they relate to the financing of qualifying assets where they are capitalised up to the date of commissioning or sale and amortised over the life of the asset.

Provision for Employee Entitlements

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave. All on-costs, including payroll tax, workers' compensation premiums and fringe benefits tax are included in the determination of provisions.

Liabilities arising in respect of employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. The non-current portion of long service leave is measured by estimating the present value of estimated cash flows of future entitlements. No provision is made for sick leave.

Employee Option Schemes

Certain employees are entitled to participate in option ownership schemes. The details are provided in Note 37. No remuneration expense is recognised in respect of employee options issued.

Other Financial Assets

Interests in non-subsiary, non-associated corporations are included in investments at the lower of cost and recoverable amount. Investments which are held for trading purposes are classified as current other financial assets. Investments which are held for long-term benefits are classified as non-current other financial assets.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments, Unearned Income and Deferred Put Option Expenditure

In the normal course of business the consolidated entity enters into financial transactions for the purpose of managing its exposure to foreign exchange and commodity prices.

Statement of financial performance recognition of premiums received or paid in respect of instruments entered into as part of the consolidated entity's hedging activities are deferred until the period in which the physical delivery of the gold or foreign exchange originally hedged is delivered or the option expires.

If a hedge instrument is terminated early or restructured, the gain or loss on termination or restructure is deferred and amortised in the period where the physical transaction originally hedged occurs.

Where the physical delivery is no longer expected to occur, the gain or loss on termination is taken to the statement of financial performance in the period the instrument was closed out.

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 preference share dividends;
- 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.

Comparative Figures

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 2 PROFIT FROM ORDINARY ACTIVITIES				
(a) Revenues from operating activities				
Gold sales	108,629	117,479	-	-
Total revenue from operating activities	<u>108,629</u>	<u>117,479</u>	<u>-</u>	<u>-</u>
(b) Revenues from non operating activities				
Proceeds on sale of plant and equipment (Note 2(f))	192	202	-	-
Proceeds on sale of investments (Note 2(f))	793	536	-	44,271
Interest income - other persons/corporations	522	880	70	-
Option premium	3,435	1,754	-	-
Other income	278	128	50	-
Total revenue from non operating activities	<u>5,220</u>	<u>3,500</u>	<u>120</u>	<u>44,271</u>
Total revenues from ordinary activities	<u>113,849</u>	<u>120,979</u>	<u>120</u>	<u>44,271</u>
(c) Cost of sales				
Cash costs	73,757	79,431	-	-
Amortisation of exploration & development costs	5,052	6,544	-	-
Depreciation of mine properties, plant & equipment	7,888	8,221	-	-
Royalty	3,443	3,405	-	-
Gold in circuit adjustment	(663)	481	-	-
Operational support costs	1,819	2,974	-	-
Total cost of sales	<u>91,296</u>	<u>101,056</u>	<u>-</u>	<u>-</u>
(d) Borrowing Costs				
Interest and fees paid/payable to other entities	797	61	76	-
Interest paid/payable - related	-	-	-	5
Total borrowing costs	<u>797</u>	<u>61</u>	<u>76</u>	<u>5</u>
(e) Other expenses from ordinary activities				
Management and administration expenses	2,641	2,477	1,247	1,068
Expense from sale of plant and equipment (Note 2(f))	229	67	-	-
Expense from sale of investments (Note 2(f))	696	293	-	41,810
Insurance costs	601	597	84	12
Foreign exchange gain	(1,454)	(1,291)	-	-
Write down of mineral exploration and development costs	1,632	1,869	439	-
Provision for diminution in value of investments	1,509	313	-	-
Depreciation of non minesite assets	144	220	-	-
Other	(313)	-	-	-
	<u>5,685</u>	<u>4,545</u>	<u>1,770</u>	<u>42,890</u>
(f) Profit on sale of assets				
Profit/(loss) from sale of plant and equipment	(37)	135	-	-
Profit from sale of investments	97	243	-	2,461
	<u>60</u>	<u>378</u>	<u>-</u>	<u>2,461</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
NOTE 3 INCOME TAX				
The difference between income tax provided in the financial statements and the prima facie income tax is reconciled as follows:				
Profit/(loss) from ordinary activities	16,071	15,317	(1,726)	1,376
Prima facie income tax expense/(benefit) calculated thereon - 30% (2002:30%)	4,821	4,595	(518)	413
Tax effect of permanent differences:				
- tax benefit of investment allowance	(443)	(2,805)	-	-
- non assessable profit on sale of assets	-	-	-	(738)
- tax benefit attributable to tax losses and timing differences not recognised in the current year due to uncertainty of recoupment	833	-	518	325
- recoupment of prior year tax losses	(5,463)	(842)	-	-
- effect of different rates of tax on overseas income	165	(265)	-	-
- other	230	526	-	-
Income tax expense attributable to profit from ordinary activities	143	1,209	-	-
Future income tax benefit arising from tax losses of the parent and controlled entities not brought to account at balance date as realisation of the benefit is not regarded as virtually certain (tax rate at 30%, 2002: 30%)	39,747	56,497	518	325

The future income tax benefit will only be obtained if :

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

Tax Consolidation

For the purposes of income tax, RML and its wholly-owned subsidiaries intend to form a tax consolidated group. At the date of signing the financial report, RML have not determined the date of entry into tax consolidation. The date of entry into the regime will be determined prior to, or at the time RML (as head entity for the tax consolidated group) lodges its 2003 income tax return.

RML, as the head entity of the tax consolidated group, intends to enter into a tax sharing agreement with its wholly owned subsidiaries at the time of entering into tax consolidation. The purpose of this agreement will be to define the basis on which to allocate the income tax expense/credit to the wholly-owned subsidiaries.

Based on our preliminary analysis, we do not anticipate that the deferred tax assets and liabilities will be materially impacted upon entry into the tax consolidations regime.

NOTE 4 DIVIDENDS PAID OR PROVIDED FOR

Amount of unappropriated profits and reserves which could be distributed out of existing franking credits. The amount has been determined using a tax rate of 30%.

12,425	11,525	10,541	10,541
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There were no dividends paid or provided for during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 5 CASH ASSETS				
Cash at bank	11,143	2,980	-	-
Short term deposits	2,771	3,153	-	-
Gold bullion	3,713	9,489	-	-
	<u>17,627</u>	<u>15,622</u>	<u>-</u>	<u>-</u>

NOTE 6 RECEIVABLES (CURRENT)

Sundry debtors	1,459	1,769	70	11
Convertible note (a)	8,193	-	8,193	-
Deferred put option expenditure	2,150	-	-	-
Loans receivable from controlled entities	-	-	-	1,200
	<u>11,802</u>	<u>1,769</u>	<u>8,263</u>	<u>1,211</u>

(a) The convertible note of US\$5.5m is due from Northern Mining Explorations Limited (MDN) (a company listed on the Toronto Stock Exchange) and is due for repayment on 31 December 2003. Pursuant to the terms of the facility agreement, Resolute Mining Limited can convert its debt to common shares of MDN at a price of C\$1.09 per MDN share.

The convertible note is fully secured over MDN's assets, including its interest in the Tulawaka Project in Tanzania.

NOTE 7 OTHER FINANCIAL ASSETS (CURRENT)

Shares quoted on a prescribed stock exchange:				
- at cost	1,789	887	1,753	-
- provision for diminution	-	(223)	-	-
Total listed shares	<u>1,789</u>	<u>664</u>	<u>1,753</u>	<u>-</u>
Unlisted shares in other corporations - at cost				
- at cost	3,635	3,579	-	-
- provision for diminution	-	(90)	-	-
Total unlisted shares	<u>3,635</u>	<u>3,489</u>	<u>-</u>	<u>-</u>
Total other financial assets (current)	<u>5,424</u>	<u>4,153</u>	<u>1,753</u>	<u>-</u>
Aggregate market value of shares listed on a prescribed stock exchange	<u>2,360</u>	<u>664</u>	<u>2,300</u>	<u>-</u>

NOTE 8 INVENTORIES (CURRENT)

Gold in circuit - at cost	1,429	2,394	-	-
Consumables - at cost	6,479	5,167	-	-
Provision for diminution in value	-	(13)	-	-
Ore stockpiles - at cost	8,545	11,711	-	-
	<u>16,453</u>	<u>19,259</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 9 OTHER CURRENT ASSETS				
Deferred mining costs	-	451	-	-
Prepayments	1,095	938	54	2
	<u>1,095</u>	<u>1,389</u>	<u>54</u>	<u>2</u>
NOTE 10 RECEIVABLES (NON-CURRENT)				
Term deposits	50	51	-	-
Loans receivable from controlled entities (a)	-	-	30,229	27,276
	<u>50</u>	<u>51</u>	<u>30,229</u>	<u>27,276</u>
(a) This loan is interest free and has no fixed repayment date.				
NOTE 11 OTHER FINANCIAL ASSETS (NON-CURRENT)				
(a) Listed Investments				
Shares quoted on a prescribed stock exchange:				
- at cost	9,423	7,137	9,423	7,137
Total listed shares	<u>9,423</u>	<u>7,137</u>	<u>9,423</u>	<u>7,137</u>
(b) Unlisted Investments				
Shares in other entities - at cost	22	22	-	-
Shares in controlled entities - at cost (Note 29)	-	-	16,408	16,408
Total unlisted shares	<u>22</u>	<u>22</u>	<u>16,408</u>	<u>16,408</u>
Total other financial assets (non-current)	<u>9,445</u>	<u>7,159</u>	<u>25,831</u>	<u>23,545</u>
Aggregate market value of shares listed on a prescribed stock exchange (Note (i))	<u>7,550</u>	<u>11,454</u>	<u>7,550</u>	<u>11,454</u>

(i) The market value of the listed non-current investments is less than the corresponding book value. The directors do not believe it is necessary to provide for a diminution in the value of investments as they are strategic long term positions in these entities and as such the recoverable value of the listed investments are expected to exceed the book value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 12 MINERAL EXPLORATION AND DEVELOPMENT INTERESTS				
The consolidated entity has gold mineral exploration and development costs carried forward in respect of areas of interest in the following phases:				
a) Areas in Production (at cost)				
Balance at beginning of the year	6,037	-	-	-
- Acquired, disposed during the year	4,352	10,797	-	-
- Expenditure for the year	1,276	2,139	-	-
- Amount amortised during the year	(5,052)	(6,544)	-	-
- Amount written off during the year	(18)	(655)	-	-
- Foreign currency translation	(1,195)	300	-	-
Balance at the end of the year	<u>5,400</u>	<u>6,037</u>	-	-
b) Areas in Exploration and Evaluation (at cost)				
Balance at beginning of the year	5,379	-	-	-
- Acquired, disposed during the year	(2,071)	2,630	-	-
- Expenditure for the year	7,142	4,026	-	-
- Amounts written off during the year	(1,614)	(1,214)	-	-
- Foreign currency translation	(815)	(63)	-	-
- Other	953	-	-	-
Balance at the end of the year	<u>8,974</u>	<u>5,379</u>	-	-
Total costs carried forward	<u>14,374</u>	<u>11,416</u>	-	-

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.

Legislative developments and judicial decisions (in particular the Mabo case), may have an adverse impact on the exploration and production activities of the consolidated entity and on the consolidated entity's ability to fund those activities. It is not possible at this time to assess the impact (if any) of these developments on the operations of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Resolute Mining Limited	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 13 PROPERTY, PLANT AND EQUIPMENT					
Buildings - at cost		2,180	2,638	-	-
Accumulated depreciation		(962)	(631)	-	-
	13(a)	<u>1,218</u>	<u>2,007</u>	<u>-</u>	<u>-</u>
Mine properties, plant and equipment - at cost		39,840	40,056	-	-
Accumulated depreciation		(9,868)	(5,997)	-	-
	13(a)	<u>29,972</u>	<u>34,059</u>	<u>-</u>	<u>-</u>
Motor vehicles - at cost		1,325	1,424	-	-
Accumulated depreciation		(917)	(787)	-	-
	13(a)	<u>408</u>	<u>637</u>	<u>-</u>	<u>-</u>
Office equipment - at cost		784	1,248	-	-
Accumulated depreciation		(193)	(397)	-	-
	13(a)	<u>591</u>	<u>851</u>	<u>-</u>	<u>-</u>
Plant & equipment, vehicles, office equipment, fixtures & fittings under lease - at capitalised cost		47	103	-	-
Accumulated amortisation		(28)	(15)	-	-
	13(a)	<u>19</u>	<u>88</u>	<u>-</u>	<u>-</u>
Total property, plant & equipment					
Cost		44,176	45,469	-	-
Provision for depreciation & amortisation		(11,968)	(7,827)	-	-
Total written down amount		<u>32,208</u>	<u>37,642</u>	<u>-</u>	<u>-</u>
13 (a) Reconciliations					
Buildings					
Carrying amount at beginning of the year		2,007	-	-	-
Additions		47	6	-	-
Acquisitions		-	2,800	-	-
Depreciation expense		(505)	(680)	-	-
Net foreign exchange movement		(215)	(119)	-	-
Other - transfers		(116)	-	-	-
		<u>1,218</u>	<u>2,007</u>	<u>-</u>	<u>-</u>
Mine properties, plant and equipment					
Carrying amount at beginning of the year		34,059	-	-	-
Additions		9,495	12,120	-	-
Acquisitions		-	30,555	-	-
Disposals		(132)	-	-	-
Depreciation expense		(6,975)	(6,444)	-	-
Net foreign exchange movement		(6,303)	(2,172)	-	-
Other - transfers		(172)	-	-	-
		<u>29,972</u>	<u>34,059</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 13 (CONT)				
Motor vehicles				
Carrying amount at beginning of the year	637	-	-	-
Additions	324	188	-	-
Acquisitions	-	1,359	-	-
Disposals	(16)	(56)	-	-
Depreciation expense	(314)	(854)	-	-
Net foreign exchange movement	(33)	-	-	-
Other - transfers	(190)	-	-	-
	<u>408</u>	<u>637</u>	<u>-</u>	<u>-</u>
Office equipment				
Carrying amount at beginning of the year	851	-	-	-
Additions	209	74	-	-
Acquisitions	-	1,248	-	-
Disposals	(81)	(5)	-	-
Depreciation expense	(220)	(421)	-	-
Net foreign exchange movement	(49)	(45)	-	-
Other - transfers	(119)	-	-	-
	<u>591</u>	<u>851</u>	<u>-</u>	<u>-</u>
Plant & equipment, vehicles, office equipment, fixtures & fittings under lease - at capitalised cost				
Carrying amount at beginning of the year	88	-	-	-
Acquisitions	-	136	-	-
Disposals	-	(6)	-	-
Amortisation expense	(18)	(42)	-	-
Other - transfers	(51)	-	-	-
	<u>19</u>	<u>88</u>	<u>-</u>	<u>-</u>
NOTE 14 OTHER NON-CURRENT ASSETS				
Deferred mining costs	17,556	14,573	-	-
Deferred put option expenditure	882	-	-	-
	<u>18,438</u>	<u>14,573</u>	<u>-</u>	<u>-</u>
NOTE 15 PAYABLES (CURRENT)				
Trade creditors and accruals	14,044	24,936	255	1,136
Other creditors	408	1,212	-	-
	<u>14,452</u>	<u>26,148</u>	<u>255</u>	<u>1,136</u>
NOTE 16 INTEREST BEARING LIABILITIES (CURRENT)				
Lease liability - secured (a) and Note 36	6	26	-	-
Borrowings (b)	8,193	-	8,193	-
Interest on borrowings	94	-	-	-
	<u>8,293</u>	<u>26</u>	<u>8,193</u>	<u>-</u>

(a) The lease liability is secured by a charge over the leased assets.

(b) Resolute Mining Limited ("RML") owe Rand Merchant Bank ("RMB") US\$5.5m at year end and the amount is due on 31 December 2003. Refer to Note 6 (a) for a corresponding receivable from MDN. RMB have a charge over the security that RML has obtained over the MDN assets including MDN's interest in the Tulawaka Project in Tanzania.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 17 TAX LIABILITIES (CURRENT)				
Provision for income tax	-	732	-	-
NOTE 18 PROVISIONS (CURRENT)				
Employee entitlements (refer Note 1 and Note 37)	477	1,971	-	-
Dividend payable (a)	170	170	-	-
Site restoration (b)	4,275	3,548	-	-
Mine closure (b)	902	2,342	-	-
Above acquisition (c)	59	2,240	-	-
Foreign exchange and gold hedging losses	-	1,069	-	-
Unearned income (refer Note 1)	3,353	1,399	58	-
	<u>9,236</u>	<u>12,739</u>	<u>58</u>	<u>-</u>

(a) Relates to amounts unclaimed on Resolute Limited declared dividends from prior years.

(b) A provision for site restoration and mine closure is recognised in relation to the mining activities for costs such as reclamation, waste site closure, plant closure and other costs associated with the restoration and closure of a mining site. Estimates of the restoration and closure obligations are based on anticipated technology and legal requirements and future costs.

In determining the restoration and closure provision, the entity has assumed no significant changes will occur in relevant legislation in relation to restoration and closure of such mines in the future.

(c) Relates to amounts outstanding in relation to the Abore orebody whereby a royalty is paid amounting to US\$3/oz for every ounce of production over 100,000 ounces.

NOTE 19 INTEREST BEARING LIABILITIES (NON-CURRENT)

Lease liability (Note 36)	-	7	-	-
Borrowings (a)	14,003	-	-	-
	<u>14,003</u>	<u>7</u>	<u>-</u>	<u>-</u>

(a) This finance facility was entered into between Mabangu Mining Ltd ("MML"), a subsidiary of Resolute Mining Limited ("RML") and Standard Bank London to fund the US\$10m Golden Pride Upgrade Project. The facility agreement and associated agreements were executed on 19 July 2002 with the initial drawdown of US\$9.4m on 23 July 2002. The US\$11m facility is a revolving line of credit with an expiration date of June 2006. There is no fixed schedule of repayments, but the full amount is to be repaid on or before maturity, subject to compliance with covenant ratios.

The loan is secured by a fixed and floating charge over the assets of MML, a floating charge over the cash held by MML, a share mortgage over MML's shares and a mortgage over the tenure held by MML.

The loan will be recourse to RML until a completion test is passed. Completion testing is expected to be finished in the December 2003 quarter.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 20 PROVISIONS (NON-CURRENT)				
Site restoration	2,492	5,740	-	-
Mine closure	350	-	-	-
	<u>2,842</u>	<u>5,740</u>	<u>-</u>	<u>-</u>
Movements in current and non-current provisions				
(i) Site Restoration				
Carrying amount at the beginning of the financial year	9,288	-	-	-
Additional provision	475	-	-	-
Amounts utilised during the year	(2,596)	-	-	-
Foreign exchange	(400)	-	-	-
Carrying amount at the end of the financial year	<u>6,767</u>	-	<u>-</u>	<u>-</u>
Reconciled as:				
Current provision	4,275	-	-	-
Non-current provision	2,492	-	-	-
Total provision	<u>6,767</u>	-	<u>-</u>	<u>-</u>
(ii) Mine Closure				
Carrying amount at the beginning of the financial year	2,342	-	-	-
Additional provision	907	-	-	-
Amounts utilised during the year	(1,629)	-	-	-
Foreign exchange	(368)	-	-	-
Carrying amount at the end of the financial year	<u>1,252</u>	-	<u>-</u>	<u>-</u>
Reconciled as:				
Current provision	902	-	-	-
Non-current provision	350	-	-	-
Total provision	<u>1,252</u>	-	<u>-</u>	<u>-</u>
(iii) Abore Acquisition				
Carrying amount at the beginning of the financial year	2,240	-	-	-
Additional provision	514	-	-	-
Amounts utilised during the year	(2,695)	-	-	-
Carrying amount at the end of the financial year	<u>59</u>	-	<u>-</u>	<u>-</u>
(iv) Deferred foreign exchange and gold hedging losses				
Carrying amount at the beginning of the financial year	1,069	-	-	-
Additional provision	110	-	-	-
Amounts utilised during the year	(1,179)	-	-	-
Carrying amount at the end of the financial year	<u>-</u>	-	<u>-</u>	<u>-</u>
(v) Unearned income				
Carrying amount at the beginning of the financial year	1,399	-	-	-
Additional provision	8,533	-	82	-
Amounts utilised during the year	(6,349)	-	(24)	-
Foreign exchange	(230)	-	-	-
Carrying amount at the end of the financial year	<u>3,353</u>	-	<u>58</u>	<u>-</u>
NOTE 21 DEFERRED TAX LIABILITIES				
Provision for deferred tax liability	11,456	11,657	-	-
Provision for deferred tax liability offset by carried forward losses	(5,633)	(3,145)	-	-
	<u>5,823</u>	<u>8,512</u>	<u>-</u>	<u>-</u>
NOTE 22 OTHER LIABILITIES				
Amount payable to controlled entities (Note 29)	-	-	1,406	622

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 23 EQUITY				
(a) Contributed equity				
Ordinary share capital				
164,463,168 ordinary fully paid shares (2002: 153,813,168)	56,568	48,900	56,568	48,900
(b) Movements in contributed equity				
Balance at the beginning of the year	48,900	-	48,900	-
Issue of 155,278,320 RML shares pursuant to the Scheme of Arrangement with Resolute Limited	-	64,984	-	64,984
Buyback of unmarketable parcels of 1,465,153 shares	-	(703)	-	(703)
Return of capital on 153,813,168 shares at 10 cents per share	-	(15,381)	-	(15,381)
Placement of 10,650,000 RML shares at 72 cents per share	7,668	-	7,668	-
Balance at the end of the year	56,568	48,900	56,568	48,900
(c) Terms and conditions of contributed equity				
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.				
(d) Employee Share Options				
Refer to Note 37 (b) 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) Other Options				
In addition to the employee share options noted above there are 51,269,059 listed options with an exercise price of 80 cents and a further 2,460,000 unlisted options issued with an exercise price of \$2.20 outstanding at year end. The relevant expiry date of these options is 11 June 2005 and 4 January 2005 respectively.				
Subsequent to year end, 4,419 listed options have been converted to ordinary shares at an issue price of 80 cents each.				
NOTE 24 RESERVES				
Foreign currency translation reserve (a)	(14,794)	(4,513)	-	-
(a) Movements in foreign currency translation reserve				
Balance at the beginning of the year	(4,513)	-	-	-
Translation of foreign entities Statements of Financial Position	(10,281)	(4,513)	-	-
Balance at the end of the year	(14,794)	(4,513)	-	-
NOTE 25 RETAINED PROFITS				
Retained profits at the beginning of the year	13,860	-	1,376	-
Net profit/(loss) attributable to members	15,281	13,860	(1,726)	1,376
Retained profits/(loss) at the end of the financial year	29,141	13,860	(350)	1,376
NOTE 26 OUTSIDE EQUITY INTERESTS				
Analysis of outside equity interest in controlled entities:				
- Share capital	770	770	-	-
- Reserves	(313)	(136)	-	-
- Retained profits	895	248	-	-
	1,352	882	-	-
Reconciliation of outside equity interest in controlled entities:				
Balance at the beginning of the year	882	-	-	-
- Add outside equity interest acquired as part of Scheme of Arrangement	-	770	-	-
- Add share of operating profit	647	248	-	-
- Add share of foreign currency translation reserve	(177)	(136)	-	-
Balance at the end of the year	1,352	882	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Note	Consolidated		Resolute Mining Limited	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
NOTE 27 NOTES TO THE STATEMENT OF CASHFLOW					
(a) Reconciliation of Cash					
Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:					
Cash at bank	5	11,143	2,980	-	-
Short term deposits	5	2,771	3,153	-	-
Gold bullion	5	3,713	9,489	-	-
		<u>17,627</u>	<u>15,622</u>	<u>-</u>	<u>-</u>
At 30 June 2003, the consolidated entity had \$17.627 million in cash and bullion, of which \$2.8m is subject to certain restrictions pursuant to the group's performance bond credit facility agreements. The restrictions involve Resolute maintaining a retention account requiring a minimum balance. The statement has been prepared on the basis that the cash which is subject to certain restrictions is still cash or a cash equivalent as defined in AASB 1026.					
(b) Reconciliation of Net Profit/(Loss) from Ordinary Activities After Income Tax to the Net Cash Flows from Operating Activities					
Net profit/(loss) from ordinary activities after income tax		15,928	14,108	(1,726)	1,376
Add/(Deduct) Non Cash Items :					
Write down of mineral exploration and development costs		1,632	1,869	439	-
Depreciation and amortisation of property, plant and equipment		8,032	8,441	-	-
Amortisation of exploration and development costs		5,052	6,544	-	-
Other		-	492	-	-
(Profit)/loss on sale of property, plant and equipment		37	(135)	-	-
Profit on sale of investments		(97)	(243)	-	(2,461)
Foreign exchange gain		(1,454)	(1,291)	-	-
Provision for diminution in value of investments		1,509	313	-	-
Provision for employee entitlements		(1,490)	78	-	-
Provision for stock obsolescence		(13)	13	-	-
Changes in Assets and Liabilities :					
Receivables		10	699	(59)	(11)
Inventories		93	(4,222)	-	-
Deferred put option expenditure		(3,031)	-	-	-
Investments		-	-	-	10,541
Prepayments		(157)	255	(52)	(2)
Deferred mining costs		(4,961)	(2,843)	-	-
Creditors		(4,743)	3,691	68	18
Provision for taxation		(736)	(1,385)	-	-
Provisions		(3,611)	(2,064)	-	-
Foreign exchange and gold losses		387	(3,607)	-	-
Deferred tax liability		504	(176)	-	-
Unearned income		1,955	1,399	58	-
Cash Flow from Operating Activities		<u>14,846</u>	<u>21,936</u>	<u>(1,272)</u>	<u>9,461</u>

(c) There were no non-cash financing and investing activities during the financial year ended 30 June 2003.

(d) During the year Holdway Pty Ltd was deregistered. This transaction had no cash effect.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 28 EXPLORATION AND DEVELOPMENT COMMITMENTS

	Consolidated		Resolute Mining Limited	
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000
(a) Development				
Due within one year	-	9,900	-	-

(a) Exploration

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 commitments expected in the year ending 30 June 2004 for the consolidated entity and parent entity is \$10.1 million (2003: \$5.5 million) and nil (2003: nil) respectively. This includes the minimum amounts required to retain tenure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Consolidated	
2003	2002
\$'000	\$'000

NOTE 29 CONTROLLED ENTITIES (continued)

(a) Pursuant to a class order and an assumption deed dated 4 June 1996, relief has been granted to this controlled entity of Resolute Limited from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. As a condition of the class order, Resolute Limited and the controlled entity subject to the class order, entered into a deed of indemnity on 22 May 1995. The effect of the deed is that Resolute Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entity. The controlled entity has also given a similar guarantee in the event that Resolute Limited is wound up. Resolute Limited will prepare and lodge accounts which will disclose the Statement of Financial Position and Statement of Financial Performance of the closed group.

(b) This entity is not audited. A review of the entity's results and position is performed for the purpose of inclusion in the consolidated entity's accounts.

NOTE 30 DISCONTINUING OPERATIONS

With the cessation of the Obotan Gold Project in Ghana in the December 2002 quarter, costs in relation to decommissioning; care and maintenance; and reclamation, rehabilitation and revegetation monitoring and maintenance will be incurred. These costs have been provided for in the provisions section of the statement of financial position. The timing of the cash outflows in relation to these items is anticipated to extend across the following 18 months.

The Obotan operations are reported within the 'Ghana' section of the segment report as disclosed in Note 31.

The financial performance of the Obotan operations for the year ended 30 June 2003 are as follows:

Revenues from ordinary activities	27,553	45,515
Expenses from ordinary activities	(19,970)	(43,412)
Profit before income tax benefit	7,583	2,103
Income tax benefit relating to ordinary activities	11	73
Profit from ordinary activities after income tax benefit	7,594	2,176

The net cashflows attributable to the Obotan operations for the period ended 30 June 2003 are as follows:

Operating	7,433	7,953
Investing	(4,222)	(6,207)
Financing	-	-
Net cash inflows	3,211	1,746

The carrying amounts of assets and liabilities as at 30 June 2003 are disclosed in the segment report at Note 31. The majority of these assets have been disposed of subsequent to year end as noted below.

Subsequent to year end, Resolute Mining Limited ("RML") executed an agreement with Canadian company Golden Star Resources Limited for the sale of Resolute's Obotan plant located in Ghana. The Obotan plant includes all processing plant and equipment, powerhouse, stores inventory and spares located at the Obotan site. The total consideration in relation to this transaction was US\$4.3m. The consideration of US\$4.3m was received in July 2003. RML retains the mining lease and the rehabilitation obligations following the removal of the plant from the site.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 31 SEGMENT INFORMATION

(a) Primary Segment - Geographical

The consolidated entity operates in two geographical segments.

Geographical Segments	Tanzania		Ghana		Unallocated		Consolidated	
	2003 \$A'000	2002 \$A'000	2003 \$A'000	2002 \$A'000	2003 \$A'000	2002 \$A'000	2003 \$A'000	2002 \$A'000
Revenue								
Sales to customers (refer Note (i))	81,166	72,223	27,463	45,256	-	-	108,629	117,479
Other revenue	(848)	60	90	259	5,978	3,181	5,220	3,500
Segment revenue	<u>80,318</u>	<u>72,283</u>	<u>27,553</u>	<u>45,515</u>	<u>5,978</u>	<u>3,181</u>	<u>113,849</u>	<u>120,979</u>
Results								
Segment results	8,491	10,630	7,583	2,103	(3)	2,584	16,071	15,317
Consolidated entity profit from ordinary activities before income tax expense							16,071	15,317
Income tax expense							(143)	(1,209)
Consolidated entity profit from ordinary activities after income tax expense							<u>15,928</u>	<u>14,108</u>
Assets								
Segment assets	82,524	74,246	13,083	16,653	31,309	22,134	126,916	113,033
Liabilities								
Segment liabilities	30,399	26,286	6,545	14,930	17,705	12,688	54,649	53,904
Other Segment Information								
Depreciation and amortisation	8,671	7,506	4,269	7,259	144	220	13,084	14,985
Acquisition of non-current assets	18,626	48,128	1,830	15,615	2,390	5,101	22,846	68,844
Other non cash expenses	114	329	40	604	2,987	1,339	3,141	2,272

Note (i): Gold is sold on the global market with proceeds being realised at point of sale.

(b) Secondary Segment - Business

The consolidated entity has one business segment being mining and exploration of gold.

	Mining and Exploration of Gold	
	2003 \$A'000	2002 \$A'000
Revenue		
Segment revenue	<u>113,849</u>	<u>120,979</u>
Assets		
Segment assets	<u>126,916</u>	<u>113,033</u>
Other Segment Information		
Acquisition of assets	<u>22,846</u>	<u>68,844</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 32 RELATED PARTY TRANSACTIONS

(a) The Directors of the Company who held office during the financial year, unless otherwise indicated were :

Peter Ross Sullivan
 Peter Ernest Huston
 Thomas Cummings Ford

(b) The following related party transactions occurred during the year:

i) Transactions with related parties in the wholly owned consolidated entity

The parent entity entered into the following transactions during the year with related parties:

Management fees of \$720,000 (2002: \$600,000) were paid to a wholly owned controlled entity by RML during the year. All transactions were on normal commercial terms and conditions.

Appropriate disclosures of amounts due to and receivable from related parties are contained in the notes to the financial statements.

ii) Transactions with other related parties	2003	2002
	\$'000	\$'000

Management fees and technical services paid to a wholly owned controlled entity by Resolute Amansie Limited	320	1,100
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iii) Director related transactions

During the year Troika Legal were paid \$191,892 (2002: \$184,289) in legal fees which are in addition to fees disclosed in the Directors' and Officers' Remuneration. Mr Huston is a partner of this firm. All transactions were on normal commercial terms and conditions.

(c) Directors' shareholdings

Interests in the shares of entities within the consolidated entity held in aggregate by directors of the reporting entity and their director-related entities, as at 30 June 2003:

Type of Security	Balance held at 30 June 2003	Balance held at 30 June 2002
Resolute Mining Limited ordinary shares	376,550	373,550
Resolute Mining Limited options	2,449,516	2,124,516

(d) Movements in Directors' shareholdings

During the year, Mr P.Sullivan acquired 325,000 options on market to subscribe for Resolute Mining Limited fully paid ordinary shares with an exercise price of 80 cents each and an expiry date of 11 June 2005.

During the year, Mr T.Ford acquired 3,000 ordinary shares on market.

There have been no other transactions concerning equity instruments during the financial year with directors or their director-related entities.

(e) Resolute Mining Limited is the ultimate Australian holding company and there is no controlling entity of Resolute Mining Limited at 30 June 2003.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003	2002	2003	2002
NOTE 33 REMUNERATION OF DIRECTORS				
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or from any related party	1,538,983	1,438,817		
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Resolute Mining Limited, directly or indirectly, from the entity or any related party			554,786	454,573

The number of directors of Resolute Mining Limited (including super-annuation contributions) whose remuneration falls within the following bands:

	2003	2002
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	1	-
\$120,000 - \$129,999	-	1
\$150,000 - \$159,999	1	-
\$300,000 - \$309,999	-	1
\$370,000 - \$379,999	1	-

The figures provided for the 2002 financial year relate to the period from 5 September 2001 to 30 June 2002. Prior to 5 September 2001, Resolute Mining Limited was dormant.

	Consolidated		Resolute Mining Limited	
	2003	2002	2003	2002
NOTE 34 REMUNERATION OF EXECUTIVES				
Remuneration received or due and receivable by executive officers of the consolidated entity and Company whose remuneration is \$100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise	1,023,921	823,573	1,023,921	823,573

The number of executives of the consolidated entity and the Company (including executive directors disclosed in Note 32) whose remuneration falls within the following bands:

	Consolidated		Resolute Mining Limited	
	2003	2002	2003	2002
\$130,000 - \$139,999	-	1	-	1
\$170,000 - \$179,999	1	-	1	-
\$180,000 - \$189,999	-	1	-	1
\$190,000 - \$199,999	-	1	-	1
\$230,000 - \$239,999	2	-	2	-
\$300,000 - \$309,999	-	1	-	1
\$370,000 - \$379,999	1	-	1	-

The figures provided for the 2002 financial year relate to the period from 5 September 2001 to 30 June 2002. Prior to 5 September 2001, Resolute Mining Limited was dormant.

The amounts disclosed for remuneration of executive officers in this note do not include the assessed fair values of options granted to executive officers during the year ended 30 June 2003. Fair values have been determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the Resolute Mining Limited ordinary share price at the date of issue, the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The deemed value of the options that vested to executives during the year amounted to \$85,028.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

	Consolidated		Resolute Mining Limited	
	2003	2002	2003	2002
	\$	\$	\$	\$
NOTE 35 REMUNERATION OF AUDITORS				
Amounts received or due and receivable by Ernst & Young Australia, from entities in the consolidated entity or related entities				
- auditing accounts	88,000	82,320	31,000	26,000
- other services (taxation services)	69,732	61,223	69,732	34,125
	<u>157,732</u>	<u>143,543</u>	<u>100,732</u>	<u>60,125</u>
Amounts received or due and receivable by a related practice of Ernst & Young Australia, from entities in the consolidated entity or related entities				
- auditing accounts	15,641	25,373	-	-
	<u>173,373</u>	<u>168,916</u>	<u>100,732</u>	<u>60,125</u>
	2003	2002	2003	2002
	\$'000	\$'000	\$'000	\$'000

NOTE 36 LEASE COMMITMENTS

(a) Finance Leases

Lease expenditure contracted and provided for :-

Due within one year	6	27	-	-
Due between one and five years	-	7	-	-
Total minimum lease commitment	<u>6</u>	<u>34</u>	<u>-</u>	<u>-</u>
Future finance charges	-	(1)	-	-
Lease Liability	<u>6</u>	<u>33</u>	<u>-</u>	<u>-</u>
Reconciled to :				
Current liability (Note 16)	6	26	-	-
Non-current liability (Note 19)	-	7	-	-
	<u>6</u>	<u>33</u>	<u>-</u>	<u>-</u>

(b) Operating Leases (non-cancellable)

Due within one year	165	104	-	-
Due between one and five years	175	340	-	-
Aggregate lease expenditure contracted for at balance date but not provided for	<u>340</u>	<u>444</u>	<u>-</u>	<u>-</u>

Finance leases are entered into as a means of funding the acquisition of minor items of plant and equipment. The operating lease relates to the rental of office premises. Operating lease payments are fixed. Some leases have renewal or purchase options. Where such options exist, they are exercisable at market prices.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Consolidated		Resolute Mining Limited	
2003	2002	2003	2002
\$'000	\$'000	\$'000	\$'000

NOTE 37 EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

(a) Employee Entitlements

The aggregate employee entitlement liability is comprised of :

Provisions (current) [Note 18]	477	1,971	-	-
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(b) Employee Share Option Plan

An employee share option plan has been established where directors, executives and certain members of staff of the consolidated entity are issued with options over the ordinary shares of RML. The options, issued for nil consideration, are issued in accordance with the terms and conditions of the shareholder approved RML Employee Share Option Plan and performance guidelines established by the directors of RML. The options will not be quoted on the ASX.

Options outstanding at balance date are 2,000,000 options issued to a director on 10 December 2001 with an exercise price of \$0.42 per fully paid ordinary share and expiring on 10 December 2006. One third of the options can be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue.

Also outstanding at balance date are 1,860,000 options which comprises the 1,965,000 issued during the year less the 105,000 options which lapsed during the year. The options were issued on 20 September 2002 with an exercise price of \$0.81 per fully paid ordinary share and expire on 19 September 2007. One third of the options can be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. There is currently one director, 3 executives and 17 staff participating in this plan.

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

	2003		2002	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Balance at the beginning of the year	2,000,000	0.42	-	-
- granted	1,965,000	0.81	2,000,000	0.42
- forfeited/lapsed	(105,000)	0.81	-	-
- exercised	-	-	-	-
Balance at end of year	<u>3,860,000</u>	<u>0.61</u>	<u>2,000,000</u>	<u>0.42</u>
Exercisable at end of year	<u>1,953,333</u>	<u>0.54</u>	<u>666,667</u>	<u>0.42</u>

Subsequent to year end, 25,000 employee share options have been converted to ordinary shares at an issue price of 81 cents each. In addition, since the end of the financial year and up to the date of the Directors' Report, 50,000 employee share options with an issue price of 81 cents each have lapsed and 105,000 employee share options with an expiry date of 13 August 2008 and an exercise price of 81 cents each have been issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 37 EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS (continued)

(c) Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, disability or death. The Company and the consolidated entity have entered into a superannuation plan that provides benefits determined by the accumulation of contributions and earnings of the plan.

Employees may contribute to the plan at various percentages of their wages and salaries. The consolidated entity also contributes to the plan generally at a rate of 9% of the employees' wages and salaries. Contributions by the consolidated entity of 9% of employees wages and salaries are legally enforceable in Australia.

(d) The number of employees in the Resolute Mining group as at 30 June 2003 is 390 (2002: 516).

NOTE 38 INTERESTS IN JOINT VENTURE OPERATIONS

The consolidated entity has an interest in the following material joint venture operations, whose principal activities are to explore for gold.

<u>Entity Holding Interest</u>	<u>Joint Venture Operation</u>	<u>Percentage of Interest Held</u>	
		<u>2003</u> %	<u>2002</u> %
Resolute Limited	Chalice/Higginsville JV	20	20
Resolute Resources Limited	Yumbarra JV	-	50
Mabangu Mining Limited	Spinifex/Nyakafuru JV	Earning an initial 51%	Earning an initial 51%
Resolute (Tanzania) Limited	Sub-Sahara JV	Earning an initial 51%	Earning an initial 51%

The interests in the joint venture operations are included in the accounts as follows :

	<u>Consolidated</u>	
	<u>2003</u> \$'000	<u>2002</u> \$'000
Non-Current Assets		
Mineral exploration and development interests	-	69
	-	69
Total share of joint venture operation net assets	-	69
Exploration & development expenditure commitments	2,817	1,965

NOTE 39 SUBSEQUENT EVENTS

As mentioned in Note 30, subsequent to year end the Obotan plant (which includes all processing plant and equipment, powerhouse, stores inventory and spares) was sold to Golden Star Resources Limited ("GSR") for US\$4.3m consideration.

Within this agreement between Resolute Mining Limited and GSR, GSR had agreed to purchase Resolute Mining Limited's 4.5% shareholding in Red Back Mining Limited for US\$1.24m which was subject to approval by Red Back Mining Limited. However, the agreement to sell the Red Back Mining shareholding to GSR expired on 1 August 2003 due to approval from Red Back Mining Limited not being received prior to this expiry date.

Resolute Mining Limited's shares in Red Back Mining Limited have been disposed of subsequent to 1 August 2003 to other external parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

Consolidated
2003 2002

NOTE 40 CONTINGENT LIABILITIES**(a) Restoration and Rehabilitation**

All of the consolidated entity's exploration and mining areas are subject to restoration and rehabilitation requirements in accordance with the conditions of the licences issued by the relevant authorities. The directors believe that the consolidated entity is making sufficient provision in its accounts to meet future restoration and rehabilitation obligations. As at 30 June 2003, a provision for future restoration and rehabilitation of \$6.8 million has been provided for in the accounts of the consolidated entity. Restoration and rehabilitation activity performed as part of the ongoing operations is expensed as it is incurred.

(b) 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.

NOTE 41 EARNINGS PER SHARE**Basic earnings per share**

(a) Profit used in calculation of basic EPS (\$'000)	15,281	13,860
(b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	161,983,031	126,389,745
(c) Basic EPS	9.4	11.0

Diluted earnings per share

(d) Profit used in calculation of dilutive EPS (\$'000)	15,281	13,860
(e) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	161,983,031	126,389,745
Weighted average of notional shares used in determining diluted EPS	764,706	528,356
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	162,747,737	126,918,101
(f) Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS	55,589,059	53,729,059
(g) Diluted EPS (cents per share)	9.4	10.9

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 42 FINANCIAL INSTRUMENTS

(a) Use of Derivative Financial Instruments

As part of the risk management policy of the consolidated entity and in compliance with the conditions required by project financiers, a variety of financial instruments are used to reduce exposure to unpredictable fluctuations in the project life revenue streams. The subjective assessment of 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. These financial instruments are entered into to manage the exposure to adverse movements in the gold price and Australian dollar (AUD)/United States dollar (USD) exchange rate. These exposures are minimised by the Company entering into forward sales contracts and USD/AUD foreign exchange forward contracts. Details of the financial instruments used by the consolidated entity are provided at (b) and (c) below.

(b) Gold Hedging

As at 30 June 2003, the consolidated entity had entered into the gold hedging contracts shown below. Gold hedging denominated in USD has been converted to an Australian dollar equivalent using the year end USD/AUD spot rate of US\$0.6713 (2002: US\$0.5628).

The parent entity had no forward sales contracts, put options bought or call options sold as at 30 June 2003 or 30 June 2002.

(i) Forward Sales Contracts and Put Options Bought

As at 30 June 2003	Forward Sales		Put Options Bought		Total Price Protection Hedging		
	Ounces	Sales Price	Ounces	Strike Price	Ounces	Price	
<u>USD Denominated Contracts</u>							
Maturity within 1 year	115,945	304	98,440	334	214,385	318	
Between 1 and 2 years	61,281	306	24,000	346	85,281	317	
Between 2 and 3 years	40,000	311	-	-	40,000	311	
Total	217,226	306	122,440	336	339,666	317	
<u>Total (converted to AUD)</u>							
Maturity within 1 year	115,945	453	98,440	498	214,385	473	
Between 1 and 2 years	61,281	455	24,000	515	85,281	472	
Between 2 and 3 years	40,000	464	-	-	40,000	464	
Total	217,226	455	122,440	501	339,666	472	
<u>As at 30 June 2002</u>							
		Forward Sales		Put Options Bought		Total Price Protection Hedging	
		Ounces	Sales Price	Ounces	Strike Price	Ounces	Price
<u>AUD Denominated Contracts</u>							
Maturity within 1 year		12,000	473	-	-	12,000	473
Total		12,000	473	-	-	12,000	473
<u>USD Denominated Contracts</u>							
Maturity within 1 year		164,565	300	25,000	300	189,565	300
Between 1 and 2 years		115,706	304	5,000	300	120,706	303
Between 2 and 3 years		21,281	304	-	-	21,281	304
Total		301,552	302	30,000	300	331,552	301
<u>Total (converted to AUD)</u>							
Maturity within 1 year		176,565	529	25,000	533	201,565	529
Between 1 and 2 years		115,706	540	5,000	533	120,706	540
Between 2 and 3 years		21,281	540	-	-	21,281	540
Total		313,552	534	30,000	533	343,552	534

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 42 FINANCIAL INSTRUMENTS (continued)

(ii) Call Options Sold	AUD Call Options Sold		USD Call Options Sold		Total Call Options Sold	
	Ounces	Strike Price A\$	Ounces	Strike Price US\$	Ounces	Strike Price A\$
As at 30 June 2003						
Maturity within one year	25,000	665	105,000	362	130,000	564
As at 30 June 2002						
Maturity within one year	50,000	570	45,886	320	95,886	569

(c) Foreign Currency Hedging

As at 30 June 2003, the consolidated entity had no outstanding forward foreign exchange contracts. It should be noted that the comparatives are stated in United States dollars. The Australian dollar value of the contracts can be determined by dividing the amounts below by the average strike price shown below.

(i) Australian Dollar Bought/United States Dollar Sold - Forwards	Consolidated 2002		Resolute Mining Limited 2002	
	USD/AUD Contracts US\$'000	Average Strike Price US\$	USD/AUD Contracts US\$'000	Average Strike Price US\$
Maturity within one year	8,741	0.5570	-	-

(ii) Foreign exchange risk

The consolidated entity is exposed to foreign currency exchange rate risk through primary financial assets and liabilities. The following table summarises by currency, in Australian dollars, the foreign exchange risk in respect of recognised financial assets and liabilities (2002 comparatives shown below).

	United States Dollars \$'000	Australian Dollars \$'000	Other \$'000	Total \$'000
2003				
Financial Assets				
Cash assets	14,898	2,788	(59)	17,627
Receivables	11,703	71	78	11,852
Other financial instruments	4,517	11,234	-	15,751
	31,118	14,093	19	45,230
Financial Liabilities				
Payables	11,806	2,551	95	14,452
Interest bearing liabilities	22,296	-	-	22,296
Unearned income	1,739	1,614	-	3,353
	35,841	4,165	95	40,101
2002				
Financial Assets				
Cash assets	12,486	3,046	90	15,622
Receivables	1,080	726	14	1,820
Other financial instruments	20	7,803	3,489	11,312
	13,586	11,575	3,593	28,754
Financial Liabilities				
Payables	24,096	2,015	37	26,148
Interest bearing liabilities	33	-	-	33
Unearned income (a)	570	829	-	1,399
	24,699	2,844	37	27,580

(a) For consistency of comparatives, unearned income has been included within the balances for financial liabilities for the financial year ended 30 June 2002.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 42 FINANCIAL INSTRUMENTS (continued)

(d) Interest Rate Risk Exposure

The consolidated entity is exposed to interest rate risk through certain financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date (2002 comparatives shown below):

2003	Floating Interest Rate \$'000	Fixed Interest Rate Maturing in			Non Interest Bearing \$'000	Total \$'000	Average Interest Rate	
		< 1 Year \$'000	1 to 5 Years \$'000	> 5 Years \$'000			Floating	Fixed
Financial Assets								
Cash assets	13,914	-	-	-	3,713	17,627	1.3%	-
Receivables	-	8,193	-	-	3,659	11,852	-	3.3%
Other financial assets	-	500	-	-	14,369	14,869	-	6.6%
Other non-current assets	-	-	-	-	882	882	-	-
	<u>13,914</u>	<u>8,693</u>	<u>-</u>	<u>-</u>	<u>22,623</u>	<u>45,230</u>		
Financial Liabilities								
Payables	-	-	-	-	14,452	14,452	-	-
Interest bearing liabilities	-	22,296	-	-	-	22,296	-	3.1%
Unearned income	-	-	-	-	3,353	3,353	-	-
	<u>-</u>	<u>22,296</u>	<u>-</u>	<u>-</u>	<u>17,805</u>	<u>40,101</u>		

2002	Floating Interest Rate \$'000	Fixed Interest Rate Maturing in			Non Interest Bearing \$'000	Total \$'000	Average Interest Rate	
		< 1 Year \$'000	1 to 5 Years \$'000	> 5 Years \$'000			Floating	Fixed
Financial Assets								
Cash assets	6,133	-	-	-	9,489	15,622	3.2%	-
Receivables	-	-	-	-	1,820	1,820	-	-
Other financial assets	-	603	-	-	10,709	11,312	-	11.9%
	<u>6,133</u>	<u>603</u>	<u>-</u>	<u>-</u>	<u>22,018</u>	<u>28,754</u>		
Financial Liabilities								
Payables	-	-	-	-	26,148	26,148	-	-
Interest bearing liabilities	-	26	7	-	-	33	-	8.0%
Unearned income	-	-	-	-	1,399	1,399	-	-
	<u>-</u>	<u>26</u>	<u>7</u>	<u>-</u>	<u>27,547</u>	<u>27,580</u>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 42 FINANCIAL INSTRUMENTS (continued)

(e) Credit Risk Exposures

Credit exposure represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be exchanged under the derivatives or to be received from financial assets. The notional amounts of derivatives are not a measure of this exposure. The consolidated entity, while exposed to credit related losses in the event of non-performance by counterparties to financial instruments, does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure is represented by the net fair value of contracts with a positive fair value at balance date, reduced by the effects of master netting agreements.

The consolidated entity's exposures to credit risk on the Statement of Financial Position are as indicated by the carrying amounts of its financial assets. The consolidated entity does not have a significant exposure to any individual counterparty.

At year end, the consolidated entity had no credit exposure on financial instruments with a positive net fair value, as the value of these financial instruments is offset by unfavourable contracts with the same counterparty pursuant to master netting agreements, which will not be settled before the favourable contracts.

The major geographic concentrations of credit risk arise from the location of the counterparties to the consolidated entity's financial assets as shown in the following table:

Location of Credit Risk	Consolidated	
	2003 \$'000	2002 \$'000
United Kingdom	12,281	9,910
Ghana	2,199	1,964
Tanzania	12,167	3,208
Mongolia	3,635	3,489
Australia	8,401	6,276
Botswana	6,547	3,887
Other	-	20
	<u>45,230</u>	<u>28,754</u>

Concentration of credit risk on financial assets are indicated in the following table by percentage of the total balance receivable from counterparties in the specified categories.

Customer/Industry Classification	Consolidated	
	2003 %	2002 %
Financial services	65	54
Mining industry	33	41
Other	2	5
	<u>100</u>	<u>100</u>

The credit risk does not take into account the value of any collateral or security and do not reflect expected losses.

(f) Net Fair Value of Financial Assets and Liabilities

The carrying amounts and estimated net fair values of financial assets and financial liabilities (including derivatives) held at balance date are given below. Other financial assets and liabilities where carrying amounts approximate net fair values, are omitted. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged, or liability settled in a current transaction between willing parties after allowing for transaction costs.

	Consolidated		Consolidated	
	Carrying amount 2003 \$'000	Net fair value 2003 \$'000	Carrying amount 2002 \$'000	Net fair value 2002 \$'000
Gold hedging contracts	(322)	(10,573)	(1,161)	(10,525)
Foreign currency hedging contracts	-	-	92	92
Current listed investment securities	1,789	2,360	-	-
Non-current listed investment securities	9,423	7,550	7,137	11,454
	<u>10,890</u>	<u>(663)</u>	<u>6,068</u>	<u>1,021</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 42 FINANCIAL INSTRUMENTS (continued)

(g) Terms, Conditions and Accounting Policies

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date are as follows :

(i) Recognised Financial Instruments

Financial Instruments	Statement of Financial Performance Note	Accounting Policies	Terms and Conditions
Financial Assets			
Sundry debtors	6	Sundry debtors are carried at nominal amounts less any provision for doubtful debts.	Sundry debtors are generally on 30 day terms.
Convertible Note	6	Convertible notes are recognised at cost with any uncollectible amount being provided for at the time of deeming an amount not to be recoverable.	Due for receipt on 31 December 2003. Interest attracts normal commercial rates. Refer Note 6(a).
Deferred Put Option Expenditure	6,14	The expense recognition of the cost of purchasing put options is deferred until the period in which the put option expires.	Put options give the holder the right, but not the obligation, to sell gold at a predetermined price on an agreed date.
Investment securities	7,11	Investments held for resale are stated at the lower of cost and net realisable value. Long term investments are stated at cost. Where the cost exceeds the recoverable amount, the investments have been written down to this recoverable amount.	
Gold bullion	5	Gold bullion held for future delivery, which is subject to forward sales contracts, has been valued at net realisable value based on the proceeds received subsequent to year end.	
Financial Liabilities			
Trade & other creditors	15	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally settled on 30 day terms.
Borrowings	16,19	The borrowings are carried at the principal amount. Interest is charged as an expense as it accrues unless a qualifying asset is identified whereby the interest is capitalised up to the date of commissioning or sale and amortised over the life of the asset.	Details of the terms and conditions in relation to the borrowings are outlined at Note 16 and 19.
Lease liabilities	16,19	The lease liability is accounted for in accordance with AASB 1008.	The average lease term is 3 years with an average implicit interest rate of 8%. The security over the leases is disclosed in Note 16.
Unearned income	18	The income recognition of premium received on the sale of call options is deferred until the period in which the call option expires.	Call options give the holder the right, but not the obligation, to buy gold at a predetermined price on an agreed date.
Equities			
Ordinary shares	23	Ordinary share capital is recognised at the fair value of the consideration received by the Company.	Details of the terms and conditions are set out in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003

NOTE 42 FINANCIAL INSTRUMENTS (continued)

(ii) Unrecognised Financial Instruments

Financial Instruments	Statement of Financial Performance Note	Accounting Policies	Terms and Conditions
Derivatives Gold hedging contracts	42(b)	The consolidated entity enters into gold contracts where it agrees to sell specified amounts of gold in the future at predetermined prices. The objective is to match the contract with anticipated future production to protect the consolidated entity against the possibility of loss from future adverse movements in gold prices. Unrealised gains or losses at year end are deferred until the gold being hedged is produced. The realised gain or loss is included in the measurement of the specifically identified transaction which was hedged.	Details of gold hedging contracts are provided at Note 42(b).

DIRECTORS' DECLARATION

(1) In the opinion of the directors:

(a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2003 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

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

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



P.R. Sullivan
Director



P.E. Huston
Director

Perth, Western Australia
12 September 2003

SHAREHOLDER INFORMATION

Substantial shareholders at 25 August 2003

Name	Number of Ordinary Shares	% of Issued Capital
Alliance Life Common Fund Ltd	66,291,066	40.31%

Distribution of shareholdings as at 25 August 2003

Size of holding	Ordinary shareholders	% of Issued Capital	Option Holders	% of Issued Capital
1 - 1,000	1,036	0.29%	2,874	2.51%
1,001 - 5,000	2,481	3.81%	1,411	6.03%
5,001 - 10,000	693	3.23%	235	3.32%
10,001 - 100,000	638	10.78%	286	16.71%
100,001 - and over	62	81.89%	31	71.43%
Total shareholders	<u>4,910</u>	<u>100%</u>	<u>4,837</u>	<u>100%</u>
Number of shareholders with less than a marketable parcel	<u>720</u>		<u>3,930</u>	

Voting rights

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

Twenty largest shareholders as at 25 August 2003

Name	Number of Ordinary Shares	% of Issued Capital	Number of Options	% held
ANZ Nominees Limited	56,342,250	34.26%	24,057,962	46.92%
HSBC Custody Nominees	15,120,318	9.19%	n/a	n/a
Avanteos Investments Ltd	8,425,770	5.12%	1,575,191	3.07%
Equity Trustees Limited	6,950,357	4.23%	n/a	n/a
Resource Capital Fund II LP	5,550,000	3.37%	n/a	n/a
National Nominees Limited	5,331,411	3.24%	1,221,624	2.38%
African Lion Limited	5,100,000	3.10%	n/a	n/a
Zero Nominees Pty Ltd	4,435,000	2.70%	1,606,667	3.13%
Westpac Custodian Nominee	4,183,065	2.54%	1,311,484	2.56%
RBC Global Serv. Aust Nominees	3,344,565	2.03%	1,007,600	1.97%
Nefco Nominees Pty Ltd	1,890,519	1.15%	653,172	1.27%
Citicorp Nominees Pty Limited	1,777,879	1.08%	n/a	n/a
J P Morgan Nominees Aust.	1,345,767	0.82%	n/a	n/a
Commonwealth Custodial SVC Ltd	1,034,516	0.63%	n/a	n/a
Cogent Nominees Pty Ltd	929,422	0.57%	n/a	n/a
Thomas John Beresford	859,330	0.52%	n/a	n/a
Goodlook Investments PL	700,000	0.43%	n/a	n/a
Merrill Lynch (Aust) Nominees	694,725	0.42%	152,691	0.30%
David Matthew Guy	645,625	0.39%	236,875	0.46%
Equipart Nominees Pty Ltd	600,000	0.36%	n/a	n/a
Tamatha Claire Delmastro	n/a	n/a	800,000	1.56%
Hardrock Capital Pty Ltd	n/a	n/a	449,250	0.88%
Grekimenny Pty Limited	n/a	n/a	334,709	0.65%
Jason David Millar	n/a	n/a	300,000	0.59%
Jason Benjamin Kim	n/a	n/a	250,000	0.49%
William Mark Castleden	n/a	n/a	250,000	0.49%
Rodney Whitworth	n/a	n/a	222,822	0.43%
Morsel Nominees Pty Ltd	n/a	n/a	215,000	0.42%
Robert MacFadyen Pty Ltd	n/a	n/a	210,000	0.41%
Arthur Carbo	n/a	n/a	207,131	0.40%
Leon Rene Crooke	n/a	n/a	177,666	0.35%
	<u>125,260,519</u>	<u>76.15%</u>	<u>35,239,844</u>	<u>68.73%</u>
Total held by twenty largest shareholders as a percentage of this class		<u>76.15%</u>		<u>68.73%</u>

Independent audit report to members of Resolute Mining Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Resolute Mining Limited (the company) and the consolidated entity, for the year ended 30 June 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

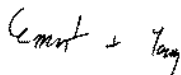
Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

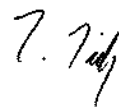
Audit opinion

In our opinion, the financial report of Resolute Mining Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Resolute Mining Limited and the consolidated entity at 30 June 2003 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.



Ernst & Young



V W Tidy

Partner

Perth

Date: 12 September 2003