SUPPLEMENTARY PROSPECTUS

This document comprises a supplementary prospectus (the "**Supplementary Prospectus**") prepared in accordance with the Prospectus Rules made under Part VI of the Financial Services and Markets Act 2000 ("**FSMA**"). This document has been filed with the Financial Services Authority (the "**FSA**") in accordance with rule 3.2 of the Prospectus Rules and will be made available to the public in accordance with the Prospectus Rules by being made available at www.utilico.bm. This document has been approved as a supplementary prospectus under section 87A of FSMA. This document is supplemental to, and must be read in conjunction with, the Prospectus published by the Company on 2 December 2011, as updated by a supplementary prospectus published by the Company on 2 March 2012, (the "**Prospectus**"). Save as disclosed in this document, since the publication of the Prospectus, there have been no other significant new factors, material mistakes or inaccuracies relating to the information included in the Prospectus.

The Directors of Utilico Finance, the Directors of Utilico and each of Utilico Finance and Utilico accept responsibility for the information contained in this Supplementary Prospectus, and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Supplementary Prospectus includes particulars given in compliance with the Listing Rules and Prospectus Rules of the UK Listing Authority for the purpose of giving information with regard to the Company. The information contained in this Supplementary Prospectus should be read in the context of, and together with, the information contained in the Prospectus. All terms defined in the Prospectus shall have the same meaning in this Supplementary Prospectus unless otherwise defined herein.

This Supplementary Prospectus has been filed with the Registrar of Companies in Bermuda (the "Bermuda Registrar"). The Bermuda Registrar takes no responsibility for the contents of this document, and it makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the contents of this document.

UTILICO FINANCE LIMITED

(incorporated in Bermuda under the Companies Act 1981, as amended, with company number 39479)

a wholly owned subsidiary of

UTILICO INVESTMENTS LIMITED

(incorporated in Bermuda under the Companies Act 1981, as amended, with company number 39480)

Placing of 2018 ZDP Shares

Westhouse Securities Limited, which is authorised and regulated in the United Kingdom for the conduct of investment business by the Financial Services Authority, is acting exclusively for Utilico Finance and Utilico and for no one else in connection with the Placing, and, subject to the responsibilities and liabilities imposed by FSMA, will not be responsible to any person other than Utilico Finance and Utilico for providing the protections afforded to customers of Westhouse Securities Limited or for providing advice to them in relation to the Placing or any other matter referred to in this document. Westhouse Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.

No action has been taken to permit the distribution of this Supplementary Prospectus and the Prospectus or the offer of any of the 2018 ZDP Shares in any jurisdiction other than the United Kingdom. Accordingly, this document and the Prospectus may not be used for the purpose of, and do not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. Further information regarding overseas investors is set out in Part 1 of the Prospectus.

The whole of this Supplementary Prospectus and the Prospectus should be read. The attention of potential investors is drawn in particular to pages 7 to 15 of the Prospectus, which set out the principal risk factors associated with an investment in the Group.

28 September 2012

1 Significant new information

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the Prospectus. The information described below is considered by Utilico Finance to be significant new information that has arisen during the period that the Placing is open. In accordance with rule 3.4 of the Prospectus Rules it is therefore set out in this Supplementary Prospectus, which has been prepared in accordance with the Prospectus Rules.

1.1 Audited financial information for the financial year ended 30 June 2012

The publication of the annual reports and audited accounts for Utilico Finance and for the Group for the financial year ended 30 June 2012 constitutes significant new information arising during the period that the Placing is open. The financial information contained in this Supplementary Prospectus has been extracted without material adjustment from the published annual reports and audited accounts of Utilico Finance and the Group for the financial year ended 30 June 2012.

1.2 Results of the Rollover Offer and the previous closings of the Placing

The completion of the Rollover Offer and the issue of 2014 ZDP Shares, 2016 ZDP Shares and 2018 ZDP Shares under previous closings of the Placing have had an effect on the illustrative statistics contained in the Prospectus. The changes to these illustrative statistics, and the principal bases and assumptions on which they are based, as set out in paragraph 7 below (the "**Assumptions**"), also constitute significant new information arising during the period that the Placing is open.

1.3 Report and accounts in respect of Resolute for the year ended 30 June 2012

Resolute is the largest holding in Utilico's portfolio, representing 31.6 per cent. of Gross Assets as at 25 September 2012. On 18 September 2012, Resolute published its report and accounts for the year ended 30 June 2012 (the "**Resolute 2012 Accounts**"). The publication of this information constitutes significant new information arising during the period that the Placing is open.

The Directors' Report, Corporate Governance Statement, Financial Statements, Notes and Audit Report for the year ended 30 June 2012 from the Resolute 2012 Accounts have been reproduced in the Annex to this Supplementary Prospectus and Utilico Finance confirms that such information has been accurately reproduced and, as far as Utilico Finance is aware and is able to ascertain from information published by Resolute, no facts have been omitted which would render the reproduced information inaccurate or misleading.

2 Annual Reports and Audited Accounts for the financial year ended 30 June 2012

2.1 Financial Information

The annual reports and audited accounts of Utilico Finance and the Group for the financial year ended 30 June 2012 include, on the pages specified in the tables below, the following information, which is incorporated by reference into this Supplementary Prospectus. Those parts of the annual reports and audited accounts referred to above which are not being incorporated into this Supplementary Prospectus by reference are either not relevant for investors or are covered elsewhere in this Supplementary Prospectus or the Prospectus.

2.2 Utilico Finance annual report and audited accounts for the financial year ended 30 June 2012

Nature of information (unaudited)	*Page No(s)*
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2.3 Group annual report and audited accounts for the financial year ended 30 June 2012

2.4 Selected financial information

The key audited figures that summarise the Group's financial condition in respect of the three financial years ended 30 June 2010, 2011 and 2012, which have been extracted without material adjustment from the financial information referred to in paragraph 2.3 of this Supplementary Prospectus and from the financial information referred to in paragraph 2.1, Section B of Part 6 of the Prospectus, are set out in the following table:

	As at or for the period ended 30 June (audited)		
	2010	*2011*	*2012*
Net assets (£'000)	143,720	201,477	208,894
Net asset value per share (pence)	166.39	201.63	209.67
Total			
Total income (£'000)	43,191	47,623	31,987
Net profit (£'000)	27,312	31,147	14,699
Earnings per share (pence)	31.62	33.70	14.72
Dividend per share (pence)	–	8.25	7.00
Revenue			
Total revenue income (£'000)	13,781	11,934	15,850
Net profit (£'000)	9,062	7,073	11,970
Earnings per share (pence)	10.49	7.65	11.99

3 Rollover Offer and Placing

3.1 Further to the Rollover Offer, valid elections were received from Eligible Shareholders by the Closing Date in respect of a total of 6,143,391 2012 ZDP Shares (representing approximately 13.5 per cent. of the total number of 2012 ZDP Shares in issue at the Record Date). In accordance with the terms and conditions of the Rollover Offer, the Company accepted in full all applications made by Eligible Shareholders and, pursuant to the terms of the Rollover Offer, 10,356,448 new 2018 ZDP Shares were issued (each 2012 ZDP Share converting into 1.6858 2018 ZDP Shares).

3.2 At the initial closing of the Placing on 20 January 2012, the Company placed 11,893,552 new 2018 ZDP Shares at 100p per share with certain institutional and other investors, raising gross proceeds of £11.9 million.

3.3 At a second closing of the Placing on 9 March 2012, the Company placed 10,000,000 new 2014 ZDP Shares at 146.5 pence per share and 10,000,000 new 2016 ZDP Shares at 146.5 pence per share with certain institutional and other investors, raising gross proceeds of approximately £29.3 million.

3.4 As at the date of this Supplementary Prospectus, the Group's share capital comprised 99,632,214 Ordinary Shares, 39,342,809 2012 ZDP Shares, 47,500,000 2014 ZDP Shares, 47,500,000 2016 ZDP Shares and 22,250,000 2018 ZDP Shares.

3.5 As at the date of this Supplementary Prospectus, 1,257,612 of the 2012 ZDP Shares are held by Utilico and these shares will be held to the redemption date of 31 October 2012.

4 Proposed third closing of the Placing

4.1 The Company announced on 28 September 2012 its intention to seek placing commitments for up to 27,592,413 new 2018 ZDP Shares pursuant to the Placing.

4.2 The Placing Price for the new 2018 ZDP Shares to be issued under the Placing will be the Accrued Capital Entitlement of the 2018 ZDP Shares at the time of allotment. In addition, as set out in the Prospectus, the allotment of 2018 ZDP Shares pursuant to a Placing is conditional, among other things, on the ZDP Cover of all classes of ZDP Shares being not less than 1.5x taking into account the effect of the relevant allotment (the "**ZDP Cover Condition**").

4.3 The Company intends to seek indications of interest for the third closing of the Placing by 12 noon on 12 October 2012. The results of the third closing of the Placing are expected to be announced on 19 October 2012 and the new 2018 ZDP Shares admitted to the standard listing segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange on 25 October 2012.

4.4 Utilico has indicated that it intends to subscribe for all of the remaining 2018 ZDP Shares which are available under the Placing, subject to satisfaction of the ZDP Cover Condition, to the extent that such shares are not subscribed for by any other placees pursuant to the Placing. Such shares will be held by Utilico for investment purposes in accordance with its investment policy.

5 Illustrative statistics and financial effects

5.1 Following the completion of the Rollover Offer and the first and second closings of the Placing, the illustrative statistics relevant to an issue of 2018 ZDP Shares pursuant to the Placing are set out below. These statistics are based on the principal bases and Assumptions.

2018 ZDP Shares	
2018 ZDP Share price as at 26 September 2012	107.0p
Accrued Capital Entitlement per 2018 ZDP Share as at 26 September 2012	104.79p
Final Capital Entitlement per 2018 ZDP Share	160.52p
Gross Redemption Yield (based on 2018 ZDP Share price as at 26 September 2012)	6.88%
ZDP Cover following the third closing of the Placing	1.60x

5.2 By way of illustration and based upon the Assumptions, if 27.59 million 2018 ZDP Shares are issued pursuant to the Placing, the Group's Gross Assets would have been increased by the estimated gross proceeds of the Placing of £29.1 million, adjusted for the expenses in relation to the Placing estimated to be approximately £0.3 million.

5.3 By way of illustration and based upon the Assumptions, if 27.59 million 2018 ZDP Shares are issued pursuant to the Placing the illustrative ZDP Cover for the 2012 ZDP Shares, the 2014 ZDP Shares, the 2016 ZDP Shares and the 2018 ZDP Shares following the Placing would be 7.15x, 3.41x, 2.13x and 1.60x respectively.

5.4 These statements are unaudited and are solely for illustrative purposes only, represent a hypothetical situation and, therefore, do not reflect the Group's actual financial position or results.

6 Final Capital Entitlement and ZDP Cover

6.1 By way of illustration and based upon the Assumptions:

(a) the Final Capital Entitlement of the 2012 ZDP Shares would have ZDP Cover of approximately 7.15x following completion of the third closing of the Placing. Based on the Assumptions, if Utilico's Gross Assets were to fall by more than 86.0 per cent. during the period from 25 October 2012 (the anticipated date of completion of the third closing of the Placing) to the 2012 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2012 ZDP Share of less than the 177.52p entitlement per 2012 ZDP Share due on the 2012 ZDP Repayment Date. A fall in Utilico's Gross Assets of 99.5 per cent. during this period and based on the Assumptions, would result in no payment being made to the 2012 ZDP Shareholders;

(b) the Final Capital Entitlement of the 2014 ZDP Shares would have ZDP Cover of approximately 3.41x following completion of the third closing of the Placing. Based on the Assumptions, if Utilico's Gross Assets were to fall by more than 70.7 per cent., or by more than 45.6 per cent. per annum, during the period from 25 October 2012 (the anticipated date of completion of the third closing of the Placing) to the 2014 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2014 ZDP Share of less than the 167.60p entitlement per 2014 ZDP Share due on the 2014 ZDP Repayment Date. A fall in Utilico's Gross Assets of 86.0 per cent. or by more than 62.4 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2014 ZDP Shareholders;

(c) the Final Capital Entitlement of the 2016 ZDP Shares would have ZDP Cover of approximately 2.13x following completion of the third closing of the Placing. Based on the Assumptions, if Utilico's Gross Assets were to fall by more than 53.0 per cent., or by more than 17.1 per cent. per annum, during the period from 25 October 2012 (the anticipated date of completion of the third closing of the Placing) to the 2016 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2016 ZDP Share of less than the 192.78p entitlement per 2016 ZDP Share due on the 2016 ZDP Repayment Date. A fall in Utilico's Gross Assets of 70.7 per cent. or by more than 26.3 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2016 ZDP Shareholders; and

(d) the Final Capital Entitlement of the 2018 ZDP Shares would have ZDP Cover of approximately 1.60x following completion of the third closing of the Placing. Based on the Assumptions, if Utilico's Gross Assets were to fall by more than 37.5 per cent., or by more than 7.5 per cent. per annum, during the period from 25 October 2012 (the anticipated date of completion of the third closing of the Placing) to the 2018 ZDP Repayment Date, this would result in a Final Capital Entitlement per 2018 ZDP Share of less than the 160.52p entitlement per 2018 ZDP Share due on the 2018 ZDP Repayment Date. A fall in Utilico's Gross Assets of 53.0 per cent. or by more than 11.8 per cent. per annum during this period and based on the Assumptions, would result in no payment being made to the 2018 ZDP Shareholders.

7 Principal bases and assumptions

Unless otherwise indicated, the statistics contained in this Supplementary Prospectus relating to the ZDP Shares have been calculated on the following principal bases and assumptions:

- as at 25 September 2012, there are 99,632,214 Ordinary Shares, 39,342,809 2012 ZDP Shares, 47,500,000 2014 ZDP Shares, 47,500,000 2016 ZDP Shares and 22,250,000 2018 ZDP Shares in issue;
- the unaudited Gross Assets and Net Asset Value of Utilico as at 25 September 2012 were £489.2 million and £256.5 million respectively;
- as at 25 September 2012, the Net Asset Value per Ordinary Share was 257.48p;
- the costs of the third closing of the Placing are approximately £0.3 million (excluding VAT);
- as at 25 September 2012, Utilico had outstanding debt of £2.6 million;
- a total of 27.59 million 2018 ZDP Shares are issued pursuant to the third closing of the Placing on 25 October 2012 and such 2018 ZDP Shares are issued, for illustrative purposes, at 105.37p per share, being the Accrued Capital Entitlement as at that date;
- gross proceeds of £29.1 million are raised pursuant to the third closing of the Placing;

- the capital accrual of a 2012 ZDP Share is 7.0 per cent. per annum, compounded from a notional issue date of 7 May 2004 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 177.52p per 2012 ZDP Share is payable on 31 October 2012;
- the capital accrual of a 2014 ZDP Share is 7.25 per cent. per annum, compounded from an issue date of 15 June 2007 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 167.60p per 2014 ZDP Share is payable on 31 October 2014;
- the capital accrual of a 2016 ZDP Share is 7.25 per cent. per annum, compounded from an issue date of 15 June 2007 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 192.78p per 2016 ZDP Share is payable on 31 October 2016;
- the capital accrual of a 2018 ZDP Share is 7.25 per cent. per annum, compounded from a notional issue date of 26 January 2012 up to and including its repayment date and is accounted for on a daily basis in arrears as to 100 per cent. to capital reserve. The Final Capital Entitlement of 160.52p per 2018 ZDP Share is payable on 31 October 2018;
- management fees, interest on borrowings and running expenses are charged 100 per cent. to revenue and the gross revenue receivable is at least equal to these costs;
- performance fees are calculated and accrued weekly and charged to capital or revenue accounts based on performance;
- Utilico and Utilico Finance have indefinite lives;
- there are no changes to generally accepted accounting practices relevant to Utilico; and
- no redemption, conversions or repurchases of any Ordinary Shares or ZDP Shares are made prior to the redemption of the 2018 ZDP Shares.

8 Related Party Transactions

Save as disclosed in note 29 on page 66 of the published annual report and audited accounts for the Group for the financial year ended 30 June 2012, which has been incorporated into this document by reference, the Group was not a party to, nor had any interest in, any related party transaction (as defined in the Standards adopted according to the Regulation (EC) No 1606/2002) at any time during the financial year to 30 June 2012 or during the period from 1 July 2012 to 26 September 2012 (being the latest practicable date prior to the publication of this document).

9 Updating of the Summary contained in the Prospectus

This Supplementary Prospectus also updates the information relating to the ZDP Cover of the 2018 ZDP Shares contained in the Summary in the Prospectus under the heading "Information on the New ZDP Shares" as set out on page 4 of the Prospectus. Based on the Assumptions, the 2018 ZDP Shares will have a ZDP Cover of 1.60x following completion of the third closing of the Placing.

10 Responsibility

The Directors of Utilico Finance and the Directors of Utilico, whose names appear below, and each of Utilico Finance and Utilico accept responsibility for the information contained in this Supplementary Prospectus and declare that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

Directors:

Roger Urwin *(chairman)*
Peter Burrows
John Michael Collier
Susan Hansen
Eric Stobart

Annex

Resolute Mining Limited – Report and accounts for the year ended 30 June 2012

The Directors' Report, Corporate Governance Statement, Financial Statements, Notes and Audit Report for the year ended 30 June 2012 from Resolute Mining Limited's 2012 annual report and accounts have been reproduced on pages 8 to 131 of this document.

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CORPORATE DIRECTORY

Directors

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

Secretary

GW Fitzgerald

Registered Office and Business Address

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

Postal
PO Box 7232 Cloisters Square
Perth, Western Australia 6850

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

ABN 39 097 088 689

Website

Resolute Mining Limited maintains a web site where all major announcements to the ASX are available: **www.rml.com.au**

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross, Western Australia 6153
Telephone: + 61 8 9315 2333
Facsimile: + 61 8 9315 2233
Email: registrar@securitytransfer.com.au

Home Exchange

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

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

Securities on Issue (30/06/2012)

Ordinary Shares	635,928,623
Unlisted Options	8,443,733

Legal Advisor

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

Auditor

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

Bankers

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

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

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

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

Your directors present their report on the consolidated entity (referred to hereafter as the "Group" or "Resolute") consisting of Resolute Mining Limited and the entities it controlled at the end of or during the year ended 30 June 2012.

CORPORATE INFORMATION

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

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Peter Ernest Huston (Non-Executive Chairman)
B. Juris, LLB (Hons), B.Com., LLM

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

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

Peter Ross Sullivan (Chief Executive Officer)
B.E., MBA

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

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

Thomas Cummings Ford (Non-Executive Director)
FAICD

Mr Tom Ford is a non-executive director and was appointed to the board in 2001. Mr Ford is an investment banker and financial consultant with over 30 years of experience in the finance industry. He retired as an executive director of a successful and well regarded Australian investment bank in 1991 and is also Chairman of RESIMAC Limited (appointed 1985). In the last 3 years he was a non-executive director of Amalgamated Holdings Limited (appointed in 1993, and served until October 2009).

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

Henry Thomas Stuart (Bill) Price (Non-Executive Director)
B.Com., FCA, FAICD

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

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

COMPANY SECRETARY

Greg William Fitzgerald
B.Bus., C.A.

Mr Greg Fitzgerald is a Chartered Accountant with over 25 years of resources related financial experience and has extensive commercial experience in managing finance and administrative matters for listed companies. Mr Fitzgerald is also the General Manager – Finance & Administration and has been Company Secretary since 1996. Prior to his involvement with the Group, Mr Fitzgerald worked with an international accounting firm in Australia.

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

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

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

	Fully Paid Ordinary Shares	Options Over Ordinary Shares
P. Huston	428,182	-
P. Sullivan	3,507,448	2,000,000
T. Ford	464,648	-
H. Price	194,745	-
	4,595,023	2,000,000

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

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

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

RESULTS

Full year revenue from gold sales increased by 30% to $576.7m (2011: $445.1m).

The average cash price received on the 353,321 ounces of gold sold during the year was $1,627/oz (2011: $1,337/oz).

The average cash cost[1] per ounce of gold produced during the year was $761/oz (2011: $908/oz).

Net profit after tax attributable to members increased by 76% to $105.1m (2011: $59.7m), as a result of a significant improvement in the operating margin. This result includes a $44.9m unrealised foreign currency loss on loans with subsidiaries.

Net operating cash inflows during the year (which include exploration expenditure) were $179.2m (2011: $58.6m). Net investing cash outflows of $93.3m (2011: $34.2m) with $43.1m accumulation of other financial assets, in line with the Company's Cash Management Policy to diversify its surplus funds between cash, bullion and gold securities.

Other key investing outflows related to expenditure on plant, equipment, and development.

Net financing outflows of $45.1m (2011: $31.8m) include $47.7m of borrowing repayments, $31.3m in share buy-backs and $31.9m of proceeds from the exercise of options over Resolute shares.

DIVIDENDS

The directors have resolved to make a 5 cent distribution to shareholders including a fully franked component of 2.7 cents per share. The payment is expected to occur by December 2012.

REVIEW OF OPERATIONS

<u>Production</u>

The Group gold production for the year was 398,451 ounces (2011: 330,859) at an average cash cost of $761/oz (2011:$908/oz).

Syama gold mine in Mali, Africa, produced 145,197 ounces (2011: 85,362) of gold at a cash cost of $784/oz (or US$813/oz) (2011: $1,209/oz or US$1,197/oz).

Ravenswood gold mine in Queensland, Australia, produced 137,965 ounces (2011: 122,576) of gold at a cash cost of $756/oz (2011: $893/oz).

Golden Pride gold mine in Tanzania, Africa, produced 115,289 ounces (2011: 122,921) of gold at a cash cost of $737/oz (or US$764/oz) (2011: $713/oz or US$708/oz).

1 - Cash cost per ounce of gold produced is calculated as costs of production relating to gold sales excluding gold in circuit inventory movements divided by gold ounces produced. This measure is included to assist investors to better understand the performance of the business. Cash cost per ounce of gold produced is non-International Financial Reporting Standards financial information and where included in this Directors' Report has not been subject to review by the Group's external auditors.

Development

Mali

- Definitive Feasibility Study confirmed the economic and technical viability of a major multifaceted expansion of the Syama Gold Mine that was subsequently approved by the Board of Resolute.
- Total gold reserves at Syama now stand at 3.64Moz including 0.56Moz in Oxide ore.
- The Memorandum of Understanding for the proposed Sikasso-Syama power line connection was accepted by the relevant government agencies and submitted to Cabinet for final consideration. The transmission line survey that commenced in March was completed.

Queensland

- A Definitive Feasibility Study examining the reopening of the Sarsfield open pit at Ravenswood has delivered a positive outcome that is currently below internal return hurdles. However, there remain a number of significant opportunities to improve the economics that are currently being investigated.
- Underground resource drilling below the current base of the mine at Mt Wright Underground returned significant results including 38m @ 5.05g/t Au from 130m, 58m @ 3.45g/t Au from 85m and 43m @ 3.84g/t Au from 98m.

Tanzania

- Scoping Study evaluation of development opportunities for the Nyakafuru project was completed by independent engineering consultants Mining One. The outcomes from their report are being reviewed and will be incorporated with results from the current resource expansion drilling program being carried out by the exploration team at Kanegele.

Exploration

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

Tanzania

- An intensive reverse circulation drilling program, which commenced in late 2011, was designed to infill and upgrade the current resources at the Nyakafuru Project, 120km west of Golden Pride. A number of high grade intersections within and outside of the current published resources at the Voyager and Mentelle prospects included 12m@ 10.96g/t Au from 10m, 27m @ 8.60g/t Au from 16m, 12m @ 9.10g/t Au from 91m, 19m @ 16.69g/t Au from 107m and 16m @ 11.41g/t Au from 174m. Early drilling results from nearby Cullen prospect included 14m @ 6.81g/t Au from 2m.
- Diamond drilling also commenced on the Voyager-Mentelle deposits to both improve the geological model and test the continuity of mineralisation at depth. Results from the diamond drilling were also encouraging with significant intercepts of 34m @ 8.87g/t Au from 74m and 16m @ 6.65g/t Au from 123m.

Mali

- Assays were returned from a reverse circulation program completed in June 2011 at the Quartz Vein Hill Prospect, 7km north of Syama. Significant intercepts include 15m @ 4.45g/t Au from 4m, 18m @ 2.55g/t Au from 7m, 9m @ 4.92g/t Au from 18m, 21m @ 2.93g/t Au from 32m, 11m @3.81g/t Au from 1m, 14m @ 2.40g/t Au from 66m and 14m @ 2.77g/t Au from 7m.

- Widespread intensive air core drilling continued on a number of project areas. An IP survey carried out over the Tiagole area has identified a number of strong chargeability anomalies which require drill testing.

Queensland

- Drill testing of the Golden Valley breccia complex commenced with a program of three deep diamond drill holes. An interesting suite of rhyolite dykes, intrusive breccias and sericite altered granite was present in all holes with the last two holes displaying encouraging quartz-sulphide veining and associated alteration.
- Results have been received from diamond drill holes beneath the Nolan's gold system, with the best intersection being 28m @ 4.61g/t Au from 194m.
- At the Welcome Prospect in Queensland, significant results were returned from reverse circulation drilling including 19m @ 1.58g/t Au from 132m, 16m @ 2.98g/t Au from 192m, 7m @ 7.84 g/t Au from 76m, 16m @ 3.16g/t Au from 148m, 5m @ 14.00g/t Au from 119m, 18m @ 5.32g/t Au from 106m and 16m @ 3.39g/t Au from 71m.

Corporate

- Group cash, bullion and investments at market value at 30 June 2012 of $139m comprised cash of $48.4m (30 June 2011: $25.7m), $42.3m in restricted cash (held as security against a liquid investment) (2011: nil), gold bullion held in metal accounts with a market value of $43.3m (2011: nil) and investments with a market value of $5.5m (2011: $4.0m). The restricted cash is recorded on the Consolidated Statement of Financial Position as Other Financial Assets. The 27,613 ounces of gold bullion on hand is recorded on the Consolidated Statement of Financial Position within Inventories at its production cost of $24.2m (not the $43.3m market value).
- The Company has moved to an effectively ungeared position following the conversion of all listed Convertible Notes on issue and the repayment of all of its Senior Debt. At 30 Jun 2012, Resolute's total borrowings were $11.0m (30 June 2011: $126.0m). The significant reduction in borrowings during the period related to the conversion of $68.4m of Convertible Notes to Resolute shares and the voluntary prepayment of the remaining US$22.4m of Senior Debt. As at 30 June 2012, the weighted average interest rate payable on borrowings was 8.0%.
- Repayments of borrowings during the year totalled $47.7m (2011: $46.9m), including two voluntary principal repayments of US$12.4m and US$10.0m to Barclays/Investec in November and December respectively.
- $31.9m was raised through the exercise of options.
- $31.3m was utilised pursuant to the on market Share Buyback Program.
- In the March quarter, Resolute entered into a sale and purchase agreement to acquire the 40 per cent interest of its partner, Endeavour Mining Corporation in the Finkolo Joint Venture in Mali. The purchase is by way of a cash payment of US$20m to be paid to Endeavour by Resolute and is currently awaiting the consent of the Minister of Mines in Mali.

Outlook

Operations

- Forecast gold production for the Group for the year ended 30 June 2013 is 415,000 ounces at a cash cost of approximately $830 per ounce (based on an assumed USD/AUD exchange rate of US$1.00).
- Resolute's continued improvement in outlook is underpinned by ongoing progress being achieved at the flagship Syama operation in Mali. Plant throughput and head grades are expected to continue to improve over the period, resulting in another lift in production. This more than offsets the lower production from Golden Pride as that operation moves towards closure by the end of the financial year.

Development and Exploration

- In the coming year Resolute will advance works on the Syama Expansion Project which will include mobilisation of a new mining contractor and commencement of construction of a new oxide circuit and associated infrastructure.
- Work will also commence on installation of the grid power connection at Syama which will deliver significant cost savings and other operational benefits when completed.
- At Ravenswood in Queensland further optimisation work will be undertaken following the outcomes of the Sarsfield Feasibility study. The obtaining of regulatory approvals for this project is expected to be completed during the period. Development drilling to extend the depth of the Mt Wright ore body will also continue.
- Exploration will continue around Syama in Mali, the Golden Valley, Mt Success and Mt Douglas breccia complexes at Ravenswood and at the Nyakafuru project in Tanzania. The total budget for the year is $20m.

Corporate

Cash generation is expected to continue. This provides a strong base for an active but disciplined examination of new growth opportunities balanced against consideration of shareholder returns.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER REPORTING DATE

Since 30 June 2012, there were on market buy-backs and subsequent cancellations of 7,300,000 shares at an average price of $1.27 per share. As at the date of this report 628,628,623 shares were on issue.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

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

ENVIRONMENTAL REGULATION PERFORMANCE

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

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

REMUNERATION REPORT

The following information has been audited.

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

a) Key management personnel

(i) Directors

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

(ii) Executives

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

b) Compensation of key management personnel

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

<u>RML Remuneration Policy</u>

The Board has spent considerable time this year focusing on its remuneration framework and policy, reflecting on past feedback, the current strategic direction of the Company and how the remuneration framework can best support the future needs of the various stakeholders of the Company.

During the year, the board undertook a comprehensive review of remuneration practices, and commissioned a review of our remuneration framework by external advisors PwC.

The review will result in significant changes to Resolute's remuneration framework, with the new remuneration structure to take effect from 1 July 2012.

The key initiatives under this review were:

- Benchmarking executive remuneration to determine current market practices for short-term and long-term incentives;
- design and implementation of a new cash based short-term incentive (STI) plan; and,
- design and implementation of a new equity based long-term incentive (LTI) plan.

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

The Company embodies the following principles in its remuneration framework:

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

Remuneration and Nomination Committee

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

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

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

Remuneration Structure

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

Non-Executive Director Remuneration

Objective

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

Structure

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 November 2010 when the shareholders approved an aggregate remuneration of $600,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each non-executive director receives a fee for being a director of the Company and for sitting on relevant board committees. The fee size is commensurate with the workload and responsibilities undertaken.

Chief Executive Officer and Senior Executive Remuneration

Objective

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

Structure

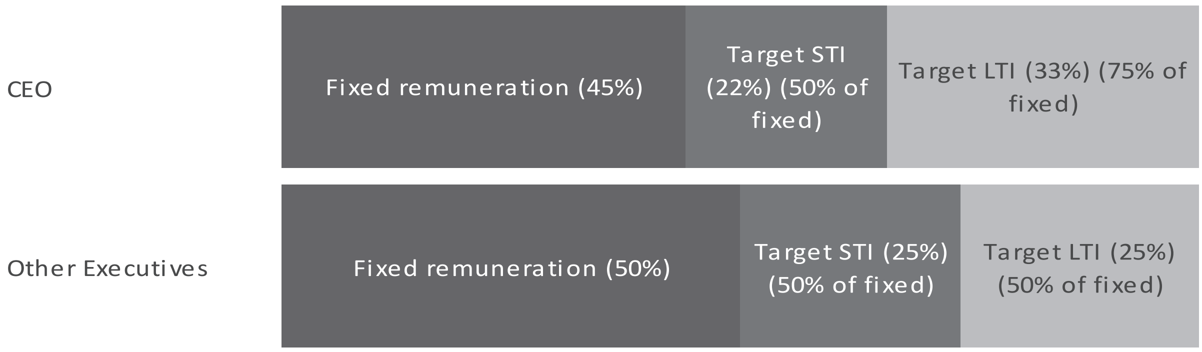
In determining the level and make up of executive remuneration, the Remuneration and Nomination Committee uses an external consultant's Remuneration Report to determine market levels of remuneration for comparable executive roles in the mining industry. PwC has been used during the year to design and implement a Remuneration Framework that is in line with industry practice.

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

Remuneration consists of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential short term and long term incentives) is established for each executive by the Remuneration and Nomination Committee, and with effect from 1 July 2012 will be as follows:



Fixed Remuneration

Objective

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

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

Structure

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

Variable Remuneration – Short Term Incentive (STI)

Objective

The objective of the STI is to provide a greater alignment between performance and remuneration levels.

Structure

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

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

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

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

The Company STI measures that will apply for the 2013 financial year comprise:

- Improved safety performance – measured in the form of a specified reduction in the Total Recordable Injury Frequency Rate by 30 June 2013;
- The achievement of defined targets in the coming year relative to budget relating to:
    - Operating cash flow;
    - gold production; and,
    - budgeted cost per tonne milled.

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

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

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

Variable Remuneration – Long Term Incentive (LTI)

Objective

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

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

Overview of the Company's new approach to Long Term Incentives

a) Selecting the right plan vehicle

Up until January 2012, the Company has made use of a standard employee share option plan, however, grants under this plan were more typically made on an ad-hoc basis. It was recognised that the options plan was no longer fit for purpose and was not providing an effective tool to reward, retain and motivate KMP, nor did it meet the criteria expected by some shareholders.

A number of different equity incentive vehicles were explored and following receipt of external advice from PwC, the Board decided that the most appropriate LTI plan going forward should be a Performance Rights Plan. Under a Performance Rights Plan, KMP will be granted a right to be issued a share in the future subject to performance based vesting conditions being met.

b) Grant Frequency and LTI quantum

Under the new remuneration structure KMP will receive a new grant of Performance Rights every year, such that the LTI will now form a key component of KMP Total Annual Remuneration.

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

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

c) Performance Conditions

The focus was on selecting performance conditions that would reward KMP for creating shareholder value as determined via the change in the Company's share price and via reserves/resources growth.

From 1 July 2012 the LTI performance will be structured as follows:

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

- 75% of the Rights will be performance tested against the relative TSR measure for the period 1 July 2012 to 30 June 2015; and,
- 25% of the Rights will be performance tested against the reserve/resource growth for the period 1 July 2012 to 30 June 2015.

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

The Company's TSR will be measured against a customised peer group comprising the following companies:

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

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

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

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

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

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

Reserves and Resource Growth Performance	Performance Vesting Outcomes
R&R depleted	0% vesting
R&R maintained	50% vesting
R&R grown by up to 30%	For each percentile over the 50th, an additional 2% of the performance rights will vest
R&R grown by 30% or more	100% vesting

d) Performance period

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

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

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

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

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

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

(a) Professional and technical competence;
(b) teamwork and administrative skills;
(c) self development and communication skills; and,
(d) developing people.

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

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

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

	SHORT TERM BENEFITS					POST EMPLOYMENT BENEFITS	LONG TERM BENEFITS	SHARE BASED PAYMENTS	PERFORMANCE RELATED		
2012	Base Remuneration $	Cash Bonus (iv) $	Cash Bonus Grant, Vest & Paid Date (iv)	Non Monetary Benefits (i) $	Annual Leave Provision Movement $	Superannuation $	Long Service Leave Provision Movement $	Options $	Options %	Cash Bonus %	Cash Bonus & Options %
Directors											
P. Huston	162,500	-	-	-	-	-	-	-	-	-	-
P. Sullivan	664,443	74,000	15 Jan 2012	58,611	10,772	50,000	57,723	482,225	34.50	5.29	39.79
T. Ford	38,633	-	-	-	-	40,742	-	-	-	-	-
H. Price	29,633	-	-	-	-	49,742	-	-	-	-	-
Officers											
G. Fitzgerald	388,748	30,000	15 Dec 2011	3,765	(19,168)	34,987	14,682	56,211	11.04	5.89	16.93
P. Beilby (ii)	437,248	40,000	15 Dec 2011	-	5,323	50,252	8,503	72,170	11.76	6.52	18.28
P. Venn	331,898	30,000	15 Dec 2011	6,107	5,532	30,228	21,196	56,211	11.68	6.23	17.92

	SHORT TERM BENEFITS					POST EMPLOYMENT BENEFITS	LONG TERM BENEFITS	SHARE BASED PAYMENTS	PERFORMANCE RELATED		
2011	Base Remuneration $	Cash Bonus $	Cash Bonus Grant, Vest & Paid Date	Non Monetary Benefits (i) $	Annual Leave Provision Movement $	Superannuation $	Long Service Leave Provision Movement $	Options $	Options %	Cash Bonus %	Cash Bonus & Options %
Directors											
P. Huston	150,000	-	-	-	-	-	-	-	-	-	-
P. Sullivan	609,859	-	-	60,206	10,016	54,887	32,585	723,352	48.52	-	48.52
T. Ford	17,980	-	-	-	-	47,645	-	-	-	-	-
H. Price	15,367	-	-	-	-	50,258	-	-	-	-	-
Officers											
G. Fitzgerald	358,985	-	-	3,764	(8,008)	32,309	23,064	47,761	10.43	-	10.43
P. Beilby (ii)	307,272	-	-	-	15,312	49,091	1,854	65,878	14.99	-	14.99
P. Venn	275,435	-	-	27,446	1,516	26,949	19,672	47,998	12.03	-	12.03
A. King (iii)	78,828	-	-	686	(46,528)	3,018	(4,399)	(24,649)	-	-	-

(i) Non monetary benefits include, where applicable, the cost to the Company of providing fringe benefits, the fringe benefits tax on those benefits and all other benefits received by the executive.
(ii) P. Beilby was appointed 20 September 2010.
(iii) A. King's contract terminated on 30 July 2010.
(iv) The Remuneration and Nomination Committee approved the amount on the basis of performance during the 2011 calendar year.

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

2012	Options type	Balance at the start of the year	Granted during the year as compensation (iv)	Grant date	Fair value of options at grant date	Total fair value of options at grant date	First exercise date of options granted during the year	Expiry & last exercise date of options granted during the year	Exercise price of options granted during the year	Exercised during the year	Lapsed during the year	Acquired during the year	Balance at the end of the year	Granted & vested during the year	Vested and exercisable at the end of the year		Value of options exercised during the year
					$	$			$					No.	No.	%	$
Directors																	
P. Huston (i)	Listed	26,761	-	-	-	-	-	-	-	(26,761)	-	-	-	-	-	-	28,099
P. Sullivan	Unlisted	2,000,000	-	-	-	-	-	-	-	-	-	-	2,000,000	-	666,667	33.33	-
P. Sullivan (ii)	Listed	133,333	-	-	-	-	-	-	-	(133,333)	-	-	-	-	-	-	140,000
T. Ford (ii)	Listed	133,333	-	-	-	-	-	-	-	(133,333)	-	-	-	-	-	-	140,000
H. Price (iii)	Listed	67,554	-	-	-	-	-	-	-	(67,554)	-	-	-	-	-	-	70,932
Officers																	
G. Fitzgerald	Unlisted	415,000	60,000	27 Jan 2012	0.98	58,800	27 Jul 2012	26 Jan 2017	1.85	-	-	-	475,000	-	318,333	67.02	-
P. Beilby	Unlisted	190,000	60,000	27 Jan 2012	0.98	58,800	27 Jul 2012	26 Jan 2017	1.85	-	-	-	250,000	-	93,333	37.33	-
P. Venn	Unlisted	415,000	60,000	27 Jan 2012	0.98	58,800	27 Jul 2012	26 Jan 2017	1.85	-	-	-	475,000	-	318,333	67.02	-
P. Venn	Listed	5,000	-	-	-	-	-	-	-	(5,000)	-	-	-	-	-	-	5,250

2011	Options type	Balance at the start of the year	Granted during the year as compensation (iv)	Grant date	Fair value of options at grant date	Total fair value of options at grant date	First exercise date of options granted during the year	Expiry & last exercise date of options granted during the year	Exercise price of options granted during the year	Exercised during the year	Lapsed during the year	Acquired during the year	Balance at the end of the year	Granted & vested during the year	Vested and exercisable at the end of the year		Value of options exercised during the year
					$	$			$					No.	No.	%	$
Directors																	
P. Huston	Listed	26,761	-	-	-	-	-	-	-	-	-	-	26,761	-	26,761	100.00	-
P. Sullivan	Unlisted	-	2,000,000	2 Dec 2010	0.70	1,390,904	5 Jul 2011	4 Jan 2016	1.36	-	-	-	2,000,000	-	-	-	-
P. Sullivan	Listed	133,333	-	-	-	-	-	-	-	-	-	-	133,333	-	133,333	100.00	-
T. Ford	Listed	133,333	-	-	-	-	-	-	-	-	-	-	133,333	-	133,333	100.00	-
H. Price	Listed	67,554	-	-	-	-	-	-	-	-	-	-	67,554	-	67,554	100.00	-
Officers																	
G. Fitzgerald	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011	24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40	-
P. Beilby	Unlisted	-	90,000	27 Oct 2010	0.73	65,546	16 May 2011	15 Nov 2015	1.43	-	-	-	90,000	30,000	30,000	33.33	-
P. Beilby	Unlisted	-	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011	24 Jan 2016	1.43	-	-	-	100,000	-	-	-	-
P. Venn	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011	24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40	-
P. Venn	Listed	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-	5,000	100.00	-
A. King (v),(vi)	Unlisted	190,000	-	-	-	-	-	-	-	(50,000)	(140,000)	-	-	-	-	-	16,500

(i) On 31 December 2011, 26,761 listed options were exercised at a price of $0.60 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
(ii) On 31 December 2011, 133,333 listed options were exercised at a price of $0.60 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
(iii) On 31 December 2011, 67,554 listed options were exercised at a price of $0.60 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
(iv) Options granted vest in accordance with the Resolute Mining Limited Employee Share Option Plan following the review by the relevant supervisor of the key management personnel's performance. For details on the valuation of the options, including models and assumptions used, refer to Note 31. The percentage of options granted during the financial year that also vested during the financial year is nil (2011: 1.3%). None of these options were forfeited during the financial year.
(v) On 30 July 2010, 50,000 options were exercised at a price of $0.42 per option. The fair value at grant date of the options exercised was $10,200. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.
(vi) The value of options at the date of lapse was $69,900.

Employment Contracts

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

- Mr Sullivan may resign from his position and thus terminate this contract by giving 6 months written notice.
- The Company may terminate this employment agreement by providing 12 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Sullivan's remuneration).
- Mr Sullivan accrues 5 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 7 years.

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

- Mr Fitzgerald may resign from his position and thus terminate his contract by giving 3 months written notice.
- The Company may terminate his employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Fitzgerald's remuneration).
- Mr Fitzgerald accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 10 years.

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

- Mr Venn may resign from his position and thus terminate his contract by giving 3 months written notice.
- The Company may terminate his employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Venn's remuneration).
- Mr Venn accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 10 years.

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

- Mr Beilby's contract commenced on 20 September 2010.
- Mr Beilby may resign from his position and thus terminate his contract by giving 3 months written notice.
- The Company may terminate his employment agreement by providing 6 months written notice or provide payment in lieu of the notice period (based on the fixed component of Mr Beilby's remuneration).
- Mr Beilby accrues 4 weeks of annual leave entitlements per year and 13 weeks of long service leave entitlements after 10 years.

Company Performance

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

		30 June 2012	30 June 2011	30 June 2010	30 June 2009	30 June 2008
Net profit/(loss) after tax	$'000	101,859	42,930	(56,571)	30,676	(56,722)
Basic earnings/(loss) per share	cents/share	18.62	13.42	(9.90)	10.30	(21.61)

This is the end of the audited information.

SHARES UNDER OPTIONS

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

Grant date	Expiry date	Exercise price	Number on issue
23/05/2008	22/05/2013	$ 2.12	195,000
29/08/2008	29/08/2013	$ 1.62	51,000
20/01/2009	31/01/2014	$ 0.42	517,333
24/10/2009	24/10/2012	$ 0.72	3,000,000
15/02/2010	14/02/2015	$ 1.09	556,000
16/07/2010	15/07/2015	$ 1.21	81,000
16/11/2010	15/11/2015	$ 1.43	135,000
5/01/2011	4/01/2016	$ 1.36	2,000,000
25/01/2011	24/01/2016	$ 1.43	996,000
30/06/2011	15/07/2016	$ 1.18	130,000
4/01/2012	26/01/2017	$ 1.85	782,400
			8,443,733

Shares issued as a result of the exercise of options:

From 1 July 2012 up until the date of this report, no options have been exercised.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, the Company paid an insurance premium of $73,130 (2011: $70,716) in respect of a contract insuring the Company's directors and officers against certain liabilities arising as a result of work performed in the capacity as directors and officers. This insurance premium is not allocated over individuals.

DIRECTORS' MEETINGS

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

	Full Board	Audit	Environment & Community Development	Remuneration & Nomination	Safety, Security & Occupational Health	Financial Risk Management
P. Huston	16	4	n/a	3	n/a	n/a
P. Sullivan	16	n/a	4	n/a	4	19
T. Ford	16	4	n/a	3	n/a	n/a
H. Price	16	4	n/a	3	n/a	n/a
Number of meetings (or resolutions) held	16	4	4	3	4	19

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

ROUNDING

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

AUDITOR INDEPENDENCE

Refer to page 31 for the Auditor's Independence Declaration to the Directors of Resolute Mining Limited.

NON-AUDIT SERVICES

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

Ernst & Young Australia received or are due to receive $155,715 for the provision of taxation planning and review services.

Signed in accordance with a resolution of the directors.

P.R. Sullivan
Director
Perth, Western Australia
17 September 2012

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

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

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

1. The Board of Directors

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

The key responsibilities of the Board include:

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

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

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

Director	Role of Director	First Appointed (a)	Non-executive	Independent	Gender
Peter Ernest Huston	Non-executive chairman	June 2001	Yes	Yes	Male
Peter Ross Sullivan	CEO	June 2001	No	No	Male
Thomas Cummings Ford	Non-executive director	June 2001	Yes	Yes	Male
Henry Thomas Stuart Price	Non-executive director	November 2003	Yes	Yes	Male

(a) RML was incorporated on 8 June 2001.

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

2. Director Independence

Directors are expected to contribute independent views to the Board.

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

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

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

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

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

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

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

3. Remuneration and Nomination Committee

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

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

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

Diversity

In 2011, Resolute formalised its commitment to diversity in the workplace by approving its Diversity Policy. This policy applies to all Resolute employees and includes the recruitment and selection process, terms and conditions of employment including pay, promotion, work assignment, training and other aspects of employment. Details of the policy are set out under the "About Us – Corporate Governance – Resolute Mining Diversity Policy" section of Resolute's website at www.rml.com.au

The Diversity Policy includes a commitment to establishing measurable objectives for gender diversity. This commitment has been completed in 2011/12 and the following objectives for the coming year have been set.

1. To include in the Remuneration & Nomination Committee Charter responsibility for diversity, including an annual review and report to the board on the:

    a. progress towards achieving these measurable objectives and overall effectiveness of the policy;
    b. proportion of women and men in the Resolute workforce at three levels in the organisation (board level, senior management and the whole organisation), including benchmarking this data against relevant industry standards where possible; and
    c. remuneration by gender together with any recommendations to the board

2. To engage consultants that support and promote the Company's diversity policy

3. To ensure that candidate lists for permanent employee positions are suitably qualified and where possible recognisably diverse by age, sex or ethnicity

4. To consider diversity when reviewing board succession plans with the aim to have gender representation and diversity

The proportion of women at each key level within the group at 30 June 2012 was as follows:

Level	% of Women in the Resolute Workforce
Board	0%
Senior Management	0%
Whole organisation	9%

4. Ethical Standards and Code of Conduct

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

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

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

5. Securities Trading

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

- Buy, sell or otherwise deal in the Company's securities;
- Advise, procure or encourage another person (for example, a family member, a friend, a family Company or trust) to buy or sell Company securities; or
- Pass on information to any other person, if one knows or ought to reasonably know that the person may use the information to buy or sell (or procure another person to buy or sell) Company securities.
- Subject to clause 2.5 of the RML Securities Trading Policy, trade in the securities of the Company one week before the release of the Company's Quarterly, Half yearly or Preliminary Final Report to the ASX is prohibited.

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

6. Corporate Reporting

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

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

7. Audit Committee

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

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

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

The Audit Committee is also responsible for:

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

8. External Auditors

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

Ernst & Young's existing policy requires that its audit team provide a statement as to their independence. This statement was received by the Audit Committee for the financial year ended 30 June 2012.
Ernst & Young and the *Corporations Act 2001* has a policy for the rotation of the lead audit partner.

9. Continuous Disclosure

In accordance with ASX Principle 5, the Board has an established disclosure policy which is available on the Company website.

The Company is committed to:

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

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

10. Shareholder Communication

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

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

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

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

11. Risk Management

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

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

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

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

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

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

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

Environment and Community Development Committee

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

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

Safety, Security and Occupational Health Committee

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

Financial Risk Management Committee

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

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

12. Remuneration Policies

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

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

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

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

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

In relation to our audit of the financial report of Resolute Mining Limited for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst + Young

Ernst & Young

Peter McIver
Partner
Perth
17 September 2012

PM:MM:RESOLUTE:011

	Note	For the year ended 30-Jun-12 $'000	For the year ended 30-Jun-11 $'000
Continuing Operations			
Revenue from gold sales	2(a)	576,710	445,055
Costs of production relating to gold sales	2(b)	(262,173)	(293,499)
Gross profit before depreciation, amortisation and other operating costs		314,537	151,556
Depreciation and amortisation relating to gold sales	2(c)	(73,221)	(62,391)
Other operating costs relating to gold sales	2(d)	(35,076)	(23,276)
Gross profit		206,240	65,889
Other revenue	2(e)	1,504	329
Other income	2(f)	345	1,316
Exploration expenditure		(15,291)	(8,726)
Share of associate's loss		(1,285)	(800)
Administration and other expenses	2(g)	(11,744)	(9,757)
Treasury - realised losses	2(h)	(175)	(4,574)
Treasury - unrealised (losses)/gains	2(i)	(43,194)	730
Treasury - movement on gold forward contracts closed out		-	34,742
Profit before interest and tax		**136,400**	**79,149**
Finance costs	2(j)	(11,970)	(19,597)
Profit before tax		**124,430**	**59,552**
Tax expense	3	(22,571)	(16,622)
Profit for the year		**101,859**	**42,930**
Profit/(loss) attributable to:			
Members of the parent		105,103	59,700
Non-controlling interest		(3,244)	(16,770)
		101,859	**42,930**

	Note	For the year ended 30-Jun-12 $'000	For the year ended 30-Jun-11 $'000
Profit for the year (brought forward)		101,859	42,930
Other comprehensive income/(loss)			
Exchange differences on translation of foreign operations:			
- Members of the parent		15,604	(23,826)
- Non-controlling interest		3,028	1,438
Changes in the fair value of available for sale financial assets, net of tax		(364)	(52)
Other comprehensive income/(loss) for the year, net of tax		18,268	(22,440)
Total comprehensive income for the year		**120,127**	**20,490**
Total comprehensive income/(loss) attributable to:			
Members of the parent		120,343	35,822
Non-controlling interest		(216)	(15,332)
		120,127	**20,490**
Earnings per share for net profit attributable to the ordinary equity holders of the parent:			
Basic earnings per share	33	**18.62**	**13.42**
Diluted earnings per share	33	**16.13**	**10.97**

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

	Note	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Current assets			
Cash	5	48,404	11,213
Other financial assets - restricted cash	6	42,267	-
Receivables - gold bullion sales		-	14,465
Receivables - other	7	5,957	4,033
Inventories	8	141,901	96,464
Available for sale financial assets	9	374	692
Financial derivative assets	10	2,364	11
Tax receivable		621	-
Other	11	4,567	3,270
Total current assets		**246,455**	**130,148**
Non current assets			
Receivables	7	2,143	3,769
Exploration and evaluation expenditure	12	9,522	9,045
Development expenditure	13	208,543	219,329
Property, plant and equipment	14	167,388	190,878
Deferred mining costs	15	28,229	20,585
Investment in associate	16	2,223	5,092
Total non current assets		**418,048**	**448,698**
Total assets		**664,503**	**578,846**
Current liabilities			
Payables	17	42,948	47,433
Interest bearing liabilities	18	7,878	23,539
Tax liabilities		-	2,725
Financial liabilities	19	-	18,910
Provisions	20	21,573	14,455
Total current liabilities		**72,399**	**107,062**
Non current liabilities			
Interest bearing liabilities	18	3,142	78,341
Provisions	20	45,483	38,000
Deferred tax liabilities	3	486	1,125
Total non current liabilities		**49,111**	**117,466**
Total liabilities		**121,510**	**224,528**
Net assets		**542,993**	**354,318**

	Note	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Equity attributable to equity holders of the parent			
Contributed equity	21	368,047	287,125
Reserves	22	2,424	(442)
Retained earnings	23	205,861	100,758
Parent interest		**576,332**	**387,441**
Non-controlling interest		(33,339)	(33,123)
Total equity		**542,993**	**354,318**

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

RESOLUTE MINING LIMITED: CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

	Contributed equity	Net unrealised gain/(loss) reserve	Convertible notes equity reserve	Share options equity reserve	Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2011	287,125	112	13,764	5,987	3,236	(23,541)	100,758	(33,123)	354,318
Profit/(loss) for the period	-	-	-	-	-	-	105,103	(3,244)	101,859
Other comprehensive (loss)/income, net of tax	-	(364)	-	-	-	15,604	-	3,028	18,268
Total comprehensive (loss)/income for the period, net of tax	-	(364)	-	-	-	15,604	105,103	(216)	120,127
Transactions with owners									
Shares issued	112,235	-	-	-	-	-	-	-	112,235
Share issue costs	(41)	-	-	-	-	-	-	-	(41)
Share buy-backs	(31,272)	-	-	-	-	-	-	-	(31,272)
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	(13,764)	-	-	-	-	-	(13,764)
Share-based payments to employees	-	-	-	-	1,390	-	-	-	1,390
At 30 June 2012	368,047	(252)	-	5,987	4,626	(7,937)	205,861	(33,339)	542,993

FOR THE YEAR ENDED 30 JUNE 2012

	Contributed equity	Net unrealised gain/(loss) reserve	Convertible notes equity reserve	Share options equity reserve	Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	Non-controlling interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2010	237,083	164	14,233	5,987	2,021	285	41,058	(17,791)	283,040
Profit/(loss) for the period	-	-	-	-	-	-	59,700	(16,770)	42,930
Other comprehensive income/(loss), net of tax	-	(52)	-	-	-	(23,826)	-	1,438	(22,440)
Total comprehensive income/(loss) for the period, net of tax	-	(52)	-	-	-	(23,826)	59,700	(15,332)	20,490
Transactions with owners									
Shares issued	53,107	-	-	-	-	-	-	-	53,107
Share issue costs	(3,065)	-	-	-	-	-	-	-	(3,065)
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	(469)	-	-	-	-	-	(469)
Share-based payments to employees	-	-	-	-	1,215	-	-	-	1,215
At 30 June 2011	287,125	112	13,764	5,987	3,236	(23,541)	100,758	(33,123)	354,318

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

	Note	Consolidated	
		For the year ended 30-Jun-12 $'000	For the year ended 30-Jun-11 $'000
Cash flows from operating activities			
Receipts from customers		591,175	440,378
Payments to suppliers, employees and others		(362,597)	(353,220)
Income tax paid		(23,425)	(15,825)
Exploration expenditure		(15,881)	(8,649)
Interest paid		(11,604)	(4,373)
Interest received		1,504	329
Net cash flows from operating activities	28	179,172	58,640
Cash flows from investing activities			
Payments for property, plant & equipment		(24,412)	(20,415)
Proceeds from disposal of property, plant & equipment		-	71
Payments for other financial assets		(43,103)	-
Payments for development costs		(24,818)	(13,225)
Other		(990)	(673)
Net cash flows from investing activities		(93,323)	(34,242)
Cash flows from financing activities			
Proceeds from issuing ordinary shares		31,911	41,826
Costs of issuing ordinary shares		(41)	(3,065)
Payments for share buy backs		(31,272)	-
Payments for close-out of derivatives funded with proceeds from issuing ordinary shares		-	(30,368)
Repayment of borrowings		(43,959)	(44,243)
Repayment of lease liability		(3,760)	(2,705)
Proceeds from finance facility		1,974	6,750
Net cash flows from financing activities		(45,147)	(31,805)
Net increase in cash and cash equivalents		**40,702**	**(7,407)**
Cash and cash equivalents at the beginning of the financial period		3,671	11,900
Exchange rate adjustment		(1,231)	(822)
Cash and cash equivalents at the end of the period	5	**43,142**	**3,671**
Cash and cash equivalents comprise the following:			
Cash		48,404	11,213
Bank overdraft	18	(5,262)	(7,542)
		43,142	3,671

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

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

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

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

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

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

(ii) Joint Ventures

Jointly controlled assets

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

(c) Segment reporting

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

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

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

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

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

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

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

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

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

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

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

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

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

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

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

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

(iii) Group companies

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

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

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

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

(e) Revenue recognition

(i) Gold sales

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

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

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

(ii) Interest

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

(f) Borrowing costs

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

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

(g) Income tax

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

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

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

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

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

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

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

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

Tax consolidation legislation

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

Goods and Services Tax

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

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

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

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

(h) Earnings per share ("EPS")

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

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

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

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

(i) Cash and cash equivalents

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

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

(j) Receivables

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

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

(k) Inventories

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

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

(l) Investments and other financial assets

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

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the consolidated statement of financial position date.

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

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

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

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

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

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

(m) Investments in associates

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

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

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

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

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

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

(n) Derivatives

The Group uses from time to time derivative financial instruments such as gold options, gold forward contracts, contracts for difference, and interest rate swaps to manage the risks associated with market fluctuations.

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

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

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

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

(i) Fair value hedge

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

(ii) Cash flow hedge

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

Amounts accumulated in equity are recycled in the consolidated statement of comprehensive income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

(iii) Derivatives that do not qualify for hedge accounting

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

(o) Deferred mining costs

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

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

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

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

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

(p) Mineral exploration and evaluation interests

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

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

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

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

(q) Development expenditure

(i) Areas in Development

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

(ii) Areas in Production

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

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

(r) Property, plant and equipment

(i) Cost and Valuation

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

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

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

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

(ii) Depreciation

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

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

(iii) Impairment

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

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

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

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

(s) Leases

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

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

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

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

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

(t) Business combinations

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

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

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

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

(u) Recoverable amount of assets

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

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

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

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

(v) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost which is the amount initially recognised, minus repayments whether or not billed to the consolidated entity.

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

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

(w) Interest-bearing liabilities

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

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

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

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

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

Compound financial instruments

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

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

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

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

(x) Provisions

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

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

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

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

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

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

(y) Employee benefits

(i) Wages, Salaries and Annual Leave

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

(ii) Long service leave

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

(iii) Termination Gratuity and Relocation

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

(iv) Share based payments

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

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

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

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

(v) Superannuation

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

(z) Contributed equity

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

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

(aa) Financial Guarantees

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

(ab) Significant accounting judgements

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

(i) Determination of mineral resources and ore reserves

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

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

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

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

(ac) Significant accounting estimates and assumptions

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

(i) Impairment of capitalised mine development expenditure

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

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

(ii) Life-of-mine stripping ratio

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

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

(iii) Provisions for decommissioning and restoration costs

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

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

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

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

(iv) Recoverability of potential deferred income tax assets

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

(v) Share based payments

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

(vi) Fair value of derivative financial instruments

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

(vii) Significant estimate in determining the beginning of production

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

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

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

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

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

(ad) New accounting standards and UIG interpretations

(i) From 1 July 2011 the Group has adopted all new and revised Australian Accounting Standards and Interpretations mandatory for reporting periods beginning on or after 1 July 2011, including:

Reference	Title	Application date of standard	Application date for Group*
AASB 124 (Revised)	The revised AASB 124 *Related Party Disclosures (December 2009)* simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] Makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	1 July 2011
AASB 2010-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	1 July 2011

Reference	Title	Application date of standard	Application date for Group*
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	1 July 2011
AASB 1054	Australian Additional Disclosures This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the entity is a for-profit or not-for-profit entity (d) Whether the financial statements are general purpose or special purpose (e) Audit fees (f) Imputation credits	1 July 2011	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] The amendments increase the disclosure requirements for transactions involving transfers of financial assets but which are not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	1 July 2011
AASB 2010-9	Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time adopters [AASB 1] In respect of the removal of fixed dates, the amendments provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. The amendments in respect of severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian Accounting Standards financial statements or to present Australian Accounting Standards financial statements for the first time.	1 July 2011	1 July 2011
AASB 2011-5	Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131] This Standard makes amendments to: ► AASB 127 *Consolidated and Separate Financial Statements* ► AASB 128 *Investments in Associates* ► AASB 131 *Interests in Joint Ventures* to extend the circumstances in which an entity can obtain relief from consolidation, the equity method or proportionate consolidation, and relates primarily to those applying the reduced disclosure regime or not-for-profit entities.	1 July 2011	1 July 2011

*The new and revised accounting standards have no impact on the Group's financial report.

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

(ii) The following new accounting standards have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the period ended 30 June 2012:

Reference	Title	Summary	Application date of standard	Application date for Group*
2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate *SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 Jan 2012	1 July 2012 **
AASB 2011-3	Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This Standard makes amendments including clarifying the definition of the ABS GFS Manual, facilitating the orderly adoption of changes to the ABS GFS Manual and related disclosures to AASB 1049. Amendments to Australian Accounting Standards – Improvements to AASB 1049 can be found in AASB 2011-13.	1 July 2012	1 July 2012 **
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not.	1 July 2012	1 July 2012 **
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Non-monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 July 2013
Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the “stripping activity asset”. The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate. Consequential amendments were also made to other standards via AASB 2011-12.	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group*
Annual Improvements 2009–2011 Cycle	Annual Improvements to IFRSs 2009–2011 Cycle	This standard sets out amendments to International Financial Reporting Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB. The following items are addressed by this standard: IFRS 1 First-time Adoption of International Financial Reporting Standards • Repeated application of IFRS 1 • Borrowing costs IAS 1 Presentation of Financial Statements • Clarification of the requirements for comparative information IAS 16 Property, Plant and Equipment • Classification of servicing equipment IAS 32 Financial Instruments: Presentation • Tax effect of distribution to holders of equity instruments IAS 34 Interim Financial Reporting • Interim financial reporting and segment information for total assets and liabilities	1 January 2013	1 July 2013
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies.	1 July 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: (a) Tier 1: Australian Accounting Standards (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard) (b) The Australian Government and State, Territory and Local Governments The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability (b) All not-for-profit private sector entities (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11 and 2012-1.	1 July 2013	1 July 2013
AASB 2012-2	Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.	1 January 2013	1 July 2013
AASB 2012-5	Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle; and	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	1 July 2013

Reference	Title	Summary	Application date of standard	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2015
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	1 July 2015

*The impact of the adoption of these new and revised standards and interpretations has not been determined by the Company.
**These standards are effective from 1 July 2012 however have no impact on the financial report.

NOTE 2: PROFIT FROM CONTINUING OPERATIONS

		Consolidated	
		For the year ended 30-Jun-12 $'000	For the year ended 30-Jun-11 $'000
(a)	**Revenue from gold sales**		
	Gold sales at spot price	576,710	462,911
	Realised loss on gold forward contracts	-	(17,856)
		576,710	445,055
(b)	**Costs of production relating to gold sales**		
	Costs of production (excluding gold in circuit inventories movement)	303,104	300,342
	Gold in circuit inventories movement	(40,931)	(6,843)
		262,173	293,499
(c)	**Depreciation and amortisation relating to gold sales**		
	Amortisation of evaluation, development and rehabilitation costs	36,342	23,712
	Depreciation of mine site properties, plant and equipment	36,879	38,679
		73,221	62,391
(d)	**Other operating costs relating to gold sales**		
	Royalty expense	28,676	19,541
	Operational support costs	4,284	3,735
	Write-off of obsolete spares and consumables	2,116	-
		35,076	23,276
(e)	**Other revenue**		
	Interest income - other persons/corporations	1,504	329
		1,504	329
(f)	**Other income**		
	Rehabilitation provision adjustment from non operating mine sites	258	1,073
	Profit on sale of property, plant and equipment	-	139
	Other	87	104
		345	1,316

NOTE 2: PROFIT FROM CONTINUING OPERATIONS (continued)

		Consolidated For the year ended 30-Jun-12 $'000	Consolidated For the year ended 30-Jun-11 $'000
(g)	**Administration and other expenses**		
	Other management and administration expenses	5,151	4,379
	Non mine site insurance costs	619	714
	Operating lease expenses	821	770
	Share based payments expense	1,390	1,215
	Depreciation of non mine site assets	196	250
		8,177	7,328
	Loss on sale of property, plant and equipment	196	-
	Impairment of investment in associate	1,584	-
	Impairment of accounts receivable	1,201	1,361
	Other	586	1,068
		3,567	2,429
		11,744	9,757
(h)	**Treasury - realised gains/(losses)**		
	Realised loss on gold put options	(4,014)	(3,909)
	Realised foreign exchange gain/(loss)	3,839	(665)
		(175)	(4,574)
(i)	**Treasury - unrealised (losses)/gains**		
	Unrealised gain on gold put options	4,002	2,930
	Unrealised gain on financial derivative assets	2,364	-
	Unrealised foreign exchange (loss)/gain	(4,622)	7,991
	Unrealised foreign exchange loss on loans with subsidiaries (i)	(44,938)	(10,191)
		(43,194)	730

i) Due to an accounting standard requirement the unrealised gains and losses on intercompany balances between entities in the Group are taken directly to the Group’s profit or loss.

NOTE 2: PROFIT FROM CONTINUING OPERATIONS (continued)

		Consolidated	
		For the year ended 30-Jun-12 $'000	**For the year ended 30-Jun-11 $'000**
(j)	**Finance costs**		
	Interest and fees paid/payable to other entities	10,445	18,612
	Rehabilitation provision discount adjustment	1,525	985
		11,970	19,597
(k)	**Employee benefits**		
	Salaries	44,909	44,090
	Superannuation	2,866	2,545
	Share based payments expense	1,390	1,215
		49,165	47,850

NOTE 3: INCOME TAX

(a) Income tax expense attributable to continuing operations

Current tax expense	19,355	15,962
Deferred tax expense/(benefit)	1,251	(1,127)
Income tax expense attributable to profit from continuing operations	20,606	14,835
Witholding tax	1,965	1,787
Total tax expense	**22,571**	**16,622**

NOTE 3: INCOME TAX (continued)

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
(b) Numerical reconciliation of income tax expense to prima facie tax expense		
Profit from continuing operations before income tax expense	124,430	59,552
Withholding tax	(1,965)	(1,787)
Profit from continuing operations including withholding tax before income tax expense	122,465	57,765
Prima facie income tax expense at 30% (2011: 30%)	36,739	17,330
Add/(deduct):		
- tax losses and other temporary differences recognised to offset deferred tax liabilities	(14,921)	(3,603)
- effect of share based payments expense not deductible	417	365
- prior year over provision	(2,160)	-
- other	531	743
Income tax expense attributable to net profit	20,606	14,835
(c) Amounts recognised directly in equity		
Amounts credited directly to equity	(1,942)	(222)

Refer to 3(h) for the composition of deferred tax balances in equity.

(d) Tax losses (tax effected)		
- Revenue losses		
Australia	67,052	78,774
Tanzania	632	-
Mali*	50,611	59,470
Other	534	327
	118,829	138,571
- Capital losses		
Australia	38,872	38,723
Total tax losses not used against deferred tax liabilities for which no deferred tax asset has been recognised (potential tax benefit at the prevailing tax rates of the respective jurisdictions)	157,701	177,294

NOTE 3: INCOME TAX (continued)

*Pursuant to the Establishment Convention between the State of Mali and Societe des Mines de Syama S.A. (owner of the Syama gold mine), there is an income tax holiday for 5 years post the declaration of "first commercial production" at Syama, which commenced on 1 January 2012.

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

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

(e) Unrecognised temporary differences

As at 30 June 2012, aggregate unrecognised temporary differences of $2.381m (2011: $7.062m) are in respect of investments in foreign controlled entities for which no deferred tax liabilities have been recognised for amounts which arise upon translation of their financial statements.

	Consolidated	
	As at 30-Jun-12 $'000	**As at 30-Jun-11 $'000**
(f) Movements in the deferred tax assets balance		
Balance at the beginning of the year	-	-
Credited to equity	1,942	222
Charged to the income statement	(1,942)	(222)
Balance as at the end of the year	-	-
The deferred tax assets balance comprises temporary differences attributable to:		
Receivables	6,902	1,119
Other financial assets	238	133
Available for sale financial assets	1,178	317
Property, plant and equipment	1,170	2,274
Interest bearing liabilities	47,693	34,409
Provisions	14,412	11,917
Other	18	15
Tax losses recognised (i)	10,850	15,435
Temporary differences not recognised	(42,804)	(31,876)
	39,657	33,743
Set off of deferred tax liabilities pursuant to set off provisions	(39,657)	(33,743)
Net deferred tax assets	-	-

i) This amount includes tax losses recognised against deferred tax liabilities in foreign entities of $1.353m (2011: $1.458m).

NOTE 3: INCOME TAX (continued)

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
(g) Movements in the deferred tax liabilities balance		
Balance at the beginning of the year	1,125	3,049
Credited to the income statement	(696)	(1,349)
Foreign exchange	57	(575)
Balance as at the end of the year	486	1,125
The deferred tax liabilities balance comprises temporary differences		
Receivables	7,181	4,898
Mineral exploration and development interests	25,816	20,589
Property, plant and equipment	919	1,724
Financial derivative assets	709	3
Interest bearing liabilties	5,378	7,272
Payables	140	382
	40,143	34,868
Set off of deferred tax liabilities pursuant to set off provisions	(39,657)	(33,743)
Net deferred tax liabilities	486	1,125
(h) The equity balance comprises temporary differences attributable to:		
Convertible notes equity reserve	-	1,922
Option equity reserve	2,568	2,568
Unrealised gain/(loss) reserve	-	48
Other	28	-
Net temporary differences in equity	2,596	4,538

(i) Tax consolidation

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

NOTE 3: INCOME TAX (continued)

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

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

NOTE 4: DIVIDENDS PAID OR PROVIDED FOR

The directors have resolved to make a 5 cent distribution to shareholders including a fully franked component of 2.7 cents per share. The payment is expected to occur by December 2012.

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
FRANKING CREDITS		
The amount of franking credits available for subsequent financial years is as follows. The amount has been determined using a tax rate of 30%.	7,417	7,417

NOTE 5: CASH

Cash at bank and on hand	8,404	11,213
Short-term deposits	40,000	-
	48,404	**11,213**

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

NOTE 5: CASH (continued)

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Reconciliation to cash flow statement		
For the purpose of the cash flow statement, cash and cash equivalents comprise the following at 30 June:		
Cash at bank and on hand	8,404	11,213
Short-term deposits	40,000	-
Bank overdraft (Note 18)	(5,262)	(7,542)
	43,142	**3,671**

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

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

NOTE 6: OTHER FINANCIAL ASSETS

Current

Restricted cash (note 36)	42,267	-

Restricted cash is held as security against a liquid investment. Amounts can be withdrawn on a 7 business day notice period, following sale of part or all of the underlying liquid investment.

NOTE 7: RECEIVABLES

Current

Sundry debtors (a)	6,794	4,940
Allowance for impairment loss	(837)	(907)
	5,957	**4,033**

NOTE 7: RECEIVABLES (continued)

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Non Current		
Sundry debtors	7,174	7,500
Allowance for impairment loss	(5,031)	(3,731)
	2,143	**3,769**

a) Current sundry debtors are non interest bearing and are generally on 30-60 day terms. A provision for doubtful debt is recognised when there is objective evidence that the Group may not be able to collect all amounts due according to original terms of the transaction.

Receivables past due but not considered impaired are $4.852m (2011: $3.245m). Payment terms on these amounts have not been re-negotiated, however the Group maintains direct contact with the relevant debtor and is satisfied that payment will be received in full.

Movements in the allowance for impairment losses were as follows:

At start of year	(4,638)	(4,844)
Charge for the year	(1,201)	(1,355)
Amount reversed	-	890
Foreign exchange translation	(29)	671
At end of year	(5,868)	(4,638)

As at 30 June 2012, the aging analysis of current and non-current sundry debtors is as follows:

0-30 days	3,006	4,165
31-60 days	242	392
61-90 days (Past due but not impaired)	136	130
+91 days (Past due but not impaired)	4,716	3,115
+91 days (Considered impaired)	5,868	4,638
Total	**13,968**	**12,440**

NOTE 8: INVENTORIES

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Gold in circuit and gold bullion		
-At cost	69,593	10,530
-At net realisable value	-	19,670
Total gold in circuit	69,593	30,200
Consumables at cost	43,834	44,186
Ore stockpiles		
-At cost	22,194	14,914
-At net realisable value	6,280	7,164
Total ore stockpiles	28,474	22,078
	141,901	**96,464**

Inventory recognised as an expense within costs of gold production for the year ended 30 June 2012 totalled $61.849m (2011: $94.041m) for the Group.

NOTE 9: AVAILABLE FOR SALE FINANCIAL ASSETS

Shares at fair value - listed	374	692

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

NOTE 10: FINANCIAL DERIVATIVE ASSETS

Current

Financial derivative assets (Note 36)	2,364	11

NOTE 11: OTHER ASSETS

	Consolidated As at 30-Jun-12 $'000	Consolidated As at 30-Jun-11 $'000
Current		
Prepayments	4,567	3,270

NOTE 12: EXPLORATION AND EVALUATION EXPENDITURE

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

Areas in exploration and evaluation (at cost)		
Balance at the beginning of the year	9,045	10,970
- Expenditure during the year	271	-
- Impaired during the year	(45)	(362)
- Foreign currency translation	251	(1,563)
Balance at the end of the year	**9,522**	**9,045**

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

NOTE 13: DEVELOPMENT EXPENDITURE

Areas in production (at cost)		
Balance at the beginning of the year	219,329	231,030
- Additions	28,036	9,443
- Transfers to income statement	(119)	-
- Transfer to other monetary assets and liabilities	(1,437)	(58)
- Amount amortised during the year	(38,023)	(24,622)
- Adjustments to rehabilitation obligations	11,973	14,678
- Foreign currency translation	(11,216)	(11,142)
Balance at the end of the year	208,543	219,329

NOTE 14: PROPERTY, PLANT & EQUIPMENT

Consolidated	Buildings $'000	Plant & Equipment $'000	Motor Vehicles $'000	Office Equipment $'000	Plant and Equipment under Lease $'000	Total $'000
30 June 2012						
At 1 July 2011 net of accumulated depreciation	5,206	172,658	2,433	2,235	8,346	190,878
Additions	11	21,907	83	436	1,975	24,412
Disposals	-	(191)	-	(5)	-	(196)
Depreciation expense	(1,126)	(30,467)	(1,099)	(1,113)	(3,270)	(37,075)
Foreign currency translation	(227)	(10,218)	(93)	(93)	-	(10,631)
At 30 June 2012 net of accumulated depreciation	3,864	153,689	1,324	1,460	7,051	167,388
30 June 2012						
Cost	10,246	290,741	5,083	4,495	21,343	331,908
Accumulated depreciation	(6,382)	(137,052)	(3,759)	(3,035)	(14,292)	(164,520)
Net carrying amount	3,864	153,689	1,324	1,460	7,051	167,388
30 June 2011						
At 1 July 2010 net of accumulated depreciation	6,669	204,023	3,158	3,368	4,056	221,274
Additions	196	12,701	526	212	6,851	20,486
Depreciation expense	(1,247)	(32,903)	(1,060)	(1,158)	(2,561)	(38,929)
Foreign currency translation	(412)	(11,163)	(191)	(187)	-	(11,953)
At 30 June 2011 net of accumulated depreciation	5,206	172,658	2,433	2,235	8,346	190,878
30 June 2011						
Cost	10,404	281,323	5,223	4,839	19,368	321,157
Accumulated depreciation	(5,198)	(108,665)	(2,790)	(2,604)	(11,022)	(130,279)
Net carrying amount	5,206	172,658	2,433	2,235	8,346	190,878

NOTE 15: DEFERRED MINING COSTS

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Deferred mining costs	28,229	20,585

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

NOTE 16: INVESTMENT IN ASSOCIATE

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
(a) Investment details		
Listed		
Viking Ashanti Limited	2,223	5,092

The Group holds 23 million shares (2011: 23 million) in Viking Ashanti Limited which represents 33.25% (2011: 33.25%) of their ordinary shares on issue.

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

Viking Ashanti Limited		
At 1 July	5,092	5,892
Share of loss after income tax	(1,285)	(800)
Impairment of investment	(1,584)	-
At 30 June	**2,223**	**5,092**

(c) Fair value of investment in listed associate

The market value of the Group's investment in Viking Ashanti Limited is $2.760m (2011: $3.220m).

(d) Summarised financial information

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

Extract from the associate's statement of financial position		
Current assets	653	4,230
Non-current assets	6,419	6,435
Total assets	7,072	10,665
Current liabilities	477	456
Non-current liabilities	-	-
Total liabilities	477	456
Net assets	6,595	10,121
Share of associates' net assets	**2,193**	**3,365**
Extract from the associate's statement of comprehensive income:		
Revenue	-	-
Total comprehensive loss	(3,741)	(3,632)

NOTE 17: PAYABLES

	Consolidated As at 30-Jun-12 $'000	Consolidated As at 30-Jun-11 $'000
Current		
Trade creditors and accruals (a)	42,948	47,433

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

NOTE 18: INTEREST BEARING LIABILITIES

	30-Jun-12	30-Jun-11
Current		
Lease liabilities (a)	2,616	3,353
Borrowings (b)	-	12,644
Bank overdraft (d)	5,262	7,542
	7,878	**23,539**
Non Current		
Lease liabilities (a)	3,142	4,189
Borrowings (b)	-	11,223
Convertible notes (c)	-	62,929
	3,142	**78,341**

a) Carpentaria Gold Pty Ltd (“CGPL”), a wholly owned subsidiary of RML, has entered into hire purchase agreements with Esanda Finance Corporation Limited, Atlas Copco Customer Finance Pty Ltd and the Commonwealth Bank of Australia for the purchase of mining equipment which is being used at Mt Wright, Ravenswood. Monthly instalments are required under the terms of the contracts which expire between July 2011 and July 2014. RML has provided an unsecured parent entity guarantee to these financiers in relation to some of these finance facilities.

b) During the year ended 30 June the remaining balance of the Barclays/Investec Senior Debt facility of $20.923m (US22.425m) was repaid in full with the final repayment made on 30 December 2011.

NOTE 18: INTEREST BEARING LIABILITIES (CONTINUED)

A $5.000m Environmental Bond facility provided by Barclays Bank Plc is secured by the following:

(i) Cross Guarantee and Indemnity given by RML, Carpentaria Gold Pty Ltd, Resolute (Tanzania) Limited, Mabangu Mining Limited, Resolute Pty Ltd, Resolute (Treasury) Pty Ltd and Resolute (Somisy) Limited;
(ii) fixed and floating charge over all the current and future assets of Resolute (Tanzania) Limited including onshore and offshore bank accounts and shares of Mabangu Mining Ltd;
(iii) fixed and floating charge over all the current and future assets of Mabangu Mining Limited including onshore and offshore bank accounts;
(iv) mortgage over mining lease ML 19/97 of the Resolute (Tanzania) Limited group of companies;
(v) mortgage over prospecting licences PL 1461/2000, PL 1462/2000, PL 1732/2001, PL 347/95, PL 1833/2001, PL 1890/2002, PL 1891/2002 and PL 1892/2002 of Resolute (Tanzania) Limited;
(vi) share Mortgage by Resolute Pty Ltd over all of its shares in Resolute (Tanzania) Limited;
(vii) share Mortgage by the Borrower over all of its shares in Carpentaria Gold Pty Ltd;
(viii) share Mortgage by the Borrower over all of its shares in Resolute (Somisy) Limited;
(ix) fixed and floating charge over all the current and future assets of Resolute (Treasury) Pty Ltd including bank accounts and an assignment of all Hedging Contracts;
(x) fixed and floating charges over all the current and future assets of Carpentaria Gold Pty Ltd including bank accounts and an assignment of all Hedging Contracts;
(xi) mortgage over key Carpentaria Gold Pty Ltd mining tenements, and
(xii) caveat over Carpentaria Gold Pty Ltd's Exploration permits for Minerals 14778, 15098, 15099, 16203, 16204 and 16847; and
(xiii) mortgage over the $407.594m (2011: $436.601m) loan receivable from Societe des Mines de Syama SA.

c) During the year 136,670,429 convertible notes were converted into ordinary shares resulting in a reduction in convertible note debt of $64.663m. This amount was transferred into contributed equity, along with the associated equity reserves of $13.764m.

The convertible notes were on issue at a price of $0.50 each. Subscribers also received one free option for every 3 convertible notes taken up under this offer. The average effective interest rate on these convertible notes for accounting purposes was 17.48%. A portion of the funds raised pursuant to the issue were recognised in the Convertible Notes Equity Reserves.

The notes were unsecured and subordinated to the senior credit facilities, and had a coupon rate of 12% on the $0.50 face value and were convertible into ordinary shares, one for one, at the option of the holder up until 31 December 2012 or repayable by the Company on 31 December 2012. The Company had the right to redeem the notes from 31 December 2011 by paying $0.50 per note to the note holders, and in this event, the note holder had the right to convert their notes into ordinary shares on a one for one basis prior to them being redeemed. Full terms and conditions of the convertible notes can be found in the Convertible Note Trust Deed.

The total assets of the entities over which security exists amounts to A$978.911m, of these assets $167.118m relates to property plant and equipment.

NOTE 18: INTEREST BEARING LIABILITIES (CONTINUED)

The following debt ratios are required to be maintained:

(i) A debt service cover ratio of not less than 1.35:1;
(ii) a loan life cover ratio of not less than 1.65:1; and,
(iii) a reserve tail ratio of not less than 30%.

There have been no breaches of the above ratios.

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

d) This facility is in place and is subject to an annual revision in approximately December 2012, and has an interest rate of 8% per annum on the basis of usage. The maximum limit of this facility is $9.510m (AUD equivalent), and as at reporting date $4.248m (AUD equivalent) of the facility was unused.

NOTE 19: FINANCIAL LIABILITIES

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Current		
Financial liabilities (a)	-	18,910

a) During the year the remaining balance of the Barclays/Investec Hedging Credit facility of $18.910m was repaid in full, with the final repayment being made on 30 September 2011.

NOTE 20: PROVISIONS

Current

Site restoration (a)	5,174	5,341
Employee entitlements	11,662	6,197
Dividend payable	68	68
Withholding taxes	3,575	1,800
Other provisions	1,094	1,049
	21,573	**14,455**

NOTE 20: PROVISIONS (continued)

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Non Current		
Site restoration (a)	44,727	37,236
Employee entitlements	756	764
	45,483	**38,000**

(a) Site restoration

	30-Jun-12 $'000	30-Jun-11 $'000
Balance at the beginning of the year	42,577	33,422
Restoration borrowing cost unwound	1,525	985
Change in scope of restoration provision	11,709	13,587
Utilised during the year	(5,407)	(2,980)
Foreign exchange translation	(503)	(2,437)
Balance at the end of the year	**49,901**	**42,577**

The nature of restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

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

NOTE 21: CONTRIBUTED EQUITY

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
(a) Contributed equity		
Ordinary share capital:	**368,047**	**287,125**
635,928,623 ordinary fully paid shares (2011: 467,638,948)		
(b) Movements in contributed equity, net of issuing costs		
Balance at the beginning of the year	287,125	237,083
Transfer convertible note equity reserves to share capital	9,346	-
Exercise of 50,962,416 listed options at $0.60 per share	30,577	-
Exercise of 163,334 unlisted options at $0.42 per share	69	-
Exercise of 138,334 unlisted options at $1.09 per share	153	-
Exercise of 18,000 unlisted options at $1.21 per share	22	-
Exercise of 125,000 unlisted options at $1.32 per share	165	-
Exercise of 40,001 unlisted options at $1.43 per share	55	-
Exercise of 500,000 unlisted options at $0.74 per share	370	-
Exercise of 500,000 unlisted options at $1.00 per share	500	-
Conversion of 136,670,429 convertible notes to shares at $0.50 per share	70,937	-
On market buy-back of 20,827,839 shares at an average price of $1.50 per share	(31,272)	-
Conversion of 14,289,793 convertible notes to shares at $0.50 per share	-	6,833
Exercise of 359,001 unlisted options at $0.42 per share	-	151
Exercise of 44,917,993 listed options at $0.60 per share	-	25,015
Exercise of 55,000 unlisted options at $1.12 per share	-	62
Exercise of 65,000 unlisted options at $1.09 per share	-	71
Issue of 3,603,264 shares to Convertible Note holders in lieu of interest payable at $1.24 per share	-	4,446
Placement of 11,762,463 shares at $1.24 per share	-	13,464
Balance at the end of the year	**368,047**	**287,125**

NOTE 21: CONTRIBUTED EQUITY (continued)

(c) Terms and conditions of contributed equity

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

(d) Employee share options

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

(e) Capital management

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

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

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

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

	Consolidated	
	2012	**2011**
Gearing ratio	nil	25%

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

NOTE 22: RESERVES

(a) Movements in reserves

Consolidated	Foreign Currency Translation Reserve	Unrealised Gain/(Loss) Reserve	Employee Equity Benefits Reserve	Convertible Notes Equity Reserve	Share Options Equity Reserve	Total
	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 July 2010	285	164	2,021	14,233	5,987	22,690
Currency translation differences	(23,826)	-	-	-	-	(23,826)
Unrealised gain/(loss) reserve, net of tax	-	(52)	-	-	-	(52)
Share based payments to employees	-	-	1,215	-	-	1,215
Value of options issued to convertible note and share holders, net of tax	-	-	-	(469)	-	(469)
As at 30 June 2011	(23,541)	112	3,236	13,764	5,987	(442)
Currency translation differences	15,604	-	-	-	-	15,604
Unrealised gain/(loss) reserve, net of tax	-	(364)	-	-	-	(364)
Share based payments to employees	-	-	1,390	-	-	1,390
Equity portion of compound financial instruments, net of tax and transaction costs	-	-	-	(13,764)	-	(13,764)
As at 30 June 2012	**(7,937)**	**(252)**	**4,626**	**-**	**5,987**	**2,424**

NOTE 22: RESERVES (continued)

(b) Nature and purpose of reserves

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

(ii) *Net unrealised gain/(loss) reserve*
This reserve records fair value changes on available for sale investments, refer Note 1(l)(iv).

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

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

(v) *Share options equity reserve*
The equity reserve records transactions between owners as owners.

NOTE 23: RETAINED EARNINGS

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Retained profits at the beginning of the year	100,758	41,058
Net profit attributable to members of the parent	105,103	59,700
Retained profits at the end of the financial year	**205,861**	**100,758**

NOTE 24: EXPLORATION AND DEVELOPMENT COMMITMENTS

Exploration commitments:

Due to the nature of the consolidated entity's operations in exploring and evaluating areas of interest, it is very difficult to accurately forecast the nature or amount of future expenditure, although it will be necessary to incur expenditure in order to retain present interests in mineral tenements. Expenditure commitments on mineral tenure for the parent entity and consolidated entity can be reduced by selective relinquishment of exploration tenure or by the renegotiation of expenditure commitments.

The approximate level of exploration expenditure expected in the year ending 30 June 2012 for the consolidated entity is approximately $22.853m (2012: $15.881m). This includes the minimum amounts required to retain tenure. There are no material exploration commitments further out than one year.

NOTE 24: EXPLORATION AND DEVELOPMENT COMMITMENTS (continued)

The remaining interest in the Finkolo Joint Venture is expected to be acquired in the next 12 months by way of a US$20.000m payment to Endeavour Mining Corporation. The acquisition is subject to Malian Ministerial consent.

NOTE 25: LEASE COMMITMENTS

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
a) Finance leases		
Lease expenditure contracted and provided for:		
Due within one year	3,019	3,829
Due between one and five years	3,244	4,513
Total minimum lease payments	6,263	8,342
Less finance charges	(505)	(800)
Present value of minimum lease payments	**5,758**	**7,542**
Reconciled to:		
Current liability (Note 18)	2,616	3,353
Non current liability (Note 18)	3,142	4,189
	5,758	**7,542**
b) Operating leases (non-cancellable)		
Due within one year	786	787
Due between one and five years	1,254	2,040
Aggregate lease expenditure contracted for at balance date but not provided for	**2,040**	**2,827**

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

c) Other expenditure commitments		
Due within one year	1,108	1,116
Due between one and five years	-	-
Aggregate expenditure contracted for at balance date but not provided for	**1,108**	**1,116**

a) Other expenditure commitments represent the expected minimum expenditure required under the electricity supply agreement between Carpentaria Gold Pty Ltd and Momentum Energy Pty Ltd (2011: AGL Energy Limited) up until 31 December 2012.

NOTE 26: RELATED PARTY TRANSACTIONS

(i) Refer to Note 34 for directors' indirect and direct interests in securities.

(ii) RML is the ultimate Australian holding company and there is no controlling entity of RML at 30 June 2012.

NOTE 27: INTERESTS IN JOINT VENTURES

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

There are no commitments relating to the joint ventures (2011: nil).

Jointly controlled assets

Entity Holding Interest	Other Participant/Joint Venture	Percentage of Interest Held	
		2012	2011
		%	%
Mabangu Mining Limited	Sub Sahara/Nyakafuru JV	49%	49%
Mabangu Mining Limited	Yellowstone/Mega JV	49%	49%
Mabangu Mining Limited	Yellowstone/Kanegele JV	65%	65%
Resolute Pty Ltd	Etruscan/Finkolo JV	60%	60%
Carpentaria Gold Pty Ltd	Denjim/Welcome Breccia JV	100%	87%
Resolute (Tanzania) Limited	Sub Sahara/Kahama JV	49%	49%

NOTE 28: NOTES TO THE CASH FLOW STATEMENTS

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
(a) Reconciliation of net profit from continuing operations after income tax to the net cash flows:		
Net profit from ordinary activities after income tax	101,859	42,930
Add/(deduct):		
Share based payments expense	1,390	1,215
Share in associate's loss	1,285	800
Loss/(profit) on sale of property, plant and equipment	196	(139)
Impairment of investment in associate	1,584	-
Rehabilitation provision discount adjustment	1,525	985
Rehabilitation provision adjustment from non operating mine sites	(258)	(1,073)
Depreciation and amortisation of property, plant and equipment	37,075	38,929
Amortisation of exploration, development and rehabilitation costs	36,342	23,712
Foreign exchange (losses)/gains	43,194	(730)
Non-cash realised loss on gold put options	4,014	3,909
Realised loss on close-out of hedgebook	-	(34,742)
Impairment of accounts receivable	1,201	1,361
Write-off of obsolete spares and consumables	2,116	-
Rehabilitation and restoration cash expenditure	(5,249)	(2,650)
Realised FX gain on repayments of Senior Debt Facility	(2,157)	-
Impairment of exploration and evaluation expenditure	45	362
Non cash finance costs	4,785	14,331
Other	589	258
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables	14,702	(1,989)
Increase in inventories	(49,337)	(19,840)
Decrease in financial liabilities	-	979
(Increase)/decrease in prepayments	(1,297)	596
Increase in deferred mining costs	(9,101)	(9,117)
(Decrease)/increase in payables	(7,573)	(2,162)
Change in current tax balances	(3,346)	(729)
Change in deferred tax balances	1,176	(1,924)
Increase in operating provisions	4,412	3,368
Net operating cash flows	179,172	58,640

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

(b) Finance Leases

Refer to Note 18(a) for additions to finance leases and for terms and conditions.

(c) Non cash operating, financing and investing activities

2012

During the year 136,670,429 convertible notes were converted into ordinary shares resulting in a reduction in convertible note debt of $64.663m. This amount was transferred into contributed equity, along with the associated equity reserves of $13.764m. Refer to note 18(c).

2011

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

NOTE 29: CONTROLLED ENTITIES

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

Name of Controlled Entity and Country of Incorporation	Consolidated Entity Company Holding the Investment	Percentage of Shares Held by Consolidated Entity 2012 %	2011 %
Broken Hill Metals Pty Ltd, Aust. (a)	Resolute (Treasury) Pty Ltd	100	100
Carpentaria Gold Pty Ltd, Aust.	Resolute Mining Limited	100	100
Goudhurst Pty Ltd, Aust. (a)	Resolute (Treasury) Pty Ltd	100	100
Mabangu Exploration Limited, Tanzania	Resolute (Tanzania) Limited	100	100
Mabangu Mining Limited, Tanzania	Resolute (Tanzania) Limited	100	100
Resolute (CDI Holdings) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute CI SARL, Cote d'Ivoire	Resolute (CDI Holdings) Limited	100	100
Resolute (Finkolo) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute (Ghana) Limited, Ghana	Resolute Mining Limited	100	100
Resolute Mali S.A.,Mali	Resolute (Somisy) Limited	100	100
Resolute (Somisy) Limited, Jersey (a)	Resolute Mining Limited	100	100
Resolute (Tanzania) Limited, Tanzania	Resolute Pty Ltd	100	100
Resolute (Treasury) Pty Ltd, Aust. (a)	Resolute Mining Limited	100	100
Resolute Pty Ltd, Aust.	Resolute Mining Limited	100	100
Resolute Resources Pty Ltd, Aust. (a)	Resolute Pty Ltd	100	100
Societe des Mines de Syama S.A., Mali	Resolute (Somisy) Limited	80	80
Resolute Exploration SARL, Mali	Resolute (Finkolo) Limited	100	-

NOTE 29: CONTROLLED ENTITIES (continued)

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

NOTE 30: AUDITOR REMUNERATION

	Consolidated	
	2012	**2011**
	$	**$**
Amounts received or due and receivable by Ernst & Young Australia, from entities in the consolidated entity or related entities:		
Auditing (i)	308,615	306,180
Taxation planning advice and review	155,715	102,890
	464,330	409,070

i) Included in the current year is $5,175 (2011: $9,000) pertaining to additional work performed in relation to the audit of the prior year.

Amounts received or due and receivable by a related overseas office of Ernst & Young, from entities in the consolidated entity or related entities:		
Auditing (Ernst & Young, Tanzania)	5,175	-
Tax Advice (Ernst & Young, Ghana and Tanzania)	989	12,111
	6,164	12,111
Total amounts received or due and receivable by Ernst & Young globally	470,494	421,181
Amounts received or due and receivable by non Ernst & Young firms for auditing	35,137	40,149

NOTE 31: EMPLOYEE BENEFITS

a) Employee entitlements

The aggregate employee entitlement liability is comprised of:

	Consolidated	
	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Provisions (current) (Note 20)	11,662	6,197
Provisions (non current) (Note 20)	756	764
	12,418	**6,961**

b) Employee share option plan

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

The maximum number of options that can be issued under the Employee Share Option Plan is capped at 5% of the ordinary shares on issue. The options do not provide any dividend or voting rights. The options are not quoted on the ASX. One third of the options issued pursuant to the Plan are able to be exercised 6 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue. The only exception to these exercise periods is for Options G.

During the year the remaining 125,000 options (Options D) were exercised. These options were issued on 25 October 2006 with an exercise price of $1.32 and an expiry date of 24 October 2011.

Outstanding at reporting date are 195,000 options (Options E) which are comprised of the opening balance of 213,000, less 18,000 options which lapsed during the year. There was no change in the balance outstanding during the year. These options were issued on 25 March 2008 with an exercise price of $2.13 and an expiry date of 23 May 2013. Pursuant to the rights issues in the years ended 30 June 2008 and 30 June 2009, the strike price reduced by 1 cent per option in accordance with the RML Share Option Plan. The strike price is now $2.12.

Also outstanding at reporting date are 51,000 options (Options F). There was no change in the balance outstanding during the year. These options were issued on 29 August 2008 with an exercise price of $1.63. Pursuant to the rights issues in the year ended 30 June 2009, the strike price reduced by 1 cent per option in accordance with the RML Share Option Plan. The strike price is now $1.62.

Also outstanding at reporting date are 517,333 options (Options G) which are comprised of the opening balance of 680,667 less 163,334 options exercised during the year. These options were issued on 31 January 2009 with an exercise price of $0.42 and an expiry date of 31 January 2014. One third of the options were able to be exercised 12 months after issue, a further one third 18 months after issue and the remaining one third 30 months after issue.

NOTE 31: EMPLOYEE BENEFITS (continued)

Also outstanding at reporting date are 556,000 options (Options H) which are comprised of the opening balance of 739,000, less 138,334 options exercised during the year and 44,666 options which lapsed during the year. These options were issued on 15 February 2010 with an exercise price of $1.09 and an expiry date of 14 February 2015.

Also outstanding at reporting date are 81,000 options (Options I) which are comprised of the opening balance of 99,000 options less 18,000 options which were exercised during the year. These options were granted under the employee share option plan on 30 June 2010 and subsequently issued on 16 July 2010. These options were comprised of 179,000 options with an exercise price of $1.21 and an expiry date of 15 July 2015.

Also outstanding at reporting date are 135,000 options (Options J). There was no change in the balance outstanding during the year. These options were granted under the employee share option plan on 27 October 2010 and subsequently issued on 16 November 2010. These options were comprised of 135,000 options with an exercise price of $1.43 and an expiry date of 15 November 2015..

Also outstanding at reporting date are 2,000,000 options (Options K) which were granted under the employee share option plan on 2 December 2010 and subsequently issued on 5 January 2011. These options were comprised of 2,000,000 options with an exercise price of $1.36 and an expiry date of 4 January 2016.

Also outstanding at reporting date are 996,000 options (Options L) which are comprised of the opening balance of 1,163,000 options less 40,001 options which were exercised during the year and 126,999 options which lapsed during the year. These options were granted under the employee share option plan on 23 December 2010 and subsequently issued on 25 January 2011. These options were comprised of 1,338,000 options with an exercise price of $1.43 and an expiry date of 24 January 2016.

Also outstanding at reporting date are 130,000 options (Options M). There was no change in the balance outstanding during the year. These options were granted under the employee share option plan on 29 June 2011 and subsequently issued on 30 June 2011. These options were comprised of 130,000 options with an exercise price of $1.18 and an expiry date of 15 July 2016.

During the year 823,200 options (Options N) were granted under the employee share option plan on 4 January 2012 and subsequently issued on 27 January 2012, with an exercise price of $1.85 and an expiry date of 26 January 2017. The balance of these options is 782,400 at reporting date, with 40,800 options lapsing during the year.

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

NOTE 31: EMPLOYEE BENEFITS (continued)

	2012		2011	
	Number of Employee Options	Weighted Average Exercise Price	Number of Employee Options	Weighted Average Exercise Price $
Balance at the beginning of the year	5,335,667	1.22	2,835,002	0.90
- granted	823,200	1.85	3,782,000	1.37
- exercised	(484,669)	0.96	(479,001)	0.59
- lapsed	(230,465)	1.49	(802,334)	1.17
Balance at end of year (a)	**5,443,733**	**1.35**	**5,335,667**	**1.22**
Vested and exercisable at the end of the year	**2,320,000**	**1.18**	**1,079,111**	**1.00**

a) The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 is 3.29 years (2011: 3.94 years).

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

2012

Number of Options	Grant Date	Exercise Date	Expiry Date	Weighted Average Exercise Price $	Proceeds from Shares Issued $	Number of Shares Issued	Issue Date of the Shares	Fair Value of Shares Issued $
75,000	25 Oct 06	12 Sep 11	24 Oct 11	1.32	99,000	75,000	12 Sep 11	1.74
50,000	25 Oct 06	20 Oct 11	24 Oct 11	1.32	66,000	50,000	20 Oct 11	1.67
118,334	31 Jan 09	4 Aug 11	31 Jan 14	0.42	49,700	118,334	4 Aug 11	1.37
25,000	31 Jan 09	19 Aug 11	31 Jan 14	0.42	10,500	25,000	19 Aug 11	1.38
20,000	31 Jan 09	20 Oct 11	31 Jan 14	0.42	8,400	20,000	20 Oct 11	1.67
16,000	15 Feb 10	19 Aug 11	14 Feb 15	1.09	17,440	16,000	19 Aug 11	1.38
6,000	15 Feb 10	12 Sep 11	14 Feb 15	1.09	6,540	6,000	12 Sep 11	1.74
8,000	15 Feb 10	20 Oct 11	14 Feb 15	1.09	8,720	8,000	20 Oct 11	1.67
55,000	15 Feb 10	23 Nov 11	14 Feb 15	1.09	59,950	55,000	23 Nov 11	1.92
53,334	15 Feb 10	24 Feb 12	14 Feb 15	1.09	58,134	53,334	24 Feb 12	2.00
6,000	16 Jul 10	20 Oct 11	15 Jul 15	1.21	7,260	6,000	20 Oct 11	1.67
12,000	16 Jul 10	23 Nov 11	15 Jul 15	1.21	14,520	12,000	23 Nov 11	1.92
6,000	25 Jan 11	12 Sep 11	24 Jan 16	1.43	8,580	6,000	12 Sep 11	1.74
4,667	25 Jan 11	20 Oct 11	24 Jan 16	1.43	6,674	4,667	20 Oct 11	1.67
6,667	25 Jan 11	23 Nov 11	24 Jan 16	1.43	9,534	6,667	23 Nov 11	1.92
22,667	25 Jan 11	24 Feb 12	24 Jan 16	1.43	32,414	22,667	24 Feb 12	2.00
484,669				0.96	463,366	484,669		1.67

NOTE 31: EMPLOYEE BENEFITS (continued)

2011

Number of Options	Grant Date	Exercise Date	Expiry Date	Weighted Average Exercise Price	Proceeds from Shares Issued	Number of Shares Issued	Issue Date of the Shares	Fair Value of Shares Issued
				$	$			$
149,999	31 Jan 09	11 Aug 10	31 Jan 14	0.42	63,000	149,999	11 Aug 10	0.76
137,335	31 Jan 09	14 Sep 10	31 Jan 14	0.42	57,681	137,335	14 Sep 10	1.20
21,667	31 Jan 09	6 Oct 10	31 Jan 14	0.42	9,100	21,667	6 Oct 10	1.40
50,000	31 Jan 09	23 Nov 10	31 Jan 14	0.42	21,000	50,000	23 Nov 10	1.32
50,000	15 Feb 10	23 Nov 10	14 Feb 15	1.09	54,500	50,000	23 Nov 10	1.32
45,000	24 Mar 06	23 Nov 10	23 Mar 11	1.12	50,400	45,000	23 Nov 10	1.32
15,000	15 Feb 10	10 Feb 11	14 Feb 15	1.09	16,350	15,000	10 Feb 11	1.38
10,000	24 Mar 06	10 Feb 11	23 Mar 11	1.12	11,200	10,000	10 Feb 11	1.38
479,001				0.59	283,230	479,001		1.12

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

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

	Options E	Options F	Options G	Options H	Options I	Options J	Options K	Options L	Options M	Options N
Number of options at year end	195,000	51,000	517,333	556,000	81,000	135,000	2,000,000	996,000	130,000	782,400
Dividend yield (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Expected volatility (%)	40%	40%	50%	50%	64%	63%	63%	63%	63%	65%
Risk free interest rate (%)	8.30%	7.00%	7.00%	7.00%	6.25%	6.25%	6.25%	6.25%	6.25%	3.50%
Expected life of options (years)	5	5	5	5	5	5	5	5	5	5
Original option exercise price ($)	2.13	1.63	0.42	1.09	1.21	1.43	1.36	1.43	1.18	1.85
Share price at grant date ($)	1.94	1.48	0.38	0.99	1.08	1.28	1.22	1.27	1.13	1.75
Value per option at grant date ($)	0.88	0.64	0.20	0.49	0.61	0.73	0.70	0.72	0.66	0.98

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

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

The weighted average fair value of options granted during the year was $0.98 per option (2011: $0.70).

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS

Contingent Liabilities

(a) Native Title Claims

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

(b) Tanzanian Tax Authorities

i) General

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

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

ii) Indirect Taxes

1) As reported in prior periods, in February 2009 and again in April 2011, Mabangu Mining Limited (“MML”) received an assessment for US$4.700m from the Tanzanian Revenue Authority (“TRA”) who claim that MML has entered into a tax avoidance scheme by not following through with its initial intention of liquidating MML in 2006. The TRA claim that MML ceased the liquidation of MML to avoid paying withholding tax that they believe would have been payable if MML had been liquidated and its retained profits distributed to RTL in the form of a dividend. In MML’s opinion, the TRA assessment is fundamentally flawed and has no substance or foundation in fact. MML strongly disputes the validity of the assessment and believes there is no amount of withholding tax owing by MML to the TRA. MML has received professional advice confirming that even if MML were liquidated and its profits were distributed to RTL, no withholding tax is payable on dividends paid by one Tanzanian entity to another. MML will vigorously defend its position and has applied for a waiver of any deposit payable to the TRA ordinarily required to defend the claim. A letter of objection was sent to the TRA in March 2009 and again in April 2011 and a request to the Commissioner General for a waiver of the one third tax deposit was submitted. A response to this request is yet to be received. In May 2011, a hearing before the Tax Revenue Appeals Board was successful in barring the TRA taking any recovery measures while the issue is before the court.

2) The TRA has changed its interpretation on the tax legislation relating to the fuel levy and fuel excise and duties ("fuel taxes"). The amount paid by Resolute (Tanzania) Limited (“RTL”) when it purchases fuel includes this payment of fuel taxes. The fuel supplier remits the fuel tax to the TRA, and as in a similar manner as is done with a Goods and Services Tax or a Value Added Tax, RTL would then lodge a claim to claim back from the TRA the fuel taxes it has paid to the supplier.

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS (continued)

Up until December 2005, the TRA refunded all of the fuel taxes paid by RTL. From January 2006 onwards, the TRA has changed its interpretation and has denied further refunding of fuel taxes if the fuel is used by a sub-contractor.

The TRA had previously refunded 9.100b Tanzanian Shillings ("Tsh") (or US$5.917m) of fuel taxes to RTL during the period from 1999 to 2005, but due to their new interpretation are now arguing they should not have. As a result, they demanded that the refunded amount be returned by RTL to the TRA by 3 October 2008, which did not occur.

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

In October 2008, RTL lodged an appeal against this demand and was ordered to pay a deposit equal to one third of the amount in dispute for the case to be heard by the Tax Revenue Appeals Board (expected to be in 20121/13). Up until 30 June 2012, RTL has paid 3.030b Tsh (or US$1.970m) as a deposit to have its appeal heard. These deposits are treated as a non-current receivable.

3) A 9.327b Tanzanian Shillings ("Tsh") (US$6.081m) assessment was issued by TRA to RTL on 16 July 2012 comprising Tsh 3.935b of alleged under remittance of withholding tax over the 2003 to 2010 period and Tsh 5.392b of related penalties / interest. In accordance with Tanzanian tax law, RTL withheld tax at the rate of 3% for payments made to offshore companies of a technical and managerial nature whilst the TRA has the view these services were "professional" in nature and hence attract the higher 15% or 20% rate. RTL strongly disputes the validity of the assessment and believes there is no amount of withholding tax owing by RTL to the TRA. RTL has received professional advice confirming the position taken by RTL is compliant with Tanzanian tax law. RTL will vigorously defend its position and has applied for a waiver of any deposit payable to the TRA ordinarily required to appeal an assessment.

4) A Tsh 2.968b (US$1.935m) assessment was issued by the TRA to RTL on 16 July 2012 comprising Tsh 2.181b of PAYE allegedly owing and Tsh 0.787b of penalties / interest. The dispute relates to the amount of PAYE remitted by RTL on the employment contracts for its expatriates working in Tanzania. The TRA alleges that the PAYE remitted by RTL on expatriate salaries is a fringe benefit and should also be taxed. RTL grosses up the expatriates' net salaries to arrive at the correct gross salary and calculates the PAYE to be remitted to the TRA on the grossed up salary. The TRA's position effectively double taxes a portion of the expatriates' salaries. RTL strongly disputes the validity of the assessment and believes there is no amount of tax owing by RTL to the TRA. RTL has received professional advice confirming the position taken by RTL is compliant with Tanzanian tax law. RTL will vigorously defend its position and has applied for a waiver of any deposit payable to the TRA ordinarily required to appeal an assessment.

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

(c) Tanesco Electricity Supply Contract

Tanesco (the Tanzanian national electricity provider) provides electricity to RTL pursuant to an Electricity Supply Agreement. The Agreement refers to an annual price escalation formula containing escalation factors that are open to interpretation. Pursuant to Tanesco's interpretation of the escalation formula, 4.700b Tsh (USD$3.064m) relating to amounts in excess of the general Tanzanian public rate covering the period from 1 January 2008 to 30 June 2008 was invoiced to RTL. The rates charged by Tanesco in their invoice were significantly higher than the general Tanzanian public rate. The amount recognised by RTL reflected the amounts payable to Tanesco by RTL if it had terminated the Agreement and elected to receive and pay for electricity under the general Tanzanian public rate. Contract discussions are continuing and both parties have confirmed their commitment to find a fair and reasonable solution.

NOTE 32: CONTINGENT LIABILITIES & COMMITMENTS (continued)

Since 1 July 2008, RTL has continued to pay (or accrue) the electricity costs at the general Tanzanian public rate, as both Tanesco and RTL have agreed that while rate negotiations are ongoing, RTL will continue to pay the general Tanzanian public rate. The difference between the billed rate and the general Tanzanian public rate for electricity used by RTL between 1 July 2008 to 30 June 2009, which has not been accrued for or paid, is approximately 3.800b Tsh (or US$2.478m), bringing the total unrecognised amount in dispute to 8.500b Tsh (US$5.542m).

(d) INPS claim

In a prior reporting period, the Institut National de Prevoyance Sociale (“INPS”) in Mali issued Societe des Mines de Syama (“SOMISY”) with a CFA3.895b ($7.408m) assessment in relation to SOMISY allegedly owing taxes to INPS on salaries paid by SOMISY to its expatriate employees between January 2005 and July 2010. Malian legislation requires the remittance of 24% of an employee’s gross salary to the government’s INPS department and is a form of social tax. In accordance with the Establishment Convention between the State of Mali and SOMISY, SOMISY is exempt from paying INPS on expatriate employees during the Syama mine Development Period. The Development Period is defined in the Establishment Convention as being the period up to first commercial production. “First commercial production” (in terms of the Establishment Convention, not accounting rules) is defined as the date on which the Syama mine reaches 60 uninterrupted days of production at 90% of its design capacity of production as established in the submitted feasibility study. In accordance with the requirements of the Establishment Convention, SOMISY declared 1 January 2012 as the date of first commercial production. The INPS assessment, which infers a first production date of January 2005, which is before the Syama redevelopment had even commenced, is considered to be fundamentally flawed and is being strongly disputed by SOMISY. The dispute was heard by the Malian Labour Tribunal in August 2011, which ruled that SOMISY owes CFA3.895b ($7.408m) to INPS. SOMISY has received formal notification of this decision together with the requirement to pay 50% of the assessed amount in instalments. An appeal against this decision has been lodged. Due to 50% of the assessed amount now being legally due and payable, SOMISY has provided for 50% of this assessment as a liability, but has not provided for the remaining 50%, as it is confident that it will ultimately win its appeal against the Labour Tribunal’s decision when the matter is elevated for consideration at a higher level within the judicial system. As at 30 June 2012, SOMISY had paid INPS CFA0.500b ($0.951m) of the CFA3.895b ($7.408m) assessment.

Commitments

(a) Randgold/Syama Royalty

Pursuant to the terms of the Syama Sale and Purchase agreement, Randgold Resources Limited will receive a royalty on Syama production, where the gold price exceeds US$350 per ounce, of US$10 per ounce on the first million ounces of gold production attributable to Resolute Mining Limited (“RML”) and US$5 per ounce on the next three million attributable ounces of gold production.

(b) Nyakafuru Royalty

Resolute will be required to pay a royalty of US$10 per ounce for each additional resource ounce, attributable to the former Iamgold 34% interest that is proven up on the project, up to a total cap of US$3.75m.

NOTE 33: EARNINGS PER SHARE (EPS)

	Consolidated	
	Jun-12	Jun-11
Basic earnings per share		
Profit attributable to ordinary equity holders of the parent for basic earnings per share ($'000)	105,103	59,700
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	564,360,652	444,809,350
Basic EPS (cents per share)	**18.62**	**13.42**
Diluted earnings per share		
Profit used in calculation of basic earnings per share ($'000)	105,103	59,700
Tax effected interest on convertible notes ($'000)	-	8,305
Net profit attributable to ordinary equity holders of the parent adjusted for the effect of convertible notes ($'000)	105,103	68,005
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS	564,360,652	444,809,350
Weighted average number of notional shares used in determining diluted EPS	87,044,675	175,133,158
Weighted average number of ordinary shares outstanding during the period used in the calculation of diluted EPS	651,405,327	619,942,508
Number of potential ordinary shares that are not dilutive and hence not included in calculation of diluted EPS	977,400	1,873,000
Diluted EPS (cents per share)	**16.13**	**10.97**

Between the reporting date and the date of completion of these financial statements there have been the following transactions involving ordinary shares or potential ordinary shares:

a) 5,800,000 ordinary shares at an average price of $1.27 per share were bought back and cancelled pursuant to the on market share buy-back plan.

Information on the classification of securities

i) Options

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

ii) Convertible notes

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

NOTE 34: KEY MANAGEMENT PERSONNEL

(a) Key management personnel

(i) Directors

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

(ii) Executives

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

(b) Compensation of key management personnel

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

	Consolidated	
	2012	**2011**
	$	**$**
Short-term employee benefits	2,298,045	1,878,136
Post-employment benefits	255,951	264,157
Long-term employment benefits	102,104	72,776
Share-based payments	666,817	860,340
	3,322,917	**3,075,409**

NOTE 34: KEY MANAGEMENT PERSONNEL (continued)

(a) Details of option holdings of key management personnel are as follows

2012	Options type	Balance at the start of the year	Granted during the year as compensation (iv)	Grant date	Fair value of options at grant date	Total fair value of options at grant date	First exercise date of options granted during the year	Expiry & last exercise date of options granted during the year	Exercise price of options granted during the year	Exercised during the year	Lapsed during the year	Acquired during the year	Balance at the end of the year	Granted & vested during the year	Vested and exercisable at the end of the year		Value of options exercised during the year
					$	$			$					No.	No.	%	$
Directors																	
P. Huston (i)	Listed	26,761	-	-	-	-	-	-	-	(26,761)	-	-	-	-	-	-	28,099
P. Sullivan	Unlisted	2,000,000	-	-	-	-	-	-	-	-	-	-	2,000,000	-	666,667	33.33	-
P. Sullivan (ii)	Listed	133,333	-	-	-	-	-	-	-	(133,333)	-	-	-	-	-	-	140,000
T. Ford (ii)	Listed	133,333	-	-	-	-	-	-	-	(133,333)	-	-	-	-	-	-	140,000
H. Price (iii)	Listed	67,554	-	-	-	-	-	-	-	(67,554)	-	-	-	-	-	-	70,932
Officers																	
G. Fitzgerald	Unlisted	415,000	60,000	27 Jan 2012	0.98	58,800	27 Jul 2012	26 Jan 2017	1.85	-	-	-	475,000	-	318,333	67.02	-
P. Beilby	Unlisted	190,000	60,000	27 Jan 2012	0.98	58,800	27 Jul 2012	26 Jan 2017	1.85	-	-	-	250,000	-	93,333	37.33	-
P. Venn	Unlisted	415,000	60,000	27 Jan 2012	0.98	58,800	27 Jul 2012	26 Jan 2017	1.85	-	-	-	475,000	-	318,333	67.02	-
P. Venn	Listed	5,000	-	-	-	-	-	-	-	(5,000)	-	-	-	-	-	-	5,250

NOTE 34: KEY MANAGEMENT PERSONNEL (continued)

2011	Options type	Balance at the start of the year	Granted during the year as compensation (iv)	Grant date	Fair value of options at grant date	Total fair value of options at grant date	First exercise date of options granted during the year	Expiry & last exercise date of options granted during the year	Exercise price of options granted during the year	Exercised during the year	Lapsed during the year	Acquired during the year	Balance at the end of the year	Granted & vested during the year	Vested and exercisable at the end of the year		Value of options exercised during the year
					$	$			$					No.	No.	%	$
Directors																	
P. Huston	Listed	26,761	-	-	-	-	-	-	-	-	-	-	26,761	-	26,761	100.00	-
P. Sullivan	Unlisted	-	2,000,000	2 Dec 2010	0.70	1,390,904	5 Jul 2011	4 Jan 2016	1.36	-	-	-	2,000,000	-	-	-	-
P. Sullivan	Listed	133,333	-	-	-	-	-	-	-	-	-	-	133,333	-	133,333	100.00	-
T. Ford	Listed	133,333	-	-	-	-	-	-	-	-	-	-	133,333	-	133,333	100.00	-
H. Price	Listed	67,554	-	-	-	-	-	-	-	-	-	-	67,554	-	67,554	100.00	-
Officers																	
G. Fitzgerald	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011	24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40	-
P. Beilby	Unlisted	-	90,000	27 Oct 2010	0.73	65,546	16 May 2011	15 Nov 2015	1.43	-	-	-	90,000	30,000	30,000	33.33	-
P. Beilby	Unlisted	-	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011	24 Jan 2016	1.43	-	-	-	100,000	-	-	-	-
P. Venn	Unlisted	315,000	100,000	23 Dec 2010	0.72	71,980	25 Jul 2011	24 Jan 2016	1.43	-	-	-	415,000	-	205,000	49.40	-
P. Venn	Listed	5,000	-	-	-	-	-	-	-	-	-	-	5,000	-	5,000	100.00	-
A. King (v),(vi)	Unlisted	190,000	-	-	-	-	-	-	-	(50,000)	(140,000)	-	-	-	-	-	16,500

NOTE 34: KEY MANAGEMENT PERSONNEL (continued)

(i) On 31 December 2011, 26,761 listed options were exercised at a price of $0.60 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.

(ii) On 31 December 2011, 133,333 listed options were exercised at a price of $0.60 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.

(iii) On 31 December 2011, 67,554 listed options were exercised at a price of $0.60 per option. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.

(iv) Options granted vest in accordance with the Resolute Mining Limited Employee Share Option Plan following the review by the relevant supervisor of the key management personnel's performance. For details on the valuation of the options, including models and assumptions used, refer to Note 31. The percentage of options granted during the financial year that also vested during the financial year is nil (2011: 1.3%). None of these options were forfeited during the financial year.

(v) On 30 July 2010, 50,000 options were exercised at a price of $0.42 per option. The fair value at grant date of the options exercised was $10,200. In each instance of exercising options, one ordinary share was issued for each option exercised. There were no unpaid amounts relating to any ordinary shares acquired through the exercise of options.

(vi) The value of options at the date of lapse was $69,900.

NOTE 34: KEY MANAGEMENT PERSONNEL (continued)

(b) Details of share holdings of key management personnel are as follows:

2012	**Balance at the start of the**	**Received during the year**	**Other changes during the year**	**Balance at the end of the year**
Directors				
P. Huston	401,421	-	26,761	428,182
P. Sullivan (i)	3,174,115	-	333,333	3,507,448
T. Ford (i)	131,315	-	333,333	464,648
H. Price (i)	27,191	-	167,554	194,745
Officers				
G. Fitzgerald	-	-	-	-
P. Beilby	8,000	-	12,000	20,000
P. Venn	-	-	5,000	5,000
				-

2011	**Balance at the start of the**	**Received during the year**	**Other changes during the year**	**Balance at the end of the year**
Directors				
P. Huston	401,421	-	-	401,421
P. Sullivan (ii)	3,169,277	-	4,838	3,174,115
T. Ford (ii)	26,477	-	104,838	131,315
H. Price (ii)	24,772	-	2,419	27,191
Officers				
G. Fitzgerald	-	-	-	-
P. Beilby	8,000	-	-	8,000
P. Venn	-	-	-	-
A. King (iii)	70,000	-	(70,000)	-

(i) In the year ended 30 June 2012, the directors were issued the following shares as a result of the conversion of convertible notes and/or the exercise of listed options. The convertible notes had a face value of $0.50 each, and were convertible on a 1 for 1 basis. The listed options had a strike price of $0.60 each.

Directors	**Conversion of convertible notes**	**Exercise of listed options**
P. Huston	-	26,761
P. Sullivan	200,000	133,333
T. Ford	200,000	133,333
H. Price	100,000	67,554
	500,000	360,981

NOTE 34: KEY MANAGEMENT PERSONNEL (continued)

(ii) These shares were issued by the Company in lieu of interest owing on convertible notes held by the director.
(iii) A. King's shares are no longer held in the capacity as a member of key management personnel.

(c) Details of convertibles note holdings of key management personnel are as follows:

2012	Balance at the start of the year	Acquired during the year	Conversions during the year	Balance at the end of the year
Directors				
P. Huston	-	-	-	-
P. Sullivan	200,000	-	(200,000)	-
T. Ford	200,000	-	(200,000)	-
H. Price	100,000	-	(100,000)	-
Officers				
G. Fitzgerald	-	-	-	-
P. Beilby	-	-	-	-
P. Venn	-	-	-	-

2011	Balance at the start of the	Acquired during the year	Balance at the end of the year
Directors			
P. Huston	-	-	-
P. Sullivan	200,000	-	200,000
T. Ford	200,000	-	200,000
H. Price	100,000	-	100,000
Officers			
G. Fitzgerald	-	-	-
P. Beilby	-	-	-
P. Venn	-	-	-
A. King	-	-	-

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

NOTE 35: OPERATING SEGMENTS

The Group has identified three operating segments based on the internal reports that are reviewed and used by the chief executive officer and his management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management as being operating mine sites. Each of the mine sites are managed separately and they operate in different regulatory and economic environments.

The principal activities of each operating segment are gold mining and prospecting and exploration for minerals.

Information regarding the operations of each reportable segment is included below. Performance is measured based on ounces delivered and cost of production per ounce. Management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the gold mining industry.

The accounting policies used by the Group in reporting segments are the same as those used in the preparation of financial statements.

Inter-entity gold sales are recognised based on the prevailing spot price. The price is aimed to reflect what the segment would have achieved if it sold its gold to external parties at arm's length.

Income tax expense is calculated based on the segment operating net profit using a notional charge of the respective tax jurisdiction. No effect is given for taxable or deductible temporary differences.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Realised and unrealised treasury transactions, including derivative contract transactions;
- Finance costs - including adjustments on provisions due to discounting; and,
- Net gains/losses on disposal of available-for-sale investments.

NOTE 35: OPERATING SEGMENTS (continued)

For the year ended 30 June 2012	RAVENSWOOD (AUSTRALIA) $'000	GOLDEN PRIDE (TANZANIA) $'000	SYAMA (MALI) $'000	UNALLOCATED CORP/OTHER $'000 (b)	UNALLOCATED TREASURY $'000 (b)	TOTAL $'000
Revenue						
Gold sales at spot to external customers (a)	225,056	155,281	196,373	-	-	576,710
Total segment gold sales revenue	**225,056**	**155,281**	**196,373**	**-**	**-**	**576,710**
Cash costs	(104,292)	(84,953)	(113,859)	-	-	(303,104)
Depreciation and amortisation	(29,637)	(5,945)	(37,639)	-	-	(73,221)
Other operating costs	(12,519)	8,089	9,958	(1,174)	-	4,354
Other corporate/admin costs	-	-	-	(4,304)	-	(4,304)
Segment operating result before treasury, other income/(expenses) and tax	78,608	72,472	54,833	(5,478)	-	200,435
Other income	-	-	-	87	1,504	1,591
Exploration expenditure	(4,630)	(3,971)	(4,846)	(1,844)	-	(15,291)
Finance costs	-	-	-	-	(11,970)	(11,970)
Abnormal and other items	(2,307)	-	-	(4,659)	-	(6,966)
Segment operating result before treasury and tax	**71,671**	**68,501**	**49,987**	**(11,894)**	**(10,466)**	**167,799**
Treasury - realised losses	-	-	-	-	(175)	(175)
Treasury - unrealised losses	-	-	-	-	(43,194)	(43,194)
Income tax (expense)/benefit	-	(22,661)	-	90	-	(22,571)
Profit/(loss) for the year	**71,671**	**45,840**	**49,987**	**(11,804)**	**(53,835)**	**101,859**

NOTE 35: OPERATING SEGMENTS (continued)

For the year ended 30 June 2012	RAVENSWOOD (AUSTRALIA) $'000	GOLDEN PRIDE (TANZANIA) $'000	SYAMA (MALI) $'000	UNALLOCATED CORP/OTHER $'000	UNALLOCATED TREASURY $'000	TOTAL $'000
				(b)	(b)	
Cash flow by segment, including receivables - gold bullion sales, and gold shipped but unsold and held in metal accounts	72,613	54,043	46,236	(5,387)	(59,212)	108,293
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						14,465
Movement in bank overdraft						2,280
Movement in gold shipped but unsold and held in metal accounts						(44,456)
Transfer to restricted cash and included in Other Financial Assets						(42,267)
Mark to market movement in unsold gold						1,156
Exchange rate adjustment						1,231
Movement in cash and cash equivalents per consolidated cash flow statement						**40,702**
Capital expenditure	27,488	426	24,585	220	-	52,719
Segment assets	124,776	73,418	358,645	107,660	4	664,503
Segment liabilities	38,467	29,677	44,653	2,952	5,761	121,510

NOTE 35: OPERATING SEGMENTS (continued)

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

NOTE 35: OPERATING SEGMENTS (continued)

For the year ended 30 June 2011	RAVENSWOOD (AUSTRALIA) $'000	GOLDEN PRIDE (TANZANIA) $'000	SYAMA (MALI) $'000	UNALLOCATED CORP/OTHER $'000	UNALLOCATED TREASURY $'000	TOTAL $'000
				(b)	(b)	
Reconciliation of total segment revenue to statement of comprehensive income:						
Total segment gold sales revenue to external customers						462,911
Realised loss on gold forward contracts						(17,856)
Total revenue per statement of comprehensive income						**445,055**
Cash flow by segment, including receivables - gold bullion sales	23,541	60,409	(29,779)	(3,193)	(53,221)	(2,243)
Reconciliation of cash flow by segment to the cash flow statement:						
Movement in receivables - gold bullion sales						(4,803)
Movement in bank overdraft						(1,183)
Exchange rate adjustment						822
Movement in cash and cash equivalents per consolidated cash flow statement						**(7,407)**
Capital expenditure	21,697	1,145	6,871	216	-	29,929
Segment assets	130,130	65,500	354,333	28,872	11	578,846
Segment liabilities	39,257	24,392	37,064	10,557	113,258	224,528

NOTE 35: OPERATING SEGMENTS (CONTINUED)

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

(b) This information does not represent an operating segment as defined by AASB 8, however this information is analysed in this format by the Chief Operating Decision Maker, and forms part of the reconciliation of the results and positions of the operating segments to the financial statements.

NOTE 36: FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including gold price risk, diesel fuel price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks, where considered appropriate, to minimise potential adverse effects on the financial performance of the Group. The Group may use derivative financial instruments to manage certain risk exposures. Derivatives have been used exclusively for managing financial risks, and not as trading or other speculative instruments.

Risk management is carried out by the Group's Financial Risk Management Committee under policies approved by the Board of Directors. The Financial Risk Management Committee identifies, evaluates and manages financial risks as deemed appropriate. The Board provides guidance for overall risk management, including guidance on specific areas, such as mitigating commodity price, foreign exchange, interest rate and credit risks, by using derivative financial instruments.

(a) Market risk

Use of derivative instruments to assist in managing gold price risk

The Group is exposed to movements in the gold price. As part of the risk management policy of the Group and in compliance with the conditions required by the Group’s financiers, a variety of financial instruments (such as gold forward sales contracts, gold call options and gold put options) may be used from time to time to reduce exposure to unpredictable fluctuations in the project life revenue streams. Within this context, the programs undertaken are structured with the objective of retaining as much upside to the gold price as possible, but in any event, by limiting derivative commitments to no more than 50% of the Group’s gold reserves. The value of these financial instruments at any given point in time, will in times of volatile market conditions, show substantial variation over the short term. The facilities provided by the Group's various counterparties do not contain margin calls. The Group does not hedge account for these instruments. No such instruments were in existence at reporting date.

No gold was delivered into forward sales contracts during the year (2011: 32,013 ounces of gold at an average price of A$797 per ounce).

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

Gold forwards and put options

2012

There were no gold forward or gold put option contracts outstanding as at 30 June 2012.

2011	Forward Sales		Put Options Bought		Total	
	Ounces	Sales Price $/Ounce	Ounces	Strike Price $/Ounce	Ounces	$/Ounce
AUD Denominated Contracts						
Maturity within 1 year	-	-	57,200	1,000	57,200	1,000

Movements in the fair value of these contracts were accounted for through the consolidated statement of comprehensive income. From 1 July 2007, no contracts satisfied the criteria for hedge accounting.

Diesel fuel price risk

The Group is exposed to movements in the diesel fuel price. The costs incurred purchasing diesel fuel for use by the Group's operations is significant. The Group's Financial Risk Management Committee continues to manage and monitor diesel fuel price risk. At present, the Group does not specifically hedge its exposure to diesel fuel price movements.

Foreign exchange currency risk

The Group receives multiple currency proceeds on the sale of its gold production and significant costs for the Syama Gold Project and the Golden Pride Project are denominated in AUD, USD and the local currencies of those operations, and as such movements within these currencies expose the Group to exchange rate risk.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk can be measured by performing a sensitivity analysis that quantifies the impact of different assumed exchange rates on the Group's forecast cash flows.

The Group's Financial Risk Management Committee continues to manage and monitor foreign exchange currency risk. At present, the Group does not specifically hedge its exposure to foreign currency exchange rate movements.

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

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

2012

	United States Dollars A$'000	Australian Dollars A$'000	Tanzanian Shillings A$'000	Pounds Stirling A$'000	Other A$'000	No foreign currency risk A$'000	Total A$'000
Financial Assets							
Cash	2,641	184	114		46	45,419	48,404
Other financial assets - restricted cash	-	-	-	42,267	-	-	42,267
Receivables	-	12	4,247	-	-	3,841	8,100
Available for sale financial assets	-	-	-	-	-	374	374
Financial derivative assets	-	-	-	2,364	-	-	2,364
	2,641	196	4,361	44,631	46	49,634	101,509
Financial Liabilities							
Payables	4,675	3,043	16	-	2,251	32,963	42,948
Interest bearing liabilities (i)	-	-	-	-	-	11,020	11,020
	4,675	3,043	16	-	2,251	43,983	53,968

2011

	United States Dollars A$'000	Australian Dollars A$'000	Tanzanian Shillings A$'000	Other A$'000	No foreign currency risk A$'000	Total A$'000
Financial Assets						
Cash	3,944	92	381	-	6,796	11,213
Receivables	129	12	3,914	-	18,212	22,267
Available for sale financial assets	-	-	-	-	692	692
Financial derivative assets	-	-	-	-	11	11
	4,073	104	4,295	-	25,711	34,183
Financial Liabilities						
Payables	2,993	7,303	42	677	36,418	47,433
Interest bearing liabilities (i)	23,867	-	-	-	78,013	101,880
Financial derivative liabilities	-	-	-	-	18,910	18,910
	26,860	7,303	42	677	133,341	168,223

(i) Several of the intercompany balances between Group entities create foreign exchange differences which have historically been material and are not eliminated from the Group's consolidated statement of comprehensive income (Refer to note 2(i)). Those intercompany balances are not shown here as they are eliminated from the Group's consolidated statement of financial position. Refer to the table below for the significant intercompany balances outstanding at 30 June 2012.

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

	Facility currency denomination	Functional Currency of the borrower	AUD equivalent 2012 $'000	AUD equivalent 2011 $'000
Resolute Mining Limited (beneficiary)/Resolute (Somisy) Limited	AUD	Central African Francs	407,594	436,601
Resolute (Tanzania) Limited and its controlled entities (beneficiary)/Resolute Pty Ltd	USD	AUD	159,162	107,179
			566,756	543,780

(b) Interest rate risk

The Group's main interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. For the 2012 and 2011 financial years, the majority of the Group's borrowings have been denominated in USD, AUD, and Central African Francs.

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to the potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates. There is no intention at this stage to enter into any interest rate swaps.

The following tables summarises the financial assets and liabilities of the Group, together with effective interest rates as at reporting date.

2012	Floating Interest Rate	Fixed Interest Rate Maturing in			Non Interest Bearing	Total	Average Interest Rate	
		< 1 Year	1 to 5 Years	> 5 Years			Floating	Fixed
	$'000	$'000	$'000	$'000	$'000	$'000		
Financial Assets								
Cash	8,404	40,000	-	-	-	48,404	2.0%	5.4%
Receivables	-	-	-	-	8,100	8,100	-	-
Available for sale financial assets	-	-	-	-	374	374	-	-
Financial derivative assets	-	-	-	-	2,364	2,364	-	-
Other financial assets - restricted cash	-	-	-	-	42,267	42,267	-	-
	8,404	40,000	-	-	53,105	101,509		
Financial Liabilities								
Payables	-	-	-	-	42,948	42,948	-	-
Interest bearing liabilities	-	7,878	3,142	-	-	11,020	-	8.0%
	-	7,878	3,142	-	42,948	53,968		

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

2011	Floating Interest Rate $'000	Fixed Interest Rate Maturing in < 1 Year $'000	Fixed Interest Rate Maturing in 1 to 5 Years $'000	Fixed Interest Rate Maturing in > 5 Years $'000	Non Interest Bearing $'000	Total $'000	Average Interest Rate Floating	Average Interest Rate Fixed
Financial Assets								
Cash	11,213	-	-	-	-	11,213	3.6%	-
Receivables	-	-	-	-	22,267	22,267	-	-
Available for sale financial assets	-	-	-	-	692	692	-	-
Financial derivative assets	-	-	-	-	11	11	-	-
	11,213	-	-	-	22,970	34,183		
Financial Liabilities								
Payables	-	-	-	-	47,433	47,433	-	-
Interest bearing liabilities	19,609	15,118	67,153	-	-	101,880	4.2%	14.6%
Financial liabilities	-	18,910	-	-	-	18,910	-	5.4%
	19,609	34,028	67,153	-	47,433	168,223		

(c) Credit risk exposure

The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets.

Credit risk is managed on a Group basis. Credit risk predominately arises from cash, cash equivalents, gold bullion held in metal accounts, derivative financial instruments, deposits with banks and financial institutions and receivables from statutory authorities. For derivative financial instruments, management mitigates some credit risk by using a number of different hedging counterparties.

Credit risk further arises in relation to financial guarantees given to certain parties. Such guarantees are only provided in exceptional circumstances and are subject to Financial Risk Management Committee approval. With the exception of those items disclosed in note 18(a) and 18(b), no guarantees have been provided to third parties as at r date.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Consolidated 2012 $'000	Consolidated 2011 $'000
Cash at bank & short term deposits		
Counterparties with external credit ratings		
A	48,180	9,801
BBB	-	1,282
Counterparties without external credit ratings		
No rating	224	130
Total cash at bank & short term deposits	48,404	11,213

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

	Consolidated	
	2012	**2011**
	$'000	**$'000**
Trade receivables		
Counterparties with external credit ratings		
AA+	1,067	1,218
AA	343	-
B-	497	-
*Counterparties without external credit ratings **		
Group 1	2,524	3,029
Group 2	9,537	8,193
Total trade receivables	13,968	12,440
Other financial assets - restricted cash		
Counterparties with external credit ratings		
BBB-	42,267	-
Financial derivative assets		
Counterparties with external credit ratings		
A	-	11
BBB-	2,364	-
Total financial derivative assets	2,364	11

* Group 1 refers to existing counterparties with no defaults in the past. Group 2 refers to existing counterparties where difficulty in recovering these debts in the past has been experienced.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, or having the availability of funding through an adequate amount of undrawn committed credit facilities.

As at 30 June 2012, the Group had $4.783m (AUD equivalent) (2011: $13.964m (AUD equivalent)) in unused financing facilities.

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

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

Liquidity analysis

2012	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Less finance charges**	**Total**
Payables	42,948	-	-	-	42,948
Interest bearing liabilities	6,238	2,043	3,244	(505)	11,020
	49,186	2,043	3,244	(505)	53,968

2011	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Less finance charges**	**Total**
Payables	47,433	-	-	-	47,433
Interest bearing liabilities	31,663	24,235	84,851	(19,959)	120,790
	79,096	24,235	84,851	(19,959)	168,223

(e) Instruments recognised at amounts other than fair value

Except for the liability portion of the convertible notes (included in the comparative information), the fair value of all the Group's financial instruments recognised in the financial statements approximates or equals their carrying amounts.

The fair value of the liability portion of the convertible notes is estimated using the market interest rate available to the issuer for an instrument with identical terms but without the conversion option.

(f) Fair values for instruments recognised at fair value

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 - the fair value is calculated using quoted prices in active markets.
- Level 2 - the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

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

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

	As at 30 June 2012				As at 30 June 2011			
	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique - non market observable inputs (Level 3)	Total
Financial assets*	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Available for sale financial assets	374	-	-	374	692	-	-	692
Financial derivative assets	-	2,364	-	2,364	-	11	-	11
	374	2,364	-	2,738	692	11	-	703

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

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses a valuation technique such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include forward commodity contracts.

The fair value of other debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable. Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk are not observable, the derivative would be classified as based on non observable market inputs (Level 3).

(g) Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

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

(h) Sensitivity analysis

The following table summarises the post tax effect of the sensitivity of the Group's financial assets and financial liabilities on profit and equity at reporting date to interest rate risk, foreign exchange currency risk and gold price risk.

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

Consolidated		Interest rate risk				Foreign exchange risk				Gold price risk			
30 June 2012		-1%		+1%		-10%		+10%		-10%		+10%	
	Carrying Amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets													
Cash and cash equivalents	48,404	(313)	(313)	313	313	216	216	(176)	(176)	-	-	-	-
Trade and other receivables	8,100	-	-	-	-	331	331	(271)	(271)	-	-	-	-
Available for sale financial assets	374	-	-	-	-	-	-	-	-	-	-	-	-
Financial derivative assets	2,364	-	-	-	-	184	184	(150)	(150)	(2,959)	(2,959)	2,959	2,959
Other financial assets - restricted cash	42,267	-	-	-	-	3,052	3,052	(2,497)	(2,497)	-	-	-	-
Financial Liabilities													
Payables	42,948	-	-	-	-	(720)	(720)	590	590	-	-	-	-
Interest bearing liabilities	11,020	-	-	-	-	-	-	-	-	-	-	-	-
Total increase/(decrease)		(313)	(313)	313	313	3,063	3,063	(2,504)	(2,504)	(2,959)	(2,959)	2,959	2,959

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

Consolidated		Interest rate risk				Foreign exchange risk				Gold price risk			
30 June 2011		-1%		+1%		-10%		+10%		-10%		+10%	
	Carrying Amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets													
Cash and cash equivalents	11,213	(78)	(78)	78	78	319	319	(261)	(261)	-	-	-	-
Trade and other receivables	22,267	-	-	-	-	315	315	(257)	(257)	-	-	-	-
Available for sale financial assets	692	-	-	-	-	-	-	-	-	-	-	-	-
Financial derivative assets	11	1	1	(1)	(1)	-	-	-	-	39	39	(6)	(6)
Financial Liabilities													
Payables	47,433	-	-	-	-	(829)	(829)	681	681	-	-	-	-
Interest bearing liabilities	101,880	146	146	(146)	(146)	(1,959)	(1,959)	1,602	1,602	-	-	-	-
Financial liabilities	18,910	-	-	-	-	-	-	-	-	-	-	-	-
Total increase/(decrease)		69	69	(69)	(69)	(2,154)	(2,154)	1,765	1,765	39	39	(6)	(6)

NOTE 37: SUBSEQUENT EVENTS

Since 30 June 2012, there were on market buy-backs and subsequent cancellations of 7,300,000 shares at an average price of $1.27 per share. As at the date of this report 628,628,623 shares were on issue.

NOTE 38: PARENT ENTITY INFORMATION

Information relating to Resolute Mining Limited:

	As at 30-Jun-12 $'000	As at 30-Jun-11 $'000
Current Assets	103	1,754
Total Assets	413,006	454,223
Current Liabilities	455	14,105
Total Liabilities	460	88,702
Issued Capital	368,047	287,125
Retained Earnings	33,874	55,395
Convertible Note Equity Reserve	-	13,764
Option Equity Reserve	5,987	5,987
Share Based Payments Reserve	4,626	3,236
Total Shareholders Equity	412,545	365,522
Loss of Resolute Mining Limited	(21,521)	(14,719)
Total comprehensive loss of Resolute Mining Limited	(21,521)	(14,719)

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

The parent company guarantee provided by the Resolute Mining Limited as outlined in Note 18(a) has a nil written down value as at 30 June 2012 (30 June 2011: five thousand dollars).

In accordance with a resolution of the directors of Resolute Mining Limited, I state that:

In the opinion of the directors:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and,

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a);

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

(d) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

On behalf of the Board

P.R. Sullivan
Director

Perth, Western Australia
17 September 2012

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

Report on the financial report

We have audited the accompanying financial report of Resolute Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

PM:MM:RESOLUTE:010

Opinion

In our opinion:

a. the financial report of Resolute Mining Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Resolute Mining Ltd for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Peter McIver

Peter McIver
Partner
Perth
17 September 2012

Substantial shareholders at 3 September 2012

	Number held	*Percentage*
Ordinary shares		
ICM Limited (formerly Alliance Life Common Fund Ltd)	207,752,694	32.7%
M&G Investment Management Limited (or Vanguard Precious Metals and Mining Fund)	91,310,304	14.2%
Vanguard Precious Metals and Mining Fund	51,965,029	7.9%

Distribution of equity securities as at 3 Sep 2012

Size of Holding	*Ordinary Shares*
1 - 1,000	1,215
1,001 - 5,000	1,779
5,001 - 10,000	711
10,001 - 100,000	882
100,001 - and over	125
Total equity security holders	4,712
Number of equity security holders with less than a marketable parcel	516

Voting rights

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

Twenty largest shareholders as at 3 September 2012

Name	*Number of Ordinary Shares*	*% of Issued Capital*
J P Morgan Nominees Australia Limited	222,928,859	35.46%
HSBC Custody Nominees Australia Limited	178,008,971	28.32%
National Nominees Limited	93,365,186	14.85%
Citicorp Nominees Pty Ltd	12,645,976	2.01%
JP Morgan Nominees Australia Limited (Cash income a/c)	12,226,922	1.95%
Zero Nominees Pty Ltd	5,018,000	0.80%
BNP Paribas Nominess Pty Ltd	3,858,291	0.61%
HSBC Custody Nominees Australia Limited	3,506,597	0.56%
Citicorp Nominees Pty Ltd (Colonial First State)	3,399,158	0.54%
Merrill Lynch Australia Nominees Pty Ltd	3,394,771	0.54%
NEFCO Nominees Pty Ltd	3,337,200	0.53%
BNP Paribas Nominess Pty Ltd	2,767,438	0.44%
Mr Peter Sullivan	2,400,000	0.38%
Lim Sun Heng	2,369,664	0.38%
AMP Life Limited	2,044,106	0.33%
Berhad Lyne Ching SDN	1,901,301	0.30%
HSBC Custody Nominees Australia Limited	1,686,411	0.27%
Avanteos Investments Limited (Symetry Retire)	1,679,772	0.27%
UBS Nominess Pty Ltd	1,571,980	0.25%
Newport Black Trust Co Limited	1,458,065	0.23%
	559,568,668	89.01%

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