

	Consolidated		Resolute Mining Limited	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000

NOTE 3 - INCOME TAX

The difference between income tax provided in the financial statements and the prima facie income tax is reconciled as follows:

Profit/(loss) from ordinary activities	36,432	16,071	1,036	(1,726)
Prima facie income tax expense/(benefit) calculated thereon - 30% (2003:30%)	10,930	4,821	311	(518)
Tax effect of permanent differences:				
- tax benefit of investment allowance	(4,429)	(443)	-	-
- tax expense attributable to tax losses and timing differences not recognised in the current year due to uncertainty of recoupment	-	833	-	518
- recoupment of prior year tax losses not previously brought to account	(1,253)	(5,463)	-	-
- effect of different rates of tax on overseas income	73	165	-	-
- other	(974)	230	(183)	-
Income tax expense attributable to profit from ordinary activities	4,347	143	128	-
Future income tax benefit arising from tax losses of the parent and controlled entities not brought to account at balance date as realisation of the benefit is not regarded as virtually certain (tax rate at 30%, 2003: 30%)	44,497	39,747	-	518

The future income tax benefit will only be obtained if:

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

Tax Consolidation

Effective 1 July 2002, for the purposes of income taxation, Resolute Mining Limited and its 100% owned Australian subsidiaries formed a tax consolidation group. The members of the group have agreed to enter a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. Pursuant to the agreement, the income tax liability will be allocated based on the notional tax liabilities of the individual entities in the group.

Deferred tax assets and liabilities have not been materially impacted on the entry into the tax consolidations regime. Resolute Mining Limited notified the Australian Tax Office of its adoption of the tax consolidation regime when lodging its 30 June 2003 consolidated tax return.

NOTE 4 - DIVIDENDS PAID OR PROVIDED FOR

There were no dividends paid or provided for during the year.

The amount of franking credits available for the subsequent financial year is as follows. The amount has been determined using a tax rate of 30%.

5,325	5,325	4,518	4,518
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