



Golden Prospect plc



FTSE GOLD MINES INDEX			
	May 01	Jun 01	Jul 01
Gold Mines Index (000)	1,117.95	1,121.00	1,121.00
■ Companies active	2,201.11	2,211.00	2,211.00
FTSE 100	5,200.00	5,200.00	5,200.00
FTSE 250	1,100.00	1,100.00	1,100.00
Source: FTSE International Limited. All rights reserved. Last 20 days. For more: 020 732 2200			

Report and Financial Statements

for the year ended 31 December 2001



Golden Prospect plc

Golden Prospect is an investor in the natural resource sector. It employs value investing principals plus managements considerable experience of the sector to generate above average investment returns. It is recognised as representing a unique opportunity in the London markets to gain diversified exposure to the junior resource sector.

Investments

The company seeks to invest in companies for one of two reasons. Either the investment holds strategic value for the company's exploration activities or more likely it represents a strong value opportunity. Since the company's successful change of focus in 1997, contrarian investing has become its principal area of business.


Mining and Exploration

The company has the ability and resources to undertake exploration activity as principal and continues to find under-performing assets. It seeks to turnaround these assets and resell them, often in exchange for stakes in attractive resource exploration companies. The management also employ these resources to acquire exploration assets that are attractive but for reasons usually of political instability often became available at highly discounted valuations.

“The ability of our experienced investment team to react to market opportunities and to focus resources precisely where they are most potent has led to substantial growth”

Malcolm A Burne, *Chairman*

Highlights

- Diversified natural resources investor
- Investing in both listed and unlisted opportunities.
- Listed on the  market since 1999.
- Strong shareholder base
- Portfolio currently consists of strategic equity holdings in 14 investee companies based in Australia, Africa and North America.

Contents

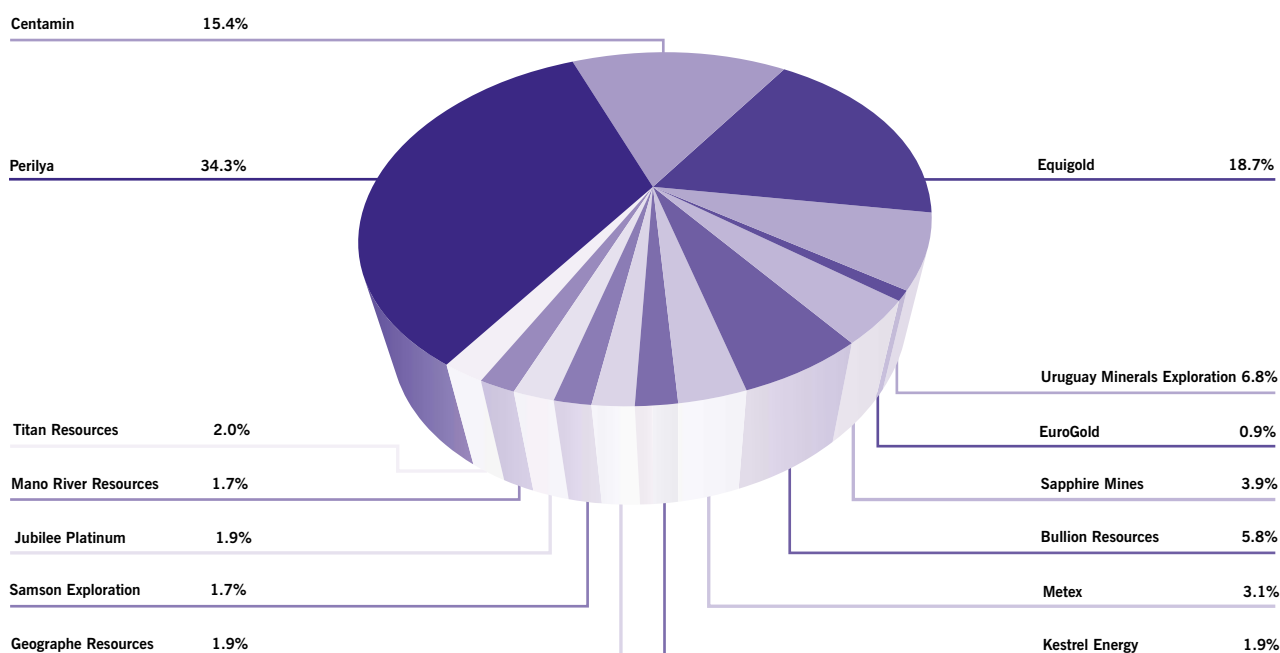
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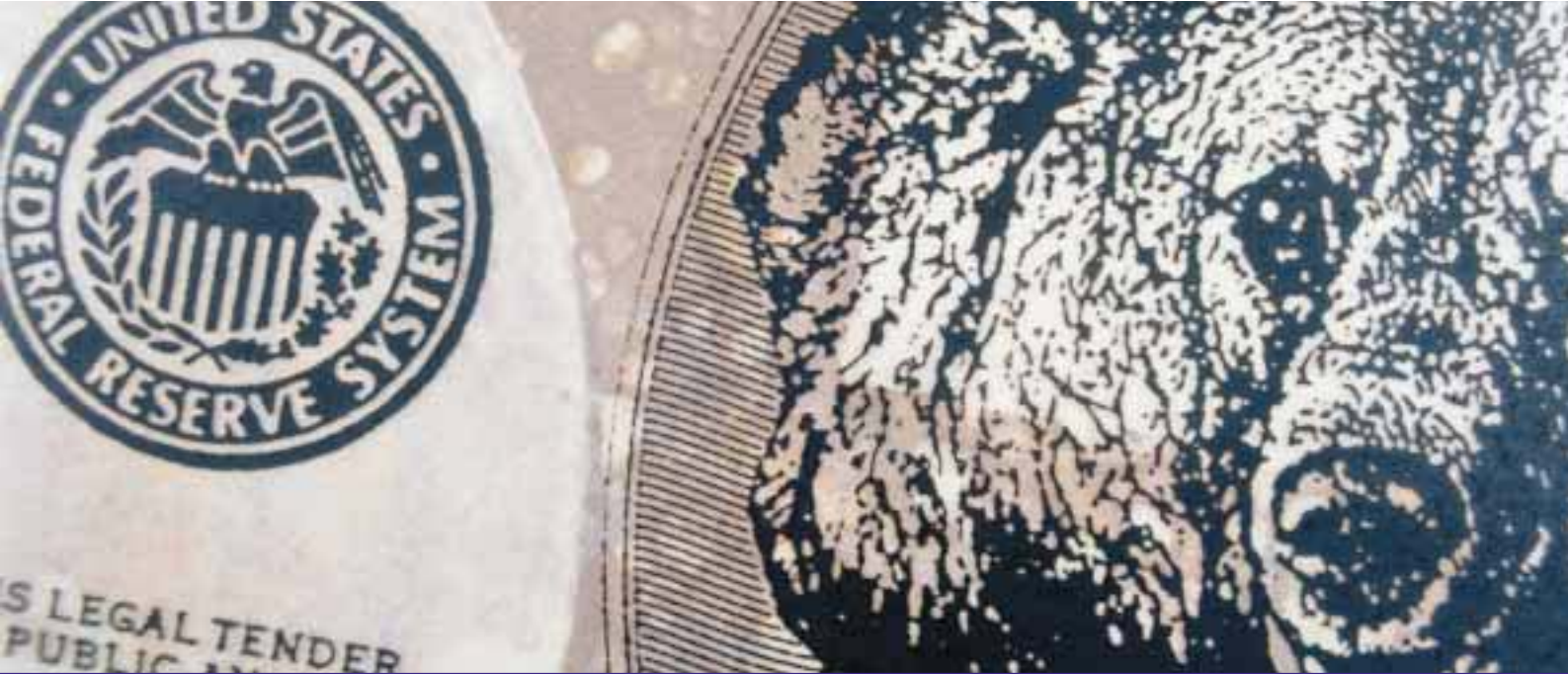
Performance highlights

Management continues to pursue its objective of building a quality investment group in the natural resource sectors, excelling in value criteria and performance.

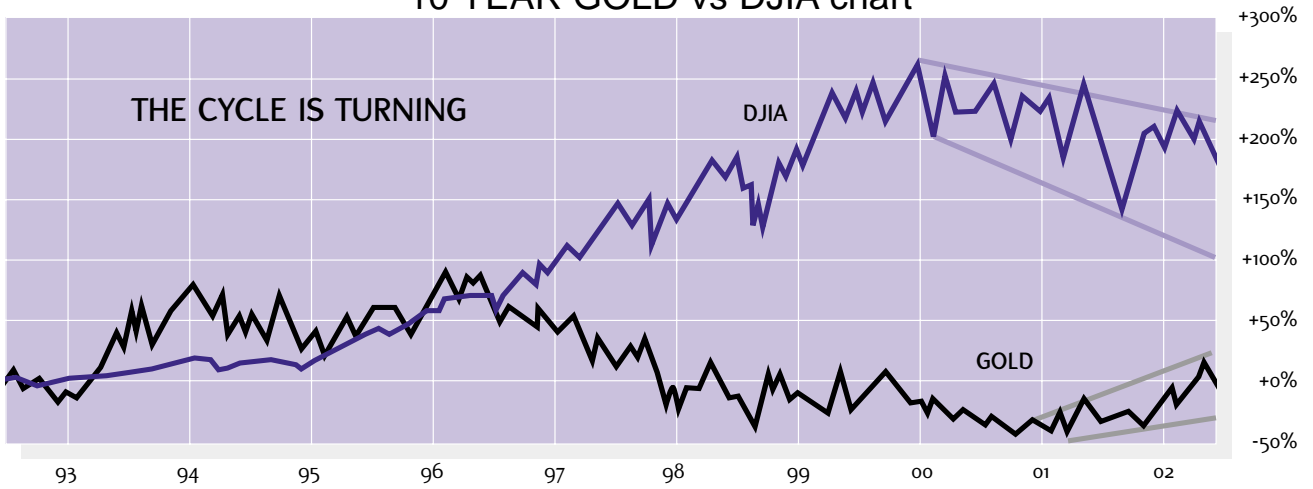
- Market value of investment portfolio 23p per share
(Unaudited 31 May 2002)
- Company outperformed FTSE AIM Index by **25%**
(12mths to June 1st)
- Achieved significant increase in liquidity of company's shares
- Consolidated Share register

Golden Prospect Strategic Investment Portfolio





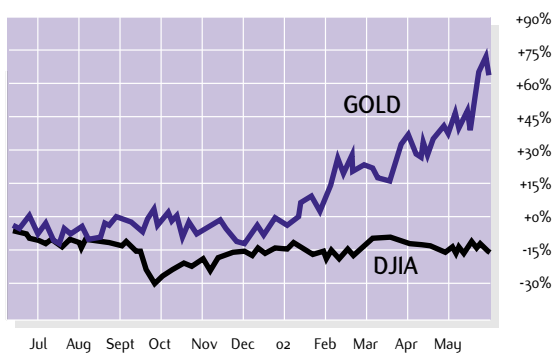
10 YEAR GOLD vs DJIA chart



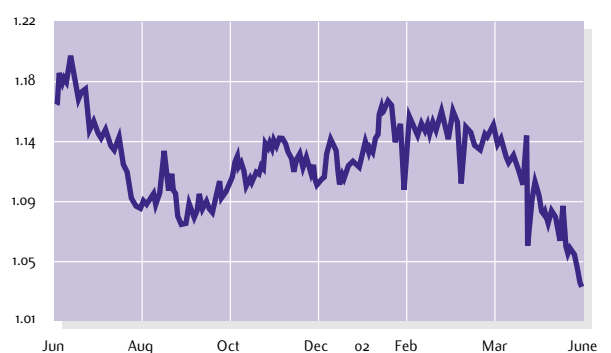
“The resurgence in the mining and resources sector of the market has clearly impacted very favourably on the company’s strategic holdings.”

“Safe haven investors have turned away from the Dollar and the securities market and found refuge once more in the yellow metal, fulfilling its traditional role as the only real store of wealth in extremely uncertain times.”

GOLD 1 YEAR chart



1 YEAR DOLLAR vs EURO chart



Chairman's statement

The company's policy remains the pursuit of net asset accretion rather than annual taxable trading profits, and it is encouraging to note that the unaudited management accounts show that at 31 May 2002 the market value of the company's investment portfolio and cash resources was circa £20,600,000 excluding exploration assets (equivalent to 23p per share).

The directors are pleased to report that for the year ended 31 December 2001 the company returned a pre-tax profit of £274,152 compared with a loss in the previous year of £1,439,023 (which mainly reflected a write-down in exploration assets). Operating expenses were again kept to a minimum.

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The resurgence in the mining and resources sector of the market has clearly impacted very favourably on the company's strategic holdings. These include Perilya (19%), Equigold (7%) and Centamin Egypt (6%) - while solid gains are also evident in Metex Resources (13%), Uruguay Minerals Exploration (7%) and other smaller investment positions. By way of further information, significant projects are under negotiation for Samson Exploration, (29%), Geographe Resources (33%) and Sapphire Mines (25%).

Exploration Assets

The Ethiopian Platinum project under advice from Dr John Bowles of Mineral Science Limited continues to provide great optimism for future value creation.

“Following additional workings, professional estimates now indicate a substantial open cut resource which means a partner will be needed. Discussions are therefore taking place with both major and junior parties in order to reach the most favourable of terms.”

Equally encouraging is the continuing progress to restoration of normal conditions in Sierra Leone which has meant the return of most of the international mining companies to their operations. Golden Prospect continues to hold highly prospective gold exploration assets at Lake Sonfon and these will be reactivated via a 50/50 joint venture with Mano River Resources Inc, who have adjoining properties and are highly experienced in West Africa. Full details of the exploration activity are within the exploration review.

As recently announced, the company has acquired a one-third interest in the Resource Development Corporation Limited (“RDC”), which has highly prospective platinum assets in Canada and South Africa. RDC is subject to a near term initial public offering (as Jubilee Platinum Plc) and a London based stockbroking firm has agreed to act in a proposed flotation which is designed to fund and support an exciting exploration programme in these prime areas.

The company is anticipating a significant schedule of activity over the next few months and it is pleasing to note the increased liquidity in the company's shares reflecting growing investor interest. AIM statistics record activity in the company's shares as among the highest on AIM over recent months.

Gold

When I reported to you this time last year, I wrote that a ‘bottoming-out’ of the gold market would be in the short-term and that the signs were already pointing to future weakness in the US dollar. Sentiment, I stated, was significantly changing among the larger investors and that the weight of funds would start playing the market actively and generally on the long side. The Gold/Dow Jones cycle was at last beginning to turn in bullion's favour. As I report today so much is currently being written about the resurgence of gold and mining shares, plus a myriad of comments regularly posted over the internet that the pundits in general are in danger of getting ahead of themselves. Most shareholders will have taken in the plethora of news



and feature comment on the recovery in the bullion price, but a summary is always useful.

Beneath the recovery in bullion as a renewed asset class lie a number of factors all combining to sustain the current bullish sentiment.

“On the fundamental side the biggest shift to the long argument continues to be the steady weakening in the US Dollar, the heightened geo-political situation with all the tensions apparent in the Middle East and Asia and the deterioration in the US financial markets, both economically and corporately (i.e. Enron and Wall Street scandals).”

Safe haven investors have turned away from the Dollar and the securities market and found refuge once more in the yellow metal, fulfilling its traditional role as the only real store of wealth in extremely uncertain times. The Japanese banking insolvencies triggering investor demand in gold plus the Argentine and other Sovereign debt crises have aggravated matters further and the volatile oil price, ultimately inflationary, has added a significant ingredient.

The overwhelming technical factors are supporting these fundamentals. Falling interest rates have removed the incentive to short gold, which is squeezing this specialised end of the derivatives market. Demand is rising at a time when production has flattened out and the deficit usually filled by Central Bank selling has dropped sharply and gold lease rates have dwindled as bullion bank margins have been badly squeezed. The decision by prominent gold producers to cut their forward sales programmes (i.e. their usual hedging strategies) and allow production prices to float with the market has also provided support.

Gold and the US dollar have a counter-cyclical relationship: Dollar strong, Gold weak; Dollar weak, Gold strong. Bullion is finally getting revenge as dollar bears in the Forex markets are scenting blood. This is not a fire drill, it is a real alarm.

If gold prices rise high enough, producers will be forced to buy back hedged positions which will be positive for long-term supply-demand fundamentals. Moreover, there has been very little investment in reserve replenishment or exploration since 1997. But a steadily rising gold price will address that and in expectation of a bull market, some of the world's dormant lodes are being retapped by the majors.

Finally, a World Gold Council's A\$200m advertising and marketing campaign is scheduled to educate us all of Gold's appeal as a vital 'insurance asset' against geopolitical turmoil at the same time that China is throwing open its Gold exchange to the public.

From the investors' standpoint all the buying signals have been flashing. Technical analysts have demonstrated how bullish the charts are on both bullion and gold shares, which is why the increased activity in takeovers and mergers has witnessed unusually high premiums being paid by the bidders for their targets. The momentum traders and those fund managers that must have exposure to upward trends are realising how small the gold market is as an asset class. The entire quoted value of worldwide gold shares is surprisingly low, relative to other sectors. Equity financings for new projects have been heavily oversubscribed as investor sentiment has grown and the financial institutions that have not followed the sector for some years are returning to the fold.

“The message is now loud and clear that gold is counter-cyclical i.e. investors should buy it when financial assets elsewhere are out of favour”.

Chairman's statement

...Golden Prospect has almost completed its plan to be a 100% investor in quoted securities in the resource sector, by hiving down its remaining exploration assets in exchange for equity positions.

Platinum prices also continue to forge ahead and as previously stated your company has been active in increasing its exposure to this area. Base metal prices have also been encouraging although this sector does have more volatility in spite of its defensive qualities. Share values for the major base metal producers worldwide have also enjoyed strong appreciation over the past few months.

Investment Strategy

Your company's current investment strategy continues to be building core or strategic holdings in junior producers which represent strong value opportunities. Whereas our original 'vulture fund' or contrarian investment strategy worked well in the previous bear market the job now is to identify specific situations based on more detailed evaluation of fundamentals relevant to the junior resources sector as a whole. These are typically smaller exploration and mining companies capitalised under £25million with a committed resources focus. Our selection criteria involves seeking companies where management is highly experienced i.e. it boasts the strong track record required to produce success of its exploration and mining programmes. The focus is on quality assets and valuable tenements that are likely to produce long-term growth.

What of the future? Will the positive trend continue?

Listening to the gold bugs and the so-called experts can be a dangerous pastime. Following the money is less risky and the money is betting on gold going much higher. As long as financial assets, particularly the dollar continue to decline investors will increasingly shift to gold. This wave of 'insurance' against bad times can only gather pace as increasing numbers of investors become aware of gold's invaluable role.

Meanwhile, Golden Prospect has almost completed its plan to be a 100% investor in quoted securities in the resource sector, by hiving down its remaining exploration assets in exchange for equity positions. Mano River Resources listed

on the AIM and Toronto markets is to finance and operate the company's gold licences in Sierra Leone and in return Golden Prospect has acquired a 5.7% shareholding in Mano to provide partial support for an exploration programme.

Similarly, the company's Ethiopian and other regional Platinum properties are to be transferred to Resource Development Corporation, soon to be floated on AIM as Jubilee Platinum (Golden Prospect retaining a circa 30% shareholding).

Prospects

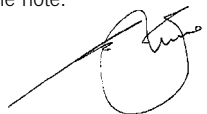
New investments via share placements and other equity financings will continue providing always that the valuations are acceptable, the projects highly prospective and management motivated, experienced and incentivised. To this end, your company will clearly need additional funds

“to pursue its objective of building a quality investment group, excelling in value criteria and performance”.

We expect to have further information for shareholders on our future capital raising needs in the near future.

A full review of our exploration interests is provided elsewhere in this report by Dr John Bowles of Mineral Science Limited. Also within this report is a brief overview of some of our exciting investee companies.

I look forward to reporting to you again next year on a very favourable note.



Malcolm A Burne
Chairman

18 June 2002

INVESTMENT portfolio

Perilya

Location: **Australia**

Activity: Mining and Exploration

Perilya Limited is a diversified resource company with substantial cash reserves and interests in base metals, gold, oil and gas. It is listed on the Australian Stock Exchange (ASX Code: PEM) and has 102 million shares in issue.

The company has a proven management team of experienced technical and operational people and has established a track record of success as a minerals explorer and profitable miner. It has also been awarded for its environmental management having won the Australian Minerals and Energy Foundation Environmental Excellence Award and the prestigious Golden Gecko Award for environmental performance in Western Australia.

The foundation for Perilya's growth came from the company's purchase of the Fortnum gold mine in Western Australia for \$6 million in 1994. At the time, Fortnum had a mineable reserve of 55,000 ounces of gold. In the following six years Perilya produced 540,000 ounces of gold from the mine, generating an operating surplus of more than \$70 million before the mine closed in August 2001.

On 31 May 2002 the company successfully completed the acquisition of the Broken Hill mine from Pasminco Limited. Broken Hill is one of the largest and most renowned deposits of lead, zinc and silver in the world and has been continuously mined since 1885.

Perilya plans to operate Broken Hill at a rate of 2.4 million tonnes per year for the next decade producing annually 330,000 tonnes of zinc concentrate containing 165,000 tonnes of zinc and 120,000 tonnes of lead concentrate containing 83,000 tonnes of lead and 2.3 million ounces of silver.



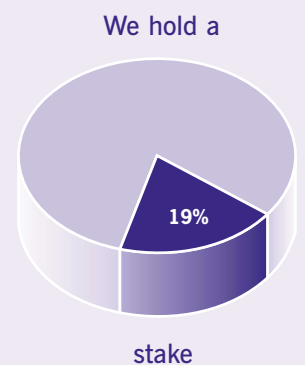
The acquisition presents an opportunity to re-establish the viability of one of Australia's premier mining operations and has potential to provide significant cash flows to sustain Perilya's exploration, development and investment activities.

Perilya's exploration interests include projects in Western Australia, South Australia, Queensland and Sabah, Malaysia.

Perilya has taken a strong exploration position in South Australia in the past year and enjoyed outstanding success with its high-grade zinc project in the Flinders Ranges. A resource of 941,000 tonnes at 31% zinc has already been estimated for the Flinders project and additional resources are expected from ongoing work.

The company's aggressive exploration programme includes interests in 9 other exploration projects for gold, copper and zinc and an annual budget of \$4 million.

Perilya has also invested in a 30% interest in unlisted oil and gas explorer Strike Oil, which has exploration permits in the Carnarvon, Otway, Cooper/Eromanga and Surat/Gunnedah Basins. Over the next nine months, Strike is scheduled to participate in eight or more oil and gas wells, all of which are close to existing discoveries and infrastructure.



INVESTMENT portfolio

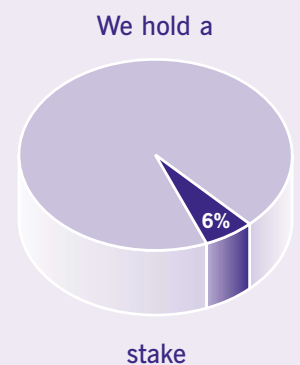
Centamin Egypt

Location: **Australia and Egypt**

Activity: Mining and Exploration

A gold explorer in Western Australia since 1987, Centamin negotiated the right to earn an interest in an Egyptian gold mining concession in 1996. After spending AUS\$3m on exploration and earning 65%, Centamin increased ownership of the concession to 100% in 1999 by issuing shares. The main prospect within the concession is Sukari.

Sukari is the largest of 16 gold mines that were in the eastern desert of Egypt in the 1930's, Sukari produced at least 150,000 ounces from 2-4 metre wide quartz reefs, from ore with an average grade of 18 g/t.



Equigold

Location: **Australia**

Activity: Mining and Exploration

Equigold is an aggressive junior gold explorer and producer with a highly rated and energetic management team. Its share price has risen substantially over recent months and the company has recently boosted its dividend payment.

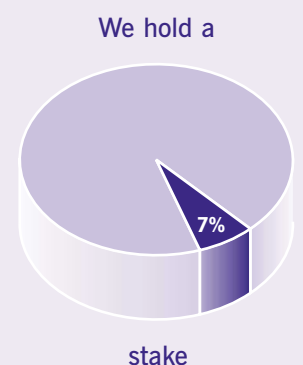
Projects: Western Australia Equigold has a 50.1% interest in and is manager of the Dalgara Gold Mine located near Mt. Magnet. Dalgara ceased operation in December 2001 after reserves were mined out. Total life of mine production was in excess of 414,000 ounces.

The company is developing the recently acquired Kirkalocka project 100km south of Mt Magnet in WA. Acquisition price in Nov 01 was A\$4.5 million. Drilling and feasibility study confirmed the mining reserve of 310,000 ounces. Construction of infrastructure is underway at a forecast cost of \$12 million. Forecast mine life of 5 years at 60,000 oz pa at cash cost of \$349 per ounce.



Queensland: Equigold is mining at its 100% owned Mt. Rawdon Gold Mine in Queensland. The project commenced gold production in January 2001 and has recently announced a doubling of the mines life to 18yrs. Production is forecast to average around 72,000 ounces of gold p.a. at a cash cost of A\$308 per ounce.

Cote d'Ivoire West Africa: Equigold has management control and a 94% interest in 2,100 square kilometres of exploration permits. Some highly promising drill results at the Bonikro prospect, where a resource of 502,000 ounces was announced, were achieved earlier this year. The company is drilling at depth and along strike with a view to increasing the resource to a level on which a feasibility study can commence.





Uruguay Minerals Exploration

Location: **Uruguay**

Activity: Mining and Exploration

UME is publicly quoted on the Toronto Venture Exchange and counts among its shareholders Rio Tinto (RTZ) with a 6 per cent stake.

UME is active on a number of projects reflecting what Golden Prospect's directors believe is a strong management team. UME has reached agreement with BHP Billiton to fund a drilling programme and provide technical support on its Lascano Merlin prospect – a massive geophysical anomaly with a signature similar to other large anomalies which have yielded important ore bodies like Western Mining's Olympic Dam copper/gold project, the Voisey Bay nickel deposit in Canada and the Bushveld platinum complex in South Africa.

The company has negotiated a commercial arrangement with Rio Tinto which has the right to earn up to a 70% interest in Mal Abrigo nickel project, a layered complex analogous to Stillwater Complex by spending up to US\$11m.

UME has obtained all of the geophysical and geochemical surveys conducted in Uruguay over the past 20 years. These have been consolidated into a single database which is the only database of its type and is entirely proprietary to UME. It is currently being evaluated and is expected to throw off several more projects. The database includes work done between 1996 and 2000 by BHP, Santa Fe Gold, St Joe Minerals and Bond Gold. The work undertaken includes geophysics, diamond drilling, stream sampling, soil sampling and general surveying including landsat imagery, and covers over 60,000 data points. At cost, the work undertaken would be in excess of US\$20m.

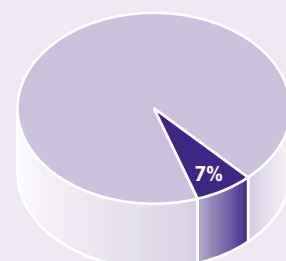
UME also announced on 26 April that it has acquired 100% of Cinco Rios S.A., a private Uruguayan company which holds a number of prospecting permits in northern Uruguay. The tenements held by Cinco Rios complement areas already held by UME. This area is approximately 10km south of De Beers find in Brazil and the company has already found G10 garnets, micro and macro diamonds.

UME has also been working on a number of gold projects, some of which have the potential to be cash generative in the next twelve months. Sobre Saliente (northern Uruguay) is a resource of approximately 200,000 ounces at +1 g/t, and discussions are at an advanced stage with local operator Crystallex, to infill drill this deposit and put it into production.

Mirta (south western Uruguay) is a high grade shear hosted gold prospect which is currently being drilled seeking extensions to a previously intersected zone containing 15 metres @ 19.7 g/t.

A number of other promising gold properties are also at the pre-drilling stage, and should mature rapidly given the current strength in the gold market.

We hold a



stake

INVESTMENT portfolio

Eurogold

Location: **Romania**

Activity: Mining and Exploration

Eurogold's aim is to create shareholder value through successful exploration and development of new gold deposits in Eastern Europe.

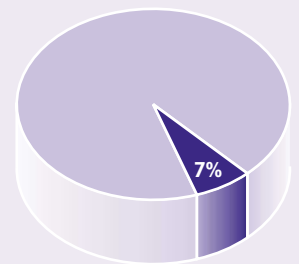
Eurogold Limited ("EUG") is a 50% shareholder in SC Transgold SA ("Transgold") the owner and operator of the Baia Mare gold tailings operation in North West Romania. The other 50% shareholding in Transgold is held by the Romanian State Government primarily via an entity called Remin SA ("Remin").

Transgold was originally formed in 1996 to undertake the construction of a 2.5 mtpa gold tailings treatment facility and to mine the nearby Meda and Central tailings deposits. The first gold pour occurred on 9 April 1999. The Meda tailings deposit was successfully mined and ceased operation in June 2002. A variety of other materials are now being treated ranging from toll treatment of Remin material to acquired concentrates.

Eurogold has an ongoing exploration programme in the area conducted through its 97.5% owned subsidiary SC Explorer SA ("Explorer"). Explorer has a number of exploration tenements in northern Romania and is actively seeking other tenements in neighbouring countries to own and explore.



We hold a



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Sapphire Mines

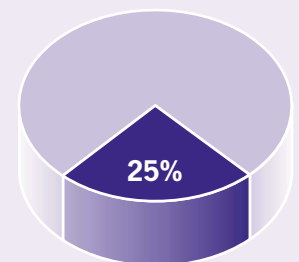
Location: **Australia**

Activity: Sapphires and Gem Stones

This company has cash and liquid assets of approximately \$2m and a history of successfully completing joint venture sapphire mining operations. The company currently has operations in New South Wales, Australia.

Over the recent past the company has been subject to a share accumulation operation by entrepreneur Mr Mark Savage and the board of Golden Prospect is now working with Mr Savage to find a considerably larger mining project to inject into the listed structure of Sapphire Mines.

We hold a



stake



Bullion Resources

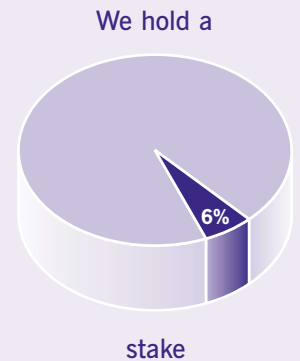
Location: **South Africa**

Activity: Mining and Exploration

Bullion Resources has four mines on the Golden Arc around Johannesburg which hosts, and has hosted, some of the biggest and highest grade gold mines in the world.

Bullion already has a resource base of circa 1.8m ounces with 675,000 ounces actually in reserve category.

Bullion management's mission is to become a pre-eminent junior gold miner in South Africa producing gold through opencast and near surface mining methods. This will be achieved through the exploration of mining areas and by the strategic acquisition of further gold resources with established reserves.



Metex

Location: **Australia**

Activity: Mining and Exploration

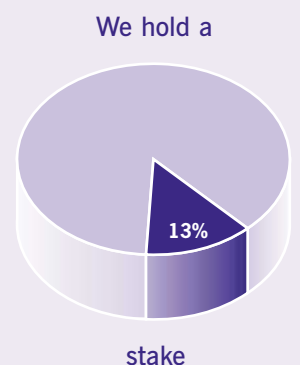
Metex Resources Ltd is an Australian gold exploration company whose core business is gold exploration and resource development.

Metex's mission is to create sustainable value for its shareholders by principally focusing its technical and managerial resources on geological environments likely to host significant gold deposits, and secondly, through the use of alternative capital raising methods, seek other opportunities in the resource sector that will allow the company to add value.

Metex has positioned itself as one of the leading regional players in the highly prospective Laverton Tectonic Zone where world class mines are operating at Sunrise Dam (Anglogold) and Wallaby (Placer Granny Smith). The company's interest is by way of a 50/50 contributing joint venture (the Laverton Exploration Joint Venture – "LEJV") with the leading Australian gold producer AurionGold Ltd. Metex is the exploration manager for the LEJV and AurioGold the development manager. On the 27 May 2002

AurionGold's joint venture partner in the Wallaby project, Placer Dome Asia Pacific Pty Limited launched a takeover bid for AurionGold. If the takeover is successful then the LEJV will comprise Metex and Placer, with Placer as owner and operator of the nearby Granny Smith Mine.

Exploration conducted since 1997 has led to the discovery of a regionally extensive shear zone known as the 'Chatterbox Shear'. Approximately 500,000 ounces of Gold have been defined in deposits in Whisper, Rumour and Innuendo. Although the Chatterbox represents a significant mineralised system the available resources are less than required for the joint venture to construct its own processing plant. Since the beginning of 2002, and with the gold price consolidating above \$300, the joint venture has aggressively pursued its exploration efforts to enhance the existing gold resource inventory.



INVESTMENT portfolio

Kestrel Energy

Location: **United States**

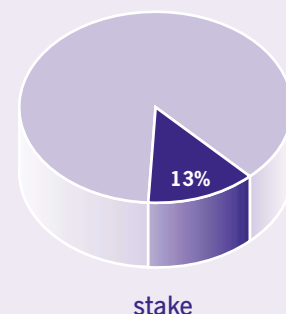
Activity: Oil and Gas Exploration Production

Kestrel Energy, Inc. is an oil and gas exploration and production company with a rapidly expanding portfolio of exploration assets in the gas-rich Green River Basin, located in south western Wyoming.

Clean burning natural gas has become the pre-eminent fuel in the United States providing an environmentally sensible source for the increased electrical needs of the country. Natural gas is the fastest growing sector of the major energy sources. The prices the company receives for oil and natural gas has dramatically increased over the past 12 months. Record high natural gas prices combined with 10 year high oil prices are providing the basis for increased cash flow from the company's oil and gas producing assets.

The value of the company's reserves recently increased to \$36 million dollars, a 740% increase over June 30, 1999. The average price per barrel of oil produced in June was \$28.77 per barrel with natural gas receiving \$3.93 per thousand cubic feet (MCF). Additionally the company estimates the value of its "Probable" reserves at \$13.8 with 273,100 BBCs of oil and 9 BCF.

We hold a



Geographe Resources

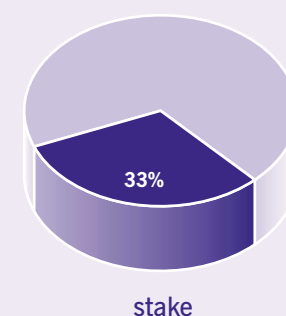
Location: **Australia**

Activity: Investment and Mining and Exploration Company

Geographe is well placed to take full advantage of the current strength of gold projects in West Australia.

Geographe was a successful gold mining company which, following closure of its Chalice gold mine, has transformed itself into an investment holding company. It currently has cash and investments of A\$3.5 million and its board of directors is actively seeking resource investments in which to employ this capital.

We hold a



Samson Exploration

Location: **Australia**

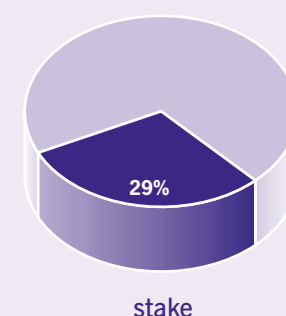
Activity: Investors in natural resources

Samson's key asset is a 22% holding in NASDAQ quoted 'Kestrel Energy Inc', a US based oil and gas producer.

This holding is supported by Golden Prospect's 13% shareholding in the same company. Kestrel is active in the Green Canyon Basin and has a prospective drilling programme. Energy prices in the USA are still at levels whereby Kestrel is well placed to develop its strong portfolio of natural gas prospects in various stages of maturity.

Samson also has a significant interest in 'AGR', a quoted gold exploration company operating in Mongolia. A substantial ore body has been identified and financing is being arranged to develop a mine. Samson management is also investigating a number of additional opportunities in the base metals market within Australia.

We hold a





Jubilee Platinum (formerly Resource Development Corp)

Location: **London**

Activity: Platinum prospector

Jubilee has exploration rights for platinum group metals in three areas, Canada, South Africa and Madagascar. The projects in these areas complement the Company's existing platinum exploration assets in Ethiopia and Sierra Leone.

The Exploration Areas (Acquired Interest In)

The Canadian portfolio comprises three properties totalling 623 claim units (9,968 hectares or nearly 100 square kilometres) namely Havoc Lake, Norwood and Pillar in the Thunder Bay district of north-western Ontario.

On the Havoc Lake property, ground and airborne geophysical surveys, and geological mapping identified several strong anomaly targets, complementing geochemical anomaly findings (Government survey) in local lake sediments. These geophysical signatures, complemented by the geochemical results, support the presence of disseminated sulphides in a mafic intrusive - a view also supported by an independent consultant's report.

The world class Lac des Iles mine, lies some 50 kilometres to the south west of Havoc Lake. A stratigraphic drilling

programme is in progress and the results of this drilling will help prioritise targets for further focused drilling programmes.

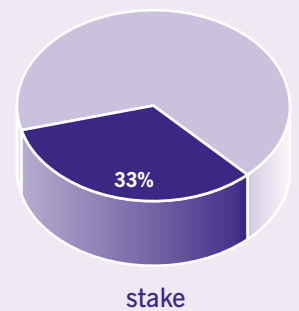
The South African portfolio comprises seven properties totalling 2,698 hectares in the south-eastern limb of the Bushveld Complex, which hosts the largest known platinum reserves in the world.

The properties are believed to be continuous with the main ore bodies; a view also suggested by Government geophysics that the properties may well form a southern continuation of the ore bodies.

The directors believe that the potential for the discovery of PGM-bearing reefs on the properties is good.

The Madagascar interest comprises four areas (195 blocks) totalling 121,875 hectares; all located in the Province of Mahajanga.

We hold a



stake

Mano River Resources

Location: **West Africa**

Activity: Mining Exploration

Mano River Resources Inc. is a Canadian company, listed on the TSX-Venture Exchange and quoted on the AIM, which seeks to create shareholder value through the identification, exploration and development of high quality diamond and gold deposits in the West African Mano River Union countries and in Canada.

The Company initially concentrated its exploration efforts on its extensive licences in the west of Liberia, where the principal targets comprise potentially diamondiferous kimberlites and Archaean greenstone sequences considered comparable to those of the Lake Victoria Gold Province in Tanzania. To date, two potential gold mines have been discovered, as well as the first diamondiferous kimberlite pipes ever known in Liberia. Initial results from an indicator

mineral survey over the Company's Kono district diamond licences in Sierra Leone have been very encouraging and a gold exploration programme in the Sula Mountains will shortly get under way, in joint venture with Golden Prospect. Most recently, the company has announced a joint venture with International Taurus to explore for diamonds in the James Bay Lowlands of Quebec.

We hold a



stake

INVESTMENT portfolio

Titan Resources

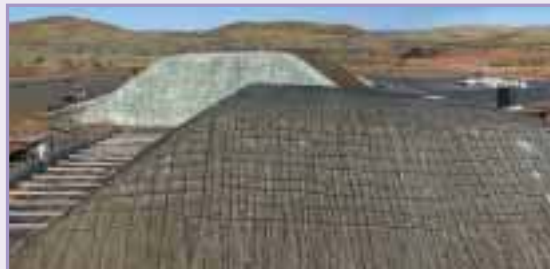
Location: **Australia**

Activity: Nickel producer

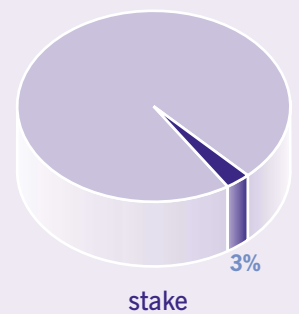
Titan is also carrying out extensive laboratory test work with nickel ores from various deposits owned by WMC Resources Limited of Australia and the largest Chinese nickel producer, Jinchuan Non-Ferrous Metals Corp, with a view to commercial use of the BioHeap™ Process. It is the intention to continue to accumulate shares in this company.

Titan's focus is on expanding its production of high grade nickel, copper and cobalt intermediate products, where it occupies a unique part in the Australian Market.

Titan Resources NL, an emerging nickel producer, announced that the world's second largest nickel producer, 'Inco Limited', was testing its new leaching BioHeap™ bacteria based extraction technology used to separate nickel from sulphide ore bodies.



We hold a



EXPLORATION review

By Dr John Bowles, Mineral Science Limited

Dr John F Bowles (consultant) BSc, PhD, FIMM, FMinSoc, CEng, CGeol, PGeo, EurGeol of Mineral Science Limited is a director of subsidiary company Golden Prospect Mining Company Limited and a consultant to the Group. He has 32 years experience in mining and exploration in Africa and other developing areas specialising in gold and platinum. His interests are in industry and academia and as well as being a director of junior mining companies he is an Honorary Research Fellow at two universities in the UK. Dr Bowles has been working on the platinum occurrences in Sierra Leone since his thesis work in 1970. His doctorate is from the University of London in Mineral and Economic Geology and he is the author of 59 papers and publications on the occurrence, genesis and mineralogy of minerals containing heavier metals, especially gold, platinum, uranium, silver and instrumental methods used in geology.

SIERRA LEONE

Golden Prospect's gold property at Lake Sonfon (Golden Prospect Mining Co Ltd) and the platinum property at York (Resource Securities Ltd) continued on a care and maintenance basis during Sierra Leone's return to normality. There has been a steady progress with practical support from Britain and the UN. Elections took place on 14 May 2002. The results have been accepted by the local people and demonstrate the democratic improvement in the country.

Lake Sonfon – Gold

The Company has received written confirmation from the Ministry of Mineral Resources, Sierra Leone that our licence is in good order and that a resumption of work is expected. Since the year-end Golden Prospect has taken a position in Mano River who have an adjacent property. A complimentary joint venture agreement with Mano River will ensure that work can recommence. On behalf of the company our local employee Emmanuel Koroma visited our Lake Sonfon camp in February 2002. He has reported that our equipment (bulldozer, excavator, grader, drill, generator, compressor and buildings) is in good condition with only superficial damage.

York – Platinum

“The continuing high platinum price has maintained interest in our platinum property at York where the Company has shown near economic grades at surface in one layer with at least 5 km of strike length.”

Although unable to work on the ground recently the Company has been able to obtain results from samples collected earlier. It has been possible to locate platinum minerals – mainly platinum-iron alloy and platinum sulphide (cooperite) in the rocks from the platinum-bearing layer. It has also been possible to explain the presence of the economically important rhodium which contributes up to 3% to the eluvial nuggets with the discovery of the rhodium sulphide known as prassoite. Palladium occurs as the sulphide called vysotskite and the telluride keithconnite.



The Road to York and Golden's platinum horizon.

Exploration review

A visit by Dr. Bowles of Mineral Science Ltd has established that platinum and gold remain and that, in addition to the surface deposits, there are large volumes of weathered bedrock with the potential to provide a large volume, medium to low grade, mineable resource.

ETHIOPIA

In 2001 Golden Prospect (GP) obtained a Prospecting Licence for platinum and gold covering 535.6 sq km at Yubdo and Exploration Licences for platinum and gold covering 205.4 sq km along strike at Daleti and Tulu Dimtu. These Exploration Licences are for three years, renewable twice for further terms of one year on each occasion. An application has now been lodged to convert the one-year Prospecting Licence into an Exploration Licence.

Yubdo was the site of platinum mining activity from 1926 to 1941 when 2.7 tons of platinum was obtained from simple surface working. A visit by Dr. Bowles of Mineral Science Ltd has established that platinum and some gold remain and that, in addition to the surface deposits, there are large volumes of weathered bedrock with the potential to provide a large volume, medium to low grade, easily mineable resource. He reported assay values up to 2.1 g/t platinum and 4.7 g/t gold in the surface rocks with coarse platinum grains in 53 out of 85 samples. Assays of grab samples of archived drill core, drilled to a depths of 50 to 100m, gave values up to 0.81 g/t platinum.

The Yubdo Mining Licence

GP has concluded a joint venture (JV) agreement with the owner of the Mining Licence that covers 27.3 sq km including the 1928-1940 mining sites at Yubdo. Under this agreement a JV company has been formed in Ethiopia. This company, Yubdo Platinum and Gold Development Private Limited Company (YPGDPLC), is 59% owned by Golden Prospect Mining Co Limited. The Mining Licence has now been transferred to YPGDPLC and a new licence document is being prepared by the Mineral Operations Department in Addis Ababa. A small operation is producing platinum concentrate in the Mining Licence and, as part of the JV agreement, GP has obtained a share in the sale value since 1 January 2002.

“The first consignment of 3 kg platinum concentrate has arrived in the UK for refining and sale (Figure 2).”

The Company's main interest in these small-scale mining operations is that, in addition to satisfying local administrative requirements, they provide excellent bulk sampling and the basis for pilot plant facilities (Figure 3). The Company considers that a large volume, low to medium grade deposit exists in the deeply weathered and friable surface material. The mantle of weathered rock overlying the platinum-bearing source rocks is 30 to 50 m deep (Figure 4) and extends for 9 km from North to South with a variable width of 2 to 3 km (Figure 5). An independent assessment has suggested that this represents 200 Mt and bulk sampling has produced grades of 0.3 to 1 g/t platinum which it would be easy and inexpensive to mine.



Figure 2. Photograph of about 1 kg of platinum concentrate from Yubdo containing nuggets up to 1.5 cm across.



Figure 3. A sluice box in operation at Yubdo.

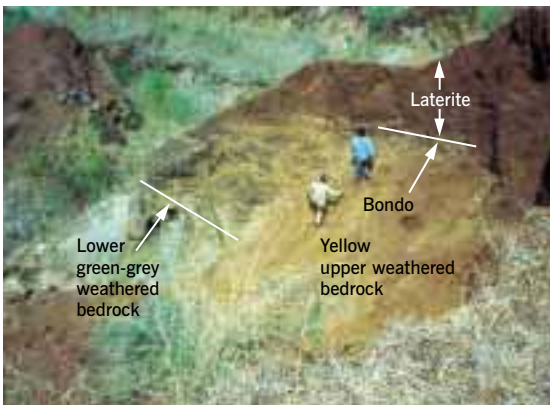


Figure 4. The thickness of the weathered zone with 5 – 10 m of lateritized material, 20 m of upper weathered bedrock and 20 m of lower weathered bedrock.



Figure 5. The southern tip of the Yubdo hill scarred by small-scale mining in the 1930's. From the valley marked by the trees the platinum-bearing area extends 2 km east-west up and over the hill and the part of the hill which can be seen represents about one-fifth of the north-south extent.

The Yubdo Prospecting Licence

This Licence area (535.6 sq km) encloses the Mining Licence area. As a result of exploration work during the year 702 soil samples, 231 rock samples and 81 pan concentrate samples have now been collected and sent for assay. The company has assay results from 94 rock and 338 soil samples. The results show platinum concentrations up to 1.9 g/t and that the extent of the platinum-bearing rocks near the village of Yubdo is significantly larger than previously known. The company has established that both east and west of the known outcrop of platinum-bearing rocks those same rocks continue beneath a later cover of Tertiary basalt. The area to the east contains the assay result of 1.9 g/t platinum which has been confirmed by repeat assay. To the west of the Yubdo Mining Licence is a large area which contains appreciable gold and platinum in pan concentrate samples. The gold and platinum appear to be shedding from the hillsides of 1 to 2 km long ridges. The platinum-bearing rocks also extend further to the north where early results report 0.27 g/t platinum. A result of 17.6 g/t gold was returned from one sample. An application has been filed with the Minerals Operations Department in Addis Ababa to upgrade the one-year Prospecting Licence to a three-year Exploration Licence with no reduction in area.

Work during the year has led to the production of a new geological map of the area (Figure 6) accompanied by a series of maps based on the earliest assay results showing the distribution of the precious metals platinum, palladium, gold and "pathfinder" elements such as nickel or arsenic. More results are now available and more complete maps are in preparation. The area of the Licence close to the Mining Licence clearly contains extensions of the mineralization at similar grades. Along strike to the North North East there are further platinum and gold deposits.

Exploration review

Platinum and gold grains occur widely in pan concentrate samples and the area is clearly prospective for both platinum and gold.



Figure 6. New Geological map of the Yubdo Prospecting Licence area.

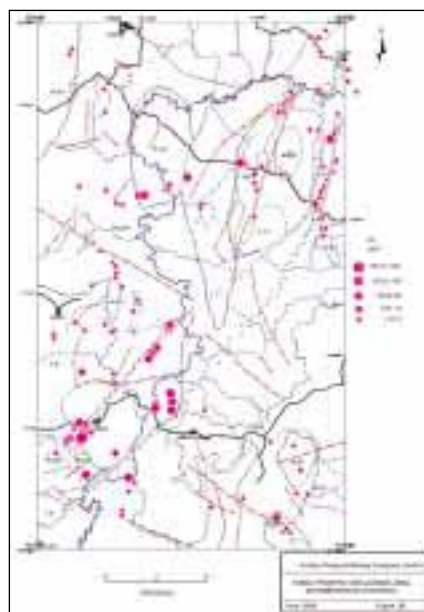


Figure 7. Geochemical Map of the Yubdo Prospecting Licence Area showing the early results of assays for platinum in rock samples.

The Daleti Exploration Licence

The Daleti Licence area (68.4 sq km) contains a steep sided ridge of platinum-bearing ultramafic rocks adjoining the north-eastern corner of the Yubdo Prospecting Licence area.

As a result of exploration work during the year 589 soil samples, 236 rock samples and 83 pan concentrate samples have been collected and sent for assay. Results are now available for 302 soil samples and 91 rock samples showing assay values up to 0.78 - 1.4 g/t gold and 0.04 g/t platinum. Nickel reaches 2.4 % in rock samples and 1.9% in soil samples with 0.3% chromium and 0.07% cobalt in soil samples. These rocks have been used for road-stone to form the main road through the area proving a useful outcrop for the geologist and the thought for the traveller of passing over a road made of platinum-bearing rock.

The area has been covered by a grid geochemical survey and a new geological map and element distribution maps prepared similar to those shown for the Yubdo Prospecting Licence. Platinum and gold grains occur widely in pan concentrate samples and the area is clearly prospective for both platinum and gold.



Figure 8. The road-stone quarry in platinum-bearing rocks at Daleti.

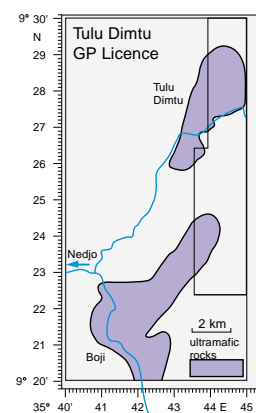


The Tulu Dimtu Exploration Licence

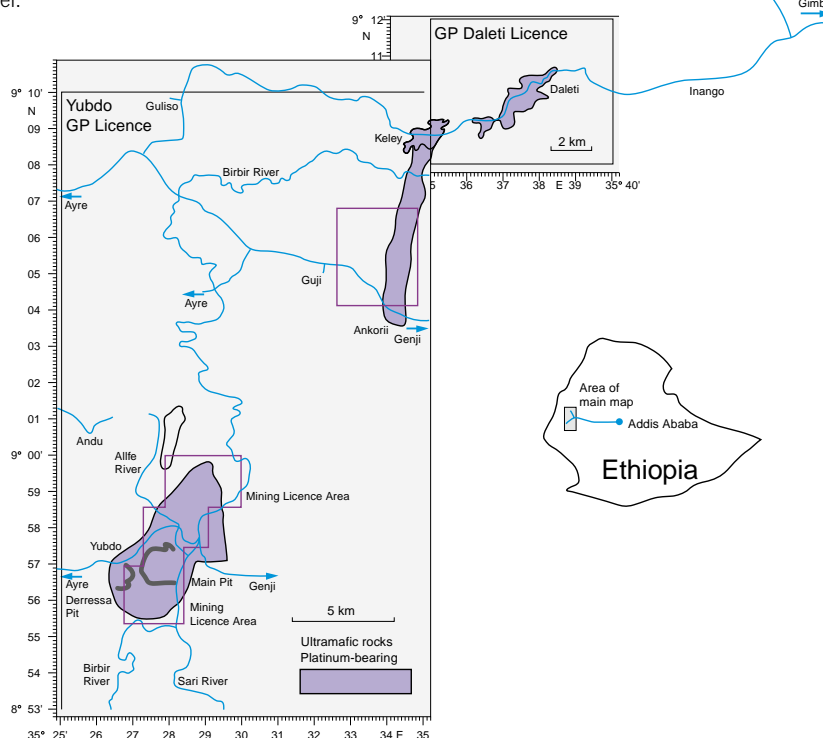
The Tulu Dimtu Licence area (137 sq km) contains Tulu Dimtu mountain itself consisting of platinum-bearing ultramafic rocks as well as other gold- and platinum-bearing ridges. The area lies 20 km to the north east of the Yubdo Prospecting Licence area.

Exploration work during the year allowed 532 soil samples, 424 rock samples and 106 pan concentrate samples to be collected and sent for assay. Results are now available for 408 soil samples and 206 rock samples **“showing assay values up to 4.9 g/t gold, 0.07 g/t platinum and 0.07 g/t palladium”**

Nickel reaches 1.1 % in rock and soil samples with 0.3% chromium and 0.1% cobalt in soil samples. Gold and platinum grains have been recovered in pan concentrate samples. A new geological map and element distribution maps have been prepared comparable with those prepared for the Yubdo Prospecting Licence area. Veining and some sulphide mineralization have been observed and the area is highly prospective for both gold and platinum. Here the interest is in the primary source of the metals rather than the weathered cover.



GP Licence Areas Western Ethiopia



Directors' report 2001

The directors present their report and the audited financial statements of the group for the year ended 31 December 2001.

Principal Activities, Review of the Business and Future Prospects

During the period under review the group was engaged in equity investment in the mining market and gold and platinum exploration in West Africa.

A full review of the activity of the business and of future prospects is contained in the Chairman's Statement which accompanies these financial statements.

Review of Developments

The results of the group for the year are disclosed in the consolidated profit and loss account on page 24.

The financial position of the group and the company is disclosed in the balance sheets on pages 25 and 26.

The directors do not recommend the payment of a dividend.

Post balance sheet events are disclosed in Note 20 to the financial statements.

Policy for Payment of Creditors

It is the company's policy to settle all agreed transactions within the terms established with suppliers. There were no trade creditors at the year end.

Corporate Governance

The Board supports the principles of good governance contained in the Combined Code appended to the Listing Rules of the Financial Services Authority. It complies where this is commercially justified, allowing for the practical limitations relating to the company's size.

The Board meets regularly in order to determine the strategy and policy of the Group and the allocation of its financial resources and has a schedule of matters specifically reserved to it for decision.

The company has two non-executive directors.

Internal Control

The Board is responsible for maintaining a sound system of internal controls to safeguard shareholders' investment and the Group's assets.

The Directors monitor the operation of internal controls. The objective of the system is to safeguard the Group assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system of internal control can only provide reasonable, but not absolute assurance against material mis-statement or loss.

Internal financial control procedures undertaken by the Board include:

- Review of monthly financial reports and monitoring performance.
- Prior approval of all significant expenditure including all major investment decisions.
- Review and debate of treasury policy.

The Board has reviewed the operation and effectiveness of the Group's system of internal control for the financial period and the period up to the date of approval of the financial statements.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' report 2001 – continued

Directors and their Interests

The present membership of the Board is set out on page 41.

The directors who served during the period and their interests in the ordinary shares of the company were:

Beneficial Holdings	At		Share Options	
	31/12/01	31/12/00	31/12/01	31/12/00
M A Burne	520,000	20,000	625,000	325,000
R A Lockwood – appointed 02/07/01	1,200,000	–	500,000	–
N T MacLachlan	400,000	400,000	500,000	500,000
N A Steinberg	–	–	500,000	200,000
K D Crotty – resigned 27/02/01	–	200,000	500,000	500,000
D A Landauer – resigned 31/01/01	–	1,000,000	–	–
Non-Beneficial Holdings				
M A Burne	2,231,000	2,231,000		

Further details in respect of the share options are disclosed in note 15 to the accounts.

Substantial Shareholders

The Directors are aware of the following substantial shareholdings, in addition to those held by directors as disclosed above, of 3 per cent or more of the current Issued Share Capital of 89,384,958 shares as at 30 May 2002.

Ordinary Shares of 10p each	Number	Percentage
Amvescap plc and subsidiary companies	15,184,030	16.9
Clontary Investments Limited	5,356,250	5.9
Perilya Limited	4,000,000	4.4
S Cawkwell	3,650,000	4.0

Auditors

Grant Thornton have expressed their willingness to continue in office as auditors. A resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 18 June 2002.

M A Burne
Chairman

Directors' responsibilities

in relation to the preparation of the financial statements

The directors are required under company law in the United Kingdom to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company at the end of the year and of the results of the group for the year.

The directors are responsible for keeping proper accounting records as required by the Companies Act 1985, and for maintaining sufficient internal controls to safeguard the assets of the group and company and to prevent and detect fraud and other irregularities.

The directors confirm that the above requirements have been complied with and that in preparing the financial statements they have adopted suitable accounting policies and have applied them consistently, supported where necessary by reasonable and prudent judgments and estimates. The directors also confirm that the financial statements have been prepared following applicable accounting standards. In addition, the directors confirm that it is appropriate for the financial statements to be prepared on the going concern basis.

Report of the independent auditors

to the members of Golden Prospect plc

We have audited the financial statements of Golden Prospect plc for the year ended 31 December 2001 which comprise the accounting policies, consolidated profit and loss account, the balance sheets, the statement of movement on reserves, the reconciliation of movements in equity shareholders funds, the consolidated cash flow statement and notes 1 to 20. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the chairman's statement, exploration review and directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2001 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

Chartered Accountants

Registered Auditors

Southampton

18 June 2002

Consolidated profit and loss account

year ended 31 December 2001

	Note	2001 £	2000 £
Sales	2	1,912,861	4,042,119
Cost of sales		(1,615,729)	(3,952,178)
Gross profit		297,132	89,941
Other operating income – dividends received		77,011	50,626
Administrative expenses		(197,845)	(176,007)
Exceptional Item – Provision for impairment of exploration assets		–	(1,349,457)
		(197,845)	(1,525,404)
Operating profit/(loss) – continuing operations	3	176,298	(1,384,897)
Loss on disposal of fixed asset investments		–	(32,208)
Provision against fixed asset investments	4	–	(100,000)
Interest receivable		97,854	78,082
Profit/(loss) on ordinary activities before taxation		274,152	(1,439,023)
Tax on profit/(loss) on ordinary activities	6	30,000	–
Profit/(loss) for the financial period		244,152	(1,439,023)
Profit/(loss) per ordinary share – basic	7	0.28p	(2.10p)
– diluted		0.27p	(2.10p)

There were no recognised gains or losses other than the profit/loss for the financial period.

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated balance sheet

as at 31 December 2001

	Note	2001		2000	
		£	£	£	£
Fixed assets					
Intangible assets	8		2,751,711		2,488,421
Tangible fixed assets	9		2,138		–
Investments	10		3,716,270		2,478,822
			6,470,119		4,967,243
Current assets					
Debtors: Amounts falling due within one year	11	25,263		29,596	
Investments	12	6,271,940		6,098,245	
Cash at bank and in hand		1,799,284		3,201,323	
		8,096,487		9,329,164	
Creditors: Amounts falling due within one year	13	(59,619)		(33,572)	
Net current assets			8,036,868		9,295,592
Total assets less current liabilities			14,506,987		14,262,835
Capital and reserves					
Called up share capital	14		8,698,496		8,698,496
Share premium account			7,995,458		7,995,458
Profit and loss account			(2,186,967)		(2,431,119)
Equity shareholders' funds			14,506,987		14,262,835

These financial statements were approved by the Board of Directors on 18 June 2002.

M A Burne

Chairman

N A Steinberg

Financial Director

The accompanying accounting policies and notes form an integral part of these financial statements

Balance sheet

as at 31 December 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible fixed assets	9	2,138	–
Investments	10	5,323,539	4,086,091
		5,325,677	4,086,091
Current assets			
Debtors: amounts falling due after more than one year	11a	1,179,166	904,331
Debtors: amounts falling due within one year	11b	22,589	26,388
Investments	12	6,271,940	6,098,246
Cash at bank and on deposit		1,782,362	3,191,111
		9,256,057	10,220,076
Creditors: Amounts falling due within one year	13	(58,843)	(27,428)
Net current assets		9,197,214	10,192,648
Total assets less current liabilities		14,522,891	14,278,739
Capital and reserves			
Called up share capital	14	8,698,496	8,698,496
Share premium account		7,995,458	7,995,458
Profit and loss account		(2,171,063)	(2,415,215)
Equity shareholders' funds		14,522,891	14,278,739

These financial statements were approved by the Board of Directors on 18 June 2002.

M A Burne

Chairman

N A Steinberg

Financial Director

The accompanying accounting policies and notes form an integral part of these financial statements

Consolidated cash flow statement

year ended 31 December 2001

	Note	2001		2000	
		£	£	£	£
Net cash outflow from operating activities	A		(119,742)		(311,414)
Returns on investments and servicing of finance					
Interest receivable		97,854		78,082	
Net cash inflow from returns on investment and servicing of finance			97,854		78,082
Taxation			–		–
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(263,290)		(101,671)	
Payments to acquire tangible fixed assets		(2,850)		–	
Payments to acquire fixed asset investments		(81,932)		(46,366)	
Receipt from disposal of fixed asset investment		–		259,424	
Purchase of investments		(2,777,459)		(2,151,383)	
Sale of Investments		1,912,860		4,042,119	
Net cash (outflow)/inflow from capital expenditure			(1,212,671)		2,012,123
Net cash (outflow)/inflow before financing			(1,234,559)		1,768,791
Financing					
Issue of ordinary share capital (net of issue expenses)		–		623,004	
Net cash inflow from financing			–		623,004
(Decrease)/increase in cash resources	B		(1,234,559)		2,391,795

The notes to the cash flow statement are on page 28.

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the consolidated cash flow statement

year ended 31 December 2001

A Reconciliation of operating profit/(loss) to net cash outflow from operating activities

	2001 £	2000 £
Operating profit/(loss)	176,298	(1,384,897)
Depreciation	712	–
Exchange loss	167,480	–
Decrease/(increase) in debtors	4,333	(21,157)
(Decrease)/increase in creditors	(3,954)	13,568
Profit on sale of investments	(486,298)	(381,991)
Provision against current asset investments	21,687	113,606
Provision against intangible assets	–	1,349,457
	(119,742)	(311,414)

B Analysis of net funds

	At 01/01/01 £	Cash flow £	Exchange movement £	At 2001 £
Cash at bank and in hand	2,227,312	(340,042)	(115,561)	1,771,709
Bank balances with stockbrokers	974,011	(894,517)	(51,919)	27,575
	3,201,323	(1,234,559)	(167,480)	1,799,284

The accompanying accounting policies and notes form an integral part of these financial statements

Statement of movements on reserves

year ended 31 December 2001

	Share Premium account £	Profit and loss account £
The Group		
Balance at 1 January 2001	7,995,458	(2,431,119)
Profit for the financial period	–	244,152
Balance at 31 December 2001	7,995,458	(2,186,967)
	£	£
The Company		
Balance at 1 January 2001	7,995,458	(2,415,215)
Profit for the financial period	–	244,152
Balance at 31 December 2001	7,995,458	(2,171,063)

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these accounts. The parent company's profit for the financial period amounted to £244,152 (2000 – loss £1,443,342)

Reconciliation of movements in equity shareholders' funds

year ended 31 December 2001

	The Group 2001 £	2000 £
Profit/(Loss) for the financial period	244,152	(1,439,023)
Shares issued (net of issue expenses)	–	7,316,698
Net addition to shareholders' funds	244,152	(5,877,675)
At 1 January 2001	14,262,835	8,385,160
At 31 December 2001	14,506,987	14,262,835

The accompanying accounting policies and notes form an integral part of these financial statements

Notes to the accounts

year ended 31 December 2001

1 Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below. The directors have reviewed the accounting policies of the group in the light of FRS 18 and are of the opinion that they remain the most applicable accounting policies for the group.

1.1 Accounting convention

The financial statements are prepared under the historical cost convention, and include the results of the group's operations as indicated in the directors' report, all of which are continuing.

In the 2000 Report and Financial Statements the directors made reference to their inability to unlock value from Sierra Leone due to continued political difficulties and made a provision of £1,170,916 in respect of the impairment of this exploration asset. As referred to in the Chairman's Statement, Sierra Leone has begun to return to normal conditions and the gold exploration assets at Lake Sonfon are due to be re-activated by a joint venture with Mano River Resources Inc. Accordingly the directors consider that no further impairment provision is required.

1.2 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 10) drawn up to 31 December 2001. The results of subsidiary undertakings acquired during the period are included from the date of acquisition. Profits or losses on inter-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair value reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its useful economic life.

1.3 Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Fixed asset investments represent those where there is a strategic interest.

Listed current asset investments are stated at the lower of cost and net realisable value.

1.4 Income from investments

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

1.5 Deferred Exploration Costs

The group uses the full cost method of accounting for mining operations. The costs of expenditure on tangible fixed assets, licences, concessions and exploration incurred by subsidiary undertakings are carried as intangible assets until such time as it is determined that there are commercially exploitable reserves at which time such costs will be transferred to tangible assets to be amortised over the expected productive life of the asset. The group's intangible assets are subject to periodic review by the directors. Exploration, appraisal and development costs determined as unsuccessful are written off to the profit and loss account.

1.6 Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

1.7 Financial Instruments

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

Notes to the accounts

year ended 31 December 2001

2 Turnover

Turnover represents the amount receivable on the disposal of current asset investments which are held for dealing. No turnover was achieved in respect of the group's exploration activities. All turnover relates to continuing activities.

3 Operating Profit/(Loss)

	2001	2000
	£	£
Operating profit/(loss), all of which arises from the company's principal activities, is stated after charging:		
Auditors' remuneration	11,000	11,000
Non audit services	15,000	15,000
Exceptional Item – provision for impairment of exploration assets	–	1,349,457
	<u> </u>	<u> </u>

The directors do not consider it possible to analyse operating profits and losses between the company's different activities because it is not possible to produce a meaningful analysis, of the overheads.

4 Provision Against Investments

	2001	2000
	£	£
Provision for impairment of investments:-		
Listed	–	100,000
	<u> </u>	<u> </u>
	–	100,000
	<u> </u>	<u> </u>

5 Information regarding Directors and Employees

	2001	2000
	£	£
Directors' emoluments	50,000	50,508
Social security	5,448	5,565
	<u> </u>	<u> </u>
	55,448	56,073
	<u> </u>	<u> </u>

The only employees of the group were the directors as detailed in the directors' report. Nathan Steinberg is a partner in Munslow Messias, a firm of Chartered Certified Accountants. That firm charged fees of £29,962 (2000 – £36,438) including VAT to the group in respect of professional services in the period. No payments in respect of pension contributions have been made.

6 Tax on Profit/(Loss) on Ordinary Activities

	2001	2000
	£	£
UK corporation tax based on profit for the year	30,000	–
	<u> </u>	<u> </u>

7 Earnings per Ordinary Share

The calculation of earnings per ordinary share is based on profits of £244,152 (2000 – loss £1,439,023) and on 86,984,958 (2000 – 68,502,984) ordinary shares being the adjusted weighted average number of ordinary shares in issue during the year. There was no dilution in 2000. The diluted earnings for 2001 were based on 90,134,958 ordinary shares and options.

Notes to the accounts

year ended 31 December 2001

8 Intangible Assets – The Group

	Deferred Exploration Costs £	Total £
Costs incurred		
At 1 January 2001	3,837,878	3,837,878
Expenditure during the year	263,290	263,290
At 31 December 2001	4,101,168	4,101,168
Provision for Impairment		
At 1 January 2001	1,349,457	1,349,457
Provided during the year	–	–
At 1 January 2001	1,349,457	1,349,457
Net book value at 31 December 2001	2,751,711	2,751,711
Net book value at 1 January 2001	2,488,421	2,488,421

Of the deferred exploration costs £2,511,809 relates to the group's investment in Sierra Leone, net of a provision of £1,170,916.

9 Tangible Fixed Assets – Group and Company

	Office Equipment £
Cost	
Additions	2,850
Balance at 31 December 2001	2,850
Depreciation	
Charge for the year	712
Balance at 31 December 2001	712
Net book value	
At 31 December 2001	2,138
At 31 December 2000	Nil

Notes to the accounts

year ended 31 December 2001

10 Investments held as Fixed Assets

The group	Listed Investments £		
Cost			
At 1 January 2001			2,478,822
Additions			81,932
Reclassification from current asset investment			1,155,516
			<hr/>
At 31 December 2001			3,716,270
			<hr/>
Net book value			
At 31 December 2001			3,716,270
			<hr/>
At 1 January 2001			2,478,822
			<hr/>
 The company	Shares in Subsidiary Undertakings £	Other Listed Investments £	Total £
Cost			
At 1 January 2001	1,607,269	2,478,822	4,086,091
Additions	–	81,932	81,932
Reclassification from current asset investment		1,155,516	1,155,516
			<hr/>
At 31 December 2001	1,607,269	3,716,270	5,323,539
			<hr/>
Net book value			
At 31 December 2001	1,607,269	3,716,270	5,323,539
			<hr/>
At 1 January 2001	1,607,269	2,478,822	4,086,091
			<hr/>

The market value of the other listed investments, which are listed on the Australian and U.S. Stock Exchanges, was £1,831,239 at 31 December 2001 (£1,384,390 at 31 December 2000).

A major element of the interest in Kestrel Energy Inc was acquired from the Eyres Reed Australian Resources Fund which took the holding to 13%. Mr N. Maclachlan, a Golden Prospect director, is a member of the Kestrel Board, accordingly it is considered more appropriate for this asset to be treated as a long term investment.

Notes to the accounts

year ended 31 December 2001

10 Investments held as Fixed Assets (continued)

Details of the investments in subsidiary undertakings held by the company are as follows:-

Name of company	Country of operation	Country of incorporation	Holding	Proportion of shares and voting rights held	Nature of business
Golden Prospect Mining Company Limited	Sierra Leone	Bermuda	Ordinary Shares	100%	Mining & exploration
Resource Securities Limited	British Virgin Islands	British Virgin Islands	Ordinary Shares	100%	Mining concession licence holders
Golden Prospect Mining Company Limited	UK	UK	Ordinary Shares	100%	Dormant

The groups interest in Golden Prospect Mining Company SAL (Guinea) has been written off.

Investments in which a participating interest is held

Name of company	Country of incorporation	Proportion of shares and voting rights held	Year end	Capital and resources	Loss for year
Samson Exploration NL	Australia	29%	30 June 2001	Aus \$8,669,117	Aus \$(224,401)
Geographe Resources Limited	Australia	33%	30 June 2001	Aus \$3,515,783	Aus \$(1,936,787)
Sapphire Mines NL	Australia	25%	30 June 2001	Aus \$3,752,392	Aus \$(689,727)
Kestrel Energy Inc	USA	13%	30 June 2001	US\$10,756,633	US\$(77,940)

These investments have not been accounted for as associates as the company does not exercise significant influence over the operating and financial policies of those companies.

11 Debtors

a) Amounts falling due after more than one year

	2001		2000	
	Group £	Company £	Group £	Company £
Amounts owed by subsidiary undertakings	–	1,179,166	–	904,331

b) Amounts falling due within one year

	2001 £	2001 £	2000 £	2000 £
Other debtors	2,674	–	3,208	–
Prepayments and accrued income	22,589	22,589	26,388	26,388
	25,263	22,589	29,596	26,388

Notes to the accounts

year ended 31 December 2001

12 Investments held as Current Assets – Group and Company

	2001	2000
	£	£
Listed investments	6,271,940	6,098,245

As stated in note 9 Listed Investments of £1,155,516 were transferred to fixed asset investments.

The market value of the listed investments, which are listed on the London, Australian, U.S. and Canadian Stock Exchanges, was £8,701,210 at 31 December 2001 (£6,767,865 at 31 December 2000).

13 Creditors: Amounts falling due within one year

	2001		2000	
	Group £	Company £	Group £	Company £
Corporation tax	30,000	30,000	–	–
Other creditors	6,069	5,293	11,472	5,328
Accruals and deferred income	23,550	23,550	22,100	22,100
	59,619	58,843	33,572	27,428

14 Called Up Share Capital

	Group and Company			
	Number of Shares			
	2001	2000	2001	2000
Authorised				
Ordinary shares of 10p each	250,000,000	150,000,000	£25,000,000	£15,000,000
Called up, allotted and fully paid				
Ordinary shares of 10p each	86,984,958	86,984,958	£8,698,496	£8,698,496

On 16 April 2002, 2,400,000 ordinary shares were issued for £360,000 in order to acquire 100% of RDC International Limited.

On 25 July 2001 the authorised share capital was increased to 250,000,000 ordinary shares of 10p each.

15 Share Options

The company has a share option scheme under which options to subscribe for the company's shares have been granted to the directors and other persons. The share options currently in existence were granted and are exercisable as follows:

Date Granted	Exercise Price	Number of Shares	Period Exercisable
31 May 1996	25p	900,000	Between 31 May 1998 and 30 May 2003
5 September 1996	25p	100,000	Between 5 September 1998 and 4 September 2003
27 October 1997	25p	1,750,000	Between 27 October 1998 and 26 October 2004
1 July 2001	17p	1,400,000	Between 2 July 2002 and 1 July 2008
		4,150,000	

At the year end the market value of the company shares were below the exercise price.

Notes to the accounts

year ended 31 December 2001

16 Capital Commitments

There were no capital commitments as at 31 December 2001 or at 1 January 2001.

17 Contingent Liabilities

There were no contingent liabilities as at 31 December 2001 or at 1 January 2001.

18 Transactions with Related Parties

Details of transactions with directors are given in note 5. Balances with group undertakings are disclosed in note 11.

19 Financial Instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial instruments is to utilise finance in the Group's operations.

The main risks arising from the Group's financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below.

Short term debtors and creditors have been excluded from all the following disclosures.

Interest rate risk

The Group finances its operations through equity financing.

Liquidity risk

The Group seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs by realising investments as appropriate and to invest cash assets safely and profitably.

Short term flexibility is achieved by an overdraft facility of £10,000.

Currency risk

The Group manages its currency risk by holding financial investments in foreign currency in order to finance the Group's investment transaction in overseas securities.

Borrowing facilities

The Group had a bank overdraft facility of £10,000.

Fair values

The fair values of the Group's financial instruments are considered equal to the book value.

The interest rate exposure of the financial assets of the group as at 31 December 2001 related wholly to floating interest rates as follows:-

	2001	2000
	£	£
Sterling – Cash at bank in hand	1,497,342	316,198
Australian Dollars	296,340	2,880,793
Canadian Dollars	5,087	1,003
Other	515	2,365
	<hr/>	<hr/>
	£1,799,284	£3,191,108
	<hr/>	<hr/>

20 Post Balance Sheet Events

- 1) On 16 April 2002 the company acquired 100% of RDC International Limited for £396,000 of which £360,000 was paid by issuing 2,400,000 new shares in the company.
- 2) On 13 May 2002 the company entered into Heads of Agreement with Mano River Resources Inc in order to joint venture the Sierra Leone assets.

Notice of meeting

Notice is hereby given that the 2002 Annual General Meeting of the Company will be held at Great Eastern Hotel, Liverpool Street, London EC2M 7QN on 23 July 2002 at 11 am to transact the following business of the Company.

1. To re-elect Malcolm Alec Burne as a Director, who is retiring by rotation.
2. To re-elect Richard Arthur Lockwood as a Director, who was appointed during the year.
3. To receive and adopt the Director's Report and the financial statements for the year ended 31 December 2001 and the report of the auditors thereon (the "Accounts").
4. To re-appoint Grant Thornton as auditors and to authorise the Directors to fix their remuneration.

5. As special business, to consider and, if thought fit, to pass the following resolution which will be proposed as an Ordinary Resolution.

THAT the Directors be and are hereby generally and unconditionally authorised pursuant to Section 80 of the Companies Act 1985 ("the Act"), in substitution for all previous powers granted to them, to exercise all the powers of the Company to allot and make offers to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount £16,061,504.20; such authority shall, unless previously revoked or varied by the Company in general meeting, expire on the conclusion of the Annual General Meeting of the Company to be held in 2003 provided that the Company may, at any time before such expiry, make an offer or enter into an agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities pursuant to any such offer or agreement as if the authority conferred hereby had not expired.

6. As special business to consider and if thought fit to pass the following resolution which will be proposed as a Special Resolution.

THAT the Directors be and they are hereby empowered pursuant to Section 95 of the Companies Act 1985 ("the Act"), in substitution for all previous powers granted thereunder, to allot equity securities of up to an aggregate nominal amount of £16,061,504.20 (within the meaning of Section 94 of the Act) for cash pursuant to the authority granted by resolution 5 above as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall expire at the conclusion of the Annual General Meeting of the Company to be held in 2003, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.

By Order of the Board dated 18 June 2002

Cargil Management Services Limited

Secretary

Registered Office
22 Melton Street
London NW1 2BW

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend, and, on a poll, to vote in his/her stead. A proxy need not be a member of the Company. Completion of a form of proxy does not preclude a member from attending the meeting and voting thereat.
2. Any form of proxy and power of attorney or other authority under which it is signed, or notarially certified or office copy of such power or authority, in order to be valid, must reach the Company's Registrars not less than 48 hours before the time of the meeting.
3. Copies of all directors' service contracts of more than one year's duration will be available for inspection at the registered office during usual business hours until the date of the annual general meeting, and at the place of the meeting for at least 15 minutes before the meeting until the conclusion of the meeting.

Shareholders' Notes

Form of proxy

I/We, the undersigned, being a member of the above-named company, hereby appoint

.....
 or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 23 July 2002 at 11 am and at any adjournment thereof.

The proxy will vote on the undermentioned resolutions, as indicated.

ORDINARY RESOLUTIONS	For	Against
1. To re-elect Malcolm Alec Burne, a Director retiring by rotation		
2. To re-elect Richard Arthur Lockwood a Director appointed during the year		
3. To adopt the Report and Accounts		
4. To re-appoint Grant Thornton as auditors		
5. To empower the directors to allot relevant securities pursuant to Section 80 of the Companies Act 1985		
SPECIAL RESOLUTION		
6. To disapply the pre-emption rights contained in Section 89(1) of the Companies Act 1985		

If this form is signed and returned without any indication as to how the proxy shall vote, he will exercise his discretion both as to how he votes (and whether or not he abstains from voting).

Print name Date

Signature

Notes:

- (i) This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
- (ii) You may if you wish delete the words "the Chairman of the Meeting" and substitute the name(s) of your choice. Please initial such alteration.
- (iii) To be effective this form of proxy must be lodged at the Company's registrars, Melton Registrars Limited, PO Box 30, Cresta House, Alma Street, Luton, Bedfordshire LU1 2PU not later than 48 hours before the start of the meeting.
- (iv) In the case of a corporation the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- (v) In the case of joint holders the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

SECOND FOLD

PLEASE
AFFIX
POSTAGE
STAMP

Melton Registrars Limited
Cresta House
Alma Street
LUTON
Bedfordshire
LU1 2PU

THIRD FOLD

FIRST FOLD

Officers and advisers

Directors

Malcolm Alec Burne (Executive Chairman)
Richard Arthur Lockwood (Non-Executive Director)
Neil Thacker MacLachlan (Non-Executive Director)
Nathan Anthony Steinberg FCA FCCA TEP (Finance Director)

Company Secretary and Registered Office

Cargil Management Services Limited
22 Melton Street
London NW1 2BW

www.goldenprospect-mining.co.uk

Company Registration Number: **3172986**

Nominated Adviser

Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

Auditors

Grant Thornton
Registered Auditors
Chartered Accountants
31 Carlton Crescent
Southampton SO15 2EW

Nominated Brokers

Fiske Plc
Salisbury House
London Wall
London EC2M 5QS

Registrars

Melton Registrars Limited
Cresta House
Alma Street
Luton
Bedfordshire LU1 2PU

Solicitors

Stringer Saul
17 Hanover Square
London W1R 9AQ

Principal Bankers

National Westminster Bank Plc
Great Portland Street Branch
P O Box 2027
125 Great Portland Street
London W1A 1GA



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