



Golden Prospect plc



FTSE GOLD MINES INDEX	
	Max 10 2002
	10 2001
Gold Mines Index (20)	1,027.00
10 2002	1,127.0000
10 2001	1,027.00
10 2000	1,027.00
10 1999	1,027.00
10 1998	1,027.00
10 1997	1,027.00
10 1996	1,027.00
10 1995	1,027.00
10 1994	1,027.00
10 1993	1,027.00
10 1992	1,027.00
10 1991	1,027.00
10 1990	1,027.00
10 1989	1,027.00
10 1988	1,027.00
10 1987	1,027.00
10 1986	1,027.00
10 1985	1,027.00
10 1984	1,027.00
10 1983	1,027.00
10 1982	1,027.00
10 1981	1,027.00
10 1980	1,027.00



Report and Financial Statements

for the year ended 31 December 2002



Golden Prospect plc

Golden Prospect is an investor in the natural resource sector. It employs value investing principles and management's 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.


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 team is experienced but is also supported by networking and quality equity analysis. The decision process is team based and the investment philosophy driven by intrinsic value.”

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.

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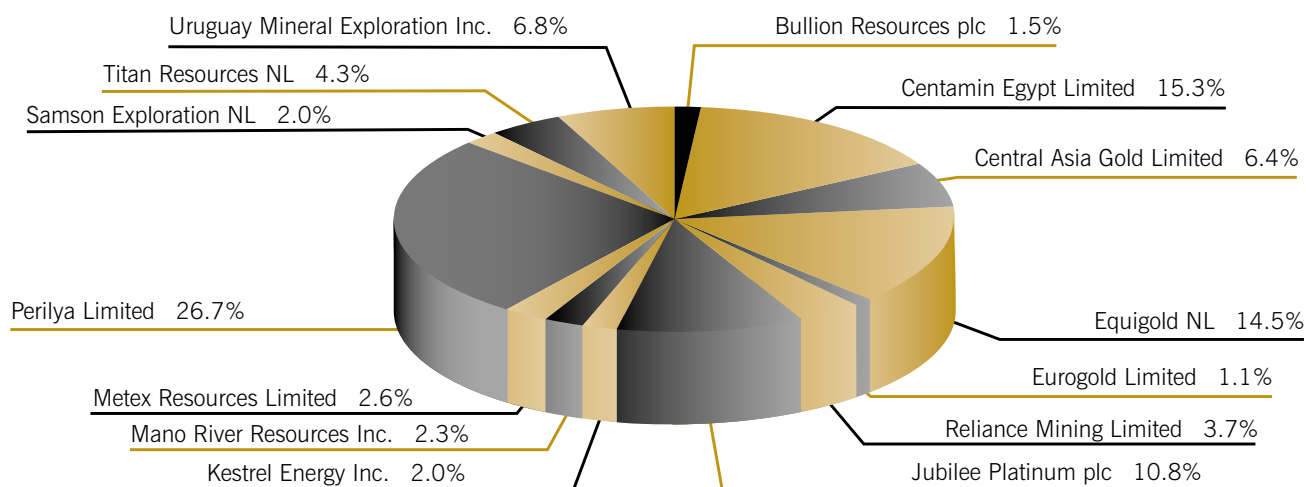
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Performance highlights

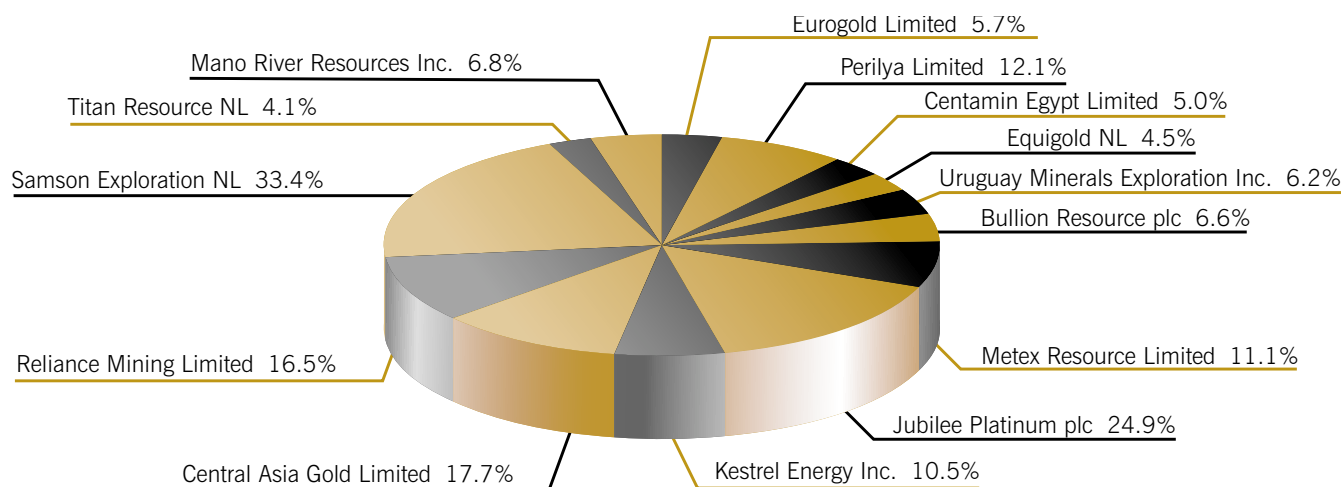
“Shareholders will be pleased to note that as at 31 December 2002 unrealised gains on our quoted investments amounted to circa £3.5 million.”

Strategic Investment Portfolio

By Value

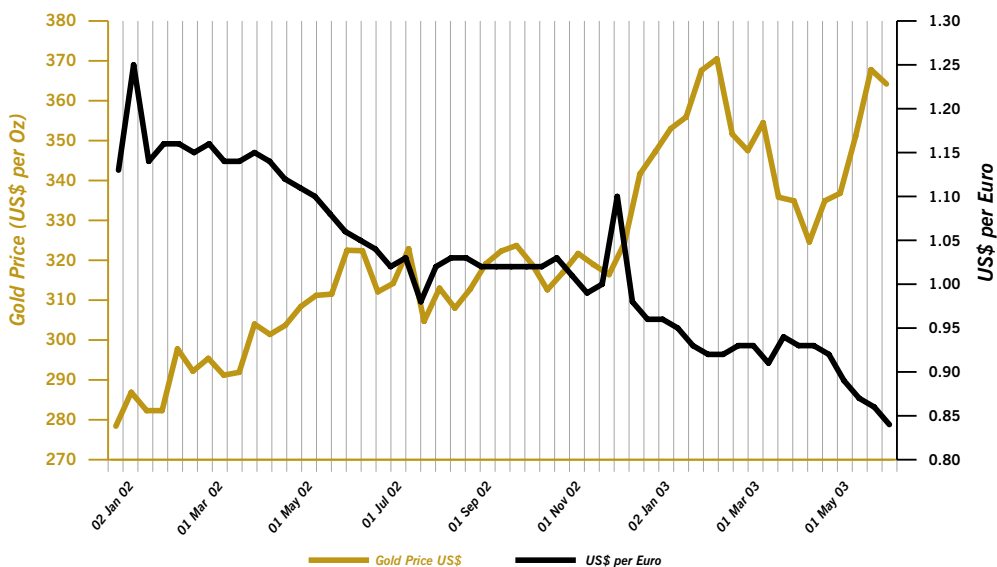


By Holding





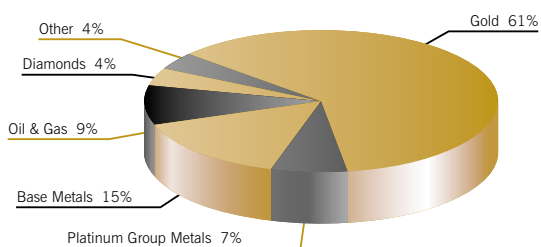
Gold Price / Dollar (Euro)



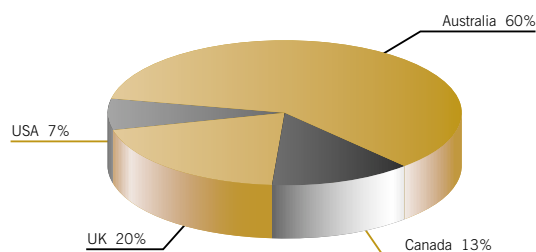
“The resurgence in the mining and resources sector of the market has clearly impacted very favourably on the company’s strategic holdings.”

“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.”

Commodity Breakdown



Investee Company Geographical Breakdown



Chairman's statement

“The Company, therefore, remains in a healthy position as it moves into a robust period for the mining and resources sector of the market.”

Dear Shareholder

As with previous annual reports, I open with thankfully the same message. It has been another very eventful period with progress on a number of fronts, which I will address further into my statement.

Another year of increasing activity in the mining and resources sector of the market has helped to consolidate our growth where our core holdings are concerned and rationalise our portfolio in terms of swapping laggard stocks for potentially more rewarding investments.

“Our anchor or core holdings in Perilya, Equigold and Centamin Egypt are all in good shape, while previously underperforming assets such as Geographe Resources (now Reliance Mining) and Sapphire Mines (now Central Asia Gold) have been transformed by their respective injection of ambitious new projects as discussed elsewhere in this report.”

Samson Exploration and its investments in both AGR and Kestrel are next in line for corporate action and hopefully a rerating. Option agreements were also entered into with Mano River Resources Inc. and Jubilee Platinum plc for joint exploration activities on our exploration properties in Africa.

Since the last annual report, we have added Jubilee Platinum plc (25 per cent owned) to our main portfolio and this arose via a £505,000 investment in Resource Development Corporation. I am pleased to say that the market value of this investment in Jubilee is now circa £1,550,000. As always with a significant number of key investee holdings (fourteen at the present time), there must inevitably be a disappointment or casualty. In this instance it turned out to be the most unlikely of all investee candidates in the shape of Bullion Resources plc.

This Initial Public Offering (IPO) was heavily oversubscribed reflecting the attractions of the Business Plan, but less than a year later, problems have bedevilled this entity. The shares which were floated at 40p were suspended in April at 7p. While a thorough review of the company's operation is currently being undertaken and a statement pending we have, using our prudent accounting policy, made provision of £989,270 on this investment to its suspension price.

This loss on Bullion Resources plc is naturally a big disappointment to all concerned and unfortunately has impacted negatively on the company's hitherto good interim financial results. Restoration of the share quote is pending clarification of the current affairs of this company.

Results

Notwithstanding this, the Directors' report that for the year ended 31 December 2002, the company returned operating profits of £219,234 up from £176,298 on the previous year.

Profits before tax were £239,701 compared to £274,152 mainly reflecting reduced interest received. Despite this shareholders will be pleased to note that as at 31 December 2002 unrealised gains on our quoted investments amounted to circa £3.5 million.

We are also encouraged by the unaudited management accounts which show that at 31 May 2003 the market value of the company's quoted investment portfolio and cash resources was circa £17 million (excluding mineral exploration assets) equivalent to circa 19 pence per share. The company, therefore, remains in a healthy position as it moves into a robust period for the mining and resource sector of the market.

The total running costs amount to 1.5% (approx.) of assets under management. Operating overheads increased due mainly to a substantial rise in turnover and additional corporate promotional/development expenses. There were also corporate finance charges on material transactions and first time fees for the non-executive directors.



“The enhanced investor awareness programme resulted in a substantial increase in the liquidity of the company’s shares and the addition of several hundred new shareholders to the Register of Members.”

Strategy

Management’s objective remains the same. Its policy is to maximise capital growth through investing primarily in gold mining and mineral exploration shares throughout the world, concentrating on thoroughly researched emerging producers. The management team is experienced but is also supported by networking and quality equity analysis. The decision process is team based and the investment philosophy driven by intrinsic value.

Currently, the company has 14 core holdings and a significant trading portfolio. Assets are geographically allocated and based on a bottom-up approach focusing on specific stock selection. In the case of the larger holdings, management prefers a proactive stance and therefore has director representation on a number of investee company boards.

The investment selection criteria also involves seeking companies with highly experienced or proven management showing a strong track record required to produce success from exploration and mining projects. The focus, is on quality assets and on valuable tenements which are likely to produce long-term growth.

Gold

For several years running we have been preaching gold’s great recovery as an asset class and have attempted in past reports to convey the merits of holding both physical bullion as a value play and a selection of stocks in well managed emerging gold producers offering significant leverage in a rising market. A shake-up in volatile global stock markets and

other asset classes has caused a reluctance to remain totally in paper financial assets and hence the return of hard assets.

“The US Dollar slide is widely expected to continue and as we live in an uncertain period both geopolitically and economically, gold is an insurance against bad times.”

It is, as always, the ultimate safe haven and currently provides an anchor in a sea of low returns, high risk, financial distress and global instability.

For the benefit of those who are genuinely interested in all the reasons behind golds resurgence in price, I have included a separate section at the end of this statement. From this you will see how strongly we favour gold mining shares in a maturing bull market for physical bullion.

Other Metals

In respect of base metals, the short-term outlook for demand remains poor. Evidence for an upturn in consumer led demand is uninspiring, so not surprisingly net non-commercial open interest on commodity exchanges is currently on the short side.

For most metals, supply growth has been restricted as a result of the weak market price situation over the past couple of years. Significant price recovery will ultimately depend on a significant upturn in demand, but the view does not support a meaningful rise until well into the second half of 2004. In our opinion, investment exposure is justified in the case of nickel and copper but possibly not in zinc and aluminium, although the robust Chinese economy could stimulate these metals also sooner rather than later.

Precious Metals

Silver should ride the coat-tails of gold although it has its own bullish supply/demand fundamentals, while platinum continues to attract increasing demand

Chairman's statement

“Based on past trends, a 5 to 7 year period of increasing exposure to gold by new investors worldwide is a very real probability.”

for all the reasoned arguments that are so regularly put forward.

Exploration - Gold

Since my last report your company entered into an agreement with the Mano River Resources plc (a company in which we also hold a near 7 per cent equity interest and of which I am a director) to jointly explore the contiguous licences at Lake Sonfon within the Sula mountains greenstone belt in Sierra Leone. Previous work on the licence areas covering 256 sq km yielded exciting gold occurrences relating to major shear structures. Moreover, in February the partners reported highly encouraging results as follows:-

- 3km long by 0.3 km wide anomaly discovered, with peak value of 1,100 pp b.
- High grade gold-bearing stockwork vein system beneath anomaly, with trench intersect of 7.3m @ 7.4 g/t.
- Potential bulk tonnage gold deposit identified for drill testing.
- Highly encouraging gold grades from grab samples confirm historical work, which included a previous grab sample of 77 oz/t.

Thanks to British political influence there has been a resurgence of interest by foreign investors in Sierra Leone. Confidence has returned reflected by the number of mining companies who have recommenced mining activities on their properties. The UN and the World Bank have also played a positive role.

Joint Ventures - Platinum

In respect of the platinum licence at York Peninsula in Freetown, Sierra Leone, evaluation continues to be made by Jubilee Platinum plc. It is expected that Jubilee will be taking up its option to advance the York project. However, in respect of the Ethiopian project at Yubdo, Jubilee will not be exercising that option, believing the project to be, as we understand, too ambitious for a small company. A larger

partner will therefore be procured in the near future. The company's other exploration assets in Ethiopia are currently being re-assessed by our consultant Dr John Bowles.

Personnel

I would like to express my thanks to all my colleagues who have assisted in the company's progress in the past year. In particular, the appointment of Richard Lockwood as a director has had a major impact on the performance of the portfolio. Richard teamed up with me on the investment selection committee and has brought a wealth of investment management experienced to Golden Prospect. Richard also represents Golden Prospect on the Board of Perilya, our largest single holding in Australia.

As always, Nathan Steinberg's invaluable assistance on all financial, administrative, regulatory and compliance matters has been of increasing importance to the company's financial controls.

Neil MacLachlan is thanked for his stewardship with me of our significant Australian investee companies prior to their change of direction, namely Geographe, Sapphire and Samson. Neil is currently monitoring our other large investments chiefly in Kestrel Energy and Titan Resources both of which he is a director.

Finally, a thank-you to all our friends and contacts who bring us investment opportunities from the world over and to those of our shareholders who contribute with their vision from time to time.



M A Burne
Chairman

19 June 2003



Gold – exciting times ahead

Basically, gold acts contrary to other financial assets and the current unstable environment is one in which gold thrives. Gold has a negative correlation with a declining US Dollar and economists now fear that US Dollar bears will grow louder and louder during the next few years, reflecting a very nasty bubble burst recession. This may lead to deflation in the US and fuel continued global currency realignment. It has even been suggested that the US authorities will take the lid off the gold price and let the dollar free so that it can compete against the Euro for world reserve currency status. The alternative could be that the imbalance in the US economy will become worse as the trade deficit continues to soar, money supply increases to unknown levels and foreigners lose faith completely.

When major currencies such as the US Dollar decline from lofty positions, they tend to fall a long way indeed. The US Dollar is down by almost 30 per cent in the last eighteen months against the Euro and according to experts it could fall a lot further. Underlying the problems of the US currency has been a shift in the basis of global capital flows and a widening current account deficit which is expected to reach US \$600bn this year without attracting the massive inward investment needed to finance the gap.

US Dollar weakness and the geopolitical uncertainties are not the only cause underlying the case for a Gold bull market. Technically, there could be a reckoning at the physical end. The global derivatives book continues to be way offside in a world of shrinking gold production, declining hedge activity and rising bullion prices. A “short squeeze” is widely predicted by some senior traders in the market and under the “Washington Agreement”, Central Banks which traditionally plug the gap must limit their collective sales until September 2004. This reinforces the positive supply/demand fundamentals so that we now have a unique situation where all the critical drivers for gold are pointing in the same direction. As the cult of the equity struggles, investors are seeking wealth preservation amid a climate of low interest rates and volatile bond and stock

markets. Gold is now in a confirmed long-term uptrend, and although every bull market climbs a wall of worry in the early stages (Iraq was a sideshow) we all now have a great opportunity to buy gold and gold stocks in anticipation of a major price rise in bullion over the next few years.

International gold mining majors are competing with each other for the acquisition and consolidation of new significant gold assets and the sector is now witnessing the emergence of new Exchange Traded Investment Products (ETF's). The Equity Gold Trust launched by the World Gold Council, for example, is an open-ended investment vehicle that enables investors to buy gold at close to spot prices without the traditional high 3% – 7% transaction costs and the worry of storing and insuring the physical bullion. The concept has been devised to meet growing investor interest in the yellow metal as a safe haven. The trust will issue shares backed by physical bullion. In Australia, Gold Bullion Securities has also commenced trading using the same formula, and the Canadian marketplace is now working on a comparable IPO.

The emergence of Exchange Traded Funds for the gold sector is long overdue, but is nevertheless a significant milestone for gold and will expand its borders by broadening the potential population of investors to those who recognise gold as a safe portfolio diversifier. It is anticipated that large pension funds which to date have had only a miniscule presence in the market for physical gold will find the new products appealing and a long-term financial insurance. The World Gold Council has done a good job in increasing gold's attractions to an international investor audience. Following its campaign in China, the Government will shortly allow individuals to trade gold freely and open accounts with designated banks, all in an effort to stimulate investment demand in bullion. It is a similar story in Japan, where the investing public has recently embraced gold as a safe alternative asset. India and Russia are expected to follow suit. Based on past trends, a 5 to 7 year period of increasing exposure to gold by new investors worldwide is a very real probability. In my view we are in for exciting times in the gold bull market cycle now underway!

INVESTMENT portfolio

Perilya Limited

Location: **Australia**

Activity: Mining and Exploration

Perilya Limited is a diversified mining and exploration company based in Perth, Western Australia and has a quality portfolio of interests in gold, base metals, oil and gas. It is listed on the Australian Stock Exchange (ASX Code: PEM). 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. Perilya had cash and investments of A\$51.4 million at the end of March 2003.

In May 2002, Perilya acquired the Broken Hill lead, zinc and silver mine in New South Wales from Pasminco Limited. The targeted annualised mining and treatment rate of 2.4 million tonnes per annum, to produce 165,000 tonnes of zinc, 83,000 tonnes of lead and 2.3 million ounces of silver per year for the next decade, was achieved in early 2003. Broken Hill provides the opportunity to generate significant cash flows to sustain Perilya's exploration, development and investment activities. A strong operating performance in the first quarter 2003 resulted in the achievement of a positive cash flow and profitability.

Perilya holds a 35.6% interest in Strike Oil N.L., an unlisted oil and gas exploration company established in 1997. Strike

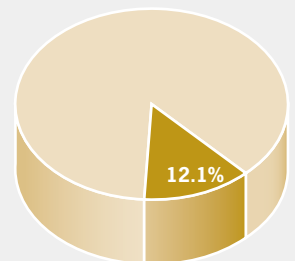


Oil has interests in exploration permits onshore and offshore Australia including conventional petroleum and coal seam natural gas exploration. The company is the operator of seven projects onshore and offshore, with active exploration programmes in the Carnarvon, Otway, Cooper/Eromanga and Surat/Gunnedah Basins.

Perilya merged with Ranger Minerals Limited in October 2002, joining the company's operational expertise and exploration potential with Ranger's financial and investment strength. The merged entity is a company with the financial capacity to exploit the outstanding opportunities presented by its project and investment portfolio.

Perilya's mineral resources exploration activities are in gold, copper and zinc in Western Australia, South Australia, Queensland and Sabah, Malaysia. The Flinders Project in South Australia has a resource of 941,000 tonnes at 31% zinc, with potential for discovery of additional high-grade zinc deposits, while the Mount Oxide Project (Perilya 40%) in Queensland has an estimated inferred resource of 2.8 million tonnes at 3.5% copper, with mineralisation open in a number of directions.

We hold a



stake and board representation



Centamin Egypt Limited

Location: **Australia and Egypt**

Activity: Gold Exploration and Mine Development

Centamin Egypt Limited is a gold exploration and mine development company based in Perth, Western Australia and Alexandria, Egypt. It is listed on the Australian Stock Exchange (ASX Code: CNT) and the Alternative Investment Market of the London Stock Exchange (AIM Code: CEY). The company has gold and early stage base metals projects in Northern and Eastern Egypt and is moving towards becoming the first company to be a large producer of gold in the Egyptian pharaonic goldfields.

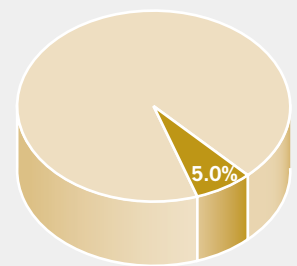
Centamin has title, through its 100% owned subsidiary, Pharaoh Gold Mines, to over 4,500 sq km containing 66 historic gold mines and workings in three separate concession areas, Sukari, Barramiya, and Abu Marawat.

The Sukari Gold Project is well advanced towards the development of a substantial mining operation. Pharaoh Gold Mines, together with the Egyptian Geological Survey and Mining Authority, has been granted an exploitation lease for 30 years, with an option to extend for a further 30 years.

Sukari Hill is a porphyry deposit, which is 2.6km long, about 900 metres wide at its widest point and reaches a height of around 400 metres. Drilling to date has only tested a small proportion of the hill. In mid 2002, SNC-Lavalin Australia Pty Ltd conducted a review of a Bankable Feasibility Study for the development of a 2 million tonne per annum processing facility, based on Measured and Indicated Resources of 2.04m ounces (0.5g/t cut-off) and a gold price of US\$297/oz. The model is the foundation for an additional study of a larger facility to process between 4-5 million tonnes per year based on the upgraded total resource figure of 3.06m ounces (0.5g/t cut-off).

Standard Bank London Limited has been mandated as arranger for a limited recourse project finance loan facility for the development of the Sukari Gold Project.

We hold a



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INVESTMENT portfolio

Equigold NL

Location: **Australia & West Africa**

Activity: Gold Mining and Exploration

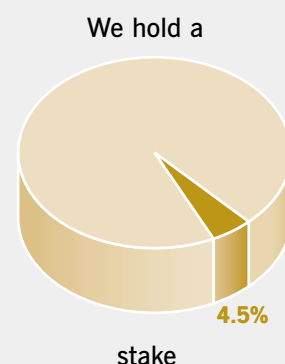
Equigold NL is an emerging mid-tier gold producer and exploration company with a clear focus, and record, of delivering returns to shareholders by discovering, acquiring and developing gold mines. It has established a reputation for the establishment of small to mid-size gold projects on time and within budget, followed by cost effective operations. Equigold is based in Perth, Western Australia and is listed on the Australian Stock Exchange (ASX Code: EQI).

The company's present production operations are from the Mt Rawdon Gold Mine, Queensland, (100%) and the Kirkalocka Gold Mine, West Australia, (100%). Gold production in 2002 was 86,225 ounces at a cash cost of A\$338 per ounce. Estimated production for 2003 is in the order of 140,000 to 150,000 ounces, following the commissioning of the Kirkalocka operations and the completion of the crushing circuit upgrade at Mt Rawdon in late 2002.



Total reserves, at 30 June 2002, were 1.62 million ounces of contained gold and 4.72 million ounces of contained silver, within total resources of 4.14 million ounces of contained gold.

Equigold has advanced exploration activities on its three exploration licences (94% owned), which cover 1,546 square kilometres in Cote d'Ivoire. An Indicated and Inferred resource of 1 million ounces, at a cut-off of 1.0g/t, has been established on the Bonikro Project.





Uruguay Mineral Exploration Inc.

Location: Uruguay

Activity: Exploration and Mine Development

Uruguay Mineral Exploration Inc. (UME) is a Canadian listed company (TSXV Code: UME), based in Uruguay. It is focussed on the evaluation of exploration opportunities in Uruguay and is the leading mineral exploration company in the country, with an assembled portfolio of significant gold, base metals and diamond prospects. The company has good partnership relations with Rio Tinto, BHP Billiton, Votorantim (a private Brazilian company) and Crystallex. Its management strengths and long term involvement in the country (6 years) has enabled strong operational skills and relationships with government officials to develop.

The company is the holder of the only comprehensive geological database assembled in Uruguay. The database contains all the geophysical and geochemical surveys carried out in Uruguay over the past 20 years by such groups as BHP, Sante Fe Gold, St Joe Minerals, Bond Gold, Southern Era, etc. UME continues to develop and evaluate this database. As a result, a number of new gold, nickel and base metal targets have been identified and ranked, and preliminary screening is in progress.

High-grade copper/lead/gold/silver mineralisation has been encountered within a series of mafic-hosted, shallow dipping quartz veins, in a series of wide spaced drill holes on the Texas Project in Northern Uruguay. The project lies within a large 70 kilometre long zone, which has anomalous copper, gold and silver values in a number of areas. A review of the follow-up geophysical programmes is underway.

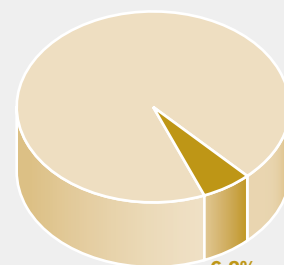
UME has a controlling land position in the historic Minas de Corraeles gold field in Northern Uruguay, and surrounds the

nearly depleted San Gregorio mine of Crystallex International Corporation. It has formed a joint venture with Crystallex to evaluate and develop the Sobre Saliente project, but in the longer term a rationalisation of resources is inevitable. It is understood that the company is approaching a production decision in this area.

In 2002, the company entered into an agreement with BHP Billiton whereby BHP Billiton agreed to fund a portion of the costs and provide technical support for the drilling of a geological investigation diamond drill hole on the very large Lascano geophysical anomaly. A 450 metre hole was completed in the second half of 2002 and results are being assessed. BHP Billiton has an option to negotiate a Farm-in Agreement in respect of further exploration of the anomaly, if it is warranted.

UME has other promising gold prospects at Mirta, Casupa, Chamizo and Presidente Terra, where first round drilling programmes have intersected high-grade, shear hosted mineralisation, nickel prospects at Paso del Lugo and Mal Abrigo (where Rio Tinto has expressed strong interest) and a number of high-grade copper/lead/zinc prospects on the Dorn Feliciano mobile belt. The company also has good diamond prospects in the Minas de Corraeles area and the complementary Rivera Diamond project, which it received through the acquisition of Cinco Rios S. A., a private Uruguayan company.

We hold a



stake

INVESTMENT portfolio

Eurogold Limited

Location: **Romania**

Activity: Mining and Exploration



Eurogold Limited has gold production and exploration activities in Romania. The company has built up a strong base of assets and experience over the last decade from which it intends to secure additional gold mining opportunities in Eastern Europe. It is based in Perth, Western Australia and is listed on the Australian Stock Exchange (ASX Code: EUG).

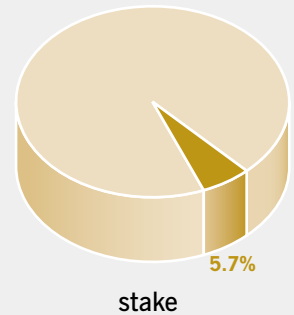
The company has formed a 50/50 Joint Venture, SC Transgold SA, with the Romanian state owned mining company REMIN SA. Transgold is the owner and operator of the Baia Mare gold tailings operation in North West Romania. Transgold produced 15,648 ounces of gold and 54,568 ounces of silver in the six months to end December 2002. The Central tailings dam at Baia Mare, which Transgold expects to commence treating in early 2004, is estimated to contain 135,000 ounces of recoverable gold. REMIN also directs tailings and concentrates

from its operating plants and crushed ore from small-scale gold mines to Transgold for toll treatment.

Several small, quartz vein hosted gold resources have been identified in the historical gold workings around Baia Mare, which Transgold intends to assess and develop for treatment in the Baia Mare plant.

SC Explorer SA (Eurogold Limited 97.5%) has been established to conduct exploration programmes over the Inner Carpathian volcanic belt, which extends from central Romania across the southwestern tip of Ukraine and into Slovakia. The belt has produced an estimated 4 million ounces of gold to date. Programmes are being undertaken in an area which stretches 30 kilometres northwest from Baia Mare to the Ukrainian border.

We hold a



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Central Asia Gold Limited (formerly Sapphire Mines Limited)

Location: **Australia and Kyrgyzstan**

Activity: Gold Exploration and Mine Development

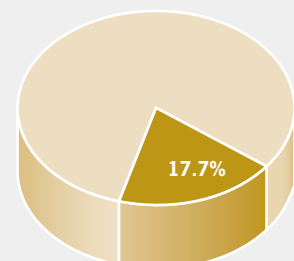
Sapphire Mines Limited changed its name to Central Asia Gold Limited in November 2002, following the acquisition of a 75% interest in Central Asia Gold Holdings Limited in late 2002. Central Asia Gold is based in Perth, Western Australia and is listed on the Australian Stock Exchange (ASX Code: CGX).

Central Asia Gold is the manager of three highly prospective gold projects located in the Tien Shan mountain range in the Republic of Kyrgyzstan, Central Asia. The three projects, Akjilga, Turuk and Altyn Jilga are close to Osh, the second

largest city in Kyrgyzstan. More than US\$8.7 million has already been spent on exploration on the projects. This work resulted in a preliminary resource estimate for the three projects of over 5.2 million ounces of gold. Significant exploration potential remains on all three projects.

The projects are held in a joint venture with the South Kyrgyz Geological Expedition, a government agency based in Osh and previous managers of the projects. Central Asia Gold has an option to acquire the remaining 25% interest in CAGH.

We hold a



stake and board representation



Bullion Resources plc

Location: **South Africa**

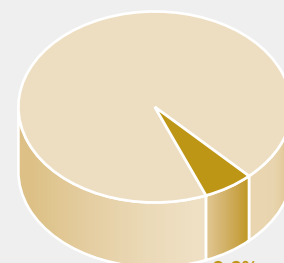
Activity: Gold Mining



Bullion Resources plc is registered in the UK and is listed on the Alternative Investment Market of the London Stock Exchange (AIM Code: BLO). The company was formed to bring the three small surface gold deposits of Drylands, Palmfontien and New Machavie, which lie on the Golden Arc around Johannesburg, South Africa, into production and to acquire additional near surface deposits on the Arc.

Following continuing commissioning and production delays at the Drylands operation, the non-executive directors of the company instituted a thorough review of the company's operations. The existing operations at Drylands and Palmfontien were put on hold, pending the completion of the review. Trading in the company's shares was suspended in April 2003, at the company's request. An update report is due in the near future from Lion Mining Finance, London, which is undertaking the review.

We hold a



stake

Metex Resources Limited

Location: **Australia**

Activity: Exploration and Development

Metex Resources Limited is a mineral exploration and resource development company with a range of gold leases and a strategic alliance with a diamond exploration company. Metex is listed on the Australian Stock Exchange (ASX Code: MEE) and is based in Perth, Western Australia.

The company has positioned itself as one of the leading regional players in the highly prospective Laverton Belt in the NE Goldfields of Western Australia, where it has a 50:50 joint venture, the Laverton Exploration Joint Venture, with a subsidiary of Placer Dome Asia Pacific Ltd. Metex is the exploration manager of the joint venture. It has also consolidated a significant landholding in the emerging Pinjin/Roe area north east of Kalgoorlie, Western Australia.

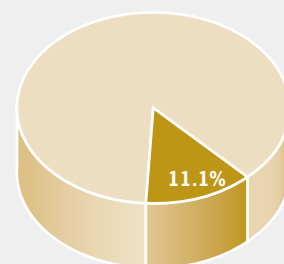
Placer Dome Asia Pacific has been appointed as development manager to conduct trial mining of a portion of the Laverton Joint Venture's Whisper gold resource. The

deposit is a near surface oxide resource of 2.65 million tonnes @ 2.5g/t for 214,000 ounces. The ore is expected to be processed through the Granny Smith mill. The successful conclusion of this stage, by March 2004, is expected to lead to the full evaluation of a total oxide resource of almost 620,000 ounces in 5 near surface deposits in the area.

Apart from this development, the joint venture is pursuing regional exploration aggressively, with a budget of A\$2.5 million during 2003. A number of localities, which are rated highly, are being drilled currently in the pursuit of plus 1 million ounce potential.

Metex has formed a strategic alliance with Elkedra Diamonds NL, in which it holds a 20.4% stake. Elkedra is conducting exploration activities for diamonds on its extensive landholding, which covers the Altjavarra Craton in the Northern Territory, Australia.

We hold an



stake

INVESTMENT portfolio

Kestrel Energy Inc.

Location: USA

Activity: Oil and Gas Exploration and Production

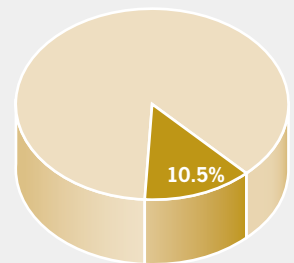
Kestrel Energy is an oil and gas exploration and production company based in Denver, USA. It transferred recently to the Over the Counter Bullion Board Market (Code: KEST.OB) from the Nasdaq Small Cap Market.

The company has a portfolio of production and exploration assets in the gas rich Green River Basin, Wyoming and gas dominated reserves located in Louisiana, Texas, New Mexico and Oklahoma. An independent assessment of reserves at

30 June 2002 showed 13.7 billion cubic feet of gas equivalent, with a current reserve life of 65 years. Kestrel intends to further develop five fields in Oklahoma, Louisiana, New Mexico and Wyoming.

Golden Prospect's 10.5% holding in Kestrel is complemented by Samson Exploration Limited's (Golden Prospect 33%) 22% stake.

We hold a



stake and board representation

Samson Exploration NL

Location: Australia

Activity: Investor in Natural Resources

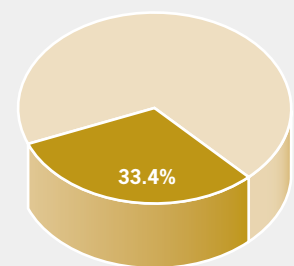
Samson Exploration NL is based in Perth, Western Australia and is listed on the Australian Stock Exchange (ASX Code: SSN). It has made investments in companies within the petroleum and gold sectors and holds exploration leases in Western Australia and Queensland, Australia.

Samson holds a 22% interest in Kestrel Energy Inc., a listed USA based oil and gas company. This holding is supported by Golden Prospect's 10.5% stake in Kestrel. Kestrel has a portfolio of production and exploration assets in the gas rich Green River Basin, Wyoming and gas dominated reserves located in Louisiana, Texas, New Mexico and Oklahoma.

A 3.3% interest is held in AGR Limited, which is developing the Boroo Gold Mine in Mongolia. The Boroo Project (95% AGR) has a resource base of 2.4 million ounces of gold, with 1.2 million ounces in the proved and probable reserves category. Construction of a 1.75mtpa processing plant and associated facilities, for an initial production profile of 200,000 ounces per year, commenced in mid 2002.

Cameco Corporation of Canada, which has major uranium and gold interests, acquired a 52% interest in AGR Limited in March 2002 and is expected to list its total gold assets as Cameco Gold.

We hold a



stake and board representation



Reliance Mining Limited (formerly Geographe Resources Limited)

Location: Australia and Peru

Activity: Exploration and Project Development

Geographe Resources Limited changed its name to Reliance Mining Limited following the completion of the acquisition of Reliance Mining Limited, a former unlisted public company established by former senior executives of Western Mining Corporation Resources Limited (WMC). The Reliance management team combines 100 years of experience in major mining companies with skills in geoscience, mining and finance. Reliance is based in Perth, Western Australia and is listed on the Australian Stock Exchange (ASX Code: REM).

The company has assembled a first class portfolio of opportunities for exploration and development. These opportunities have been derived from an intensive continental scale targeting exercise using sophisticated techniques and capitalising on the experience and expertise of the management team. Reliance has also secured extensive tenure over what it believes could be a new and exciting mineral province in central Western Australia, and has formed an Exploration Alliance with WMC, which is providing a pipeline of first class opportunities globally.

Reliance has eight gold project areas in Victoria, Australia, which cover 7,000 sq km of covered extensions to major gold fields and under explored historic mining centres with a combined historic production in excess of 2 million ounces.

The Exploration Alliance with WMC gives Reliance access to projects, which fall outside WMC's current business focus.

If, upon further exploration, these turn out to be major discoveries, WMC will have the right to acquire a majority interest. If they turn out to be below WMC's criteria, Reliance will retain the majority interest.

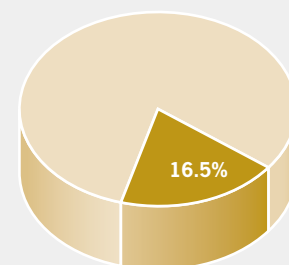
An area of mutual interest, covering approximately 135,000 sq km, has been defined in Southern Peru. The area covers eight target zones defined by WMC, which have many of the geological ingredients consistent with epithermal gold deposits of the Yanacocha or Pierina type. Reliance has the ownership of all deposits which are smaller than 4 to 5 million ounces of contained gold. Over this size, WMC has the right to re-gain up to an 80% interest by refunding a pre-agreed percentage of Reliance's costs on the project.

Reliance has also secured exclusive access to WMC's Yilgarn, Western Australia gold database, which represents over 10 years of WMC's experience in the region.

The company holds the Colussus (base metals/gold/platinum group metals/diamonds), Stanley Nickel (nickel/platinum group metals) and Fraser Range (gold/base metals) projects in Western Australia and the South Cannington (base metals) project in Queensland, Australia. Reliance expects to be in a position to drill defined anomalies at Stanley Nickel in August.

The immediate focus is on gold, with projects in Peru and Victoria, Australia.

We hold a



stake and board representation

INVESTMENT portfolio

Jubilee Platinum plc

Location: **Africa, Madagascar and Canada**

Activity: Exploration

Jubilee Platinum plc is a global mining exploration company focusing on platinum group metal (PGM) properties. The company's strategy is to add value to its properties with a view to achieving exit through outright sale or joint venture with major mining companies. It is based in London and is listed on the Alternative Investment Market of the London Stock exchange (AIM Code: JLP).

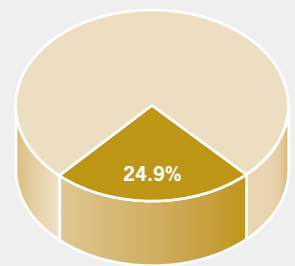
In South Africa, Jubilee's Dullstroom properties cover more than 4,500 hectares on the south eastern limb of the Bushveld Complex and lie on the postulated southern strike extension of the geologically renowned PGM bearing Merensky and UG2 reefs, where Anglo American, Aquarius Platinum and others are active currently some 7.5km to 15km on strike to the north. The first phase exploration reconnaissance programme has confirmed a geological setting favourable for extension of the reefs and has identified initial drill targets. Application has been made for the necessary prospecting permits. The company has entered into a shareholders agreement to form a new company with K-Plats (Pty) Ltd, a black empowerment mining company.

Jubilee has acquired 10-year exploration permits on 4 areas totalling 121,875 hectares in north central Madagascar, where exploration in the 1960s located primary PGM sulphide mineralisation. Initial work on the Londokamamama prospect has identified a significant surface oxidation zone (gossan) with anomalous PGM, copper and nickel levels. The gossan area is open ended.

The Canadian properties of Havoc Lake, Norwood Lake and Pillar Lake, total area 8,914 hectares, are located near the west shore of Lake Nipigon in the Thunder Bay Mining Division, Ontario. The company has the exclusive right and option to earn a maximum of 70% interest upon completion of a work programme, a feasibility study and financing to production in the properties from East West Resources Corporation. Two targets have been identified on the Havoc and Norwood properties.

Jubilee has options to enter into joint ventures on Golden Prospect's Yubdo, Ethiopia and York, Sierra Leone platinum properties.

We hold a



stake and board representation



Mano River Resources Inc.

Location: **West Africa**

Activity: Exploration

Mano River Resources Inc. is a mineral exploration company focussed on strategic gold and diamond exploration in the contiguous West African countries of Sierra Leone, Liberia and Guinea. The company is incorporated in Canada and is listed on the Toronto Venture Exchange (TSXV Code: MNO) and the Alternative Investment Market of the London Stock Exchange (AIM Code: MANA), with an exploration office in the UK.

Mano River holds an exceptional portfolio of gold exploration licences in Sierra Leone, which total 344 square kilometres across some of the most prospective terrain within all three of the country's major greenstone gold belts and within which hard rock gold deposits are already being delineated. The company acquired recently the North Pampana property, which hosts the high grade Yirisen gold deposit and strategically adjoins Mano's South Pampana property. Yirisen has a present strike length of 1km, as defined by artisanal gold mining, and remains open in both lateral directions and to depth. The property contains several gold anomalies detected by an extensive 1980's UNDP funded programme. The highly prospective Yirisen-Massamank mineralised trend runs through the North Pampana and South Pampana properties, while the Baomahun gold deposit lies some 30km to the south.

The company has entered into an agreement with Golden Prospect plc to explore jointly two contiguous gold exploration licences, total area 256 square kilometres, at Sonfon, within the Sula Mountains greenstone belt, considered to be the most significant and highest potential gold structure in Sierra Leone. Recent results have identified a 3km long gold in soil anomaly, co-incident with a high-grade gold-bearing stockwork vein system, with a best trench intersection of 7.3m @ 7.4 g/t, within a 7km structural trend.

Mano River holds the two strategically placed gold properties of Nimini Central and Nimini South, which are located in the Nimini Hills greenstone gold belt and which host parts of known lode gold deposits shared with two properties, Nimini East and Nimini West, held by Afcan Mining. These properties are the subject of a Heads of Agreement for a joint venture between Afcan Mining and Ashanti Goldfields.

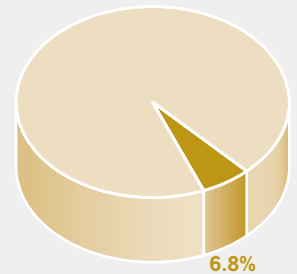
The company's three diamond properties in Sierra Leone, at Yengema East, Njaiama and Nimini, lie immediately adjacent to the well-known diamondiferous Koidu kimberlite pipes. Recent activities have produced extremely encouraging results, with the discovery of 10 previously unmapped kimberlite dykes, several macro-diamonds and diatreme facies kimberlite float indicative of a new pipe.

The company has significant gold and diamond exploration licences in Liberia. Several kimberlites, from three of which micro- and macro-diamonds have been recovered and a macro-diamond from a fourth, have been identified on the Bea and KPO licences. A Heads of Agreement for a joint venture with Trans Hex, the South African diamond exploration and production company, has been signed on the Kpo property.

Limited drilling on the King George Larjor and Weaju prospects in the 1,000 square kilometres Bea licence in Liberia has resulted in an independently calculated open-pit table combined geological resource (indicated and inferred) of some 4.8Mt grading 5.5g/t gold (840,000 ounces).

In Guinea, Mano's gold permits at Missamena and Gueliban target the major contact zone between the Birimian schist belt and the mixed gneissic zone of Birimian and Archean.

We hold a



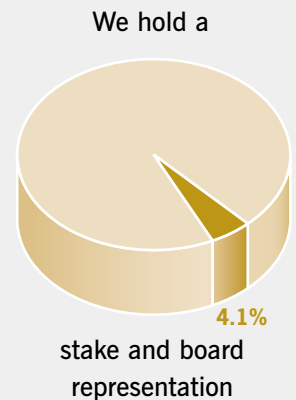
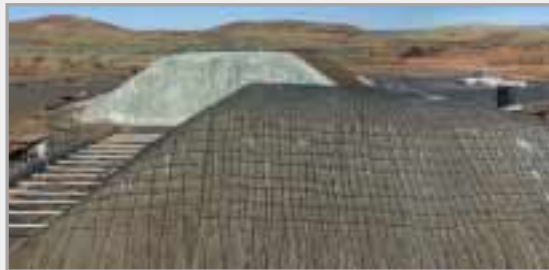
stake and board representation

INVESTMENT portfolio

Titan Resources NL

Location: **Australia**

Activity: Mining, Exploration and Mineral Processing Technology



Titan Resources NL is a mining and mineral exploration company based in Perth, Western Australia. It has established a track record of success as a profitable miner and explorer and is advancing the development of a bacterial oxidation process, Bioheap™, to recover base metals from sulphide ores in a heap leach environment. The company is listed on the Australian Stock Exchange (ASX Code: TIR).

The foundation for Titan's recent growth came from the successful mining operations at the Radio Hill massive sulphide orebody, which contained nickel, copper, cobalt and palladium. The cash flow from the operations, which were completed in September 2002, enabled the progress of the Bioheap™ process and the development of an extensive exploration programme, directed specifically at base metal deposits available to use for the Bioheap™ process. Cash at end March 2003 was A\$22 million.

Bioheap™ is a new step in mineral processing involving low capital, low operating cost, environmental compatibility and the ability to yield a high value product stream. The process uses a specialised and propriety strain of bacteria to oxidise the sulphide components of mineralised material to render them soluble in a dilute sulphuric acid solution. The bacterial culture breaks the iron and sulphur bonds within the mineral, thereby releasing the associate metals, copper, nickel, cobalt, zinc, etc into solution. This natural process is

enhanced by the irrigation of a solution over coarse ore stacked in a heap. Bioheap™ has substantial environmental benefits in the form of minimal pollution, minimal greenhouse gas emissions and low energy consumption.

Titan's base metals exploration projects are located in the Widgiemooltha and Carr Boyd areas of Western Australia. The Indicated and Inferred resources at the North Widgiemooltha Project were increased by 300% recently to 10.2Mt at 1.04% Ni for 106,185 tonnes of nickel, with several new high-grade drill intercepts outside the current resource boundaries. A large new exploration target has been defined by RAB drilling south of the McEwen deposit. There is the opportunity for a high-grade mine as well as low-grade development using the Bioheap™ process due to the presence of both disseminated mineralisation and massive sulphides. Two new high-tenor targets have been delineated at Carr Boyd and nickel recoveries of over 90% have been achieved in BioHeap™ tests on Carr Boyd ore.

The company is negotiating a Joint Venture Agreement with Jinchuan Non-Ferrous Metals Corporation (JMC) of China for the use of the Bioheap™ process, following the successful leaching of nickel in laboratory scale column testing of large samples of ore from the JMC mining complex at Jinchuan.

EXPLORATION properties

SIERRA LEONE

Golden Prospect plc holds two exploration licences in Sierra Leone:

- Lake Sonfon Gold
- York Platinum

Lake Sonfon Gold

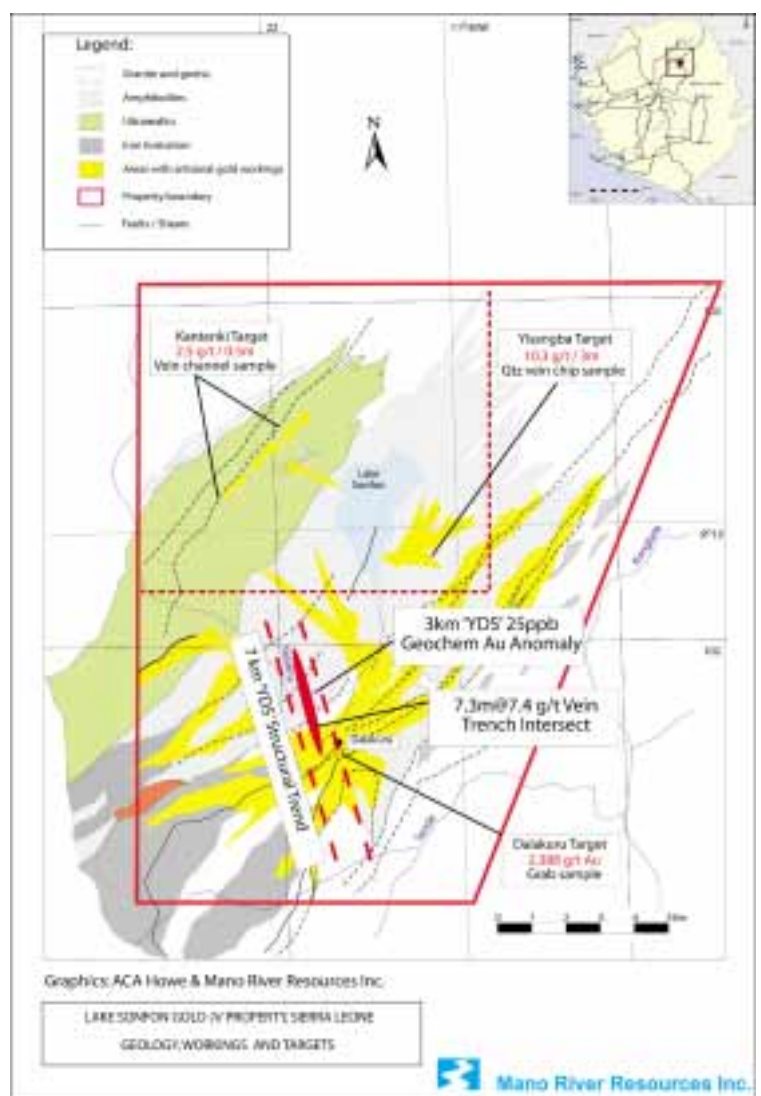
A 108 square kilometre gold exploration licence located on the Archean Greenstone belt of the Sula Mountains, North West Province, an established and extensive gold province. Golden Prospect's exclusive prospecting licence covers the northern end of the greenstone belt with basement granites in the northwest corner of the licence area. Mano River Resources Inc. holds the contiguous exclusive prospecting licence situated on the eastern and southern boundaries of the licence.

A 3 kilometre wide belt of ultrabasic rocks strikes northeast southwest across the centre of the licence. This belt is separated from the basement granites to the northwest by a 0.5 to 2 kilometre wide belt of amphibole and hornblende schists. The ultrabasic rocks, at their northern end, have been intruded by a later granite, which interfingers into the ultrabasics for some 2 to 3 kilometres parallel to their strike.

A Heads of Agreement to jointly explore the two licences, which cover 256 square kilometres, was signed in May 2002 on a 50/50 basis, with Mano River as operator.

Previous work by both partners on their respective licences includes regional geochemistry, trenching and outcrop and soil sampling.

Initial exploration programmes on the Golden Prospect licence focussed on the alluvial gold potential of the lease. The presence of significant quantities of alluvial gold was confirmed by an independent assessment in 1994 by Gavin Bowyer, Principal Geologist, IMC Mackay & Schnellmann.



A second independent sampling and appraisal programme, carried out by Gavin Bowyer in 1997, showed that "Golden Prospect has confirmed that the rich grades of alluvial gold reported in 1994 from its Lake Sonfon licence were an indication of primary gold mineralisation in the area. Golden

EXPLORATION properties

Prospect has identified two targets with quartz from which samples have returned significant gold grades, up to 2.5 g/t over 0.55 metres at **Kantenki** and 10.3 g/t over 3 metres at **Yisangba**.

Both these targets lie within extensive prospective areas. The **Kantenki** target lies within the 5 km by 3 km contact zone of interfingered later granite intruded into earlier ultrabasic and amphibolitic rocks. The **Yisanga** target lies in the **Bongone** block, within which exploration in the 1960's identified disseminated sulphides over a width of 86 m and a strike length of 2 km.

The Lake Sonfon licence area can therefore be expected to contain further similar primary gold mineralisation to that already found and the size of the prospective areas for such mineralisation is extensive. The extent of the prospective areas within the licence area and of the structures, such as granite dykes and zones of disseminated sulphide within these prospective areas, indicate the potential for the discovery of gold deposits of significant size".

Recent activities on the joint venture area have shown the following significant results:

- 3 km long by 0.3 km wide gold anomaly discovered, with peak value of 1,100ppb
- High-grade gold-bearing stockwork vein system beneath anomaly, with trench intersect of 7.3 m @ 7.4 g/t.
- Potential bulk tonnage gold deposit identified for drill testing.
- Highly encouraging gold grades from grab samples confirm historical work, which includes a previous grab sample of 77 oz/t.

York Platinum

A 105.3 square kilometre platinum exploration licence for the York property located around the village of York, some 37 kilometres south of Freetown, on the Freetown Peninsula in the Western Area of Sierra Leone.

The licence covers the central section of the Freetown Layered Gabbro, an area with a history of artisanal platinum production. Alluvial working of the streams of the peninsula produced 5,242 ounces of platinum in the period 1929 to 1949. Rock and soil samples obtained in previous reconnaissance exploration showed values of up to 0.84 grammes of platinum per tonne in weathered bedrock, again providing a basis for further exploration.

Geophysical surveys followed by mapping and assays have identified a platinum-enhanced 5.2 km continuous layer within the gabbroic rock sequence. There is topographic evidence for further extension to at least 8.5km. Geochemical anomalies have been observed in both the rocks and the soils. Enhanced levels are seen, not only in platinum and palladium, but also of associated elements, particularly nickel, cobalt, chromium and copper.

Golden Prospect has granted Jubilee Platinum plc an option under which Jubilee Platinum may, at its election, enter into a joint venture on the property.



EXPLORATION properties

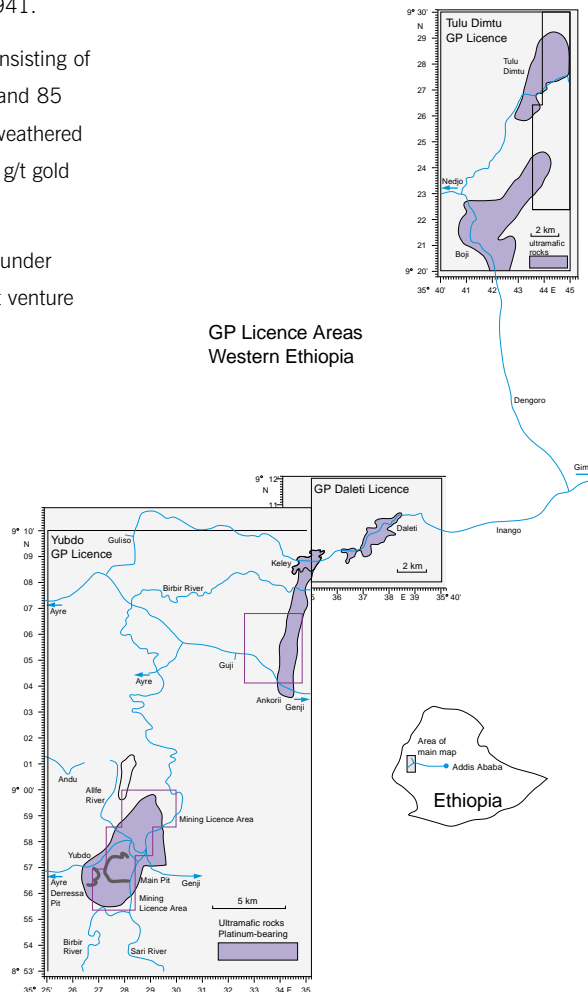
ETHIOPIA

The Yubdo platinum project is located in the Oromia Region, Gambi Zone of western Ethiopia, approximately 500 kilometres, by sealed road, west of the capital city of Addis Ababa. It comprises two Exploration Licences covering 200 square kilometres in the Tulu Dimtu and Delati localities, and a Prospecting Licence covering 481 square kilometres in the Yubdo locality.

The licences are in the Yubdo traditional mining district, which produced 86,805 ounces of platinum between 1926 and 1941.

Recent work completed includes a reconnaissance survey consisting of 101 soil and weathered bedrock samples, 78 rock samples and 85 pan samples. Platinum was identified in 95 of the soil and weathered bedrock samples, with assays of up to 2.1 g/t platinum, 4.7 g/t gold and 0.13 g/t palladium.

Golden Prospect has granted Jubilee Platinum plc an option under which Jubilee Platinum may, at its election, enter into a joint venture on the property.



Directors' report 2002

The directors present their report and the audited financial statements of the group for the year ended 31 December 2002.

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 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 26.

The financial position of the group and the company is disclosed in the balance sheets on pages 27 and 28.

The directors do not recommend the payment of a dividend.

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 Executive Board meet regularly and the full Board when appropriate 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 Group assets.

The Directors monitor the operation of internal controls. The objective of the system is to safeguard 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 Executive 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 2002 – continued

Directors and their Interests

The present membership of the Board is set out below.

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

Beneficial Holdings	Ordinary Shares		Share Options	
	At 31/12/02	At 01/01/02	At 31/12/02	At 01/01/02
M A Burne	580,000	520,000	1,625,000	625,000
R A Lockwood	1,200,000	1,200,000	1,500,000	500,000
N T MacLachlan	400,000	400,000	700,000	500,000
N A Steinberg	–	–	1,000,000	500,000

Non-Beneficial Holdings

	Ordinary Shares	
	At 31/12/02	At 01/01/02
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 28 May 2003.

Ordinary Shares of 10p each	Number	Percentage
Amvescap plc	15,044,030	16.8
BNY OCS Nominees Limited	8,560,000	9.5
Clontary Investments Limited	5,356,250	5.9
S Cawkwell	3,650,000	4.0
HSBC Global Custody Nominee (UK) Limited	3,325,000	3.7

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 19 June 2003.

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.

The maintenance and integrity of the website is the responsibility of the directors: the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 2002 which comprise, the consolidated profit and loss account, the balances sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the principal accounting policies and notes on pages 26 to 39. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual 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 group is not disclosed.

We read other information contained in the annual report including the corporate governance statement, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the chairman's statement and the corporate governance statement. 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 at 31 December 2002 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

Registered Auditors

Chartered Accountants

Southampton

19 June 2003

Consolidated profit and loss account

year ended 31 December 2002

	Note	2002 £	2001 £
Turnover	1	4,520,416	1,912,861
Cost of sales		(4,134,271)	(1,615,729)
Gross profit		386,145	297,132
Other operating income - dividends receivable		130,266	77,011
Administrative expenses		(297,177)	(197,845)
Operating profit	2	219,234	176,298
Interest receivable		20,467	97,854
Profit on ordinary activities before taxation		239,701	274,152
Tax on profit on ordinary activities	4	(75,000)	(30,000)
Profit for the financial period		164,701	244,152
Profit per ordinary share – basic	5	0.19p	0.28p
– diluted		0.18p	0.27p

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

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

All operations are continuing.

Consolidated balance sheet

as at 31 December 2002

	Note	2002		2001	
		£	£	£	£
Fixed Assets					
Intangible assets	6		2,971,982		2,751,711
Tangible fixed assets	7		2,597		2,138
Investments	8		4,323,605		3,716,270
			7,298,184		6,470,119
Current Assets					
Debtors: Amounts falling due within one year	9	30,477		25,263	
Investments	10	7,108,453		6,271,940	
Cash at bank and in hand		752,330		1,799,284	
		7,891,260		8,096,487	
Creditors: Amounts falling due within one year	11	(157,756)		(59,619)	
Net current assets			7,733,504		8,036,868
Total assets less current liabilities			15,031,688		14,506,987
Capital and reserves					
Called up share capital	12		8,938,496		8,698,496
Share premium account	13		8,115,458		7,995,458
Profit and loss account	13		(2,022,266)		(2,186,967)
Equity shareholders' funds			15,031,688		14,506,987

These financial statements were approved by the Board of Directors on 19 June 2003.

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 2002

	Note	2002		2001	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		2,597		2,138
Investments	8		6,326,874		5,323,539
			6,329,471		5,325,677
Current assets					
Debtors: amounts falling due after more than one year	9a	1,384,442		1,179,166	
Debtors: amounts falling due within one year	9b	27,803		22,589	
Investments	10	7,108,453		6,271,940	
Cash at bank and on deposit		750,401		1,782,362	
		9,271,099		9,256,057	
Creditors: Amounts falling due within one year	11	(552,978)		(58,843)	
Net current assets			8,718,121		9,197,214
Total assets less current liabilities			15,047,592		14,522,891
Capital and reserves					
Called up share capital	12		8,938,496		8,698,496
Share premium account	13		8,115,458		7,995,458
Profit and loss account	13		(2,006,362)		(2,171,063)
Equity shareholders' funds			15,047,592		14,522,891

These financial statements were approved by the Board of Directors on 19 June 2003.

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 2002

	Note	2002 £	2001 £
Net cash outflow from operating activities	A	(137,614)	(119,742)
Returns on investments and servicing of finance			
Interest receivable		20,467	97,854
Net cash inflow from returns on investment and servicing of finance		20,467	97,854
Taxation		(30,000)	–
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(220,271)	(263,290)
Payments to acquire tangible fixed assets		(1,324)	(2,850)
Payments to acquire fixed asset investments		(607,335)	(81,932)
Purchase of current asset investments		(4,954,079)	(2,777,459)
Sale of current asset investments		4,520,416	1,912,860
Net cash (outflow) from capital expenditure		(1,262,593)	(1,212,671)
Net cash (outflow) before financing		(1,409,740)	(1,234,559)
Financing			
Issue of ordinary share capital		360,000	–
Net cash inflow from financing		360,000	–
(Decrease) in cash resources	B	(1,049,740)	(1,234,559)

The notes to the cash flow statement are on page 30.

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 2002

A Reconciliation of operating profit to net cash outflow from operating activities

	2002 £	2001 £
Operating profit	219,234	176,298
Depreciation	865	712
Exchange (losses)/gains	(2,786)	167,480
(Increase)/decrease in debtors	(5,214)	4,333
Increase/(decrease) in creditors	53,137	(3,954)
Profit on sale of investments	(1,621,576)	(486,298)
Provision against current asset investments	1,218,726	21,687
	(137,614)	(119,742)

B Analysis of net funds

	At 01/01/02 £	Cash flow £	Exchange movement £	At 31/12/02 £
Cash at bank and in hand	1,771,709	(1,320,455)	(7,827)	443,427
Bank balances with stockbrokers	27,575	270,715	10,613	308,903
	1,799,284	(1,049,740)	2,786	752,330

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

Notes to the accounts

year ended 31 December 2002

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.

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.

1.2 Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 8) drawn up to 31 December 2002 subject to the note below. 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 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.

1.8 Turnover

Turnover represents the amounts received and 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.

Notes to the accounts

year ended 31 December 2002

1 Accounting policies (continued)

1.9 Deferred Tax

Deferred tax is recognised on all timing differences when the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.10 Fixed Assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by reducing balance method over their estimated useful economic lives. The rates generally applicable are:

Office equipment 25%

2 Operating Profit

	2002	2001
	£	£
Operating profit, all of which arises from the company's principal activities, is stated after charging:		
Auditors' remuneration	11,000	11,000
Non-audit services as Nominated Adviser	15,000	15,000
Depreciation	865	712
	<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.

3 Information regarding Directors and Employees

	2002	2001
	£	£
Directors' emoluments	68,750	50,000
Social security	8,285	5,448
	<u> </u>	<u> </u>
	77,035	55,448
	<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 Munslovs, a firm of Chartered Certified Accountants. That firm charged fees of £39,500 (2001 – £29,962) excluding VAT to the group in respect of professional services in the period. No payments in respect of directors' pension contributions have been made.

4 Tax on Profit on Ordinary Activities

	2002	2001
	£	£
UK corporation tax at 30%	75,000	30,000
	<u> </u>	<u> </u>

Notes to the accounts

year ended 31 December 2002

5 Earnings per Ordinary Share

The calculation of earnings per ordinary share is based on profits of £164,701 (2001 – profit £244,152) and on 88,687,972 (2001 – 86,984,958) ordinary shares being the adjusted weighted average number of ordinary shares in issue during the year. The diluted earnings were based on 92,894,027 (2001 – 91,134,958) ordinary shares and options.

6 Intangible Assets – The Group

	Deferred exploration Costs £
Costs incurred	
At 1 January 2002	4,101,168
Expenditure during the year	220,271
At 31 December 2002	4,321,439
Provision for Impairment	
At 1 January 2002 and 31 December 2002	1,349,457
Net book value at 31 December 2002	2,971,982
Net book value at 1 January 2002	2,751,711

Of the deferred exploration costs £2,594,296 relates to the group's investment in Sierra Leone, net of a provision of £1,170,916.

7 Tangible Fixed Assets – Group and Company

	Office Equipment £
Cost	
At 1 January 2002	2,850
Additions	1,324
Balance at 31 December 2002	4,174
Depreciation	
At 1 January 2002	712
Charge for the year	865
Balance at 31 December 2002	1,577
Net book value	
At 31 December 2002	2,597
At 31 December 2001	2,138

Notes to the accounts

year ended 31 December 2002

8 Investments held as Fixed Assets

The group	Listed Investments £		
Cost			
At 1 January 2002			3,716,270
Additions			607,335
At 31 December 2002			4,323,605
Net book value			
At 31 December 2002			4,323,605
At 1 January 2002			3,716,270
The company	Shares in Subsidiary Undertakings £	Other Listed Investments £	Total £
Cost			
At 1 January 2002	1,607,269	3,716,270	5,323,539
Additions	396,000	607,335	1,003,335
At 31 December 2002	2,003,269	4,323,605	6,326,874
Net book value			
At 31 December 2002	2,003,269	4,323,605	6,326,874
At 1 January 2001	1,607,269	3,716,270	5,323,539

The market value of the other listed investments, which are listed on the Australian and U.S. Stock Exchanges, was £3,432,144 at 31 December 2002 (£1,831,239 at 31 December 2001). The directors do not consider that the difference between the net book value and market value represents an impairment based on the underlying assets of these companies.

Notes to the accounts

year ended 31 December 2002

8 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
RCG International Limited	UK	UK	Shares	100%	Non Trading

Investments in which a participating interest is held

Name of company	Country of incorporation	Proportion of shares voting rights held	Capital and reserves	(Loss) for year/period
Above 20%				
Samson Exploration NL	Australia	29%	Aus \$6,266,831	Aus \$(2,552,286)
Jubilee Platinum plc	UK	25%	£1,387,000	£(388,000)
Less than 20%				
Reliance Mining Ltd	Australia	17%		
Central Asia Gold Ltd	Australia	17%		
Kestrel Energy Inc	USA	10%		

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.

Samson Exploration NI represents results for the year ended 30 June 2002.

Jubilee Platinum plc represents interim accounts for the period to 31 December 2002.

Notes to the accounts

year ended 31 December 2002

9 Debtors

a) Amounts falling due after more than one year

	2002		2001	
	Group £	Company £	Group £	Company £
Amounts owed by subsidiary undertakings	–	1,384,442	–	1,179,166

b) Amounts falling due within one year

	£	£	£	£
Other debtors	2,674	–	2,674	–
Prepayments and accrued income	27,803	27,803	22,589	22,589
	30,477	27,803	25,263	22,589

10 Investments held as Current Assets – Group and Company

	2002 £	2001 £
Listed investments	7,108,453	6,271,940

The market value of the listed investments, which are listed on the London, Australian, U.S and Canadian Stock Exchanges, was £11,554,084 at 31 December 2002 (£8,701,210 at 31 December 2001).

11 Creditors

a) Amounts falling due within one year

	2002		2001	
	Group £	Company £	Group £	Company £
Corporation tax	75,000	75,000	30,000	30,000
Other creditors	52,235	51,457	2,002	1,228
Taxation and social security creditors	10,141	10,141	4,065	4,065
Accruals and deferred income	20,380	20,380	23,550	23,550
Amounts owed to subsidiary undertaking	–	396,000	–	–
	157,756	552,978	59,619	58,843

Notes to the accounts

year ended 31 December 2002

12 Called Up Share Capital

	Group and Company			
	Number of Shares			
	2002	2001	2002	2001
Authorised				
Ordinary shares of 10p each	250,000,000	250,000,000	£25,000,000	£25,000,000
Called up, allotted and fully paid				
Ordinary shares of 10p each	89,384,958	86,984,958	£8,938,496	£8,698,496

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

13 Statement of Movement on Reserves

	Share Premium account £	Profit and loss account £
The Group		
Balance at 1 January 2002	7,995,458	(2,186,967)
Premium on issue of shares	120,000	–
Profit for the financial period	–	164,701
Balance at 31 December 2002	8,115,458	(2,022,266)
The Company	£	£
Balance at 1 January 2002	7,995,458	(2,171,063)
Premium on issue of shares	120,000	–
Profit for the financial period	–	164,701
Balance at 31 December 2002	8,115,458	(2,006,362)

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 £164,701 (2001 – profit £244,152).

14 Reconciliation of movements in equity shareholders' funds

	The Group	
	2002 £	2001 £
Profit for the financial period	164,701	244,152
Shares issued	360,000	–
Net addition to shareholders' funds	524,701	244,152
At 1 January 2002	14,506,987	14,262,835
At 31 December 2002	15,031,688	14,506,987

Notes to the accounts

year ended 31 December 2002

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 2004
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
20 December 2002	15p	2,700,000	Between 20 December 2003 and 19 December 2009
		6,850,000	

At the year-end the market value of the company shares were below the exercise price at 14p. During the year, the highest price was 19p and the lowest price was 6p.

The 900,000 options granted on 31 May 1996 lapsed unexercised on 30 May 2003.

16 Capital Commitments

There were no capital commitments as at 31 December 2002 or at 1 January 2002.

17 Contingent Liabilities

There were no contingent liabilities as at 31 December 2002 or at 1 January 2002.

18 Transactions with Related Parties

Details of transactions with directors are given in note 3. Balances with group undertakings are disclosed in notes 9 and 11.

Notes to the accounts

year ended 31 December 2002

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 and bank facilities for day to day operations.

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, by regular review of management accounts.

Currency risk

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

Borrowing facilities

Short term flexibility is achieved on overdraft facilities of £100,000.

Fair values

The fair values of the Group's financial instruments other than current and fixed asset investments are considered equal to the book value.

The interest rate exposure of the financial assets of the group as at 31 December 2002 related wholly to floating interest rates as follows:-

	2002	2001
	£	£
Sterling – Cash at bank in hand	278,945	1,497,342
Australian Dollars	402,066	296,340
Canadian Dollars	70,804	5,087
Other	515	515
	<hr/> 752,330 <hr/>	<hr/> 1,799,284 <hr/>

Notice of meeting

Notice is hereby given that the 2003 Annual General Meeting of the Company will be held at Fiske plc, 3rd Floor Salisbury House, London Wall, London EC2M 5QS on Monday 21 July 2003 at 12 noon to transact the following business of the Company.

1. To re-elect Neil Thacker MacLachlan as a Director, who is retiring by rotation.
2. To re-elect Nathan Anthony Steinberg as a Director, who is retiring by rotation.
3. To receive and adopt the Director's Report and the financial statements for the year ended 31 December 2002 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 2004 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 2004, 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 19 June 2003

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.

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

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

Brokers

Fiske Plc
Salisbury House
London Wall
London EC2M 5QS

Registrars

Melton Registrars Limited
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

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



Golden Prospect plc, 138 Park Lane, London W1K 7AS

Tel: 020 7409 3500 Fax: 020 7409 3507 www.goldenprospectplc.co.uk