

GOLDEN PROSPECT PLC

COMMITTED TO THE NATURAL RESOURCES SECTOR



PRINCIPAL INVESTMENTS · CORPORATE FINANCE · CAPITAL MARKETS · STOCKBROKING · RESEARCH



2004 Annual Report

Golden Prospect plc (“GP”) provides capital, corporate finance and stockbroking services to the global natural resources sector across the range of commodities. GP’s key competitive advantage is its ability to assess and value resource companies worldwide. This skill is recognised by GP’s corporate and institutional clients and is fundamental to its own principal investment activities.

GP is headquartered in London and is listed on the Alternative Investment Market of the London Stock Exchange (AIM: GOL).

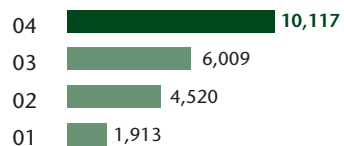
GP makes strategic principal investments in junior natural resources companies with significant growth potential where GP can be a pro-active member of investee company boards. GP also actively manages a trading portfolio of listed resource companies.

Ambrian Partners Limited (“Ambrian”), the investment banking subsidiary, is regulated by the UK Financial Services Authority and is a member firm of the London Stock Exchange. Ambrian provides corporate finance and stockbroking services to the natural resources sector.

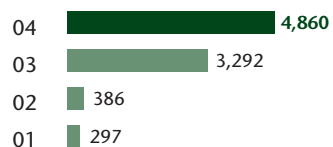
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OPERATIONAL HIGHLIGHTS

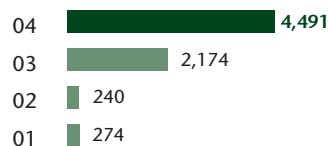
Turnover (£'000)



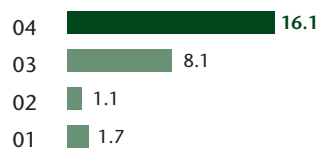
Gross Profits (£'000)



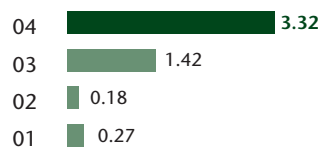
Pre-tax Profits (£'000)



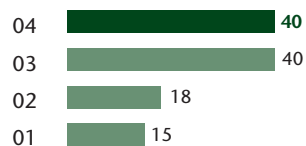
Return on Average Equity (%)



Diluted Earnings Per Share (£p)



Shareholders' Equity Plus Unrealised Profits (£'m)



GLOBAL REACH

GP provides capital, corporate finance and stockbroking services to natural resources companies with assets throughout the world





GOLD AND SILVER

59% of GP's Core Portfolio is invested in gold companies. Ambrian has been mandated by Serabi Mining, a Brazilian gold producer in connection with an IPO on AIM.



DIAMONDS

GP's investments include companies active in diamonds and gemstones, for example Dwyka Diamonds, Firestone Diamonds and Mano River Resources.



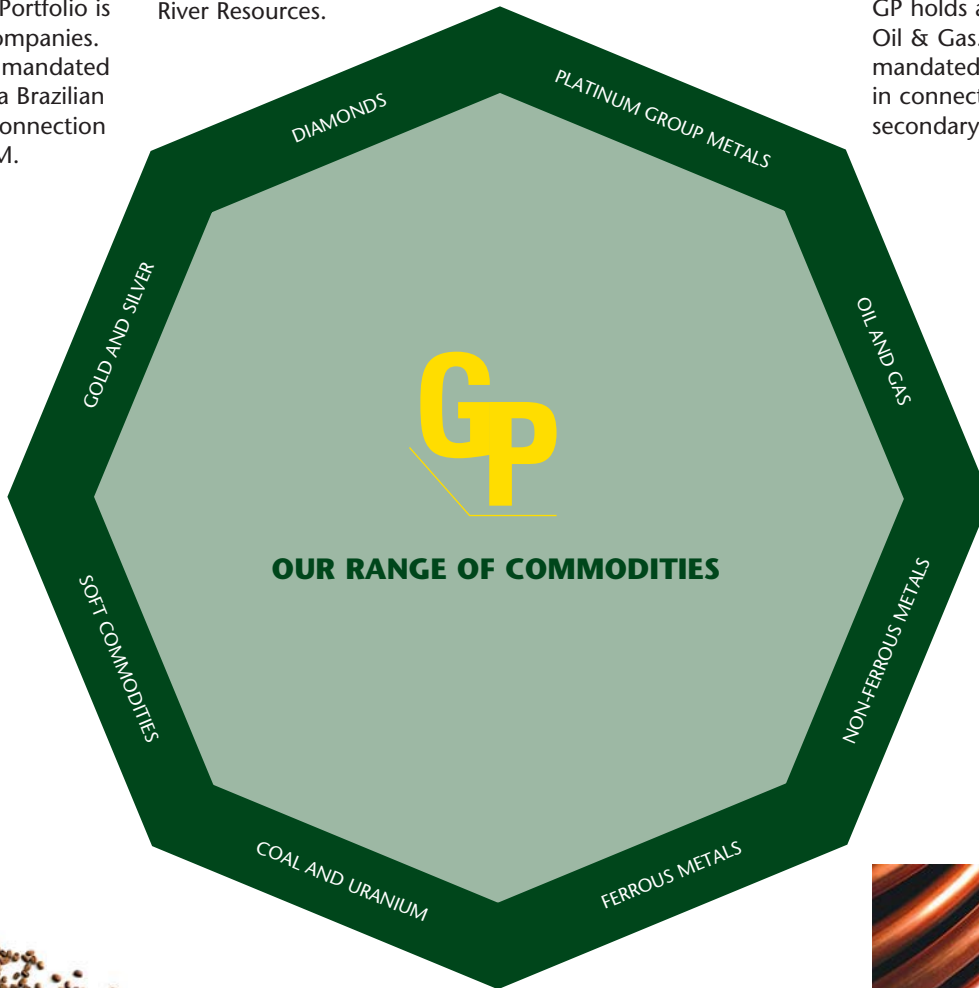
PLATINUM GROUP METALS

GP holds an interest of approximately 15% in Jubilee Platinum plc.



OIL AND GAS

GP holds a stake in Samson Oil & Gas. Ambrian has been mandated by Elixir Petroleum in connection with a secondary listing on AIM.



SOFT COMMODITIES

GP is building its portfolio of investments in coffee, palm oil, rubber, sugar and other soft commodities. Ambrian has recently recruited a research analyst to cover the sector.



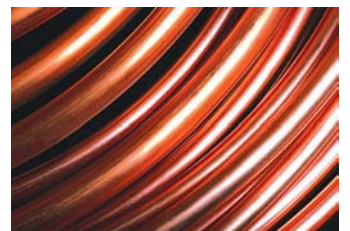
COAL AND URANIUM

GP's investments include Paladin Resources, Alease Resources and Palmaris Capital.



FERROUS METALS

Ambrian has provided mergers and acquisitions advisory services to a number of the world's leading steel producers.



NON-FERROUS METALS

GP holds a stake in Perilya, an Australian zinc and lead producer. Ambrian completed an IPO on AIM of Van Dieman Mines, a Tasmanian tin company.

CHAIRMAN'S STATEMENT



We stand at the centre of financing the global natural resources sector

As reported 9 March 2005

Dear Shareholder

Your directors take much pleasure in reporting sustained progress for your company having completed the most successful period in Golden Prospect's nine year history as a plc.

In 2004 we capitalised further on the strength of the equity environment for the natural resources sector as a whole. Group pre-tax profits for the year to 31 December 2004 more than doubled from £2.17 to £4.49 million.

Gross profit in 2004 rose to £4.86 million, of which approximately 60% was attributable to realisations within the strategic portfolio and 40% to our trading and investment banking activities.

Diluted earnings per share rose from 1.42p to 3.32p, a rise of 134%.

Unrealised gains on our portfolio stood at £14.90 million at the year end and management intends to take advantage of a good liquidity climate to convert a substantial portion of these gains into realised profits during the current financial year.

Our strategic objective is to produce superior returns through economic cycles. To this end, during the year we strengthened the breadth of our business and acquired Ambrian Partners Limited, an FSA authorised corporate advisory and broking firm and acquired a 25% stake in Minesite (and Oilbarrel.com, indirectly) two website and conference businesses dedicated to the resources sector. We continue to explore opportunities to further strengthen the balance and quality of Golden Prospect's earnings.

Our core holdings in Jubilee Platinum and Mano River (companies of which I am a non-executive director) have made outstanding progress in their respective development programmes in Africa. Central Asia Gold has recently achieved a successful dual listing on the main Toronto Stock Exchange and the stock has received additional support reflecting the company's exciting growth prospects.

During last year, significant reductions were made in our larger holdings including Uruguay Minerals, Equigold and Perilya.

Since the calendar year-end reductions have been made in Centamin Egypt and Titan Resources, while a takeover by Consolidated Minerals for Reliance Mining will produce additional liquidity for redeployment.

BASE METALS

Global expansion, supply deficits and a weakening dollar have boosted metal and other commodity prices to new highs. With lags before new mining projects come on-stream, many metals are facing low inventories as industry wrestles to keep up with the robust demand. Strong demand from the BRICS (Brazil, Russia, India and China) and supply constraints after years of under investment have helped underpin higher prices. The argument for a superior level of

growth is credible but predictions of a 'super cycle' over the next few years ring warning bells to those who have lived through 30 years of market cycles.

Extensive fund buying is pushing share prices well into over-bought territory, and a pullback is looking likely in the near term after which much liquidity will be pumped into the markets from major corporate activity and share buybacks. This should get stocks moving higher again.

GOLD AND PRECIOUS METALS

The gold market opened the new year reacting to a bear market rally in the dollar and Central Bank selling. Fears also persist that any IMF revaluation of their gold could lead to a large overhang in the market. Gold shares reacted with significant price drops during this early new year period of negative sentiment but bullion's strong rally in recent weeks leaves gold shares looking over-sold and there are plenty of buying opportunities on a selective basis. Focus will be on stocks that show significant leverage to the gold price through ounces in the ground or production.

The annual 2,700 tonne gold market still requires over 1,000 tonnes per year of above ground supplies to meet demand and producers continue to de-hedge.

Increased levels of investment by professionals and institutions are also now very evident as they increase their weighting in bullion, and other commodities, while consumer demand continues to climb steadily against a backdrop of tight supplies.

Elsewhere, diamonds, silver and platinum continue to attract solid investment support backed by strong fundamentals for demand driven price rises over the next few years, while uranium also attracts very strong support.

ENERGY AND COMMODITY PRICES

In the oils, crude demand in China (which has barely 10 years of oil reserves), India and the US remains insatiable yet the world producers are pumping at near capacity. Investment fund involvement is also increasing in the energy sector. Most of this investment is from passive sources such as pension funds interested as much in portfolio diversification as short term movements.

The secular US dollar bear market (gathering pace again as Asian banks diversify their reserves from US dollar assets) will continue to support commodity prices as it encourages money to flow into hard assets like gold and silver, while soaring liquidity due to low global interest rates feeds the bull market further. Moreover, although interest rates might rise in 2005, the increase will not be enough to significantly affect the upward trend of commodity prices.

Healthy corrections will occur from time to time but are perfectly normal in strong bull markets.

NEW APPOINTMENT

The Board is happy to appoint director, Tom Gaffney, as Group Chief Executive Officer. Tom's skill set and investment banking experience as founder and head of Ambrian Partners will greatly assist the further development of the group in the current opportune climate of robust conditions in the resources market. As a result of this appointment Tom will be granted 2,660,550 options.

Tom has previously been a director of JP Morgan's Metals & Mining Team and from 1995 was a director and member of the Management Committee in the Corporate Finance Department of Robert Fleming. He has worked in investment banking for 20 years and has specialised in the mining and metals sector. He has advised many of the major mining and metals companies on acquisitions, divestitures and capital markets transactions, including Anglo American, BHP Billiton, Glencore and Rio Tinto. Tom also previously worked in senior executive positions at Nesbitt Burns (the investment bank of the Bank of Montreal) and Lehman Brothers in London, New York and Toronto.

As Executive Chairman I welcome Tom's input and I look forward to working with him in his new capacity.

Malcolm A Burne

Executive Chairman

As reported 9 March 2005

AMBRIAN

September 2004

"An investment banking arm significantly improves our competitive position, providing new investment opportunities and a new income stream."

CORE PORTFOLIO



The core portfolio generated gross profits of approximately £2.9 million in 2004

GP's £22.8 million Core Portfolio consisted at year end 2004 of £20.1 million of publicly listed equity securities including £12.1 million of unrealised gains and £2.7 million of unlisted investments, including Minesite and exploration assets. During 2004, the portfolio generated gross profits of approximately £2.9 million.

PUBLICLY LISTED INVESTMENTS

At year end 2004, GP's Core Portfolio included shareholdings in nine publicly listed natural resources companies with assets throughout the world. These companies are active in gold, zinc, lead, platinum, nickel and oil and gas.

GP's strategy in 2005 will involve putting our capital to work alongside the capital of investors in selected transactions that Ambrian lead manages. This approach will provide GP with a way of generating a greater return on its investment banking operations, thereby enhancing earnings for GP shareholders.

UNLISTED INVESTMENTS

Minesite.com

GP holds a 25% interest in Interactive Resources Information Limited, which owns Minesite, Europe's leading web site for the mining and exploration community.

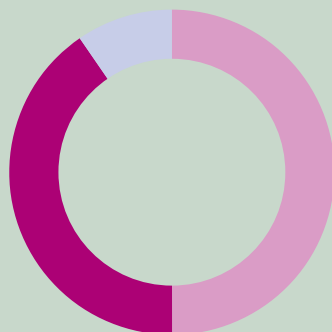
Over 200 junior/mid-tier exploration and mining companies subscribe to Minesite, as it provides them with a unique and cost effective means of introducing themselves to and maintaining contact with potential investors. In addition, Minesite's editorial arm, Minews provides informed comment on mining companies, metals and minerals, brokers' reports and market news. Minesite also arranges mining forums which have been held regularly in London and Paris and further forums commenced recently in Geneva, Zurich, Frankfurt and New York.

Interactive Resources Information Limited also has an approximate 25% interest in Oilbarrel.com.

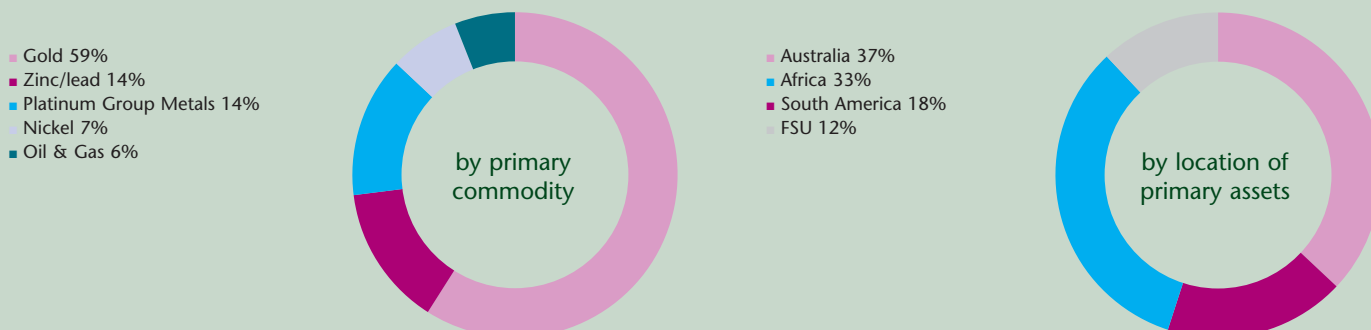
CORE PORTFOLIO AS AT 31 DECEMBER 2004

Investments £22.8 million

- Invested Capital £8.0 million
- Unrealised Gains £12.1 million
- Unlisted £2.7 million



CORE PORTFOLIO COMPOSITION (PUBLICLY LISTED INVESTMENTS) AS AT 31 DECEMBER 2004



Exploration Properties

GP holds interests in exploration licences in Sierra Leone and Ethiopia. It is proposed that these assets will be placed into a listed company during 2005.

The Lake Sonfon diamond-gold project in Sierra Leone is a 50:50 joint venture with Mano River Resources, in which Mano River Resources manages diamond exploration. Golden Star Resources Ltd is earning a 50% interest in the gold section of the joint venture and manages gold exploration.

GP holds a 20% interest in the York platinum exploration joint venture on the Freetown Peninsula of Sierra Leone, with Jubilee Platinum plc, the manager, holding the remaining 80%.

GP held three platinum and gold exploration licences in the Oromia Region of western Ethiopia, at 31 December 2004. Following the conclusion of successful discussions in early 2005, the Ethiopian Government approved the acquisition by GP of a 51% interest in a platinum mining operation and two additional exploration licences in the same area. The acquisition is expected to be completed in the first half of 2005.

The small-scale mining operation is producing platinum and gold concentrate. It is planned to expand the operations, improve the assessment of the resources and upgrade the simple processing plant.

CORE PORTFOLIO AS AT 31 DECEMBER 2004

Company	Location of primary assets	Primary commodities	Holding	Market value of investment (£m)
Uruguay Minerals	Uruguay	Gold	3.5%	3.65
Jubilee Platinum	South Africa, Madagascar	PGMs	14.9%	2.79
Perilya	Australia	Lead, Zinc, Gold	5.1%	2.75
Centamin Egypt	Egypt	Gold	5.2%	2.62
Central Asia Gold	Kyrgyzstan	Gold	5.7%	2.38
Wedgetail Exploration	Australia	Gold	9.1%	2.09
Reliance Mining	Australia, Brazil	Nickel, Gold	4.8%	1.45
Samson Oil & Gas	Australia	Oil & Gas	19.8%	1.21
Mano River Resources	West Africa	Gold, Diamonds	5.3%	1.17
Publicly listed				20.11
Unlisted at book value				2.73
Total				22.84



Photo ©The London Metal Exchange Limited 2005

We are an active intermediary between the users and providers of equity capital

AMBRIAN'S APPROACH

Ambrian is authorised by the Financial Services Authority as a Category 'A' Securities and Investment Firm and provides corporate finance, stockbroking and equity research services to the resource sector. Ambrian has achieved success through an in depth knowledge of the equity capital markets for the natural resources industry.

Ambrian has a unique position in the London capital markets:

- it is exclusively focussed on resource companies and covers the three segments of the commodities sector: metals, oil & gas and soft commodities
- Ambrian has one of the most experienced and strongest technical teams of any London-based investment bank and includes geologists and mining and chemical engineers
- it is a financial advisor to major natural resources companies as well as to intermediate and junior mining companies
- as a member firm of the London Stock Exchange Ambrian raises equity capital for growing companies with promising projects

Ambrian is actively seeking to increase its market position in the resource sector by recruiting additional talented individuals to strengthen its corporate finance, sales and research teams. Ambrian has a strong "pipeline" of mandated transactions that it expects to complete during 2005.

CORPORATE FINANCE AND NEW ISSUES

Ambrian's corporate finance and equity new issues businesses are focussed on the resource sector and are driven by strong client relationships, creative ideas and strong execution. Ambrian's range of services includes mergers and acquisitions, valuations and other advisory services, initial public offerings on AIM, secondary offerings and pre-IPO equity private placements.

Ambrian has won its assignments through existing relationships and creative idea generation and undertakes all transaction work with the highest level of professionalism. The quality and value of our expertise is demonstrated by Ambrian's advice to BRGM, a French Government agency, in connection with the sale of a minority interest in the US\$1.8 billion Goro nickel project in New Caledonia, one of the world's largest nickel projects. Ambrian's financial advisory clients have included Arcelor (the world's second largest steel producer), BHP Billiton (the world's largest diversified natural resources company), Credit Suisse First Boston (the Swiss Bank), Norsk Hydro (the major Norwegian aluminium and energy producer) and Umicore (the Belgian speciality metals company).

Ambrian's equity new issues business is growing strongly. Close to 25% of the funds raised through new equity issues on AIM in 2004 were for natural resources companies. With well respected stockbroking and equity research services, our objective is to play an important role in supporting the growth of junior resource companies. Our equity culture as a group enables us to demonstrate a strong appreciation of the priorities of the institutional market; our recognised expertise in the resource sector has enabled us to rapidly build a quality track record. Management believe we have a competitive edge because of the specialisation of our sales and research teams in the resource sector.

AIM new issue mandates include:

- Cluff Gold's £6.5 million Initial Public Offering, where Ambrian acted as Financial Advisor and Placing Agent. Cluff Gold is focussed on the exploration and development of gold projects in Africa
- Elixir Petroleum's £6.5 million Initial Public Offering, where Ambrian has been mandated as Broker. Elixir is focussed on exploration in the North Sea
- Metorex Resources' US\$40 million secondary offering, where Ambrian has been mandated as the London Broker. Proceeds from the offering will be used to finance the Ruashi/Etoile copper cobalt project in the DRC
- Serabi Mining's £8.0 million Initial Public Offering, where Ambrian has been mandated as Joint-Broker. Serabi is gold company focussed on operations in Brazil
- Van Dieman Mines' £3.3 million Initial Public Offering, where Ambrian acted as Broker. Van Dieman is focussed on developing a tin and sapphire project in Tasmania

We recognise that the identity and reputation of an investment bank are inextricably linked with its clients. Our approach is based on identifying and providing services to quality companies in the natural resources sector worldwide. Our focus is on relationships, added value and integrity.

STOCKBROKING

Ambrian's stockbroking operations are characterised by the quality of our research and our commitment to working closely with our institutional clients.

Ambrian provides clients in the UK and Continental Europe with expertise in the metals and mining, oil and gas and agri-products sectors. This provides a valuable advantage when launching equity new issues for companies in these sectors.

Ambrian publishes research comment on AIM listed resource companies. Our daily electronic Morning Message is well read by both the specialist resource investors and the generalist fund managers. We publish comprehensive company reports with a focus on the companies that are broking clients of Ambrian.

In February 2005 Ambrian announced a strategic alliance with Patersons Securities, Australia's largest independently owned stockbroker. This alliance provides Ambrian with access to Patersons' Australian research and investment recommendations for distribution to Ambrian's European client base.

Our stockbroking business is based on providing the highest quality investment advice to our clients.



Ambrian is recognised as a leading specialist natural resources investment bank in London.

Share	Half opening	Half	Company
Cluff Gold	1.10	1.10	£1.20
Elixir Petroleum	0.15	0.15	£1.00
Metorex Resources	0.10	0.10	£1.00
Serabi Mining	0.10	0.10	£1.00
Van Dieman Mines	0.10	0.10	£1.00
U.S. PLC	0.10	0.10	£1.00

“With well respected investment banking, stockbroking and research services we play an important role in supporting the growth of junior resource companies.”

TRADING ACTIVITIES



Photo ©The London Metal Exchange Limited 2005

We have a successful track record of identifying trading opportunities

GP'S TRADING STRATEGY

GP's Trading Portfolio at year end 2004 consisted of the equity securities of 79 publicly quoted junior resource companies valued at £14.8 million, including £2.8 million in unrealised gains.

The Trading Portfolio is actively managed. Assets are geographically allocated and based on a bottom-up approach focussed on specific stock selection. Investment opportunities are sourced from an extensive network of contacts throughout the world built up over many years as well as from Ambrian.

GP earns a return on the Trading Portfolio by realising gains on the sale of investment positions.

Management's investment strategy is focussed on companies that are near production, in production or maturely developed – a policy designed to cushion values in periods of severe market conditions while providing liquidity.

Rationalisation and corporate activity continue as the mining cycle develops further. The mergers and acquisitions already taken place among the majors is now filtering down to the mid-tier companies and then ultimately to the juniors which have been substantially financed during the past two years, typically leading to new discoveries and new trading opportunities.

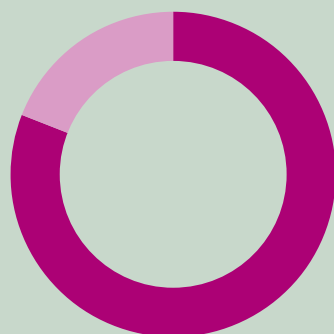
COMPOSITION OF THE TRADING PORTFOLIO

At year end 2004 approximately half the Trading Portfolio comprised of gold shares while oil and gas shares represented almost 20%. We have historically been particularly active in the shares of companies listed on the London, Australian and Canadian stock exchanges.

TRADING PORTFOLIO AS AT 31 DECEMBER 2004

Holdings £14.8 million

- Invested capital £12.0 million
- Unrealised gains £2.8 million



ACCOUNTS

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DIRECTORS' REPORT 2004

The directors present their report and the audited financial statements of the group for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES, REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

During the period under review the group was engaged in equity investment, corporate finance advisory and stockbroking services and mineral exploration.

A full review of the activity of the business and of future prospects is contained in the chairman's statement and the operational reports which accompany 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 16.

The financial position of the group and the company is disclosed in the balance sheets on pages 17 and 18.

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. The company had no trade creditors at the year end.

CORPORATE GOVERNANCE

The Board meets when necessary 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 being W L Banks and R A Lockwood who serve on the Audit and Remuneration Committees.

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 misstatement or loss.

Internal financial control procedures undertaken by the Board include:

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

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

GOING CONCERN

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

DIRECTORS AND THEIR INTERESTS

The present membership of the Board, all of whom served during the year, is set out below. Their interests in the ordinary shares of the company were:

Beneficial holdings	Ordinary shares		Share options	
	At 31/12/04 or on appointment	At 01/01/04	At 31/12/04	At 01/01/04 or on appointment
W L Banks (appointed 20/9/2004)	419,915	—	225,000	—
M A Burne	520,000	520,000	1,300,000	1,300,000
T B Gaffney (appointed 20/9/2004)	4,420,083	—	2,839,950	—
R A Lockwood	1,200,000	1,200,000	1,500,000	1,500,000
N A Steinberg	—	—	800,000	950,000

N T MacLachlan who served during the year stood down from the holding company board on 30 September 2004 to join the group's new subsidiary, Ambrian Partners Limited.

Non-beneficial holdings	Ordinary shares	
	At 31/12/04	At 01/01/04
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 have been notified of the following institutional shareholders as at 8 March 2005.

	Number	Percentage
Artemis Investment Management	13,300,000	12.49
City of London Investment Management	11,544,529	10.80
Framlington Investment Management	10,768,000	10.00
Amvescap plc	5,589,633	5.20
Fidelity Management and Resource Company	5,000,000	4.70

AUDITORS

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under Section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP 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 9 March 2005.

M A Burne

Executive 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.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

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 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and notes 1 to 19. 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 and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and statement of responsibilities, the chairman's statement and the other statements and reports listed on the contents page. 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 2004 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 UK LLP

Registered Auditors
Chartered Accountants
Southampton
20 May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	1	10,117,214	6,008,857
Cost of sales		(5,256,974)	(2,716,967)
Gross profit		4,860,240	3,291,890
Other operating income – dividends received		101,444	119,396
Administrative expenses		(1,182,774)	(419,475)
Provision for impairment of exploration assets		—	(842,763)
Provision for impairment written back		759,560	—
Operating profit – continuing operations	2	4,538,470	2,149,048
Interest receivable		34,427	25,365
Interest payable and similar charges		(82,233)	—
Profit on ordinary activities before taxation		4,490,664	2,174,413
Tax on profit on ordinary activities	4	(1,139,968)	(905,830)
Profit for the financial year		3,350,696	1,268,583
Profit per ordinary share – basic	5	3.59p	1.42p
– diluted		3.32p	1.42p

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

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

CONSOLIDATED BALANCE SHEET as at 31 December 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Intangible assets	6		4,201,631		2,200,000
Tangible assets	7		24,512		3,578
Investments	8		465,560		3,385,823
			4,691,703		5,589,401
Current assets					
Debtors: amounts falling due within one year	9	539,506		26,775	
Investments	10	20,059,578		10,821,729	
Cash at bank and in hand		3,639,452		967,402	
		24,238,536		11,815,906	
Creditors: amounts falling due within one year	11	(3,558,466)		(1,105,036)	
Net current assets			20,680,070		10,710,870
Total assets less current liabilities			25,371,773		16,300,271
Capital and reserves					
Called up share capital	12		10,726,121		8,938,496
Share premium account	13		10,803,383		8,115,458
Merger reserve	13		1,245,256		—
Profit and loss account	13		2,597,013		(753,683)
Equity shareholders' funds	14		25,371,773		16,300,271

These financial statements were approved by the Board of Directors on 9 March 2005.

M A Burne
Executive Chairman

N A Steinberg
Finance Director

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

BALANCE SHEET as at 31 December 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	7		18,461		3,578
Investments	8		4,686,088		5,389,092
			4,704,549		5,392,670
Current assets					
Debtors: amounts falling due after more than one year	9a	1,549,163		610,509	
Debtors: amounts falling due within one year	9b	109,787		24,101	
Investments	10	20,053,703		10,821,729	
Cash at bank and in hand		2,260,231		967,349	
		23,972,884		12,423,688	
Creditors: amounts falling due within one year	11	(3,272,846)		(1,500,183)	
Net current assets			20,700,038		10,923,505
Total assets less current liabilities			25,404,587		16,316,175
Capital and reserves					
Called up share capital	12		10,726,121		8,938,496
Share premium account	13		10,803,383		8,115,458
Merger reserve	13		1,245,256		—
Profit and loss account	13		2,629,827		(737,779)
Equity shareholders' funds			25,404,587		16,316,175

These financial statements were approved by the Board of Directors on 9 March 2005.

M A Burne
Executive Chairman

N A Steinberg
Finance Director

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

CONSOLIDATED CASH FLOW STATEMENT year ended 31 December 2004

	Note	2004		2003	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	A		(861,284)		420,390
Returns on investments and servicing of finance					
Interest receivable		34,427		25,365	
Interest payable		(46,233)		—	
Net cash inflow/(outflow) from returns on investment and servicing of finance			(11,806)		25,365
Taxation			(901,862)		(66,665)
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(66,839)		(70,781)	
Payments to acquire tangible fixed assets		(21,731)		(2,174)	
Payments to acquire fixed asset investments		(115,572)		(229,595)	
Sale of fixed asset investment		1,157		11,862	
Net cash inflow/(outflow) from capital expenditure and financial investment			(202,985)		(290,688)
Acquisitions					
Payments to acquire subsidiary		(349,374)		—	
Bank and cash balances acquired with subsidiary		13,486			
			(335,888)		—
Net cash inflow/(outflow) before financing			(2,313,825)		88,402
Financing					
Issue of ordinary share capital		3,612,500		—	
Expenses of share issues		(109,567)		—	
Bank loan		1,500,000		—	
Net cash inflow from financing			5,002,933		—
Increase in cash	B		2,689,108		88,402

The notes to the cash flow statement are on page 20.

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 2004

A RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	4,538,470	2,149,048
Depreciation	6,153	1,193
Amortisation	24,491	—
Exchange (gains)/losses	17,058	(126,670)
(Increase)/decrease in debtors	267,030	3,702
Increase/(decrease) in creditors	132,697	108,115
Increase in current asset investments	(5,087,623)	(2,557,761)
Provision for impairment of exploration assets	—	842,763
Provision for impairment written back	(759,560)	—
	(861,284)	420,390

B ANALYSIS OF NET FUNDS

	At 01/01/04 £	Cash flow £	Exchange movement £	At 31/12/04 £
Cash at bank and in hand	733,932	2,172,469	(26,111)	2,880,290
Bank balances with stockbrokers	233,470	516,639	9,053	759,162
	967,402	2,689,108	(17,058)	3,639,452
Bank loan	—	(1,500,000)	—	(1,500,000)
	967,402	1,189,108	(17,058)	2,139,452

C RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2004 £	2003 £
Increase in cash	2,689,108	88,402
Exchange movement	(17,058)	126,670
Bank loan	(1,500,000)	—
	1,172,050	215,072
Net funds at 1 January	967,402	752,330
Net funds at 31 December	2,139,452	967,402

NOTES TO THE ACCOUNTS year ended 31 December 2004

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 the results of the company and of its subsidiary undertakings (see note 8) drawn up to 31 December 2004. The results of subsidiary undertakings acquired during the period are included from the date of acquisition. Profits or losses on intra 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. Where fixed asset investments are no longer considered to be strategic, they are reclassified as current asset investments.

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 depreciated 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 and fees receivable from investment banking. No turnover was achieved in respect of the group's exploration activities. All turnover relates to continuing activities.

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 is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE ACCOUNTS year ended 31 December 2004

1 ACCOUNTING POLICIES (CONTINUED)

1.10 Fixed assets

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

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

Office equipment 25%

1.11 Pensions

The company contributes to the private pension schemes of certain directors. The assets of the scheme are held separately from that of the company. Contributions are charged in the accounts as incurred.

2 OPERATING PROFIT

	2004 £	2003 £
Operating profit, all of which arises from the group's principal activities, is stated after charging:		
Auditors' remuneration: audit services	19,500	10,000
Non-audit services as Nominated Adviser	15,000	15,000
Depreciation	6,153	1,193
Amortisation of goodwill	24,491	—

The directors do not consider it possible to analyse operating profits and losses between the group's different activities because it is not possible to produce a meaningful analysis of the overheads. As Ambrian Partners Limited was acquired during the latter part of the year, its contribution to turnover, administrative expenses and operating profit is not material.

3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Number of employees

The average monthly number of employees (including directors) during the year was:

	2004 Number	2003 Number
	7	4

	2004 £	2003 £
Employment costs		
Wages and salaries	519,404	161,000
Social security costs	63,034	18,682
Other pension costs	99,483	—
	681,921	179,682

Directors' emoluments

	2004 £	2003 £
Directors' emoluments	391,628	161,000
Pension contributions	99,483	—
Gains on exercise of share options	50,375	—
	541,486	161,000

Emoluments disclosed above include the following amounts paid to the highest paid director, who is the chairman:

	2004 £	2003 £
Emoluments	168,172	100,000
Pension contributions	35,700	—
	203,872	100,000

N A Steinberg is a partner in Munslovs, a firm of Chartered Certified Accountants. That firm charged fees of £64,600 (2003: £42,990) excluding VAT to the group in respect of professional services in the period.

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax provision for the period is higher than the standard rate of corporation tax in the UK of 30%. The differences are explained as follows:

	2004 £	2003 £
Profit on ordinary activities before tax	4,490,664	2,174,413
UK corporation tax on profits for the year	1,347,199	652,324
Expenses not deductible for tax purposes	24,617	253,506
Provision for impairment written back not subject to tax	(231,848)	—
	1,139,968	905,830

5 EARNINGS PER ORDINARY SHARE

The calculation of earnings per ordinary share is based on profits of £3,350,696 (2003: profit £1,268,583) and on 93,368,570 (2003: 89,384,958) ordinary shares being the adjusted weighted average number of ordinary shares in issue during the year. The diluted earnings were based on 100,894,785 (2003: 89,553,708) ordinary shares and options.

6 INTANGIBLE ASSETS

Group	Goodwill on consolidation £	Exploration expenditure £	Total £
Cost			
At 1 January 2004	—	4,392,220	4,392,220
Additions	1,959,283	66,839	2,026,122
At 31 December 2004	1,959,283	4,459,059	6,418,342
Amortisation			
At 1 January 2004	—	2,192,220	2,192,220
Charge for the year	24,491	—	24,491
At 31 December 2004	24,491	2,192,220	2,216,711
Net book amount at 31 December 2004	1,934,792	2,266,839	4,201,631
Net book amount at 31 December 2003	—	2,200,000	2,200,000

Of the deferred exploration costs £2,058,085 relates to the group's interests in Sierra Leone, net of a provision of £1,835,479, £208,754 relates to the group's interests in Ethiopia net of a provision of £178,200.

7 TANGIBLE FIXED ASSETS

Group	Office equipment £
Cost	
At 1 January 2004	6,348
Additions	21,731
Acquired with subsidiary	5,356
Balance at 31 December 2004	33,435
Depreciation	
At 1 January 2004	2,770
Charge for the year	6,153
Balance at 31 December 2004	8,923
Net book value	
At 31 December 2004	£24,512
At 31 December 2003	£3,578

NOTES TO THE ACCOUNTS year ended 31 December 2004

7 TANGIBLE FIXED ASSETS (CONTINUED)

Company	Office equipment £
Cost	
At 1 January 2004	6,348
Additions	21,036
Balance at 31 December 2004	27,384
Depreciation	
At 1 January 2004	2,770
Charge for the year	6,153
Balance at 31 December 2004	8,923
Net book value	
At 31 December 2004	£18,461
At 31 December 2003	£3,578

8 INVESTMENTS HELD AS FIXED ASSETS

Group	Investments £
Cost	
At 1 January 2004	4,158,650
Additions	465,560
Disposal	(14,424)
Reclassification to current asset investments	(4,144,226)
At 31 December 2004	465,560
Provision for impairment	
At 1 January 2004	772,827
Provision written back	(759,560)
Disposal	(13,267)
At 31 December 2004	—
Net book value	
At 31 December 2004	465,560
At 31 December 2003	3,385,823

8 INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Company	Shares in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 January 2004	2,003,269	4,158,650	6,161,919
Additions	2,217,259	465,560	2,682,819
Disposal	—	(14,424)	(14,424)
Reclassification to current asset investment	—	(4,144,226)	(4,144,226)
At 31 December 2004	4,220,528	465,560	4,686,088
Provision for impairment			
At 1 January 2004		772,827	772,827
Provision written back		(759,560)	(759,560)
Disposal		(13,267)	(13,267)
At 31 December 2004		—	—
Net book value			
At 31 December 2004	4,220,528	465,560	4,686,088
At 31 December 2003	2,003,269	3,385,823	5,389,092

Other investments include investments which are listed on the Australian, Canadian and US Stock Exchanges, the market value of which was £nil at 31 December 2004 (£8,558,388 at 31 December 2003).

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
Resource Capital International Limited	UK	UK	Ordinary shares	100%	Non Trading
Ambrian Partners Limited	UK	UK	Ordinary shares	100%	Corporate Finance and Stockbroking
Rainforth Capital Management Limited	UK	UK	Ordinary shares	100%	Dormant

NOTES TO THE ACCOUNTS year ended 31 December 2004

8 INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Interest in which a participating interest is held

Name of company	Country of incorporation	Proportion of shares and voting rights held	Capital and reserves £	(Loss) for year £
Above 20%				
Information Interactive Resource Ltd	UK	25%	135,528	51,622

This investment has not been accounted for as an associate as the company does not exercise significant influence over the operating and financial policies of this company.

The capital and reserves and profit for the year have taken from its financial statements for the period ended 30 June 2004.

On 17 September 2004, the group acquired 100% of Ambrian Partners Limited, for a consideration of £2,168,135 satisfied by £300,250 and the issue of 6,226,282 ordinary shares at 30p per share.

Goodwill arising on the acquisition of Ambrian Partners Limited has been capitalised, and is amortised over its useful economic life which in the opinion of directors is 20 years. The purchase of Ambrian Partners Limited has been accounted for by the acquisition method of accounting. Advantage has been taken of Section 131 of the Companies Act 1985 on merger relief in respect of the premium on the issue of shares to finance the acquisition.

Ambrian Partners Limited

The assets and liabilities of Ambrian Partners Limited acquired were as follows:

	Book value £	Fair value £
Fixed assets		
Tangible	5,356	5,356
Current assets		
Investments	6,000	6,000
Debtors	779,761	779,761
Bank and cash	13,486	13,486
Total assets	804,603	804,603
Creditors		
Trade creditors	16,178	16,178
Other creditors	18,461	18,461
Accruals	509,188	509,188
Taxation	2,800	2,800
Total liabilities	546,627	546,627
Net assets	257,976	257,976
Purchased goodwill capitalised		1,959,283
		2,217,259
Satisfied by:		
Issue of shares		1,867,885
Cash		300,250
Costs		49,124
		2,217,259

8 INVESTMENTS HELD AS FIXED ASSETS (CONTINUED)

Analysis of net outflow of cash in respect of the purchase of the subsidiary undertaking

	£
Cash at bank and in hand acquired	13,486
Cash consideration	(300,250)
	(286,764)

The subsidiary undertaking acquired during the year made the following contribution and utilisation of group cash flow.

Net cash inflow from operating activities	481,140
Returns on investment and servicing of finance	4,871

9 DEBTORS

a) Amounts falling due after more than one year

	2004		2003	
	Group £	Company £	Group £	Company £
Amounts owed by subsidiary undertakings	—	1,549,163	—	610,509

b) Amounts falling due within one year

	2004		2003	
	Group £	Company £	Group £	Company £
Trade debtors	285,896	—	—	—
Other debtors	187,288	56,527	2,674	—
Prepayments and accrued income	66,322	53,260	24,101	24,101
	539,506	109,787	26,775	24,101

10 INVESTMENTS HELD AS CURRENT ASSETS

Group	2004		2003	
	£		£	
Core	8,071,609		3,891,908	
Dealing	11,987,969		6,829,821	
Listed investments	20,059,578		10,821,729	

Company	2004		2003	
	£		£	
Core	8,071,609		3,891,908	
Dealing	11,982,094		6,829,821	
Listed investments	20,053,703		10,821,729	

The market value of the listed investments, which are listed on the London, Australian, US and Canadian Stock Exchanges, was £34,920,056 at 31 December 2004 (£29,805,621 at 31 December 2003).

NOTES TO THE ACCOUNTS year ended 31 December 2004

11 CREDITORS

Amounts falling due within one year

	2004		2003	
	Group £	Company £	Group £	Company £
Bank loan	1,500,000	1,500,000	—	—
Corporation tax	1,155,071	1,141,109	914,165	914,165
Trade creditors	25,388	—	—	—
Other creditors	4,865	4,087	38,535	37,682
Taxation and social security creditors	164,105	110,516	7,406	7,406
Accruals and deferred income	709,037	121,134	144,930	144,930
Amounts owed to subsidiary undertaking	—	396,000	—	396,000
	3,558,466	3,272,846	1,105,036	1,500,183

12 CALLED UP SHARE CAPITAL

	Group and company			
	2004 Number of shares	2003 Number of shares	2004 £	2003 £
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	107,261,208	89,384,958	£10,726,121	£8,938,496

During the course of the year the following share issues took place.

- On 5 May 2004, 999,968 ordinary shares were issued at 35p per share as part consideration for the acquisition of 3,099 shares in Interactive Resource Information Limited. The difference between the nominal value of £99,997 and the consideration of £349,989 has been credited to the share premium account.
- On 17 September 2004, 6,226,282 ordinary shares were issued at 30p per share as part consideration for the acquisition of 100% of Ambrian Partners Limited. The difference between the nominal value of £622,628 and the consideration of £1,867,884 has been credited to the merger reserve account.
- On 28 September 2004, 1,150,000 ordinary shares were issued at 25p per share on exercise of share of options. The difference between the nominal value of £115,000 and the consideration of £287,500 has been credited to the share premium account.
- On 12 November 2004, 9,500,000 ordinary shares were issued at 35p per share. The difference between the nominal value of £950,000 and the consideration of £3,325,000 has been credited to the share premium account.

13 STATEMENT OF MOVEMENT ON RESERVES

Group	Share premium account £	Merger reserve £	Profit and loss account £
Balance at 1 January 2004	8,115,458	—	(753,683)
Premium on allotments in the year	2,797,492	—	—
Expenses of share issues	(109,567)	—	—
Merger reserve on acquisition of subsidiary undertaking	—	1,245,256	—
Profit for the financial year	—	—	3,350,696
Balance at 31 December 2004	10,803,383	1,245,256	2,597,013

Company	Share premium account £	Merger reserve £	Profit and loss account £
Balance at 1 January 2004	8,115,458	—	(737,779)
Premium on allotments in the year	2,797,492	—	—
Expenses of share issues	(109,567)	—	—
Merger reserve on acquisition of subsidiary undertaking	—	1,245,256	—
Profit for the financial year	—	—	3,367,606
Balance at 31 December 2004	10,803,383	1,245,256	2,629,827

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 year amounted to £3,367,606 (2003: profit £1,268,583).

14 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

Group	2004 £	2003 £
Profit for the financial year	3,350,696	1,268,583
Shares issued	1,787,625	—
Share premium on new share issues	2,797,492	—
Expenses on new share issues	(109,567)	—
Merger reserve	1,245,256	—
Net addition to shareholders' funds	9,071,502	1,268,583
At 1 January 2004	16,300,271	15,031,688
At 31 December 2004	25,371,773	16,300,271

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
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
20 September 2004	30p	5,252,450	Between 20 September 2005 and 19 September 2011
1 December 2004	40p	250,000	Between 1 December 2005 and 30 November 2011
		9,602,450	

At the year end the market value of the company shares was 33p per share. The highest price during the year was 38p and the lowest price was 25p.

NOTES TO THE ACCOUNTS year ended 31 December 2004

16 CAPITAL COMMITMENTS

There were no capital commitments as at 31 December 2004 or at 1 January 2004.

17 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2004 or at 1 January 2004.

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.

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 except those relating to currency risk.

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 transaction in overseas securities.

Borrowing facilities

The company has no overdraft facilities other than offset between various currency accounts.

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 fair values of listed investments are considered to be their market value as set out in notes 8 and 10.

The interest rate exposure of the financial assets and liabilities of the group as at 31 December 2004 related wholly to floating interest rates with reference to base rates as follows:

	2004 £	2003 £
Sterling – cash at bank in hand	2,194,802	391,578
Australian Dollars	619,649	636,519
Canadian Dollars	820,723	(61,210)
US Dollars	3,763	—
Other	515	515
Cash in hand	£3,639,452	£967,402
Bank loan – sterling	£1,500,000	—

The group had undrawn borrowing facilities of £1,000,000 at 31 December 2004 (2003: £nil).

DIRECTORS AND SENIOR PERSONNEL

GP DIRECTORS

Malcolm Burne

Executive Chairman

A former stockbroker and financial journalist with The Financial Times, Malcolm has controlled and managed fund management, venture capital and investment banking companies in Australia, Hong Kong and North America. Malcolm has been a director of over 20 companies, many of which have been in the mineral resources and gold exploration fields. In addition, he was executive chairman of the Australian Bullion Company (Pty) Ltd., Australia's leading gold dealer and member of the Sydney Futures Exchange. Director of Mano River Resources Inc., Jubilee Platinum plc and several other resources companies in Australia.

Thomas B Gaffney

Chief Executive Officer

Until founding Ambrian in 2001, Tom was director of JP Morgan's Metals and Mining Team and from 1995 was a director and member of the Management Committee in the Corporate Finance Department of Robert Fleming. He has worked in investment banking for 20 years and has specialised in the natural resources sector. He has advised many of the major natural resources companies on acquisitions, divestitures and capital markets transactions, including BHP Billiton, Glencore, Norsk Hydro, Stora Enso, Total and Rio Tinto. Tom previously worked in senior executive positions at Nesbitt Burns (the investment bank of the Bank of Montreal) and Lehman Brothers in London, New York and Toronto.

W Lawrence Banks

Non-executive Director

Lawrence Banks is Chairman of Ambrian. He was Deputy Chairman of Robert Fleming Holdings Limited, the private London-based investment bank acquired by JP Morgan Chase & Co in 2000. Mr Banks has spent his career in corporate finance after an initial period as a mining equity research analyst.

Richard Lockwood

Non-executive Director

Richard is currently Fund Manager of City Natural Resources High Yield Trust plc. He was the founder director and manager of City Merchants High Yield Trust. Previously he was a partner with Hoare Govett for a number of years, with responsibility for the mining department.

Nathan Steinberg FCA FCCA TEP

Finance Director

A Chartered Accountant, Nathan is a partner in the London practice of Munsloves, through which his services are provided to GP. He is an experienced tax adviser and has considerable corporate experience of public companies.

AMBRIAN PARTNERS LIMITED DIRECTORS

W Lawrence Banks

Chairman

Thomas B Gaffney

Chief Executive Officer

Neil MacLachlan

Director, corporate finance

CORPORATE FINANCE

Ed Bowie

Vice president

Roger Clegg

Vice president

RESEARCH

Richard Chase

Vice president, metals and mining

Zac Phillips

Oil and gas

Richard Lucas

Soft commodities

INSTITUTIONAL SALES

Charles Bendon

Sales

Emma Priestley

Corporate broking

OPERATIONS

John Coles

Compliance, finance and administration

Michael Dack

Operations

CONSULTANT

Ward International Consultants Pty Limited

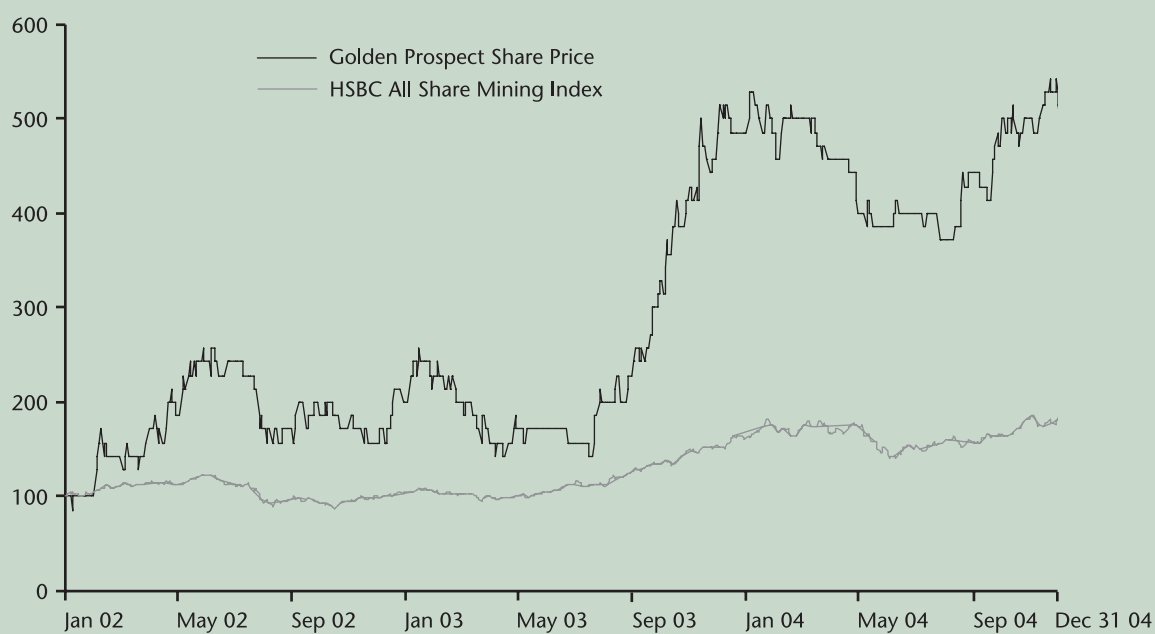
The Principal of Ward International is Terry Ward, a mining engineer with over 35 years' professional experience in the resource sector.

FINANCIAL SUMMARY

THREE YEAR FINANCIAL SUMMARY

	2002	2003	2004
	£	£	£
Turnover	4,520,416	6,008,857	10,117,214
Gross profit	386,145	3,291,890	4,860,240
Profit before taxation	239,701	2,174,413	4,490,664
Net profit	164,701	1,268,583	3,350,696
Earnings per share – basic	0.19p	1.42p	3.59p
Earnings per share – diluted	0.18p	1.42p	3.32p
Shareholders' funds	15,031,688	16,300,271	25,371,771

RELATIVE SHARE PRICE PERFORMANCE



NOTICE OF THE 2005 ANNUAL GENERAL MEETING of Golden Prospect plc

Notice is hereby given that the 2005 Annual General Meeting of the company will be held at Institute of Directors, Shaftesbury Room, 116 Pall Mall, London SW1Y 5ED on 15 June 2005 at 10.30am to transact the following business of the company.

1. To receive and adopt the Directors' Report and the financial statements for the year ended 31 December 2004 and the report of the auditors thereon (the "Accounts").
2. To re-elect William Lawrence Banks as a director, who was appointed during the year.
3. To re-elect Thomas Benedict Gaffney as a director, who was appointed during the year.
4. To re-elect Nathan Anthony Steinberg as a director, who is retiring by rotation.
5. To re-appoint Grant Thornton UK LLP as auditors and to authorise the directors to fix their remuneration.
6. 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 £7,500,000; 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 2006 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.

7. 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 £7,500,000 (within the meaning of Section 94 of the Act) for cash pursuant to the authority granted by resolution 6 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 2006, 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.

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

THAT:

- (a) the company be and is hereby generally and unconditionally authorised, pursuant to section 166 of the Companies Act 1985 make market purchases (as defined in section 163 of the Companies Act 1985) of its own shares on such terms and in such manner as the directors of the company shall determine:
- (b) the general authority conferred by this resolution shall:
 - (i) be limited to a maximum of 11,000,000 Ordinary Shares (representing approximately 10 per cent of the issued share capital of the company at 20 May 2005).
 - (ii) not permit payment of a price per Ordinary Share, exclusive of expenses of less than par value or more than 105 per cent of them average price (as derived from the UK Listing Authority Daily Official List) at which business was done in the ordinary shares of the company in the five business days preceding the date on which the company agrees to buy the Ordinary Shares concerned; and
 - (iii) expire on the earlier of the conclusion of the Annual General Meeting of the company to be held in 2006 or on 15 September 2006 (whichever is the earlier) save that the company may before the expiry of the power hereby conferred contract to purchase its own Ordinary Shares which contract requires or might require the purchase of such Ordinary Shares wholly or partly after such expiry.

By Order of the Board dated 20 May 2005

Cargil Management Services Limited
Secretary

Registered office
22 Melton Street
London NW1 2BW

NOTICE OF THE 2005 ANNUAL GENERAL MEETING of Golden Prospect plc

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.

FORM OF PROXY Golden Prospect plc

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

.....

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the company to be held on 15 June 2005 at 10.30am and at any adjournment thereof.

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

ORDINARY RESOLUTIONS	Vote			
	For	Against	Withheld*	Discretionary**
1. To adopt the Report and Accounts.				
2. To re-elect William Lawrence Banks, a director who was appointed during the year.				
3. To re-elect Thomas Benedict Gaffney, a director who was appointed during the year.				
4. To re-elect Nathan Anthony Steinberg, a director retiring by rotation.				
5. To re-appoint Grant Thornton UK LLP as auditors.				
6. To empower the directors to allot relevant securities pursuant to Section 80 of the Companies Act 1985.				
SPECIAL RESOLUTIONS				
7. To disapply the pre-emption rights contained in Section 89(1) of the Companies Act 1985.				
8. To authorise the company to make market purchases of its own shares.				

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

* The "Vote Withheld" option is to enable you to abstain on the specified resolution. Please note that a "Vote Withheld" has no legal effect and will not be counted in the votes "For" and "Against" a resolution.

**If you select "Discretionary" or fail to select any of the given options, the proxy is authorised to vote (or abstain from voting) at his or her discretion on the specified resolution. The proxy is also authorised to vote (or abstain from voting) on any other business, which may properly come before the meeting.

Print nameDate.....

Signature.....

NOTES:

- (i) This form is for use of shareholders only and will be used only in the event of a poll being directed or demanded.
- (ii) You may if you wish delete the words "the Chairman of the Meeting" and substitute the name(s) of your choice. Please initial such alteration.
- (iii) To be effective this form of proxy must be lodged at the company's registrars, Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the start of the meeting.
- (iv) In the case of a corporation the form must be executed under its common seal or under the hand of an officer or attorney duly authorised in writing.
- (v) In the case of joint holders the signature of any of them will suffice but the names of all joint holders should be shown. The vote of the senior joint holder who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.



FOLD 2

AFFIX
POSTAGE
STAMP
HERE

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4BR

FOLD 1

FOLD 3 AND TUCK IN

SHAREHOLDER AND COMPANY INFORMATION

Golden Prospect plc

Manfield House
1 Southampton Street
London WC2R 0LR
www.goldenprospectplc.com

Ambrian Partners Limited

8 Angel Court
London EC2R 7HP
www.ambrian.com

Company Secretary and Registered Office

Cargil Management Services Limited
22 Melton Street
London NW1 2BW

Company Registration Number:

3172986

Auditors

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

Registrars

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





MANFIELD HOUSE, 1 SOUTHAMPTON STREET, LONDON WC2R 0LR
www.goldenprospectplc.com
Tel: 020 7395 1930 Fax: 020 7395 1931 Email: mail@goldenprospectplc.com