

GOLDEN PROSPECT PLC

INTERIM STATEMENT

Released: 16th September 2005

Golden Prospect (AIM: GOL), the natural resources investment bank, today announces its interim results for the six months ended 30 June 2005, the highlights of which are:

- Profit before tax: £5,071,532 up 766% (2004: £585,415)
- Basic EPS of 3.26p up 539% (2004: 0.51p)
- Maiden interim dividend of 0.5p (2004: nil)
- Net assets of £28.3 million up 65% (2004: £17.1 million). Market value of listed investments of £35.1 million (2004: £27.7 million) including unrealised gains of £12.6 million. Net cash position of £4.0 million (2004: £2.1 million)
- Gross profits: £6,449,815 (2004: £788,702) comprising £1,312,068 from investment banking activities, £1,934,739 from trading activities and £3,203,008 arising from the disposal of long-term investments

Commenting on the results, Malcolm Burne, Chairman of Golden Prospect plc, said:

“The Company has benefited very favourably during the period under review from the robust climate for resource markets and the successful implementation of its investment strategies. By far the most important aspect of the Company’s outstanding progress has been the swift integration of Ambrian Partners since its acquisition 12 months ago which has transformed the Company into a leading natural resources investment bank providing capital, corporate finance and stock broking services to the resource sector.”

Further information on Golden Prospect plc:

Further information on Golden Prospect is available on the Company’s website:

www.goldenprospectplc.com

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INTERIM STATEMENT (Continued)

CHAIRMAN'S STATEMENT

Results

We are pleased to report that the Company's profit before tax for the six months ended 30 June 2005 increased by more than eight times to a record £5,071,532. Basic earnings per share improved over six times from 0.51p to 3.26p.

The Company grew gross profits to £6,449,815 from £788,702. Our new investment banking activities accounted for approximately 20% of gross profits while realised profits arising from our trading activities accounted for approximately 30%. Profits from the disposal of investments in the core portfolio accounted for approximately half the Company's gross profits.

Dividend

The board declares payment of a maiden interim dividend of 0.5p per share (2004: nil). The dividend will be payable on 21 October 2005 to all shareholders on the register on 28 September 2005.

Investment Banking

Ambrian Partners Limited ("Ambrian") has significantly strengthened Golden Prospect's competitive position by providing new investment opportunities and new income streams. Ambrian is a member firm of the London Stock Exchange and obtained Category 'A' authorisation from the FSA in April 2005.

Ambrian's *corporate finance and corporate broking* activities generate revenues from financial advisory fees, new issue commissions, options granted and corporate broking retainers. Ambrian has completed as broker, co-broker or placing agent 11 capital raising transactions with a total value of over £60 million so far this year, including six Initial Public Offerings on AIM. Ambrian currently has 13 retained corporate clients. In a short period of time Ambrian has become recognised as one of the leading corporate brokers to the mining and oil & gas sectors.

Ambrian's *research, sales and trading* activities generate brokerage commissions and trading spreads. Ambrian has a highly qualified team of equity research analysts with backgrounds in geology, mining and chemical engineering. This expertise has earned the respect of Ambrian's institutional clients and wide acclaim for its research product.

Ambrian has embarked on a robust expansion programme intended to widen its range of activities. It has recruited a project financing specialist, begun coverage of companies active in the range of soft commodities and is building its presence in the rapidly

growing area of environmental technologies which seek to make better use of the world's natural resources. Ambrian is also examining opportunities in investment management and commodities broking. Such activities will substantially augment future earnings power and complement Golden Prospect's strategy that involves putting its significant capital to work alongside the capital of investors in selected transactions that Ambrian lead manages. This approach will provide Golden Prospect with opportunities for generating a greater return on its investment banking operations thereby enhancing earnings for shareholders.

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INTERIM STATEMENT (Continued)

Principal Investments

During the first six month period partial disposals were made within the core portfolio while at the same time certain holdings in the trading portfolio were realised as and when liquidity permitted. The Company continues to be firmly committed to its core portfolio and is confident of securing further substantial gains from its larger holdings in Jubilee Platinum, Mano River Resources, Uruguay Minerals, Anglesey Mining, Samson Oil & Exploration, Nautical Petroleum, Centamin Egypt and Central Asia Gold.

All these companies are performing strongly with excellent news on their various drilling or development programmes. Each of these companies can be expected to make important contributions to Golden Prospect's future growth.

To complement our listed equity investments we are seeking to build a portfolio of income generating royalty streams and have recently acquired a 1% Net Smelter Return Royalty over the Nixon Fork Gold Mine and Project Area in Alaska for US\$225,000. Nixon Fork is expected to commence production in 2006 and currently has total reserves and resources of 115,000 ounces of gold.

Although the principal investment policy favours the highest portfolio weighting in gold shares, management has diversified across the whole natural resources sector by investing in energy (oil, gas, coal and uranium), precious metals (silver, diamonds, platinum), base metals (copper, nickel, zinc and iron ore) and agricultural commodities (softs and plantations).

As always, the investment policy has been to focus on companies that have geographical spread and the capability of either going into production in the medium term or being absorbed by a major competitor in an intensifying merger and acquisitions market place. This investment policy should cushion values in periods of market corrections, while providing liquidity.

This rationalisation part of the cycle has begun and the next stage should be the discovery phase of new deposits (reflecting considerable financing of exploration) which will keep considerable focus on the sector in terms of investor interest.

Most of the leading industry sources remain extremely optimistic about sustained growth and opportunities in the natural resources sector. The US Commodity Price Index adjusted for CPI still suggests commodity price levels are near to historic lows in real terms.

Much depends on whether the rise in demand from China, India and other emerging economies is sustainable over the medium to longer term. Supply constraints exist in most commodities and the argument that the world is witnessing the next “secular change” in the commodity cycle certainly has merit. If we include oil and other related energies, we believe that commodities are an asset class that is witnessing a genuine “paradigm shift” and not a bubble. There is unlikely to be an economic collapse in China which has a balance of payments surplus and an undervalued currency.

The Company’s unquoted investments in exploration joint ventures, namely licences in Sierra Leone and Ethiopia, are planned to be hived off into a new listed vehicle.

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INTERIM STATEMENT (Continued)

Principal Investments (Continued)

The Company's 25% investment in Interactive Resource Information Limited, which owns Minesite.com (which also owns a 25% interest in Oilbarrel.com) has enabled significant cross fertilisation of ideas at the junior end of the market and we look forward to continued fruits from this relationship. Minesite's unique position and role within the industry remains unrivalled and its growth is reflected in significantly increased profitability.

Outlook

Golden Prospect stands at the centre of financing the natural resource sector, which includes extraction (metals, mining, oil and other energies): agricultural products and environmental technologies. We have a sustainable competitive advantage based on the strength of our team and sector focus. We anticipate continued strength in commodity prices and see many opportunities for growth in the resource sector for investment banking services and strategic investments.

The Company is being increasingly recognised for its abilities in the resource sector which is reflected by the growing list of high quality institutional shareholders on the Company's share register; these include Artemis, City of London, Fidelity, Framlington, Gartmore, Generali and Invesco. These seven institutions own almost 50% of the outstanding shares of the Company.

Moreover, Golden Prospect is extremely encouraged by the recent appointment of Collins Stewart Ltd as its Nominated Advisor and Corporate Broker.

The board has agreed to establish a new equity incentive plan for the benefit of its staff, under which options will be granted to purchase Golden Prospect shares. The share options will have certain vesting conditions. Shares required to meet option exercises will be purchased in the market and will accordingly not dilute shareholders' interests; such share purchases will be hedged by the Company. The purpose of these share options is to closely align the interests of our staff with those of our shareholders.

In summary, and as anticipated in our last report to shareholders the value of the Company is rapidly shifting from an emphasis on net asset value to an earnings growth valuation so that an investment decision should be based on a price earnings ratio and other relevant fundamental factors. In this respect Golden Prospect stands significantly undervalued.

Malcolm Burne
Chairman

GOLDEN PROSPECT PLC**UNAUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT**
Six Months ended 30 June 2005

	Six Months To 30/6/05	Six Months To 30/6/04
	£	£
Sales	14,030,636	2,471,796
Cost of sales	(7,580,821)	(1,683,094)
Gross profit	6,449,815	788,702
Other operating income – dividends received	40,184	42,583
Administrative expenses	(1,416,379)	(260,131)
Operating profit – continuing operations	5,073,620	571,154
Interest receivable	54,640	14,261
Interest payable and similar charges	(56,728)	-
Profit on ordinary activities before taxation	5,071,532	585,415
Tax on profit on ordinary activities	(1,571,121)	(126,817)
Profit on ordinary activities after taxation	3,500,411	458,598
Dividend	(536,306)	-
Profit for the financial period	2,964,105	458,598
Profit per ordinary share – basic	3.26p	0.51p

GOLDEN PROSPECT PLC

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2005

	30/6/05		30/6/04	
	£	£	£	£
FIXED ASSETS				
Tangible fixed assets		106,367		3,129
Intangible assets		4,300,614		2,234,986
Investments		465,560		3,839,660
		<u>4,872,541</u>		<u>6,077,775</u>
 CURRENT ASSETS				
Investments	22,525,028		11,512,999	
Debtors	676,947		87,051	
Cash at bank and in hand	<u>6,267,222</u>		<u>649,642</u>	
	29,469,197		12,249,692	
CREDITORS: Amounts				
falling due within one	6,005,860		1,218,609	
year				
NET CURRENT ASSETS		<u>23,463,337</u>		<u>11,031,083</u>
TOTAL ASSETS LESS				
CURRENT LIABILITIES		<u>28,335,878</u>		<u>17,108,858</u>
 CAPITAL AND RESERVES				
Called up share capital		10,726,121		9,038,493
Share premium account		12,048,639		8,365,450
Profit and loss account		<u>5,561,118</u>		<u>(295,085)</u>
EQUITY SHAREHOLDERS' FUNDS		<u>28,335,878</u>		<u>17,108,858</u>

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UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2005

	Unaudited Six months to 30/06/05 £	Unaudited Six months to 30/06/04 £
Net cash inflow/(outflow) from operating activities	2,607,691	(157,160)
Interest receivable	54,640	14,261
Interest payable	(56,728)	-
Net cash inflow/(outflow) from returns on investment and servicing of finance	(2,088)	14,261
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	(98,983)	(34,986)
Payments to acquire tangible fixed assets	(81,855)	-
Payments to acquire fixed asset investment	-	(453,837)
Net cash inflow/(outflow) from capital expenditure and financial investment	(180,838)	(488,823)
Net cash inflow/(outflow) before financing	2,424,765	(631,722)
Issue of ordinary share capital	-	349,989
Net cash inflow from financing	-	349,989
Increase/(Decrease) in cash	2,424,765	(281,733)

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NOTES TO THE UNAUDITED INTERIM ACCOUNTS Six months ended 30 June 2005

- 1** The calculation of earnings per share is based on the profit after tax of £3,500,411 (Period ended 30 June 2004 - £458,598) and on the number of shares in issue being the adjusted weighted average number of shares in issue during the period of 107,261,208 (Period ended 30 June 2004 - 90,045,211).
- 2** The interim statement for the six months ended 30 June 2005 is unaudited and was approved by the Directors on 15 September 2005. The financial information set out above does not constitute statutory accounts within the meaning of s.240 of the Companies Act 1985.
- 3** The accounting policies remain as stated in the Annual Report for the year ended 31 December 2004.
- 4** Copies of the Interim Report are available to the public free of charge from the company at Manfield House, 5th Floor, 1 Southampton Street, London WC2R 0LR during normal office hours, Saturdays, Sundays and bank holidays excepted, for 14 days from today .