MINMET PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

MINMET PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

CONTENTS

MINMET PLC

CHAIRMAN'S STATEMENT

Introduction

As my first direct communication with shareholders since my appointment as Chairman of Minmet plc on 25 March 2003, I am pleased to have this opportunity to share some of my thoughts and objectives on the opportunities and challenges that we face.

During 2002 it became clear that certain projects were performing poorly and were becoming a drain on cash resources. Urgent and decisive action by management was required to reduce MinMet's exposure to these projects. This prompt action has placed the Company in a position to take advantage of new exploration and production opportunities, of which, an equity investment in Bjorkdalsgruvan AB ("Bjorkdal") in Sweden is the first.

As the previous owner of 50% of Bjorkdal I was attracted to MinMet principally by its experienced, energetic and committed management team. I particularly admired how they quickly came to terms with the difficulties in Cuiaba and Portugal and acted decisively to protect the other assets in the Company and worked diligently to ensure that MinMet would survive these difficulties. In tandem with the management's credentials, the Company had a strong spread of quality exploration properties throughout Latin America, a large shareholder base, and the ability to develop projects through its strong financial position.

At Bjorkdal my fellow shareholder and I have worked hard to recommence production in the mine using the gold mining and exploration assets acquired in 2001. From a zero base, the Bjorkdal gold mine produced approx. 40,000 ozs of gold to the end of 2002 from existing low-grade stockpiled ore and generated positive cash flows for Bjorkdal. In evaluating our future plans we were conscious of the need to invest in exploration to increase the resource base in and around the pit and of the need for expertise to convert the in pit gold resource into a mineable reserve. We viewed MinMet as the ideal partner to provide the expertise to quickly achieve this goal and as an excellent strategic fit when combined with the mining experience of staff at Bjorkdal. It should be remembered that the Bjorkdal mine was one of Europe's largest gold producing mines during the 1990's.

I believe the purchase by MinMet of 50% of Bjorkdal and its right to acquire the remaining 50% has given MinMet shareholders much to look forward to in the future.

Operations

Sweden

Our short-term plans in Sweden are to prove up 200,000 ozs of gold reserves at the Bjorkdal gold mine which would provide an ore-base for three to four years production at full capacity. Simultaneous exploration work is also planned to review the ground adjacent to the mine site to evaluate its prospectivity with the objective of confirming the presence of a larger gold system that would add considerably to the resource base at Bjorkdal.

We will continue to review and optimise the operations of the mine and process plant and in line with our cautious policy we shall focus on implementing cost effective improvements in order to minimise production costs per ounce.

At Barsele, an exploration asset approximately 200km from Bjorkdal, we have an advanced gold project with an Indicated and Inferred Resource of 9,481,000 tonnes grading 1.8 g/t Au for 660,000 ozs of contained gold. The intention is to conduct a scoping study over this project involving a review of all previous drilling, the geological model and metallurgy leading to a pre-feasibility study during the forthcoming field season. We may involve industry majors ("Majors") on this project by way of an earn-in and joint venture arrangement.

There are a number of other exploration projects in the Swedish portfolio, with defined gold mineralisation, that will be advanced and may also be introduced to Majors as possible joint venture opportunities.

The MinMet technical team has completed the digitisation of the large geochemical till database ("Database") covering a large proportion of Sweden and we are working with a number of Majors to utilise it for mutual benefit. This Database has approx. 130,000 unique samples of over 31 elements at various grid sizes and was the geological tool that located the gold anomalies and ultimately led to the discovery of Bjorkdal and Barsele in the 1980's.

Brazil
I am pleased to announce the signing of a Memorandum of Understanding ("MOU") with TeckCominco to participate in an earn-in and joint venture arrangement over the Sungem zinc property near Coromandel. The MOU envisages a $2.5m investment by TeckCominco, excluding their initial phase due diligence, to earn a 75% interest in the Sungem project. TeckCominco's objective is to target a large zinc/lead deposit and they agree with our analysis that Sungem may host such a deposit. Under the MOU TeckCominco would undertake management of the Sungem project.

Our Coromandel Diamond plant has been operating for 8 months with some success. We intend to increase the volume of gravels processed from the most prospective areas identified from systematic pit sampling. A consultant has been appointed to develop a more advanced business plan for the diamond operation and, assuming costs are not prohibitive, the plant will be operated at a higher throughput for the foreseeable future.

Despite the setbacks at Cuiaba we have sought the participation of Majors in an earn-in and joint venture arrangement on our ground holdings in the Cuiaba Basin and we have exchanged data with a number in the past eight months. We continue to hold exploration concessions over approximately 100,000 ha together with an extensive database from the work carried out by MinMet in the period 1999 – 2002. With the relative strength of the gold price, Majors are constantly seeking to participate in such projects.

Dominican Republic
We have recently completed our first scout drilling campaign on the El Brujo concession and have confirmed a low-grade copper/gold porphyry – the first of this style of mineralisation in the Dominican Republic ("DR"). The importance of this technical discovery cannot be understated; gold-rich porphyry copper deposits comprise some of the largest gold deposits in the world e.g. Grasberg and Batu Hijau in Indonesia. The recent discovery of this style of mineralisation by Newmont in the Yanacocha district (40Moz Au past production and reserves) in northern Peru, and the only high sulphidation district larger than Pueblo Viejo has considerable exploration implications for the programme. Our extensive land holdings in the DR means we are in a position to further test the geological model and we have identified a number of drill targets, principally for gold, which will be drill tested in 2003.

The DR has become a focus for increased exploration activity in the past 6 months by other companies, led mainly by the success of Placer Dome Inc with the large Pueblo Viejo gold deposit and encouraged by the relative strength of the gold price. M.I.M. of Australia is actively exploring the ground adjacent to the Pueblo Viejo mine. MinMet holds ground within 1,000m of the Pueblo Viejo pit and these strategic holdings allied to solid exploration results have attracted the attention of Majors. Our regional geological interpretative work has also been recognised by Majors as being unique and we are looking at a number of generative ideas in the DR, that may lead to an association. A number of Canadian juniors have recently established companies in the DR and raised significant funding to explore their land holdings.

Peru
Having drilled our exploration target at El Aguila in September 2002, we were pleased with the technical success of the programme. In particular the results from DDH05 giving 6.3 metres grading 10.0 oz/t Ag, 12.28% Zn and 9.9% Pb from 109.7 metres were highly encouraging. We were therefore disappointed that Apex Silver, our joint venture partner, decided to withdraw from the project despite the technical success and we are now working to attract a new partner to assist us in bringing this project forward. Our technical team, who have extensive experience in this part of Peru, consider the geological setting and the similarities in the mineralisation at El Aguila to Cerro de Pasco (past production and reserves of 753Moz Ag, 9.7Mt Zn and 3.5Mt Pb) and to Atacocha (past production and reserves of 321Moz Ag, 1.8Mt Zn and 1.2Mt Pb) to justify maintaining this project. We will continue to make ground payments in 2003 to maintain the licences in good standing although further work will be dependant on attracting a joint venture partner.

Honduras
As reported in February 2003, our staff experienced a serious community relation's incident while attempting to set up a drilling rig on site near Minas de Oro. Having discussed the incident with our partner, TeckCominco, we jointly decided to claim force majure and have reduced all activity on this site to a minimum. As this project was at a drill and decide juncture, we consider it inappropriate to incur potentially significant expenditure in attempting to resolve what are, very serious community relations issues. In the interests of our staff and resources we have decided to terminate our involvement in this project.

Corporate Development

The Board and myself are aware of the significant challenges that lie ahead to restore shareholder confidence and value. However, we believe that the Company has a number of highly prospective projects both in production and exploration that will provide the platform for success in the coming years. We will continue to monitor opportunities to add shareholder value through both gold production and advanced exploration projects.

Financials

Loss before taxation for 2002 amounted to US$18,775k (2001: US$388k). As reported in the 2002 Interim Statement, this loss relates mainly to the write down of the carrying value of our Cuiaba project in Brazil and the write off of our investment in Portugal. Cash balances as of 31 December 2002 amounted to US$8,682k (2001: US$12,457k).

Management

In September 2002 David Hall and Alan Mooney were appointed Group Operations Director and Company Secretary, respectively. David joined MinMet in November 2001 following the acquisition of Exploration & Discovery Latin America (Panama) Inc. ("E&D"), the company he established with Dr. Stewart D. Redwood after leaving his position as Exploration Manager, AngloGold South America. Alan, who joined MinMet in August 2001, is also Chief Financial Officer of the Company. I would also like to thank those directors, Jeremy Metcalfe, Gordon Riddler, Antony Robson and Carlos Lins, who have retired from the Board for their efforts on behalf of the Company over the years. In addition I would also thank Alec Banyard, our former Company Secretary, for his work since 1995.

Conclusion

I am hugely encouraged by the motivation and energy of the MinMet team, both in the field and at head office, despite the setbacks in 2002. This has greatly encouraged me and I intend to use my general experience and specific knowledge and contacts in Sweden to achieve success with MinMet. I believe we have a high quality team in place to exploit the opportunities in our portfolio. The team at Bjorkdal are also highly experienced and I believe that the combination of the respective experience and skills from MinMet and from Bjorkdal will prove successful.

I would like to thank those who worked diligently to execute the Bjorkdal transaction. The acquisition of an equity interest in Bjorkdal has allowed MinMet to re-emerge as a competitive company in the mining and exploration industry and it provides the platform to create sustainable shareholder value.

Rolf L. Nordstrom
Chairman

8 April 2003

MINMET PLC
DIRECTORS' REPORT

GROUP ACTIVITIES

The directors present their annual report, together with the audited financial statements, for the year ended 31 December 2002. Minmet plc ("MinMet" or the "Company") and its subsidiary undertakings (the "Group") continue to be involved principally in mineral exploration and mining activities. A review of the development of the business, of recent events and likely future developments is contained in the Chairman's Statement on page 3. Details of the Company's principal subsidiary undertakings can be found on page 25 of this report.

GROUP RESULTS AND DIVIDENDS

Results for the year attributable to the shareholders of Minmet plc are as follows:

	2002 US$'000	2001 US$'000
Loss before taxation	(18,775)	(388)
Taxation	—	—
Loss after taxation	(18,775)	(388)

The directors do not propose payment of a dividend (2001: US$Nil).

FUTURE DEVELOPMENTS

The Group intends to continue to use its resources and finances to explore and mine for commercial deposits of precious and base metals, diamonds and other minerals and to fund the gold mining plant at Björkdal in Sweden.

DIRECTORS AND SECRETARY

The present directors and secretary are as set out below:

R.L. Nordström (Sweden), Non-Executive Chairman
M. H. Nolan, Chief Executive Officer
D. J. Hall (U.K.), Group Technical Director
M. S. Johnson (U.K.), Non-Executive Director
A. D. Mooney, Company Secretary

M. S. Johnson retires from the Board by rotation and, being eligible, offers himself for re-election.

On 30 September 2002 G. P. Riddler resigned from the Board, A. W. Banyard resigned as Company Secretary and A.D. Mooney was appointed Company Secretary.

On 25 March 2003 R.L. Nordström was appointed Non-Executive Chairman and J.P. Metcalfe, Antony Robson and Carlos Lins resigned from the Board.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Michael H Nolan Chief Executive Officer
Aged 41, Mr Nolan has been a Director of the Company since 1994. He is a Fellow of the Institute of Chartered Accountants in Ireland, having qualified as a chartered accountant in 1985. He was appointed Chief Executive Officer in November 1999, having held the position of finance director since 1994. Previously he worked with Deloitte & Touche in Dublin and was an executive director of Equity and Corporate Finance plc; the London based corporate finance and investment house.

David J Hall Director of Exploration
Aged 44, Mr Hall was appointed Director of the Company on 7th November 2001. Prior to forming Exploration and Discovery Latin America (Panama) Limited, he was Regional Exploration Manager and Divisional

Director for AngloGold, the world's largest gold mining company, based in Sao Paulo, Brazil. In this position he was responsible for regional and mine exploration programmes in Brazil, Argentina and Peru, as well as involving AngloGold in joint ventures in Ecuador and Colombia. Mr. Hall is a graduate in Geology of Trinity College Dublin and holds a Masters Degree in Mineral Exploration from Queens University, Kingston, Ontario. From 1992, he was Chief Geologist for Minorco responsible for Central and Eastern Europe, Central Asia and Middle East. He moved to South America in 1997 as Group Senior Geologist for Minorco South America. He has worked on and evaluated exploration projects and mines in over 35 countries. He is a Fellow of the Society of Economic Geologists.

NON-EXECUTIVE DIRECTORS

Rolf L. Nordström Chairman

Aged 48, Mr Nordström was appointed Non-Executive Chairman on 25 March 2003. He started his investment career trading portfolio investments, securities, commodities and currencies in Sweden and in the United States and founded an investment and securities business which he took to the Stockholm Market in 1981. In the 1980s he began to focus on real estate investment in Northern Europe and the UK. From 1995 to 2000, he was the principal shareholder and Chairman of what is now Columna Fastigheter AB, listed on the Stockholm Stock Exchange, with around 140,000 shareholders. Between 1996 and 2000, he was Chairman of Realia Fastigheter AB and during 2000, he became the major shareholder in International Real Estate plc, a company listed on the London Stock Exchange.

Professor Michael Johnson

Aged 53, Professor Johnson has been a Director of the Company since 1999. He is Director of Environmental Biology at the University of Liverpool. He holds a B.Sc degree from the University of London and a Ph.D from the University of Liverpool. Professor Johnson has many years experience in the metal mining industry, solving practical environmental problems and arranging permits for new mining operations. He holds the post of environmental advisor to Rio Tinto plc, Outokumpu Oy, United Nations Environment Programme and the World Bank on matters of environmental assessment of development proposals, environmental auditing, risk analysis and decommissioning. Professor Johnson has published widely on various aspects of metalliferous mining and the environment. He is Chairman of Glebe Mines Limited.

Management Team

Alan Mooney, Company Secretary and Chief Financial Officer
Dr. Stewart Redwood, Project Manager, Other Latin America
Dr. Tony Gallon, Project Manager, Brazil

DIRECTORS' AND SECRETARY'S INTERESTS

The interests (all of which were beneficially held except where specifically disclosed) of the directors and the secretary, their spouses and minor children, in the share capital of the Company and its subsidiaries are as follows:

Minmet plc

	Ordinary Shares of €0.0125 each 31/12/2002	Ordinary Shares of Ir1p each 31/12/2001	Options 31/12/2002	Options 31/12/2001	Exercise Price
J. P. Metcalfe	3,187,296	2,597,296	6,300,000	6,300,000	€0.01587 - €0.0952 and Stg25p
M. H. Nolan	1,308,333	808,333	6,966,667	6,300,000	€0.01587 - €0.0952 and Stg25p
D. J. Hall	500,000	—	2,750,000	2,750,000	€Stg11.75p
M. S. Johnson	100,000	100,000	400,000	400,000	€0.1333 and Stg25p
A. J. Robson	6,124,999	6,124,999	550,000	550,000	€0.0730 - €0.2694 and Stg25p
C. E. Lins	856,000	356,000	600,000	600,000	€Stg12p and Stg26.5p
A. D. Mooney	500,000	—	400,000	400,000	€Stg12p

The total number of options exercisable at 31 December 2002 was 26,503,334 (2001: 22,505,607). A further 3,433,333 (2001: 7,915,000) options are in issue and become exercisable in 2003. The expiry date of the options is 30 March 2008.

The market price of the Company's shares at 31 December 2002 was Stg2.2p and ranged from a low of Stg1.1p to a high of Stg14.5p during the year.

CORPORATE GOVERNANCE

Directors' remuneration

In determining the remuneration of the executive directors, the Board considers Section B of the Best Practice Provisions annexed to the Listing Rules of the Irish Stock Exchange. The Remuneration Committee comprises the Chairman, Rolf L. Nordström and Michael S. Johnson both of whom are non-executive directors. The Committee seeks to offer remuneration packages that not only reflect current market conditions but will attract, retain and motivate executives of ability to ensure the Group achieves its objectives.

Directors' interests in contracts

At the date of this report contracts with directors or with companies controlled by directors are as follows:

	Amount
M.H. Nolan	Stg£92,000 p.a.
D.J. Hall	Stg£75,000 p.a.

Going concern

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

Internal control

The Board has overall responsibility for ensuring that the Group maintains a system of internal control to provide it with reasonable assurance regarding the reliability of financial information used within the business and for publication and that assets are safeguarded.

The key features of the internal control system that operated throughout the period covered by this report can be summarised as follows:

- There is central head office control over all expenditures together with budgetary control over all costs and cash flows;

  Appropriate segregation of duties is implemented for all cost authorisations;
- Monthly reporting of financial information to the Board including profit and loss, balance sheet and cash flow information;
- All investment and capital expenditure proposals are documented and approved by the Board;
- Controls are in place to maximise returns from treasury and to minimise foreign exchange risk;
- Environmental impact reviews, such as environmental baseline studies and environmental impact assessments, are carried out for all projects;
- Controls are in place to ensure compliance with all legal and statutory reporting requirements; and
- Controls are in place to ensure entitlements to all licenced areas are maintained

SUBSTANTIAL SHAREHOLDERS

The directors have been notified that the following shareholders hold 3% or more of the issued share capital of the Company at 31 December 2002 and at the date of this report:

	8/4/2003	31/12/2002
Dormant Properties AB	26.6%	n/a
Tiger Resource Finance plc	4.5%	n/a
Merrill Lynch Investment Managers	n/a	7.66%

Dormant Properties AB is controlled by Rolf L. Nordström.

POLITICAL CONTRIBUTIONS

There were no political contributions which require disclosure under the Electoral Act, 1999.

HEALTH AND SAFETY

The well being of the Group's employees is safeguarded through strict adherence to health and safety standards throughout all Group locations. All relevant companies within the Group meet the requirements of the Safety, Health and Welfare at Work Act, 1989 in Ireland, together with the other relevant standards in other countries in which the Group operates.

POST BALANCE SHEET EVENTS

Sweden — Björkdal

On 25 March 2003 MinMet completed the acquisition of a 50% interest in Björkdalsgruvan AB ("Björkdal AB") from Dormant Properties AB in consideration for 188,008,293 ordinary shares in MinMet. Dormant Properties AB is controlled by Rolf Nordström. Mr Nordström was appointed Non-Executive Chairman of MinMet on 25 March 2003.

On 27 February 2003 MinMet entered into an option agreement with International Gold Exploration AB ("IGE AB") granting MinMet the right to acquire the remaining 50% interest in Björkdal AB from IGE AB in consideration for 18,800,829 ordinary shares in MinMet. The exercise price of the option is 169,207,464 ordinary shares in MinMet and is exercisable at any time up to 30 November 2003. IGE AB has the right to extend the exercise period of the option to 1 February 2006.

By virtue of the shareholder agreement with IGE AB, MinMet does not have control of Björkdal AB as defined by Financial Reporting Standard 2 and consequently will account for Björkdal as an associate undertaking.

The principal asset of Björkdal AB is the Björkdal gold mine located 40 kilometres northwest of Skelleftea, in the Vasterbotten district of North Sweden,. The Björkdal mine has a modern, fully operational processing plant with a capacity of 1.3m tonnes per annum and is capable of recovering between 85% and 90% of the gold from mined ore. The measured, indicated and inferred resource at Björkdal is 610,000 ounces of gold. Björkdal AB also holds other exploration concessions in North Sweden at Barsele, Storheden, Nylund and Klippen. The Barsele project has an indicated and inferred resource of 660,000 ounces of gold.

Honduras — Minas de Oro

In February 2003 a drilling programme planned at the Minas de Oro project in Honduras was suspended due to community relations difficulties experienced when our local team attempted to set up drill rigs. As a result of uncertainty regarding the future of this project the directors consider it prudent to fully write off expenditure incurred of US$490k.

BOOKS OF ACCOUNT

The measures that the directors have taken to ensure compliance with Section 202 of the Companies Act 1990, include the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's books of account are maintained at the Company's registered office.

CLOSE COMPANY STATUS

So far as the directors are aware, the Company is not a close company within the meaning of the Taxes Consolidation Act, 2000.

AUDITORS

The auditors, Deloitte & Touche, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

Signed on behalf of the Board:

Michael H. Nolan
Chief Executive Officer

David J. Hall
Director

8 April 2003

MINMET PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992, and the Exploration Securities Market Listing Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINMET PLC

We have audited the financial statements of Minmet plc for the year ended 31 December 2002 which comprise the Statement of Accounting Policies, the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related Notes 1 to 23. 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 193 of the Companies Act 1990. 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 are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Exploration Securities Market Listing Rules of the Irish Stock Exchange and by our profession's ethical guidance.

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 Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the Company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information required by law or the Exploration Securities Market Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not given.

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.

We read the other information contained in the Annual Report and considered whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, and the Technical Report. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and generally accepted in Ireland. 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 circumstances of the Company and the Group, 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.

Fundamental uncertainties

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of intangible assets, financial assets and investments.

As set out in note 1 to the financial statements, the realisation of intangible assets of US$5,525,000 in the consolidated balance sheet and of investments in, and loans to subsidiaries of US$3,099,000 in the Company balance sheet, is dependent on the successful development of the various business activities being pursued by the Group which include:

(i) The exploration for mineral resources in Brazil, the Dominican Republic and other Latin American countries. In all cases future operations are dependent on further development, extension of exploration licences, receipt of mining licences, acquisition of property and raising of finance.

(ii) The development of a gold leaching process which is not yet at commercial revenue generation stage.

The financial statements do not include any adjustments to reduce the value of assets to their recoverable amounts and to provide for future liabilities that may arise should the above projects prove to be unsuccessful. Details of the basis of preparation are described in note 1.

Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2002 and of the loss of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company's balance sheet is in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the Company, as stated in the balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2002 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

Deloitte & Touche
Chartered Accountants and Registered Auditors

Deloitte & Touche House
Earlsfort Terrace
Dublin 2.

April 8 2002

MINMET PLC

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992 and the Exploration Securities Market Listing Rules of the Irish Stock Exchange.

The financial statements are prepared under the historical cost convention with the exception of the revaluation of certain intangible assets and investments.

BASIS OF CONSOLIDATION

The Group's financial statements include the results of the Company and all of its operating subsidiaries from the date of acquisition or up to the date of disposal.

On acquisition, the difference between the fair value of net assets acquired and the fair value of the consideration is capitalised and amortised in line with other exploration costs. On disposal, the difference between the fair value of the consideration and the carrying value of the investment is included in the profit and loss account.

Investments that are held exclusively for resale are excluded from consolidation and are carried as current asset investments.

INTANGIBLE FIXED ASSETS — DEFERRED DEVELOPMENT AND EXPLORATION EXPENDITURE

Development costs

Development costs are capitalised until the results of the development is known. Related overheads such as general and administrative expenses are also capitalised to the extent it is considered that they can be recovered against future revenue. Amortisation will be provided over a period from commencement of commercial revenue generation. If a project is judged to be unsuccessful, the costs are written off immediately.

Exploration costs

Exploration costs in respect of mineral prospects are capitalised until the results of the exploration are known. Related overheads such as general and administration expenses are also capitalised to the extent it is considered that they can be recovered against future revenue. Amortisation will be provided over a period from commencement of commercial revenue generation. If a project is judged to be unsuccessful, the costs are written off immediately.

ACQUISITION COSTS

Costs incurred in connection with potential projects, including management costs and professional fees, are treated as intangible fixed assets and are amortised in line with other exploration costs. In the case where a project is abandoned, the costs are written off to the profit and loss account.

INVESTMENTS

Investments are carried at cost less provision for impairment and at market value in the case of quoted investments held for the long-term.

TANGIBLE FIXED ASSETS

All tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided on the cost of assets in equal annual instalments over their estimated useful lives at the following annual rates:

Vehicles, plant & machinery	15 — 25%
Office equipment	20 — 33⅓%

FOREIGN CURRENCY

Transactions in foreign currencies (currencies other than US Dollars) are recorded at exchange rates ruling on the date of those transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at rates of exchange ruling at the balance sheet date.

The results of undertakings denominated in foreign currencies are translated into US Dollars at average rates of exchange. The adjustment to year-end rates is taken to reserves. Exchange differences that arise on the retranslation of balance sheets of such undertakings at the beginning of the year, and equity additions and withdrawals during the financial year, are dealt with as a movement in reserves. Other translation differences are dealt with in the profit and loss account.

DEFERRED TAX

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when the timing differences reverse. Tax rates used to calculate deferred tax are based on tax rates and law enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

MINMET PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 US$'000	2001 US$'000
Operating expenses		(1,116)	(941)
Amounts written off intangible fixed assets	8	(17,943)	—
Operating Loss		(19,059)	(941)
Continuing operations		(1,380)	(851)
Discontinued operations		(17,679)	(90)
Loss on Ordinary Activities Before Interest		(19,059)	(941)
Interest receivable and similar income	3	284	553
Loss on Ordinary Activities Before Taxation	4	(18,775)	(388)
Taxation	5	—	—
Loss on Ordinary Activities After Taxation and Retained for the Financial Year	17	(18,775)	(388)
Loss per ordinary share (cents)	7	(3.78c)	(0.08c)
Diluted loss per ordinary share (cents)	7	(3.72c)	(0.08c)

The financial statements were approved by the Board of Directors on 8 April 2003 and signed on its behalf by:

Michael H. Nolan
Chief Executive Officer

David J. Hall
Director

MINMET PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2002

	Notes	*2002 US$'000*	*2001 US$'000*
Fixed Assets			
Intangible assets	8	5,525	18,734
Tangible assets	9	418	421
Financial assets	10	—	7
		5,943	19,162
Current Assets			
Debtors	12	55	107
Investment	13	—	720
Cash at bank and in hand	14	8,682	12,457
		8,737	13,284
Creditors: amounts falling due within one year	15	(354)	(545)
Net Current Assets		8,383	12,739
Total Assets less Current Liabilities		14,326	31,901
Capital and Reserves			
Called-up share capital	16	5,522	5,583
Share premium account	17	29,768	29,551
Capital conversion reserve fund	17	87	—
Revaluation reserve account	17	—	396
Profit and loss account	17	(21,051)	(3,629)
Shareholders' Funds — All Equity		14,326	31,901

The financial statements were approved by the Board of Directors on 8 April 2003 and signed on its behalf by:

Michael H. Nolan
Chief Executive Officer

David J. Hall
Director

MINMET PLC

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2002

	Notes	2002 US$'000	2001 US$'000
Fixed Assets			
Intangible assets	8	—	730
Tangible assets	9	16	20
Financial assets	10	—	1
Investment in subsidiaries	11	5,118	10,744
		5,134	11,495
Current Assets			
Debtors	12	5,889	19,889
Investment	13	—	720
Cash at bank and in hand	14	492	772
		6,381	21,381
Creditors: amounts falling due within one year	15	(110)	(305)
Net Current Assets		6,271	21,076
Total Assets less Current Liabilities		11,405	32,571
Capital and Reserves			
Called-up share capital	16	5,522	5,583
Share premium account	17	29,768	29,551
Capital conversion reserve fund	17	87	—
Revaluation reserve account	17	—	396
Profit and loss account	17	(23,972)	(2,959)
Shareholders' Funds — All Equity		11,405	32,571

The financial statements were approved by the Board of Directors on 8 April 2003 and signed on its behalf by:

Michael H. Nolan
Chief Executive Officer

David J. Hall
Director

MINMET PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	*2002 US$'000*	*2001 US$'000*
Net Cash Outflow from Operating Activities	18	(1,002)	(1,205)
Returns on Investments and Servicing of Finance			
Interest received and similar income, net		284	553
Taxation Paid		—	—
Capital Expenditure and Financial Investment			
Payments to develop intangible fixed assets		(3,740)	(3,630)
Payments to acquire tangible fixed assets		(294)	(129)
Proceeds from sale of tangible fixed assets		34	—
Proceeds from sale of investment		700	—
Net Cash Outflow from Capital Expenditure and Financial Investment		(3,300)	(3,759)
Acquisitions and Disposals			
Purchase of subsidiary undertaking		—	(87)
Net Cash Outflow Before Financing		(4,018)	(4,498)
Financing			
Issue of ordinary share capital		243	5,167
(Decrease) Increase in Cash	20	(3,775)	669

MINMET PLC

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 US$'000	2001 US$'000
Loss for the year after taxation	(18,775)	(388)
Decrease in surplus on revaluation of investment	(20)	(264)
	(18,795)	(652)
Translation adjustments	977	(1,578)
Total recognised gains and losses for the year	(17,818)	(2,230)

NOTE OF HISTORICAL COST PROFIT AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 US$'000	2001 US$'000
Reported loss on ordinary activities before taxation	(18,775)	(388)
Realisation of investment revaluation gains of previous years	376	—
Historical cost loss on ordinary activities before taxation	(18,399)	(388)
Historical cost loss after taxation and retained for the year	(18,399)	(388)

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 US$'000	2001 US$'000
Total recognised gains and losses for the year	(17,818)	(2,230)
Issue of shares	243	5,167
Net (decrease) increase in shareholders' funds	(17,575)	2,937
Balance at beginning of the year	31,901	28,964
Balance at end of the year	14,326	31,901

MINMET PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

1. Basis of Preparation

Since the US Dollar and currencies closely linked to it form the main currency block in which the Group's business is transacted, the Group changed its reporting currency from Euro to US Dollars with effect from 1 January 2002.

For comparative purposes, the 2001 reported profit and loss account has been translated into US dollars at the 2001 average exchange rate. The reported balance sheets as of 31 December 2001 have been translated into US Dollars at the exchange rate at 31 December 2001.

The Group is involved in a range of development stage projects. As discussed below costs incurred in respect of certain projects were written off during the year. In respect of the ongoing projects the directors are confident that the values ascribed to them in these financial statements are reasonable and that additional working capital required by the Group will be available through a combination of cash resources, sale of projects, new equity from joint ventures and management fees from the projects. The Group's interests in these projects are included in the consolidated balance sheet under intangible assets.

The Company's interests in the above projects are included in the balance sheet of the Company under financial assets, investments in subsidiaries and amounts owed by Group undertakings. The valuation of such assets is supported by the details as set out in (a) to (f) below.

(a) Connary Minerals plc ("Connary")

The main activity of Connary was the development of a gold mining prospect at Castromil and gold exploration on the Valongo-Gondomar strike zone, both near Oporto, Portugal. In July 2002, the Supreme Administrative Court in Portugal upheld the decision of the Portuguese Government to rescind Connary's licence to mine at Castromil. In addition, a limited drilling programme undertaken at Valongo-Gondomar during the year produced lower than expected gold values. Both of these factors led to the directors' decision to cease operations in Portugal and provide for the full amount of expenditure incurred of US$7,219k (Note 8(b)).

(b) Connary Technology plc

Research and development of the non-toxic leaching system owned by Connary Technology plc is ongoing. This system is recorded as an intangible asset on the balance sheet with a carrying value of US$131k. An amount of US$428k was written off the carrying value of this asset during the year in order for the directors to satisfy themselves that the system is carried at the lower of cost and net realisable value (Note 8(a)).

(c) Crediton Minerals Ltd

Confirmed gold occurrences at Crediton Trough have not been of sufficient significance to warrant further exploration by the Group. The directors have taken the decision to cease funding exploration work on this target and provide for the full amount of expenditure incurred of US$360k (Note 8(b)).

(d) Interests in Brazil

The Group has two subsidiaries in Brazil, Mineradora de Bauxita Ltda. ("MBL") and Mearim Sociade de Mineração Ltda ("Mearim"). Acquisition costs and expenditure on exploration in these companies to 31 December 2002 amounted to US$13,190k. In August 2002 it was decided to cease operations at our gold trial mining plant in Cuiabá, due to low recovery rates. In addition, the drilling programme at Mara Rosa failed to show economic mineral intersections. Intangible assets in respect of the Mara Rosa project have been fully written down while our remaining interest in Cuiabá has been written down to US$2,396k (Note 8(b)). The total write down in respect of both projects amounted to US$9,124k. Other intangible assets in Brazil recorded on the balance sheet of US$1,670k are in respect of the Sungem zinc project at Coromandel and the diamond bulk sampling operation, also in Coromandel (Note 8(b)). The directors are satisfied that these assets are carried at the lower of cost and net realisable value.

(e) Interests in Dominican Republic

The Group operates in the Dominican Republic through its wholly owned subsidiary, Exploration and Discovery Latin America (Panama) Inc. Expenditure on exploration in this area amounted to US$1,212k as of 31 December 2002 and is recorded as an intangible asset on the balance sheet (Note 8(b)). The directors are satisfied that these assets are carried at the lower of cost and net realisable value.

(f) Other interests in Latin America

The Group operates in Honduras and Peru through its wholly owned subsidiary, Exploration and Discovery Latin America (Panama) Inc. Expenditure on exploration in these countries amounted to US$928k as of 31 December 2002. In February 2003 a drilling programme planned at the Minas de Oro project in Honduras was suspended due to community relations difficulties experienced when our local team attempted to set up drill rigs. As a result of uncertainty regarding the future of this project, the directors consider it prudent to fully write off expenditure incurred of US$490k. In addition, the carrying value of our El Aguila project in Peru was reduced by US$322k to US$116k (Note 8(b)). This write down reflects drilling results and a decision by Apex Silver Mines Limited, our joint venture partner on the project, not to fund further exploration work. MinMet is presently evaluating its future involvement on this project. The directors are satisfied that the carrying value of the El Aguila project is at the lower of cost and net realisable value.

2. Employees and Remuneration

The average number of persons employed by the Group during the year (excluding executive directors) is set out below: -

	2002	2001
Management	6	4
Field and administration	56	49
	62	53

The aggregate payroll costs of these persons were as follows:

	US$'000	US$'000
Wages and salaries	920	527
Social welfare costs	119	143
	1,039	670

Of the above payroll costs, US$825k (2001: US$587k) were capitalised.

3. Interest Receivable and Similar Income

	2002 US$'000	2001 US$'000
Bank interest receivable	284	553

4. Loss on Ordinary Activities Before Taxation

	2002 Continuing US$'000	2002 Discontinued US$'000	2002 Total US$'000	2001 Continuing US$'000	2001 Discontinued US$'000	2001 Total US$'000
The loss on ordinary activities before taxation is stated after charging (crediting):						
Depreciation of tangible fixed assets	35	93	128	12	88	100
— capitalised	(21)	—	(21)	—	—	—
— dealt with in the profit and loss account	14	93	107	—	—	—
Amounts written off intangible fixed assets	750	17,193	17,943	—	—	—
Foreign exchange gain	(590)	—	(590)	(68)	—	(68)
Directors' emoluments:						
— Directors' fees	58	—	58	55	—	55
— Directors' remuneration/ management services	474	—	474	371	—	371
— Compensation for loss of office	70	—	70	—	—	—
	602	—	602	426	—	426
— capitalised	(94)	—	(94)	(44)	—	(44)
— dealt with in the profit and loss account	508	—	508	382	—	382
Auditors' remuneration	30	—	30	28	—	28

5. Taxation

No charge to taxation arises due to losses incurred.

In accordance with Financial Reporting Standard 19, the Company has not recognised deferred tax assets in respect of unrelieved losses. At 31 December 2002 these deferred tax assets amounted to approximately US$4,018k (2001: US$443k). Of this amount, US$3,676k (2001: US$285k) is recoverable against the tax charge on future capital profits and US$342k (2001: US$158k) is recoverable against the tax charge on future trading profits.

6. Loss for the Year

As permitted by Section 3(2) of the Companies (Amendment) Act, 1986 the profit and loss account of the holding Company is not presented as part of these financial statements. The loss dealt with in the financial statements of the Company was US$24,692k (2001: loss of US$807k).

7. Loss per Share

The calculation of basic loss per share is based on the weighted average number of ordinary shares in issue during the year of 496.96m (2001: 484.86m) and loss attributable to shareholders of US$18,775k (2001: loss of US$388k). Diluted loss per share is computed in accordance with Financial Reporting Standard 14 and is based on the diluted weighted average number of shares in issue, including share options issued at the date of this report, of 504.42m (2001: 500.25m).

	2002	2001
	In millions of shares	
Total options in issue	29.94	30.42
Options out of the money	(14.90)	(3.24)
Options in the money and therefore dilutive	15.04	27.18
Dilutive options multiplied by the percentage of the average option price to the average share price (see below)	(7.58)	(11.79)
Dilutive effect of options in the money	7.46	15.39
Basic weighted average shares in issue	496.96	484.86
Diluted weighted average shares in issue	504.42	500.25

	2002 US$	2001 US$
Average option price of options in the money	0.0568	0.0999
Average share price during the year	0.1128	0.2304

8. Intangible Fixed Assets

	Group 2002 US$'000	Group 2001 US$'000	Company 2002 US$'000	Company 2001 US$'000
(a) Deferred development expenditure				
Opening balance	464	474	—	—
Exchange movements	86	(28)	—	—
Expenditure during the year	9	18	—	—
Write down of intangible assets	(428)	—	—	—
Closing balance	131	464	—	—
(b) Mineral interests				
Opening balance	18,270	15,533	730	705
Exchange movements	887	(960)	50	(43)
Net expenditure during year	3,752	3,697	31	68
Write down of intangible assets	(17,515)	—	(811)	—
Closing balance	5,394	18,270	—	730
Total intangible assets	5,525	18,734	—	730

Regional Analysis:

	Portugal US$'000	Ireland US$'000	England US$'000	Brazil US$'000	Dominican Republic US$'000	Other Latin America US$'000	Total US$'000
Opening balance	6,986	464	337	10,307	507	133	18,734
Exchange movements	290	86	14	583	—	—	973
Net expenditure (proceeds) during year	(57)	9	9	2,300	705	795	3,761
Write down of intangible assets	(7,219)	(428)	(360)	(9,124)	—	(812)	(17,943)
Closing balance	—	131	—	4,066	1,212	116	5,525

9. Tangible Fixed Assets

(a) Group

	Vehicles, Plant & Machinery US$'000	Office Equipment US$'000	Total US$'000
Cost			
At 1 January 2002	507	127	634
Exchange movements	(153)	4	(149)
Reclassification	(32)	32	—
Additions	207	87	294
Disposals	(43)	(38)	(81)
At 31 December 2002	486	212	698
Depreciation			
At 1 January 2002	134	79	213
Exchange movements	(37)	7	(30)
Reclassification	(3)	3	—
Charged in year	83	45	128
Disposals	(19)	(12)	(31)
At 31 December 2002	158	122	280
Net book value			
31 December 2002	328	90	418
31 December 2001	373	48	421

(b) Company

	Office Equipment US$'000
Cost	
At 1 January 2002	57
Exchange movements	10
Additions	7
At 31 December 2002	74
Depreciation	
At 1 January 2002	37
Exchange movements	7
Charged in year	14
At 31 December 2002	58
Net book value	
At 31 December 2002	16
At 31 December 2001	20

10. Financial Fixed Assets

	Group 2002 US$'000	Group 2001 US$'000	Company 2002 US$'000	Company 2001 US$'000
Unlisted shares at cost and net book value:				
Opening balance	7	7	1	1
Amounts written off during year	(7)	—	(1)	—
Closing balance	—	7	—	1

11. Investment in Subsidiaries

	2002 US$'000	2001 US$'000
Company		
(a) Unquoted shares at cost and net book value		
Opening balance	10,744	11,421
Exchange movements	1,225	(677)
Amounts written off	(6,851)	—
Closing balance	5,118	10,744

The amounts written off are in respect of the Company's investment in Connary Minerals plc.

The Company's principal subsidiaries are:

Subsidiary	Activity	Country of Incorporation and Registered Office	Percentage Ownership 2002	Percentage Ownership 2001
Anagram Limited	Investment Company	Celtic House, Victoria Street, Douglas, Isle of Man.	100%	100%
Connary Technology plc	Development of a non-toxic leaching process	10 Fitzwilliam Sq., Dublin 2, Ireland	100%	100%
Exploration & Discovery Latin America (Panama) Inc.	Gold, Copper, Silver, Lead, and Zinc Exploration	P.H. Costa del Mar No 8-B, Calle 49 Aquilino de la Guardia, Marbella, Apartado Postal 5963, Zona 7 Panama, Republic of Panama.	100%	100%
Minmet (Isle of Man) Limited	Investment Company	Celtic House, Victoria Street, Douglas, Isle of Man.	100%	100%
Mineradora de Bauxita Limitada	Zinc, Lead and Diamond Exploration	Rua Barao de Melgaco, 2754 Sala 1506 Ed Work Tower, Cuiabá MT, Brazil	100%	100%

12. Debtors

	Group 2002 US$'000	Group 2001 US$'000	Company 2002 US$'000	Company 2001 US$'000
Amounts falling due within one year:				
Amounts owed by Group undertakings	—	—	5,839	19,831
Other debtors	13	81	11	39
Prepayments and accrued income	17	26	14	19
	30	107	5,864	19,889
Amounts falling due after more than one year:				
Other debtors	25	—	25	—
	55	107	5,889	19,889

During the year an amount of US$15,959k was written off to the profit and loss account of the Company in respect of amounts owed by Group undertakings to the Company.

13. Investment

	Group 2002 US$'000	Group 2001 US$'000	Company 2002 US$'000	Company 2001 US$'000
Quoted investment, at market value:				
Opening balance	720	984	720	984
Disposal of investment	(700)	—	(700)	—
Deficit on revaluation	(20)	(264)	(20)	(264)
Closing balance	—	720	—	720

The quoted investment represents the Company's shareholding in Tiger Resource Finance plc, an investment company. During the year the Company sold this investment for US$700k.

14. Cash at Bank and in Hand

	Group 2002 US$'000	Group 2001 US$'000	Company 2002 US$'000	Company 2001 US$'000
Cash at bank and in hand	8,682	12,457	492	772

The Group does not have lines of credit with a financial institution.

A lien over cash deposits of US$25k is held by Allied Irish Banks plc in respect of guarantees issued in connection with the Portuguese exploration licence that is held by the Group.

15 **Creditors:** amounts falling due within one year

	Group 2002 US$'000	Group 2001 US$'000	Company 2002 US$'000	Company 2001 US$'000
Trade creditors and accruals	345	525	105	300
Payroll taxes	9	20	5	5
	354	545	110	305

16. Share Capital

	2002 US$'000	2001 US$'000
Authorised:		
750,000,000 ordinary shares of €0.0125 each (2001: 750,000,000 ordinary shares of IR£0.01 each)		
Allotted, called-up and fully paid:		
498,440,590 ordinary shares of €0.0125 each (2001: 496,356,590 ordinary shares of IR£0.01 each)	5,522	5,583

Due to the introduction of the Euro, each of the issued and unissued ordinary shares of IR£0.01 per share were redenominated into an ordinary share of €0.0126974 following a resolution passed at the Annual General Meeting held on 25 April 2002. Every such share was then renominalised to be an ordinary share of €0.0125. An amount equal to the reduction in the issued share capital resulting from this renominalisation was transferred to a capital conversion reserve fund (Note 17).

Issue of shares

On 21 February 2002 and 8 March 2002, 25,000 and 59,000 ordinary shares respectively were issued at IR£0.0575 per share pursuant to the exercise of options under the Company's share option scheme.

On 8 May 2002, 1,000,000 ordinary shares were issued at Stg£0.11 per share pursuant to an agreement with Teck Cominco Limited to part fund the Minas de Oro project in Honduras by way of share subscription. A further 1,000,000 ordinary shares were issued at Stg£0.05 per share in respect of the same agreement on 17 December 2002.

17. Reserves

Group	Share premium account US$'000	Capital conversion reserve fund US$'000	Revaluation reserve account US$'000	Profit and loss account US$'000
At beginning of year	29,551	—	396	(3,629)
Issue of shares	217	—	—	—
Conversion of share capital	—	87	—	—
Deficit on revaluation of investment	—	—	(20)	—
Transfer to profit and loss account	—	—	(376)	376
Loss for the financial year	—	—	—	(18,775)
Translation adjustment	—	—	—	977
At end of year	29,768	87	—	(21,051)

Company	Share premium account US$'000	Capital conversion reserve fund US$'000	Revaluation reserve account US$'000	Profit and loss account US$'000
At beginning of year	29,551	—	396	(2,959)
Issue of shares	217	—	—	—
Conversion of share capital	—	87	—	—
Deficit on revaluation of investment	—	—	(20)	—
Transfer to profit and loss account	—	—	(376)	376
Loss for the financial year	—	—	—	(24,692)
Translation adjustment	—	—	—	3,303
At end of year	29,768	87	—	(23,972)

18. Reconciliation of Operating Loss to Net Cash Outflow from Operating Activities

	2002 US$'000	2001 US$'000
Operating loss before interest	(19,059)	(941)
Depreciation	107	100
Loss on disposal of tangible fixed assets	16	—
Write off of financial assets	7	—
Amounts written off intangible fixed assets	17,943	—
Decrease in debtors	52	77
(Decrease) increase in creditors	(191)	58
Translation adjustment	123	(499)
Net cash outflow from operating activities	(1,002)	(1,205)

19. Reconciliation of Net Cash Flow to Movement in Funds

	2002 US$'000	2001 US$'000
Net funds at 1 January	12,457	11,788
Net cash (outflow) inflow	(3,775)	669
Net funds at 31 December	8,682	12,457

20. Analysis of Net Funds

	31 December 2001 US$'000	Cash flow US$'000	31 December 2002 US$'000
Cash at bank and in hand	12,457	(3,775)	8,682

21. Related Party Transactions

C.E. Lins, a former owner of shares in Mearim Sociade de Mineração Ltda. ("Mearim"), a wholly owned subsidiary, holds a 25% share of a net profit interest. The net profit interest is calculated at 7.5% of the net profits earned in the Coromandel diamond concession in Brazil held by MinMet in accordance with the terms of the option exercised by MinMet to acquire his shares in Mearim.

22. Financial Instruments

The Group's financial instruments comprise cash and short term deposits, trade debtors and trade creditors. The main risk arising from the Group's financial instruments is currency risk. It is the policy of the Group not to enter into derivative instruments or to trade in financial instruments.

The currencies of those countries in which the Group has operations are potentially volatile. For this reason the Group's cash deposits are maintained primarily in US Dollars. Funds are transferred to operations and translated into local currencies on a monthly basis thereby reducing cash held in local currencies and the Group's exposure to currency movements.

The table below shows the Group's currency exposures which are transactional exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and monetary liabilities of the Group that are not denominated in the operating (or 'functional') currency of the operating unit involved.

As at 31 December 2002, these exposures were as follows:

Functional currency of Group operation	Net foreign currency monetary assets in US$'000			
	Sterling	Euro	US Dollar	Total
Sterling	—	136	7,023	7,159
Euro	271	—	88	359
Total	271	136	7,111	7,518

As at 31 December 2001, these exposures were as follows:

Functional currency of Group operation	Net foreign currency monetary assets in US$'000			
	Sterling	Euro	US Dollar	Total
Sterling	—	2,765	2,636	5,401
Euro	1,235	—	44	1,279
Total	1,235	2,765	2,680	6,680

The Group held the following financial assets at 31 December 2002:

	2002 US$'000	2001 US$'000
Sterling cash deposits	983	6,865
Euro cash deposits	521	2,895
US Dollar cash deposits	7,139	2,663
Other currency cash deposits	39	34
Total	8,682	12,457

All of the cash deposits earn a floating rate of interest. Sterling denominated balances earn interest at rates based on the U.K. base rate. US Dollar and Euro denominated balances earn interest at the prevailing seven-day inter-bank rates.

The Group had no financial liabilities other than short-term creditors. The Group has availed of the option under Financial Reporting Standard 13 not to disclose the financial risks other than currency risk associated with short-term creditors

23. Subsequent Events

Sweden – Björkdal

On 25 March 2003 MinMet completed the acquisition of a 50% interest in Björkdalsgruvan AB ("Björkdal AB") from Dormant Properties AB in consideration for 188,008,293 ordinary shares in MinMet. Dormant Properties AB is controlled by Rolf Nordström. Mr Nordström was appointed Non-Executive Chairman of MinMet on 25 March 2003.

On 27 February 2003 MinMet entered into an option agreement with International Gold Exploration AB ("IGE AB") granting MinMet the right to acquire the remaining 50% interest in Björkdal AB from IGE AB in consideration for 18,800,829 ordinary shares in MinMet. The exercise price of the option is 169,207,464 ordinary shares in MinMet and is exercisable at any time up to 30 November 2003. IGE AB has the right to extend the exercise period of the option to 1 February 2006.

By virtue of the shareholder agreement with IGE AB, MinMet does not have control of Björkdal AB as defined by Financial Reporting Standard 2 and consequently will account for Björkdal as an associate undertaking.

The principal asset of Björkdal AB is the Björkdal gold mine located 40 kilometres northwest of Skelleftea, in the Vasterbotten district of North Sweden,. The Björkdal mine has a modern, fully operational processing plant with a capacity of 1.3m tonnes per annum and is capable of recovering between 85% and 90% of the gold from mined ore. The measured, indicated and inferred resource at Björkdal is 610,000 ounces of gold. Björkdal AB also holds other exploration concessions in North Sweden at Barsele, Storheden, Nylund and Klippen. The Barsele project has an indicated and inferred resource of 660,000 ounces of gold.

Honduras – Minas de Oro

In February 2003 a drilling programme planned at the Minas de Oro project in Honduras was suspended due to community relations difficulties experienced when our local team attempted to set up drill rigs. As a result of uncertainty regarding the future of this project the directors consider it prudent to fully write off expenditure incurred of US$490k.

MINMET PLC
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Minmet Public Limited Company will be held at The Merrion Hotel, Upper Merrion Street, Dublin 2 on 22nd day of May 2003 at 11am, for the purposes of considering and, if thought fit, passing, the following Resolutions of which Resolutions numbered 1, 2, 3, 4, 5, 6, 7 and 9 will be proposed as Ordinary Resolutions and of which Resolution numbered 8 will be proposed as a Special Resolution.

Ordinary Business

1. To receive and consider and adopt the accounts for the year ended 31st December 2002 together with the Directors' and Auditors' reports thereon.
2. To re-elect Mr. M. S. Johnson as a Director, who retires by rotation in accordance with Article 98 of the Articles of Association of the Company.
3. To re-elect Mr. R. L. Nordström as a Director, who retires in accordance with Article 104 of the Articles of Association of the Company.
4. To reappoint Deloitte & Touche, Chartered Accountants as Auditors.
5. To authorise the Directors to fix the remuneration of the Auditors.

Special Business

6. That the authorised share capital of the Company be and is hereby increased from €9,375,000 to €15,625,000 by the creation of 500,000,000 Ordinary Shares of €0.0125 each ranking pari passu in all respects with the existing Ordinary Shares of €0.0125 each in the capital of the Company.
7. That the Directors be and are hereby generally and unconditionally authorised pursuant to Section 20 of the Companies (Amendment) Act, 1983 ("the Act") to exercise all powers of the Company to allot relevant securities (as defined by Section 20 of the Act) up to an amount equal to the authorised but as yet unissued share capital of the Company from time to time. The authority hereby conferred shall expire on the earlier of the date of the next annual general meeting of the Company held after the date of passing of this Resolution and at the close of business on 22nd August 2004, unless previously renewed, varied or revoked by the Company save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired. The authority hereby conferred should be in substitution for any existing such authority.
8. Subject to the passing of Resolution number 7 above, that the Directors be and are hereby empowered pursuant to Sections 23 and 24 (1) of the Companies (Amendment) Act, 1983 to allot securities (within the meaning of the said Section 23) for cash pursuant to the authority conferred by Resolution Number 7 above as if the said Section 23 does not apply to any such allotment provided that this power shall be limited to the allotment of equity securities;

    a) in connection with the exercise of any options or warrants to subscribe granted by the Company; and

    b) in addition to the authority conferred by paragraph (a) of this Resolution, up to an aggregate nominal value equal to the nominal value of 10% of the issued share capital of the Company at the date of passing of this Resolution

    which authority shall expire on the earlier of the date of the next annual general meeting of the Company held after the date of passing of this Resolution and at the close of business on 22nd August 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 such Offer or Agreement as if the power conferred hereby had not expired.
9. That the Directors be and are hereby empowered to establish the Minmet plc Share Option Scheme 2003 (the "2003 Scheme") which scheme shall be substantially in the form described in the Chairman's Letter accompanying this Notice of Meeting and that the Directors be and are hereby authorised to do such acts and things as are necessary to establish and carry the 2003 Scheme into effect including the drafting of rules

for the 2003 Scheme and that in constituting such rules the Directors shall take cognisance of the guidelines (if any) on share option schemes as published by the Irish Association of Investment Managers from time to time.

By order of the Board;

Alan Mooney
Secretary

Registered Office: 10 Fitzwilliam Square,
Dublin 2.

8th April 2003

NOTE: A member entitled to attend and vote at the above meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote instead of him. Forms of proxy, to be valid, must be lodged with the Company's Registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, no later than 48 hours before the time appointed for the meeting. Completion and return of the Form of proxy will not preclude ordinary shareholders from attending and voting at the meeting should they wish to do so. Pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996, only those shareholders on the Register of Shareholders at 11am 20th May 2003 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than 48 hours, then to be so entitled, shareholders must be entered on the Company's Register of Shareholders at the time which is 48 hours before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

Explanatory Notes

Ordinary Business

Resolution 1 – Annual Report and Accounts
The Directors present to the shareholders at the Annual General Meeting, the director's report and the audited accounts for the year ended 31 December 2002. The meeting will then receive and consider the same.

Resolutions 2 and 3 – Re-election of Directors
Mr M.S. Johnson is required to retire by rotation in accordance with the Articles of Association and is therefore seeking re-election. Mr R.L. Nordström, having been co-opted to the Board during the year must retire in accordance with the Articles of Association and is seeking re-election. The re-elections are recommended by the Board. Biographical details in respect of Mr Johnson and Mr Nordström are included in the annual report.

Resolutions 4 and 5 – Re-appointment and remuneration of Auditors
Resolution 4 proposes the reappointment of Deloitte and Touche as auditors. Resolution 5, as is normal practice, authorises the Directors to fix the auditors' remuneration.

Special Business

Resolution 6 – Increase in Authorised Share Capital
This is an ordinary resolution proposing to increase the authorised share capital of the Company by creating 500,000,000 new Ordinary Shares of €0.0125 each. It is necessary to maintain sufficient authorised but unissued share capital for the Company to meet its obligations under options and warrants and also to allow for fundraising and acquisitions.

Resolution 7 – Authority under Section 20 of the Companies (Amendment) Act, 1983
This is an ordinary resolution authorising the directors to allot relevant securities up to the existing authorised but unissued share capital. This authority will expire on the earlier date of the next annual general meeting and the close of business on 22 August 2004.

Resolution 8 – Power under Sections 23 and 24(1) of the Companies (Amendment) Act, 1983
Resolution 8 is a Special Resolution authorising the Directors to issue equity securities for cash on a non pre-emptive basis up to an aggregate nominal value equal to 10% of the issued share capital of the company at the date of the passing of the Resolution. This will allow the Board to allot shares from time to time as it

deems appropriate without recourse to the shareholders so that it can move quickly to conclude transactions and take advantage of any improved share prices. This authority will expire on the earlier date of the next annual general meeting and the close of business on 22 August 2004.

Resolution 9 – Share Option Scheme

The Directors intend to establish a share option scheme, the Mimnet plc Share Option Scheme 2003 (the "2003 Scheme") for the purposes of incentivising employees of the Company.

The 2003 Scheme will not be a scheme approved by the Irish Revenue Commissioners. The following are the principal terms of the 2003 Scheme.

Plan Limits

In any ten year period, not more than 10% of the issued ordinary share capital of the Company may be issued or be issuable under the 2003 Scheme and all other employee share schemes adopted by the Company. In addition, in any ten year period, not more than 5% of the issued ordinary share capital of the Company may be issued or be issuable under the 2003 Scheme. These limits do not include rights to shares which have lapsed or been surrendered.

Operation of the 2003 Scheme

The 2003 Scheme will normally be operated within 42 days of

1. Adoption of the 2003 Scheme;
2. An announcement of results to the Irish Stock Exchange; and
3. In other exceptional circumstances.

Amendments to the 2003 Scheme Rules

The Directors may amend the 2003 Scheme as they consider appropriate. However, shareholder approval will be required to amend certain provisions of the 2003 Scheme to the advantage of participants. It is intended that these provisions will relate to: – eligibility; individual and plan limits; option price; rights attaching to the options or shares; adjustment of options on variation in the Company's share capital; and the amendment powers. The Directors can without shareholder approval:

- Make amendments to benefit the administration of the 2003 Scheme or which will obtain or maintain favourable tax, exchange control or regulatory treatment for any participating company or any participant; and
- Make amendments to extend the final date for the exercise of options which have been issued.

General

- Any shares issued under the 2003 Scheme will rank equally with shares of the same class in issue on the date of allotment except in respect of rights arising by reference to a prior record date.
- Options may be adjusted following any variation in the share capital of the Company.
- Options granted under the 2003 Scheme are non-transferable.
- Benefits under the 2003 Scheme are not pensionable.

Eligibility

Full-time employees and directors (including non-executive directors) of the Company and any participating subsidiaries are eligible to participate in the 2003 Scheme. Participants will be selected by the Directors at their discretion. It is currently intended that the 2003 Scheme will be an all employee share scheme, and participants will be selected from all levels within the Company.

Performance Condition

The exercise of options may be made subject to satisfaction of a Performance Condition.

Option Price

The option price will not be less than either the value of the shares on the business day before the date of grant or, if the Directors so decide, the average market value of the shares over the three business days before the date of grant.

Individual Limits

During the continuance of the 2003 Scheme each participant shall be limited to a maximum entitlement of 50 per cent of such shares as are issued pursuant to the 2003 Scheme. The aggregate exercise price of options granted to an employee under the 2003 Scheme and any other discretionary share option scheme operated by the Company in any financial year will not normally exceed his earnings for that year. However, this limit may be exceeded in exceptional circumstances.

Exercise of Options

No option shall be capable of being exercised more than ten years after the date of adopting the 2003 Scheme. Options granted may be exercised, subject to any Performance Condition being satisfied, as follows: –

a) Before the first anniversary of the grant of an option, not more than one third of the shares under such option may be purchased;
b) Before the second anniversary of the grant of an option, not more than two thirds in aggregate of the shares under such option may be purchased;
c) After the second anniversary of the grant of an option, the balance of the shares under such option may be purchased.

However, options may be exercised early in certain circumstances, subject to the satisfaction or waiver of any Performance Condition. These circumstances include an employee leaving because of retirement, death, redundancy or where the company or business for which he works leaves the Group. Options will lapse on the tenth anniversary of their grant, unless the Directors decide to extend the period for their exercise. No options may be granted under the 2003 Scheme after the tenth anniversary of the date of its establishment.

Change of Control, Merger or Other Reorganisations.

On a take-over, scheme of arrangement or certain other corporate reorganisations options may generally be exercised early. Alternatively, participants may be allowed or required to exchange their options for options over shares in the acquiring company.

Termination

The Directors may terminate the 2003 Scheme at any time but termination will not affect subsisting rights. The 2003 Scheme will, in any event, terminate ten years after its establishment.

Voting recommendation

Members of the Board have confirmed that they intend to vote in favour of all resolutions in respect of their shareholdings and share holdings controlled by them which in total amount to 189,166,626 ordinary shares of €0.0125 each.

MINMET PLC
CORPORATE INFORMATION

REGISTERED AND DUBLIN OFFICE	10 Fitzwilliam Square Dublin 2 Tel: 353 1 661 3309 Fax: 353 1 661 3119 E-mail: minmet@minmet.ie Registered in Ireland – Number 128965
AUDITORS	Deloitte & Touche, Chartered Accountants Deloitte & Touche House Earlsfort Terrace Dublin 2
BANKERS	Anglo Irish Bank Corporation Plc Stephen Court 18/21 St. Stephen's Green Dublin 2
BROKERS	Davy Stockbrokers Davy House 49, Dawson Street Dublin 2
PUBLIC RELATIONS	St Brides Media & Finance Ltd. 46 Bedford Row London WC1R 4LR
REGISTRARS	Computershare Investor Services (Ireland) Ltd. Heron House, Corrig Road Sandyford Industrial Estate Dublin 18 Tel: 353 1 216 3100 Fax: 353 1 216 3151 E-mail: web.queries@computershare.ie
SOLICITORS	O'Donnell Sweeney The Earlsfort Centre Earlsfort Terrace Dublin 2
WEB SITE	www.minmet.ie