

**MINMET PLC INTERIM REPORT**  
**FOR SIX MONTHS ENDED 30 JUNE 2003**

**Chairman's Statement**

In my first communication with you on 8<sup>th</sup> April 2003 following my appointment as Chairman of MinMet, I emphasised our intention to create sustainable shareholder value. I believe that the encouraging trading performance, the extensive review and mine development planning at the Björkdal gold mine and our subsequent decision to exercise the option over the remaining 50% of the issued share capital of Björkdalsgruvan AB are delivering on this promise. We will continue to implement a strategy that aims to add value to all projects and investments in the MinMet portfolio.

Much has changed in the five months since that last communication both in the mining and exploration sector and at MinMet. As 2004 approaches, in my opinion, the speed of change and accompanying opportunities will increase, and MinMet is in a strong position to avail of these opportunities. In such a rapid period of change we need to constantly re-evaluate the assets under our control and look for new and innovative ways of creating sustainable value by availing of the opportunities arising in our sector. It is clear at this stage that gold is in a bull rally. This rally together with the appreciation of the US Dollar against the Swedish Krona in the past month is beneficial to MinMet.

MinMet is now positioning itself principally as a European-based gold producer. Development and acquisition of production opportunities and later stage exploration assets and projects will form a central and important aspect of this strategy. The announcement on 3<sup>rd</sup> September 2003 of the sale of our Peruvian assets to MIT Ventures Inc ("MIT") of Canada in exchange for a 40% equity shareholding in MIT demonstrates our intention to seek third party participation and risk sharing arrangements for early-stage exploration assets currently in the MinMet portfolio including those in the Dominican Republic, Brazil and Sweden.

**Financial Results**

In accordance with Financial Reporting Standards 2 and 9 we have not consolidated results from the Swedish operating company Björkdalsgruvan AB since this company was 50% owned by MinMet on 30 June 2003 and management control rested with the other shareholder, International Gold Exploration, IGE AB. We have accounted for Björkdalsgruvan AB as an associate undertaking.

Net loss before tax for the Group for the 6 months ended 30 June 2003 totalled US\$909 k (2002: Loss US\$ 16,387 k). Operating expenses amounted to US\$709 k (2002: US\$1,081 k).

Amounts written off intangible fixed assets of US\$99 k relate to our exit from the Minas de Oro project in Honduras which we announced in the 2002 annual report.

Share of operating loss in associate undertaking reflects our share of the loss recorded by Björkdalsgruvan AB for the four months to 30 June 2003 of US\$134 k. Goodwill amortisation relates to the write off of goodwill arising on the acquisition of our interest in Björkdalsgruvan AB to be amortised over a period of 20 years.

Deposit interest income fell to US\$51 k (2002: US\$147 k) reflecting lower cash balances and lower interest rates.

Cash balances at 30 June 2003 amounted to US\$6,582 k (2002: US\$10,751 k).

Expenditures relating to head office and the cost of maintaining a public limited company are included within operating expenses which have been charged to the Profit and Loss Account in line with our accounting policies.



## **Production**

Following the finalisation of the acquisition of the 50% shareholding in Björkdalsgruvan AB in March 2003 we allocated a number of our senior geologists to assist the existing Björkdal team to improve all aspects of the operations. In tandem with this we commissioned an independent consultant mining engineer, who in August 2003 completed a Mine Development Plan. This report concludes that the existing infrastructure at the Björkdal mine can be operated to produce in excess of 50,000 ozs of gold from the pit and stock piles each year from 2004 and for the extended mine life beyond 2008.

We have commenced a detailed programme of drilling to assist with developing a block model for the continued operation of the mine and to provide a reserve estimate that will enhance its life span. In addition we will use this drilling programme and the results from the inherited 8,000 m of unassayed drill-core to highlight new areas of mineralisation and to expand the geological model currently used to interpret the mineralisation at Björkdal.

Production at the Björkdal mine for the six months to end June totalled 18,069 oz. This production was achieved principally from low-grade stockpiles. The production for July 2003, where we processed feed-stock mainly from the pit, resulted in a record production of 8,118 oz of gold and which generated a significant positive cash flow. This performance is particularly encouraging as it was the first month of full production from the pit and was part of the test work used by management in preparing the Mine Development Plan. We have already cautioned that total production for the year should not be extrapolated using July as a benchmark.

The second half of 2003 should reflect higher gold grades from increased in-pit mining and the higher Swedish Krona gold price currently being achieved. In addition we look forward to the results of our programme to reduce operating costs, all of which combined should give rise to a significant improvement in operating and financial performance.

## **Exploration**

### ***Sweden – Barsele***

Barsele is an advanced project located located 40 km east-south-east of the town of Storuman in the Västerbotten district of northern Sweden. The focus of the previous owners was on the gold mineralisation in the so-called Central Zone of the property. Indicated and inferred resources here are reported at 6,155,000 t grading 1.75 g/t Au for a contained 345,000 ozs Au.

We reported on 4<sup>th</sup> September 2003 that new exploration by MinMet identified the potential for high grade gold-rich massive sulphide mineralisation similar to the world class Boliden deposit located in the Skelleftea district (past production 3.5 Moz Au). Previous drilling at the Norra zone, located 2,000 m north west of the Central Zone returned several high precious and base metal values the most notable being DH-91303 with 14 metres averaging 7.5 g/t Au, 49 g/t Ag, 0.9% Cu and 2.0% Zn 17 to 30 metres down hole.

MinMet has discovered new outcrops of sulphide mineralisation 250 metres along strike from the previously drilled and trenched area in the Norra zone which had never been sampled. Assays from rock chip samples of this outcrop have returned 12.3 g/t, 17.3 g/t and 20.4 g/t Au respectively. MinMet will undertake ground geophysical surveys prior to drill testing before the year-end.

I am pleased to note that the nearby Svartliden gold project, operated by Dragon Mining NL, and immediately adjacent to our Krokliden concession, received regulatory approval for its development and operation on 28<sup>th</sup> August 2003. This clearly demonstrates the ability to permit and operate new discoveries in Sweden.

### ***Sweden – Other***

MinMet has a number of other concessions in Sweden which are being evaluated and prioritised. The regional geochemical database has been reviewed by independent consultant geochemist Dr. Richard Mazzucelli who concluded “...that the MinMet till geochemistry database is a most valuable resource which should be used in conjunction with geological, geophysical and other relevant data to generate high quality exploration targets for many years to come”. MinMet has commenced a programme of target generation with a view to adding value quickly by seeking joint venture partners or effecting a corporate transaction to fund drilling of the targets.

### ***Dominican Republic – East***

The drilling programme planned for Bacco y Ofir, 80 km east of the Pueblo Viejo deposit, has been delayed until MinMet has vested its 51% in the project from Energold Mining Limited. The mineralisation was initially identified as part of the regional stream sediment programme undertaken by MinMet’s wholly-owned subsidiary Exploration & Discovery Latin America (Panama) Inc. Follow-up work has included ridge and spur soil sampling (354 samples) and rock sampling (314 samples). The soil anomaly covers an area of 1,400 m by 700 m with soil values up to 1.1 g/t Au and Cu values up to 0.16%. Within the gold soil anomaly area rock samples have returned a maximum value of 9.56 g/t Au, with 19 samples greater than 1 g/t Au including 9.5 g/t, 5.7 g/t, 4.8 g/t, 3.96 g/t, 3.83 g/t, 3.6 g/t and 2.45 g/t. The rocks have an associated geochemical signature typical of high-sulphidation gold systems including As, Hg, Mo, Sb and Te.

MinMet has commenced limited works on the Piedra Iman and Loma Resbalosa concessions which lie along strike from the Pueblo Viejo deposit currently under feasibility study by Placer Dome of Canada. Dr. Richard Sillitoe, the leading economic geological consultant, concluded on a recent site visit that “...the prominent geochemical anomaly at Loma Resbalosa deserves drill testing to determine if it represents a mineralized centre or lateral leakage from one”.

### ***Dominican Republic – Gold Fields Joint Venture***

The regional stream sediment programme is underway funded by Gold Fields of South Africa (“Gold Fields”). This is being undertaken in combination with geological mapping and rock chip sampling to define targets for staking and subsequent joint venturing with Gold Fields.

### ***Brazil – Sungem***

Despite extensive collaboration with Teck Cominco Limited (“Teck”) over the past four months they have decided not to proceed with the earn-in and joint venture proposal at our Sungem zinc target in Brazil. This outcome is disappointing as a significant effort was made to assist Teck in evaluating this project. However, local management in Brazil is working with other companies to elicit proposals to advance this project and we have also applied to the Brazilian authorities to maintain the concession as an exploration project for a further 12 months.

### ***Brazil – Gold Properties***

#### ***Cuiabá***

Following the completion of an environmental recovery programme of the areas affected by our trial mining operations, activities in Cuiabá have been shut down. We have closed the Cuiabá office, released the staff and completed the sale of the bulk sampling plant and a large amount of equipment. We are now actively seeking partners interested in developing the Cuiabá projects and are negotiating the sale of the remaining Cuiabá equipment from our administration base in Minas Gerais.

#### ***Goiás***

We have staked an area of 12,000 Ha in the south eastern area of Goiás state adjacent to land holdings of Sertão Mineração Limitada which is operating a high grade low tonnage gold operation at the Sertão gold mine. Our principal target in the area is gold, although a Major base-metal company has expressed interest in



other metals. An exclusive option may be granted to this Major to investigate the ground for its required base metals.

#### ***Brazil – Diamonds***

The bulk sampling project on the Carola Flats close to Coromandel has completed its first phase of work, having commenced in August 2002. 16 diamonds were recovered in the test phase including a 2.86 ct stone. Our evaluation is that a larger scale plant and facility is now required and in accordance with our stated strategy to seek participants for early stage or non-core activities we are in discussions with a number of parties with a view to attracting a corporate or joint venture partner to this project.

#### ***Peru – MIT Ventures Inc***

We announced on 3<sup>rd</sup> September 2003 that we had agreed in principle with MIT Ventures Inc (“MIT”) to sell MinMet’s Peruvian assets consisting of the El Aguila Ag-Pb-Zn project and the Pasmenco database to MIT for a 40% equity position in MIT. Tiger Resource Finance plc had earlier agreed in principle to providing working capital of C\$330 k to MIT. Management will remain with the existing MIT team and MinMet will appoint a director to the MIT board of directors.

#### **MinMet Going Forward**

The primary objective of the MinMet management team is to achieve a positive result for the Group. This follows July’s very encouraging production from the Björkdal mine together with the output projections for September onwards when we are aiming for increased production from the pit and the benefit we derive from an improved Swedish Krona gold price.

I am looking forward with excitement to the further development of MinMet’s many assets and I would like to take this opportunity to thank my fellow directors, management team and all our staff and consultants who have worked so hard and diligently and have delivered shareholder value during the year.

**Rolf L Nordström**  
**Chairman**

8<sup>th</sup> September 2003



**Minmet plc**  
**Consolidated Profit and Loss Account**  
**For the six months ended 30 June 2003**

	Unaudited 6 months to 30 June 2003 US\$'000	Unaudited 6 months to 30 June 2002 US\$'000	Audited Year ended 31 December 2002 US\$'000
Operating expenses	(709)	(1,081)	(1,116)
Amounts written off intangible fixed assets	(99)	(15,453)	(17,943)
Operating loss excluding goodwill amortisation	(808)	(16,534)	(19,059)
Continuing operations	(709)	(1,081)	(1,380)
Discontinued operations	(99)	(15,453)	(17,679)
Share of operating loss in associate undertaking	(134)	-	-
	(942)	(16,534)	(19,059)
Goodwill amortisation	(18)	-	-
Loss on ordinary activities before interest	(960)	(16,534)	(19,059)
Interest receivable and similar income	51	147	284
Loss on ordinary activities before taxation	(909)	(16,387)	(18,775)
Taxation	-	-	-
Loss on ordinary activities after taxation and retained for period	(909)	(16,387)	(18,775)
LOSS PER SHARE (cents)	(0.15c)	(3.30c)	(3.78c)

**Minmet plc**  
**Consolidated Balance Sheet**  
**As at 30 June 2003**

	Unaudited 30 June 2003 US\$'000	Unaudited 30 June 2002 US\$'000	Audited 31 December 2002 US\$'000
<b>FIXED ASSETS</b>			
Intangible assets	6,235	5,543	5,525
Tangible assets	285	675	418
Financial assets	-	8	-
Investment in associate undertaking	5,356	-	-
	11,876	6,226	5,943
<b>CURRENT ASSETS</b>			
Debtors	153	73	55
Amounts owed by associate undertaking	1,204	-	-
Cash at bank and in hand	6,582	10,751	8,682
	7,939	10,824	8,737
<b>CREDITORS: amounts falling due within one year</b>	(532)	(379)	(354)
<b>NET CURRENT ASSETS</b>	7,407	10,445	8,383
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	19,283	16,671	14,326
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	8,291	5,509	5,522
Share premium account	32,725	29,702	29,768
Capital conversion reserve fund	87	87	87
Profit and loss account	(21,820)	(18,627)	(21,051)
<b>SHAREHOLDERS' FUNDS – ALL EQUITY</b>	19,283	16,671	14,326



**Minmet plc**  
**Consolidated Statement of Total Recognised Gains and Losses**  
**For the six months ended 30 June 2003**

	<b>Unaudited 6 months to 30 June 2003 US\$'000</b>	<b>Unaudited 6 months to 30 June 2002 US\$'000</b>	<b>Audited Year ended 31 December 2002 US\$'000</b>
Loss for the year after taxation	(909)	(16,387)	(18,775)
Decrease in surplus on revaluation of investments	-	(20)	(20)
	(909)	(16,407)	(18,795)
Currency translation differences on foreign currency net investments	140	1,013	977
<b>TOTAL RECOGNISED LOSSES</b>	<b>(769)</b>	<b>(15,394)</b>	<b>(17,818)</b>

Notes:

1. This Interim Report for the six months ended 30 June 2003 is unaudited and was approved by the directors on 3 September 2003. The financial information set out herein does not constitute statutory accounts within the meaning of section 149 of the Companies Act 1963. The information as at 31 December 2002 has been extracted without material adjustment from the statutory accounts relating to the year ended 31 December 2002, which have been filed with the Companies Registration Office.
2. No dividends were proposed or paid in the 6 months ended 30 June 2003.
3. The accounting policies remain as stated in the Annual Report for the year ended 31 December 2002.
4. Copies of this Interim Report are available to the public free of charge at 10 Fitzwilliam Square, Dublin 2, during normal office hours. A copy has been posted on MinMet's web site at [www.minmet.ie](http://www.minmet.ie).