Anglesey Mining plc

Annual Report 2002

inside front cover - map of Wales and diagram of site location

Contents

Cover – Old mining area at Parys Mountain from Pensarn.
Left to right (1) Headframe of the Morris shaft (2) Windmill tower (3) Pearl Engine House

Anglesey Mining plc

Anglesey Mining plc is a UK company listed on the London Stock Exchange since 1988, which holds mineral properties at Parys Mountain and Dolaucothi in Wales.

Parys Mountain

- Located to the north of the island of Anglesey in north Wales in an area worked for copper since prehistoric times
- The only undeveloped polymetallic mineral deposit in the United Kingdom – zinc would provide more than half of anticipated revenues
- An important identified geological resource of 6.5 million tonnes beyond and separate from the old workings with a combined average grade of over 10% zinc, copper and lead with gold and silver
- Excellent exploration potential over an area of several kilometres
- Geological studies carried out over the past few years have identified new areas, including a possible new zone close to the existing shaft
- Positive independent feasibility study completed based on the identified reserves and planning permission obtained for a 1,000 tonne per day mine

Parys Mountain is currently held awaiting development in accordance with the Feasibility Study. Further exploration is planned with the objective of developing a significantly larger deposit which should support a higher daily production rate and longer mine life.

Dolaucothi

- Located at Pumpsaint near Lampeter in south Wales
- Includes the Ogofau gold mine which was last in production between 1931 and 1939
- Crown mining lease for gold and silver covering 11,000 acres
- Potential is for a small gold mining operation which would attract the premium for Welsh gold

In the current financial climate, no funds are being directed towards the development of the Dolaucothi property.

At a time when metal prices remain low, the company has continued to minimize its activities in order to conserve its finances. There are no revenues from the operation of the properties. During the year we evaluated a number of new opportunities in the minerals industry but no transaction was concluded.

Financial Results

The financial results for the year show a loss of £106,078, before exceptional items, compared to a loss of £118,051 in the previous year. Again this year the carrying values of the development costs of the company's properties were reviewed in accordance with the relevant accounting policy and compared to the discounted net cash flows expected to be received from the operation of the properties. Following this review it was determined to make a further impairment provision of £2,200,000 against the accumulated development costs of the properties. I would like to again emphasize that the requirement for this accounting provision, whilst undoubtedly prudent in today's low metal price conditions, does not diminish the directors' positive view of the long term potential of the Parys Mountain property.

The loss for the year before taxation was £2,306,078, compared to £3,118,051 in the previous year. The loss comprises interest and administrative expenses, together with the impairment provision of £2,200,000 (2001 - £3,000,000), and evaluation costs of other properties.

Properties

Anglesey Mining plc holds mineral properties at Parys Mountain and Dolaucothi in Wales.

Parys Mountain is located to the north of the island of Anglesey in north Wales in an area worked for copper since prehistoric times. It has an important geological resource of 6.5 million tonnes identified and described in independent geological reports. This resource is beyond and separate from the old workings and has a combined average grade for zinc, copper and lead of over 10%. There are also estimated to be 60,000 ounces of gold and 250 tonnes (8 million ounces) of silver in the identified resource however zinc would provide more than half the anticipated revenues. There is exploration potential within the freehold area and over an area of several kilometres outside it. Parys Mountain is currently held awaiting development in accordance with plans set out in a feasibility study completed in 1990. Further exploration is planned with the objective of developing a significantly larger deposit which should support a higher production rate which would be economic at lower metal prices and would also result in a longer mine life than anticipated in the feasibility study.

Expenses during the year were again kept to a bare minimum and work on Parys Mountain was very limited. Negotiations with the lessor of the eastern part of the Parys Mountain property, who also holds a royalty on the entire property, with regard to the settlement of outstanding rent and a reduction of the ongoing rent to be paid, continued with some progress although a conclusion has not yet been reached. The lease in question is over the eastern portion of Parys Mountain. All the mineral reserves delineated to date are under the western portion of Parys Mountain, the freehold of which is owned by the company and which is unaffected by this matter.

Dolaucothi is located at Pumpsaint near Lampeter in South Wales where the company holds a Crown Mining Lease for gold and silver covering 11,000 acres. In today's conditions minimal funds were expended on the development of the Dolaucothi property.

Funding and Metal Prices

At the AGM held in September 2001 shareholders approved the reduction in nominal value of the company's shares from 5 pence to 1 pence. This will provide greater flexibility in the financing of the company in the future. Although the company requires further finance no opportunities arose to raise such finance during the year.

The mineral industry has been adversely affected by the changes we have seen in the world during the past year and Anglesey Mining has been no exception. As a result of the world economic slow down metal prices have become heavily depressed and investor interest in the minerals industry, particularly in the case of zinc, is at a very low ebb. Base metal prices fell more or less throughout the year. Zinc metal prices are at an all time low in real terms and this has severely affected a number of companies and mines with closures and cutbacks of zinc metal production. Despite the mine closures, inventories of zinc metal are still high and this will hold the price down in the short term. However, as companies reduce production and shut older or more marginal mines this should ultimately be reflected in improved metal prices. Many analysts expect metal prices to improve in 2003 and this continues to give the directors encouragement to bring the Parys Mountain project forward. Over the past twelve years, zinc has traded as high as US$0.96 per pound and averaged in excess of US$0.53 per pound. The Parys Mountain property remains the only substantial undeveloped polymetallic mineral deposit in the United Kingdom .

In June 2002 a new working capital agreement was concluded with Juno Limited, the company's largest shareholder, in order to provide funding for the company's routine expenses. This agreement consolidated all the previous working capital advances between the company and Juno. Although the advances are repayable on demand, Juno has indicated that it has no intention of requiring immediate repayment. The ongoing support of Juno continues to be important to the company.

The company plans as soon as possible to undertake financing for a drilling programme at Parys Mountain. Additional financing is important for the company's planned exploration programmes and any new opportunities.

Directors

At the AGM held in September 2001 two new directors, David Lean and Howard Miller were appointed to the Board and we are already benefiting from their advice to the company.

Anglesey Mining continues to be fortunate to be able to retain the support of its directors, advisors, consultants and major shareholders and I would again like to thank all of them for their efforts on behalf of the company. I would also like to thank many other shareholders for their patience and support.

John F. Kearney

Chairman

14 August 2002

Location

The Parys Mountain property is located in the northern part of the island of Anglesey in north Wales. The mineral property is about 3 kilometres in length and covers more than 2 square kilometres. The company holds the freehold including the mineral rights to about half of this area. The other half, formerly leased, is held but is subject to negotiation of an agreement over lease payments. The company also has a mining lease from the Crown for gold and silver over a wider area.

The property is located 2 miles south of the town of Amlwch. The port of Holyhead is 18 miles to the west. Access to the property is excellent by road, rail and sea. All necessary services and resources including power, engineering, maintenance facilities and a skilled labour force are located nearby.

History

Parys Mountain has been the site of mining activity at various times since the Bronze age. During the 1780s Parys Mountain was the largest copper mine in the world. Open pit and underground mining were carried out over a strike length of more than 3 kilometres and to depths of about 200 metres, the deepest then achievable by known technologies. Almost all activities ceased by the beginning of the 20th century.

In the 1960s the search for a new mine at Parys Mountain commenced. Exploration in the 1960s and 1970s was focused on the extension of the old open pit workings and was directed towards copper. This exploration utilised a variety of geological, geophysical and geochemical methods together with approximately 285 diamond drill holes totalling about 60,000 metres of drilling. A resource of 30 million tonnes containing about 250,000 tonnes of copper metal (the Northern Copper zone) was identified at depth, however this is regarded as being too low a grade to mine economically unless combined with other deposits.

The modern phase of exploration of Parys Mountain began in the early 1980s when a new important polymetallic zinc, copper, lead, silver and gold area was identified about 1 kilometre west of and totally separate from the old workings. Between 1988 and 1990 a production shaft was sunk in this western area to a depth of 300 metres and 1,000 metres of lateral development were completed on the 280 metre level. Drilling and underground development work from 1988 to 1990 resulted in the identification of the Engine, White Rock and Chapel zones containing a resource of 6.5 million tonnes with a combined base metal (zinc, copper and lead) grade of 10.3%.

Approximately 2,000 tonnes of development ore were hoisted and successfully processed through a pilot plant constructed on the site for metallurgical testing; the concentrate production of about 200 tonnes was sold to the smelter at Avonmouth.

Feasibility Study

In 1990 Kilborn Engineering completed an independent feasibility study of the project that confirmed the technical and economic viability of a 1,000 tonnes per day (300,000 tonnes per year) mining and milling operation producing zinc, copper, lead and gold concentrates. Kilborn estimated the capital cost of the mine at £22 million. This study was based on a mineable reserve of 1,963,000 tonnes at a grade of 6.43% zinc, 1.30% copper, 3.32% lead, 75 grams of silver and 0.51 grams of gold per tonne and a mine life of seven years. This mineable reserve is in the shaft development area, being only a portion of the identified geological resource of 6.5 million tonnes.

Detailed mine and plant designs were prepared and planning permission obtained. At the same time an environmental protection programme was devised also giving attention to historical and archaeological concerns. Declining metal prices and weakening stock markets in 1991 and 1992 resulted in development of the project being placed on hold. The property has been maintained on a care and maintenance basis since that time.

Geological studies carried out over the past few years have identified new areas, including a possible new zone, with significant exploration potential.

Reassessment

An extensive geological reassessment of the property commenced in 1995 and this has resulted in the development of new geological models which indicate that there is potential for the discovery of substantial additional mineral resources in largely unexplored areas to the north, west and east of the established resource.

Geological studies 1997 – 2000

Major lithogeochemical studies were carried out at Parys Mountain by the company's consultants in conjunction with Cardiff University, using the analytical laboratory at McGill University in Montreal. The work involved the re-examination of large quantities of drill core and outcrop. Over 60 drill holes were relogged and sampled. Based on this work it has been possible to identify and classify the volcanic rock at Parys Mountain much more accurately than was previously possible.

Numerous scientific and technological studies were also carried out, including a joint project in conjunction with the British Geological Survey supported by the Department of Trade and Industry, using the PIMA (portable infra red mineral analyser) which examined the nature and distribution of alteration in the volcanogenic massive sulphide rocks at Parys Mountain. Palaeontology studies were conducted in conjunction with the University of Leicester. Additionally work was carried out with the British Geological Survey using high precision U-Pb isotope dating and in the application of 3-D visualization and virtual reality modelling of the Parys Mountain deposits.

All this work has considerably improved the understanding of the stratigraphic and structural settings of various mineralised zones and significantly enhanced the potential for discovery of further mineralisation.

Exploration Potential

The potential for the discovery of additional mineral resources in previously largely untested areas of the Parys Mountain property is very significant.

The Engine zone, which is the principal host of the known reserves, has seen little exploration beyond the immediate area of the shaft. Further exploration of the Engine Zone is planned for the northern and north eastern parts of the property which have been largely unexplored to date and where widely scattered massive sulphide intersections demonstrate considerable exploration potential.

In a separate area a potential new zone of disseminated / semi-massive mineralisation has been identified at depth, down-dip from the White Rock Zone, along the western boundary of the volcanic complex, where the potential for continuation of mineralisation is considered excellent. The upper part of this possible new zone lies at a reasonable depth, within close proximity to the existing shaft and within reach of the present underground development.

The results of the geological reassessment and various studies carried out over recent years demonstrate clearly that the Parys Mountain property has strong similarities with other major volcanogenic massive sulphide (VMS) deposits elsewhere in the world and that the property has the potential for new discoveries which would make Parys Mountain comparable to other major volcanogenic hosted polymetallic deposits which are substantial resources of zinc, copper, lead, gold and silver.

Anglesey plans a major drilling programme to explore these new exploration targets which have the potential to transform Parys Mountain into a very significant mineral deposit. This would be one of the most comprehensive drilling programmes ever undertaken on the property. It would take at least one year to complete and is budgeted to cost about £500,000. However the programme cannot commence until appropriate financing is available.

The directors have pleasure in submitting their report and the accounts for the year ended 31 March 2002.

Principal activities and business review

The principal activity during the year was the development of the Parys Mountain property. Operations at the Dolaucothi gold property in south Wales are suspended. Other mineral development opportunities continue to be evaluated.

The loss for the year before taxation was £2,306,078 *(2002 - £3,118,051).* The group has no revenues from the operation of its properties. The loss comprises interest and administrative expenses together with an impairment provision of £2,200,000 *(2001 - £3,000,000)* (see below) and evaluation costs not related to Parys Mountain which, in accordance with the group's accounting policy, are charged to the profit and loss account. Included in the loss was £69,707 *(2001 - £61,546)* in respect of interest due. The increase in the level of loan outstanding is the explanation for higher interest charges. £38,822 *(2001 - £59,637)* was expended on corporate costs, administration expenses and the investigation and evaluation of exploration and development opportunities. This expenditure has fallen in comparison with last year because of reduced activity.

The impairment provision of £2,200,000 *(2001 - £3,000,000)* arises following a review by the directors of the net value at which the accumulated development costs of Parys Mountain should be carried in the accounts. The provision was determined following calculations of discounted estimated future real cash flows on the basis of current estimates of proven and probable reserves and capital and operating costs, together with directors' estimates of future metal prices and foreign currency exchange rates and in accordance with the provisions of FRS 11. Further details of the valuation of intangible assets are to be found in note 8.

During the year no fixed assets *(2001 - nil)* were acquired, £73,687 *(2001 - £74,159)* was capitalised in respect of the development of the Parys Mountain property and £1,638 *(2001 - £1,250)* was capitalised in respect of the Dolaucothi property.

At a time when metal prices remain low, the group has continued to minimise many activities in order to conserve its finances.

On 12 June 2002 a new working capital agreement with Juno Limited was concluded in order to provide funding for the company's routine expenses. This agreement consolidated all the previous working capital agreements between the company and Juno.

The group has no revenues and the directors are unable to recommend a dividend. Since the date of the accounts the activities of the group have continued in accordance with the directors' expectations. The directors remain attentive for opportunities to be involved in appropriate new mineral ventures.

Directors

The names of directors with biographical details are shown on the inside rear cover. Since 1 April 2001, Malcolm Swallow and Malcolm Burne have retired (see page 9) and at the AGM held on 20 September 2001 David Lean and Howard Miller were elected to the board. In accordance with the articles of association, Danesh Varma and Ian Cuthbertson retire by rotation and, being eligible, offer themselves for re-election.

Directors' interests in material contracts

Juno Limited ("Juno") which is registered in Bermuda is the ultimate parent company. The company has a controlling shareholder agreement with Juno dated September 1996 and a consolidated working capital agreement with Juno of 12 June 2002 which incorporates earlier working capital agreements of September 1996, June 1998, December 1998, December 1999 and July 2001. Apart from working capital advances and related interest charges there were no transactions between the group and Juno or its group during the year. An independent committee reviews and approves all transactions and potential transactions with Juno. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno. John Kearney is a director and shareholder of Minco plc, in which Juno holds an interest of approximately 22%.

There are no other contracts of significance in which any director has or had during the year a material interest.

Directors' shareholdings

The interests at 31 March 2002 of the directors and their families in the share capital of the company, all of which are beneficial, are set out overleaf. The holdings are expressed as a percentage of 116,241,384 *(2001 – 116,241,384)* shares, this being the number of shares in issue at 5 August 2002.

	At 31 March 2002			*At 31 March 2001*		
Director	**Number of options**	**Number of ordinary shares**	**% of issued ordinary shares**	*Number of options*	*Number of ordinary shares*	*% of issued ordinary shares*
John Kearney	1,960,000	-	1.7	*1,960,000*	*-*	*1.7*
Ian Cuthbertson	600,000	500,000	1.0	*600,000*	*500,000*	*1.0*
David Lean	-	-	-			
Howard Miller	-	-	-			
Danesh Varma	300,000	-	0.3	*300,000*	*-*	*0.3*

The following options over ordinary shares were granted on 2 May 2002, and other than this grant, there were no changes in directors' shareholdings between the end of the year and 5 August 2002 -

Ian Cuthbertson	300,000
Howard Miller	300,000
David Lean	300,000

Directors' responsibilities for the financial statements

The directors are required by company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of these accounts. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the group keeps proper accounting records which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the systems of internal financial controls and 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.

Further definition of the distinction of responsibilities between directors and auditors is to be found in the auditors' report.

Substantial shareholders

At 5 August 2002 the following shareholders had advised the company of an interest in the ordinary share capital of the company. So far as the company is aware there are no other interests of more than 3% in the ordinary share capital of the company.

Name	**Number of shares**	**Percentage of share capital**
Juno Limited	57,924,248	49.8
Strategic Lines Asset Management Limited	9,800,000	8.4

Authority to allot shares

In the light of the company's limited financial resources and the requirement to raise further funds, the directors wish to have a larger than usual number of shares available for issue. Although the directors would usually wish to allot any new share capital on a pre-emptive basis, they believe that it is appropriate to have a larger amount available for issue at their discretion without pre-emption than is usually the case for other listed companies. Accordingly a resolution will be put to the AGM to renew the directors' authority to allot equity securities for cash without pre-emption. In the case of allotments other than for rights issues, it is proposed that such authority will be for up to £290,000 or 29,000,000 ordinary shares which is equivalent to 25% of the issued ordinary share capital at 5 August 2002. Whilst such authority is significantly in excess of the 5% of existing issued ordinary share capital which is normal for listed companies, it will provide additional flexibility which the directors believe is in the best interests of the company in its present circumstances.

Market value of land

In August 1997 the freehold of the western part of Parys Mountain was purchased by the company. Obtaining a meaningful value for this land is difficult, especially given its historical use and that the company's pre-existing interest in the mineral rights would also have to be taken into account. The land is carried in the accounts at its cost to the company of £120,000. The directors are able to state only that, in their opinion, the market value of this land is unlikely to be significantly less than this figure.

Going concern basis

As in previous years the directors have given careful consideration to the appropriateness of the going concern concept in the preparation of the financial statements. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the Parys Mountain property eventually becoming available. The directors believe, based on ongoing support from the major shareholder in respect of continuing working capital requirements, that, whilst there is uncertainty as to whether the conditions above will be met, the going concern basis is appropriate for these financial statements.

Creditor payment policy

The group conducts its business on the normal trade credit terms of each of its suppliers and tries to ensure that suppliers are paid in accordance with those terms. The group's average creditor payment period at 31 March 2002 was 42 days *(2001 - 249 days).*

Charitable and political contributions

The group made no contributions during the year *(2001 - nil).*

Employment

The group is an equal opportunity employer in all respects.

Auditors

Deloitte & Touche have indicated their willingness to continue in office and a resolution to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the board

Ian Cuthbertson

Company Secretary

Amlwch, 14 August 2002

There are no directors' service contracts and, except in the case of Ian Cuthbertson, no arrangements in force whereby the group is under an obligation to pay fees, salaries, pensions or any other remuneration to any of the directors. During the year the remuneration committee comprised Howard Miller and David Lean.

The board's aim with regard to executive and non-executive directors' remuneration is to provide a package which will attract, retain and motivate directors of the calibre required and be consistent with the group's limited ability to pay directors in cash. Consequently share options form the major part of the directors' remuneration.

All directors and employees are eligible to receive options. In determining the amount of options to be granted to each individual, the directors take into account the need for and value of his services, the amount of time he spends on the business of the group and any other remuneration receivable by him from the group.

The total directors' remuneration amounted to £16,505 *(2001 - £18,654)* all payable to Ian Cuthbertson and comprising salary £15,575 *(2001 - £17,679)* and pension contributions £930 *(2001 - £975)*.

Directors' options

Details of each share option held by those who were directors at the beginning of the year are set out below. There have been no options granted, exercised or lapsed during the year. All options are over ordinary shares of 1 pence each.

Name	Options at 1 April 2001	Options at 31 March 2002	Exercise price	Date from which exercisable	Expiry date
John Kearney	*1,960,000	*1,960,000	5p	23 October 96	22 October 2003
Malcolm Burne	*500,000	*500,000	8.5p	22 December 97	22 October 2003
Ian Cuthbertson	400,000	400,000	5p	30 November 95	30 November 2002
Ian Cuthbertson	200,000	200,000	5p	23 October 96	22 October 2006
Ian Cuthbertson	-	*300,000	2p	3 May 2005	2 May 2012
Malcolm Swallow	600,000	600,000	5p	30 November 95	30 November 2002
Danesh Varma	*300,000	*300,000	5p	23 October 96	22 October 2003

The following options were granted on 2 May 2002, and other than this grant, there were no changes in options between the end of the year and 5 August 2002 -

Ian Cuthbertson	*300,000	2p	3 May 2005	2 May 2012
Howard Miller	*300,000	2p	3 May 2002	2 May 2009
David Lean	*300,000	2p	3 May 2002	2 May 2009

Malcolm Swallow resigned on 14 June 2001 and Malcolm Burne resigned on 28 June 2001. Howard Miller and David Lean were appointed on 20 September 2001.

There are performance criteria to be met in respect of share options marked with an asterisk, namely that the company's share price performance over the period from grant to exercise must exceed that of the companies in the top quartile of the FTSE 100 index. There are no performance criteria to be met in respect of other share options. Each grant of an option was made at a cost to the participant of £1. No share options have been exercised during the year.

The market price of the ordinary shares at 31 March 2002 was 1.5 pence, the high for the year to 31 March 2002 was 2.75 pence and the low for the year was 1.5 pence. The market price at 5 August 2002 was 0.5 pence.

The board regularly considers its policies and practices in relation to corporate governance in the light of the Combined Code issued by the Financial Services Authority.

The board supports the highest standards in corporate governance and endeavours to implement the principles of the Combined Code in such a manner as not to hinder the development of the group. This is perhaps harder in a small group than in the larger organisations with which the Combined Code is chiefly concerned.

Throughout the year the group has been in compliance with the Code provisions set out in section 1 of the Combined Code on Corporate Governance issued by the Financial Services Authority, except as set out below:

- The board meets when required and not on a fixed schedule.
- There is no formal nomination committee for appointment of new directors.
- There is no formal schedule of matters reserved for the board; the board deals with all matters of substance.
- The directors were not appointed for specific terms but are subject to retirement from the board by rotation at annual general meetings at intervals of no more than three years.

Directors

During the year the board was comprised of two executive directors and between one and three non-executive directors.

The board currently has two executive and three non-executive directors. Howard Miller is the senior independent non-executive director for the purposes of the Combined Code.

John Kearney is the chairman and chief executive. In the light of the size and activity level of the group, the board believes that combining these roles is entirely appropriate for the group at present. The company's strategy is determined by the whole board.

The audit committee comprises Danesh Varma and David Lean.

There is an established procedure by which directors may, at the company's expense, take independent advice in the furtherance of their duties.

Internal control

The board of directors is responsible for and annually reviews the group's systems of internal control, financial and otherwise. Such systems provide reasonable and not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The key feature of the group's financial control system is that board members directly monitor all payments and transactions as well as budgets and annual accounts. The board does not wish to establish an internal audit function at present, however this decision is reviewed annually.

In reviewing the other risks facing the company, the board is sufficiently close to the company's operations and aware of its activities to be able to adequately monitor risk without the establishment of any formal process. The board believes the significant risks facing the company are adequately disclosed in these financial statements and that there are no other risks of comparable magnitude which need to be disclosed.

The company has entered into a controlling shareholder agreement with Juno which is available for inspection at the registered office.

We have audited the financial statements of Anglesey Mining for the year ended 31 March 2002 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein. We have also examined the amounts disclosed relating to directors' remuneration in the report to shareholders on directors' remuneration.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules and we report if it does not. 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 directors' report and the other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainties

In forming our opinion we have considered the adequacy of the disclosures in the financial statements concerning the basis of preparation and the recoverability of development and exploration expenditure.

The financial statements have been prepared on a going concern basis, the validity of which depends on:

- the group's ability to continue its operations;
- the raising of new finance to develop the mine;
- the viability of the operation of the mine; and
- the ability of the group to trade profitably in the future.

The financial statements do not include any adjustments that would result, should the above conditions not be met. Details of the circumstances relating to this fundamental uncertainty are described in note 1 to the financial statements.

The financial statements disclose the directors' assumption that the development and exploration expenditure, included in the company balance sheet at £6,902,122 *(2001 - £9,028,435)* and in the consolidated balance sheet at £7,094,687 *(2001 - £9,219,362)* will be recovered by the operation of the mine. The validity of this assumption depends upon the viability of the operation of the mine, the ability of the group to raise the funding referred to above and the ability of the group to trade profitably in the future, Details of the circumstances relating to this fundamental uncertainty are described in note 8 to the financial statements. Our opinion is not qualified in respect of the above fundamental uncertainties.

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 March 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Earlsfort Terrace, Dublin 2. 14 August 2002

At 31 March 2002

	Note	Group 2002 £	Group *2001 £*	Company 2002 £	Company *2001 £*
Fixed assets					
Intangible assets	8	7,094,687	*9,219,362*	6,902,122	*9,028,435*
Tangible assets	9	185,240	*185,573*	185,240	*185,573*
Investments	10	-	*-*	100,001	*100,001*
		7,279,927	*9,404,935*	7,187,363	*9,314,009*
Current assets					
Debtors	11	102,935	*100,785*	291,574	*287,771*
Cash at bank and in hand		13,166	*744*	13,166	*744*
		116,101	*101,529*	304,740	*288,515*
Current liabilities					
Creditors - amounts due within one year	12	(1,098,520)	*(902,678)*	(1,194,520)	*(998,678)*
Net current liabilities		(982,419)	*(801,149)*	(889,780)	*(710,163)*
Total assets less current liabilities		6,297,508	*8,603,786*	6,297,583	*8,603,846*
Capital and reserves					
Share capital	13	6,673,247	*6,673,247*	6,673,247	*6,673,247*
Share premium account	14	5,737,146	*5,737,346*	5,737,146	*5,737,346*
Profit & loss account - deficit	14	(6,112,885)	*(3,806,807)*	(6,112,810)	*(3,806,747)*
Equity shareholders' funds		5,436,330	*7,742,608*	5,436,405	*7,742,668*
Non equity shareholders' funds		861,178	*861,178*	861,178	*861,178*
	15	6,297,508	*8,603,786*	6,297,583	*8,603,846*

The financial statements on pages 12 to 23 were approved by the board of directors on 14 August 2002 and were signed on its behalf by :

John F. Kearney, Chairman

Ian Cuthbertson, Finance Director

For the year ended 31 March 2002

	Note	2002 £	*2001 £*
Turnover - continuing operations		-	-
Net operating expenses		(38,822)	*(59,637)*
Exceptional item:			
Provision for impairment of intangible assets	2	(2,200,000)	*(3,000,000)*
Loss on ordinary activities before interest & taxation		(2,238,822)	*(3,059,637)*
Interest receivable	3	2,451	*3,132*
Interest payable	3	(69,707)	*(61,546)*
Loss on ordinary activities before taxation	4	(2,306,078)	*(3,118,051)*
Tax on loss on ordinary activities	6	-	-
Loss for the financial year		(2,306,078)	*(3,118,051)*
Loss per share - basic	7	(2.0) pence	*(2.7) pence*
Loss per share - diluted	7	(2.0) pence	*(2.7) pence*

The group has no recognised gains or losses other than the losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

For the year ended 31 March 2002

	Note	2002	*2001*
		£	*£*
Net cash outflow from continuing operating activities	16	(67,450)	*(26,753)*
Returns on investments and servicing of finance			
Interest paid		(75)	*(141)*
		(75)	*(141)*
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets		(7,783)	*(6,491)*
Net cash outflow from capital investment & financial investment		(7,783)	*(6,491)*
Net cash outflow before financing		(75,308)	*(33,385)*
Financing			
Increase in loans		87,930	*30,699*
Expenses of share issues in year		(200)	*(200)*
		87,730	*30,499*
Increase/(decrease) in cash	17	12,422	*(2,886)*

1 Principal Accounting Policies

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards generally accepted in the United Kingdom, with the Companies Act 1985 and the Listing Rules of the Financial Services Authority. The group has adopted the requirements of FRS 18 -Accounting Policies. This has not resulted in any change in accounting policy.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Going concern

The financial statements are prepared on a going concern basis. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the Parys Mountain property eventually becoming available. Based on the assumptions that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible fixed assets, to their realisable values.

Consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries made up to the end of the financial year. Where a subsidiary is acquired or disposed of during the financial year, the consolidated financial statements include the attributable profit from or to the date of acquisition or disposal.

Tangible fixed assets

The group’s freehold property is stated in the balance sheet at cost. The directors consider that the useful life of the premises is so long and their estimated residual value, based on prices prevailing at the date of acquisition, is such that any depreciation would not be material. The carrying value is reviewed annually and any impairment in value would be charged immediately to the profit and loss account.

Plant, equipment, fixtures, fittings and motor vehicles are stated in the balance sheet at cost, less depreciation. Depreciation is charged on a straight line basis at the following annual rates: - plant and equipment - 25%; fixtures and fittings - 20%; motor vehicles - 25%.

Intangible fixed assets

Intangible fixed assets are stated in the balance sheet at cost, less amounts written off and provisions for impairment.

The group follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development, including associated technical and specific administrative expenses, are capitalised by property. No gains or losses are recognised on the sale of mineral properties except when there is a material disposition of reserves. All other proceeds are credited against the cost of the related property. On the commencement of commercial production, net costs are charged to operations on the unit-of-production method by property, based upon estimated recoverable reserves.

Mineral properties are written down when an impairment in their value has occurred and are written off when abandoned. Where a provision is made it is dealt with in the profit and loss account in the period in which it arises.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated at the rates of exchange ruling at the date of the transaction, or where forward currency contracts have been arranged, at the contracted rates.

All foreign exchange differences arising on transactions in the year are taken to the profit and loss account in the year in which they arise.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year or at a contracted rate if applicable. Differences on exchange are taken to the profit and loss account.

2 Exceptional item – impairment provision

The impairment provision of £2,200,000 *(2001 - £3,000,000)* made in the accounts for the year ended 31 March 2002 arose following a review by the directors of the net value at which the accumulated development costs of Parys Mountain should be carried in the financial statements. The provision was determined following calculations of discounted estimated future real cash flows on the basis of current estimates of proven and probable reserves and capital and operating costs, together with directors' estimates of future metal prices and foreign currency exchange rates and in accordance with the provisions of FRS 11.

3 Interest receivable and payable

	2002	*2001*
Interest payable	£	*£*
Interest to Juno on loans	69,632	*61,405*
Interest on bank overdraft	75	*141*
	69,707	*61,546*
Interest receivable		
On bank and other deposits	2,451	*3,132*

4 Loss on ordinary activities before taxation

	2002	*2001*
This is stated after charging/(crediting):	£	*£*
Remuneration of the auditors (including expenses) :		
Audit	6,500	*7,500*
Non audit	-	*-*
Project evaluation expenses – outside consultants	2,000	*817*
Depreciation	-	*300*
Included in the amount capitalised is:		
Depreciation of owned fixed assets	333	*333*

All activities are in the United Kingdom and relate to the group's principal activity which is the exploration and development of mining properties. Further analysis is not therefore considered necessary.

5 Directors and employees

The average monthly number of persons employed by the group during the year was:

	2002	*2001*
Technical	-	*-*
Administrative	1	*1*
	1	*1*

The remuneration and associated costs of employees and directors were:

	£	*£*
Wages and salaries	15,575	*17,679*
Social security costs	1,299	*1,630*
Other pension costs	930	*975*
	17,804	*20,284*

Details of directors' remuneration and share options are given on page 9. No options were exercised in the year.

6 Taxation

Development of the Parys Mountain property during the year has generated trading losses for taxation purposes which may be offset against investment income and other revenues.

Accordingly no provision has been made for Corporation Tax. The group had losses available to be carried forward for tax purposes of c.£2.7 million at 31 March 2002, subject to agreement with the Inland Revenue.

7 Loss per ordinary share

The calculation and reporting of basic and diluted earnings per share are in accordance with FRS 14. Basic earnings per share is computed by dividing the profit or loss after taxation for the year available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted earnings per share is computed by dividing the profit or loss after taxation for the year by the weighted average number of ordinary shares in issue, each adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

	2002	*2001*
Numerator	£	*£*
Numerator for basic EPS retained (loss)	(2,306,078)	*(3,118,051)*
Denominator	No. of shares	*No. of shares*
Denominator for basic and diluted EPS	116,241,384	*116,174,803*
Loss per share – basic	(2.0) pence	*(2.7) pence*
Loss per share – diluted	(2.0) pence	*(2.7) pence*

Basic and diluted loss per share is the same since the effect of the outstanding share options is anti-dilutive and is therefore excluded.

8 Intangible fixed assets

Development costs	**Parys Mountain**	**Dolaucothi**	**Group**	**Company**
Cost	£	£	£	£
At 1 April 2001	12,028,435	190,927	12,219,362	12,028,435
Additions - own expenditure	73,687	1,638	75,325	73,687
At 31 March 2002	**12,102,122**	**192,565**	**12,294,687**	**12,102,122**
Impairment provision				
At 1 April 2001	(3,000,000)		(3,000,000)	(3,000,000)
Provided in year	(2,200,000)		(2,200,000)	(2,200,000)
At 31 March 2002	**(5,200,000)**	**-**	**(5,200,000)**	**(5,200,000)**
Net book value 2002	**6,902,122**	**192,565**	**7,094,687**	**6,902,122**
Net book value 2001	*9,028,435*	*190,927*	*9,219,362*	*9,028,435*

Parys Mountain development expenditure incurred by the company is carried in the financial statements at cost less an impairment provision. The directors continue to give careful consideration to the net book value at which this development expenditure should be shown. The balance sheet value may exceed that which could be obtained were the Parys Mountain property to be offered for sale. However the impairment provision was determined following calculations of discounted estimated future real cash flows on the basis of current estimates of proven and probable reserves and capital and operating costs, together with directors' estimates of future metal prices and foreign currency exchange rates, in accordance with the requirements of FRS 11. Operation of the mine and the receipt of cashflows from it are dependent on finance being available to fund the development of the project.

Development expenditures at Dolaucothi are shown at cost to the group on acquisition in 1997, plus expenditures since then at cost. This aggregate value is less than the original cost to Anglo Canadian Exploration (Ace) Limited which was in excess of £280,000.

9 Tangible fixed assets

Group & Company	Freehold land and property	Plant & Equipment	Office Equipment	Vehicles	Total
Cost	£	£	£	£	£
At 1 April 2001	185,102	17,434	5,487	1,200	209,223
At 31 March 2002	**185,102**	**17,434**	**5,487**	**1,200**	**209,223**
Depreciation					
At 1 April 2001	-	17,310	5,141	1,199	23,650
Charge for the year	-	124	208	1	333
At 31 March 2002	**-**	**17,434**	**5,349**	**1,200**	**23,983**
Net book value 2002	**185,102**	**-**	**138**	**-**	**185,240**
Net book value 2001	*185,102*	*124*	*346*	*1*	*185,573*

The directors estimate that freehold land and property should be analysed as to £140,000 for land and £45,102 for property.

10 Investments

	2002	*2001*
Company		
At cost:	£	*£*
Shares in subsidiaries		
Opening	100,001	*100,001*
Closing	100,001	*100,001*

The subsidiaries of the group at 31 March 2002 are as follows :

Name of company	Country of incorporation	Percentage owned	Principal activity at 31 March 2002
Anglo Canadian Exploration (Ace) Limited	England & Wales	100%	Holder of the Dolaucothi gold property
Parys Mountain Mines Limited	Ontario, Canada	100%	Dormant
Parys Mountain Mines (UK) Limited	England & Wales	100%	Dormant

11 Debtors

	Group 2002 £	*Group 2001 £*	Company 2002 £	*Company 2001 £*
Amounts receivable within one year:				
Other debtors	-	*301*	-	*301*
Amounts receivable after one year:				
Deposit with Gwynedd County Council	102,935	*100,484*	102,935	*100,484*
Amounts due from group companies	-	-	188,639	*186,986*
	102,935	*100,785*	291,574	*287,771*

12 Creditors

	Group 2001 £	*Group 2001 £*	Company 2002 £	*Company 2001 £*
Amounts falling due within one year:				
Trade creditors	88,930	*99,846*	88,930	*99,846*
Juno Limited	880,588	*723,026*	880,588	*723,026*
Amounts due from group companies	-	-	100,000	*100,000*
Salaries, social security and other taxes	7,974	*3,903*	7,974	*3,903*
Accruals	121,028	*75,903*	117,028	*71,903*
	1,098,520	*902,678*	1,194,520	*998,678*

The loans from Juno are denominated in sterling, unsecured, carry interest at 10% and are repayable from any future financing undertaken by the company. In accordance with the company's Controlling Shareholder Agreement with Juno the terms of the facility were approved by an independent committee of the board.

13 Share capital

	Equity Interests Ordinary shares		**Non Equity Interests** Deferred shares		**Total**
	Nominal value £	Number	Nominal value £	Number	Nominal value £
Authorised capital					
At 1 April 2001	7,800,000	156,000,000	1,080,000	27,000,000	8,880,000
Creation of deferred shares at 2001 AGM	(6,240,000)		6,240,000	156,000,000	-
At 31 March 2002	1,560,000	156,000,000	7,320,000	183,000,000	8,880,000
Issued and fully paid					
At 1 April 2001	5,812,069	116,241,384	861,178	21,529,451	6,673,247
Share split - see note	(4,649,655)	-	4,649,655	116,241,384	-
At 31 March 2002	1,162,414	116,241,384	5,510,833	137,770,835	6,673,247

Note - At the 2001 AGM on 20 September 2001 all the issued ordinary 5 pence shares were split into ordinary shares of 1 pence and deferred shares of 4 pence each.

The deferred shares are non-voting, have no entitlement to dividends and have no preferential right to return of capital on a winding up.

A summary of options granted, all of which are over ordinary 1 pence shares, is as follows :

Scheme	Number	Nominal Value £	Exercise price	Exercisable from	Exercisable until
Executive approved	600,000	6,000	5p	30 November 95	14 June 2002
Executive approved	400,000	4,000	5p	30 November 95	30 November 2002
Executive approved	200,000	2,000	5p	23 October 96	22 October 2006
Executive approved	300,000	3,000	2p	3 May 2005	2 May 2012
Unapproved	2,260,000	22,600	5p	23 October 96	22 October 2003
Unapproved	216,000	2,160	5p	23 October 96	1 September 2001
Unapproved	500,000	5,000	8.5p	22 December 97	22 October 2003
Unapproved	384,000	3,840	5p	5 December 00	1 September 2001
Unapproved	600,000	6,000	2p	3 May 2002	2 May 2009
Special	1,000,000	10,000	5p	25 April 97	22 October 2003
Total	**6,460,000**	**64,600**			

14 Reserves

	Share premium	P & L account	P & L account	*Share premium*	*P & L account*	*P & L account*
	Group and Company	Group	Company	*Group and Company*	*Group*	*Company*
	2002	2002	2002	*200*	*2001*	*200*
	£	£	£	*£*	*£*	*£*
At beginning of year	5,737,346	(3,806,807	(3,806,747	*5,737,54*	*(688,75*	*(688,72*
Loss for the year	-	(2,306,078	(2,306,063		*(3,118,05*	*(3,118,02*
Share issue expenses	(200	-	-	*(20*		
At end of year	5,737,146	(6,112,885	(6,112,810	*5,737,34*	*(3,806,80*	*(3,806,74*

15 Reconciliation of movements in shareholders' funds

	2002	*2001*
	£	*£*
Opening shareholders' funds	8,603,786	*11,699,535*
Loss for the year	(2,306,078)	*(3,118,051)*
Share issues in year	-	*22,502*
Share issue expenses in year	(200)	*(200)*
Closing shareholders' funds	6,297,508	*8,603,786*

16 Reconciliation of operating loss to net cash outflow from operating activities

	2002	*2001*
	£	*£*
Operating loss	(38,822)	*(59,637)*
(Decrease)/increase in creditors	(28,929)	*29,508*
Decrease in debtors	301	*3,076*
Depreciation charge	-	*300*
Net cash (outflow) from operating activities	(67,450)	*(26,753)*

17 Reconciliation of net cash flow to movement in net debt

		2002		*2001*
	£	£	*£*	*£*
Increase/(decrease) in cash in the period	12,422		*(2,886)*	
Cash inflow from increase in debt	(87,930)		*(30,699)*	
Change in net debt resulting from cash flows		(75,508)		*(33,585)*
Other non cash items		(69,632)		*(61,405)*
Movement in net debt in the period		(145,140)		*(94,990)*
Net debt at beginning of year		(722,282)		*(627,292)*
Net debt at end of year		(867,422)		*(722,282)*

18 Analysis of net debt

	At 1 April 2001	Cash flow	Other non-cash changes	At 31 March 2002
	£	£	£	£
Cash at bank	744	12,422		13,166
Debt due to Juno	(723,026)	(87,930)	(69,632)	(880,588)
Net debt	(722,282)	(75,508)	(69,632)	(867,422)

19 Loss attributable to Anglesey Mining plc

The loss after taxation and an exceptional item in the parent company amounted to £2,306,063 *(2001 - £3,118,021)*.
A separate profit and loss account for Anglesey Mining plc (the company) has not been prepared; this is permitted by section 230 of the Companies Act 1985.

20 Material non cash transactions

There were no material non cash transactions.

21 Commitments

There is no capital expenditure authorised or contracted which is not provided for in these accounts *(2001 - nil)*.

22 Contingent liabilities

There are no contingent liabilities *(2001 - nil)*.

23 Risk management

The group's financial instruments comprise cash balances, a loan from the parent company and various items such as trade debtors and trade creditors which arise directly from trading operations. The group does not enter into derivative transactions and it is the group's policy that no trading in financial instruments be undertaken.
The main risks arising from the group's financial instruments are currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and these are summarised below.

Interest Rate Risk
The group finances its operations through a mixture of equity and loans from its parent, Juno Limited. The group borrows from the parent at a fixed rate of interest of 10% per annum and as a result is not exposed to interest rate fluctuations

Liquidity Risk
As regards liquidity risk, the group's policy has been to ensure continuity of funding through a mixture of fresh issues of shares and the working capital agreements with its parent. Further details regarding the working capital agreements are set out in the director's report.

Currency Risk
The functional currency of the group is pounds sterling and the loan from the parent is denominated in pounds sterling. As a result, the group has no currency exposure in respect of this loan. All the remaining financial assets and liabilities of the group are short term debtors and creditors as defined by FRS 13, Derivatives and Other Financial Instruments. The group has, as permitted by FRS 13, excluded all short-term debtors and creditors from the disclosures and hence no numerical disclosures are required.

24 Related party transactions and ultimate parent company

Juno Limited ('Juno') which is registered in Bermuda is the ultimate parent company. The group has the following agreements with Juno: (a) a controlling shareholder agreement dated September 1996 and (b) a consolidated working capital agreement of 12 June 2002 incorporating working capital agreements of September 1996 and further working capital agreements of June 1998, December 1998, December 1999 and July 2001. Interest payable to Juno is shown in note 3 and the balance due to Juno is shown in note 12. Apart from the working capital advances there were no transactions between the group and Juno or its group during the year. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno. John Kearney is a director and shareholder of Minco plc, in which Juno holds an interest of approximately 22%.
There are no other contracts of significance in which any director has or had during the year a material interest.

25 Mineral leases

Parys

(a) Under lease and royalty agreements dated September 1997 the company is required to make an index linked lease payment in respect of the eastern portion of Parys Mountain which, until 31 March 2002, was c.£19,500 per annum. The lease may be terminated at 12 months notice from its annual anniversary date and otherwise expires in 2070. A royalty of 6% of net profits from all mining production of base metals at Parys Mountain is also payable.

Since early 2000 the company has been negotiating with the landlord in respect of a reduction in the payments due under the lease. In March 2001 the landlord filed a statutory demand in respect of the unpaid rentals and the company filed twelve month's notice of its intention to surrender the lease. At 31 March 2002 rentals amounting to £38,304 were unpaid and accrued in respect of this lease. Since the year end the company and the landlord agreed that the company should retain possession of the lease area while negotiations continue and the company made a payment on account of accrued rent of £10,000.

The lease in question is over the eastern portion of Parys Mountain. All the mineral reserves delineated to date are under the western portion of Parys Mountain, the freehold of which is owned by the company and which is unaffected by this matter.

(b) Under a mining lease from the Crown dated December 1991 the group makes an annual lease payment of £1,000. A royalty of 4% of gross sales of gold and silver from the lease area is also payable. The lease may be terminated at 12 months notice and otherwise terminates in 2020.

(c) Under a royalty agreement with Intermine Limited the company is obligated to make payments of Can$50,000 (c.£22,000) per annum until production commences at the Parys Mountain mine. At the company's option this payment may be made in shares. A royalty of 4% of the company's net profits (as defined after various deductions) generated from production at the mine is also payable. The company has an option to buy out the royalty and advance payments. The agreement may be terminated at 12 months notice on abandonment of the property. At 31 March 2002 payments amounting to £68,624 were unpaid and accrued in respect of this lease. The company is in negotiation with Intermine in respect of this amount and further amounts due in respect of the period following the year end.

Dolaucothi

Under a mining lease from the Crown dated August 1997, a subsidiary has an obligation to make lease payments of £2,500 per annum and a royalty of 4% of gross sales of gold and silver is due from production at the Dolaucothi mine. The lease may be terminated at 12 months notice after May 2002 and otherwise terminates in 2011. Certain financial obligations relating to this lease have been guaranteed by the company.

26 Post balance sheet events

There are no significant post balance sheets events to report.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the company will be held at 11.00 am on Thursday 10 October 2002 at the offices of Deloitte & Touche, Hill House, 1 Little New Street, London EC4A 3TR for the following purposes:

As Ordinary Business

1. To receive and adopt the report and accounts for the year ended 31 March 2002.
2. To re-elect as a director Danesh Varma who is retiring by rotation.
3. To re-elect as a director Ian Cuthbertson who is retiring by rotation.
4. To re-appoint Deloitte & Touche as auditors and to authorise the directors to fix their remuneration.

As Special Business

To consider and if thought fit to pass the following special resolution:

5. That the directors be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985 ("Act") to allot equity securities (within the meaning of section 94(2) of the Act) for cash, pursuant to the general authority conferred on them at the annual general meeting in 2000, as if section 89(1) of the Act did not apply to any such allotment, provided however that the power conferred by this resolution shall be limited to:

   (a) the allotment of equity securities which are offered to all the holders of issued ordinary shares of the company (at a date selected by the directors) where the equity securities respectively attributed to the holders of all ordinary shares are as nearly as practicable in proportion to the number of ordinary shares held by them but subject to such exclusions and other arrangements that the directors may deem necessary or expedient in relation to fractional entitlements or on account of any legal or practical difficulties arising in connection with the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £290,000;

   and shall expire unless renewed or revoked before that date on whichever is the earlier of the date 15 months from the date of the passing of this resolution or the completion of the next annual general meeting of the company held after the passing of this resolution save that the power conferred by this resolution shall enable the company to make an offer or agreement before the expiry or revocation of the period stated above which would or might require equity securities to be allotted after such expiry or revocation and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry of such power.

By order of the board

Ian Cuthbertson

Company Secretary

Dated 14 August 2002 at Parys Mountain, Amlwch, Anglesey

Notes

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the company.

2. To be valid the enclosed form of proxy (together with any power of attorney or other written authority under which it is executed or an office or notarially certified copy of such power or authority) must be duly executed and deposited with the company's registrars, Northern Registrars Limited, Northern House, Penistone Road, Fenay Bridge, Huddersfield HD8 0LA, not later than 48 hours before the time appointed for holding the meeting.

3. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she so wishes.

4. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only shareholders on the register of members at noon on 8 October 2002 have the right to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that point. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

Solicitors
DLA
101 Barbirolli Square
Manchester
M2 3DL

Auditors
Deloitte & Touche
Earlsfort Terrace
Dublin 2
Ireland

Bankers
Midland Bank plc
Dinorben Square
Amlwch, Anglesey
LL68 9AH

Directors

John F. Kearney Irish, aged 51, chairman, is a mining executive with over 28 years experience in the mining industry. He is a director of several public resource companies including Minco plc (AIM), Conquest Resources Limited (TSXV) and Canadian Zinc Corporation (TSE).

Ian Cuthbertson aged 55, finance director and company secretary, is a chartered accountant. He has extensive experience in the international oilfield and construction industries and has been secretary of the company since 1988.

Danesh Varma Canadian, aged 52, non-executive director, is a chartered accountant and a member of the Chartered Institute of Taxation. He is president of American Resource Corporation and was previously a director of a number of resource companies.

David Lean Australian, aged 55, non-executive director, is a chartered accountant. He has over 28 years experience in the commercial aspects of the mining industry most of which was with major base and precious metal mining houses in Australia, Europe and Canada. These included: Australian Mining & Smelting (the Australian lead/zinc division of RTZ); Boliden in Sweden and Curragh Inc. in Canada. More recently his involvement in the mining industry has been in trading mineral products.

Howard Miller aged 58, non-executive director, is a lawyer with over 30 years experience in the legal and financial sector in Southern Africa, Canada and the UK. He has been particularly involved in the financing of resource companies. He is a director and former chairman of Nelson Resources Limited, a Toronto listed company, which operates a gold mine in Tajikistan and is developing oilfields in Kazakhstan. Until recently, he was a director and chief executive of Tahera Corporation, a Toronto listed company engaged in the exploration and development of diamond deposits in the Canadian Northwest Territories.

Technical management

Peter Tyler

Aged 54, chief geologist, has managed the Parys Mountain project since 1994. He has over 30 years experience in exploration and mining in Africa, north and central America, Europe and south east Asia.

He gained an honours degree in geology from the University of Newcastle upon Tyne in 1967. He has been chief geologist at underground copper mines in British Columbia, Canada and an open pit copper mine in Ireland and has worked underground in the Witswatersrand gold mines in South Africa. He has managed exploration programmes around the world for a variety of commodities including copper, zinc, nickel and gold and was an associate with DMBW, a senior consulting group based in Toronto for a number of years.

Stephen Tennant

Aged 35, geologist, has a first class honours degree in applied geology from Oxford Brookes University and a Ph.D. in Geology from Cardiff University, for which he was sponsored by the company. The subject of his Ph.D. was the chemostratigraphy of volcanic host rocks at Parys Mountain.