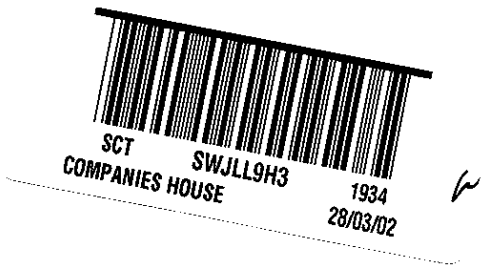
REGISTRARS
COPY

FYNEGOLD EXPLORATION LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 2000

Company Registration Number SC084497



RITSONS
Chartered Accountants & Registered Auditors
27 Huntly Street
Inverness
IV3 5PR

FYNEGOLD EXPLORATION LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	FC Harvey J Johnstone SE Hayden
Company secretary	Brodies WS
Registered office	15 Atholl Crescent Edinburgh EH3 8AH
Auditors	Ritsons Chartered Accountants & Registered Auditors 27 Huntly Street Inverness IV3 5PR
Solicitors	Brodies WS 15 Atholl Crescent Edinburgh EH3 8HA

FYNEGOLD EXPLORATION LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST DECEMBER 2000

The directors present their report and the financial statements of the company for the year ended 31st December 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continues to be mineral exploration and development in Scotland. The principal property of the company comprises the Cononish Gold Mine in Scotland.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year, none of whom had a beneficial interest in the share capital, were as follows:

SE Hayden
FC Harvey
J Johnstone
CJS Sangster [Resigned 4th May 2000]

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

AUDITORS

A resolution to re-appoint Ritsons as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
15 Atholl Crescent
Edinburgh
EH3 8AH

Signed by order of the directors

J JOHNSTONE
Director

Approved by the directors on 18 March 2002

FYNEGOLD EXPLORATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST DECEMBER 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on page 7, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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 accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FYNEGOLD EXPLORATION LIMITED

AUDITORS' REPORT
To the members of Fynegold Exploration Limited

YEAR ENDED 31ST DECEMBER 2000

We have audited the financial statements on pages 5 to 12 which have been prepared on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors
As described on page 3 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you.

Basis of opinion
We conducted our audit in accordance with 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 consider 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 uncertainty
In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the realisation of the intangible and tangible fixed assets. The realisation of the intangible and tangible fixed assets of £3,581,998 and £2,491,646 is dependent on the discovery and development of economic mineral deposits as explained in Note 1. We have also considered the adequacy of the disclosures made in the financial statements concerning the possible outcome of negotiations for additional finance to fund a resumption of exploration at the company's Cononish property. The financial statements have been prepared on a going concern basis the validity of which depends upon future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to the fundamental uncertainty are described in Note 15 to the accounts. Our opinion is not qualified in these respects.

Opinion
In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31st December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ritsons
Chartered Accountants
Registered Auditor

18 March 2002

FYNEGOLD EXPLORATION LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST DECEMBER 2000

	Note	2000 £	1999 £
TURNOVER		-	-
Administrative expenses		(58,263)	(87,129)
Foreign currency gains/(losses)		(276,932)	(89,432)
Other operating income	2	-	120,636
OPERATING LOSS	3	(335,195)	(55,925)
Interest receivable		92	62
Interest payable and similar charges	6	-	(1,652)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(335,103)	(57,515)
Taxation		548	-
LOSS FOR THE FINANCIAL YEAR		(334,555)	(57,515)
Balance brought forward		(902,270)	(844,755)
Balance carried forward		(1,236,825)	(902,270)

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

FYNEGOLD EXPLORATION LIMITED

BALANCE SHEET

31ST DECEMBER 2000

	Note	2000 £	£	1999 £
FIXED ASSETS				
Intangible assets	7		3,581,998	3,581,998
Tangible assets	8		2,491,646	2,506,367
			6,073,644	6,088,365
CURRENT ASSETS				
Cash at bank		8,219		2,495
CREDITORS: Amounts falling due Within one year	9	(2,244,572)		(2,025,940)
NET CURRENT LIABILITIES			(2,236,353)	(2,023,445)
TOTAL ASSETS LESS CURRENT LIABILITIES			3,837,291	4,064,920
CREDITORS: Amounts falling due After more than one year	10		(1,350,635)	(1,243,709)
			2,486,656	2,821,211
CAPITAL AND RESERVES				
Called-up equity share capital	12		3,723,481	3,723,481
Profit and loss account			(1,236,825)	(902,270)
SHAREHOLDERS' FUNDS	13		2,486,656	2,821,211

These financial statements were approved by the directors on the 18 March 2002, and are signed on their behalf by:

J JOHNSTONE
Director

FYNEGOLD EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. All revenues and expenditures directly related to mineral exploration are deferred or capitalised. All other costs are included in the profit and loss account.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cashflow statement.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Foreign currencies

Sterling is the reporting currency of the company. Assets and liabilities other than those in sterling are translated as follows:

(i) Current assets and current liabilities at year end rates.

(ii) All other assets, including deferred exploration costs, at historical rates.

Revenue and expenses transactions, in currencies other than pounds sterling, are translated at rates prevailing when the transactions take place, except for depreciation and amortisation, which are translated at historical rates. Gains or losses on conversion and translation are included in the profit and loss account.

Intangible fixed assets

Exploration expenditures are capitalised until the results of the related projects are known. If a project is successful, the related expenditures will be amortised over the life of the estimated ore reserves on the unit of production basis. Provision for loss is made where a project is abandoned or considered to be of no further interest to the company.

Tangible fixed assets

(i) Mining and mineral development properties:
Expenditure on the acquisition and development of properties are capitalised until production commences and are amortised over the life of the estimated ore reserves on a unit of production basis. Provision for loss is made where a project is abandoned or considered to be of no further interest to the company

(ii) Other tangible assets:
Other tangible fixed assets are recorded at cost and are depreciated in equal instalments over five years. Depreciation is not charged on freehold land.

FYNEGOLD EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

2. OTHER OPERATING INCOME

	2000 £	1999 £
Amount owed to group undertaking written off	-	120,636

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2000 £	1999 £
Depreciation	14,721	-
Loss on disposal of fixed assets	-	66,066
Auditors' remuneration		
- as auditors	750	712
Net loss/(profit) on foreign currency translation	276,932	89,432

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000 No.	1999 No.
Number of administrative staff	-	1
Number of development staff	-	1
	-	2

The aggregate payroll costs of the above were:

	2000 £	1999 £
Wages and salaries	-	5,323
Social security costs	-	326
Compensation for loss of office	-	19,757
Other pension costs	-	1,490
	-	26,896

FYNEGOLD EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000 £	1999 £
Emoluments receivable	-	5,981
Value of company pension contributions to money purchase schemes	-	1,161
Compensation for loss of office	-	12,606
	-	19,748

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000 No.	1999 No.
Money purchase schemes	-	1

6. INTEREST PAYABLE

	2000 £	1999 £
Interest payable on bank borrowing	-	45
Finance charges	-	1,607
Other similar charges payable	-	-
	-	1,652

7. INTANGIBLE FIXED ASSETS

	Mineral Exploration Costs £
COST	
At 1st January 2000	3,581,998
Additions	-
At 31st December 2000	3,581,998
AMORTISATION	-
NET BOOK VALUE	
At 31st December 2000	3,581,998
At 31st December 1999	3,581,998

FYNEGOLD EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

8. TANGIBLE FIXED ASSETS

	Mining Property £	Furniture & Fittings £	Total £
COST			
At 1st January 2000 and **31st December 2000**	2,491,646	25,847	2,517,493
DEPRECIATION			
At 1st January 2000	-	11,126	11,126
Charge for year	-	14,721	14,721
At 31st December 2000	-	25,847	25,847
NET BOOK VALUE			
At 31st December 2000	2,491,646	-	2,491,646
At 31st December 1999	2,491,646	14,721	2,506,367

9. CREDITORS: Amounts falling due within one year

	2000 £	£	1999 £
Trade creditors		14,843	18,665
Amounts owed to group undertakings		2,207,534	1,977,428
Other creditors including taxation and social security:			
Corporation tax	7,195		7,897
Hire purchase agreements	-		-
Other creditors	15,000		21,950
		22,195	29,847
		2,244,572	2,025,940

10. CREDITORS: Amounts falling due after more than one year

	2000 £	1999 £
Amounts owed to group undertakings	1,350,635	1,243,709

FYNEGOLD EXPLORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2000

11. RELATED PARTY TRANSACTIONS

At 31 December 2000 the company had balances with related parties as follows:

	2000 £	1999 £
Amounts owed to group undertakings	3,558,169	3,221,137

12. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
25,000,000 Ordinary shares of £1 each	25,000,000	25,000,000

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	3,723,481	3,723,481

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Loss for the financial year	(334,555)	(57,515)
Opening shareholders' equity funds	2,821,211	2,878,726
Closing shareholders' equity funds	2,486,656	2,821,211

14. ULTIMATE PARENT COMPANY

The directors regard the Oak Consortium, a partnership governed by Swiss law, as the company's ultimate parent undertaking.

15. FINANCE

The Cononish gold mine was placed on a care and maintenance basis in April 2000. A resumption of exploration will require an injection of additional finance. The directors are engaged in ongoing discussions aimed at securing partners to fund this work but, to date, no agreement has been concluded.