

2154312

BUTTE MINING PLC

Financial Statements

Year Ended June 30, 1994



Chartered Accountants

L O N D O N



BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

<u>CONTENTS</u>	<u>PAGE</u>
Directors, Officers and Advisers	1
Chairman's Statement and Review of Operations	2
Biographies of Directors	6
Directors' Report	7
Statement of Directors' Responsibilities	9
Consolidated Profit & Loss Account	10
Statement of Total Recognised Gains and Losses	11
Balance Sheets	12
Consolidated Cash Flow Statements	13
Notes to the Financial Statements	16
Report of the Auditors	31
Financial History	32
Supplementary Note to Financial Statements for the year to June 30, 1993	33

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

DIRECTORS, OFFICERS AND ADVISERS

Directors	D O Lloyd-Jacob CBE (Executive Chairman) G Andrews (Finance Director) T J I Wright* S J Urwin* O J Gillie* *Non-Executive
Secretary	G Andrews
Auditors	Cooper Lancaster Brewers Aldwych House 81 Aldwych London WC2B 4HP
Bankers	Barclays Bank Plc 89 Charterhouse Street London EC1M 6HR Lloyds Bank Plc Lombard Street London EC3P 3BT
Solicitors	Nabarro Nathanson 50 Stratton Street London W1X 5FL
UK Litigation Counsel	Morgan, Lewis & Bockius 4 Carlton Gardens Pall Mall London SW1Y 5AA
US Litigation Counsel	Deutsch & Frey 575 Madison Avenue New York New York 10022, USA
Stockbrokers and financial advisers	Credit Lyonnais Laing 5 Appold Street London EC2A 2DA
Registered Office	Abbey House 74/76 St John Street London EC1M 4DT
Registrars	Independent Registrars Group Limited Broseley House Newlands Drive Witham Essex CM8 2UL
Registered Number	2154312

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

CHAIRMAN'S STATEMENT

Butte Mining Plc has, since the filing of its US lawsuits in May 1992, been primarily a litigation company. In 1987 and 1988 the previous board engaged in acquisitions which have been the subject of extensive investigations during the past 2½ years by the current board, the Company's advisers and separately the Serious Fraud Office. These acquisitions damaged Butte, its subsidiaries and its shareholders and the Directors have a duty to pursue possible avenues of recovery.

The 1987 and 1988 acquisitions were of assets in the state of Montana, USA. Butte and three of its Montana subsidiaries have sued the responsible parties in that jurisdiction. A review of Butte's US litigation is set out in the next section. We could not have conducted this litigation in England, since Butte does not have, and has no possibility of acquiring, the large cash fund necessary to bring such litigation in the English courts. Our lawyers in the USA are remunerated solely by a share of the proceeds obtained, and thus obtain no fees unless they win.

In order to pursue the litigation, however, it is necessary to keep Butte alive, to pay the out-of-pocket expenses of litigation and to keep our 6,000 shareholders informed. The management of the case requires us to have qualified executives in London and in Montana. This costs money, and the most urgent task for management in the past two years has been to ensure that the company remains viable long enough to see the lawsuit through and collect substantial damages.

In this context, Butte can claim to have had a successful year, though it has shown and is likely to continue to show, so long as the case is unresolved, an on-going loss because the company has no operations against which to set its expenses. In the year to June 30, 1994, the loss was reduced to £351,000 from a loss of £556,000 in the year to June 30, 1993.

Following discussions with the Financial Reporting Review Panel the Board has decided to revise certain items that appeared in the accounts for the year to June 30, 1993. A supplementary note explaining these revisions is enclosed with these accounts. However, no change has been made to either the loss or shareholders' funds reported in the 1993 financial statements.

Butte's remaining assets are; property in Montana, the freehold of a property in Stoke-on-Trent, England and shares in Hillgrove Gold Limited. The property in Montana forms the subject of the litigation in the USA which is reviewed in more detail in the next section. Directors have decided to retain the value of this property at US\$ 8 million. The property in Stoke-on-Trent has been leased to the company which purchased the operations of Zirceram Limited in April 1993. The shares in Hillgrove Gold Limited arise from the restructuring of VAM Limited following it being placed into provisional liquidation in 1993. As result of this restructuring, Butte received A\$375,000 in settlement of A\$2 million owed to it prior to the liquidation, and holds approximately 5% of the shares in the new company, Hillgrove Gold Limited, in lieu of its previous shareholding in VAM Limited.

These remaining assets were not sufficiently cash-generative to keep Butte alive, so management set out to raise additional funds. In November 1993 the company issued £1.3 million of zero-coupon bonds, repayable in November 1996 for £1.9 million, which also gave holders a direct share in the proceeds of the Montana lawsuit. This dealt with the short-term funding problem.

Additionally, management examined various possible opportunities that would generate longer term cash and would use the talents and pay the costs of the executives who have to be available as the litigation goes forward. In May 1994 the company and its Montana operating subsidiary joined with Mr Tom Lee, a gem specialist and broker, in exploring some land about 30 miles from Butte, Montana, which was expected to be sapphire-bearing. The exploration was successful and 3.7 million carats of proven and probable reserves of sapphires were found during the 1994 exploration season. In October 1994 the new company that had been formed to exploit these resources, Gem River Corporation, raised sufficient initial capital to acquire the freehold land on which sapphires have been found and to carry itself forward to a public flotation.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

CHAIRMAN'S STATEMENTS (continued)

This exploration success, which has led to the founding of a new gem mining company, benefits Butte in several ways. Butte receives 400,000 shares in Gem River Corporation as a reward for its successful exploration work and may receive a further 400,000 shares at the new company's initial public flotation. The cost of Butte's office and staff in Montana will be absorbed by Gem River Corporation, as well as certain costs of the executive directors in Butte's London office, who will have senior executive positions in Gem River. Additionally, Butte's shareholders outside the USA and Australia will be offered shares in Gem River Corporation at the time of its initial public flotation, which is expected to be in December 1994.

Unfortunately, the Montana lawsuit did not make much progress during the year under review, and the time that may elapse till its conclusion is still uncertain. In November 1992 the Judge in Montana ruled that Ernst & Young, a major defendant in our lawsuit, could not sue Butte separately in England for allegedly unpaid fees, but must bring a counterclaim in Montana. Ernst & Young appealed this decision, and in May 1994 the Ninth Circuit Appeals Court affirmed the lower court's ruling and commented on the delays that had affected our litigation. Since November 1992 the Judge in our Montana actions has issued no further substantive rulings, and now has a considerable number of undecided matters sitting on his desk.

The law may be slow, but is not meant to be this slow. Our defendants are clearly hoping that our ability to pursue the action will be prejudiced if the delay continues. Such delays are inconsistent with United States Federal and Montana civil justice reform statutes designed to ensure speedy resolution of litigation. To bring the case to judgement relatively quickly, one option would be to file with the United States Court of Appeals for the Ninth Circuit a petition for a writ of mandamus directing the District Court to decide promptly pending motions. Prior to our Annual General Meeting your Directors will need to take a decision thereon, and we will be able to answer questions at that meeting on this issue. In view of the financial pressures on Butte, your Directors cannot wait indefinitely for the Judge to rule.

Your Directors have positioned the Company to allow for the single-minded pursuit of its Montana litigation. The case, of which more details are given in the next section of this Report, remains an extremely strong one. During the year we added a further major defendant, the promoters' former lawyers, following evidence that they were significantly involved. We obtained documents which helped to confirm our analysis of events in 1987 and 1988. Nothing has been put forward which gives us any doubt of the eventual success of the litigation, so long as it can be brought to trial in the USA within a reasonable time. We expect to be able to achieve this, and thus to recompense the Company and its long-suffering shareholders, at some point in the next few years.

D. Lloyd-Jacob
Chairman

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

REVIEW OF BUTTE'S LAWSUITS IN THE USA

Butte and three of its Montana subsidiaries filed a suit in the US District Court in Butte, Montana on 20 May 1992. The action bears the reference number 92-Civ-31-BU(PGH), and has been assigned to Judge Hatfield, the Senior Judge in the US District Court in Montana and a former US Senator. The defendants are 77 individuals and entities, many of which are companies in the chain of title, etc, or subsidiaries or associates of other defendants. Of the defendants, seven are former directors of Butte, twenty-four are vendors of property to Butte, six are professional firms such as lawyers, technical consultants, auditors and financial advisers, and three are companies and four are individuals with various involvements.

Butte and three of its Montana subsidiaries filed a further suit in the same court on 27 May 1994, bearing the reference 94-Civ-41-BU, also assigned to Judge Hatfield. The defendants are a major UK law firm and one of its partners, who were lawyers both for Butte and for the original property vendors. The plaintiffs are also filing a motion proposing to consolidate this suit with 92-Civ-31-BU(PGH).

In the United States it is illegal for promoters of a company to sell assets into a public vehicle at a profit without disclosure or independent review, and for persons to aid or abet such acts. The vendors of the assets sold to Butte in 1987 and 1988 made a profit of US\$175 million on these transactions; the first acquisition was made by Butte at thirty three times the price paid by the vendors a few months earlier, and the second acquisition was made for a sum that was approximately one thousand times the vendors' original purchase price. The law states that undisclosed promoters' profits must be repaid to the company.

In addition to the promoters' profits, there were serious deficiencies in the reserve estimates in the prospectus and in the announcements made subsequently about the reserves. In the 1987 prospectus, the technical report indicated "geologic reserves" as follows:

Property	Surface Reserves Tons	Underground Reserves Tons
Tzarina	-	637,000
Rainbow	1.42 million	1.76 million

The Tzarina underground "reserves" were drilled by Butte starting in March 1988 and were found not to exist. No announcement of this was ever made. Of the Rainbow reserves, 5,000 tons of surface dump reserves were treated at a loss, 1 million tons of shallow oxide reserves were retained, and the remaining surface dump reserves were abandoned. Of the original underground reserves, less than 400,000 tons were retained in "mineable reserves" after independent reviews in 1988. No announcement of this was ever made.

In the 1988 listing particulars for the vend-in of the Marget Ann property, reserves were stated to be:

Property	Surface Reserves Tons	Underground Reserves Tons
Magret Ann	149,500	1.785 million

The surface dumps were subsequently abandoned as uneconomic. The underground "reserves" had in fact been drilled in January - March 1988, prior to the date of the listing particulars, and had been shown not to exist. This information was not included in the listing particulars.

Subsequent to the 1988 vend-in, these deficiencies were not disclosed, and vendors and promoters sold shares into a market that was, to say the least, not fully informed.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

REVIEW OF BUTTE'S LAWSUITS IN THE USA (continued)

In the USA those found to have been involved in such a chain of events would be jointly and severally liable, and Butte is seeking:

- Actual damages of \$325 million, of which \$175 million is for undisclosed promoters' profits.
- Trebling of such damages for racketeering, that is to say a pattern of dishonest activity.

Allowing for contingent-fee payments to lawyers, and percentages of the case awarded to executives and to holders of the zero-coupon loan notes, the ordinary shareholders' recovery from given levels of damage awards would be as follows:

Amount of Award or Settlement US\$m	Amount to Company Net of fees US\$m	Amount per share p
100	52	12
200	108	25
300	164	38
400	219	51
500	275	64
600	331	77
700	387	89
800	442	102
900	498	115
1000	554	128

Notes:

Exchange rate assumed to be £1 - US\$ 1.60. Assumes 270m shares in issue, allowing for full conversion of preference shares.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

BIOGRAPHIES OF DIRECTORS

Non-Executives

T J I Wright

Ian Wright (66) is a mining consultant. He joined Consolidated Gold Fields Plc in 1956 where he was Mine Valuation Manager. He later worked as a mining consultant to Credit Lyonnais Laing, and now has an independent consulting practice.

S J Unwin

Stephen Unwin (54) is a banking consultant. He was head of banking for Kleinwort Benson from 1988 to 1991. Prior to that he headed Kleinwort Benson's banking operations in the USA.

O J Gillie

Oliver Gillie (54) is non-executive chairman of Derivative Securities Limited. He was formerly a metals trader with Amalgamated Metals, Associated Metals, Cabot and Falconbridge.

Executives

D O Lloyd-Jacob

David Lloyd-Jacob (56) worked for Consolidated Gold Fields Plc from 1962 until 1982 and from 1979 to 1982 was managing director and chief financial officer. From 1983 to 1990 he was chairman and Chief Executive Officer of The Levinson Steel Company in Pittsburgh, USA. He became chairman of Butte Mining Plc in April 1991.

G Andrews

Graham Andrews (40) was formerly head of corporate finance for Carr Kitcat & Aitken. He worked previously for County NatWest, the Chase Manhattan Bank and BP Plc. He became company secretary in October 1991 and finance director in June 1992.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

DIRECTORS' REPORT

The directors submit their report and the Group financial statements of Butte Mining Plc for the year to 30 June, 1994.

Principal Activities and Review of Business Developments

The principal activity of the Group was the development and production of and exploration for base and precious metals. However, as more fully explained in the Chairman's Statement, the pursuit of its Montana lawsuits in the USA temporarily takes precedence over other activities.

The Chairman's Statement and the Review of Butte's Lawsuits in the USA contain a summary of the position of the Group at the year end, the development of its business during the year and anticipated future developments.

Results and Dividends

The loss for the year to June 30, 1994, after taxation, amounted to £351,000 (year to June 1993 - loss £556,000). The board of directors do not recommend the payment of a dividend.

Directors and Their Interests

The directors of the Company are as follows:

D O Lloyd-Jacob	(Executive Chairman)
T J I Wright	
R A Lockwood	(resigned August 10, 1993)
G Andrews	
S J Unwin	
O J Gillie	(appointed November 30, 1993)

Details of the directors' interests in the share capital of the Company and their interests in contracts or arrangements with the Group during the year are given in note 5 to the financial statements.

Corporate Governance - Cadbury Report

The Company complied throughout the financial year with the Code of Best Practice in the Report of the Committee on the Financial Aspects of Corporate Governance ("the Cadbury Report") with the exceptions of paragraphs 4.5 and 4.6 for which official guidance on compliance has not yet been issued.

As more fully disclosed in note 5 T J I Wright has share options. It is proposed that these options be terminated after the year end subject to approval of certain resolutions at the Extraordinary General Meeting which will follow the Annual General Meeting. If adopted they will create a new share option scheme for all non-executive directors. Due to the nature of the company's activities it is not considered that this will affect their independent judgement.

In accordance with the recommendation in paragraph 4.9 of the Cadbury Report in cases where the roles of Chairman and Chief Executive are not separated, the Board includes non-executive directors of great experience. They make a valuable contribution to the board's discussions and represent a source of strong and independent judgement; they also constitute the Audit Committee (Chairman - S J Unwin) and the Remuneration Committee (Chairman - O J Gillie).

The Company's auditors, Cooper Lancaster Brewsters, have reviewed this Compliance Statement as to those paragraphs of the Code where compliance is subject to auditor's review. They have confirmed that based upon their review they are satisfied that this Statement is properly made.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

DIRECTORS' REPORT (continued)

Movement in Share Capital

On December 6, 1993 a total of 700 ordinary shares of 10p were issued in connection with the conversion of warrants. These warrants have now lapsed.

On December 6, 1993 a total of 6,215 convertible preference shares were converted to ordinary shares of 10p each in accordance with the Articles of Association. The issued share capital and movements during the year were as follows:

	Issued £'000
At July 1, 1993 and June 30, 1994 - Equity	23,511
At July 1, 1993 and June 30, 1994 - Non Equity	3,506
	<hr/>
	27,017

Non equity shares relate to convertible redeemable preference shares.

The total authorised share capital is £53,625,658.

Section 80 Consent

The directors have authority to allot relevant securities under Section 80 of the Companies Act 1985. A resolution proposing that this authority be renewed will be proposed at the Annual General Meeting.

Section 95(1) Consent

The directors do not have authority to allot equity securities under Section 95(1) of Companies Act 1985. A special resolution proposing that this authority is given will be proposed at the Annual General Meeting.

Notice of Annual General Meeting

A notice convening an Annual General Meeting for 10.30 am on November 17, 1994 accompanies these financial statements.

Substantial Shareholders

The directors have been notified that as at October 3, 1994 the following shareholders are interested in more than 3% of the existing issued share capital in the Company.

Postal Investment Management Limited	4.4%
Robertson Research (Singapore) Private Limited	4.3%
The Bulldog Fund Limited	3.2%

Close Company Status

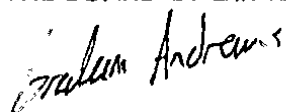
The Company is not a close company within the provisions of the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint Cooper Lancaster Brewers as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD OF DIRECTORS

G Andrews
Secretary



October 14, 1994

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	£'000	June 30 1994 £'000	£'000	June 30 1993 £'000
Turnover	2				
Continuing activities		41		99	
Discontinued activities		-		90	
		—	41	—	189
Cost of sales					
Continuing activities		(3)		-	
Discontinued activities		-		(95)	
		—	(3)	—	(95)
Gross Profit					
Continuing activities		38		99	
Discontinued activities		-		(5)	
		—	38	—	94
Administrative expenses					
Continuing activities		(494)		(602)	
Discontinued activities		-		(110)	
		—	(494)	—	(712)
Operating loss	3				
Continuing activities		(456)		(503)	
Discontinued activities		-		(115)	
		—	(456)	—	(618)
Interest receivable			5		-
Interest payable	6		(166)		(114)
Exceptional write back on disposal of investments	7				
Discontinued activities		266		176	
		—	266	—	176
Profit/(Loss) on ordinary activities before taxation					
Continuing activities		(617)		(617)	
Discontinued activities		266		61	
		—	(351)	—	(556)
Tax on ordinary activities	8		-		-
Loss on ordinary activities after taxation			(351)		(556)
Retained loss for the year	19		(351)		(556)
Loss per share	9		(0.15p)		(0.24p)

The notes on pages 16 to 30 form part of these financial statements.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	June 30 1994 £'000	June 30 1993 £'000
Loss for the financial year	(351)	(556)
Currency translation differences on foreign currency net investments	(147)	1,045
Total recognised (losses) and gains during the year	<u>(498)</u>	<u>489</u>

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

BALANCE SHEETS

At June 30, 1994		June 30, 1994		June 30, 1993	
	Note	The Group £'000	The Company £'000	The Group £'000	The Company £'000
Fixed Assets					
Tangible assets	10	5,372	5	5,540	7
Investments	11	-	5,024	-	5,252
		<u>5,372</u>	<u>5,029</u>	<u>5,540</u>	<u>5,259</u>
Current Assets					
Debtors	13	367	275	110	19
Investments	12	86	79	8	-
Cash at bank		101	96	19	9
		<u>554</u>	<u>450</u>	<u>137</u>	<u>28</u>
Creditors: amounts falling due within one year	14	(1,465)	(1,222)	(1,614)	(1,432)
Net current liabilities		<u>(911)</u>	<u>(772)</u>	<u>(1,477)</u>	<u>(1,404)</u>
Total assets less current liabilities		<u>4,461</u>	<u>4,257</u>	<u>4,063</u>	<u>3,855</u>
Creditors: amounts falling due after more than one year	15	(1,379)	(1,379)	(388)	(388)
Provisions for Liabilities and Charges	17	(562)	(358)	(657)	(449)
		<u>2,520</u>	<u>2,520</u>	<u>3,018</u>	<u>3,018</u>
Capital and reserves:					
Called up share capital equity	18	23,511	23,511	23,511	23,511
- non equity	18	3,506	3,506	3,506	3,506
Share premium account	19	6,550	6,550	6,550	6,550
Capital reserve	19	2,526	2,760	2,581	2,760
Consolidation reserve	19	(8,219)	-	(8,219)	-
Profit & Loss account	19	(25,354)	(33,807)	(24,911)	(33,309)
Total Shareholders Funds		<u>2,520</u>	<u>2,520</u>	<u>3,018</u>	<u>3,018</u>

Approved by the board of directors and signed on its behalf

D O LLOYD-JACOB

Directors

G ANDREWS

David Lloyd-Jacob
Graham Andrews

October 14, 1994

The notes on pages 16 to 30 form part of these financial statements.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

CONSOLIDATED CASH FLOW STATEMENTS

For the year ended June 30, 1994

	Note	1994 £'000	1993 £'000 Original	1993 £'000 As restated
Net cash outflow from operating activities	A	(1,176)	(111)	(111)
Returns on investments and servicing of finance				
Interest received		5	-	-
Interest paid		(59)	(114)	(114)
		<u> </u>	<u> </u>	<u> </u>
Net cash outflow from returns on investments and servicing of finance		(54)	(114)	(114)
Investing activities				
Payments to acquire tangible fixed assets		(8)	-	-
Receipts from sales of tangible fixed assets		21	311	311
Receipts from sales of investments	E & F	9	-	560
Exchange movements		18	(137)	(137)
		<u> </u>	<u> </u>	<u> </u>
Net cash inflow from investing activities		40	174	734
		<u> </u>	<u> </u>	<u> </u>
Net cash inflow/(outflow) before financing		(1,190)	(51)	509
Financing				
Issue of loan notes less costs		1,272	-	-
Net repayment of loans	F	-	-	(500)
		<u> </u>	<u> </u>	<u> </u>
Net cash inflow/(outflow) from financing		1,272	-	(500)
		<u> </u>	<u> </u>	<u> </u>
Increase/(Decrease) in cash and cash equivalents	B	82	(51)	9
		<u> </u>	<u> </u>	<u> </u>

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

CONSOLIDATED CASH FLOW STATEMENT

	1994 £'000	1993 £'000 Original	1993 £'000 As Restated
A. Reconciliation of operating losses to net cash outflow from operating activities			
Operating loss	(456)	(618)	(618)
Amortisation & depreciation	11	71	71
Proceeds from sale of fixed assets	(21)	-	-
Decrease in stocks	-	26	26
(Increase)/Decrease in debtors	(78)	3	3
(Decrease)/Increase in creditors	(537)	361	361
(Decrease)/Increase in provisions	(95)	46	46
Net cash outflow from operating activities	(1,176)	(1,176)	(111)
B. Analysis of the balances and cash equivalents as shown in the balance sheet	Change in Year £'000		
Cash at bank and in hand	82	101	19
Current bank overdraft & loans	-	(750)	(750)
Investments	-	-	8
	82	(649)	(731)
C. Analysis of changes in cash and cash equivalents during the year			
June 30, 1993	(731)	27	(731)
Net cash inflow	82	-	-
June 30, 1994	(649)	27	(731)
D. Analysis of changes in financing equivalents during the year			
At June 30, 1994 and June 30, 1993	27,017		27,017

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

CONSOLIDATED CASH FLOW STATEMENT

E. Major Non-Cash Transactions

During the year under review shares were received in Hillgrove Gold Limited as part of the final settlement of VAM Limited receivership. The book value of these shares, after provisions, amounts to £78,818. These shares were still held at the year end.

F. Additional Information

As stated in note 14, the Financial Reporting Review Panel has required the bank overdraft to be treated as falling due within one year. This treatment is reflected in the restated consolidated cash flow statement and attention is drawn to note 14.

The Panel has also expressed the view that the treatment of two amounts more fully referred to below in the consolidated cashflow statement of the Group for the year ended June 30, 1993 did not comply with the Companies Act 1985 and in particular with FRS 1. As stated in the Original 1993 financial statements, in preparing the consolidated cashflow statement, the directors believed they had correctly invoked the true and fair override in respect of the classification of the amount in question. The view of the Panel is, that as a matter of law under the Companies Act 1985, the true and fair override is not available to permit a departure from the provisions of FRS 1 in the manner applied in the Original 1993 financial statements. To the best knowledge of the Directors, there is no decided case of this point, and the matter is a question of interpretation of law. The Directors do not believe it appropriate that the Company should become party to a test case and have therefore agreed to accept the Panel's interpretation of the law and to restate the consolidated cash flow statement accordingly.

The first amount in question was an amount of £560,000, classified as an investment. The investment concerned was the holding of shares in Perseverance Corporation Limited by the Company which the Company had decided to sell before the year end. As stated in the Chairman's statement which accompanied the Original 1993 financial statements, Perseverance was disposed of before the financial statements were signed and cash proceeds thereof amounting to £560,000 were received before signature of the Original 1992 financial statements. As stated in the Original 1993 financial statements, the Directors invoked the true and fair override to show this item as a cash equivalent in the light of the actual cash receipt by the company.

The second amount in question was a loan of £500,000 to the Company from a mining finance house, classified as a loan in the original consolidated cashflow statement. This amount has been repaid in full out of the proceeds of the amount of £560,000 referred to above. As stated in the original 1993 financial statements, the Directors invoked the true and fair override to show this item as a cash equivalent in the light of this linkage with the amount of £560,000 and the fact that it was an amount payable on demand from a mining finance house.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared under the historical cost convention modified by the revaluation of certain fixed assets. The financial statements have been prepared on a going concern basis. The directors consider that the Company and the Group can meet their obligations as and when they fall due.

(b) Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. No separate profit and loss account is presented for the Company as permitted by Section 230 of the Companies Act 1985.

The group, as in previous years, has not consolidated its subsidiary VAM Limited which was placed into liquidation in 1993 and fully provided for. VAM Limited was restructured by the liquidators and the company has subsequently received proceeds which have been credited to the profit and loss account (see note 7). The cost and provision for diminution in value in respect of VAM Limited has consequently been eliminated from the company's investment.

(c) Exploration, Evaluation and Development Expenditure

This area is reviewed regularly to determine its economic viability, and to the extent that such areas of interest do not represent a future asset the relevant expenditure is written off.

(d) Depreciation

Depreciation related to cost or valuation is provided on buildings, plant, machinery, mineral rights, mine development costs and other fixed assets used in producing income at rates based on the expected economic lives of assets. The rates are reviewed and reassessed periodically in the light of technical and economic developments.

Land is not depreciated.

The depreciation rates used during the year were:

Buildings	2%
Mineral interest	At rate of extraction
Other assets	10%-35%

Depreciation on the group's mineral interests is not currently provided as these assets are not being exploited at the present time (note 10).

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (continued)

(e) Foreign Currencies

Company

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. All differences are taken to the profit and loss account with the exception of differences on foreign currency borrowing, to the extent that they are used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves together with the exchange differences on the carrying amount of related investments.

Group

The financial statements of the overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the translation of opening net assets, treating long term intra-Group loans as part of equity investment, are taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings, to the extent that they are used to finance or provide a hedge against Group equity investments in foreign enterprises, which are taken directly to reserves together with the exchange differences on the carrying amount of the related investments.

(f) Leasing

Rentals paid under operating leases are charged to profit and loss account as they occur.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

2. TURNOVER, OPERATING LOSS AND NET ASSETS

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax.

	Year ended June 30, 1994 £'000	Year ended June 30, 1993 £'000
<u>Turnover</u>		
Area of activity		
Litigation	-	-
Mineral interests	21	99
Opacifier	-	90
Property income	20	-
	<u>41</u>	<u>189</u>
Geographical Area		
UK	20	189
USA	21	-
	<u>41</u>	<u>189</u>
<u>Operating Loss</u>		
Area of activity		
Litigation	(374)	(354)
Mineral interests	(100)	(149)
Opacifier	-	(115)
Property income	18	-
	<u>(456)</u>	<u>(618)</u>
Geographical Area		
UK	(356)	(469)
USA	(100)	(149)
	<u>(456)</u>	<u>(618)</u>
<u>Net Assets</u>		
Area of activity		
Litigation	(325)	(1,336)
Mineral interests	4,940	5,141
Opacifier	-	13
Property	34	-
	<u>4,649</u>	<u>3,818</u>
Geographical Area		
UK	(291)	(1,323)
USA	4,940	5,141
	<u>4,649</u>	<u>3,818</u>
Net Borrowing	<u>(2,129)</u>	<u>(800)</u>
	<u>2,520</u>	<u>3,018</u>

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

3. OPERATING LOSS

This is stated after charging:

	June 30 1994 £'000	June 30 1993 £'000
Directors' remuneration (see note 5)	89	101
Auditor's remuneration - Audit	25	25
- Other services	23	10
Depreciation and amortisation	11	71
Loan note issue costs	93	-
Operating lease rental - land and buildings	13	13
	<u> </u>	<u> </u>

4. EMPLOYEE NUMBERS AND COSTS

The average number of persons employed or contracted by the Group during the year was as follows:

	June 30 1994 Number	June 30 1993 Number
UK	3	7
USA	2	2
Australia - representative office	-	1
	<u> </u>	<u> </u>
	5	10
	£'000	£'000
Wages and salaries	75	241
Social security costs	11	16
	<u> </u>	<u> </u>
	86	257

5. DIRECTORS' EMOLUMENTS AND INTERESTS:

(a) Emoluments	June 30 1994 £'000	June 30 1993 £'000
Aggregate emoluments:		
Fees	99	101
Emoluments waived	(10)	-
	<u> </u>	<u> </u>
	89	101

The emoluments waived were in respect of one director.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

5. DIRECTORS' EMOLUMENTS AND INTERESTS: (continued)

(b)	Emoluments (excluding pension contributions) of:	June 30 1994 £'000	June 30 1993 £'000
-----	--------------------------------------------------	--------------------------	--------------------------

Chairman			
D O Lloyd-Jacob	<u>50</u>	<u>50</u>	

During the year ended June 30, 1994, D O Lloyd-Jacob was the highest paid director and was paid a total of £105,239. Of this £50,000 relates to duties carried out in the year under the contract for services between the Company and Mr Lloyd-Jacob. The remainder relates to work carried out in previous years which had not been paid.

Number of other directors in the emolument scales:

	Number	Number
Not more than £5,000	3	4
£35,001 to £40,000	1	1
	<u>4</u>	<u>5</u>

(c) Interests in contracts with the Group

The following are the directors' interests (all beneficial) in the existing ordinary shares and options of the Company.

	June 30, 1994		June 30, 1993	
	Scheme and Other options	Ordinary Shares	Scheme and Other options	Ordinary Shares
D O Lloyd-Jacob	1,500,000	500,000	1,500,000	250,000
G Andrews	-	300,000	-	300,000
T J I Wright	150,000	-	150,000	-
S J Unwin	-	-	-	-
O J Gillie	-	1,600,000	-	1,600,000

Mr D O Lloyd-Jacob is the sole member of the existing employee share option scheme. Mr T J I Wright also has options. It is proposed that the options of both be cancelled subject to approval of certain resolutions to be tabled at an Extraordinary General Meeting to take place following the Annual General Meeting which will create a new share option scheme for all directors and employees (see also note 18).

Two directors have been awarded an entitlement to a payment out of the proceeds of the US lawsuit, as follows:

D O Lloyd-Jacob	3% of gross proceeds over £15 million
G Andrews	1.5% of gross proceeds over £15 million

In addition, C R Tatman, President of US operations, has been awarded an entitlement to a payment out of the proceeds of the lawsuit of 0.75% of gross proceeds.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

6.	INTEREST PAYABLE	June 30	June 30
		1994	1993
		£'000	£'000
	Bank loans and overdrafts and other loans wholly repayable within five years	59	114
	Loan note discount accrual (Note 16)	107	-
		<u>166</u>	<u>114</u>
7.	EXCEPTIONAL ITEMS		
	Proceeds in respect of subsidiary, in liquidation, previously fully written off	<u>266</u>	<u>176</u>
8.	TAX ON ORDINARY ACTIVITIES		
	Corporation tax at 33% (1993: 33%)	-	-
	There is no charge to taxation due to the availability of taxation losses.		
9.	LOSS PER SHARE		
	The calculation of the loss per share is based on the loss after taxation of £351,000 (1993 - loss £556,000) and on the weighted average number of shares in issue during the year, which was 235,109,357 (1993 - 235,100,820).		

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

10 TANGIBLE ASSETS

Group	Total £'000	Land, Buildings & Mineral Interests £'000	Other Fixed Assets £'000
Cost or valuation:			
At July 1, 1993			
Cost	764	294	470
Valuation	5,395	5,395	-
	<u>6,159</u>	<u>5,689</u>	<u>470</u>
Exchange retranslation	(179)	(166)	(13)
Additions	30	30	-
Disposals	(80)	-	(80)
	<u>5,930</u>	<u>5,553</u>	<u>377</u>
At June 30, 1994			
Depreciation:			
At July 1, 1993	619	257	362
Exchange retranslation	(14)	(2)	(12)
Charge for the year	11	2	9
Disposals	(58)	-	(58)
	<u>558</u>	<u>257</u>	<u>301</u>
At June 30, 1994			
Net book value:			
At June 30, 1994	<u>5,372</u>	<u>5,296</u>	<u>76</u>
At July 1, 1993	<u>5,540</u>	<u>5,432</u>	<u>108</u>
Cost or valuation at June 30, 1994 is represented by:			
Valuation	5,259	5,259	-
Cost	671	294	377
	<u>5,930</u>	<u>5,553</u>	<u>377</u>
Company			
Cost:			
At June 30, 1993 & 1994	49	-	49
Depreciation:			
At June 30, 1993	42	-	42
Charge for the year	2	-	2
	<u>44</u>	<u>-</u>	<u>44</u>
At June 30, 1994			
Net book value:			
At June 30, 1994	<u>5</u>	<u>-</u>	<u>5</u>
At July 1, 1993	<u>7</u>	<u>-</u>	<u>7</u>

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

10. TANGIBLE ASSETS (continued)

The Land and Mineral rights have been included at valuation. The valuation is based on updated discounted cash flows extracted from a detailed review of the New Butte Mining operations, undertaken in 1990 by Messrs Watts, Griffis and McQuat Ltd, a firm of consulting geologists and engineers in Toronto, Canada. This firm reviewed these revised cash flow estimates at, December 17, 1993 and considered that the present values were appropriate at that time. No update of these calculations has been made to date.

The historic net book value of land and buildings comprises:

	Group		Company	
	June 30	June 30	June 30	June 30
	1994	1993	1994	1993
	£'000	£'000	£'000	£'000
Freehold	<u>288</u>	<u>306</u>	<u>-</u>	<u>-</u>
Depreciation charge for year	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>
The net book value of land, buildings and mineral interests comprise:				
Freehold land and buildings	2,057	2,090	-	-
Mineral interests	3,239	3,342	-	-
	<u>5,296</u>	<u>5,432</u>	<u>-</u>	<u>-</u>

11. INVESTMENTS

Company

Investment in subsidiary undertakings:

	Total	Shares in	Loans in
	£000	Subsidiaries	Subsidiaries
	£000	£000	£000
Cost:			
At July 1, 1993	36,793	24,330	12,463
Exchange retranslation	(317)	-	(318)
Additions	1,089	-	1,090
Disposals	(11,097)	(10,312)	(785)
At June 30, 1994	<u>26,468</u>	<u>14,018</u>	<u>12,450</u>
Provision for diminution:			
At July 1, 1993	31,541	24,204	7,337
Exchange retranslation	(170)	-	(170)
Amount provided in year	1,170	49	1,121
Disposals	(11,097)	(10,312)	(785)
At June 30, 1994	<u>21,444</u>	<u>13,941</u>	<u>7,503</u>
Net book value			
At June 30, 1994	<u>5,024</u>	<u>77</u>	<u>4,947</u>
At July 1, 1993	<u>5,252</u>	<u>126</u>	<u>5,126</u>

The disposal represents the final elimination of the cost and depreciation of VAM Limited.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENTS (continued)

The principal subsidiary undertakings of the Group are as follows:

Name		Country of Registration and Operation	Proportion held by the Group	Nature of Business
Central Butte Investments Limited	(1)	England	100%	Holding company
North Butte Investments Limited	(1)	England	100%	Holding company
Tzarina & Travona Investments Limited	(1)	England	100%	Holding company
Tzarina & Travona Mining Corp.	(2)	USA	100%*	Mineral interests
Central Butte Mining Corp.	(2)	USA	100%*	Mineral interests
North Butte Mining Corp.	(2)	USA	100%*	Mineral interests
North Butte Mining Inc.	(2)	USA	100%	Operations company
Zirceram Limited	(1)	England	100%	Property owner

All shareholdings in the above companies are ordinary shares or common stock (USA) and are directly held by Butte Mining Plc except where indicated by an asterisk(*).

- (1) Audited by Cooper Lancaster Brewers
(2) Audited by Anderson ZurMuehlen & Co

12. CURRENT ASSET INVESTMENTS

	Group		Company	
	June 30 1994 £'000	June 30 1993 £'000	June 30 1994 £'000	June 30 1993 £'000
Investments listed on a recognised stock exchange:				
Listed Overseas	79	-	79	-
Unlisted	7	8	-	-
	<u>86</u>	<u>8</u>	<u>79</u>	<u>-</u>

The listed investments held at June 30, 1994 are stated at cost less a provision against loss in value. The shares were issued on June 30 at A\$ 20 cents per share, but were not quoted until July 10, 1994.

13. DEBTORS

	Group		Company	
	June 30 1994 £'000	June 30 1993 £'000	June 30 1994 £'000	June 30 1993 £'000
Trade debtors	9	7	-	-
Other debtors	358	103	275	19
	<u>367</u>	<u>110</u>	<u>275</u>	<u>19</u>

RUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

14. CREDITORS - Amounts falling due within one year

Group	June 30, 1994		June 30, 1993	
	As Adjusted £'000	Per Balance Sheet £'000	Original £'000	As Restated £'000
Bank overdraft	-	750	-	750
Trade creditors	-	-	5	5
Other creditors	715	715	859	859
	<u>715</u>	<u>1,465</u>	<u>864</u>	<u>1,614</u>

Company	June 30, 1994		June 30, 1993	
	As Adjusted £'000	Per Balance Sheet £'000	Original £'000	As Restated £'000
Bank overdraft	-	750	-	750
Amounts owed to Group undertakings	52	52	114	114
Other creditors	438	420	568	568
	<u>490</u>	<u>1,222</u>	<u>682</u>	<u>1,432</u>

The only difference between the balance sheet set out in the Original 1993 financial statements and that set out in the restated financial statements is the treatment in the restated financial statements of the bank overdraft as an amount falling due within one year. This treatment has been adopted following discussions between the Directors and the Financial Reporting Review Panel ("the Panel"). In the Original 1993 Financial Statements the bank overdraft was treated as an amount falling due after more than one year and, as stated in those financial statements, the directors invoked the true and fair override in dealing with the bank overdraft accordingly for the reasons set out therein. It is the view of the Panel that as a matter of law under the Companies Act 1985 the true and fair override is not available to permit the bank overdraft to be disclosed as a creditor falling due after more than one year in the circumstances which apply to this bank overdraft. To the best of the knowledge of the Directors there is no decided case on this point, and the matter is a question of interpretation of law. The Company does not believe it appropriate that it should become party to a test case and the directors have therefore agreed to accept the Panel's interpretation of the law, and accordingly have accepted that the bank overdraft should be treated as an amount falling due within one year.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

**14. CREDITORS - Amounts falling
due within one year (continued)**

In the opinion of the Directors the treatment of the bank overdraft as an amount falling due within one year is not sufficient to 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 in regard to payment of the bank overdraft and the following information is therefore given as required by Section 227 (5) of the Companies Act 1985. The bank overdraft is secured in favour of the bank by Robertson Research Limited, one of the defendants in the Montana law suit. The Company itself has not given any security to the bank. Robertson Research Limited has a mortgage on the assets of Central Butte Mining Corporation Inc as security for its guarantee of the bank overdraft to the bank. The Directors have no present intention of repaying this overdraft until the Montana law suit has been settled. They believe that, if repayment of the loan were demanded, it would be satisfied by Robertson Research Limited under its guarantee. If Robertson Research Limited sought to exercise any right of recourse against the Company arising out of this guarantee, the Directors believe that the claim for any such right of recourse would be classified as a compulsory counterclaim in the Montana law suit and that the Company would therefore not be obliged to pay any amount for which it might be found to be liable until final determination of the Montana law suit. It is not anticipated that the Montana law suit will be completed within one year from the date of these financial statements and the Directors accordingly believe that the Company will not be obliged to pay any amount in respect of the bank overdraft within one year from the date of these financial statements. The effect of showing the overdraft as payable after one year would be as shown in the "as adjusted" column in notes 14 and 15.

**15. CREDITORS - Amounts falling due after
more than one year**

Group	June 30, 1994		June 30, 1993	
	As Adjusted £'000	Per Balance Sheet £'000	Original £'000	As Restated £'000
Zero coupon loan notes (note 16)	1,379	1,379	-	-
Bank overdraft	750	-	750	-
Other creditors	-	-	388	388
	<u>2,129</u>	<u>1,379</u>	<u>1,138</u>	<u>388</u>
Company	June 30, 1994		June 30, 1993	
	As Adjusted £'000	Per Balance Sheet £'000	Original £'000	As Restated £'000
Zero coupon loan notes (note 16)	1,379	1,379	-	-
Bank overdraft	750	-	750	-
Other creditors	-	-	388	388
	<u>2,129</u>	<u>1,379</u>	<u>1,138</u>	<u>388</u>

Please refer to Note 14 for further information concerning the treatment of the bank overdraft.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

16. Loan Notes	Group		Company	
	June 30 1994 £'000	June 30 1993 £'000	June 30 1994 £'000	June 30 1993 £'000
Amounts due between one and five years:				
Zero coupon loan notes	1,272		1,272	
Discount accrual	107		107	
	<u>1,379</u>		<u>1,379</u>	

The company created £2,250,000 Zero Coupon Loan Notes pursuant to an instrument dated November 23, 1993 out of which it issued a nominal value of £1,884,000 Zero Coupon Loan Notes on November 23, 1993 at a subscription price of 67.5 pence per £1 par value in order to finance current litigation. The rate of discount is 14% per annum. The holders of the Loan Notes are also entitled to a share of the proceeds from the groups current US litigation as follows; 38.1% of the first US\$10m, 12.7% of the next US\$10m and 5.0% of all proceeds over US\$20m.

The Zero Coupon Loan Notes are repayable three years from the date of issue at par. If repayment is made at an earlier date by the company before the third anniversary of the issue, the company is entitled to an apportioned rebate on the discount.

The loan notes are secured by way of a floating charge on all the companys' assets, both present and future.

17. PROVISION FOR LIABILITIES AND CHARGES	Group		Company	
	June 30 1994 £'000	June 30 1993 £'000	June 30 1994 £'000	June 30 1993 £'000
Other provisions				
At July 1, 1993	657	611	449	434
Release/charge for the year	(95)	46	(91)	15
At June 30, 1994	<u>562</u>	<u>657</u>	<u>358</u>	<u>449</u>

Other provisions relate to amounts which are the subject of counterclaims in the lawsuits being undertaken by the Group. The movement represents the release of a provision following a successful court action.

There is no liability to deferred taxation at June 30, 1994 or June 30, 1993.

18. CALLED UP EQUITY SHARE CAPITAL	June 30 1994 £'000	June 30 1993 £'000
Authorised		
480,000,000 Ordinary shares of 10p each	<u>48,000</u>	<u>48,000</u>
Allotted, called up and fully paid		
235,111,989 Ordinary shares of 10p each	<u>23,511</u>	<u>23,511</u>

The Company has granted certain options to directors as follows:

	Number of shares	Date of Grant	Price per share	Period subscribable
Chairman	1,500,000	September 11, 1991	10p	3 years - 10 years
T J I Wright	150,000	May 31, 1990	10p	3 years - 10 years

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

18. CALLED UP NON EQUITY SHARE CAPITAL

	June 30 1994 £'000	June 30 1993 £'000
Authorised		
56,256,580 10% Convertible Cumulative Redeemable Preference shares of 10p each	<u>5,626</u>	<u>5,626</u>
Alloted, called up and fully paid		
35,055,581 10% Convertible Cumulative Redeemable Preference shares of 10p each	<u>3,506</u>	<u>3,506</u>

At June 30, 1994, there was £960,000 cumulative preference dividends not provided or paid (1993: £609,000) for the period since 4 October, 1991.

19. RESERVES

	Share premium account £'000	Capital reserve £'000	Consolidation reserve £'000	Profit & loss account £'000
Group				
At July 1, 1993	6,550	2,581	(8,219)	(24,911)
Exchange retranslation	-	(55)	-	(92)
Retained loss for the year	-	-	-	(351)
At June 30, 1994	<u>6,550</u>	<u>2,526</u>	<u>(8,219)</u>	<u>25,354</u>

At June 30, 1994 the cumulative amount of goodwill charged to reserves (including amounts written off) is £2,334,000 (1993 - £2,334,000).

	Share premium account £'000	Capital reserve £'000	Profit & loss account £'000
Company			
At July 1, 1993	6,550	2,760	(33,309)
Exchange retranslation	-	-	(147)
Retained loss for the year	-	-	(351)
At June 30, 1994	<u>6,550</u>	<u>2,760</u>	<u>(33,807)</u>

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £'000	1993 £'000
Loss for the financial year	(351)	(556)
Other recognised gains and losses relating to the year (net)	<u>(147)</u>	<u>1,045</u>
	(498)	489
Opening shareholders' funds	<u>3,018</u>	<u>2,529</u>
Closing shareholders' funds	<u>2,520</u>	<u>3,018</u>

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

21. COMMITMENTS UNDER OPERATING LEASE

At June 30, 1994 the company had annual commitments under non-cancellable operating leases as set out below:

	June 30 1994 £'000	June 30 1993 £'000
Land and Buildings		
Operating lease which expire		
Within 2-5 years	10	-
After 5 years	-	13
	<u>10</u>	<u>13</u>

22. CONTINGENCIES

Environmental Protection

Before the initial flotation of the Company, New Butte Mining, Inc., Tzarina & Travona Mining Corp., Central Butte Mining Corp, and North Butte Mining Corporation (the "US Companies") received notices from the United States Environmental Protection Agency ("EPA") that they and numerous other parties were potentially responsible for correcting alleged hazardous substance releases under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) in the Butte area. The EPA is conducting removal actions and preparing for remedial actions, both of which will affect property owned by the US Companies. As Potentially Responsible Parties ("PRPs"), the US Companies will be jointly and severally liable with previous owners and operators for the cost of the remedial actions. In accordance with consent orders between the US Companies, the EPA, and the other potentially responsible parties, Atlantic Richfield Company ("ARCO") as the successor to Anaconda Mining Company, has borne substantially all of the costs of the remedial work to date. The EPA has stated that ARCO is the principal party responsible for the clean-up and the US Companies anticipate that ARCO will continue to perform substantially all the remedial work and bear substantially all of the associated costs.

The US Companies had previously been conducting negotiations with the EPA for a settlement that would define the US Companies' liability and remove them as PRPs. In 1994 the US Administration proposed to Congress certain revisions of the 1980 CERCLA legislation. These were extensively debated and a bill was formulated which, if enacted, would have alleviated the US companies' problems under CERCLA. The bill was not brought to a vote in Congress prior to the end of the legislative session and the Administration has announced that it plans to resubmit such legislation in 1995. The Company and the US Companies have decided to await such new legislation prior to undertaking any further initiatives. The EPA has also announced that it will not seek to pursue any initiatives until the legislation has been further considered.

Butte's US Litigation

The Company and three of its US subsidiaries filed a lawsuit in the US District court of Montana, Butte division on May 20, 1992 against a large number of individuals and corporations including the original vendors of the Butte properties, various former directors, professional advisers, auditors and others, alleging fraud, self-dealing and mismanagement in relation to the Company's acquisitions of US mining assets in 1987 and 1988 and thereafter. The suit seeks actual damages of US\$325 million and asks for these to be tripled under US anti-racketeering laws.

The Company has engaged the services of Deutsch & Frey to pursue this action on a contingency fee basis. The Company has agreed to pay out-of-pocket expenses as and when they occur.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

NOTES TO THE FINANCIAL STATEMENTS

22. CONTINGENCIES (continued)

Three defendants involved in this action have invoices outstanding. The Company won a judgement in the US District Court of Montana in October 1992 in relation to fees outstanding to Ernst & Young, which ensures that any claim for these fees has to be pursued in the US courts as a counterclaim to the Company's suit. Ernst & Young's appeal against this decision was dismissed by the Court of Appeal in May, 1994. The Company has included all such outstanding balances in a provision for liabilities and charges.

Zirceram

The Company has filed a claim against the vendors of Zirceram Limited in respect of warranties issued at the time of the purchase of the company.

23. COMMITMENTS

Amounts contracted for but not provided in the financial statements amounted to *£Nil* for the Group and the Company (1993: *£Nil*).

24. SUBSEQUENT EVENTS

On September 30, 1994 a subscription agreement was entered into by which a number of investors agreed to subscribe for 800,000 new shares of common stock in Gem River Corporation at a price of US\$ 2 per share. As part of this agreement Butte Mining Plc will receive 400,000 shares at 1 cent per share.

25. RELATED PARTY TRANSACTIONS

During the year Derivative Securities Limited, of which both D O Lloyd-Jacob and O J Gillie are directors, assisted with the flotation of Hillgrove Gold Limited and the issue of the zero coupon loan notes on normal commercial terms.

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

REPORT OF THE AUDITORS

**To the Members of
Butte Mining Plc**

We have audited the financial statements on pages 10 to 30.

Respective responsibilities of Directors and Auditors

As described on page 9 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 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 uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome against the Group's US subsidiary undertakings for alleged breaches of Environmental regulations and the Group's litigation against the original vendors of the US properties, former directors and professional advisers, alleging fraud, self-dealing and mismanagement in relation to the company's acquisitions in the USA.

The future settlement of these litigation cases may result in additional assets and liabilities which may materially alter the group's and the company's balance sheet. Details of the circumstances relating to these fundamental uncertainties are described in note 22. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and Company as at June 30, 1994 and of the group's loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Cooper Lancelotti Brewster

COOPER LANCASTER BREWERS
Chartered Accountants
Registered Auditors

London

October 14, 1994

BUTTE MINING PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 1994

FINANCIAL HISTORY

	Year ended June 30 1994 £'000	Year ended June 30 1993 £'000	Year ended June 30 1992 £'000	18 months ended June 30 1991 £'000	Year ended December 31 1989 £'000
Consolidated Profit & Loss Accounts					
Turnover	41	189	10,712	12,586	3,519
Operating loss	(456)	(618)	(5,034)	(5,803)	(1,526)
Interest (net)	(161)	(114)	(160)	(749)	(64)
Exceptional items	266	176	(7,912)	(518)	647
Extraordinary items	-	-	-	-	(185)
Minority interest	-	-	2,640	598	957
Retained loss	<u>(351)</u>	<u>(556)</u>	<u>(10,466)</u>	<u>(6,472)</u>	<u>(171)</u>
Group Balance Sheets					
		As restated	As restated		
Fixed assets	5,372	5,540	4,564	18,370	18,860
Net current liabilities	(911)	(1,477)	(883)	(4,389)	(6,024)
	<u>4,461</u>	<u>4,063</u>	<u>3,681</u>	<u>13,981</u>	<u>12,836</u>
Creditors falling due after more than one year	1,941	1,045	1,152	1,056	808
Capital and reserves	2,520	3,018	2,529	10,167	10,751
Minority interests	-	-	-	2,758	1,277
	<u>4,461</u>	<u>4,063</u>	<u>3,681</u>	<u>13,981</u>	<u>12,836</u>

SUPPLEMENTARY NOTE TO THE FINANCIAL STATEMENTS

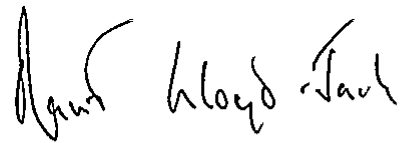
OF BUTTE MINING PLC FOR THE YEAR TO JUNE 30 1993

This supplementary note revises in certain respects the annual financial statements of the company for the year to June 30 1993 ("the original financial statements") and is to be treated as forming part of those financial statements. The original financial statements have been revised as at the date of those financial statements, and not as at the date of the revision by this supplementary note and, accordingly they do not deal with events between those dates.

The supplementary note on pages 33 to 39 has been approved by the Board of Directors on October 14, 1994 and signed on its behalf by:

D O Lloyd-Jacob

G Andrews



BUTTE MINING PLC

SUPPLEMENTARY NOTE

BALANCE SHEET - AS RESTATED

AT JUNE 30, 1993

	Note	June 30, 1993				June 30, 1992			
		The Group £'000		The Company £'000		The Group £'000		The Company £'000	
		Original	As Restated	Original	As Restated	Original	As Restated	Original	As Restated
Fixed Assets									
Tangible assets		5,540	5,540	7	7	4,564	4,564	10	10
Investments		-	-	5,252	5,252	-	-	4,341	4,341
		<u>5,540</u>	<u>5,540</u>	<u>5,259</u>	<u>5,259</u>	<u>4,564</u>	<u>4,564</u>	<u>4,351</u>	<u>4,351</u>
Current Assets									
Stocks		-	-	-	-	26	26	-	-
Debtors		110	110	19	19	113	113	20	20
Investments		8	8	-	-	568	568	562	562
Cash at bank		19	19	9	9	10	10	-	-
		<u>137</u>	<u>137</u>	<u>28</u>	<u>28</u>	<u>717</u>	<u>717</u>	<u>582</u>	<u>582</u>
Creditors: Amounts falling due within one year	14	(864)	(1,614)	(682)	(1,432)	(850)	(1,600)	(1,318)	(2,068)
Net current liabilities		<u>(727)</u>	<u>(1,477)</u>	<u>(654)</u>	<u>(1,404)</u>	<u>(133)</u>	<u>(883)</u>	<u>(736)</u>	<u>(1,486)</u>
Total assets less current liabilities		<u>4,813</u>	<u>4,063</u>	<u>4,605</u>	<u>3,855</u>	<u>4,431</u>	<u>3,681</u>	<u>3,615</u>	<u>2,865</u>
Creditors: Amounts falling due after more than one year	15	(1,138)	(388)	(1,138)	(388)	(1,291)	(541)	(1,291)	(541)
Provisions for liabilities and charges		<u>(657)</u>	<u>(657)</u>	<u>(449)</u>	<u>(449)</u>	<u>(611)</u>	<u>(611)</u>	<u>(434)</u>	<u>(434)</u>
		<u>3,018</u>	<u>3,018</u>	<u>3,018</u>	<u>3,018</u>	<u>2,529</u>	<u>2,529</u>	<u>1,890</u>	<u>1,890</u>
Capital and Reserves									
Called up share capital		27,017	27,017	27,017	27,017	27,017	27,017	27,017	27,017
Share premium account		6,550	6,550	6,550	6,550	6,550	6,550	6,550	6,550
Capital reserve		2,581	2,581	2,760	2,760	2,194	2,194	2,760	2,760
Consolidated reserve		(8,219)	(8,219)	-	-	(8,219)	(8,219)	-	-
Profit and loss account		(24,911)	(24,911)	(33,309)	(33,309)	(25,013)	(25,013)	(34,437)	(34,437)
		<u>3,018</u>	<u>3,018</u>	<u>3,018</u>	<u>3,018</u>	<u>2,529</u>	<u>2,529</u>	<u>1,890</u>	<u>1,890</u>

* Apart from Notes 14 and 15, the notes to the original financial statements are not revised by this supplementary note.

BUTTE MINING PLC

SUPPLEMENTARY NOTE

NOTES TO THE FINANCIAL STATEMENTS - AS RESTATED

14. Creditors- Amounts falling due within one year	Group				Company			
	June 30		June 30		June 30		June 30	
	1993		1992		1993		1992	
	£'000		£'000		£'000		£'000	
	As		As		As		As	
	Original	Restated	Original	Restated	Original	Restated	Original	Restated
Bank overdraft	-	750	-	750	-	750	-	750
Current instalments due on loans	-	-	500	500	-	-	500	500
Trade creditors	5	5	44	44	-	-	-	-
Amounts owed to Group undertakings	-	-	-	-	114	114	638	638
Other creditors	859	859	306	306	568	568	180	180
	<u>864</u>	<u>1,614</u>	<u>850</u>	<u>1,600</u>	<u>682</u>	<u>1,432</u>	<u>1,318</u>	<u>2,068</u>

The only difference between the balance sheet set out in the Original financial statements and that set out in the restated financial statements is the treatment in the restated financial statements of the bank overdraft as an amount falling due within one year. This treatment has been adopted following discussions between the Directors and the Financial Reporting Review Panel ("the Panel"). In the Original financial statements the bank overdraft was treated as an amount falling due after more than one year and, as stated in the Original financial statements the directors invoked the true and fair override in dealing with the bank overdraft accordingly for the reasons set out therein. It is the view of the Panel that as a matter of law under the Companies Act 1985 the true and fair override is not available to permit the bank overdraft to be disclosed as a creditor falling due after more than one year in the circumstances which apply to this bank overdraft, as set out in the Original financial statements. To the best of the knowledge of the Directors there is no decided case on this point, and the matter is a question of interpretation of law. The Company does not believe it appropriate that it should become party to a test case and the Directors have therefore agreed to accept the Panel's interpretation of the law, and accordingly have accepted that the bank overdraft be treated as an amount falling due within one year.

In the opinion of the Directors the treatment of the bank overdraft as an amount falling due within one year is not sufficient to 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 in regard to payment of the bank overdraft and the following information is therefore given as required by Section 227 (5) of the Companies Act 1985. The bank overdraft is secured in favour of the bank by Robertson Research Limited, one of the defendants in the Montana law suit. The company itself has not given any security to the bank. Robertson Research Limited has a mortgage on the assets of Central Butte Mining Corporation Inc as security for its guarantee of the bank overdraft to the bank. The Directors have no present intention of repaying this overdraft until the Montana law suit has been resolved. They believe that, if repayment of the loan were demanded, it would be satisfied by Robertson Research Limited under its guarantee. If Robertson Research Limited sought to exercise any right of recourse against the Company arising out of this guarantee, the Directors believe that the claim for any such right of recourse would be classified as a compulsory counterclaim in the Montana law suit and that the Company would therefore not be obliged to pay any amount for which it might be found to be liable until final determination of the Montana law suit. It is not anticipated that the Montana law suit will be completed within one year from the date of these financial statements and the Directors accordingly believe that the Company will not be obliged to pay any amount in respect of the bank overdraft within one year from the date of these financial statements.

BUTTE MINING PLC

SUPPLEMENTARY NOTE

NOTES TO THE FINANCIAL STATEMENTS - AS RESTATED

15.	Creditors- Amounts falling due after more than one year	Group				Company			
		June 30		June 30		June 30		June 30	
		1993		1992		1993		1992	
		£'000		£'000		£'000		£'000	
		As		As		As		As	
		Original	Restated	Original	Restated	Original	Restated	Original	Restated
Bank overdraft		750	-	750	-	750	-	750	-
Other Creditors		388	388	541	541	388	388	541	541
		<u>1,138</u>	<u>388</u>	<u>1,291</u>	<u>541</u>	<u>1,138</u>	<u>388</u>	<u>1,291</u>	<u>541</u>

Please refer to note 14 for further information concerning the treatment of the bank overdraft.

BUTTE MINING PLC**SUPPLEMENTARY NOTE****CONSOLIDATED CASH FLOW STATEMENT - AS RESTATED****FOR THE YEAR ENDED JUNE 30, 1993**

		1993		1992	
		£'000		£'000	
	Notes	Original	As Restated	Original	As Restated
Net cash (outflow)/inflow from operating activities	A	(111)	(111)	1,337	769
Returns on investments and servicing of finance					
Interest received		-	-	25	25
Interest paid		(114)	(114)	(185)	(185)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash outflow from returns on investments and servicing of finance		(114)	(114)	(160)	(160)
Investing activities					
Payments to acquire tangible fixed assets		-	-	(2,096)	(2,096)
Receipts from sales of tangible fixed assets		311	311	848	848
Receipts from sales of investments	E	-	560	-	-
Exchange movements		(137)	(137)	44	44
Purchase of shares in subsidiary undertakings		-	-	(3,059)	(3,059)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from investing activities		174	734	(4,263)	(4,263)
Net cash inflow/(outflow) before financing		(51)	509	(3,086)	(3,654)
Financing					
Issue of share capital (net of issue costs)	D	-	-	6,742	6,742
Net (repayment)/increase in loans	E	-	(500)	(2,950)	(3,200)
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash inflow/(outflow) from financing		-	(500)	3,792	3,542
Increase/(Decrease) in cash and cash equivalents	B	(51)	9	706	(112)

BUTTE MINING PLC

SUPPLEMENTARY NOTE

CONSOLIDATED CASH FLOW STATEMENT - AS RESTATED

FOR THE YEAR ENDED JUNE 30, 1993

		1993		1992	
		£'000		£'000	
		As		As	
		Original	Restated	Original	Restated
A.	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities				
	Operating loss	(618)	(618)	(5,034)	(5,034)
	Amortisation and Depreciation	71	71	3,288	3,288
	Release of net current obligations on liquidation of Australian subsidiaries	-	-	2,837	2,837
	Amounts due on sale of Australian subsidiary	-	-	-	(560)
	Decrease in stocks	26	26	3,364	3,364
	Decrease in debtors	3	3	954	963
	Increase/(Decrease) in creditors	361	361	(4,683)	(4,700)
	Increase in provisions	46	46	611	611
	Net cash (outflow)/inflow from operating activities	(111)	(111)	1,337	769
B.	Analysis of the balances of cash and cash equivalents as shown in the balance sheet				
		As			
		Original	Restated		
		Change	Change		
		in Year	in Year		
		£'000	£'000		
	Cash at bank and in hand	9	9	19	19
	Current bank overdraft and loans	500	-	(750)	(750)
	Investment	(550)	-	8	-
		(51)	9	27	(731)
C.	Analysis of changes in cash and cash equivalents during the year				
		As			
		Original	Restated		
	June 30, 1992	78	(740)		
	Net cash (outflow)/inflow	(51)	9		
	June 30, 1993	27	(731)		
D.	Analysis of changes in financing equivalents during the year				
	Start of year	27,017	27,017	20,166	20,166
	Net inflow from financing	-	-	3,508	3,508
	Shares issued for non cash consideration	-	-	3,343	3,343
	End of year	27,017	27,017	27,017	27,017

BUTTE MINING PLC

SUPPLEMENTARY NOTE

CONSOLIDATED CASH FLOW STATEMENT - AS RESTATED

E. Additional Information

As stated in note 14, the Panel has required the bank overdraft to be treated as falling due within one year. This treatment is reflected in the restated consolidated cash flow statement and attention is drawn to note 14.

The Panel has also expressed the view that the treatment of two amounts, more fully referred to below, in the consolidated cashflow statement of the Group for the years ended June 30, 1992 and June 30, 1993 did not comply with the Companies Act 1985 and in particular with FRS 1. As stated in the Original financial statements, in preparing the consolidated cashflow statement, the Directors believed they had correctly invoked the true and fair override in respect of the classification of the amounts in question. The view of the Panel is, that as a matter of law under the Companies Act 1985, the true and fair override is not available to permit a departure from the provisions of FRS1 in the manner applied in the Original financial statements. To the best of the knowledge of the Directors, there is no decided case of this point, and the matter is a question of interpretation of law. The Company does not believe it appropriate that it should become party to a test case and the Directors have therefore agreed to accept the Panel's interpretation of the law and to restate the consolidated cash flow statement accordingly.

The first amount in question was an amount of £560,000, classified as an investment. The investment concerned was the holding of shares in Perseverance by the Company which the Company had decided to sell before the year end. As stated in the Chairman's statement which accompanied the Original financial statements, Perseverance was disposed of before the Original financial statements were signed and cash proceeds thereof amounting to £560,000 were received before signature of the 1992 financial statements. As stated in the Original financial statements, the Directors invoked the true and fair override to show this item as a cash equivalent in the light of the actual cash receipt by the Company. This matter will be of no relevance to the Company's next set of financial statements.

The second amount in question was a loan of £500,000 to the Company from a mining finance house, classified as a loan in the original consolidated cashflow statement. This amount has been repaid in full out of the proceeds of the amount of £560,000 referred to above. As stated in the Original financial statements, the Directors invoked the true and fair override to show this item as a cash equivalent in the light of this linkage with the amount of £560,000 and the fact that it was an amount payable on demand from a mining finance house. This matter too will be of no relevance to the Company's next set of financial statements.

AUDITORS REPORT TO SHAREHOLDERS ON THE
SUPPLEMENTARY NOTE TO THE 1993 FINANCIAL STATEMENTS
OF BUTTE MINING PLC

We have audited the revised financial statements of Butte Mining Plc for the year ended June 30, 1993. The revised financial statements replace the original financial statements approved by the directors on December 22, 1993 and consist of the attached supplementary note together with the original financial statements which were circulated to members.

Respective Responsibilities of Directors and Auditors

As described on page 11, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those 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 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 of error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and in particular the information contained in Note 14 and Paragraph E of the Consolidated Cash Flow Statement. Our opinion is not qualified in this respect.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the possible outcome against the Group's US subsidiary undertakings for alleged breaches of Environmental regulations and the Group's litigation against the original vendors of the US properties, former directors and professional advisers, alleging fraud, self-dealing and mismanagement in relation to the company's acquisitions in the USA.

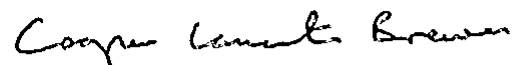
The future settlement of these litigation cases may result in additional assets and liabilities which may materially alter the group's and the company's balance sheet. Details of the circumstances relating to these fundamental uncertainties are described in note 21. Our opinion is not qualified in this respect.

Opinion

As reported in the previous financial statements, we are unable to form an opinion on the loss for the year to June 30, 1992.

In our opinion the revised financial statements give a true and fair view of the state of affairs of the Group and Company as at June 30, 1993 and of the group's loss for the year then ended and comply with the Companies Act 1985.

If the Panel's interpretation of the law as referred to in the attached supplementary note is correct, then in our opinion, the original financial statements for the year ended June 30, 1993 did not comply with the requirements of the Companies Act 1985 in the respects identified by the Directors in the supplementary note.



COOPER LANCASTER BREWSTER
Chartered Accountants
Registered Auditors

October 14, 1994.