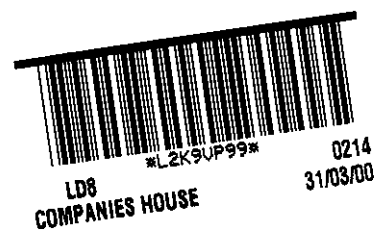


AFRICAN MINERAL RESOURCES PLC

ANNUAL REPORT

YEAR ENDED 31 MAY 1999

Registered Number 3199668



AFRICAN MINERAL RESOURCES PLC

ANNUAL REPORT

YEAR ENDED 31 MAY 1999

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PANNELL KERR FORSTER

AFRICAN MINERAL RESOURCES PLC
Registered Number 3199668
ANNUAL REPORT
YEAR ENDED 31 MAY 1999

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AFRICAN MINERAL RESOURCES PLC
DIRECTORS, OFFICERS AND REGISTERED OFFICE

DIRECTORS

Mr B M Shiblaq
Mr J B Damouni
Mr Z A Khawaja

SECRETARY

J G Wood

REGISTERED OFFICE

36 Berkeley Square
London
W1X 5DA

AUDITORS

Pannell Kerr Forster
New Garden House
78 Hatton Garden
London EC1N 8JA

**AFRICAN MINERAL RESOURCES PLC
DIRECTORS' REPORT**

The directors submit their report and the financial statements for the year ended 31 May 1999.

REVIEW OF ACTIVITIES

The principal activity of the company during the year was the negotiation of mining concessions. These negotiations are still ongoing and the company has not yet commenced mining operations.

The loss for the year after taxation amounted to £329,834 (1998: £566,881). The directors do not recommend the payment of a dividend.

PAYMENT POLICY AND PRACTICE

It is the company's policy to pay suppliers in accordance with their normal terms and conditions. At 31 May 1999 there were no monies owing to trade creditors.

DIRECTORS

The directors who served during the year were:

Mr B M Shiblaq
Mr J B Damouni
Mr Z A Khawaja (Appointed 30 April 1999)

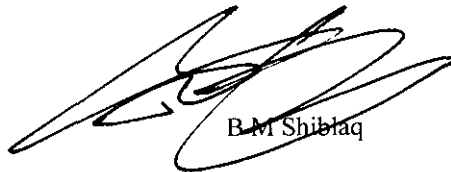
The interests of the directors in the shares at the company were as follow:

	<u>31 May 1999</u>	<u>31 May 1998</u>
Mr B Shiblaq	1 ==	1 ==

AUDITORS

The auditors, Pannell Kerr Forster, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD


B M Shiblaq
Director

30 March 2000

AFRICAN MINERAL RESOURCES PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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, subject to any material departures disclosed and explained in the accounts; and
- prepare financial statements on a 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. They 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
AFRICAN MINERAL RESOURCES PLC**

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 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.

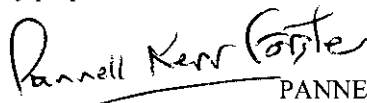
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1(a) concerning the company's financial position. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our report is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 May 1999 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PANNELL KERR FORSTER
Registered Auditors

London

3. March 2000

AFRICAN MINERAL RESOURCES PLC
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MAY 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
Administrative expenses		(272,563)	(524,272)
Operating loss	2	(272,563)	(524,272)
Interest receivable and similar items		13	8,690
Interest payable		(57,284)	(51,299)
Loss on ordinary activities before taxation		(329,834)	(566,881)
Taxation		-	-
Loss for the financial year	8	(329,834)	(566,881)

All amounts relate to continuing operations.

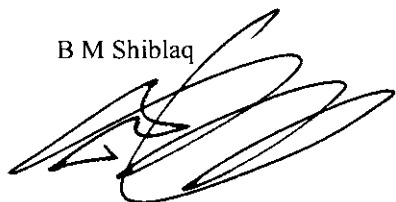
There were no recognised gains or losses other than the loss for the year.

AFRICAN MINERAL RESOURCES PLC
BALANCE SHEET
31 MAY 1999

	<u>Notes</u>	<u>£</u>	<u>1999</u>	<u>£</u>	<u>1998</u>	<u>£</u>
CALLED UP SHARE CAPITAL NOT PAID				-		42,168
CURRENT ASSETS						
Debtors	5	12,110		6,885		
Cash at bank and in hand		2,412		2,772		
		<u>14,522</u>		<u>9,657</u>		
CREDITORS						
Amounts falling due within one year	6	(989,519)		(696,988)		
NET CURRENT LIABILITIES			(974,997)			(687,331)
NET LIABILITIES			<u>(974,997)</u>			<u>(645,163)</u>
CAPITAL AND RESERVES						
Called up share capital	7		54,576			54,576
Profit and loss account	8		(1,029,573)			(699,739)
SHAREHOLDERS' FUNDS	9		<u>(974,997)</u>			<u>(645,163)</u>

Approved by the board on 30 March 2000

B M Shiblaq



Director

AFRICAN MINERAL RESOURCES PLC
CASH FLOW STATEMENT
YEAR ENDED 31 MAY 1999

		<u>1999</u> £	<u>1998</u> £
	<u>Notes</u>		
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	11	(357)	(515,762)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		13	8,690
		<hr/>	<hr/>
DECREASE IN CASH IN THE PERIOD	12	(344)	(507,072)
		<hr/> <hr/>	<hr/> <hr/>

AFRICAN MINERAL RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1999

1 ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

At the balance sheet date the company had net liabilities of £974,997 (1998: £645,163). The financial statements have been prepared on the going concern basis as one of the directors has undertaken to support the company to enable it to meet its current and future liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

(b) Foreign currencies

Assets and liabilities in foreign currencies are expressed in sterling at exchange rates ruling at the balance sheet date. Income and expenditure denominated in foreign currencies is recognised in the profit and loss account at the exchange rate ruling at the date of the transaction. All realised exchange differences are included in the profit and loss account for the period.

2 OPERATING LOSS

	<u>1999</u> £	<u>1998</u> £
The operating loss is stated after charging		
Auditors' remuneration	2,000	4,450
Directors' remuneration	-	52,800
Exchange losses	9,260	8,386
	<u> </u>	<u> </u>

3 DIRECTORS' EMOLUMENTS AND BENEFITS

	£	£
Salaries	-	48,000
	<u> </u>	<u> </u>

No directors were members of company pension schemes.

4 EMPLOYEE INFORMATION

	£	£
Salaries	-	108,335
Social security costs	-	10,833
	<u> </u>	<u> </u>
	-	119,168
	<u> </u>	<u> </u>

The average number of employees during the year was three (1998 : three).

5 DEBTORS

	£	£
Other debtors	10,182	4,957
Prepayments and accrued income	1,928	1,928
	<u> </u>	<u> </u>
	12,110	6,885
	<u> </u>	<u> </u>

AFRICAN MINERAL RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1999

6	CREDITORS	<u>1999</u> £	<u>1998</u> £
	Amounts falling due within one year		
	Unsecured loan stock	622,522	613,246
	Other creditors	366,997	71,455
	Taxation and social security	-	12,287
		<hr/>	<hr/>
		989,519	696,988
		<hr/>	<hr/>
7	SHARE CAPITAL	<u>Number</u>	£
	Authorised		
	Ordinary shares of £1 each	100,000	100,000
		<hr/>	<hr/>
		<u>Number</u>	US\$
	Ordinary shares of 1 cent each	20,000,000	200,000
		<hr/>	<hr/>
		<u>Number</u>	£
	Issued		
	Ordinary shares of £1 each, fully paid	50,002	50,002
	Ordinary shares of 1 cent each, 0.25 cents paid	3,000,000	4,574
		<hr/>	<hr/>
		3,050,002	54,576
		<hr/>	<hr/>
		<u>1999</u> £	<u>1998</u> £
	Paid		
	Ordinary shares of £1 each, fully paid	50,002	12,502
	Ordinary shares of 1 cent each, 0.25 cents paid	4,574	-
		<hr/>	<hr/>
		54,576	12,502
		<hr/>	<hr/>
8	RESERVES		£
	Profit and loss account		
	Accumulated losses at 1 June 1998		(699,739)
	Loss for the year		(329,834)
			<hr/>
			(1,029,573)
			<hr/>
9	SHAREHOLDERS' FUNDS		£
	Shareholders' funds at 1 June 1998		(645,163)
	Loss for the year		(329,834)
			<hr/>
	Shareholders' funds at 31 May 1999		(974,997)
			<hr/>

AFRICAN MINERAL RESOURCES PLC
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MAY 1999

10 GIFTS AND DONATIONS

During the previous year the company made gifts of £70,723 to the government of Liberia.

**11 RECONCILIATION OF OPERATING LOSS
TO NET CASH FLOW FROM ACTIVITIES**

	<u>1999</u> £	<u>1998</u> £
Operating loss	(272,563)	(524,272)
Decrease in debtors	36,943	1,510
Increase in creditors	225,971	11,601
Exchange movement	9,292	(4,601)
	<hr/>	<hr/>
Net cash outflow from operating activities	(357)	(515,762)
	<hr/> <hr/>	<hr/> <hr/>

**12 RECONCILIATION OF NET CASH FLOW
TO MOVEMENT IN NET DEBT**

	<u>1999</u> £	<u>1998</u> £
Decrease in cash in the period	(344)	(507,072)
Exchange movement	(9,292)	4,507
	<hr/>	<hr/>
Net debt at 1 June 1998	(9,636)	(502,565)
	<hr/>	<hr/>
Net debt at 31 May 1999	(610,474)	(107,909)
	<hr/> <hr/>	<hr/> <hr/>

13 ANALYSIS OF CHANGES IN NET DEBT

	<u>1998</u> £	<u>Cash flows</u> £	<u>Exchange movement</u> £	<u>1999</u> £
Cash at bank and in hand	2,772	(344)	(16)	2,412
Debt due within 1 year	(613,246)	-	(9,276)	(622,522)
	<hr/>	<hr/>	<hr/>	<hr/>
	(610,474)	(344)	(9,292)	(620,110)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13 PARENT UNDERTAKINGS AND CONTROLLING PARTIES

The company is a subsidiary of West African Holding Company Limited, a company incorporated in Great Britain. West African Holding Company Limited is owned by Mr B Shiblaq, Mr I Shiblaq and Mr J Damouni. There is no overall controlling party.

Copies of the group accounts of West African Holding Company Limited may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

14 RELATED PARTY TRANSACTIONS

During the year Mr B Shiblaq, a director of the Company, made purchases to the value of £244,361, at arms length, on on behalf of the company in the ordinary course of its business. At 31 May 1999 £250,457 was due to Mr B Shiblaq (1998: £6,096).