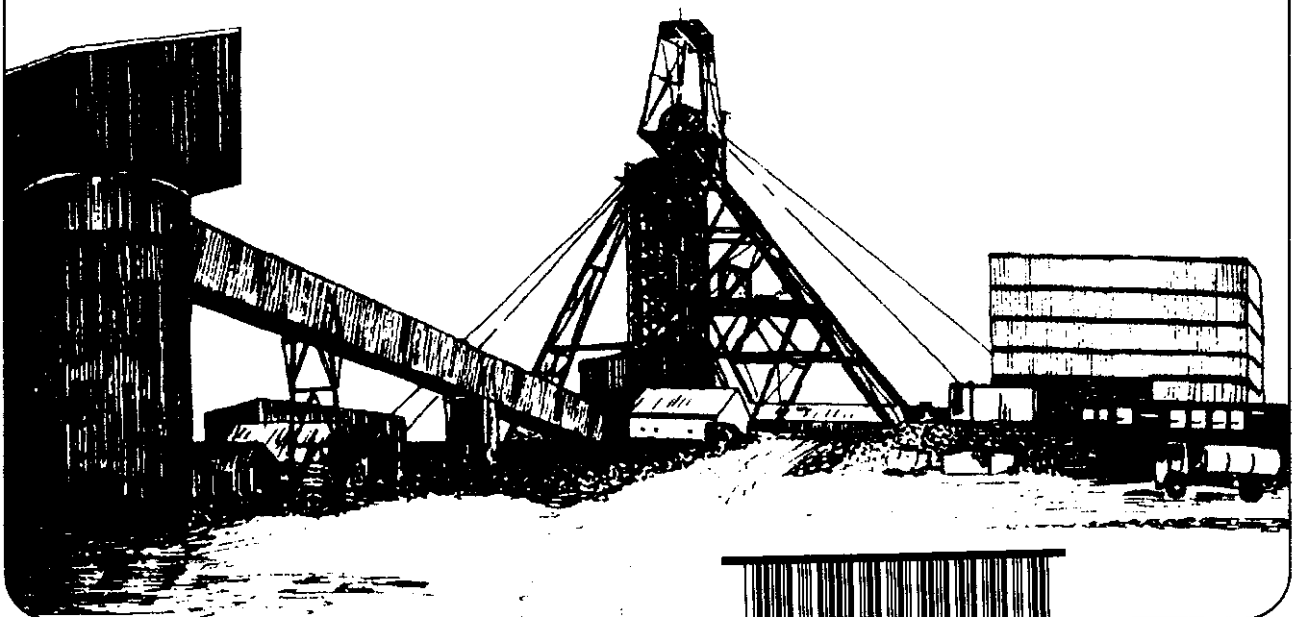


417114

THE MINING ASSOCIATION OF THE UNITED KINGDOM

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 1999



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THE ASSOCIATION

The Mining Association of the United Kingdom was incorporated on 13 August 1946 as a company limited by guarantee and not having a share capital, under the name of British Overseas Mining Association. In November 1966 it changed its name to Overseas Mining Association, and in 1976 the name was changed to its present style on the merging with the United Kingdom Metal Mining Association.

The Association was established to promote and foster the interests of the industry of the mining of metals and minerals in any part of the world, and the corporations, companies, firms and persons engaged or interested in the industry or in industries ancillary to or allied with the metals and minerals industry.

THE MINERALS INDUSTRY AND THE UNITED KINGDOM

The UK minerals industry is important to the national economy. Domestic mineral production represents 1.5 per cent of GDP and is worth £17.0 billion and 0.2 per cent of employment. The industry therefore makes a significant contribution to the UK economy, having one of the most favourable ratios of wealth creation and value added to numbers employed.

The minerals interests of the United Kingdom include:

Domestic mineral production – including hydrocarbons, construction minerals, industrial minerals and metal ores.

Overseas mineral production – by groups with their headquarters and management in the UK. These include major listed companies, such as Anglo-American, Rio Tinto, Billiton, English China Clay, Redland and Hanson. In addition, foreign mining companies such as BHP and MIM have offices in the UK.

The London Metal Exchange – which earns some £250 million annually for the UK.

The British Geological Survey – which undertakes survey work in the UK and overseas and also publishes pre-eminent statistical works such as World Mineral Statistics and the UK Minerals Yearbook.

Schools of Mines – and education and research generally.

Mining equipment manufacturers

Mining and other technical consultancies

Mining journalism

Mining Project finance teams

The UK is largely self-sufficient in many of the industrial and construction minerals produced, and indeed certain minerals have major export markets, such as china clay, ball clay and potash.

Setting aside the production of oil, gas and coal, the UK is still amongst the major mineral producers in the world.

In addition to its interests in mineral production the UK is a major consumer of minerals: many mineral products are the raw materials for other industries where further value is added, and further employment facilitated.

OFFICIALS AND ADMINISTRATION

President R A Laybourne

Vice-President Dr I Kirman

Elected Councillors Dr P Holmes
P Hurley
P Huxtable (Honorary Treasurer)
S Reece
E Routledge
S P C Stewart

Auditors Ernst & Young
One Colmore Row
Birmingham
B3 2DB

Secretary R A Fenton
Expert House
Sandford Street
Lichfield
WS13 6QA

Registered Office Expert House
Sandford Street
Lichfield
WS13 6QA

Company Number 417114

3 March 2000

NOTICE OF MEETING

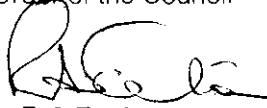
The Fifty-fourth Annual General Meeting of the Mining Association of the United Kingdom will be held at 20 Carlton House Terrace, London SW1Y 5AN at 10.30 am on Thursday 20 April 2000 for the following business:

1. To consider the accounts of the Association and the reports of the Council and auditors for the year ended 31 December 1999.
2. To elect members of Council for the ensuing year.
3. To fix rates of membership subscriptions.
4. To re-appoint Ernst & Young as auditors.

Should any member company wish to appoint a proxy to attend and, on a poll, to vote in its stead, the instrument, in the usual common form, must be deposited with the Secretary of the Association not less than 24 hours before the meeting. No person shall act as a proxy unless he is entitled to be present and vote at the meeting.

A corporation may vote by its company representative appointed in terms of Article 8 or by its representative appointed pursuant to Section 375 of the Companies Act 1985.

By Order of the Council



R A Fenton

Secretary

Expert House
Sandford Street
Lichfield
WS13 6QA

3 March 2000

REPORT OF THE COUNCIL

The Council submits its annual report and audited accounts for the year ended 31 December 1999.

EUROMINES

One of the major issues during 1999 was the development of a DG Enterprise Communication on a policy for the non-energy extractive industry. Despite some delay caused by the restructuring of the European Commission, the project was advanced. A consultation at the end of 1999 with industry and member states, clearly showed that the Commission's approach was still focused on the integration of environmental policies into the overall industry policy, instead of taking a full "sustainable development approach" to the sector. The discussions will continue into 2000.

During the year, the EU Landfill Directive was adopted which exempts "non-hazardous inert wastes from the mining industry" from the scope of the Directive and leaves the possibility for obtaining exemptions for "non-hazardous non-inert wastes". DETR consultations on this directive will commence in early 2000 with the United Kingdom implementing it from July 2001. This has left the industry with a significant issue to resolve.

1999 also saw the negotiations of the Council's Common Position on the proposed Water Framework Directive with the European Parliament. Throughout the process, which will finish in early 2000, most of the mining industries concerns on principal water management have been taken into account.

The European Commission continue to consider the White Paper on Environmental Liability, which is of great concern for the industry as a whole. It is expected that the Commission early in 2000 will adopt the Paper.

Occupation Exposure levels continued to be a priority during 1999. However, due to the restructuring of the Commission, there has been some delays and will not be completed until 2300. It is thought that there will be a satisfactory outcome for the industry.

GLOBAL MINING INITIATIVE

During 1999, a group of major mining companies, under the chairmanship of Sir Robert Wilson of Rio Tinto, were determined that there should be a comprehensive view of the transition of the global mining and minerals industry to sustainable development.

The exercise aims to ensure that an industry, which is essential to the well-being of a changing world is responsive to global needs and challenges. A number of activities and initiatives will lead up to a global conference on mining and sustainable development late 2001/early 2002: a significant contribution to the events marking the 10th anniversary of the Rio Earth summit.

An independent analysis of mining issues will be carried out by the International Institute of Environment and Development under the auspices of the World Business Council on Sustainable Development. A wide range of sponsors will be brought into the process, including, it is hoped, non-governmental organisations, international organisations, governments and academia. This will keep the initiative at arm's length from the mining industry and include those people with whom the industry engages in the conduct of its affairs. An Assurance group of respected individuals from the various stakeholder groups will review the work. A budget of US \$3 million has been allocated and will be supplemented by at least \$2 million of associated study work.

REPORT OF THE COUNCIL (contd.)

An important hoped-for outcome will be improved trust and understanding of the mining and minerals industry, principally between the participants of the initiative: there may be new standards and benchmarks. However, much depends on the outcome of the exercise and the way in which this can assist the industry to plan future management strategies.

UK INTERESTS

A major issue for the industry in 1999 has been the continuing debate on the proposed climate change levy. The levy will have serious financial implications on the members. As the industry has over the years, become labour efficient, the compensation against the levy of a national insurance reduction will have minimal impact. The Association continues to seek a dialogue with the DETR on the possibility of a negotiated agreement for the sector, which would give an 80% rebate. Unfortunately, the criteria for participation in these negotiations are restrictive and there has been little success. However, the debate on widening the boundaries continues.

Members' views were sought and representation made on a number of other consultative documents.

Health and Safety Executive

The Association continued to work closely with the Health and Safety Executive on the revision of mining safety legislation in the United Kingdom and progress was made with several legislative packages. The Association would like to record its appreciation of the open and constructive spirit of its meetings with HM Chief Inspector of Mines and his team.

The Association is also represented in an advisory capacity on the European Safety and Health Commission for the Mining and Other Extractive Industries. The pro-active stance, which the Association has taken over a number of years, continues to benefit the industry.

The UK underground operating members of the Association report their safety as a lost time accident frequency rate based on the number of accidents (defined as more than 3 consecutive days off work) per 100,000 man-hours worked. The results for the calendar years 1996, 1997, 1998 and 1999 are:

	1996	1997	1998	1999
Fatalities	0	1	0	0
Frequency rate	–	0.03	–	–
Reportable accidents	73	90	53	46
Frequency rate	2.50	3.08	2.13	2.05

Associated Parliamentary Minerals Group

The Association continues to be one of the principal supporters and a member of the Industrial Liaison Committee of this Group. Several meetings were held during the year and subjects included an Open Forum on Aggregates Tax (Richard Caborn, MP), Minerals, Rail Freight and the Environment (Ian Braybreak, EWS), Coal Resources Map of Britain (Dr David Falvey, Director BGS) and High Peak - High Values (Tom Levitt, MP). In addition, the Group had a display in the Upper Waiting Hall of the House of Commons.

REPORT OF THE COUNCIL (contd.)

A visit was made to the London Metal Exchange. Nick Raynsford, the Minister for London and Construction, was the speaker at the annual dinner.

The CBI

The Association values its membership of the CBI Minerals Committee, which brings together the full spectrum of the minerals industry in the UK.

YEAR 2000

Prior to 31 December 1999, steps were taken to review computer and date dependent systems critical to the company's ongoing operations and preparation of financial information to establish the impact, if any, which the Year 2000 might have on the accuracy of their calculations, processing and reporting. Although in the future it is not possible to guarantee that no Year 2000 problems remain, the company believes that its internal systems are Year 2000 compliant.

The company continues to address the business risk from third parties with whom it deals on business or financial matters, including key customers and suppliers. Contingency plans have been developed to minimise the risk of disruption. No significant disruption has occurred to date.

Although the millennium date change has passed and no significant problems have been encountered, the directors recognise that there is still a risk of Year 2000 impacting the business but do not expect this to be significant.

MEMBERSHIP OF THE ASSOCIATION

It is with disappointment to report the resignation of the Cornish Chamber of Mines during 1999 after a long association. Laporte Minerals sold its fluorspar business and therefore ceased its membership after many years.

IMC Group Holdings Ltd also resigned after four years membership of the Association.

COUNCIL

Mr E M Jones resigned on 20 April 1999 having served for four years as both Vice President and a member of Council and we wish him well. Mr S Reece was appointed a member of Council on 20 April 1999. Mr R Laybourne was elected President and Dr I Kirman, Vice President immediately following the Annual General Meeting.

Mr R Laybourne and Mr S P C Stewart retire at the forthcoming Annual General Meeting in accordance with Article 40 of the Articles of Association and in addition, Mr S Reece who was appointed after the last Annual General Meeting, also retires at the forthcoming AGM; they are all eligible and offer themselves for re-election

REPORT OF THE COUNCIL (contd.)

ACCOUNTS AND FINANCE

The audited accounts of the Association are summarised as follows:

	£
The result for the year ended 31 December 1999 was a surplus of	8,438
from which is deducted taxation of	(591)
and to which is added the surplus on Income and Expenditure account as at 31 December 1998	<u>30,380</u>
leaving a balance on the Income and Expenditure of Account at 31 December 1999	<u><u>38,227</u></u>

SUBSCRIPTION RATES

Council proposes that the following will be the subscription rates for the year to 31 December 2000:

Class A UK-based major mineral companies	£17,500
Class B Overseas-based major mineral companies	£6,150
Class C Significant mineral companies and major consultancies	£1,925
Class D Exploration, consultancies, research & other organisations	£650
Personal members	£50

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the Annual General Meeting.

By Order of the Council



R A Fenton

Secretary

3 March 2000

STATEMENT OF THE RESPONSIBILITIES OF MEMBERS OF COUNCIL IN RESPECT OF THE ACCOUNTS

Company law requires the directors (in this case the members of Council of the Association) to prepare accounts for each financial year, which give a true and fair view of the state of the affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those accounts, the members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- ensure that applicable accounting standards are followed.

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

REPORT OF THE AUDITORS TO THE MEMBERS OF THE MINING ASSOCIATION OF THE UNITED KINGDOM

We have audited the accounts on pages 9 to 11, which have been prepared under the historical cost convention and on the basis of the accounting policy set out on page 11.

Respective responsibilities of members of Council and auditors

As described on this page the members of Council are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the members of Council in the preparation of the accounts, and of whether the accounting policies are appropriate to the Association'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of Association at 31 December 1999 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young
Registered Auditors

Birmingham
7 April 2000

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999**

	1999 £	1998 £
INCOME		
Members' subscriptions (note 2)	<u>51,125</u>	<u>38,450</u>
LESS OPERATING COSTS		
Membership of other bodies and associated costs	24,114	23,283
Technical services provided	16,000	8,000
Audit Fee	750	750
General office expenses	2,660	4,060
	<u>43,524</u>	<u>36,093</u>
NET OPERATING SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES	7,601	2,357
OTHER INCOME		
Interest receivable	837	1,676
NET OPERATING SURPLUS/(DEFICIT) BEFORE TAXATION	8,438	4,033
TAXATION (note 3)	<u>591</u>	<u>343</u>
SURPLUS/(DEFICIT) OF INCOME OVER EXPENDITURE FOR THE PERIOD	7,847	3,690
BALANCE BROUGHT FORWARD 1 JANUARY 1999	<u>30,380</u>	<u>26,690</u>
BALANCE CARRIED FORWARD 31 DECEMBER 1999	<u>38,227</u>	<u>30,380</u>

There are no recognised gains or losses other than those stated in the income and expenditure account above. All items dealt with in the income and expenditure account, relate to continuing operations.

The notes on page 11 form part of these accounts.

**BALANCE SHEET
AT 31 DECEMBER 1999**

	1999		1998	
	£	£	£	£
CURRENT ASSETS				
Prepayments and Accrued Income		1,065		
Balance at bank:				
Current account	18,393		9,743	
Deposit account	<u>25,580</u>		<u>24,742</u>	
		<u>43,973</u>		<u>34,485</u>
		45,038		34,485
CREDITORS – amounts falling due within one year				
Accruals and Deferred Income		6,220		3,762
Tax		<u>591</u>		<u>343</u>
NET CURRENT ASSETS		<u>38,227</u>		<u>30,380</u>
CAPITAL AND RESERVES				
Income and Expenditure account		<u>38,227</u>		<u>30,380</u>

R A. Laybourne.

R A Laybourne, President

P Huxtable.

P Huxtable, Honorary Treasurer

March 2000

The notes on page 11 form part of these accounts.

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts are prepared under the historical cost convention, in accordance with applicable UK accounting standards.

2. INCOME

	1999	1998
	£	£
Members' subscriptions	<u>51,125</u>	<u>38,450</u>

Annual subscriptions for the year ended 31 December 1999, were paid by members at the various rates approved at the Annual General Meeting on 20 April 1999. A total of 16 members contributed. Each member has a single vote at any General Meeting.

3. TAXATION

	1999	1998
	£	£
Corporation tax charge on profit for year	<u>591</u>	<u>343</u>

4. EMPLOYEES

There are no employees, and no remuneration was paid to the members of Council.

MEMBERS AT 31 DECEMBER 1999

Areas of operations and Mining Interests

Anglesey Mining plc	North Wales	Development of Copper, lead and zinc mine
Anglo American plc	U.K., Europe, Canada, U.S.A., South America, SE Asia	Copper, gold, zinc, silver, nickel, niobium, potash, rock salt, industrial minerals
Associate Cleveland Potash Limited	U.K.	Producers of potash and rock salt
Billiton plc	Southern Africa, South America, Canada, Australasia	Aluminium, base metals, coal, nickel, manganese and titanium
British Geological Survey	The national centre for earth science information. Minerals expertise in exploration, information systems, economics and statistics. Activities cover mineral, energy and groundwater resources, land use and geological hazards worldwide.	
British Gypsum Limited	U.K.	Gypsum and plaster based products
Cox, G.A.	Honorary Member	
Inco Europe Limited	U.K. and overseas	Nickel, copper and precious metals
Irish Salt Mining and Exploration Co Ltd	Northern Ireland	Rock Salt
Knight, C.J. Dr.	Personal Member	
M.I. Drilling Fluids (UK)	U.K.	Barytes production
Mineral Industry Research Organisation	A contract research and information organisation serving the metals and minerals industry of Europe	
Omya UK Ltd	U.K.	Industrial limestone products
Rio Tinto plc	Australasia, Canada, Southern Africa, U.S.A., U.K., Europe and South America	Copper, gold, iron ore, aluminium, lead, zinc, silver, tin, coal, uranium, borates, titanium dioxide, diamonds, talc, salt and vermiculite
Salt Union Ltd	U.K.	Rock salt and evaporated salt products
United Kingdom Nirex Ltd	U.K.	Development of secure underground disposal of intermediate and low level nuclear wastes
Wallace, B.L.	Personal Member	
Wardell Armstrong	U.K., U.S.A., South America, Southern Africa	Consultants in mining engineering, geology, engineering geology and the environmental aspects of mineral development; also Crown Mineral Agent, and mineral agent to the Church Commissioners.