

Company Registration No. 4362104 (England and Wales)

BULLION RESOURCES PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003



BULLION RESOURCES PLC

COMPANY INFORMATION

Directors	M A Burne P W Kennedy J B Meiring C Bird	(Chairman)
Secretary	C Gill	
Company number	4362104	
Registered office	15 The Green Richmond Surrey TW9 1PX	
Auditors	Grant Thornton UK LLP 31 Carlton Crescent Southampton Hampshire SO15 2EW	
Business address	15 The Green Richmond Surrey TW9 1PX	
Bankers	Barclays Bank Plc 54 Lombard Street London EC3P 3AH	
Nominated advisors	Insinger De Beaufort 44 Worship Street London EC2A 2JT	
Brokers	Insinger De Beaufort 44 Worship Street London EC2A 2JT	
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA	

BULLION RESOURCES PLC

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BULLION RESOURCES PLC

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

The year saw a substantial change in the board of directors as outlined in the directors' report. The failure of the company's resource based assets, which was announced in the 2002 Report and Accounts, presented challenges which were addressed by permanent cessation of operations and the retrenchment of all personnel other than security personnel.

Development costs, combined with closure, maintenance, restructuring and impairment provisions have resulted in a loss for the year of £1,935,259 compared with £1,663,189 during the previous period and shareholders' funds fell by 57% to £1,356,945.

The company is now effectively a cash shell with cash reserves of approximately £900,000. Efforts to dispose of property and residual plant and equipment on the failed South African mines continue to be made. These have now been written down to £339,600. Overheads and maintenance costs are now under control.

The recently reconstructed board, in conjunction with its advisors, have been approached by a number of parties seeking exploratory discussions regarding a reverse takeover. Approaches made to the board to date have led the directors to believe that a better deal could be struck if cash resources within the company exceed £1.5 million.

The company will seek to raise additional capital in the immediate term.

Regarding matters associated with the possible remedies against those parties who compiled the competent person's report which forms part of the company's prospectus published on 5 June 2002, the directors have now received advice and will take the necessary legal action without delay. A provision of £15,000 has been made for this purpose.

A provision of £40,325 has been made in respect of environmental rehabilitation. Contingent liabilities are disclosed in note 19 to the financial statements.

The board is determined to find suitable assets to form the basis of a strong company and will continue to reject mediocre propositions. Neither will the directors act hastily, nor chase unrealistic values notwithstanding that shareholder value must be restored as expediently as possible but also as prudently as possible.

Malcolm Burne

Chairman

21 July 2004

BULLION RESOURCES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and financial statements for the year ended 31 December 2003.

Principal activities and review of the business

The principal activity of the company during the year continued to be the provision of mine management services to the company's subsidiary undertakings.

The principal activities of the company's subsidiaries are detailed in note 12 to the financial statements. Operations in the company's subsidiary undertakings ceased on 16 April 2003.

A review of the company's activities and future developments is contained within the Chairman's report.

Results and dividends

The results for the year are set out on page 5.

There was a loss for the year amounting to £1,935,259 (period ended 31 December 2002: £1,663,189). The directors do not recommend the payment of a dividend.

Directors

The following directors have held office since 1 January 2003:

M A Burne	(Appointed 22 September 2003)
D M Bank	(Resigned 5 April 2004)
D R Davis	(Resigned 19 September 2003)
P W Kennedy	
J B Meiring	
C Bird	(Appointed 14 October 2003)
A T Ogilvie Thompson	(Resigned 5 April 2004)
S F Mellett	(Resigned 13 February 2003)
J Van Den Berg	(Resigned 30 April 2003)

Directors' interests

	Ordinary shares of 1p each	
	31 December 2003	1 January 2003
D M Bank	825,840	825,840
P W Kennedy	-	-
J B Meiring	4,886,360	4,886,360
M A Burne	250,000	-
C Bird	-	-
A T Ogilvie Thompson	-	-

Mr J B Meiring held 12,447,824 ordinary shares at 31 December 2003 in escrow on behalf of the company. These shares were acquired from J Van Den Berg and S F Mellett as part of their settlement agreements when they resigned as directors.

Mr P W Kennedy and Mr A T Ogilvie Thompson each have options in respect of 400,000 ordinary shares (see note 16)

Mr M A Burne is also the chairman of Golden Prospect PLC, a company which owned 3,075,000 ordinary shares at 31 December 2003 and at 1 January 2003.

BULLION RESOURCES PLC

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2003**

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

On average the company pays its creditors within 30 days. At 31 December 2003, the company's trade creditors amounted to £2,139 (2002: £5,130).

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP and the directors have agreed to extend the audit appointment to Grant Thornton UK LLP with effect from 1 July 2004 in accordance with section 26 (5) of the Companies Act 1989.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

Directors' responsibilities

Company law in the United Kingdom 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 group and of the 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



C Gill

Secretary

21 July 2004

BULLION RESOURCES PLC

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BULLION RESOURCES PLC

We have audited the financial statements of Bullion Resources PLC for the year ended 31 December 2003 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the balance sheets, the consolidated cash flow statement, notes to the cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report and the chairman's report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2003 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
31 Carlton Crescent
Southampton
Hampshire SO15 2EW

Grant Thornton UK LLP

22 July 2004

BULLION RESOURCES PLC

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

		Year ended 31 December 2003	Period ended 31 December 2002
	Notes	£	£
Administrative expenses	2	(463,185)	(1,715,433)
Operating loss	6		
Continuing operations		(318,282)	(240,686)
Discontinued activities		(144,903)	(1,474,747)
		(463,185)	(1,715,433)
Loss on cessation of activities	4	(1,543,962)	-
Interest receivable and similar income		71,917	52,334
Interest payable and similar charges	7	(29)	(90)
Loss on ordinary activities before taxation	3	(1,935,259)	(1,663,189)
Tax on loss on ordinary activities	8	-	-
Loss on ordinary activities after taxation	17	(1,935,259)	(1,663,189)
Basic loss per ordinary share	9	(4.18)p	(6.16)p

The comparative amounts relate to the period from 28 January 2002 to 31 December 2002.

BULLION RESOURCES PLC

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2003**

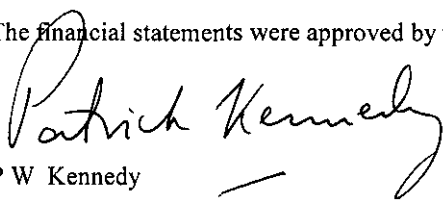
	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Loss for the financial year	(1,935,259)	(1,663,189)
Currency translation differences on foreign currency net investments	137,138	211,999
Total recognised gains and losses relating to the year	(1,798,121)	(1,451,190)

BULLION RESOURCES PLC

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Tangible assets	11		-	559,750	
Current assets					
Assets for resale	11	339,600		-	
Debtors	13	24,930		114,855	
Cash at bank and in hand		1,154,928		2,671,763	
		<u>1,519,458</u>		<u>2,786,618</u>	
Creditors: amounts falling due within one year	14	<u>(122,188)</u>		<u>(191,302)</u>	
Net current assets			1,397,270		2,595,316
Total assets less current liabilities			1,397,270		3,155,066
Provisions for liabilities and charges	15		<u>(40,325)</u>		<u>-</u>
			<u>1,356,945</u>		<u>3,155,066</u>
Capital and reserves					
Called up share capital	16		462,500		462,500
Share premium account	17		4,143,756		4,143,756
Other reserves	17		349,137		211,999
Profit and loss account	17		<u>(3,598,448)</u>		<u>(1,663,189)</u>
Shareholders' funds - equity interests	18		<u>1,356,945</u>		<u>3,155,066</u>

The financial statements were approved by the Board on 21 July 2004

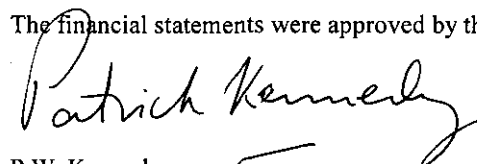

P W Kennedy
Director

BULLION RESOURCES PLC

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2003

	Notes	2003 £	2002 £
Fixed assets			
Investments	12	337,500	337,500
Current assets			
Debtors	13	7,171	24,317
Cash at bank and in hand		1,099,106	2,377,856
		<u>1,106,277</u>	<u>2,402,173</u>
Creditors: amounts falling due within one year	14	<u>(97,122)</u>	<u>(34,107)</u>
Net current assets		<u>1,009,155</u>	<u>2,368,066</u>
Total assets less current liabilities		<u><u>1,346,655</u></u>	<u><u>2,705,566</u></u>
Capital and reserves			
Called up share capital	16	462,500	462,500
Share premium account	17	4,143,756	4,143,756
Profit and loss account	17	<u>(3,259,601)</u>	<u>(1,900,690)</u>
Shareholders' funds - equity interests		<u><u>1,346,655</u></u>	<u><u>2,705,566</u></u>

The financial statements were approved by the Board on 21 July 2004.


P W Kennedy
Director

BULLION RESOURCES PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Year ended 31 December 2003 £	Period ended 31 December 2002 £
Net cash (outflow)/ inflow from operating activities	(453,753)	62,434
Returns on investments and servicing of finance		
Interest received	71,917	52,334
Interest paid	(29)	(90)
Net cash inflow for returns on investments and servicing of finance	71,888	52,244
Capital expenditure		
Payments to acquire intangible assets	(1,029,905)	(1,156,937)
Payments to acquire tangible assets	(156,280)	(555,337)
Net cash outflow for capital expenditure	(1,186,185)	(1,712,274)
Acquisitions and disposals		
Cash acquired from acquisition of subsidiary undertakings	-	603
Net cash inflow for acquisitions and disposals	-	603
Net cash (outflow) before management of liquid resources and financing	(1,568,050)	(1,596,993)
Management of liquid resources		
Bank deposits	1,270,391	(2,367,856)
	1,270,391	(2,367,856)
Financing		
Issue of ordinary share capital	-	5,000,000
Cost of share issue	-	(731,244)
Issue of shares	-	4,268,756
Net cash inflow from financing	-	4,268,756
(Decrease) /Increase in cash in the period	(297,659)	303,907

BULLION RESOURCES PLC

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

1	Reconciliation of operating loss to net operating cashflow		2003	2002
			£	£
	Operating loss		(463,185)	(1,715,433)
	Exceptional write down of intangible assets		-	2,012,612
	Exceptional write back of goodwill on consolidation		-	(537,865)
	Decrease in debtors		109,519	18,517
	(Decrease)/Increase in creditors within one year		(100,087)	72,604
	Net effect of foreign exchange differences		-	211,999
			<hr/>	<hr/>
	Net cash (outflow) /inflow from operating activities		(453,753)	62,434
			<hr/>	<hr/>
2	Analysis of net funds	1 January 2003	Foreign exchange difference	Cash flow 31 December 2003
		£	£	£
	Net cash:			
	Cash at bank and in hand	303,907	51,215	(297,659)
	Liquid resources:			
	Bank deposits at not less than 24 hours notice	2,367,856	-	(1,270,391)
		<hr/>	<hr/>	<hr/>
	Net funds	2,671,763	51,215	(1,568,050)
		<hr/>	<hr/>	<hr/>
3	Reconciliation of net cash flow to movement in net funds		2003	2002
			£	£
	(Decrease)/increase in cash in the year		(297,659)	303,907
	Foreign exchange difference		51,215	-
	Cash inflow/(outflow) from decrease/(increase) in liquid resources		(1,270,391)	2,367,856
			<hr/>	<hr/>
	Movement in net funds in the year		(1,516,835)	2,671,763
	Opening net funds		2,671,763	-
			<hr/>	<hr/>
	Closing net funds		1,154,928	2,671,763
			<hr/>	<hr/>

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards and the Statement of Recommended Practice 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities', (revised June 2001) (the SORP).

1.2 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

Goodwill arising on consolidation represents the excess of the fair value of the consideration given, over the fair values of the identifiable net assets acquired.

1.3 Mining rights and development costs

In accordance with the full cost method as set out in the SORP, expenditure including related overheads on the acquisition, exploration and evaluation of interests in licences not yet transferred to a cost pool is capitalised under intangible assets. Cost pools are established on the basis of geographic area. When it is determined that such costs will be recouped through successful development and exploration or alternatively by sale of the interest, expenditure will be transferred to tangible assets and depreciated over the expected productive life of the assets. Whenever a project is considered no longer viable the associated deferred exploration and development costs are written off to the profit and loss account.

1.4 Tangible assets

Tangible assets other than freehold land are stated at cost less accumulated depreciation and impairments. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Land and buildings Freehold	Land is not depreciated. Buildings are depreciated using the lesser of their useful life or unit-of-production method based on proved and probable mineral reserves.
Mining plant and machinery	Depreciated using the lesser of their useful life or units-of-production method based on proved and probable mineral reserves.
Computer equipment	3 to 5 years
Fixtures, fittings & equipment	3 to 5 years
Motor vehicles	4 years

No provision for depreciation has been made on tangible assets held for resale. These assets have been written down to their estimated resale value and reclassified in the balance sheet as current assets held for resale.

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

1 Accounting policies

(continued)

1.7 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

Financial statements of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

1.9 Group accounts

The financial statements present the consolidated results of Bullion Resources PLC and of all its subsidiary undertakings drawn up to the balance sheet date. No profit and loss account has been presented for Bullion Resources PLC as permitted by section 230 of the Companies Act 1985. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.10 Financial instruments

The group's financial instruments comprise cash and various items such as debtors and creditors that arise directly from its operations. The group has not entered into derivative transactions nor does it trade in financial instruments as a matter of policy.

2 Operating expenses

	2003			2002		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Administrative expenses	(318,282)	(144,903)	(463,185)	(240,686)	(1,474,747)	(1,715,433)
Operating loss	<u>(318,282)</u>	<u>(144,903)</u>	<u>(463,185)</u>	<u>(240,686)</u>	<u>(1,474,747)</u>	<u>(1,715,433)</u>

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

3 Loss on ordinary activities before taxation and Net Assets

The group's loss before taxation arose from the group's principal activities.

The group operates in the following geographical segments:

Geographical market

	Loss on ordinary activities before taxation	
	2003	2002
	£	£
United Kingdom	(246,394)	(242,440)
South Africa	(1,688,865)	(1,420,749)
	<u>(1,935,259)</u>	<u>(1,663,189)</u>

Geographical market

	Net Assets	
	2003	2002
	£	£
United Kingdom	1,346,655	2,705,566
South Africa	10,290	449,500
	<u>1,356,945</u>	<u>3,155,066</u>

4 Loss on cessation of activities

	2003	2002
	£	£
Provisions for diminution of intangible assets	1,029,905	-
Impairment of tangible assets	473,732	-
Provision for environmental rehabilitation	40,325	-
	<u>1,543,962</u>	<u>-</u>

5 Results of Parent Company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial period was £1,358,911 (2002 - £1,900,690).

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

6 Operating loss	2003	2002
	£	£
Operating loss is stated after charging/ (crediting):		
Provisions for diminution in value of intangible assets	-	1,474,747
Foreign exchange gains	(59,736)	-
Operating lease rentals	46,090	7,995
Auditors' remuneration	19,300	16,439
Remuneration of auditors for non-audit work - Nominated advisor fees.	20,000	11,667
	<u> </u>	<u> </u>

7 Interest payable	2003	2002
	£	£
Bank interest	29	90
	<u> </u>	<u> </u>

8 Taxation		
Current tax charge	-	-
	<u> </u>	<u> </u>

Factors affecting the tax charge for the year

Loss on ordinary activities before taxation	(1,935,259)	(1,663,189)
	<u> </u>	<u> </u>

Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30%	(580,578)	(498,957)
	<u> </u>	<u> </u>

Tax effect of losses carried forward	580,578	498,957
	<u> </u>	<u> </u>
	<u>580,578</u>	<u>498,957</u>

9 Loss per share

The calculation of basic loss per ordinary share is based on a loss after tax of £1,935,259 (2002 - £1,663,189) and on 46,250,000 (2002 - 26,979,208) ordinary shares, being the weighted average number of shares in issue during the year ended 31 December 2003.

There is no dilutive effect of share options on the basic loss per share.

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

10 Intangible fixed assets

Group	Mining rights and development costs £	Goodwill £	Mine development costs £	Total £
Cost				
At 1 January 2003	410,317	(49,386)	1,113,816	1,474,747
Additions	-	-	1,029,905	1,029,905
	<u>410,317</u>	<u>(49,386)</u>	<u>1,113,816</u>	<u>1,474,747</u>
At 31 December 2003	410,317	(49,386)	2,143,721	2,504,652
	<u>410,317</u>	<u>(49,386)</u>	<u>2,143,721</u>	<u>2,504,652</u>
Amortisation				
At 1 January 2003	410,317	(49,386)	1,113,816	1,474,747
Exceptional write down	-	-	1,029,905	1,029,905
	<u>-</u>	<u>-</u>	<u>1,029,905</u>	<u>1,029,905</u>
At 31 December 2003	410,317	(49,386)	2,143,721	2,504,652
	<u>410,317</u>	<u>(49,386)</u>	<u>2,143,721</u>	<u>2,504,652</u>
Net book value				
At 31 December 2003	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2002	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The parent company does not own any intangible assets.

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

11 Tangible assets

	Land and buildings Freehold	Mining plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2003	76,304	417,180	4,941	61,325	559,750
Exchange differences	13,296	72,460	860	10,686	97,302
Additions	21,886	132,149	2,245	-	156,280
	<u>111,486</u>	<u>621,789</u>	<u>8,046</u>	<u>72,011</u>	<u>813,332</u>
At 31 December 2003					
Provision for impairment					
At 1 January 2003	-	-	-	-	-
Charge for the year	21,886	424,086	8,046	19,714	473,732
	<u>21,886</u>	<u>424,086</u>	<u>8,046</u>	<u>19,714</u>	<u>473,732</u>
At 31 December 2003					
Net book value					
At 31 December 2003	89,600	197,703	-	52,297	339,600
	<u>89,600</u>	<u>197,703</u>	<u>-</u>	<u>52,297</u>	<u>339,600</u>
At 31 December 2002					
	<u>76,304</u>	<u>417,180</u>	<u>4,941</u>	<u>61,325</u>	<u>559,750</u>

The directors are of the view that the tangible assets of the group should realise at least the values reflected above.

The parent company does not own any tangible assets.

During the year ended 31 December 2003 operations ceased in the South African subsidiary companies and efforts are being made to dispose of the tangible assets situated in South Africa. Accordingly, these assets are disclosed as current assets held for resale.

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

12 Fixed asset investments

Company

	Investment in subsidiary
	£
Cost	
At 1 January 2003	337,500
At 31 December 2003	337,500
Net book value	
At 31 December 2003	337,500
At 31 December 2002	337,500

Company	Country of incorporation	Class of share capital held	Proportion held by	
			Parent company	Group
			%	%
Subsidiary undertakings				
Black Reef Gold Limited	Bahamas	Ordinary	100	
Drylands Goldmine (Proprietary) Limited	South Africa	Ordinary		100
Addeney Investment Holdings (Proprietary) Limited	South Africa	Ordinary		100

The principal activities of the subsidiary undertakings during the financial year were as follows:

Black Reef Gold Limited - investment holding company

Drylands Goldmine (Proprietary) Limited - gold mining in South Africa (Operations discontinued)

Addeney Investment Holdings (Proprietary) Limited - gold mining in South Africa (Operations discontinued)

Black Reef Gold Limited has an accounting reference date of 31 March. Consolidated accounts have been prepared using information at 31 December 2003.

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

13 Debtors	2003	2002
	£	£
Group		
Other debtors	21,844	114,855
Prepayments and accrued income	3,086	-
	<u>24,930</u>	<u>114,855</u>
Amounts falling due after more than one year and included in the debtors above are:		
	2003	2002
	£	£
Other debtors	<u>14,513</u>	<u>6,845</u>
Company		
	2003	2002
	£	£
Amounts advanced to subsidiary undertakings	2,740,639	1,712,250
Write down	<u>(2,740,639)</u>	<u>(1,712,250)</u>
	<u>-</u>	<u>-</u>
Other debtors	5,889	24,317
Prepayments and accrued income	<u>1,282</u>	<u>-</u>
	<u>7,171</u>	<u>24,317</u>

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

14 Creditors: amounts falling due within one year	2003	2002
	£	£
Group		
Trade creditors	27,205	154,349
Taxes and social security costs	1,130	9,137
Other creditors	329	-
Accruals and deferred income	93,524	27,816
	<u>122,188</u>	<u>191,302</u>
	2003	2002
	£	£
Company		
Trade creditors	2,139	5,130
Taxes and social security costs	1,130	1,158
Other creditors	329	-
Accruals and deferred income	93,524	27,819
	<u>97,122</u>	<u>34,107</u>
15 Provisions for liabilities and charges	2003	2002
	Other	Other
	£	£
Environmental rehabilitation provision (see note 19)	40,325	-
Balance at 31 December 2003	<u>40,325</u>	<u>-</u>

BULLION RESOURCES PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2003

16	Share capital	2003 £	2002 £
	Authorised		
	400,000,000 Ordinary shares of 1p each	<u>4,000,000</u>	<u>4,000,000</u>
	Allotted, called up and fully paid		
	46,250,000 Ordinary shares of 1p each	<u>462,500</u>	<u>462,500</u>

By an option deed dated 5 June 2002 the Company granted an option to Anthony Thomas Ogilvie Thompson in respect of 400,000 ordinary shares at a price per share of £0.40. The option vests over a period of two years from 5 June 2002 and must be exercised before the third anniversary of the date of the option deed. Mr Ogilvie Thompson resigned as a director on 5 April 2004 and accordingly his rights under the terms of the option deed will lapse on 4 October 2004.

By an option deed dated 5 June 2002 the Company granted an option to Patrick William Kennedy in respect of 400,000 ordinary shares at a price per share of £0.40. The option vests over a period of two years from 5 June 2002 and must be exercised before the third anniversary of the date of the option deed.

By an option deed dated 5 June 2002 the Company granted an option to Insinger Townsley in respect of 1,200,000 ordinary shares at a price per share of £0.40. The option must be exercised before the third anniversary of the date of the option deed.

The share value reached a highest value of 28p per share and a lowest value of 4.5p per share during the year under review. At 31 December 2003 the share value was 7p per share.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

17 Statement of movements on reserves**Group**

	Share premium account	Currency translation reserve	Profit and loss account
	£	£	£
Balance at 1 January 2003	4,143,756	211,999	(1,663,189)
Loss for the period	-	-	(1,935,259)
Foreign currency translation differences	-	137,138	-
Balance at 31 December 2003	<u>4,143,756</u>	<u>349,137</u>	<u>(3,598,448)</u>

Company

	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2003	4,143,756	(1,900,690)
Loss for the period	-	(1,358,911)
Balance at 31 December 2003	<u>4,143,756</u>	<u>(3,259,601)</u>

18 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Group		
Loss for the financial year	(1,935,259)	(1,663,189)
Other recognised gains and losses	137,138	211,999
Issue of shares	-	5,337,500
Cost of share issue written off to share premium account	-	(731,244)
Net (depletion in)/addition to shareholders' funds	<u>(1,798,121)</u>	<u>3,155,066</u>
Opening shareholders' funds	3,155,066	-
Closing shareholders' funds	<u>1,356,945</u>	<u>3,155,066</u>

19 Contingent liabilities

A VAT claim by the South African Revenue Service may arise should the South African subsidiary companies' cessation of operations continue indefinitely. A liability for environmental rehabilitation will also arise in the event of the permanent closure of the mines and the directors have made a provision of £40,325 in respect thereof.

During construction at Palmietfontein an electrical accident occurred which tragically resulted in a fatality. An official inquiry was held and the outcome is awaited.

The directors are unable at present to quantify the total value of contingent liabilities with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

20 Financial instruments

The main risks arising from the group's financial instruments are interest rate risk and foreign currency risk. At the year end the group did not have any borrowings. Accordingly, the group does not have a liquidity risk.

The group is financed at present by cash balances held as a mixture of current and deposit accounts, and currency accounts, as appropriate to the group's operational needs. Cash balances in excess of amounts required for operational purposes are placed on deposit. The group has transactional currency exposures as any income is expected to arise in South Africa Rand, while its expenses are expected to be payable in South Africa Rand and £ Sterling.

At the year end, the group had three overseas subsidiary companies whose revenue and expenses are denominated in foreign currencies. It is not the group's policy to protect the group's sterling balance sheet or transactional exposures from movements in exchange rates.

With the exception of the analysis of currency exposures, the disclosure below excludes short-term debtors and creditors.

Financial assets

The interest rate risk and currency profile of the financial assets of the group as at 31 December 2003 is as follows:

	£ Sterling	South Africa Rand	2003 Total
	£	£	£
Cash at bank and in hand			
- Fixed interest rate	-	-	-
- Floating interest rate	1,097,465	18,349	1,115,814
- Non-interest bearing	1,641	37,473	39,114
	<u>1,099,106</u>	<u>55,822</u>	<u>1,154,928</u>
	£ Sterling	South Africa Rand	2002 Total
	£	£	£
Cash at bank and in hand			
- Fixed interest rate	-	-	-
- Floating interest rate	2,367,856	258,579	2,626,435
- Non-interest bearing current accounts	10,000	35,328	45,328
	<u>2,377,856</u>	<u>293,907</u>	<u>2,671,763</u>

The benchmark for interest on the floating interest rate financial assets is the UK Bank rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2003

20 Financial instruments**(continued)****Financial liabilities**

The group did not have any other financial liability as at 31 December 2003 nor as at 31 December 2002.

Fair value of financial assets and liabilities

For all of the financial assets and financial liabilities above the fair value equates to book value.

21 Financial commitments

At 31 December 2003 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	-	17,741	5,948	4,721
Between two and five years	-	69,487	17,450	17,840
	<u>-</u>	<u>87,228</u>	<u>23,398</u>	<u>22,561</u>

22 Directors' emoluments

	2003	2002
	£	£
Emoluments for qualifying services	<u>156,439</u>	<u>125,233</u>

None of the directors are accruing retirement benefits under pension schemes in respect of qualifying services.

During the year, settlement agreements were reached with S F Mellet and J Van Den Berg, both as directors and as executives. As part of the settlement £35,000 was paid to S F Mellett's nominee and R300,000 to J Van Den Berg, their two year employment contracts were terminated and both of them agreed to enable the company, at its sole discretion, to utilise 80% of their shareholdings in the company, as incentive packages for new employees and directors and for transfer to investors.

BULLION RESOURCES PLC**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
FOR THE YEAR ENDED 31 DECEMBER 2003**23 Employees****Number of employees**

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Administration	2	4
Management	5	6
Pre-production	55	29
	<u>62</u>	<u>39</u>

Employment costs

	£	£
Wages and salaries	156,439	117,747
Social security costs	485	370
	<u>156,924</u>	<u>118,117</u>

Wage costs of £351,325 (2002 - £305,051) in subsidiary undertakings were originally capitalised and subsequently written off.

24 Capital Commitments

There were no capital commitments as at 31 December 2003 nor as at 31 December 2002.

BULLION RESOURCES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2003

25 Related party transactions

The following related party transactions occurred during the period:

(i) Pumphrey Kennedy Chartered Accountants

During the year the company purchased accounting and related services of £8,000 (2002 - £6,000). Patrick Kennedy, a director of Bullion Resources PLC, was a partner in Pumphrey Kennedy Chartered Accountants.

(ii) PK Partners LLP Chartered Accountants

During the year the company purchased accounting and related services of £52,497 (2002 - £nil). Patrick Kennedy, a director of Bullion Resources PLC, is a member in PK Partners LLP.

(iii) Accstar Financial Services (Proprietary) Limited

During the year, the group purchased accounting and related services of R163,375 (2002 - R100,000) from Accstar Financial Services (Proprietary) Limited. Daryl Bank, a director of Bullion Resources PLC until 5 April 2004, is a director of Accstar Financial Services (Proprietary) Limited.

(iv) Metarand Limited

During the year, the group purchased furniture at a cost of Rnil (2002 - R10,000) and executive management services of R324,074 (2002 - Rnil) from Metarand Limited. Johan Meiring, a director of Bullion Resources PLC, is a director of Metarand Limited.

(v) Brackenjan Beleggings CC

Drylands Goldmine (Proprietary) Limited had a lease agreement with Brackenjan Beleggings CC for a period of five years, for the premises of its head office. The rent paid for the year amounted to R294,020 (2002 - R46,740). S F Mellett, a former director of Bullion Resources PLC, is a major member of Brackenjan Beleggings CC. The lease was terminated subsequent to the year end and no further obligations exist. No consideration was paid in respect of the termination of the lease.

(vi) Waterkon Waterdigting en Konstruksie CC

During the year, Addeney Investment Holdings (Proprietary) Limited paid R731,127 (2002 - R1,050,792) and Drylands Goldmine (Proprietary) Limited paid Rnil (2002 - R62,753) for building and civil services rendered by Waterkon Waterdigting en Konstruksie CC, a corporation controlled by S F Mellett's brother. S F Mellett was a former director of Bullion Resources PLC.

(vii) Denko Projects CC

During the year, Drylands Goldmine (Proprietary) Limited paid R14,567 (2002 - R361,399) for office renovation services rendered by Denko Projects CC, a corporation controlled by S F Mellett's brother. S F Mellett was a former director of Bullion Resources PLC.

(viii) Lion Mining Finance Limited

During the year, the company purchased geological and related consultancy services of £40,000 from Lion Mining Finance Limited, a company of which C Bird is a director.