



Riddarhyttan Resources AB

FINANCIAL STATEMENT FOR YEAR 2002

Gothenburg, February 20, 2003

- **Mining- and environmental permits for Suurikuusikko received**
- **North American and Asian investors enter Riddarhyttan, which added a total of approx 34 MSEK to the company's treasury**
- **New resource calculations shows a total of 11.5 Mt grading 5.4 g/t (approx 2 million ounces)**
- **Group losses after tax was -13 338 KSEK (-12 280)**

Business Concept

Riddarhyttan's primary business concept is to acquire, either by means of exploration or acquisition, new mineral deposits that can be enhanced through detailed exploration into economically minable base or precious metal resources and reserves, then to mine these deposits either under its own management or with suitable joint venture partners, or to sell the company's interests in these mineral deposit.

Environmental and Mining Permits

Riddarhyttan has now received all necessary permits to initiate mine development and gold production at Suurikuusikko. In November, Northern Finland's Environmental Authority announced that Riddarhyttan had received the environmental permit to conduct mining (open pit and underground) at Suurikuusikko, and to recover gold using the suggested processing technology (flotation, bio-oxidation and leaching). In mid-November, Finland's Land Survey Department completed a general meeting with all local constituents involved in the municipality (land owners, special interest groups, etc). At that meeting, constituents were informed on the topics of land usage and the approximate size of the mining concession to be used in future mining. The meeting signaled the final stages of the mining licensing process (November 27th, 2002). In January 2003, the Ministry of Trade and Industry publicly announced that the company had received a mining license for the Suurikuusikko project.

North American and Asian Institutional Investment in Riddarhyttan

Strong investment interest from international institutional investors in Riddarhyttan was demonstrated during the year, further highlighting the fact that Suurikuusikko is a world-class gold asset, able to attract investment capital internationally. In July, the Board exercised their shareholder approved option to issue 10 million shares to the institutional investors. The private placement share issue netted the company 34 million kroner, to be used to further advance exploration on the project, moving it closer to a mine development decision point. The new ownership structure brought further strength to the company, enabling more flexibility in future strategic planning.

Resource Calculation in the Suurikuusikko Area (excluding Rimminvuoma and Iso Kuotko)

In December 2002 a new resource calculation was completed by MICON and subsequently issued as a press release. The calculation shows that at a cut-off of 1 g/t, the total in-situ resources total 12.7 Mt grading 5.1 g/t, corresponding to 2.1 million ounces of gold. At a cut-off of 2 g/t, the resource totals at 11.5 Mt grading 5.4 g/t (approximately 2 million ounces). A previous resource calculation that MICON completed in the spring of 2001 reported a resource of 8.3 Mt grading 6.1 g/t (approximately 1.6 M ounces). The addition of lower grade near surface resources in the northern and southern extensions of the field together with the moderate grade resources from Kukkeli resulted in a lower overall average grade and a substantially higher

tonnage. When Riddarhyttan purchased Suurikuusikko from the Finnish government in 1998, the total in-situ gold resources amounted to 1.5 Mt grading 5.9 g/t (approximately 0.3 M ounces). As a summary to their December 2002 resource calculation MICON concludes that the "mineralized zones are still entirely open directions in all directions and that there is substantial potential to further increase the gold resources at Suurikuusikko".

Exploration

(See Riddarhyttan's press release from 2002 for more detail on drill results).

During 2002 Riddarhyttan carried out extensive drilling campaigns within the Suurikuusikko area. 82 drill holes, for a total meterage of 18,800 m, were completed. To date, 330 holes have been drilled (60,800 m) within the most intensively explored section of the 15+ km gold bearing zone. The exploration team's success rate has been extremely high, with an average "hit-rate" of gold mineralization at well over 97%. Drilling completed to date shows that the gold bearing zone can be continuously traced from the southernmost holes in southern Ketola to an area north of Northern Rouravaara for a total strike length of over 4.1 km. Approximately 900 meters of this detailed exploration area has been tested to an average depth of 300-500 m. Drilling outside of the 900 m long "core area" has reached depths averaging only 50 to 100 m. All known zones are open at-depth as well as on-strike. To conclude, it can be stated that the gold bearing system is extensive and thus the potential to increase gold resources within the area is high.

From south to north, the following zones of gold mineralization are known to date:

Ketola Zone

Etela

Main Zone (SE, SW, Western Zone, Kukkelli and the Central Zone)

S. Rouravaara

C. Rouravaara

N. Rouravaara

Rimminvuoma

Iso Kuotko (Kati, Tiira, Retu and Nimeton)

Ketola

The Ketola Zone is comprised of several steeply dipping parallel mineralized horizons of which the A Zone is the most significant. On its surface projection, the zone has a strike length of 160 meters, plunging 45 degrees to the north. The drilling completed during the year has increased the known depth extent from 80 to 140 meters. All zones are still open at depth below this relatively shallow level.

Etela

The Etela Zone, previously identified down to a depth of 80 m, has now been determined to continue down to depths of 175 m as a result of recent drilling. The near-surface sections demonstrate a strike-length of 130 m. Among the suite of drill holes, one in particular completed during the year shows the zone to be wider than average (> 12 meters) and higher in grade (6.7 g/t gold) at a depth of 100 m. To date, this is the best drill intercept achieved at Etela and the new result further underscores the fact that near surface narrow zones often become thicker and higher in grade with increasing depth.

Main Zone

Drilling completed earlier in the year verified a theory that the SW Zone and the SE Zone continue on strike to the north and are directly connected to the Western and Central horizons of the Main Zone. The majority of the deeper drilling conducted during the year has been aimed at testing the known mineralization continuity in the down-plunge direction (45 degrees to the north). The drilling completed during 2002 has resulted in the expansion of the strike and depth continuity of the Main Zone on numerous fronts. Several drill holes intersecting the Central and Western Zones at depth below 300 m, reported high gold grades over thick sections. As a result of extensive drilling on the northern end of the Main Zone ("Kukkelli"), the new horizon has been traced from a depth of 200 m to 440 meters. This wider than average zone (10 – 30 meters thick) is host to zones of moderate grade relative to other parts of the Main Zone.

S. Rouravaara

S. Rouravaara is situated east of the Main Zone and has a relatively short surface projection. Drilling completed during the year shows that the zone continues to a depth of at least 80 m and remains open.

C. Rouravaara

The known strike continuation of the Suurikuusikko shear zone, between S. Rouravaara and N. Rouravaara was tested with several shallow drill holes during the year. The aim of this drill program was to identify new zones of near surface mineralization. All drill holes intersected mineralized horizons which are generally narrow and low in grade. However, a select number of the holes intersected significant zones of gold mineralization (5.1 m @ 5.6 g/t, 4.2 m @ 8.7 g/t). Follow-up drilling is planned.

N. Rouravaara

The N. Rouravaara zone consists of several parallel zones, specifically the A and B horizons, hosting economic grades of gold mineralization. During the latter part of the year, 5 holes were completed to test deeper sections of the mineralized zones. One of the best intercepts received to date in N. Rouravaara was obtained at the end of the year (13.8 m @ 6.4 g/t).

Rimminvuoma

No work was conducted on this zone during 2002

Iso-Kuotko

In early 2002, a limited drill program was completed in the Iso Kuotko area. In total, 5 holes were drilled on the Tiira and Retu zones. The result of the drilling shows that the gold mineralization at Iso Kuotko is related to discrete sulphide rich quartz-carbonate veins which are hosted within a relatively broad zone of alteration (20 – 30 m). In the sections of the deposit that have been tested to date, the high grade veins are often narrow with a wide distance between the veins themselves leading to a lower average grade intercept when diluted with the lower grade wall-rock.

New Claims and Claim Reservations

A large number of surface gold showings have been discovered in the Kittila Greenstone Group by the Finnish Geological Survey (GTK) in recent years. The majority of these are related to the Sirkka Line, a major tectonic zone. In 2001, Riddarhyttan covered a large part of this zone with claim reservations, giving the company exclusive rights to claim within one year. Riddarhyttan commissioned the GTK to complete a thorough geological study of the claim reservation area with the goal of identifying specific zones of interest. The result of this field compilation, together with various in-house studies, resulted in the claiming of 4 new areas (Pikku Mustavaara, Ikkarinlehto, Saralehto and Palovaara). Riddarhyttan has also recently laid claim to an additional six areas in the Suurikuusikko area south of Ketola.

Oijarvi

The Oijarvi Greenstone Belt is situated in Northern Finland, approximately 60 km east of the city of Kemi. In 2002, Riddarhyttan initiated exploration on the Kylmakangas Zone operated under a joint venture with Troy Resources (50/50). During the summer, field geological studies were also completed within a separate portion of the claim area with the goal of identifying new drill targets. As a result of these studies, three drill holes were completed at the end of the year.

Annual result

The result after tax for the group of companies during year 2002 was KSEK -13 338 (-12 280). The result of the parent company was -11 663 KSEK (-10 468). Activated exploration costs during the year amounted to 22 405 KSEK (19 180) for the exploration in the Suurikuusikko area. The result of financial management for the group of companies was -359 tkr (790) including a write down of the Thakadu option by 1 500 KSEK. Liquidity amounted to 41 023 KSEK (40 750). At the end of the financial year the current assets of the group of companies amounted to 43 750 KSEK (46 323) while the balance sheet total at the same point in time amounted to 139 881 KSEK (121 633).

Proposal regarding the disposition of losses

The board and the managing director propose the the annual shareholder's meeting that the accumulated losses of the group of companies amounting to -20 441 KSEK is balanced in new account.

Annual shareholders meeting

Regular shareholder's meeting will take place on Thursday, April 24, 2003 at 4 p.m. in Gothenburg. The annual report is expected to be compiled and distributed to shareholders during week 13.

Other reporting occasions

- Quarterly report 1st quarter, 2003-04-23
- Half year report 2003-08-20
- Quarterly report 3rd quarter 2003-11-05

Gothenburg , February 20, 2003

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Riddarhyttan Resources AB is an exploration company concentrating on deposits of precious metals in the Scandinavian countries. The company's primary business concept is to acquire, either by means of exploration or acquisition, new mineral deposits that, through detailed exploration, can be enhanced into economic ore bodies. At the Suurikuusikko deposit (Finland), which is Riddarhyttan's most advanced project, gold resources (57 % "indicated" and 43 % "inferred resources", cut-off 2g/t Au) amounts to 11,5 million tons, grading 5,4 grams of gold per tonne (approx. 2 million ounces of gold).

Income statement in summary (KSEK)

	3 MOS OKT - DEC 2002	3 MOS OKT - DEC 2001	12 MOS FULL YEAR 2002	12 MOS FULL YEAR 2001
Net revenue	0	2 320	771	2 446
Other income	0	0	0	0
Total revenues	0	2 320	771	2 446
Personnel costs	-938	-1 194	-3 764	-3 978
Other external costs	-3 134	-4 891	-9 843	-11 389
Result before depreciation, EBITDA	-4 072	-3 765	-12 836	-12 921
Depreciation of tangible and intangible assets	-47	-37	-143	-149
Operating result, EBIT	-4 119	-3 802	-12 979	-13 070
Result from financial investment	-775	24	-359	790
Result after financial investment	-4 894	-3 778	-13 338	-12 280
Taxes	-	-	-	-
Net result	-4 894	-3 778	-13 338	-12 280
Profit/loss per share before dilution, SEK	-0,05	-0,04	-0,16	-0,15
Average number of shares before dilution	90 000 000	66 521 739	83 342 466	45 391 781

Balance sheet in summary (KSEK)

	2002-12-31	2001-12-31
Intangible assets	95 865	73 474
Tangible assets	266	336
Financial assets	-	1 500
Other current assets	2 727	2 033
Bank balances and short term investments	41 023	44 290
Total assets	139 881	121 633
Equity (Not 1)	135 010	114 190
Interest bearing liabilities	184	0
Other liabilities	4 687	7 443
Total equity and and liabilities	139 881	121 633

Cash flow analysis

	2002-01-01	2001-01-01
	2002-12-31	2001-12-31
Cash flow from continuing operations	-11 320	-11 999
Cash flow from investing activities	-22 750	-24 312
<u>Cash flow from financing activities</u>	<u>34 343</u>	<u>70 964</u>
Total cash flow	273	34 653
Cash and cash equivalents, beginning of the year	40 750	6 097
Cash and cash equivalents, end of year	41 023	40 750

Notes

Note 1 - Equity (KSEK)

	2002-01-01	2001-01-01
	2002-12-31	2001-12-31
Opening balance	114 190	57 997
New issue	34 127	70 964
Dividend	-	-2 505
Conversion differences	32	14
<u>Profit/loss for the year</u>	<u>-13 338</u>	<u>-12 280</u>
Closing balance	135 011	114 190

KEY RATIOS FOR THE GROUP

	3 MOS OCT - DEC 2002	3 MOS OCT - DEC 2001	12 MOS FULLYEAR 2002	12 MOS FULLYEAR 2001
Net revenue, KSEK	0	2 320	771	2 446
Profit/loss after financial items (KSEK)	-4 894	-3 778	-13 338	-12 280
Profit margin, %	0	-163	-1 730	-502
Return on capital employed, %	-3	-4	-11	-14
Return on equity, %	-4	-4	-11	-14
Debt/asset ratio, %	0	0	0	0
Equity/assets ratio, %	97	94	97	94
Total assets, KSEK	139 881	121 633	139 881	121 633
Equity, KSEK	135 010	114 190	135 010	114 190
Equity per share, SEK	1,50	1,43	1,50	1,43
Profit/loss per share before dilution, SEK	-0,05	-0,04	-0,16	-0,15
Cash flow per share before dilution, SEK	-0,12	0,45	-0,04	0,76
Investing activities, KSEK	6 450	2 878	22 471	19 307
Share price as of fiscal year end, SEK	4,54	2,35	4,54	2,35
Number of employees	3	3	3	3