

TRANS-SIBERIAN GOLD LIMITED
(Formerly Join Limited)

REPORT AND ACCOUNTS

FOR YEAR ENDED 31st MARCH 2001

Converted to US Dollars

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

COMPANY INFORMATION

Company Registration No. 1067991 (England & Wales)

Directors

J S De W Waller
P C D Burnell
J J S Marshall
N K Sethia

Secretary

Mrs M E Paxman

Registered Office

Manor Cottage
Church Road
Toft
Cambridge
CB3 7RH

Bankers

National Westminster Bank Plc
City of London Office
P O Box 12258
London
EC2R 8PA

Solicitors

Barr Ellison
39 Parkside
Cambridge
CB1 1PN

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6RH

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

DIRECTORS' REPORT

for the year ended 31 March 2001

The Directors present their report and the audited financial statements for the year ended 31 March 2001.

CHANGE OF NAME

On 13th December 2000 the Company changed its name from JOIN LIMITED to TRANS-SIBERIAN GOLD LIMITED.

PRINCIPAL ACTIVITIES

During the year the Company began the process of acquiring interests in Russian domiciled companies holding licences to mine gold in the Russian Federation.

FUTURE DEVELOPMENTS

The Company is continuing its search for appropriate gold containing properties in the Russian Federation. A short list of such properties has been identified and negotiations with the owners are ongoing. The Company continues to raise venture capital to fund its future activities.

RESULTS AND DIVIDENDS

The loss for the period after taxation was £128,078 (2000 £3,000).

The directors recommend no dividend be paid for the year, leaving retained losses of (£120,178) to be carried forward (2000 retained profit of £7,900).

DIRECTORS AND THEIR INTERESTS

The directors during the year and their interests in the share capital of the Company were as follows:-

	2001	2000
J S de W Waller	46,000	100
P C D Burnell (appointed 8 March 2001)	8,000	0
J J S Marshall (appointed 8 March 2001)	3,000	0
N K Sethia (appointed 8 March 2001)	40,000	0

M Paxman resigned as a director of the company on 8 March 2001.

Philip A Bowring and Vadim F Nikolaitchouk were appointed directors on 10 May 2001.

Directors of the company purchased 96,900 shares during the year, for prices between (£1 and £5 per share.) \$1.4 & \$7 per share

SHARE CAPITAL

The authorised share capital was increased from £100 to £500,000 in December 2000 and a total of £541,400 received was during the year through the issue of additional shares. (US\$ Share Capital \$150 to \$700,00)

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the profit and loss of the Company for that period. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of new accounting standards in the year as explained on page 9 under Note 1 "Accounting policies for the year ended 31 March 2001". They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2001 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and 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

The auditors, PricewaterhouseCoopers, were appointed on 10 May 2001. They have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the board

J Waller
Director

24th August 2001

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

Auditors' report to the members of Trans-Siberian Gold Limited

We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2001 and of its loss and cash outflow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
24th August 2001

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

PROFIT AND LOSS ACCOUNT for the Year ended 31 March 2001

	Note	2001 \$	2000 £
TURNOVER	1.4217	0	0
ADMINISTRATION EXPENSES	2	(185,749)	(3,000)
Total operating loss		<u>(185,749)</u>	<u>(3,000)</u>
BANK INTEREST RECEIVED	3	<u>2,595</u>	<u>0</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(183,154)	(3,000)
Tax on loss on ordinary activities	5	1,066	0
RETAINED LOSS FOR YEAR		<u>(182,088)</u>	<u>(3,000)</u>
RETAINED PROFIT BROUGHT FORWARD		11,231	10,900
RETAINED PROFIT/(LOSS) CARRIED FORWARD		<u>(170,857)</u>	<u>7,900</u>

The results for both years relate wholly to continuing operations.

The Company has no recognised gains and losses other than the loss above and therefore no separate statement of total gains and losses had been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

CASH FLOW STATEMENT for the year ending 31 March 2001

	Note	2001	2000
		\$	£
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	14	(245,159)	0
RETURNS ON INVESTMENTS AND SERVICING FINANCE			
Bank Interest Received	3	2,595	0
TAXATION	5	1,066	0
CAPITAL EXPENDITURE & FINANCIAL INVESTMENTS			
Purchase of Tangible Fixed Assets		(7,414)	0
Property Development expenditure		<u>(32,892)</u>	<u>0</u>
		(40,307)	0
ACQUISITIONS & DISPOSALS		(198,152)	0
NET CASH OUTFLOW BEFORE FINANCING		(479,957)	0
Issue of Shares	11	<u>769,708</u>	<u>0</u>
NET CASH INFLOW FROM FINANCING		769,708	0
INCREASE IN CASH		<u>289,751</u>	<u>0</u>
Reconciliation to net debt			
Net funds at 1 April		0	0
Increase in net cash		289,751	0
Exchange adjustments		<u>2,063</u>	<u>0</u>
Net funds at 31 March	15	<u>291,814</u>	<u>0</u>

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

BALANCE SHEET
as at 31 March 2001

	Note	2001 \$	2000 £
FIXED ASSETS			
Tangible assets	6	7,207	0
Investment	7	200,000	0
Deferred exploration expenditure	8	<u>32,892</u>	<u>0</u>
		240,099	0
CURRENT ASSETS			
Debtors	9	104,166	11,000
Cash at Bank and in Hand		<u>291,814</u>	<u>0</u>
		395,980	11,000
CREDITORS			
Amounts falling due within one year	10	37,086	3,000
NET CURRENT ASSETS			
		<u>358,894</u>	<u>8,000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		598,993	8,000
CREDITORS			
Amounts falling due after more than one year		0	0
NET ASSETS			
		<u>598,993</u>	<u>8,000</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	249,508	100
Share Premium Account	12	520,342	0
Profit & Loss Account	12	<u>(170,857)</u>	<u>7,900</u>
EQUITY SHAREHOLDERS FUNDS			
		<u>598,993</u>	<u>8,000</u>

The financial statements on pages 6 to 12 were approved by the board of directors on 24 August 2001 and were signed on its behalf by:

J Waller
Director

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31st MARCH 2001

1. Accounting Policies for year ended 31 March 2001

Basis of preparation

Trans-Siberian Gold Limited is a mineral exploration and development group that is focused on gold opportunities in Russia. The recoverability of the amount shown in the balance sheet in relation to the deferred exploration expenditure is dependent upon the discovery of economically recoverable reserves, confirmation of the operating subsidiaries' interest in the underlying mining claims, the political, economic and legislative stability of the countries in which it operates, the ability of the Company to obtain the necessary financing to fulfil its obligations as they arise, the ability of the joint venture companies to obtain necessary financing to complete their respective developments and upon future profitable production or proceeds from the disposition of properties.

The financial statements are prepared under the historical cost convention and have been prepared on the going concern basis.

Foreign currency

Transactions denominated in foreign currencies are translated into pounds sterling at the average exchange rate ruling during the month in which the transaction occurs. All exchange differences are taken through the income statement. Assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date.

Deferred exploration expenditure

When the Group has incurred expenditures on mining properties that have not reached the stage of commercial production the costs of acquiring the rights to such mineral properties, and related exploration and development costs, are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset.

Where a feasibility study indicates that the future recovery of the costs is not probable, full provision is made in respect of the deferred costs. Where mining properties are abandoned, the deferred expenditure is written off in full.

When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value if higher. Individual mining properties are considered to be separate income generating units for this purpose.

The amounts shown as deferred exploration expenditure represent costs incurred and do not necessarily reflect present or future values.

Tangible fixed assets and depreciation

Tangible fixed assets are recorded at historical cost. Depreciation of tangible fixed assets is provided on the straight line basis over their estimated useful lives, being three years for computer and communications equipment.

Deferred tax

Deferred tax is provided using the liability method in respect of all timing differences to the extent that, in the opinion of the directors, they are expected to reverse in the foreseeable future. FRS19 *Deferred tax*, will take effect in future periods.

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31st MARCH 2001

2. Operating Loss	2001	2000
	\$	£
Operating loss is stated after charging:		
Wages and salaries	21,326	0
Social security costs	<u>2,620</u>	<u>0</u>
Staff costs	<u>23,946</u>	<u>0</u>
Depreciation	216	0
Auditors' remuneration:		
Audit services	4,265	0
Non-audit services	<u>6,398</u>	<u>0</u>

3. Net interest receivable	2001	2000
	\$	£
Interest receivable from short term deposits	<u>2,595</u>	<u>0</u>
	<u>2,595</u>	<u>0</u>

4. Directors' emoluments	2001	2000
	\$	£
Aggregate emoluments	<u>21,326</u>	<u>0</u>
	<u>21,326</u>	<u>0</u>

5. Tax refund

A corporation tax refund in respect of prior years of \$1,066 was received during the year.

6. Fixed assets	Computer and communications equipment	Total
	£	£
Cost		
At 1 April 2000	0	0
Additions	<u>7,423</u>	<u>7,423</u>
At 31 March 2001	<u>7,423</u>	<u>7,423</u>
Accumulated depreciation		
At 1 April 2000	0	0
Charge for the year	<u>216</u>	<u>216</u>
At 31 March 2001	<u>216</u>	<u>216</u>
Net book amount		
At 31 March 2001	<u>7,207</u>	<u>7,207</u>
At 31 March 2000	<u>0</u>	<u>0</u>

7. Investments	2001	2000
	\$	£
Investment	<u>200,000</u>	<u>0</u>

This investment relates to a deposit the Company has paid for shares in the Russian company CJSC Trevozhnoye Zarevo.

On 3 May, 2001, the Company signed agreements with the two shareholders of CJSC Trevozhnoye Zarevo, the company holding the licences to the Asachinskoye and Rodnikovoye deposits in south Kamchatka, covering a staged purchase of 100% of the shares of CJSC Trevozhnoye Zarevo.

On 3 August 2001, a supplemental agreement was signed by the same parties to alter the timing of the staged purchase of the shares.

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31st MARCH 2000

8. Deferred mining expenditure	2001	2000
	\$	£
Asachinaskoye and Rodnikovoye deposit	14,125	0
Veduga deposit	<u>18,768</u>	<u>0</u>
	<u>32,892</u>	<u>0</u>
9. Debtors	2001	2000
	\$	£
Unpaid share capital	60,422	0
Other debtors	7,522	11,000
Prepayments and accrued income	<u>36,222</u>	<u>0</u>
	<u>104,166</u>	<u>11,000</u>
10. Creditors	2001	2000
	\$	£
<u>Due within one year:</u>		
Trade Creditors	10,552	3,000
Taxation and social security	3,574	0
Accruals and deferred income	<u>22,960</u>	<u>0</u>
	<u>37,086</u>	<u>3,000</u>
11. Share capital	2001	2000
	No.	No.
Authorised		
500,000 ordinary shares of \$1.42 each (£1.00)	<u>500,000</u>	<u>100</u>
	<u>500,000</u>	<u>100</u>
Allocated, Issued and fully paid		
175,500 ordinary shares of \$1.42 each	<u>249,210</u>	<u>100</u>
	<u>249,210</u>	<u>100</u>
Trans-Siberian Gold have issued 175,400 shares of £1 (\$1.42) nominal value during the year raising a total of \$768,788		
12. Reserves	Profit and loss account	Share premium account
	£	£
At 1 April 2000	11,218	0
Retained Loss for year	(182,088)	0
Premium on shares issued	<u>0</u>	<u>519,720</u>
At 31 March 2001	<u>(170,870)</u>	<u>519,720</u>

TRANS-SIBERIAN GOLD LIMITED (FORMERLY JOIN LIMITED)

NOTES TO THE ACCOUNTS FOR YEAR ENDED 31st MARCH 2001

13. Reconciliation of movements in shareholders' funds

	2001	2000
	\$	£
Loss for the year	(182,088)	(3,000)
Dividends	<u>0</u>	<u>0</u>
	(182,088)	(3,000)
Net proceeds of issue of ordinary share capital	<u>769,708</u>	<u>0</u>
Net addition to reduction in shareholders' funds	587,620	(3,000)
Shareholders funds as at 1 April	<u>11,374</u>	<u>11,000</u>
Shareholders' funds at 31 March	<u><u>598,994</u></u>	<u><u>8,000</u></u>

14. Reconciliation of operating loss to net cash outflow from operating activities

	2001	2000
	\$	£
Operating loss	(185,749)	(3,000)
Exchange gains	(2,063)	0
Depreciation Charge	208	0
Increase in Debtors	(88,528)	0
Increase in Creditors	<u>32,820</u>	<u>3,000</u>
Net cash outflow from operating activities	<u><u>(243,312)</u></u>	<u><u>0</u></u>

15. Analysis of changes in net debt

	At 1st April 2000	Cash Flows	Exchange movements	At 31st March 2001
Cash at Bank	<u>0</u>	<u>289,751</u>	<u>2,063</u>	<u>291,814</u>

16. Related party transactions

During the year the company rented premises from M Paxman, the company secretary, for a consideration of £6,610. There was no amount outstanding at the year end.

Details of share purchases by directors are given in the Directors' Report.
J Waller's close family purchased 9,000 shares for considerations ranging from \$1.4 to \$7 per share.
At the year end an amount of \$28,400 was outstanding for 4,000 of these shares.