SOLITARIO

R E S O U R C E S

1997 Annual Report

"While the past year proved tumultuous for metals, our expectations for Bongará were fulfilled."

- *Outstanding high-grade zinc results in 21 of 32 drill holes at the Florida Canyon prospect on the Bongará project.*
- *Solitario joint venture partner Cominco identifies five new areas of zinc mineralization at Bongará with strong zinc mineralization at surface.*
- *With over $5.0 million raised in 1997, Solitario maintains a solid cash balance.*
- *Cominco enters second year of joint venture agreement with Solitario by making a $300,000 cash payment in early 1998.*
- *Solitario signs a letter of intent to sell its Argentina subsidiary to focus even greater attention on Peru.*

Inside Solitario Resources

Solitario Resources Corporation is a precious and base metals exploration company. The Company is a 57 percent-owned subsidiary of Crown Resources Corporation.

All dollar figures are U.S. dollars unless otherwise noted.

Letter to Shareholders

Expectations at Bongará Fulfilled

Excellent drilling results were intersected on the Bongará zinc project in northern Peru. This was the result of a $27.5 million joint venture between Solitario and a unit of Cominco Ltd., the largest zinc mining company in the world. Cominco conducted an aggressive 9,700 meter exploration drilling campaign during 1997. The highlight of this program confirmed widespread high-grade zinc mineralization at Florida Canyon. Perhaps even more exciting was the discovery of five new areas of strong zinc mineralization at surface on our vast 215,000-acre property block. These areas will be the focus of Cominco's exploration efforts in 1998.

The Market Backdrop - An Eighteen-Year Low in Gold

While the past year proved tumultuous for gold and for metals in general, Solitario can not only weather this downturn, but benefit from the opportunities these distressed markets present. Our Company has the financial strength to avoid securing additional financing under unfavorable conditions, and the operational flexibility to reduce expenditures and maintain an exciting exploration program.

Gold was under severe selling pressure throughout much of 1997. The year started with a gold price of approximately $370 per ounce. A steady erosion of the market led to an eighteen-year low of $282 per ounce on December 12, 1997. Base metals did not fare much better, with copper starting the year at $1.05 per pound and finishing at $0.79 per pound. Even zinc, which climbed from $0.47 per pound at the beginning of 1997, to a high of $0.77 in July, finally succumbed to selling pressure and ended 1997 slightly above where it started, at $0.50 per pound.

Despite the excellent drilling results on the Bongará zinc project, Solitario's stock price eventually suffered toward the end of the year. We remain confident that the long-term outlook for gold and zinc is positive.

We Prioritize Our Areas of Exploration Interest

In early 1998 we made the decision to withdraw from exploration in Argentina. The major reason for this action was to concentrate Solitario's attention and financial resources in Peru, where we believe the potential for success is greater. The current precious metals market condition dictates the need to focus only on the best areas of mineral potential. In March 1998 we signed a letter of intent with Toscana Resources, Ltd., of Vancouver, B.C., Canada to sell the Company's Argentina assets .

Stock Performance

(stated in Canadian Dollars)

Finances - A Solid Base Remains Intact

Our business philosophy has always been to minimize financial risk and maximize investor leverage. We have done this through successful grassroots exploration programs and well-timed joint ventures. Because our major projects are funded by joint venture partners, we can reduce expenditures without sacrificing the potential for major new discoveries.

Solitario's 1997 share price performance is within the top 5 percent of the mining industry.

Augmenting this philosophy has been a forward-looking approach to financing. In early 1997, we raised $4.6 million through an innovative exchange of Solitario shares. We added over $400,000 to Solitario's treasury through option exercises and $300,000 through Cominco's second-year cash payment for Bongará. Solitario's consolidated cash position stood at approximately $4.0 million as of March 1, 1998. The Company had a net loss of $5.2 million, or $0.33 per share for 1997, principally due to non-cash write-downs on exploration properties in Argentina and Peru.

The Future - What's In Store for 1998

Solitario anticipates an exciting year in 1998, even if the metals markets remain depressed. At Bongará, we are looking forward to the next field season in which promising new zinc prospects will be explored and drill tested by our partner, Cominco. We will conduct active grassroots exploration programs in Peru that should ultimately lead to drill testing. With the current state of the gold industry forcing some companies to curtail exploration expenditures, we are especially focused on acquiring advanced high-quality gold properties, but only after careful evaluation.

Sincerely,

Mark E. Jones, III	Christopher E. Herald
Chairman & CEO	President

Core recovered in this year's drilling was critical to understanding the nature of zinc mineralization.

Bongará Project, Peru

Solitario signed a joint venture with Cominco Peru s.r.l. (Cominco) on December 23, 1996, on the Bongará zinc project in northern Peru. Cominco can earn a 60 percent interest in the project by spending $27.5 million on exploration, completing a positive feasibility study, and paying Solitario $1.8 million in cash over a four-year period. Importantly, if Solitario is unable to obtain outside financing for mine construction, Cominco has agreed to fund Solitario's 40 percent portion of construction costs, thereby ensuring no pre-production dilution of Solitario's 40 percent interest in the project.

Cominco initiated a drilling program utilizing two core rigs in early July and drilled continually to the end of November, when the rainy season began. Cominco completed 32 holes at the Florida Canyon prospect, discovered by Solitario in the fall of 1996. An additional seven holes were drilled at the Florcita prospect. Nearly 10,000

Over 32,000 feet of core drilling was completed by Cominco on the Bongará project. Further drill testing is planned in 1998.

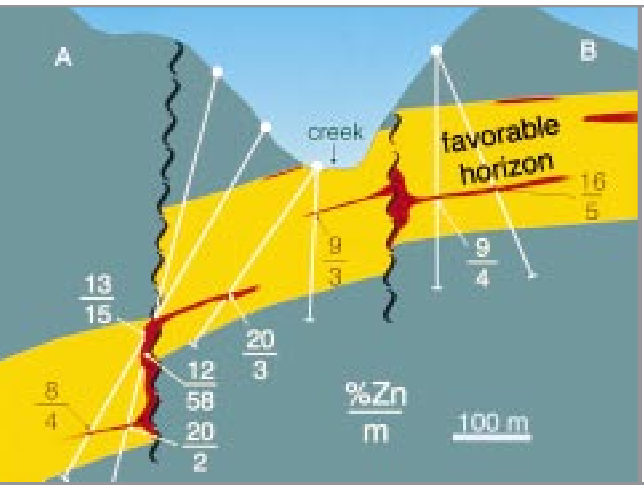
meters of drilling were completed, far exceeding Cominco's 4,000-meter contractual drilling commitment for 1997.

Drilling results at Florida Canyon were outstanding. An area measuring approximately 1.5 kilometers long and 0.7 kilometers wide was tested by 32 core holes. Twenty-one of these holes intersected intervals grading at least 5.0 percent zinc over 1.0 meter. The map on page six depicts the location of all Florida Canyon drill holes along with a listing of better drill hole intersections.

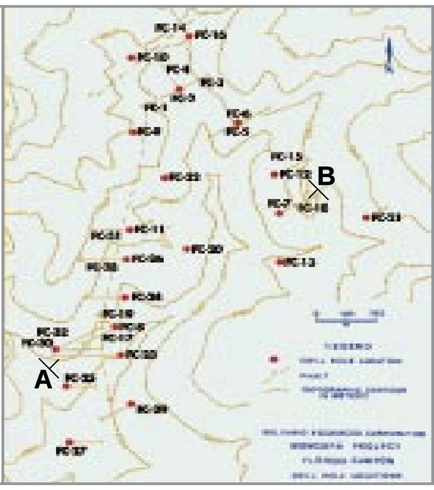
Drilling results at Florida Canyon were outstanding. An area measuring approximately 1.5 kilometers long and 0.7 kilometers wide was tested by 32 core holes.

Drilling at Florida Canyon has not yet been conducted in sufficient detail to make an accurate estimate of potential reserves. In addition to an already impressive overall dimension of the mineralized area, the system remains open in three directions. High-grade zinc mineralization is controlled by both structure and stratigraphy. Detailed geologic interpretation of drill core by Cominco has established the presence of two favorable stratigraphic horizons that are nearly always mineralized. These horizons, depicted on the geologic cross section on page six, are within the Chambara rock formation, a formation known to host substantial zinc deposits in other parts of Peru.

Besides the aggressive drilling program at Florida Canyon and Florcita, Cominco considerably expanded Solitario's highly



Drill Hole	Thick (mtrs/ft)	Zinc (%)	Drill Hole	Thick (mtrs/ft)	Zinc (%)
FC-1	6.6/21.7	16.3	FC-22	2.4/7.9	11.6
FC-4	3.7/12.1	12.5		1.2/3.9	22.6
FC-12	7.0/22.8	29.8	FC-23	19.9/65.3	5.8
FC-16	1.0/3.3	26.4		8.7/28.5	20.4
FC-17	58.8/192.7	12.0		4.1/13.4	9.0
FC-18	5.1/16.7	16.4	FC-24	2.8/9.2	24.6
FC-20	3.1/10.0	8.0	FC-25	1.1/3.6	20.2
FC-21	1.1/3.6	19.7	FC-28	3.6/11.8	20.2



successful regional stream sediment sampling program. To date, ten strongly anomalous areas of zinc have been partially delineated within a large area of anomalous zinc concentrations measuring 20 kilometers in length and 10 kilometers in width. At the height of this program, Cominco had seven crews, each consisting of a geologist and six laborers, traversing the vast joint venture area.

Although information is still preliminary, Cominco has identified five new areas of zinc mineralization at Bongará. These areas are situated throughout our large claim block. Zinc values range from 1.0 percent zinc in disseminated concentrations to 10.0 percent zinc over widths up to 3.0 meters. These new areas of zinc mineralization will be part of the focus of Cominco's 1998 exploration program.

Exploration in Peru

Rio Tinto, Ltd. (Rio Tinto) initiated an exploration program on Solitario's strategically located 155,000-acre Yanacocha property in northern Peru (see photo on page 8), located adjacent to Newmont Mining's Yanacocha gold mine, where reserves more than doubled to 13.9 million ounces of gold in 1997.

Rio Tinto completed a $212,000 surface exploration program of geologic mapping, geophysical interpretation and stream sediment sampling. This program was part of a $5 million, four-year work commitment allowing Rio Tinto to earn a 60 percent interest in the project. Rio Tinto has not yet informed Solitario whether or not it will proceed with next year's exploration program.

Solitario completed drilling programs on the Santa Barbara, El Tigre and La Capilla projects during 1997 and early 1998. At the same time, grassroots exploration in northern Peru resulted in the acquisition of two new property positions, the Shimbe gold project and the Soloco zinc prospect.

At Santa Barbara, in central Peru, Solitario completed a 16-hole drilling program totaling 2,800 meters. The two best drill holes were SBR-7 and SBR-10, which intersected 156 meters grading 0.29 percent copper and 0.01 ounces per ton (opt) of gold and 201 meters grading 0.38 percent copper and 0.01 opt gold, respectively, from surface. Future work on this property is contingent upon improved metal prices.

Strongly anomalous gold values, up to 0.03 opt gold, were encountered in drilling both the El Tigre and La Capilla properties, but no economic mineralization was intersected. Based on these results, Solitario is not planning to conduct further work on the properties.

Solitario acquired the Soloco zinc prospect south of the Bongará claim block in September of 1997. Zinc and lead mineralization is observed within a series of prospect pits and tunnels situated within a gossanous zone that extends in excess of 1,000 meters. Strong soil anomalies and favorable rock formations have also been identified. A decision on whether to drill the Soloco prospect or seek a joint venture partner will be made pending the results of additional exploration work.

The 45,000-acre Shimbe property was staked in 1997 based on the results of a geochemical stream sediment survey conducted by Solitario. The geologic target at Shimbe is a Tertiary volcanic-hosted gold deposit similar to the Yanacocha gold mine located approximately 250 kilometers to the southeast. Mineralized boulders containing values in excess of 1.0 opt gold have been discovered and work is now being conducted to determine the bedrock source of these boulders.

Reverse circulation drilling is an economic drilling technique utilized by Solitario on more accessible project areas.

Ongoing geophysics, stream sediment geochemistry, geologic mapping and satellite imaging at Yanacocha will allow us to move forward with more focused exploration programs.

Developments in Argentina

A reduced exploration program was conducted in Argentina in 1997. The Cañada Onda property in central Argentina was our most active project. Two drilling phases totaling 2,300 meters in 20 holes were completed. Four of the drill holes intersected gold concentrations ranging from 0.5 to 3.5 opt gold over a minimum width of 2.0 meters.

Many of the remaining holes intersected strongly anomalous gold values ranging from 0.01 to 0.20 opt gold.

In early 1998 Solitario signed a letter of intent to sell its property assets in Argentina to concentrate its exploration efforts in Peru. Toscana Resources Ltd. (Toscana), a junior Canadian mineral exploration company with assets principally in Guyana, agreed to purchase these assets for 1.0 million shares (a 14 percent-ownership interest in Toscana) and 0.5 million warrants of Toscana. Upon completion of this transaction, Solitario will realize an annual savings of approximately $750,000 per year in exploration and fixed costs, and will benefit from any positive Toscana exploration developments in either Argentina or Guyana.

Financials

Table of Contents

Management's Discussion & Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the consolidated financial statements of Solitario Resources Corporation ("Solitario" or the "Company") for the years ended December 31, 1997, 1996, and 1995, included elsewhere in this report. The Company's financial condition and results of operations are not necessarily indicative of what may be expected in future years. Unless otherwise indicated, all references to dollars are to U.S. dollars.

Solitario was formed in 1984 as a wholly-owned subsidiary of Crown Resource Corp. of Colorado ("CRCC"), but until 1993 it had no assets and conducted no operations.

Results of Operations

The Company had a net loss of $5,172,000 ($0.33 per share) in 1997 compared with a loss of $947,000 ($0.07 per share) in 1996 and a loss of $814,000 ($0.07 per share) in 1995. Included in the 1997, 1996, and 1995 losses were asset write-downs of $4,861,000, $455,000, and $325,000, respectively. Solitario made the decision to withdraw from exploration in Argentina to concentrate its attention and financial resources in Peru. Additionally, the current precious metals markets highlighted the need to focus exploration efforts on the best areas of mineral potential. As a result of this decision, the Company recorded a write-down of $3.8 million in December 1997. In early March 1998, the Company signed a letter of intent with Toscana Resources, Ltd. ("Toscana") of Vancouver, B.C., Canada, to sell all of the issued and outstanding shares of Solitario's Argentina subsidiary. The purchase price of Cdn$500,000 would be received in shares of Toscana. The transaction is subject to due diligence, board of directors approval, and regulatory approval. The Company received a non-refundable binder payment of Cdn$65,000 upon signing the letter of intent.

During the year ended December 31, 1997, the Company incurred $363,000 of general and administrative expenses compared with $212,000 in 1996, and $233,000 in 1995. General and administrative expenses consist primarily of legal and accounting, and shareholder-related costs. Expanded exploration programs, primarily in Peru, contributed to the increase in costs during 1997.

CRCC provides management and technical services to the Company under a management agreement (the "Management Agreement"). The Management Agreement provides for reimbursement to CRCC of direct out-of-pocket and certain allocated indirect costs and expenses paid by CRCC on behalf of Solitario, plus a service fee equal to 7.5 percent of all expenditures made by or on behalf of Solitario. Management service fees paid to CRCC by the Company in 1997, 1996, and 1995 amounted to $207,000, $224,000, and $198,000, respectively. The fees will generally fluctuate period to period based primarily on the overall level of exploration spending during the period.

Depreciation, depletion, and amortization expense was $40,000 in 1997 compared with $66,000 in 1996, and $99,000 in 1995, and relates primarily to leasehold improvements and furniture and equipment.

The Company incurred $73,000, $112,000, and $39,000 of interest expense in 1997, 1996, and 1995, respectively, related entirely to the note payable to CRCC. *See Liquidity and Capital Resources.*

The Company initially capitalizes all land and leasehold, and exploration costs related to its properties. If certain projects are abandoned or determined to be permanently impaired, the Company records abandonment write-downs of these project costs. The Company recorded write-downs of $4.9 million, $0.5 million, and $0.3 million in 1997, 1996, and 1995, respectively.

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components. SFAS No. 131 establishes standards for reporting information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Statements are effective for fiscal years beginning after December 15, 1997. These standards, when adopted by the Company, are not expected to have a material impact on the Company's reported financial position, results of operations, and cash flows.

The year 2000 potentially poses unique challenges for many businesses insofar as their computer systems and those of third parties attempt to properly recognize the date change. The Company has made and will make certain investments in its software systems and applications to help the Company make the year 2000 transition. The operational and financial impact to the Company has not been and is not anticipated to be material to its financial position or results of operations.

Liquidity and Capital Resources

Due to the nature of the mining business, the acquisition, exploration, and development of mineral properties requires significant expenditures prior to the commencement of production. The Company has in the past financed its activities through the sale of securities, joint venture arrangements, and the sale of interests in its properties.

The Company's exploration and development activities and funding opportunities, as well as those of its joint venture partners, may be materially affected by commodity price levels and changes in those levels. Commodity market prices are determined in world markets and are affected by numerous factors which are beyond the Company's control.

In December 1996, the Company signed an agreement with a subsidiary of Cominco Ltd. ("Cominco") regarding its Bongará holdings, presently covering approximately 215,000 acres (the "Bongará project"). Cominco has the right to earn a 60 percent interest in the Bongará project by spending a minimum of $27,500,000 on exploration and development and by making cash payments of $1,800,000 to Solitario over a four-year period, as well as fully funding the project through a bankable feasibility study. Cash payments of $250,000 and $300,000 have been paid by Cominco in January 1997 and 1998, respectively. In addition to the cash payments and work commitments, Cominco has agreed to finance Solitario's share of project development costs, subject to repayment, after a production decision is made, should Solitario not secure third-party financing.

In April 1997, the Company signed an agreement with Rio Tinto, Ltd. giving Rio Tinto the right to earn a 60 percent interest in the Company's Yanacocha property by spending $5 million over four years. The Yanacocha property, located in northern Peru, is comprised of one contiguous block of approximately 155,000 acres located in the center of the Yanacocha district. A second smaller block of 10,000 acres is situated five miles to the northwest.

In April 1997, the Company entered into an agreement with RTZ Mining and Exploration ("RTZ") granting Solitario the right to earn a 60 percent interest in the Santa Barbara project. The property contains approximately 12,300 acres located 120 miles northeast of Lima, Peru in the Cerro de Pasco Region. Solitario can earn its interest in the property by spending $1.5 million over a three-year period. No cash payments by Solitario are required.

For the year ended December 31, 1997, the Company expended funds on mineral property additions amounting to $2,436,000 compared to $2,745,000 expended in 1996. These expenditures are exclusive of amounts spent on its properties by third parties and consist of leasehold acquisition and exploration costs for the Company's properties in Peru and Argentina. In addition to the Cominco work commitment of $3,000,000, the Company has budgeted $1,350,000 for exploration in 1998, all of which is planned

Management's Discussion and Analysis of Financial Condition and Results of Operations (continued):

for South America.

As of December 31, 1997, all of the Company's acquisition and exploration programs have been devoted to properties in South America. Total foreign assets, as reported in the consolidated balance sheet as of December 31, 1997, amounted to $5,603,000. The Company is exposed to risks normally associated with foreign investments, including political, economic, and social instabilities, as well as foreign exchange controls and currency fluctuations. Foreign investments may also be subject to laws and policies of the United States affecting foreign trade, investment, and taxation which could affect the conduct or profitability of future operations.

In February 1997, the Company received proceeds of $4,610,000 (Cdn$6,300,000) through a private placement by CRCC. Solitario issued 1,500,000 units priced at Cdn$4.20 per unit, each consisting of one share of common stock plus one share purchase warrant. Each warrant is exercisable until February 27, 1999 into one common share of Solitario at a price of Cdn$4.83 per share. Proceeds from all option exercises during 1997 amounted to $415,000 from the exercise of options for 231,250 shares.

In August 1997, CRCC elected to convert its $1.5 million 7.5 percent convertible note into 1,254,180 shares of the Company's common stock. The conversion was in accordance with the terms of the note dated August 25, 1995. Upon completion of the conversion and after giving effect to option exercises during 1997, CRCC held 9,633,585 shares of the Company's stock or 57.2 percent as of December 31, 1997.

In February 1996, the Company received proceeds of $2,640,000 (Cdn$3,627,000) through a private placement by CRCC. Solitario issued 1,570,000 units priced at Cdn$2.31 per unit, each consisting of one share of common stock plus one share purchase warrant. Each warrant was exercisable until February 1, 1998 into one common share of Solitario at a price of Cdn$2.66 per share. The warrants expired unexercised in February 1998.

As of December 31, 1997, Solitario had $3,806,000 of working capital compared to $56,000 of working capital as of December 31, 1996. Included as an increase of working capital is the conversion of the $1.5 million convertible note to CRCC, which was a current liability as of December 31, 1996. Cash and cash equivalents at December 31, 1997 amounted to $3,850,000 compared to $1,463,000 in 1996. These funds are generally invested in short-term interest-bearing deposits and securities, pending investment in future projects.

A significant part of Solitario's business involves the review of potential property acquisitions and continuing review and analysis of properties in which it has an interest, to determine the exploration and development potential of the properties. In analyzing expected levels of expenditures for work commitments and property payments, the Company's obligations to make such payments fluctuate greatly depending on whether, among other things, the Company makes a decision to sell a property interest, convey a property interest to a joint venture, or allow its interest in a property to lapse by not making the work commitment or payment required.

In acquiring its interests in mining claims and leases, the Company has entered into agreements which generally may be canceled at its option. The Company is required to make minimum rental and option payments in order to maintain its interests in certain claims and leases. The Company estimates its 1998 mineral property rental and option payments to be approximately $257,000. Based upon existing joint venture or leasing arrangements, the Company's share of these costs is approximately $14,000.

The Company believes that its existing funds are sufficient to meet its currently planned operating activities and mandatory property payments through 1998. The Company will need substantial additional financing in order to bring its properties into production. There is no assurance that such financing will be available when needed or that, if available, it can be secured on favorable terms.

Independent Auditors' Report

To the Board of Directors and Stockholders
of Solitario Resources Corporation
Denver, Colorado

We have audited the consolidated balance sheets of Solitario Resources Corporation and subsidiaries (a majority-owned subsidiary of Crown Resources Corporation) as of December 31, 1997 and 1996, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997 which, as described in Note 1, have been prepared on the basis of accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Solitario Resources Corporation and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, the consolidated balance sheet at December 31, 1997 includes land and leasehold costs of $547,000 and deferred exploration costs of $4,925,000. Note 1 to the consolidated financial statements emphasizes that the recovery of these costs is ultimately dependent upon the development of economically recoverable ore reserves, the ability of the Company to obtain the necessary permits and financing to successfully place the properties into production, and upon future profitable operations.

DELOITTE & TOUCHE LLP

Denver, Colorado
March 9, 1998

Comments By Independent Auditors For Canadian Readers On U.S.–Canada Reporting Conflict

To the Board of Directors and Stockholders
of Solitario Resources Corporation
Denver, Colorado

In Canada, reporting standards for auditors do not permit the addition of an explanatory paragraph in the auditors' report to emphasize a matter when such matter is adequately disclosed in the notes to the financial statements. Our report to the Board of Directors and Stockholders dated March 9, 1998 is expressed in accordance with auditing standards generally accepted in the United States of America, which permits the inclusion of an explanatory paragraph in the auditors' report to emphasize a matter regarding the financial statements.

DELOITTE AND TOUCHE LLP

Denver, Colorado
March 9, 1998

Consolidated Balance Sheets

	Years Ended December 31, 1997	1996
(in thousands of U.S. dollars, except share amounts)		
Assets		
Current assets:		
Cash and cash equivalents	$ 3,850	$ 1,463
Short-term investments	—	9
Prepaid expenses and other	49	287
Total current assets	3,899	1,759
Mineral properties, net	5,472	7,947
Other assets	11	75
	$ 9,382	$ 9,781
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 80	$ 143
Due to CRCC	13	60
Note payable – CRCC	—	1,500
Total current liabilities	93	1,703
Deferred Income Taxes	—	142
Stockholders' equity:		
Preferred stock, $0.01 par value; authorized 10,000,000 shares; none outstanding	—	—
Common stock, $0.01 par value; authorized 50,000,000 shares; issued and outstanding 16,854,521 and 13,869,091 shares	169	139
Additional paid-in capital	16,507	10,012
Accumulated deficit	(7,387)	(2,215)
	9,289	7,936
	$ 9,382	$ 9,781

See notes to consolidated financial statements.

On behalf of the board:

Christopher E. Herald
Director

Mark E. Jones, III
Director

Consolidated Statements of Operations

(in thousands of U.S. dollars, except per share amounts)	Years Ended December 31, 1997	1996	1995
Revenues:			
Interest income	$ 227	$ 137	$ 69
Costs and expenses:			
Depreciation, depletion, and amortization	40	66	99
General and administrative	363	212	233
Management fees – CRCC	207	224	198
Interest expense – CRCC	73	112	39
Asset write-downs	4,861	455	325
Other, net	(3)	31	—
	5,541	1,100	894
Loss before income taxes	(5,314)	(963)	(825)
Income tax benefit	(142)	(16)	(11)
Net loss	$ (5,172)	$ (947)	$ (814)
Basic and diluted loss per common share	$ (0.33)	$ (0.07)	$ (0.07)
Weighted average number of common and common equivalent shares outstanding	15,683	13,645	11,745

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

(in thousands of U.S. dollars,except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Deficit	Total
Balance, January 1, 1995	11,745,405	$ 118	$ 6,388	$ (454)	6,052
Net loss	—	—	—	(814)	(814)
Balance, December 31, 1995	11,745,405	118	6,388	(1,268)	5,238
Issuance of shares:					
To CRCC, in private placement	1,570,000	16	2,624	—	2,640
On exercise of warrants	553,686	5	1,000	—	1,005
Net loss	—	—	—	(947)	(947)
Balance, December 31, 1996	13,869,091	139	10,012	(2,215)	7,936
Issuance of shares:					
To CRCC, in private placement	1,500,000	15	4,595	—	4,610
Conversion of note payable to CRCC	1,254,180	13	1,487	—	1,500
On exercise of stock options	231,250	2	413	—	415
Net loss	—	—	—	(5,172)	(5,172)
Balance, December 31, 1997	16,854,521	$ 169	$ 16,507	$ (7,387)	$ 9,289

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	1997	1996	1995
(in thousands of U.S. dollars)			
Operating Activities:			
Net Loss	$ (5,172)	$ (947)	$ (814)
Adjustments:			
Depreciation, depletion and amortization	40	66	99
Deferred income taxes	(142)	(16)	(11)
Asset write-downs	4,861	455	325
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(12)	19	—
Accounts payable	(63)	15	(111)
Due to CRCC	(47)	(44)	24
Net cash used in operating activities	(535)	(452)	(488)
Investing Activities:			
Sale of short-term investments	9	—	9
Additions to mineral properties	(2,436)	(2,745)	(2,575)
Receipts on mineral property transactions	300	55	125
Decrease (increase) in other assets	24	17	(16)
Net cash used in investing activities	(2,103)	(2,673)	(2,457)
Financing Activities:			
Issuance of common stock, net	5,025	3,645	—
Issuance of note payable to CRCC	—	—	1,500
Net cash provided by financing activities	5,025	3,645	1,500
Net increase (decrease) in cash and cash equivalents	2,387	520	(1,445)
Cash and cash equivalents, beginning of year	1,463	943	2,388
Cash and cash equivalents, end of year	$ 3,850	$ 1,463	$ 943
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 106	$ 133	$ —
Noncash investing and financing activities:			
Common stock issued to CRCC for conversion of note payable	1,500	—	—

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Business and Summary of Significant Accounting Policies:

Business and company formation

Solitario Resources Corporation (the "Company" or "Solitario") engages principally in the acquisition, exploration, and development of mineral properties. Currently all of its mineral properties are in South America. The Company was incorporated in the state of Colorado on November 15, 1984 as a wholly-owned subsidiary of Crown Resource Corp. of Colorado ("CRCC"). CRCC is a wholly-owned subsidiary of Crown Resources Corporation ("Crown"). Prior to 1993, the Company had no assets and conducted no operations.

Financial reporting

The consolidated financial statements include the accounts of Solitario and its wholly-owned subsidiaries. All material intercompany accounts and transactions have been eliminated. The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States, and are expressed in U.S. dollars.

In performing its activities, the Company has incurred certain costs for land and leasehold interests and for exploration activities. These costs are reflected as assets on the Company's balance sheets. The recovery of these costs is ultimately dependent upon the development of economically recoverable ore reserves, the ability of the Company to obtain the necessary permits and financing to successfully place the properties into production, and upon future profitable operations, none of which is assured.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash equivalents

Cash equivalents include investments in highly-liquid debt securities with maturities of three months or less when purchased. Investments with longer maturities at the date of purchase are classified as short-term investments.

Mineral properties

Land and leasehold costs of mineral properties are capitalized in cost centers and will be depleted on the basis of economic reserves using the units-of-production method. If the Company concludes that there are insufficient economic reserves to use as a basis for depleting such costs, a mineral property write-off will be made in the period in which the determination is made.

Exploration costs are capitalized but are charged to operations if an area is abandoned or deemed impaired. Exploration costs on successful projects will be amortized by the units-of-production method based on estimated economic reserves.

The Company records the proceeds from the sale of property interests to joint ventures as a reduction of the related property's capitalized cost.

Other assets

Furniture and office equipment are generally depreciated over five years on a straight-line basis. Leasehold improvements are amortized over the expected life of the lease.

Foreign exchange

The United States dollar is the functional currency for all of the Company's foreign subsidiaries. Although the Company's exploration activities have been conducted primarily in Peru and Argentina, substantially all of the land, leasehold, and exploration agreements of the Company are denominated in United States dollars. The Company expects that a significant portion of its required and discretionary expenditures in the foreseeable future will also be denominated in United States dollars. For transactions completed in a foreign currency, translation gains and

1. *Business and Summary of Significant Accounting Policies (continued):*

losses are included in the results of operations in the period in which they occur.

Income taxes

The Company reports income taxes pursuant to SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related to certain income and expenses recognized in different periods for financial and income tax reporting purposes. Deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for net operating losses ("NOL") and tax credits that are available to offset future taxable income and income taxes, respectively. A valuation allowance is provided if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Loss per share

In February 1997, the FASB issued SFAS No. 128, "Earnings Per Share." SFAS No. 128 establishes standards for computing and presenting earnings per share. The Company has adopted SFAS No. 128 during 1997. There has been no change in prior period earnings per share data as a result of adopting SFAS No. 128.

The calculation of basic and diluted loss per share is based on the weighted average number of common shares outstanding during the years ended December 31, 1997, 1996, and 1995. The effect of common stock equivalents, which include employee stock options, warrants, and convertible debt securities, is not included in the computation of per share amounts as inclusion would be anti-dilutive.

New accounting pronouncements

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components. SFAS No. 131 establishes standards for reporting information about operating segments and related disclosures about products and services, geographic areas, and major customers. The Statements are effective for fiscal years beginning after December 15, 1997. These standards, when adopted by the Company, are not expected to have a material impact on the Company's reported financial position, results of operations, and cash flows.

Employee stock compensation plans

The Company follows Accounting Principles Board Opinion ("APBO") No. 25, "Accounting for Stock Issued to Employees." The exercise price of stock options issued to employees equals the market price of the stock on the measurement date and, accordingly, the Company does not record compensation expense on stock options granted to employees.

2. *Mineral Properties:*

Peru

The Company, including its joint ventures, holds exploration concessions or has filed applications for concessions covering approximately 565,000 acres in Peru. These applications are subject to normal administrative approvals and the properties are subject to an annual rental of $2.00 per hectare (approximately 2.47 acres per hectare) in June of each year.

In November 1993, the Company entered into option agreements (the "Bongará option") whereby the Company obtained the right to acquire a leasehold interest in the Bongará Claims #1-10 situated in Northern Peru. The Bongará option area covered approximately 25,000 acres. During 1997, the Company relinquished its option rights under the agreements.

In December 1996, the Company signed an agreement with a subsidiary of Cominco Ltd. ("Cominco") presently covering approximately 215,000 acres (the "Bongará project"). Cominco has the right to earn up to a 60 percent interest in the Bongará

2. Mineral Properties (continued):

project by spending a minimum of $27,500,000 on exploration and development and by making cash payments of $1,800,000 to Solitario over a four-year period, as well as fully funding the project through a bankable feasibility study. Cash payments of $250,000 and $300,000 have been paid by Cominco in January 1997 and January 1998, respectively. In addition to the cash payments and work commitments, Cominco has agreed to finance Solitario's share of project development costs, subject to repayment, after a production decision is made, should Solitario not secure third-party financing. Through December 31, 1997, Cominco has spent approximately $4.9 million on exploration of the Bongará project.

Argentina

Through December 31, 1997, the Company held exploration rights or had filed applications for rights covering approximately 650,000 acres primarily in six provinces of Argentina. Such exploration rights are granted by the provincial governments, which have the right to impose up to a maximum three percent gross royalty on production. Solitario made the decision to withdraw from exploration in Argentina to concentrate its attention and financial resources in Peru. Additionally, the current precious metals markets highlighted the need to focus exploration efforts on the best areas of mineral potential. As a result of this decision, the Company recorded a write-down of $3.8 million in December 1997. In early March 1998, the Company signed a letter of intent with Toscana Resources, Ltd. ("Toscana") of Vancouver, B.C., Canada, to sell all of the issued and outstanding shares of Solitario's Argentina subsidiary. The purchase price of Cdn$500,000 would be received in shares of Toscana. The transaction is subject to due diligence, board of directors approval, and regulatory approval. The Company received a non-refundable binder payment of Cdn$65,000 upon signing the letter of intent.

Mineral property costs for all the Company's properties are comprised of the following:

	December 31,	
(in thousands)	1997	1996
Land and leasehold costs	$ 547	$ 816
Exploration costs	4,925	7,131
	$ 5,472	$ 7,947

The above land, leasehold, and exploration costs at December 31, 1997 and 1996 are related to mineral properties for which exploration activities had not yet identified the presence of economic reserves. The following items comprised the additions to exploration costs:

(in thousands)	1997	1996	1995
Geologic, drilling, and assay	$ 952	$ 976	$ 798
Field expenses	658	1,097	933
Administrative	452	474	509
Total exploration costs	$ 2,062	$ 2,547	$ 2,240

Included in the consolidated balance sheet at December 31, 1997 are total assets of the Company's foreign operations, located in Peru and Argentina, in the amounts of $5,182,000 and $421,000, respectively.

In accordance with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of," which the Company adopted in 1996, the Company regularly performs evaluations of its assets to assess the recoverability of its investments in these assets. Upon determining that certain properties did not have sufficient potential for economic mineralization, and related to the Company's decision to withdraw from exploration in Argentina, the Company recorded write-downs relating to exploration properties of $4,861,000, $455,000, and $325,000 in 1997, 1996, and 1995, respectively.

3. Related Party Transactions:

During the three years ended December 31, 1997, 1996, and 1995, CRCC provided financial, management, and technical assistance under an arrangement whereby certain advances were made by CRCC to the Company. These advances are non-interest bearing, unsecured, and are due on demand. Net advances due to CRCC as of December 31, 1997 and 1996 were $13,000 and $60,000, respectively.

3. Related Party Transactions (continued):

CRCC provides management and technical services to Solitario under a management agreement (the “Management Agreement”). The Management Agreement provides for reimbursement to CRCC of direct out-of-pocket and certain allocated indirect costs and expenses paid by CRCC on behalf of Solitario, plus a service fee equal to 7.5 percent of all expenditures made by or on behalf of Solitario. Management service fees paid to CRCC by Solitario in 1997, 1996, and 1995 amounted to $207,000, $224,000, and $198,000, respectively.

In February 1997, CRCC acquired, by way of private placement, 1,500,000 Units of the Company at a price of Cdn$4.20 per Unit, for an aggregate purchase price of $4,610,000. Each Unit is comprised of one share of Solitario common stock and one share purchase warrant. Each warrant is exercisable until February 27, 1999 into one common share at a price of Cdn$4.83 per share.

In August 1997, CRCC elected to convert its $1.5 million 7.5 percent convertible note into 1,254,180 shares of the Company’s common stock. The conversion was in accordance with the terms of the note dated August 25, 1995. Upon completion of the conversion and after giving effect to option exercises during 1997, CRCC held 9,633,585 shares of the Company’s stock or 57.2 percent as of December 31, 1997.

In March 1996, previously issued warrants to purchase 529,000 common shares of the Company, at Cdn$2.50 (approximately $1.82) per share, were exercised by CRCC, for an aggregate purchase price of $961,000.

4. Income Taxes:

The Company’s income tax consists of the following:

(in thousands)	1997	1996	1995
Deferred			
U.S.	$ —	$ 26	$ 4
Foreign	32	46	54
Operating loss and credit carryovers:			
U.S.	—	(26)	(40)
Foreign	(174)	(62)	(29)
Income tax benefit	$ (142)	$ (16)	$ (11)

Consolidated loss before income taxes includes losses from foreign operations of $5,016,000, $616,000, and $492,000 in 1997, 1996, and 1995, respectively.

Deferred income taxes result from temporary differences in the timing of income and expenses for financial and income tax reporting purposes. The primary component of deferred income taxes relates to exploration and development costs.

During 1997, the Company recognized income tax deductions of $421,000 from the exercise of non-qualified stock options. The income tax benefits of these income tax deductions have been fully offset by a valuation allowance, resulting in no net impact to stockholders’ equity.

The net deferred tax liabilities in the accompanying December 31, 1997 and 1996 balance sheets include the following components:

(in thousands)	1997	1996
Deferred tax assets:		
NOL carryovers	$ 3,498	$ 1,510
Investment in Argentina subsidiary	1,930	—
Other	—	22
Valuation allowance	(4,938)	(1,049)
Deferred tax assets	490	483
Deferred tax liabilities:		
Exploration and development costs	490	625
Net deferred tax liabilities	$ —	$ 142

The Company has recognized a deferred tax asset relating to its investment in its Argentina subsidiary as it anticipates disposing of the investment in 1998. A full valuation allowance has been provided against the deferred tax asset.

A reconciliation of expected federal income taxes on income from continuing operations at statutory rates with the benefit for income taxes is as follows:

(in thousands)	1997	1996	1995
Income tax at statutory rates	$ (1,807)	$ (327)	$ (281)
Non-deductible foreign expenses	85	67	75
Disposition of investment in Argentina subsidiary	(1,683)	—	—
Foreign mining incentives	(201)	(202)	(324)
Foreign tax rate differences	(17)	22	17
State income tax	(267)	(18)	(11)
Valuation allowance	3,747	443	523
Other	1	(1)	(10)
Income tax benefit	$ (142)	$ (16)	$ (11)

4. Income Taxes (continued):

At December 31, 1997, the Company has unused U.S. NOL carryovers of $1,982,000 which begin to expire commencing 2008. The Company also has Argentina and Peru NOL carryovers at December 31, 1997 of $7,420,000 and $920,000, respectively, which begin to expire in 1999 and 2000, respectively. A full valuation allowance has been provided against the income tax benefit of the Argentina and Peru NOL carryovers. The anticipated 1998 disposition of the Company's investment in its Argentina subsidiary will result in (1) the elimination of the Argentina subsidiary NOL carryovers and attendant valuation allowance, and (2) the creation of a U.S. capital loss carryover of approximately $4,650,000, upon which a full valuation allowance will be provided.

5. Fair Value of Financial Instruments:

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," requires the determination of fair value for certain of the Company's financial assets and liabilities. It defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

For certain of the Company's financial instruments, including cash and cash equivalents, short-term investments, accounts payable, and due to CRCC, the carrying amounts approximate fair value due to their short maturities. At December 31, 1996, the estimated fair value of the note payable to CRCC was $2,480,000, based on the quoted market value of 1,254,180 shares of Solitario common stock, into which the note was subsequently converted. There were no long-term financial instruments held by the Company at December 31, 1997.

6. Commitments and Contingencies:

In acquiring its interests in minerals claims and leases, the Company has entered into agreements which generally may be canceled at its option. The Company is required to make minimum rental and option payments in order to maintain its interests in certain claims and leases. See Note 2. The Company estimates its 1998 mineral property rental and option payments to be approximately $257,000. Based upon existing joint venture or leasing arrangements, the Company's share of these costs is approximately $14,000.

7. Stockholders' Equity:

In 1994, the Company authorized the issuance of 617,168 share purchase warrants (the "Warrants") to shareholders of record at March 4, 1994. The Warrants were exercisable at Cdn$2.50 per share at any time for two years after the date of grant. In February and March 1996, 553,686 shares of Solitario common stock were issued pursuant to the exercise of the Warrants, including issuance of 529,000 shares to CRCC. Proceeds from all Warrant exercises amounted to $1,005,000. On March 4, 1996, the remaining 63,482 Warrants expired unexercised.

In February 1996, CRCC acquired, by way of private placement, 1,500,000 Units of the Company at a price of Cdn$2.31 per Unit, for an aggregrate purchase price of $2,640,000. Each Unit is comprised of one share of Solitario common stock plus one share purchase warrant exercisable into one common share at Cdn$2.66 per share. In February 1998, the warrants expired unexercised.

In February 1997, CRCC acquired, by way of private placement, 1,500,000 Units of the Company at a price of Cdn$4.20 per Unit, for an aggregate purchase price of $4,610,000. Each Unit is comprised of one share of Solitario common stock plus one share purchase warrant. Each warrant is exercisable until February 27, 1999 into one common share at a price of Cdn$4.83 per share.

In August 1997, CRCC elected to convert its $1.5 million 7.5 percent convertible note into 1,254,180 shares of the Company's common stock. The conversion was in accordance with the terms of the note dated August 25, 1995. Upon completion of the conversion and after giving effect to option exercises during 1997, CRCC held 9,633,585 shares of the Company's stock or 57.2 percent as of December 31, 1997.

8. Stock Option Plan:

On March 4, 1994, the Company's board of directors (the "Board") adopted the 1994 Stock Option Plan (the "Plan"). Up to 1,100,000

8. Stock Option Plan (continued):

shares of the Company's common stock were authorized for issuance under the Plan, subject to certain regulatory limitations. On December 15, 1995, the Plan was amended, increasing the authorized shares to 1,170,000 and conforming the Plan to recently enacted regulatory requirements. On December 11, 1996 and April 16, 1997, the Plan was amended, thereby increasing the authorized shares to 1,536,000.

All options have been granted at exercise prices which are determined by the Board to be the fair market value on the date of grant. The options expire five years from the date of grant, and are subject to certain vesting provisions, as determined by the Board.

The activity in the Plan for the three years ended December 31, 1997 is as follows:

	1997		1996		1995	
	Options	Weighted Average Price ($Cdn)	Options	Weighted Average Price ($Cdn)	Options	Weighted Average Price ($Cdn)
Outstanding, beginning of year	1,385,000	2.42	925,000	2.50	955,000	2.50
Granted	50,000	4.40	460,000	2.25	—	
Exercised	(231,250)	2.49	—	—		
Forfeited		—		—	(30,000)	2.50
Outstanding, end of year	1,203,750	2.49	1,385,000	2.42	925,000	2.50
Exercisable, end of year	1,051,250	2.36	846,250	2.50	767,500	2.50

Range of Exercise Prices ($Cdn)	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price ($Cdn)
$2.25-4.40	1,203,750	2.5	$2.49

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock Based Compensation." The Company elected to continue to account for such compensation consistent with APBO No. 25 and to disclose the pro forma effect on net income and earnings per share had the new accounting standard been applied. Under APBO No. 25, no compensation expense is recognized for stock option grants because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant.

Pro forma information has been computed as if the Company had accounted for its stock options under the fair value method of SFAS No. 123. The fair values of these options were estimated at the date of grant using a Black-Scholes option pricing model with the following assumptions for 1997 and 1996, respectively: risk-free interest rate of 6.37 percent and 6.11 percent; dividend yield of 0 percent; volatility factor of the expected market price of the Company's common stock of 78 percent and 80 percent; and a weighted average expected life of the options of four years. The weighted average fair value of the options granted is estimated at $1.82 and $1.05 per share in 1997 and 1996, respectively.

Had the Company accounted for its stock options under the fair value method of SFAS No. 123, the following results would have been reported:

(in thousands, except per share amounts)

	1997	1996
Net loss		
As reported	$ (5,172)	$ (947)
Pro forma	(5,232)	(1,429)
Net loss per share		
As reported	$ (0.33)	$ (0.07)
Pro forma	(0.33)	(0.11)

9. Differences between Canadian and U.S. GAAP:

The consolidated financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) which differ in some respects from Canadian GAAP. The material differences, in respect to these consolidated financial statements between U.S. and Canadian GAAP, and their effect on the Company’s consolidated financial statements are summarized below:

Statements of Cash Flows - Under Canadian GAAP, the statements of cash flows, which reflect cash transactions affecting financing and investing activities, is called the statement of changes in financial position, which requires non-cash activities to be included in the statement.

Note Payable, CRCC - Under Canadian GAAP, a portion of the proceeds of the convertible debt instrument should be allocated to additional paid-in capital at the time of issuance rather than the entire proceeds recorded as a liability. The effect on the consolidated balance sheet of the Company prepared in accordance with Canadian GAAP would be to increase accumulated deficit and increase additional paid-in capital by $465,000 as of December 31, 1997. The effect on the consolidated balance sheet of the Company as of December 31, 1996 would be to decrease total liabilities by $155,000, to increase accumulated deficit by $310,000, and to increase additional paid-in capital by $465,000.

The effect on the consolidated statement of operations would be as follows:

(in thousands, except per share amounts)

	1997	1996	1995
Net loss under U.S. GAAP	$ (5,172)	$ (947)	$ (814)
Additional interest expense	(155)	(233)	(77)
Net Loss under Canadian GAAP	$ (5,327)	$ (1,180)	$ (891)
Basic and diluted loss per share under Canadian GAAP	$ (0.34)	$ (0.09)	$ (0.08)

Shareholder Information

Legal Counsel
Stoel Rives LLP, Seattle, Washington
Fogler, Rubinoff, Toronto, Ontario, Canada

Auditors
Deloitte & Touche LLP, Denver, Colorado

Transfer Agents
Montreal Trust Company of Canada, Toronto, Ontario, Canada

Corporate Offices
1675 Broadway, Suite 2400, Denver, Colorado 80202
Phone: 303-534-1030
Fax: 303-534-1809

Investor Relations
Questions and requests for information should be directed to: Debbie W. Mino at 800-229-6827.

Internet
Please visit the Company's website at:
http://www.solitarioresources.com

Notice of Annual Meeting
The Annual Meeting of Shareholders will be held at 2:00 p.m. (MDT) on Wednesday, June 17, 1998, at the Company's offices at 1675 Broadway, Suite 2400, Denver, Colorado.

Stock Exchange Listing
Toronto: SLR

Common Stock Data
The Company's common stock has been listed and traded in Canada on The Toronto Stock Exchange since July 19, 1994 under the symbol SLR. The following table sets forth the high and low sales prices on The Toronto Stock Exchange for the Company's common stock for the quarterly periods from January 1, 1996 to December 31, 1997.

	High	Low
1996:		
First Quarter	*Cdn.$ 3.10*	*Cdn.$ 2.00*
Second Quarter	*2.52*	*1.60*
Third Quarter	*1.90*	*1.35*
Fourth Quarter	*2.90*	*1.35*
1997:		
First Quarter	*5.75*	*2.65*
Second Quarter	*5.15*	*3.75*
Third Quarter	*6.25*	*4.25*
Fourth Quarter	*5.25*	*2.85*

Holders of common stock are entitled to receive such dividends as may be declared by the Board of Directors. The Company has not paid any dividends on its common stock and does not anticipate paying any dividends in the foreseeable future.

At March 16, 1998 there were 23 record holders of the Company's common stock. The Company believes that it has in excess of 500 holders of its common stock, including those shares held in street name.

Officers & Directors

Mark E. Jones, III
Chairman and Chief Executive Officer

Christopher E. Herald (1)
President & Director

Dr. Roger D. Morton (1)
Director, Professor Emeritus, Geology, University of Alberta

James R. Maronick
Vice President & Secretary

Walter H. Hunt
Vice President - Peru Operations

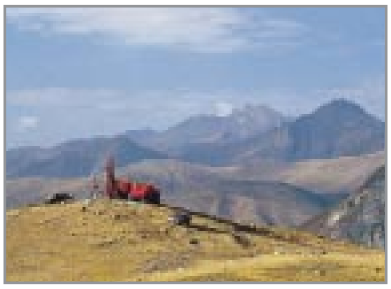
Debbie W. Mino
Vice President - Investor Relations

(1) Member of the Audit Committee

SOLITARIO RESOURCES

1675 Broadway, Suite 2400
Denver, Colorado 80202
Tel: 303-534-1030 • Fax: 303-534-1809
Internet: http://www.solitarioresources.com

TORONTO: SLR



On the Cover:
Solitario's drilling project at Santa Barbara represents our first undertaking in central Peru where we continue to evaluate new opportunities.