

# SOLITARIO RESOURCES

1999

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ANNUAL REPORT



## OUTLOOK 2000

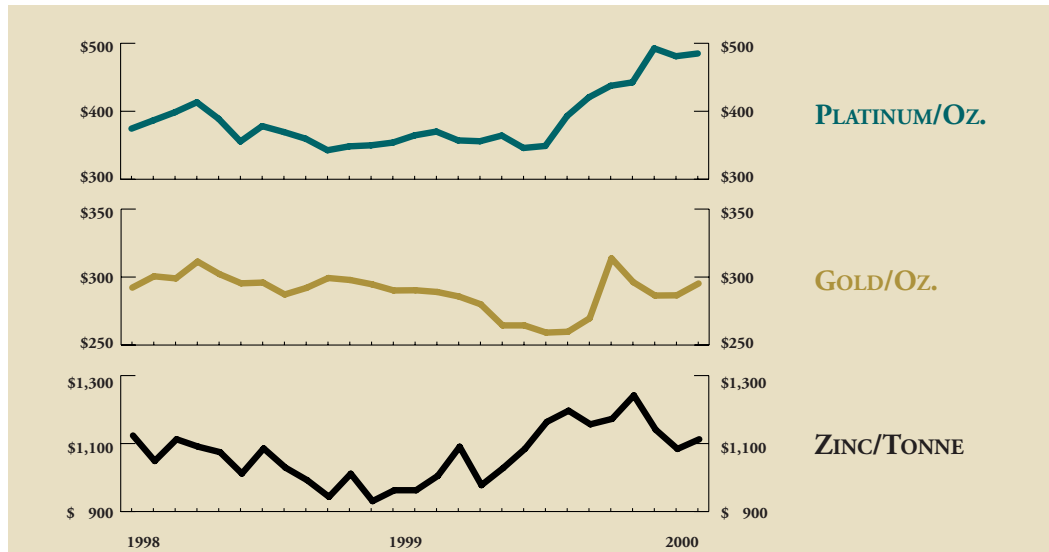
A dramatic improvement in the gold market occurred at the end of the third quarter as a result of 15 European central banks agreeing to a moratorium on any additional future sales of their gold holdings and a commitment to freeze gold lending. In addition, although not signatories of the agreement, the United States, Japan, the International Monetary Fund and the Bank for International Settlements agreed to abide by this agreement. In total, these actions lock up 85% of official-sector gold supplies from entering the gold market for at least five years. Most analysts believe this fundamentally alters the landscape of gold pricing for years to come.

Gold rose explosively from \$255 to \$325 per ounce in less than two weeks. It has more recently settled into a range of \$275 to \$300 per ounce. Significantly, central banks affirmed that, "Gold will remain an important element of global monetary reserves" – a notion that we never doubted.

## GOLD, PLATINUM & ZINC

Presented below are 27-month price charts for gold, platinum and zinc. These are the three metals that Solitario's exploration programs are primarily focused upon. Most commodity price analysts have positive opinions regarding future demand and price performance for these three metals.

## GOLD/OUNCE, PLATINUM/OUNCE & ZINC/TONNE IN US DOLLARS



*“A dramatic improvement in the gold market occurred at the end of the third quarter as a result of 15 European central banks agreeing to a moratorium on any additional future sales of their gold holdings and a commitment to freeze gold lending.”*





*“For 2000, Cominco will focus its energies on the Bongará project with a delineation drilling program at Florida Canyon...”*

## MESSAGE TO SHAREHOLDERS

Solitario Resources Corporation made significant strides in expanding its asset base and enhancing its financial position during 1999 and the early part of 2000. Developments included continued outstanding step-out drilling results on the Bongará zinc project, signing an agreement that, when closed, will convert our interest in the Yanacocha gold property to a net smelter return royalty including a cash payment of US\$6.0 million and signing a joint venture on the Sapolache gold property.

Solitario has been built on effective early-stage mineral exploration. The success of this strategy has been repeatedly demonstrated through our continued ability to attract quality joint venture partners and conclude favorable business transactions with each partner.

For 2000, Cominco will focus its energies on the Bongará project with a delineation drilling program at Florida Canyon and AngloGold will initiate a drilling program at Sapolache. Solitario will continue its successful exploration efforts in Peru and will expand its recently initiated Brazilian platinum/palladium exploration program.

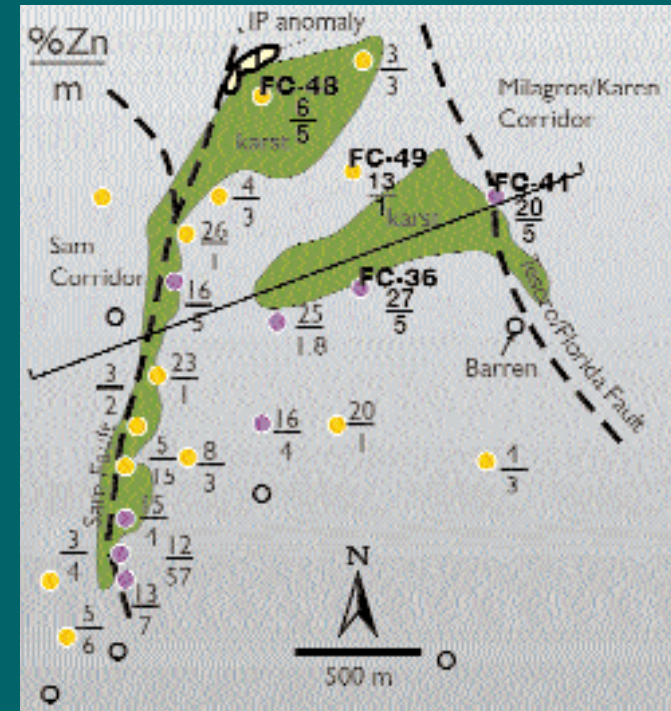
### BONGARÁ ZINC PROJECT

Nine widely spaced step-out drill holes totaling 4,000 meters were completed by Cominco during the 1999 drilling program. Two of these holes did not reach the target horizon due to technical drilling problems. Significant new mineralized intervals intersected in 1999 are listed below:

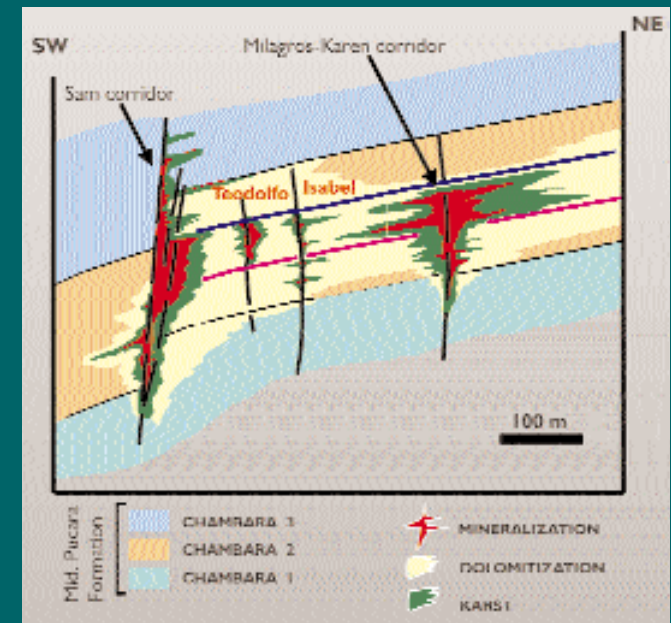
DRILL HOLE NO.	FROM (METERS)	TO (METERS)	THICKNESS		ZN-%	PB-%
			(METERS)	(FEET)		
FC-41	420.9	423.0	2.1	6.7	12.4	4.5
	436.2	444.0	7.8	25.6	14.7	-
(Including)	439.0	444.0	5.0	16.2	20.6	-
FC-48	210.2	211.5	1.3	4.3	5.6	1.0
	214.0	218.6	4.6	15.1	6.3	0.6
FC-49	441.8	442.8	1.0	3.3	13.4	7.0

Drilling in 1999 demonstrated that the Milagros stratigraphic horizon is a significant high-grade zone of zinc mineralization with potential for expansion. Drill hole FC-41, which intersected 7.8 meters grading 14.7% zinc (including 5.0 meters grading 20.6% zinc), is a 500-meter northeasterly step-out to drill hole FC-36, which intersected 5.1 meters containing 27.0% zinc. It is important to note that 1998 drill hole FC-36 was also a 500 meter step-out to the

## Florida Canyon Drill Hole Map



## Florida Canyon Cross Section



northeast from previous drilling. Thus, strong high-grade zinc mineralization has now been intersected over a horizontal distance of 1,200 meters trending northeasterly from the Sam fault zone. Drill hole FC-49 also intersected high-grade zinc mineralization, suggesting that the Milagros zone's lateral width is in excess of 400 meters.

Drill hole FC-48, which intersected 4.6 meters grading 6.3% zinc, extended structurally controlled mineralization 200 meters further north along the Sam fault zone. The north-south trending Sam fault zone has now been traced over a horizontal distance of 1,500 meters. This zone exhibits both near-vertical collapse breccia mineralization and adjacent near-horizontal stratigraphically controlled mineralization. The zone remains open to the north.

At Florida Canyon, Cominco has now completed 49 drill holes totaling approximately 14,400 meters during the past three field seasons. Additional surface work was conducted primarily in the southern portion of the joint venture's vast 325,000-acre property. Two new prospects, Helen and Lajasbamba, display moderate to strong zinc mineralization and dolomitic alteration at surface.

## YANACOCHA

Solitario signed an agreement with Newmont Peru, Ltd., a wholly-owned subsidiary of Newmont Mining Corporation, in early February 2000 on Solitario's Yanacocha gold property in northern Peru. Upon closing, Solitario will receive a net smelter return ("NSR") royalty and US \$6.0 million in cash by transferring a 100% interest in approximately 150,000 acres of mineral rights to Newmont Peru.

The conversion to a NSR royalty allows Solitario to significantly participate in any discovery made on the property without any capital or operational costs deductible from Solitario's royalty. The potential to advance this project through the discovery stage and into production is greatly enhanced by utilizing the technical experience and existing infrastructure of Newmont in this prolific gold-producing district. Furthermore, this transaction will substantially enhance Solitario's balance sheet.

The retained NSR royalty is graduated based upon the price of gold as follows:

GOLD PRICE PER OUNCE	NET SMELTER RETURN ROYALTY
Over \$400	5%
\$360 to \$400	4%
\$320 to \$360	3%
Under \$320	2%
Silver Royalty	3%
Copper Royalty	2%

*“Solitario has recently initiated a program to identify and acquire high-potential platinum/palladium properties in Brazil.”*



Solitario's land position is situated immediately north of the Buenaventura-Newmont owned Minera Yanacocha mining operations. Minera Yanacocha recently announced an increase in reserves on its property to 32.9 million ounces of contained gold and an additional 10.2 million ounces of non-reserve mineralization.

#### **SAPALACHE**

An agreement to joint venture Solitario's Sapolache gold property (formerly called "Shimbe") in northern Peru was signed with AngloGold Investments (Peru) Limited, a wholly owned subsidiary of AngloGold. The agreement allows AngloGold to earn a 51% interest in the property by spending US\$6.0 million on exploration during the next four years.

The Sapolache property is 42,000 acres in size and is situated within the Tertiary-age Calipuy volcanic rocks which host Newmont's Yanacocha and Barrick Gold's Pierina gold deposits. Surface exploration conducted by Solitario and AngloGold on the Sapolache property has defined two target areas displaying broad areas of silicification and gold mineralization.

AngloGold has a firm commitment to drill a minimum of 2,000 meters by the end of 2000. To earn its 51% interest in the property, AngloGold is required to spend US\$1.0 million within two years, US\$2.0 million during the third year and a further US\$3.0 million during the fourth year for total exploration expenditures of US\$6.0 million. AngloGold field crews have recently initiated additional surface exploration.

#### **PLATINUM/PALLADIUM PROGRAM IN BRAZIL**

Solitario has recently initiated a program to identify and acquire high-potential platinum/palladium properties in Brazil. Brazil arguably has the best under-explored geologic terrain for these very rare and valuable metal deposits. Although we are still early in our exploration efforts in Brazil, results to date have been very encouraging. Over the remainder of the year we anticipate positive developments on this front.

Sincerely,

Christopher E. Herald  
Chief Executive Officer

Mark E. Jones, III  
Chairman

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## MANAGEMENT'S DISCUSSION AND 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, 1999, 1998, and 1997, 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 unless otherwise noted.

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 \$6,003,000 (\$0.36 per share) in 1999 compared with a loss of \$405,000 (\$0.02 per share) in 1998 and a loss of \$5,172,000 (\$0.33 per share) in 1997.

Included in the 1999 loss was the cumulative effect of a change in accounting principle for exploration costs on properties without proven and probable reserves from capitalizing all expenditures to expensing all costs, other than acquisition costs, prior to the establishment of proven and probable reserves. The \$5,094,000 cumulative effect of the change on prior years is included in the loss for 1999. As a result of the change, the Company recorded \$666,000 of exploration expense in the current year.

Included in the 1997 results were non-cash property abandonments of \$4,861,000 which include \$3,822,000 related to the Company's decision to sell its operations in Argentina.

Interest income was \$144,000, \$200,000 and \$227,000 in 1999, 1998 and 1997, respectively. The change in interest income was primarily the result of larger cash balances in 1997 and 1998 compared to 1999.

During the year ended December 31, 1999, the Company incurred \$75,000 of general and administrative expenses compared with \$112,000 in 1998, and \$363,000 in 1997. General and administrative expenses consist primarily of administrative, legal, accounting, and shareholder-related costs. Reduced exploration programs coupled with lower administrative costs, related to Argentina, contributed to the decrease in costs during 1999.

CRCC provides management and technical services to Solitario under a management agreement originally signed in 1994 and modified in 1999. The

management agreement provides for reimbursement to CRCC of direct out-of-pocket costs; payment of one-half of executive and administrative salaries and benefits, rent, insurance and investor relations costs; payment of certain allocated indirect costs and expenses paid by CRCC on behalf of Solitario; and payment of a service fee equal to two percent of all expenditures made by or on behalf of Solitario. Management service fees paid to CRCC by Solitario in 1999, 1998 and 1997 amounted to \$333,000, \$89,000 and \$207,000, respectively. The fees will generally fluctuate period to period based on the overall level of exploration spending during the period.

Depreciation, depletion, and amortization expense was \$35,000 in 1999 compared with \$10,000 in 1997, and \$40,000 in 1997, and relates primarily to leasehold improvements and furniture and equipment.

The Company incurred \$73,000 of interest expense in 1997 related entirely to a note payable to CRCC. See Liquidity and Capital Resources.

The Company regularly performs evaluations of its assets to assess the recoverability of its investments in these assets. All long-lived assets are reviewed for impairment whenever events or circumstances change which indicate the carrying amount of an asset may not be recoverable utilizing established guidelines based upon future net cash flows from the asset. Write-downs relating to exploration properties amounted to \$63,000 in 1999, \$403,000 in 1998 and \$4,861,000 in 1997. Included in the write-down for 1997 was the Company's decision to sell its operations in Argentina resulting in a \$3,822,000 charge to 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. To the extent necessary, the Company expects to continue to use similar financing techniques.

On February 3, 2000 the Company announced an agreement with an affiliate of Newmont Mining Corporation ("Newmont") to sell its interest in its Yanacocha property for \$6 million and a sliding scale (depending on the price of gold) net smelter return ("NSR") royalty. In order to effect the



transaction, the Company has agreed to transfer all of the operating assets and liabilities, excluding its interest in Yanacocha, of its Peru operating subsidiary, Minera Los Tapados ("MLT"), to a new operating subsidiary, Minera Solitario Peru. Newmont will receive all of the outstanding shares of MLT for the cash consideration and subsequently deliver the NSR royalty to the Company. Closing of the transaction is expected during the second quarter of 2000, pending the completion of due diligence and regulatory approval. The balance of the Company's investment in the Yanacocha property, \$178,000 has been reclassified to assets held for sale.

Subsequent to December 31, 1997, all of the Company's acquisition and exploration programs have been devoted to properties in Peru. Total foreign assets, as reported in the consolidated balance sheet as of December 31, 1998, amounted to \$347,000. 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.

During 1997, the Company received net proceeds of \$4.6 million through private placements by CRCC. Solitario issued 1,500,000 units priced at Cdn\$4.20 per unit. Each unit consisted of one share of common stock plus one warrant, exercisable into one share of common stock. Each warrant was exercisable until February 1999 at a price of Cdn\$4.83 per share. The warrants expired unexercised.

Proceeds from option exercises during 1997 amounted to \$415,000 from the exercise of options for 231,250 shares. There were no option exercises in 1999 and 1998.

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%.

During 1998, the Company completed the sale of its Argentina subsidiary to TNR Resources, Ltd. of Vancouver, B.C. Canada ("TNR"). The purchase

price of \$350,000 was received in the form of 1,250,000 common shares of TNR and warrants to purchase an additional 625,000 common shares. TNR reimbursed the Company \$29,000 for costs incurred through a cash payment of \$8,000 and delivery of 184,709 additional common shares of TNR.

Cash and cash equivalents amounted to \$2,386,000 at December 31, 1999. These funds are generally invested in short-term interest-bearing deposits and securities, pending investment in current and future projects. Working capital at December 31, 1999 was \$2,383,000.

The Company believes that its existing funds are sufficient to meet its currently planned operating activities and mandatory property payments through 2000. 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.

## JOINT VENTURES

In December 1996, Solitario signed an agreement regarding the Bongará project with a subsidiary of Cominco Ltd. ("Cominco") of Vancouver, B.C., Canada. The agreement was modified in January 1999, increasing the joint venture's current acreage to approximately 345,000 acres. Cominco has the right to earn a 65% interest in the Bongará project by spending a minimum of \$17,000,000 over a five year period from January 1999 forward on exploration and development (in addition to the approximately \$10 million spent prior to January 1999) and by making annual cash payments to the Company of between \$100,000 and \$500,000 (depending on the price of zinc), as well as fully funding the project through a bankable feasibility study. Cash payments of \$118,000, \$118,000, and \$354,000, including value added taxes of 18%, have been paid to the Company by Cominco in January 2000, 1999 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. Through December 31, 1999, Cominco has spent approximately \$13 million on exploration on the Bongará project.

In October 1998, the Company signed a joint venture with Billiton

Exploration and Mining Peru B.V. (“Billiton”) on its 9,700-acre Soloco zinc property located in northern Peru, contiguous to the Bongará project. During 1999, Billiton declined to continue the joint venture and the property was written off. No further work will be performed by the Company at Soloco.

In April 1997, the Company entered into an agreement with RTZ Mining and Exploration (“RTZ”) granting Solitario the right to earn a 60% interest in the Santa Barbara project. During 1998, Solitario and RTZ agreed to suspend annual work requirements due to low metal prices. During 1999, the Company withdrew from the joint venture and wrote off its remaining investment in Santa Barbara.

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.

### EXPLORATION ACTIVITIES

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 2000 mineral property rental and option payments to be approximately \$445,000. Based upon existing joint venture or leasing arrangements, the Company’s share of these costs is approximately \$4,000.

For the year ended December 31, 1999, the Company charged operations \$666,000 for exploration expenditures on mineral properties. There were

no additions to mineral properties for additions to leasehold acquisition costs during 1999 compared to additions of \$991,000 for leasehold acquisition costs and exploration expenditures in 1998. The Company’s decision to change its method of accounting for exploration costs is responsible for the difference in additions to mineral properties and exploration expense between 1999 and 1998. See Results of Operations. These expenditures are exclusive of amounts spent on its properties by third parties. The Company’s decision to sell its operations in Argentina and to focus exploration efforts in Peru, coupled with a greater emphasis on utilizing joint ventures for exploration expenditures resulted in the decrease in additions to mineral properties in 1998 from 1997. See Joint Venture Activities.

Solitario has budgeted \$900,000 for exploration expenditures, to be charged to operations, during 2000 which will be in addition to planned expenditures by joint venture partners.

### NEW ACCOUNTING PRONOUNCEMENTS

In June of 1998, the FASB issued SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities.” The standard, which is effective for fiscal years beginning after June 15, 2000, sets forth guidelines for reporting certain derivative instruments as assets and liabilities to be reported in the financial statements and that the changes in the fair value of the instruments shall be recognized in the results of operations. This standard, when adopted by the Company, is not expected to have a material effect on the Company’s reported financial position, results of operations and cash flows.

## 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 (the Company), a majority-owned subsidiary of Crown Resources Corporation, as of December 31, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1999 which, as described in Note 1, have been prepared on the basis of accounting principles generally accepted in the United States of America. 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 of America. 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, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the consolidated balance sheet at December 31, 1999 includes land and leasehold costs of \$53,000. 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.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for exploration costs on properties without proven and probable reserves in 1999.

DELOITTE & TOUCHE LLP  
March 28, 2000

### 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 explanatory paragraphs 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 28, 2000 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 & TOUCHE LLP  
March 28, 2000

*See notes to consolidated financial statement.*

## CONSOLIDATED BALANCE SHEETS

	Years Ended December 31,	
	1999	1998
<i>(in thousands, except share amounts)</i>		
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 2,386	\$ 3,245
Prepaid expenses and other	43	54
<b>Total current assets</b>	2,429	3,299
<b>Mineral properties, net</b>	53	5,388
<b>Assets held for sale</b>	178	—
<b>Marketable equity securities, at fair value</b>	103	229
<b>Other assets</b>	33	9
	\$ 2,796	\$ 8,925
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 7	\$ 19
Due to CRCC	39	5
<b>Total current liabilities</b>	46	24
<b>Stockholders' equity:</b>		
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	169	169
Additional paid-in capital	16,507	16,507
Accumulated deficit	(13,795)	(7,792)
Accumulated other comprehensive income	(131)	17
<b>Total stockholder's equity</b>	2,750	8,901
	\$ 2,796	\$ 8,925

On behalf of the Board:

Christopher E. Herald,  
Director

Daniel Leonard,  
Director

*See notes to consolidated financial statement.*

## CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	1999	1998	1997
<i>(in thousands, except per share amounts)</i>			
<b>Revenues:</b>			
Mineral property option proceeds	\$ 100	\$ —	\$ —
Interest income	144	200	227
	<u>244</u>	<u>200</u>	<u>227</u>
<b>Costs and expenses:</b>			
Exploration	666	—	—
Depreciation, depletion and amortization	35	10	40
General and administrative	75	112	363
Management fees - CRCC	333	89	207
Interest - CRCC	—	—	73
Asset write-downs	63	403	4,861
Other, net	(19)	(9)	(3)
	<u>1,153</u>	<u>605</u>	<u>5,541</u>
<b>Loss before income taxes and cumulative effect of change in accounting principle</b>	(909)	(405)	(5,314)
<b>Income tax benefit</b>	—	—	(142)
<b>Net loss before cumulative effect of change in accounting principle</b>	(909)	(405)	(5,172)
Cumulative effect of change in accounting principle	(5,094)	—	—
<b>Net loss</b>	<u>\$ (6,003)</u>	<u>\$ (405)</u>	<u>\$ (5,172)</u>
<b>Per common share:</b>			
Basic and diluted loss before cumulative effect of change in accounting principle	\$ (0.05)	\$ (0.02)	\$ (0.33)
Change in accounting principle	(0.31)	—	—
<b>Basic and diluted loss</b>	<u>\$ (0.36)</u>	<u>\$ (0.02)</u>	<u>\$ (0.33)</u>
<b>Weighted average number of common and common equivalent shares outstanding</b>	<u>16,855</u>	<u>16,855</u>	<u>15,683</u>
<b>Pro forma amounts assuming the method of expensing exploration costs as incurred is applied retroactively:</b>			
Net loss	\$ (909)	\$ (923)	\$ (2,756)
<b>Basic and diluted loss per common share</b>	<u>\$ (0.05)</u>	<u>\$ (0.05)</u>	<u>\$ (0.18)</u>

See notes to consolidated financial statement.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

*(in thousands, except share amounts)*

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
	Shares	Amount				
<b>Balance at January 1, 1997</b>	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)
<b>Balance at December 31, 1997</b>	16,854,521	169	16,507	(7,387)	—	9,289
Comprehensive income (loss):						
Net loss	—	—	—	(405)	—	(405)
Net unrealized gain on marketable equity securities	—	—	—	—	17	17
Comprehensive loss	—	—	—	—	—	(388)
<b>Balance at December 31, 1998</b>	16,854,521	169	16,507	(7,792)	17	8,901
Comprehensive income (loss):						
Net loss	—	—	—	(6,003)	—	(6,003)
Net unrealized loss on marketable equity securities	—	—	—	—	(148)	(148)
Comprehensive loss	—	—	—	—	—	(6,151)
<b>Balance at December 31, 1999</b>	16,854,521	\$ 169	\$ 16,507	\$ (13,795)	\$ (131)	\$ 2,750

*See notes to consolidated financial statement.*

## CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands)</i>	Years Ended December 31,		
	1999	1998	1997
<b>Operating activities:</b>			
Net loss	\$ (6,003)	\$ (405)	\$ (5,172)
Adjustments:			
Depreciation, depletion and amortization	35	10	40
Deferred income taxes	—	—	(142)
Asset write-downs	63	403	4,861
Gain on asset sales	(19)	—	—
Cumulative effect of change in accounting principle	5,094	—	—
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(11)	24	(12)
Accounts payable	(12)	(61)	(63)
Due to CRCC	34	(8)	(47)
Net cash used in operating activities	(819)	(37)	(535)
<b>Investing activities:</b>			
Sale of short-term investments	—	—	9
Additions to mineral properties	—	(991)	(2,436)
Receipts on mineral property transactions	—	434	300
Proceeds from asset sales	19	—	—
Decrease (increase) in other assets	(59)	(11)	24
Net cash used in investing activities	(40)	(568)	(2,103)
<b>Financing activities:</b>			
Issuance of common stock, net	—	—	5,025
Net cash provided by financing activities	—	—	5,025
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(859)</b>	<b>(605)</b>	<b>2,387</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>3,245</b>	<b>3,850</b>	<b>1,463</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,386</b>	<b>\$ 3,245</b>	<b>\$ 3,850</b>
<b>Supplemental disclosure of cash flow information:</b>			
<b>Cash paid during the period for:</b>			
Interest	\$ —	—	106
<b>Noncash investing and financing activities:</b>			
Common stock issued to CRCC for conversion of note payable	—	—	1,500
Securities received for mineral property transactions, sale of Argentina subsidiary	21	212	—
Increase in accounts receivable from sale of Argentina subsidiary	—	29	—

See notes to consolidated financial statement.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. 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 Peru. 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 in consolidation. The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, and are expressed in U.S. dollars. See Note 9 for differences between Canadian and U.S. generally accepted accounting principles.

In performing its activities, the Company has incurred certain costs for land and leasehold interests and exploration costs. 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 are capitalized in cost centers and will be depleted on the basis of economic reserves using the units-of-production method. If 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.

During 1999, the Company changed its method of accounting for exploration costs on properties without proven and probable reserves from capitalizing all expenditures to expensing all costs incurred, other than acquisition costs, prior to the establishment of proven and probable reserves (See Note 2).

The Company records the proceeds from the sale of property interests to joint ventures as a reduction of the related property’s capitalized cost. Proceeds which exceed the capitalized cost of property are recognized as revenue.

### MARKETABLE EQUITY SECURITIES

The Company’s equity securities are classified as available-for-sale and are carried at fair value which is based upon market quotes of the underlying securities. The cost of marketable equity securities sold is determined by the specific identification method.

### 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, until July 1998, 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. Foreign currency gains and losses are included in the results of operations in the period in which they occur.

### COMPREHENSIVE INCOME

The components of comprehensive income include unrealized gains and losses on marketable equity securities and included in the statement of stockholders’ equity and comprehensive income. The Company had no items of other comprehensive income (loss) during 1997, and comprehensive loss equaled net loss.



## INCOME TAXES

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 operating losses 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

The calculation of basic and diluted loss per share, "Earnings Per Share," is based on the weighted average number of common shares outstanding during the years ended December 31, 1999, 1998 and 1997. 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.

## EMPLOYEE STOCK COMPENSATION PLANS

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

## SEGMENT REPORTING

The Company operates in one segment, minerals exploration. All of the Company's operations are located in South America as further described in note 2.

## NEW ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 133,

"Accounting for Derivative Instruments and Hedging Activities." The standard, which is effective for fiscal years beginning after June 15, 2000, sets forth guidelines and requirements for measuring derivative instruments at fair value as assets and liabilities to be reported in the financial statements and that the changes in the fair value of the instruments shall be recognized in the results of operations. This standard, when adopted by the Company, is not expected to have a material effect on the Company's reported financial position, results of operations and cash flows.

## 2. MINERAL PROPERTIES:

### CHANGE IN ACCOUNTING PRINCIPLE

During 1999, the Company changed its method of accounting for exploration costs on properties without proven and probable reserves from capitalizing all expenditures to expensing all costs, other than acquisition costs, prior to the establishment of proven and probable reserves. This will bring the Company's accounting method in accordance with the predominant practice in the U.S. mining industry. The \$5,094,000 cumulative effect of the change on prior years is included in the loss for 1999. The effect of the change on 1999 was to increase the loss before cumulative effect of change in accounting principle by \$69,000 or \$0.00 per share.

### PERU

The Company, holds exploration concessions or has filed applications for concessions covering approximately 286,000 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.

### Bongará

Since 1993, the Company acquired exploration concessions or has filed claims for concessions currently covering approximately 80,000 acres in northern Peru (the "Bongará project").

In December 1996, Solitario signed an agreement regarding the Bongará project with a subsidiary of Cominco Ltd. ("Cominco") of Vancouver, B.C., Canada. The agreement was modified in January 1999, increasing the joint venture's current acreage to approximately 345,000 acres. Cominco has the

right to earn a 65% interest in the Bongará project by spending a minimum of \$17,000,000 over a five year period from January 1999 forward on exploration and development (in addition to the approximately \$10 million spent prior to January 1999) and by making annual cash payments to the Company of between \$100,000 and \$500,000 (depending on the price of zinc), as well as fully funding the project through a bankable feasibility study. Cash payments of \$118,000, \$118,000, and \$354,000, including value added taxes of 18%, have been paid to the Company by Cominco in January 2000, 1999 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. Through December 31, 1999, Cominco has spent approximately \$13 million on exploration on the Bongará project.

#### Yanacocha

On February 3, 2000 the Company announced an agreement with an affiliate of Newmont Mining Corporation ("Newmont") to sell its interest in its Yanacocha property for \$6 million and a sliding scale (depending on the price of gold) net smelter return ("NSR") royalty. In order to effect the transaction, Solitario has agreed to transfer all of the operating assets and liabilities, excluding its interest in Yanacocha, of its Peru operating subsidiary, Minera Los Tapados ("MLT"), to a new operating subsidiary, Minera Solitario Peru. Newmont will receive all of the outstanding shares of MLT for the cash consideration and subsequently deliver the NSR royalty to the Company. Closing of the transaction is expected during the second quarter of 2000, pending the completion of due diligence and regulatory approval. The balance of the Company's investment in the Yanacocha property, \$178,000 has been reclassified to assets held for sale. Upon closing of the transaction, the Company expects to recognize a gain of approximately \$5.8 million.

#### ARGENTINA

Through December 31, 1997 the Company had performed exploration activities and held exploration rights or had filed applications for rights in Argentina. In July 1998, the Company completed the sale of its Argentinian subsidiary to TNR Resources, Ltd. ("TNR") of Vancouver, B.C., Canada. The Company no longer conducts exploration in Argentina.

#### LAND AND LEASEHOLD AND EXPLORATION COSTS

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

<i>(in thousands)</i>	<b>December 31,</b>	
	<b>1999</b>	<b>1998</b>
Land and leasehold costs	\$ 53	\$ 324
Exploration costs		5,064
	<u>\$ 53</u>	<u>\$ 5,388</u>

The above land and leasehold costs at December 31, 1999 and 1998 and the exploration costs at December 31, 1998 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:

<i>(in thousands)</i>	<b>Expensed</b>	<b>Capitalized</b>	
	<b>1999</b>	<b>1998</b>	<b>1997</b>
Geologic, drilling, and assay	\$ 179	\$ 240	\$ 952
Field expenses	76	400	658
Administrative	411	237	452
Total exploration costs	<u>\$ 666</u>	<u>\$ 877</u>	<u>\$ 2,062</u>

Included in the consolidated balance sheet at December 31, 1999 are total assets of the Company's foreign operations, located in Peru, in the amount of \$347,000.

#### ASSET WRITE DOWNS

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 in 1997, related to the Company's decision to sell its operations in Argentina, the Company recorded write-downs to exploration properties of \$63,000, \$403,000, and \$4,861,000 in 1999, 1998, and 1997, respectively.

### 3. RELATED PARTY TRANSACTIONS:

During the three years ended December 31, 1999, 1998, and 1997, 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, 1999 and 1998 were \$39,000 and \$5,000, respectively.

CRCC provides management and technical services to Solitario under a management agreement originally signed in 1994 and modified in April 1999. The modified agreement, which has a three year term, provides for reimbursement to CRCC of direct out-of-pocket costs; payment of one-half of executive and administrative salaries and benefits, rent, insurance and investor relations costs; payment of certain allocated indirect costs and expenses paid by CRCC on behalf of Solitario; and payment of a service fee equal to two percent of all expenditures made by or on behalf of Solitario. Prior to April 1999, the agreement reimbursed CRCC direct out-of-pocket costs; for certain allocated indirect costs; and payment of a service fee equal to 7% of expenditures. Management service fees paid to CRCC by Solitario in 1999, 1998 and 1997 amounted to \$333,000, \$89,000 and \$207,000, respectively.

#### 4. INCOME TAXES:

The Company's income tax benefit consists of the following:

<i>(in thousands)</i>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Deferred			
U.S.	\$ —	\$ 105	\$ —
Foreign	1	85	32
Operating loss and credit carryovers:			
U.S.	—	(105)	—
Foreign	(1)	(85)	(174)
Income tax benefit	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (142)</u>

Consolidated loss before income taxes includes losses from foreign operations of \$644,000, \$441,000, and \$5,016,000 in 1999, 1998 and 1997, 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 assets/liabilities in the accompanying December 31, 1999 and 1998 balance sheets include the following components:

<i>(in thousands)</i>	<b>1999</b>	<b>1998</b>
Deferred tax assets:		
Net operating loss (NOL) carryovers	\$2,596	\$ 2,345
Capital loss carryovers	1,874	1,857
Investment in Peru	2,722	—
Other	63	—
Valuation allowance	(7,255)	(2,558)
Deferred tax assets	<u>—</u>	<u>1,644</u>
Deferred tax liabilities:		
Exploration and development costs	—	1,638
Other	—	6
Deferred tax liabilities	<u>—</u>	<u>1,644</u>
Net deferred tax assets/liabilities	<u>\$ —</u>	<u>\$ —</u>

The change in accounting principle discussed in Note 2 had the effect of increasing the 1999 valuation allowance offset to deferred tax assets and decreasing the exploration and development costs deferred tax liability by \$1,642,000.

A reconciliation of expected federal income tax benefit on loss from continuing operations at U.S. Federal tax rate of 34% with the benefit for income taxes is as follows:

<i>(in thousands)</i>	<b>1999</b>	<b>1998</b>	<b>1997</b>
Expected income tax	\$ (309)	\$ (138)	\$(1,807)
Non-deductible foreign expenses	32	26	85
Disposition of investment in Argentina subsidiary	—	—	(1,683)
Deconsolidation of Argentine NOL	—	2,480	—
Disposition of investment in Peru	(2,373)	—	—
Foreign mining incentives	—	—	(201)
Foreign tax rate differences	21	9	(17)
State income tax	(363)	(4)	(267)
Valuation allowance	2,992	(2,374)	3,747
Other	—	1	1
Income tax benefit	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (142)</u>

At December 31, 1999, the Company has unused U.S. NOL and capital loss carryovers of \$2,244,000 and \$4,806,000, respectively, which begin to expire commencing 2008 and 2004, respectively. The Company also has Peru Net Operating Loss (“NOL”) carryovers at December 31, 1999 of \$5,737,000 which begin to expire four years after the first year in which taxable income arises. The anticipated sale of the Company’s shares of MLT and conversion of its investment in Yanacocha to a NSR royalty during 2000 will result in the elimination of the Peru NOL carryovers and the related valuation allowance (see Note 2).

#### 5. FAIR VALUE OF FINANCIAL INSTRUMENTS:

For certain of the Company’s financial instruments, including cash and cash equivalents, accounts payable, and due to CRCC, the carrying amounts approximate fair value due to their short maturities. The Company’s marketable equity securities are carried at their estimated fair value based on quoted market prices.

#### 6. COMMITMENTS AND CONTINGENCIES:

In acquiring its interests in minerals claims and leases, the Company has entered into lease 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 2000 mineral property rental and option payments to be approximately \$445,000. Based upon existing joint venture or leasing arrangements, the Company’s share of these costs is approximately \$4,000.

#### 7. 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 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.

In December 1996, April 1997, and June 1999, the Plan was amended,

thereby increasing the authorized shares to 1,936,000. In November 1999, the Board voted to amend the Plan, subject to shareholder approval at the June 2000 shareholders annual meeting, to increase the number of shares under the Plan to 2,336,000.

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, 1999 is as follows:

	1999		1998		1997	
	Weighted Average Price <sup>(1)</sup> Amount	(Cdn\$)	Weighted Average Price Amount	(Cdn\$)	Weighted Average Price Amount	(Cdn\$)
Outstanding, beginning of year	1,263,750	2.51	1,203,750	2.49	1,385,000	2.42
Granted	1,162,000	1.19	60,000	3.00	50,000	4.40
Exercised			—		(231,250)	2.49
Forfeited	(15,000)	2.25	—		—	
Expired	(706,000)	2.41	—		—	
Outstanding, end of year	1,704,750	1.22	1,263,750	2.51	1,203,750	2.49
Exercisable, end of year	1,231,750	1.23	1,181,250	2.48	1,051,250	2.36

(1) In March 1999, the shareholders of the Company approved a repricing of existing options for current employees, officers and directors to Cdn\$1.16 per share, which was the market price of the Company’s stock.

The options outstanding at December 31, 1999 have a range of exercise prices of between Cdn\$1.16 and Cdn\$1.30 and a weighted average remaining contractual life of 3.7 years.

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 1999, 1998 and 1997, respectively: risk-free interest rate of 5.31%, 5.52% and 6.37%; dividend yield of 0 percent; volatility factor of the expected market price of the Company's common stock of 68%, 75% and 78%; and a weighted average expected life of the options of 3.6 years, 4.0 years and 4.0 years. The weighted average fair value of the options granted is estimated at \$0.40, \$1.36 and \$1.82 per share in 1999, 1998 and 1997, 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)*

	1999	1998	1997
Net loss			
As reported	\$(6,003)	\$ (405)	\$(5,172)
Pro forma	(6,661)	(459)	(5,232)
Net loss per share			
As reported	\$ (0.36)	\$ (0.02)	\$ (0.33)
Pro forma	(0.40)	(0.03)	(0.33)

## 8. STOCKHOLDERS' EQUITY:

In August 1997, CRCC elected to convert its \$1.5 million, 7.5% 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% as of December 31, 1999 and 1998.

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 was comprised of one share of Solitario common stock plus one share purchase warrant exercisable into one common share at a price of Cdn\$4.83 per share. The warrants expired unexercised in February 1999.

## 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 financial statements between U.S. and Canadian GAAP, and their effect on the Company's financial statements, are summarized below:

Change in accounting principle - Under Canadian GAAP, the change in accounting principle, as described in Note 2, requires restatement of prior periods.

Note Payable, CRCC - Under Canadian GAAP, a portion of the proceeds of a 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 Company's note was converted in 1997.

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

*(in thousands, except per share amounts)*

	1999	1998	1997
Net loss under U.S. GAAP	\$(6,003)	\$ (405)	\$(5,172)
Effect of change in accounting principle:			
Mineral property option proceeds	—	300	250
Exploration	—	(896)	(2,312)
Tax effect of additional exploration expense	—	—	(142)
Reduction in asset write-downs	—	78	4,620
Cumulative effect of change in accounting principle	5,094	—	—
Additional interest expense on note payable to CRCC	—	—	(155)
Net Loss under Canadian GAAP	\$ (909)	\$ (923)	\$(2,911)
Basic and diluted loss per share under Canadian GAAP	\$ (0.05)	\$ (0.05)	\$ (0.17)

As a result of the above, under Canadian GAAP, the following line items in the consolidated balance sheets would be presented as follows:

<i>(in thousands)</i>	<b>1999</b>	<b>1998</b>
Mineral properties, net	\$ 53	\$ 294
Total assets	\$ 2,796	\$ 3,831
Additional paid-in capital	\$ 16,972	\$ 16,972
Accumulated deficit	\$(14,260)	\$(13,351)
Total stockholders' equity	\$ 2,750	\$ 3,870
Total liabilities and stockholders' equity	\$ 2,796	\$ 3,831

As a result of the above, under Canadian GAAP; the following line items in the consolidated statements of cash flows would be presented as follows:

	<b>1999</b>	<b>1998</b>	<b>1997</b>
Operating Activities:			
Net Loss	\$ (909)	\$ (923)	\$(2,911)
Deferred income taxes	\$ —	\$ —	\$ —
Asset write-downs	\$ 63	\$ 325	\$ 241
Cumulative effect of change in accounting principle	\$ —	\$ —	\$ —
Net cash used in operating activities	\$ (819)	\$ (633)	\$(2,894)
Investing Activities:			
Additions to mineral properties	\$ —	\$ (95)	\$ 173
Receipts on mineral property transactions	\$ —	\$ 134	\$ 50
Net cash provided by (used in) investing activities	\$ (40)	\$ 28	\$ 256

Year 2000 - Canadian GAAP requires disclosure regarding the year 2000 issue. Accordingly, the notes to the financial statements would include the following:

**UNCERTAINTY DUE TO THE YEAR 2000 ISSUE (UNAUDITED)**

The year 2000 issue arises because many computer systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other year, resulting in errors when information using the year 2000 date is processed. Solitario took steps to prepare for the year 2000 transition including the addition of new software and computer hardware, reviews of existing systems and processes and testing for the year 2000 transition. Although there have been no adverse effects to the Company from the transition to the year 2000, it is not possible to conclude all aspects of the year 2000 issue that may effect Solitario, including those related to customers, suppliers, or other third parties, have been fully resolved.

## CORPORATE INFORMATION

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Fogler, Rubinoff  
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### AUDITORS

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### INVESTOR RELATIONS

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### INTERNET

Visit our website at [www.solitarioresources.com](http://www.solitarioresources.com) or via e-mail at [dwmino@solitarioresources.com](mailto:dwmino@solitarioresources.com)

### NOTICE OF ANNUAL MEETING

The Annual Meeting of Shareholders will be at 8:00 a.m. (MDT) on Thursday, June 15, 2000 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.



**Christopher E. Herald**  
Chief Executive Officer

**Walter H. Hunt**  
President – South American Operations

**James R. Maronick**  
Chief Financial Officer

**Debbie W. Mino**  
Vice President – Investor Relations

**Mark E. Jones, III**  
Chairman

**John Hainey**  
Director

**Leonard Harris**  
Director

**Dan Leonard**  
Director



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