

Solitario Resources Corporation



2003 ANNUAL REPORT

Solitario Resources Corporation



Crown Investment Rewarding

Our investments in Crown Resources Corporation in 2002 and 2003 have proven very rewarding and should place Solitario on firm financial footing for years to come. Crown signed a Merger Agreement with Kinross Gold Corporation that would result in Solitario receiving approximately 1.8 million shares of Kinross upon closing of the merger.

Major New Gold Projects Acquired

We established three major new land positions in very attractive gold terrains: the 12,000-hectare La Tola **6** project in southern Peru, the 6,800-hectare San Pablo **8** project in southwestern Bolivia and the 670-hectare Legacy Ridge Project **2** in Nevada (USA). Drilling is expected on all three of these exciting new projects in 2004.

New Joint Venture Signed

We signed a significant new joint venture on our recently acquired La Tola **6** gold project in Peru with a subsidiary of Newmont Mining Corporation. Newmont can earn a 65% interest in the property by spending \$7 million on exploration, completing a feasibility study and arranging 100% project financing. Besides retaining a 35% participating interest in the project, Solitario also retains a royalty interest.

Base Metal Projects

The Bongará **3** zinc-lead project in Peru and the Triunfo **7** polymetallic project in Bolivia are valuable base metal projects that we hope to advance through securing joint ventures in 2004. The Bongará project has in excess of \$16 million that has been spent on the project with outstanding zinc mineralization having been intersected in drill holes. The Triunfo project in Bolivia is an early-staged exploration project that has good potential to host a high-tonnage open-pit gold-silver-zinc-lead deposit.

Royalty Strategy Initiated

We have recently embarked on an innovative strategy to create net smelter return royalty interests in newly generated projects. Our historically successful grassroots exploration programs generally result in 100% ownership of properties without any underlying royalties. As we secure new joint venture partners on these properties, we will endeavor to establish a royalty interest in the property, as well as retain a significant participating interest.

Anglo Platinum-Solitario Work Towards Phase II Drilling

Drilling results from the Anglo Platinum funded Phase I exploration program in 2003 were encouraging. Consequently, Anglo Platinum is working towards funding Phase II of the Pedra Branca **5** platinum-palladium project in Brazil. If finalized, Anglo would provide \$500,000 in exploration funding for the remainder of 2004, primarily for 3,000 meters of exploration drilling on the project.

G O L D , P G M A N D B A S E M E T A L E X P L O R A T I O N

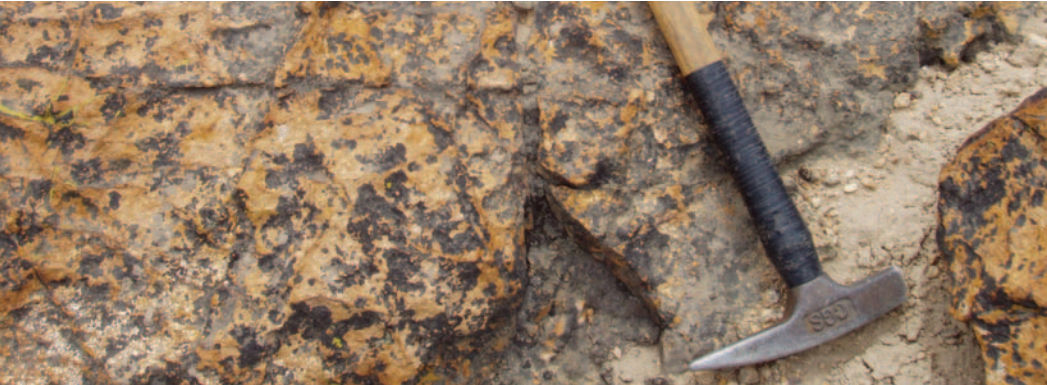
● MESSAGE TO THE SHAREHOLDERS

What a difference a year makes. We began 2003 with a \$340 per ounce gold price and a limited gold property portfolio. Today gold is currently trading in the \$400 per ounce range and Solitario has established the most promising portfolio of gold projects in its 11-year history. Solitario has moved aggressively to establish large land positions in emerging new gold terrains. New projects in Peru, Bolivia and Nevada (USA) are expected to provide a steady stream of news during the next several years.

This year's annual report will focus on our exciting new gold projects, an innovative concept for creating mineral royalties and the financial impact of the Crown Resources – Kinross Gold merger to Solitario. It truly is a new era of financial strength and flexibility for Solitario as a result of the pending Crown-Kinross merger and resulting future Kinross share position we would hold.

Although our focus is on gold, we believe commodity diversification provides long-term stability. That is why the advanced Pedra Branca platinum-palladium

With drilling expected on the Pedra Branca, Legacy Ridge, La Tola and San Pablo projects in 2004, our expectations have never been higher concerning Solitario's future exploration prospects.



The foundation for Solitario's historical success has been our grassroots exploration programs in emerging new frontier mineral terrains. With our anticipated new financial flexibility, we see unbridled growth potential for the future.

project, the Bongará zinc project and the Triunfo polymetallic property remain important to our future.

It is no accident that we have significant joint ventures with both the largest gold and largest platinum-palladium producers in the world. The key has been that we remained consistent in our approach to mineral exploration in the financial, technical and professional arenas – all critical to our historical success. Our exploration teams in Peru, Brazil and Bolivia were particularly effective in generating new projects in 2003, with no slowdown in sight for 2004. With significant drilling programs planned on at least four of our projects in 2004, we look forward to reporting exciting new results on our deep pipeline of exploration properties.

Sincerely,

A handwritten signature in black ink that reads "Christopher E. Herald".

Christopher E. Herald
President & CEO

A handwritten signature in black ink that reads "Mark E. Jones III".

Mark E. Jones, III
Chairman

● CROWN INVESTMENT REWARDING

In 2001 and 2003, Solitario invested a total of \$1.4 million in various Crown convertible debt instruments to assist Crown in restructuring existing debt and to fund further development and permitting activities on its advanced high-grade Buckhorn Mt. gold project. These investments represented approximately a 13.6% equity interest in Crown on a fully diluted basis.

On October 8, 2003, Crown and Kinross Gold Corporation announced that they had signed a Letter of Intent whereby Kinross would acquire Crown and its 100%-owned Buckhorn Mt. gold deposit in Washington State. The two companies executed a definitive agreement on November 3, 2003 that called for shareholders of Crown to receive 0.2911 shares of Kinross for each share of Crown. Under this ratio, Kinross will issue approximately 1.8 million of its shares to Solitario.

The transaction is not expected to close until mid-2004 and is subject to a minimum two-thirds approval at a special meeting of Crown shareholders.

Crown completed an updated feasibility study in late 2003 that indicated the Buckhorn Mt. deposit contained 3.08 million tons of minable material at a grade of 0.32 opt gold.



Crown's 2002-2003 delineation drilling program intersected very high-grade gold on the Buckhorn Mt. project. Nearly all of the 41 core holes intersected significant gold mineralization with the best hole, DO2-191, intersecting 26.5 feet grading 2.28 ounces of gold per ton.

Kinross Gold Corporation is the seventh largest gold producer in the world with approximately 1.6 million ounces of annual production. For 2004, Kinross is forecasting it will produce 1.72 million ounces of gold at a cash cost of approximately \$230 per ounce. At the end of 2003 Kinross reported reserves of 14.1 million ounces of gold, virtually no long-term debt and \$245 million in cash.

Prior to the completion of the acquisition, Crown is planning to distribute to its shareholders its approximate 38.7% equity interest in Solitario, or about 9.6 million shares. Solitario will receive approximately 1.3 million of its own shares. Assuming the transaction closes as currently planned, Solitario intends to use its 1.8 million shares of Kinross to fund its expanding gold exploration programs well into the future and will cancel the 1.3 million Solitario shares it receives from Crown which will reduce the total number of outstanding Solitario shares by approximately five percent.

● ROYALTY STRATEGY INITIATED

Traditionally, companies with mineral royalties have received exceptional market valuations from the investment community. These high valuations are the result of an income stream that, in the case of a net smelter return (“NSR”) royalty, does not have capital or operating costs charged against the royalty revenue. Many junior companies would like to be a participant in the royalty segment of the gold and mineral industry, but the cost to buy a good royalty has become so high as to be prohibitive in most cases.

We have recently developed a different approach in acquiring royalties that builds on our operational strength: successful early-staged exploration. Historically, our grassroots exploration programs result in 100% ownership of properties without any underlying royalties. We then usually secure a major mining company to further fund exploration and development. As we negotiate with potential new joint venture partners on these properties, we will endeavor to establish a royalty interest in the property, as well as retain a significant participating interest. The perceived economic potential of a

The La Tola NSR Royalty Schedule:
Gold: <\$350 = 1.25%; \$350 to \$450 = 1.75%; >\$450 = 2.25%
Silver: 1.75%



The Yanacocha NSR Royalty Schedule:

Gold: <\$320/oz. = 2%; \$320 to \$360 = 3%; \$360 to \$400 = 4%; >\$400 = 5%

Silver: 3%

Copper: 2%

property is the primary factor in determining the participating and royalty interests Solitario can retain. Consequently, only on the best properties will we be able to optimize this strategy.

We are off to a good start on royalty development with our exceptional Yanacocha royalty and our newly established La Tola royalty. The Yanacocha royalty covers a strategically located 60,000-hectare property position (see page 8) within the largest gold producing district in South America – the Yanacocha district. Solitario currently receives no income from this royalty; however, Minera Yanacocha (51%-owned by Newmont Mining Corporation, manager of Solitario’s royalty property), has stepped up its district-wide exploration program, including important new geologic and geophysical work on our property. At gold prices above \$400, our NSR royalty would be 5%. There is no cap on payments Solitario could receive on this royalty and no deductions for mining or processing costs.

● MAJOR NEW GOLD PROJECTS ACQUIRED

We established three major new land positions in very attractive gold terrains in late 2003 and early 2004. These exciting new acquisitions include the 12,000-hectare La Tola project in southern Peru, the 6,800-hectare San Pablo project in southwestern Bolivia and the 670-hectare Legacy Ridge project in Nevada (USA). The San Pablo and Legacy Ridge projects are presented below. The La Tola project is discussed in greater detail in the next section.

Work on the San Pablo project is very early stage, with no previous drilling. What impresses us most about San Pablo is the scale of surface mineralization. Three areas of mineralization have thus far been identified with the very limited amount of work conducted to date. These areas range in size from 600 to 1,200 meters long and up to 200 meters wide. Previous workers reported channel samples perpendicular to these mineralized zones assayed 110 meters containing 1.26 grams per tonne gold ("gpt gold"), 20 meters at 8.88 gpt gold and 110 meters at 1.11 gpt gold.



The San Pablo gold project has never been drill tested. Because of the very strong assays that we (5 meters @ 42.40 gpt gold) and others (20 meters @ 8.88 gpt gold) have collected from this property, we have made San Pablo a priority for 2004.

Legacy Ridge represents a very rare gold opportunity in Nevada. Twelve of thirteen holes drilled on the project nearly two years ago intersected strong gold-silver mineralization that was never followed up. We hope to expand this deposit this summer with a 20-hole drilling program.



Currently we have an aggressive surface rock sampling program underway. Pending the results of this intensive sampling program, we will either drill test the project later in 2004, or seek a joint-venture partner to further explore this high-potential property.

The Legacy Ridge project (initially called the CC project) in Nevada represents Solitario's initial foray into the North American exploration arena. The project is easily accessible and situated in mining-friendly west-central Nevada. Solitario can earn a 100% interest in this gold-silver project. Gold-silver mineralization occurs within a 5,000-foot long vein. Importantly, mineralization extends well into the surrounding volcanic rocks.

Another company completed thirteen holes on the property in 2003. Twelve of the holes intersected potentially economic gold-silver mineralization. These drill hole results are presented on page 8 of this annual report. Because the mineralization intersected in drilling is very shallow, it appears to be open-pitabile and potentially amenable to heap leach extraction. We plan on drilling at least 1,250 meters in 2004 to test mineralization at greater depths and along strike.

● NEW JOINT VENTURE SIGNED

We signed a significant new joint venture on our recently acquired La Tola gold project in Peru with a subsidiary of Newmont Mining Corporation. The 12,000-hectare property is situated in the heart of the rapidly emerging southern Peru gold belt. Newmont can earn a 65% interest in the property by spending \$7 million on exploration over a four-year period, completing a feasibility study, and arranging 100% project financing.

Besides retaining a 35% participating interest in the project, Solitario also created a 1.75% net smelter return royalty interest. The importance of this royalty interest is discussed in greater detail in the “Royalty Strategy Initiated” section on page 3.

Newmont is the largest gold producer in the world and operates the biggest gold mine in South America – Minera Yanacocha in northern Peru. We selected Newmont as our partner based on their proven in-country expertise.

Exploration requires a multi-disciplinary approach to be successful. Our geologists work in teams with only one goal – to discover.



The La Tola project is a brand-new discovery in southern Peru that resulted from our effective grassroots exploration program. It appears that no modern-day geologist had ever sampled this significant new gold-bearing system.

La Tola is an early-stage exploration project discovered by Solitario in mid-2003. Initial work by Solitario and Newmont has identified four major zones of alteration along a northeasterly trending, eight-kilometer long corridor in Tertiary volcanics (see page 8). Anomalous gold and trace element geochemistry has been identified throughout much of this corridor. The alteration zones are cut by swarms of mineralized (+1.0 grams/tonne gold) barite+quartz+iron oxide+alunite veins, stockworks and breccias. Alteration and mineralization around the margins of sub-volcanic domes also appear to be important.

Currently, Newmont is conducting an extensive geochemical sampling campaign, as well as geophysics and geologic mapping on the property to define drill targets. As part of its earn-in, Newmont will complete at least 2,500 meters of drilling in 2004. Needless to say, we are very excited about the future of this project.

● ANGLO PLATINUM-SOLITARIO WORK TOWARDS PHASE II DRILLING

With platinum prices recently trading at record highs of over \$900 an ounce and palladium prices rebounding sharply to over \$300 an ounce, the advanced Pedra Branca platinum-palladium exploration project in northeastern Brazil remains an important asset in our project portfolio.

Anglo Platinum completed its Phase I commitment by funding \$500,000 in exploration in 2003. Although Anglo Platinum has not yet given its final approval to fund Phase II, which funding is subject to the approval of the South African Reserve Bank, Solitario and Anglo Platinum are working towards finalizing a Phase II drilling program. By agreement between the parties, the \$500,000 Phase II program is now expected to be completed over a ten-month period as opposed to the six-month period previously envisaged.

The Letter Agreement signed with Anglo Platinum in early 2003 allows Anglo Platinum to earn a 51% interest in the property by spending \$7.0 million on

Anglo Platinum Work Commitments: Phase I: \$500,000-completed; Phase II: \$500,000-under review; Year 2: \$1,250,000-optional; Year 3: \$1,750,000-optional; Year 4: \$3,100,000-optional



We demonstrated that mineralization at the Esbarro and Curio deposits have the continuity necessary for mining. Our goal for the Phase II drilling program is to add two new deposits to this emerging PGM district.

exploration and development over a four-year period, and the right to earn an additional 14% by completing a bankable feasibility study and arranging 100% of project financing.

Phase I drilling results were encouraging in demonstrating continuity of mineralization in both the Esbarro and Curio deposits (see page 8 for drilling highlights). It also pointed the way to establishing potential new resources on the Cedro I and II, Trapia I and Santo Amaro North prospects. Since Anglo Platinum began funding drilling at Pedra Branca, 57 core holes have been completed totaling 4,000 meters of drilling. Over 65% of the drill holes intersected significant PGM mineralization. Drilling to date has focused on shallow mineralization, generally less than 75 meters in depth.

Phase II drilling is expected to commence in mid-2004 with approximately 3,000 meters of drilling planned. The primary objective of the Phase II program is to build additional resources on our emerging new prospect areas.

● BASE METAL PROJECTS

Although our focus is on gold, we believe commodity diversification provides long-term stability rather than a gold-only approach. That is why the Bongará zinc project in Peru and Truinfo polymetallic project in Bolivia remain important to our future.

The Bongará project, located in north-central Peru, had in excess of \$16 million spent on it in the late 1990's by our former joint venture partner, Cominco Ltd. Cominco dropped out of the Bongará joint venture with the low price of zinc (approximately \$0.35 per pound) that began in 2000 and lasted through the middle of 2003. During this period we placed the project on a care-and-maintenance status pending an improvement in the price of zinc. The price improvement is here (approximately \$0.50 per pound) and we plan on securing a joint venture partner during 2004.

The Bongará zinc deposit is considered a Mississippi Valley-type occurrence. It is a high-grade deposit with mineralization both structurally and



Our 2004 goal for Bongará is to secure a new joint venture partner. The \$16 million worth of past work on the project demonstrates the project's potential to host significant high-grade zinc deposits.

A large, low-grade zone of mineralization that we defined in 2003 at Truinfo requires a geophysical survey to pinpoint drill targets. After we complete this survey, we believe it will be attractive to potential joint-venture partners for drill testing.



stratigraphically controlled. One of its more positive attributes is that it contains low-iron zinc minerals that make it an environmentally desirable product to process by smelters.

The Truinfo prospect is situated just 50 kilometers east of La Paz, Bolivia. We signed an option to buy the property in 2003 and have subsequently conducted extensive surface sampling and geologic mapping. We believe the property, although in early-stage exploration, has the potential to host a large tonnage, low-grade, open pitable gold-silver-zinc-lead deposit.

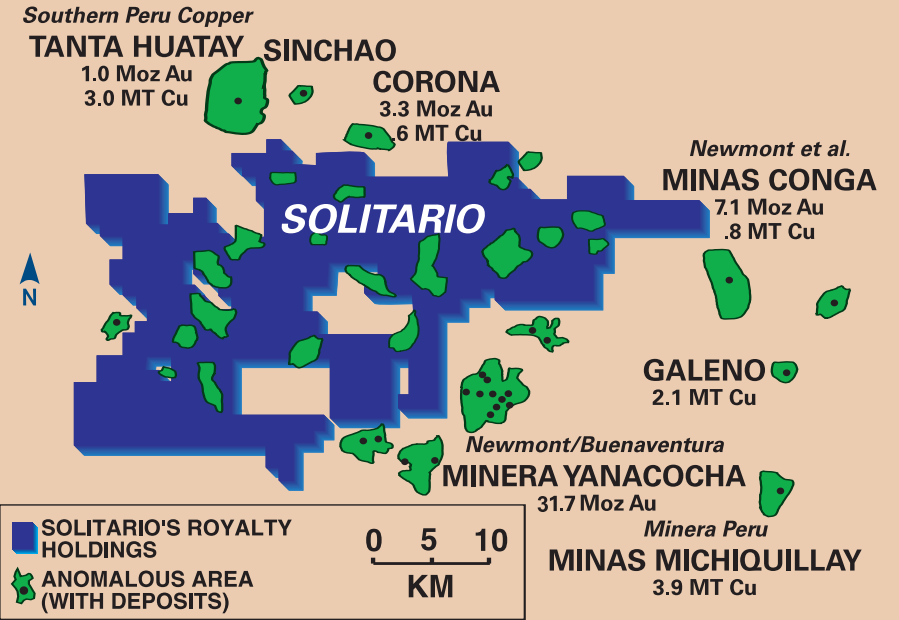
Stockwork quartz-sulfide mineralization extends for at least 600 meters in length and 30 to 150 meters in width. Average chip-channel surface values of the stockwork mineralization are approximately 0.5 gpt gold, 20 gpt silver, 0.5% zinc and 1% lead. In 2004, we plan to conduct an induced polarization geophysical survey over the mineralized area to determine where the concentrations of sulfide minerals are greatest in the sub-surface. Pending the results of this work, we will either drill the project ourselves, or seek a joint-venture partner to fund further exploration.

● **PEDRA BRANCA PHASE I DRILLING HIGHLIGHTS**

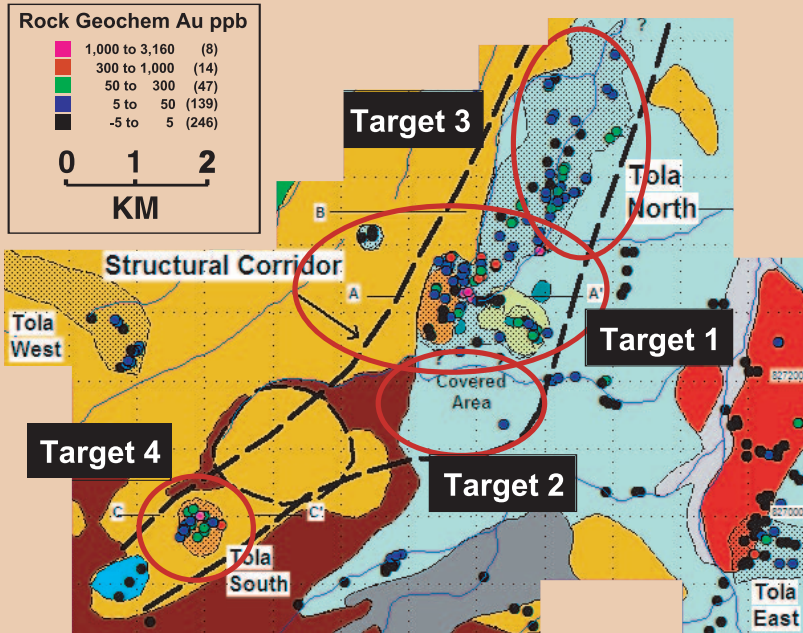
Hole Number	From - To		Interval		Pt	Pd	PGM (+gold)
	Meters		Meters	Feet	g/t	g/t	
Esbarro – 8 Best Drill Holes							
ES-11	0.0	- 54.0	54.0	177.2	0.38	0.65	1.07
ES-12	0.0	- 58.3	58.3	191.3	0.28	0.69	1.00
ES-15	30.4	- 57.3	26.9	88.1	1.27	2.75	4.05
ES-17	38.5	- 53.5	15.0	49.2	0.53	1.52	2.09
ES-18	3.8	- 40.2	36.4	119.4	0.73	1.60	2.36
ES-23	21.4	- 60.5	39.1	128.2	0.54	1.14	1.70
ES-31	35.1	- 48.3	13.2	43.3	0.85	1.39	2.26
ES-32	39.9	- 50.2	10.3	33.6	1.45	2.11	3.56
Curiu – 8 Best Drill Holes							
CU-01	14.7	- 24.8	10.1	33.1	2.24	3.04	5.46
CU-03	13.2	- 32.0	18.8	61.7	1.02	1.28	2.30
CU-04	3.0	- 11.7	8.7	28.4	1.32	1.10	2.47
CU-07	12.4	- 42.8	30.4	99.7	1.25	2.20	3.52
CU-08	17.8	- 28.0	10.3	33.6	2.45	3.43	5.98
CU-11	14.2	- 25.9	11.7	38.4	0.72	1.63	2.38
CU-12	22.3	- 45.8	23.5	77.1	1.16	2.13	3.35
CU-13	5.8	- 26.8	21.0	68.8	1.02	1.68	2.76

Drill intervals were calculated utilizing a 0.7 g/t PGM+Gold

● **YANACocha ROYALTY PROPERTY MAP**



● **LA TOLA 2004 DRILL TARGETS**



● **PREVIOUS LEGACY RIDGE PROJECT DRILLING HIGHLIGHTS**

Hole Number	From - To Feet	Interval Feet	Gold (gpt)	Silver (gpt)
CC-02	39 - 69	30	1.11	33.9
CC-03	51 - 69	18	1.11	37.5
CC-04	18 - 54	36	0.53	13.2
	81 - 105	24	0.71	27.1
CC-06	63 - 69	6	0.88	13.5
	111 - 138	27	0.64	35.7
CC-07	21 - 33	12	1.57	31.3
	42 - 60	18	2.46	55.7
CC-08	54 - 66	12	0.88	28.0
	93 - 105	12	1.44	59.0
CC-09	63 - 102	39	1.17	44.0
CC-10	78 - 126	48	1.13	31.7
CC-11	42 - 57	15	0.91	54.0
	81 - 90	9	0.72	32.7
CC-12	72 - 102	33	1.79	60.1
CC-13	3 - 30	27	0.61	6.2
	60 - 72	12	0.85	38.0

● MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As discussed in Note 10 to the consolidated financial statements, the financial statements as of and for the years ended December 31, 2002 and 2001 have been restated to reflect mineral interests as intangible assets, to provide for amortization of those interests, to recognize gains and losses on derivative instruments and to record exploration expense for certain previously capitalized annual concession costs. The following management's discussion and analysis of financial condition and results of operations gives effect to the restatement.

The following discussion should be read in conjunction with the information contained in the consolidated financial statements and notes thereto included elsewhere in this information statement. Our financial condition and results of operations are not necessarily indicative of what may be expected in future years.

Business Overview and Summary

We are a precious and base metals exploration company with exploration mineral interests in Peru, Bolivia and Brazil and, since February 2004, the state of Nevada in the United States. At December 31, 2003, Crown Resources Corporation ("Crown") owns 37.5% of our common stock. We own Crown common stock, Crown convertible debt and Crown warrants, as described in more detail below.

Our principal expertise is in identifying mineral interests and mineral properties with promising mineral potential, acquiring these mineral interests and mineral properties and exploring them to an advanced stage. Currently we have no mineral interest or mineral properties in development. We currently have eight mineral interest projects under exploration and the Yanacocha interest royalty. Our goal is to discover economic deposits on our mineral interests and advance these deposits, either on our own or through joint ventures, up to the development stage. (Development activities include, among other things, the completion of a feasibility study, the identification of proven and probable reserves, as well as permitting and preparing a deposit for mining.) At that point we would attempt to either sell our mineral interests or pursue their development, either on our own or through a joint venture with a partner that has expertise in mining operations.

In analyzing our activities, the most significant aspect relates to results of our exploration activities and those of our joint venture partners on a project-by-project basis. When our exploration activities, including drilling, sampling and geologic testing indicate a project may not be economic or contain sufficient geologic or economic potential we may impair or completely write-off the project. Another significant factor in the success or failure of our activities is the price of commodities. For example, when the price of gold is up, the value of our gold-bearing mineral interests increases and it also becomes more difficult and expensive to locate and acquire new gold-bearing mineral interests or mineral properties with potential to have economic deposits.

The potential sale, joint venture or development of our mineral interests or properties will occur, if at all, on an infrequent basis. Accordingly, while we conduct exploration activities, we need to maintain and replenish our capital resources. We have met our need for capital in the past through issuance of common stock. We have reduced our exposure to the costs of our exploration activities through the use of joint ventures. We anticipate these practices will continue for the foreseeable future depending on what happens with our investment in Crown.

We have a significant investment in Crown, which includes 965,491 shares of Crown common stock, \$1,000,000 of Crown convertible debt, which is convertible into 3,057,143 shares of Crown common stock and two Crown warrants, the first which gives us the right to acquire 1,857,143 shares of Crown common stock at an exercise price of \$0.75 per

share, and the second, which gives us the right to acquire 1,200,000 shares of Crown common stock at an exercise price of \$0.60 per share. If all securities are converted and exercised, this would give us 7,079,777 shares of Crown common stock. Crown announced in November 2003 that it had executed an acquisition agreement, whereby Kinross Gold Corporation of Toronto, Ontario, Canada ("Kinross"), will acquire all of the outstanding shares of Crown. Assuming the pending merger between Kinross and Crown is completed, we have estimated our holdings of Crown securities (if all warrants are converted on a cashless basis using Crown's market price of \$2.15 on March 19, 2004) would convert into approximately 1,774,886 shares of Kinross common shares with a value of approximately \$12.1 million as of March 19, 2004.

Recent Developments

In February 2004 we signed an option agreement (the "San Pablo Agreement") to acquire a 100% interest, with no retained royalty, in the 700-hectare San Pablo gold project in southwestern Bolivia. The San Pablo Agreement calls for Solitario to make escalating payments to the underlying private Bolivian owners of the property totaling \$1.0 million and spend \$190,000 on exploration over a four-year period. The first six-month payment of \$10,000 has been made. After spending \$15,000 during the first six-month period, we can terminate the San Pablo Agreement at any time with no further obligations. The project is considered an early-stage exploration project. To date, we have performed only a limited project review consisting of geochemical sampling to confirm the presence of gold mineralization. Solitario has applied for an additional 6,100 hectares of mineral rights (not subject to the San Pablo Agreement) from the Bolivian government. We plan to conduct an extensive rock-sampling program over the next six months to determine the extent of gold mineralization. Pending the results of this program, Solitario will decide whether to seek a joint venture partner or independently fund further exploration.

In February 2004 we signed an option agreement (the "CC Agreement") to acquire a 100% interest in 88 unpatented claims totaling approximately 700-hectares on the CC gold project in west-central Nevada (U.S.). The CC Agreement calls for Solitario to make escalating payments to the underlying private owner of the project totaling \$2.0 million over a five-year period and spend \$900,000 over the first four years. The first year's payment of \$25,000 has been made. We are committed to spend at least \$150,000 on exploration during the first year. The underlying owner is entitled to retain up to a 3% net smelter return royalty on the project. We may reduce the underlying owner's royalty to 1% by paying \$2.0 million to the owner at any time during the first eight years of the CC Agreement. After spending \$150,000 during the first six-month period, we can terminate the CC Agreement at any time with no further obligations. The project is considered an early-stage exploration project, although 13 drill holes were completed on the project two years ago. We plan to drill approximately 15 drill holes during 2004. To date, we have performed a limited review of the data and an on-site review of the surface geology.

On November 4, 2003, we completed a private placement to certain Canadian based funds managed by Sprott Asset Management of Toronto, Ontario of 1,500,000 common shares at a price of Cdn\$1.20 per share for total proceeds of Cdn\$1,800,000 or approximately \$1,310,000 (net of offering costs). The additional shares significantly contributed to a reduction in Crown's interest in us from 41.2% at September 30, 2003 to 38.7% at December 31, 2003.

On November 20, 2003, Crown and Kinross Gold Corporation ("Kinross") announced that the two companies have executed an Acquisition Agreement and Agreement and Plan of Merger (the "Merger Agreement") whereby Kinross will acquire Crown and its 100%-owned Buckhorn

Mountain gold deposit located in north central Washington State, USA, approximately 67 kilometers (42 miles) by road from Kinross' Kettle River gold milling facility. Under the terms of the Merger Agreement, shareholders of Crown will receive 0.2911 shares of Kinross for each share of Crown. The transaction contemplated by the Merger Agreement is subject to regulatory approvals, a minimum two-thirds approval at a special meeting of Crown shareholders and customary closing conditions. It is the intent of Crown that the spin-off of the Solitario shares will take place prior to the completion of the acquisition by Kinross.

On November 8, 2003 Crown announced that it would be distributing (through CRCC) its holdings of 9,633,585 shares of our common stock. When Solitario sold shares in a Canadian public offering in 1994, the Toronto Stock Exchange (the "TSX") required that the issued and outstanding shares of Solitario held by CRCC be held in escrow (the "Escrow Agreement") to, among other things, prevent CRCC from selling too large a volume of Solitario shares shortly after the public offering. Over the next three years sixty percent of the shares held in escrow were released to CRCC pursuant to the Escrow Agreement. On December 29, 2003, as required by the TSX, our disinterested shareholders (which excluded holders who are our officers or directors and Crown) voted to approve the release of the remaining 3,140,162 shares of Solitario held in escrow. The shares were released from escrow on January 15, 2004. This will enable Crown (through CRCC) to distribute all of the 9,633,585 shares of our common stock other than shares not distributed as fractional shares and therefore retained by Crown, which are estimated to be less than 1,000 shares in total. Crown will not be giving any consideration for fractional shares.

In October of 2001, we invested in two 10% convertible secured promissory notes (the "Senior Notes") totaling \$1,000,000 of the \$3,600,000 Senior Notes issued by Crown in a private placement. The terms of the Senior Notes were the same for all investors. In connection with the investment in the Senior Notes, we also received warrants to acquire up to 3,057,143 additional shares of Crown common stock at prices between \$0.60 and \$0.75 per share. On February 21, 2003 we invested in 10% series B convertible subordinated notes due 2006 (the "Subordinated B Notes") totaling \$400,000 of the \$2,700,000 Subordinated B Notes issued by Crown in a private placement. The terms of the Subordinated B Notes were the same for all investors. On November 5, 2003 our Subordinated B Notes were automatically converted into 533,333 shares of Crown common stock. The conversion was in accordance with the terms of the Subordinated B Notes, which allowed for an automatic conversion if Crown's common stock traded above \$1.75 per share for twenty consecutive trading days. As of March 19, 2004 we owned 965,491 shares of Crown common stock, from the conversion of the Subordinated B Notes and received as interest on our Senior Notes and Subordinated B Notes.

Assuming the completion of the exchange of shares as contemplated by the Merger Agreement, all of Crown's convertible debentures are converted, all of Crown's options are exercised and all of Crown's warrants are exercised on a cashless basis at the market price of Crown common stock on March 19, 2004, of \$2.15 per share, we estimate we would own approximately 6,097,053 shares of Crown, which would convert into approximately 1,774,852 shares of Kinross. The Kinross shares would be valued at approximately \$12.1 million, assuming the March 19, 2004 market price of \$6.82 per share for each Kinross share.

Results of Operations

Comparison of the Year ended December 31, 2003 to the year ended December 31, 2002

We had net income of \$3,354,000 or \$0.14 per share in 2003 compared to a loss of \$2,079,000 or \$0.09 per share in 2002. The primary reason for the income in 2003 was the recognition of \$5,438,000 in gain on derivative instruments during 2003, compared to gain of \$105,000 in 2002 related to our holding of Crown warrants. Exploration expense

in 2003 was reduced as we entered into a joint venture with Anglo Platinum on our Pedra Branca project, whereby Anglo Platinum paid for approximately \$457,000 of exploration costs. General and administrative costs increased primarily as a result of legal and accounting costs associated with filing a Form 10 registration statement with the US Securities and Exchange Commission during the fourth quarter of 2003. As a result of our pre-tax net income, we recorded income tax expense of \$669,000 during 2003.

During 2003 we recorded an unrealized gain on derivative instruments of \$5,438,000 related to our holdings of Crown warrants. Our Crown warrants are exercisable into Crown shares at any time prior to October 2006 at exercise prices between \$0.60 and \$0.75 per share. The warrants may be net settled and are classified as derivative instruments at December 31, 2003 and 2002. Accordingly, any increase or decrease in the market value of our Crown warrants is included in the statement of operations as unrealized gain or loss on derivative instruments. The fair value of our Crown warrants increased to \$5,591,000 at December 31, 2003 compared to \$153,000 at December 31, 2002, primarily as a result of the increase in the value of Crown's common stock, which increased from \$0.58 per share at December 31, 2002 to \$2.52 per share at December 31, 2003. We anticipate we will exercise all of our Crown warrants prior to the completion of the Kinross transaction and exchange any Crown common shares from the exercise of the warrants for Kinross shares.

During 2003 we recorded interest income of \$272,000 compared to interest income of \$137,000 in 2002. The increase was primarily the result of interest on our investment in Crown Senior and Subordinated B Notes. Crown elected to pay interest in its common shares for the first three quarters of 2003. Per the terms of the Notes, the number of shares of Crown stock received was fixed at a conversion rate which did not fluctuate with the quoted market price of the stock and this resulted in additional interest income of \$112,000 during 2003 compared to the amount of interest income we would have received had Crown paid the interest in cash. During 2002, the amount of interest received from Crown, which was also paid in Crown common shares, was approximately \$24,000 less than the amount we would have received had Crown paid the interest in cash. If the Kinross transaction is completed in 2004, we expect our interest income will be reduced as our notes receivable will be converted to stock.

Our net exploration expense decreased to \$418,000 during 2003 compared to \$957,000 in 2002. During 2003 we focused our exploration on our Pedra Branca project as well as newly acquired projects including Triunfo in Bolivia and La Tola in Peru. Although our gross exploration costs decreased slightly from \$957,000 in 2002 to \$875,000 in 2003, these exploration expenses were offset by joint venture reimbursements of \$457,000 by Anglo Platinum on our Pedra Branca project in 2003. The change in our remaining costs primarily consisted of reduced general and administrative salaries in Peru as we eliminated the position of our vice president of South American operations from our office in Lima and we closed one of our two Brazilian offices and reduced our Bolivian office in 2002, which was reflected in the full year costs of 2003. These reductions were offset by increased geologic drilling and field expenses at our Pedra Branca project. We anticipate continuing to acquire, either through staking, joint venture or lease of mineral interests in South and North America during 2004 and expect our related gross exploration expenditure levels to be comparable to the current year. We anticipate our exploration activities and our exploration expenditures may increase significantly if the Crown and Kinross merger is completed, as we will have additional capital resources to execute our strategy of acquiring early-stage stage exploration prospects. We have not planned or budgeted for such an increase and will not do so until the transaction is completed. The amount of the increase cannot be predicted at this time.

Depreciation and amortization expense was \$488,000 in 2003 compared to \$504,000 in 2002. Depreciation and amortization expense during 2003 included \$466,000 of amortization of mineral interests compared to \$464,000 in 2002. Beginning January 1, 2002, we have been amortizing our mineral interests in exploration properties over their expected lives of three to five years. The remaining reduction in depreciation and amortization expense between 2003 and 2002 related to furniture and fixtures becoming fully depreciated during 2003 and 2002. We anticipate our depreciation and amortization costs will remain at a similar level to our 2003 recorded amounts, unless as a result of the completion of the Crown and Kinross merger we expand our exploration activities, as discussed in the preceding paragraph. The amount of any potential increase in future depreciation and amortization expense cannot be predicted at this time.

General and administrative costs were \$404,000 in 2003 compared to \$372,000 in 2002. General and administrative costs increased primarily related to an increase in legal and accounting costs, which increased to \$38,000 and \$108,000, respectively in 2003 compared to \$6,000 and \$41,000, respectively, in 2002. The primary reason for the increase is related to work on completing a Form 10 registration statement with the US Securities and Exchange Commission during the fourth quarter of 2003. The remaining general and administrative costs for travel, consulting, and shareholder meetings were comparable between 2003 and 2002. We anticipate an increase in general and administrative costs in the future if the Crown and Kinross merger is completed and the management services agreement is terminated as discussed below under related party transactions.

Management fee expense was reduced to \$351,000 in 2003 compared to \$449,000 in 2002 partially as a result of a modification in July 2002 of the Management Agreement that reduced the percentage of reimbursement from 75% of certain administrative costs and finance costs to 25% of those administrative costs and 50% of those finance costs. The full effect of this modification was felt in 2003. Additionally our reduced exploration and administrative activity, partially as a result of the Anglo Platinum joint venture on the Pedra Branca project, reduced the need for Crown's management of our overall activities. Net amounts due to Crown as of December 31, 2003 and 2002 were \$25,000 and \$73,000, respectively, related to the Management Agreement. If the Crown Kinross merger is completed we anticipate the management services contract will be terminated, which will eliminate our management fee expense, but increase our general and administrative costs, as discussed below under related party transactions.

During 2003, we wrote down an investment in marketable equity securities, when we determined the decline in the market value of the related stock was other than temporary, which resulted in a loss of \$26,000 being recorded as an asset write-down. During 2002, we recorded a loss on the sale of certain equipment and marketable equity securities of \$39,000.

Comparison of Year Ended December 31, 2002 to Year Ended December 31, 2001

We had a loss of \$2,079,000 or \$0.09 per share in 2002 compared with a loss of \$3,733,000 or \$0.16 per share in 2001. During 2002 we continued our exploration program in Brazil on our Pedra Branca platinum group metals project. In 2001, we conducted exploration activities on Pedra Branca as well as Tocantinzinho in Brazil and Rincon del Tigre in Bolivia the latter two of which were dropped in 2001. This resulted in a decrease in exploration expense and general and administrative expenses for travel, legal, and exploration support during 2002 compared to 2001. During 2002, we recorded \$30,000 in exploration consulting fees paid to the former president of Altoro for assistance with Brazilian and Bolivian activities compared to \$120,000 in consulting fees in 2001. During 2001, we wrote down our Tocantinzinho and Rincon del Tigre properties with a charge of \$1,274,000 to property abandonment compared to no write-downs in 2002. Beginning January 1, 2002, Solitario reclassified its mineral properties to intangible assets, mineral interests, and began amortizing the excess cost over residual value, which

resulted in \$477,000 of amortization on mineral interests for the year ended December 31, 2002. We did not amortize any mineral interest costs in 2001.

Interest income was \$137,000 and \$236,000 in 2002 and 2001, respectively. The change in interest income was primarily the result of larger cash balances on hand in 2001 related to the Yanacocha sale, which occurred during 2000. A reduction in interest rates between 2002 and 2001 also contributed to the decrease in interest income.

Exploration expense was \$957,000 in 2002 compared to \$1,477,000 in 2001. Exploration during 2001 included two separate drilling programs at Pedra Branca in Brazil as well as a drilling program at Rincon del Tigre in Bolivia. Additionally, field geology, including sampling, was conducted at Tocantinzinho during 2001. During 2002 we limited our exploration activities to Pedra Branca, which resulted in the lower costs.

During the year ended December 31, 2002, we incurred \$372,000 of general and administrative expenses compared with \$511,000 in 2001. General and administrative expenses consist of administrative (office rent, payroll, insurance, banking and automobile), legal, accounting and auditing, travel and shareholder-related costs. The increased activities in Brazil and Bolivia and increases in accounting and shareholder costs accounted for the higher general and administrative expenses during 2001 compared to 2002.

Crown provides management and technical services to us under the Management Agreement originally signed in 1994 and modified in April 1999, in December 2000 and July 2002. The modified agreement, which has a three year term, provides for reimbursement to Crown of direct out-of-pocket costs; payment of between twenty-five percent and seventy-five percent of executive and administrative salaries and benefits, rent, insurance and investor relations costs ("Administrative Costs") and payment of certain allocated indirect costs and expenses paid by Crown on our behalf. Management service fees paid to Crown by us in 2002 and 2001 were \$449,000 and \$590,000, respectively. Net amounts due to Crown as of December 31, 2002 and 2001 were \$73,000 and \$62,000, respectively, related to the Management Agreement.

Depreciation and amortization expense was \$504,000 in 2002 compared to \$49,000 in 2001. Solitario began to amortize its mineral interest January 1, 2002 and recorded \$464,000 of amortization in 2002 compared to none in 2001. Certain equipment was retired and sold during 2002 as we narrowed our focus of exploration to the Pedra Branca project, resulting in a lower depreciation amount in 2002 compared to 2001 on equipment.

We regularly perform evaluations of our assets to assess the recoverability of our 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 \$1,274,000 in 2001. There were no property or mineral interest write-downs in 2003 or 2002. We wrote-down \$636,000, representing the investment in the Rincon del Tigre property in Bolivia and \$638,000, representing the investment in the Tocantinzinho property in Brazil, after exploration programs performed during 2000 and 2001 failed to identify economic deposits on those properties. Both of these properties were acquired from Altoro during 2000.

Liquidity and Capital Resources

Due to the nature of the mining business, the acquisition, and exploration of mineral properties requires significant expenditures prior to the commencement of development and production. In the past, we have financed our activities through the sale of securities, joint

venture arrangements, and the sale of interests in our properties. To the extent necessary, we expect to continue to use similar financing techniques; however, there is no assurance that such financing will be available to us on acceptable terms, if at all.

We had working capital of \$3,915,000 at December 31, 2003 compared to working capital of \$1,853,000 as of December 31, 2002. The increase is due primarily to our investment in Crown stock received as interest on our Crown Senior Notes and Crown Subordinated B Notes. These shares are recorded at their fair market value of \$2,433,000 at December 31, 2003. We also received approximately \$1,310,000 (net of offering costs) from a private placement to Spratt Securities in November 2003. These increases were offset by the purchase of \$400,000 of the Subordinated B Notes from Crown, as discussed below, and also due to the use of working capital to pay exploration expenses, general and administrative expenses and management fees.

As of March 19, 2004, we own 965,491 shares of Crown common stock and have warrants to acquire up to 3,057,143 additional shares of Crown common stock at prices between \$0.60 and \$0.75 per share. In addition, we could acquire an additional 3,057,143 shares of Crown common stock through the conversion of the Crown Senior Notes. Assuming the completion of the exchange of shares as contemplated by the Merger Agreement all of Crown's convertible debentures are converted, all of Crown's options are exercised and all of Crown's warrants are exercised on a cashless basis at the market price of Crown common stock on March 19, 2004, of \$2.15 per share, we estimate we would own approximately 6,097,053 shares of Crown.

We will receive shares of our own common stock as a result of the spin-off. We have estimated we will receive approximately 1,305,286 shares of our own common stock as a result of the spin-off. These shares will be retired and have the status of authorized but unissued shares of our common stock. This would have the result of reducing the amount of issued and outstanding shares of common stock by the amount of common stock we receive as a result of the spin-off and increasing the percentage ownership interest in us for each of our shareholders.

Assuming the completion of the merger with Kinross as contemplated in the Merger Agreement we have estimated our Crown common stock would convert into approximately 1,774,852 shares of Kinross. These Kinross shares would be valued at approximately \$12.1 million, assuming the March 19, 2004 market price of \$6.82 per share for each Kinross share. Although no specific plans have been formulated by our Board, we intend to liquidate a portion of our Kinross shares over the next one to three years to reduce our exposure to a single asset, taking into consideration our cash and liquidity requirements, tax implications, the market price of gold and the market price of Kinross stock. Any funds received from the sale of Kinross shares would be used primarily to fund exploration on our existing properties, for the acquisition and exploration of new properties and general working capital.

If the Crown and Kinross merger is not completed we anticipate we will use existing funds to continue to explore our existing exploration projects. We anticipate we have enough cash and working capital to meet our operating and net exploration requirements through the middle of 2005.

On November 4, 2003, we completed a private placement to certain Canadian based funds managed by Spratt Asset Management of Toronto, Ontario of 1,500,000 common shares at a price of Cdn\$1.20 per share for total proceeds of Cdn\$1,800,000, or approximately \$1,310,000 (net of offering costs). The additional shares reduced Crown's interest in us from 41.2% at September 30, 2003 to 38.7% at December 31, 2003. The funds will be used primarily to fund current exploration programs in Peru, Bolivia and Brazil, for the costs of the registration under the Securities and Exchange Act of 1934, as amended (the "Securities and Exchange Act" or the "1934 Act"), and for general corporate purposes.

In August 2003, we signed the Option Agreement to acquire a 100% interest in the Triunfo gold-silver-lead-zinc property in west-central Bolivia. Terms of the Option Agreement call for escalating payments totaling \$185,000 over a four-year period to the underlying owners. The first payment of \$10,000 has been made. A 100% interest in the property can be acquired at any time within a five-year timeframe for a one-time payment of \$1.0 million. Solitario plans to spend a minimum of \$100,000 during the first year as part of its five-year \$2.3 million work commitment.

On February 21, 2003, we invested \$400,000 in Crown's 10% convertible subordinated promissory notes due 2006 Series B (The "Subordinated B Notes"). The issuance of up to \$3 million of the Subordinated B Notes was authorized by Crown on February 7, 2003 by Crown's Board of Directors. On February 21, 2003, Crown closed the financing by issuing \$2.7 million of the Subordinated B Notes. The Subordinated B Notes are convertible into common stock of Crown at \$0.75 per share. The Subordinated B Notes pay interest at 10% in stock or cash at Crown's option, and mature on October 19, 2006, the same date as Crown's Senior Notes. Our investment was on the same terms as all other investors. On November 5, 2003, our Subordinated B Notes were automatically converted into 533,333 shares of Crown common stock.

On January 28, 2003 we entered into an agreement with Anglo American Platinum Corporation, Ltd. ("Anglo Platinum") whereby Anglo Platinum may earn a 51% interest in the Pedra Branca Project, by spending \$7 million on exploration at Pedra Branca over a four-year period. Anglo Platinum agreed to a minimum expenditure of \$500,000 during the first six months of the agreement. Anglo Platinum can earn an additional 9% interest in Pedra Branca (for a total of 60%) by completing a bankable feasibility study. Anglo Platinum can also earn an additional 5% interest in Pedra Branca (for a total of 65%) by arranging for financing to put the project into commercial production. Anglo Platinum has met its minimum required expenditure for the first six months and is currently reviewing the results of the first six months (Phase one) exploration program, before making a decision to fund the second phase of the Pedra Branca Project exploration program. If Anglo Platinum declines to continue, we will retain 100% of the Pedra Branca Project.

In October 2001, we invested \$1,000,000 in two Senior Notes issued by Crown; see related party transactions, below. The Solitario Note for \$350,000 is convertible into Crown common shares at a conversion price of \$0.2916 per share, subject to adjustment. The remaining Senior Note for \$650,000 is convertible into Crown common shares at a conversion price of \$0.35 per share, subject to adjustment. As part of that investment, Crown issued us warrants exercisable into Crown shares at any time prior to October 2006 at exercise prices between \$0.60 and \$0.75 per share. We recorded the warrants at their fair value of \$110,000 on the date of the transaction, and this fair value was recorded as a discount to the Senior Notes receivable from Crown. The discount is being amortized over the life of the Senior Notes as additional interest income. As a result, we recorded \$22,000 of additional interest income for each year ended December 31, 2003 and 2002. The fair value of the warrants was \$5,591,000 and \$153,000 at December 31, 2003 and 2002.

Cash and cash equivalents were \$1,273,000 as of December 31, 2003 compared to \$1,405,000 at December 31, 2002. Our cash balances are considered adequate to fund our 2004 exploration plan and all other expenditures. The nature of the mining business requires significant sources of capital to fund exploration, development and operation of mining projects. We will need additional resources if we choose to develop on our own any mineral deposits we have. We anticipate that we would finance these activities through the use of joint venture arrangements, the issuance of debt or equity, the sale of interests in

our properties or the sale of our shares of Crown common stock. There can be no assurance that such sources of funds will be available on terms acceptable to us, if at all.

As previously noted, under the Management Agreement we currently reimburse Crown for certain expenses, including management salaries and benefits, rent, insurance and investor relations costs and certain other expenses paid by Crown on our behalf. Upon completion of the spin-off and assuming the completion of the Kinross merger, we will no longer operate under the Management Agreement. This change will result in an increase in general and administrative costs related to salaries and benefits for employees, rent, audit and legal fees, shareholder relations costs, travel and office expenses. In the event that the Kinross transaction is not completed, we anticipate that we would continue to operate under the Management Agreement with Crown. See "Management of Solitario Resources Corporation" for further discussion.

We have been a reporting issuer in Canada and recently became a reporting issuer in the US. As a reporting issuer in the US, we are required to comply with a variety of new rules and regulations specific to the US. We expect these new rules and regulations to increase our legal and financial compliance costs, and to make some activities more difficult, time-consuming and/or costly.

Cash Flows

Net cash used in operations during 2003 decreased to \$1,157,000 compared to \$1,704,000 for 2002 primarily as a result of reductions in net exploration expenses, general and administrative expenses and management fees as discussed above. Investing activities used \$299,000 of cash during 2003 compared to \$386,000 of cash provided in the same period of 2002. The use of cash by investing activities during 2003 was primarily the result of the purchase of \$400,000 of the Subordinated B Notes discussed above, compared to proceeds from the sale of marketable equity securities of \$381,000 including the sale of Canyon Resources Corporation common stock for proceeds of \$245,000 during 2002. Cash provided by financing activities in 2003 included the sale of our common stock to Sprott Securities for \$1,310,000 (net of offering costs). There were no similar sales in 2002.

Additions to mineral interests for concession, land and leasehold costs during 2003 were \$10,000 for acquisition costs related to our Triunfo project in Bolivia. Beginning January 1, 2002 we began to amortize our capitalized mineral interest costs in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141 "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets." We have recorded \$930,000 and \$464,000 of accumulated amortization as of December 31, 2003 and 2002, respectively. We expense all exploration costs on properties without proven and probable reserves.

During 2000, we received \$6,000,000 from the sale of our Yanacocha property to Newmont. The cash consideration was \$5,600,000 with \$400,000 deferred and recorded as a long-term note receivable due over a four-year period, pending release of certain contingent liabilities. We received payments of \$111,000 and \$109,000 of the deferred proceeds, including interest in April 2003 and 2002, respectively. We recorded property acquisition costs of \$42,000 from the issuance of its shares during 2001. Primarily as a result of the issuance of shares in connection with the private placement of our shares to Sprott Securities and the acquisition of Altoro, Crown's indirect ownership interest in Solitario was reduced from 57.2% (prior to the Altoro transaction) to 38.7% as of December 31, 2003.

Cash and cash equivalents were \$1,273,000 at December 31, 2003. These funds are generally invested in short-term interest-bearing deposits and securities, pending investment in current and future projects. The note receivable from Newmont amounted to

\$112,000 at December 31, 2003. Investments in marketable equity securities include the fair value of our holdings of 965,491 shares of Crown common stock of \$2,433,000 at December 31, 2003. Working capital at December 31, 2003 was \$3,915,000.

Contractual Obligations

As of December 31, 2003, we have no outstanding long-term debt, capital or operating leases or other purchase obligations.

However, we do have annual concession and lease payments required to maintain our current mineral interest positions. While these payments are not fixed obligations since we can abandon the mineral interests at any time without penalty or further payments, these payments are required in order to maintain our interests. We estimate these payments to be approximately \$229,000 annually, before reimbursement from any of our partners. We also have entered into agreements that commit us to exploration and mineral interest expenditures of \$380,000 in 2004. We may be required to make further payments in the future if we elect to exercise our options under those contracts.

Additionally, we currently do not lease any facilities. If the spin off of our shares to Crown shareholders is completed and the Crown transaction with Kinross is completed, we estimate our facility lease costs will be approximately \$30,000 per year.

We currently have deferred tax liabilities recorded in the amount of \$1,276,000. These deferred tax liabilities relate to our unrealized holding gains on our Crown shares and warrants. If the Crown transaction with Kinross is completed, we expect these deferred tax liabilities will become currently payable as we convert these warrants and sell underlying Kinross shares. If the Crown transaction with Kinross is completed it is likely that we will incur additional liabilities. However, the amount is dependent on the ultimate transaction value.

Related Party Transactions

At December 31, 2003 Crown owned 38.7% of us. Crown provides management and technical services to Solitario under a management and technical services agreement originally signed in April 1994 and modified in April 1999, December 2000 and July 2002. Under the modified agreement Solitario reimburses Crown for direct out-of-pocket expenses; payment of 25% of Crown's corporate administrative costs for executive and technical salaries, benefits and expenses, 50% of Crown's corporate administrative costs for financial management and reporting salaries, benefits and expenses and 75% of Crown's corporate administrative costs for investor relations salaries, benefits and expenses. These allocations are based upon estimated time and expenses spent by Crown management and employees on Crown activities and Solitario's activities. Management believes these allocations are reasonable and the allocations are periodically reviewed by management and approved by independent Board members of both Crown and Solitario. Management service fees are billed monthly, due on receipt and are generally paid within thirty days.

Effective with the completion of the spin-off and assuming the successful acquisition of Crown by Kinross, the Management Agreement will be terminated and we will contract directly with our management and directly pay all administrative expenses. If the spin off is completed and we terminate the Management Agreement, we estimate our annual general and administrative costs would be approximately \$400,000 to \$500,000 higher after the spin-off as a result of increases in salaries and benefits, rent, audit and legal fees, administrative costs, and shareholder relations costs with such increases in general and administrative costs partially offset by an estimated reduction in annual management fees of approximately \$200,000. In the event that the Kinross transaction is not completed, we anticipate that we would continue to operate under the Management Agreement with Crown.

Christopher E. Herald, and Mark E. Jones, III are directors of both Crown and us. Christopher E. Herald, James R. Maronick and Walter H. Hunt are officers of both Crown and us. We do not anticipate any changes in these positions as a result of the spin off. If the transaction between Crown and Kinross is completed, we anticipate Mr. Herald and Mr. Jones will not be directors of Crown and Mr. Herald, Mr. Maronick and Mr. Hunt will not be officers of Crown.

In October 2001, we invested in two 10% convertible secured promissory notes ("Senior Notes") totaling \$1,000,000 of the \$3,600,000 Secured Notes issued by Crown. The proceeds from the first Senior Note (the "Solitario Note"), of \$350,000 were delivered to Crown. The proceeds from the second Senior Note, of \$650,000 were placed in escrow pending the outcome of Crown's voluntary petition for bankruptcy, filed in United States Bankruptcy Court, which was filed on March 8, 2002 (the "Bankruptcy"). In March 2002 an additional \$200,000 was advanced to Crown out of escrow of which our share of the advance was \$56,000. Crown's plan of reorganization was confirmed on May 30, 2002 and the remaining balance of the proceeds plus interest was released to Crown on the effective date of the Bankruptcy, June 11, 2002. The independent Board members of Crown and Solitario approved the transaction. The terms of the transaction on the Escrowed Notes were the same as given to other senior lenders of Crown (the "Senior Lenders") and, with regard to the terms of the \$350,000 Solitario Note, the terms were negotiated with and approved by the other Senior Lenders. During 2003 and 2002, we were paid 249,718 and 182,440 Crown shares, respectively, as interest under the Senior and Subordinated B Notes.

As part of the investment in the Senior Notes, we also received two warrants. The first warrant gives us the right to purchase 1,857,143 shares of Crown for \$0.75 through October 2006. The second warrant gives us the right to purchase 1,200,000 shares of Crown at \$0.60 through October 2006. The fair value of the warrants at the time of issuance, \$110,000, was recorded as a discount to the Senior Notes. This discount is being amortized over the life of the Senior Notes as additional interest income. The fair value of the warrants, based upon a quoted bid price, was \$5,591,000 and \$153,000 at December 31, 2003 and 2002, respectively. We recognize any increase or decrease in the fair value of the warrants as an unrealized gain or loss on derivative instruments in the statement of operations. We recorded an increase in the value of the warrants of \$5,438,000 and \$105,000 for the year ended December 31, 2003 and 2002, respectively, compared to a decrease of \$63,000 for the year ended December 31, 2001.

We entered into a Voting Agreement dated as of April 15, 2002 among Zoloto Investors, LP ("Zoloto") and Crown. Zoloto and we are both shareholders of Crown (the "Signing Shareholders"). Pursuant to the Voting Agreement, Zoloto and we agreed that we will each vote our owned shares during the term of the Voting Agreement for the election of three designees of Zoloto and one designee of Solitario (the "Designee Directors") to the Board of Directors of Crown. The Signing Shareholders agreed that any shares received by either Signing Shareholder would be subject to the Voting Agreement during its term and any successor, assignee or transferee of shares from either Signing Shareholder would be subject to the terms of the Voting Agreement during its term. The Voting Agreement terminates on the third anniversary from the date of the first annual meeting of shareholders after the date of the Voting Agreement. As of March 19, 2004, the Signing Shareholders collectively held 1,733,866 shares or approximately 7.7% of the outstanding shares of Crown. As of March 19, 2004, we owned 965,491 shares of Crown common stock, from automatic conversion of our Subordinated B Notes and received as interest on our Senior and Subordinated B Notes, we have warrants to acquire 3,057,143 shares of Crown common stock at between \$0.60 and \$0.75 per share and could also acquire up to 3,057,143 additional shares of Crown common stock through conversion of the Senior Notes.

On June 26, 2001, we agreed to acquire 200,000 shares of Canyon Resources Corporation common stock from Crown at its fair market value of \$200,000 at that date. We sold the shares for \$245,000 in February 2002, the fair market value at that date. The transaction provided additional working capital to Crown, and was approved by independent Board members of both Crown and us.

On February 21, 2003, we invested \$400,000 in Crown's 10% convertible subordinated promissory notes due 2006 Series B (The "Subordinated B Notes"). The issuance of up to \$3 million of the Subordinated B Notes was authorized by Crown on February 7, 2003 by Crown's Board of Directors. On February 21, 2003, Crown closed the financing by issuing \$2.7 million of the Subordinated B Notes. The Subordinated B Notes are convertible into common stock of Crown at \$0.75 per share. The Subordinated B Notes pay interest at 10% in stock or cash at Crown's option, and mature on October 19, 2006, the same date as Crown's Senior Notes. Our investment was on the same terms as all other investors. On November 5, 2003, our Subordinated B Notes were automatically converted into 533,333 shares of Crown common stock.

Joint Ventures

We acquired the Pedra Branca platinum-palladium ("PGM") Project located in Ceará State, Brazil, as part of the Altoro acquisition in October 2000. We control 100% interest in 65 concessions totaling 69,244 hectares. Altoro signed an agreement in 1999, which was modified in 2000 and 2003, with Eldorado Gold Corporation ("Eldorado") whereby we could have earned a 70% interest in concessions covering approximately 10,000 hectares, by spending \$2,000,000 on exploration by August 2003. However, we elected not to complete the earn-in requirement and the Eldorado lease expired without Solitario earning any interest in the leased concessions. We reacquired concessions within the previously leased Eldorado area in October 2003. Eldorado is entitled to a 2% NSR royalty on these reacquired concessions. In February 2000, Altoro signed a letter of intent, which was subsequently assigned to Rockwell Ventures, Inc., of Vancouver Canada ("Rockwell"), granting Rockwell an option to earn a 60% interest in Altoro's share of the Pedra Branca Project. Under the terms of the agreement, Rockwell was required to spend \$7,000,000 on exploration within four years from July 2000, with a minimum expenditure of \$1,000,000 during the first year. In addition, Rockwell issued to us a total of 125,433 shares and \$50,000 in cash in May 2000 upon regulatory approval of the agreement. In June of 2001, Rockwell terminated its option under the agreement. At December 31, 2003, we own 100% of the Pedra Branca project, subject to the Anglo Platinum agreement discussed below.

On January 28, 2003 we entered into an agreement with Anglo Platinum whereby Anglo Platinum may earn a 51% interest in the Pedra Branca Project by spending \$7 million on exploration at Pedra Branca over a four-year period. Anglo Platinum agreed to a minimum expenditure of \$500,000 during the first six months of the agreement. Anglo Platinum can earn an additional 9% interest in Pedra Branca (for a total of 60%) by completing a bankable feasibility study. Anglo Platinum can also earn an additional 5% interest in Pedra Branca (for a total of 65%) by arranging for financing to put the project into commercial production. Anglo Platinum completed its initial six-month expenditure in July 2003 and is now in the process of deciding whether or not to fund the second six-month \$500,000 work commitment.

In July 2002, we signed an agreement with Bear Creek Mining Company ("Bear Creek") whereby Bear Creek can earn 51% interest in the La Pampa property by expending \$4.5 million on exploration of La Pampa over a five-year period. As part of the agreement, Bear Creek will pay all costs to maintain the concessions. As part of the agreement Bear Creek must complete a minimum of 1,000 meters of drilling on the property. Bear Creek may earn an additional 14% interest (for a total of 65%) by completing a bankable feasibility

study on the property within two years of earning its 51% interest. In February 2004, Bear Creek notified us that it intends to terminate its interest in the La Pampa project. We will evaluate the results of Bear Creek's technical data to determine our future course of action. Solitario has no capitalized mineral interest relating to La Pampa at December 31, 2003.

In August 2003, we signed an Option Agreement to acquire a 100% interest in the Triunfo gold-silver-lead-zinc property in west-central Bolivia. Terms of the Option Agreement call for escalating payments totaling \$185,000 over a four-year period to the underlying owners. The first payment of \$10,000 has been made. A 100% interest in the property can be acquired at any time within a five-year timeframe for a one-time payment of \$1.0 million. Solitario plans to spend a minimum of \$100,000 during the first year as part of its five-year \$2.3 million work commitment.

In December 1996, we signed an agreement regarding the Bongará project with a subsidiary of Cominco Ltd. ("Cominco") of Vancouver, British Columbia. Cominco had the right to earn a 65% interest in the Bongará project by (among other things) spending a minimum of \$17,000,000 over a five-year period from January 2000 forward. Cominco paid us \$118,000, including value added taxes of 18% in January 2000 and 1999. In February 2001, Cominco terminated their option to acquire an interest in the Bongará project. We currently hold a 100% interest in the project covering approximately 6,000 hectares and may seek a new joint venture partner to explore and develop this property.

Our exploration activities, funding opportunities and joint ventures may be materially affected by commodity prices and fluctuations. Commodity market prices are determined in world markets and are affected by numerous factors beyond our control.

Exploration Activities

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

In acquiring our interests in mining claims and leases, we have entered into agreements, which generally may be canceled at our option. We are required to make minimum rental and option payments in order to maintain our interest in certain claims and leases. Our final 2003 mineral property rental and option payments were approximately \$77,000. We were reimbursed approximately \$25,000 of this amount from our joint venture partners. In 2004 we estimate mineral property rental and option payments to be approximately \$229,000. If our current joint venture partners elect to continue funding their respective joint ventures throughout the remainder of 2004, we would be reimbursed approximately \$79,000 of those costs.

We recorded exploration expense \$418,000, \$957,000 and \$1,477,000 for the years ended December 31, 2003, 2002 and 2001, respectively. The decrease in 2003 is related specifically to the reimbursement of costs by Anglo Platinum at our Pedra Branca project during 2003, see results of operations above. Exploration expense was \$1,477,000 in 2001 compared to \$957,000 in 2002 primarily as a result of 2001 drilling programs at Pedra Branca in Brazil and Rincon del Tigre in Bolivia, as well as exploration work on Tocantinzinho in Brazil in 2001. None of these activities were carried out in 2002.

Critical Accounting Policies

Mineral interests

Solitario classifies its mineral interests as intangible assets. Solitario's mineral interests represent mineral use rights for parcels of land not owned by Solitario. Solitario's mineral interests relate to exploration stage properties and the value of such intangible assets is primarily driven by the nature and amount of economic minerals believed to be contained, or potentially contained, in such properties. Solitario amortizes the excess cost of its mineral interests over their estimated residual value over the lesser of (i) the term of any mineral interest option or lease or (ii) the estimated life of the mineral interest, which approximates Solitario's estimated exploration cycle. Solitario is amortizing its mineral interests over a three-to-eight year period based upon facts and circumstances for each mineral interest on a property-by-property basis including Solitario's current intentions for the property and Solitario's history with similar properties. Solitario has estimated the residual values for its mineral interests to be zero at December 31, 2003 and 2002. If the expected residual values were to change, there could be a material impact to our future amortization. We reevaluate the life and residual values of our mineral interests annually.

Impairment

Solitario regularly performs evaluations of its investment in mineral interests to assess the recoverability and/or the residual value of its investments in these assets. All long-lived assets are reviewed for impairment whenever events or circumstances change, such as negative drilling results or termination of a joint venture, which indicate the carrying amount of an asset may not be recoverable, utilizing established guidelines based upon discounted future net cash flows from the asset or upon the determination that certain exploration properties do not have sufficient potential for economic mineralization as a result of our analysis of exploration activities including surveys, sampling and drilling. We recorded no impairments of mineral interests in 2003. However, we may record future impairment if certain events occur, including loss of a venture partner, reduced commodity prices or unfavorable geologic results from sampling assaying surveying or drilling, among others.

Derivative instruments

Solitario's Crown warrants, which entitle Solitario the right to purchase Crown common stock, have a net settlement feature and accordingly Solitario classifies the Crown warrants as derivative instruments. Solitario has recorded its investment in these warrants at their estimated fair value. Solitario recognizes any increase or decrease in the fair value of the warrants as a gain or loss on derivative instruments in the statement of operations.

Income taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of 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 also are 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 or all of the deferred tax assets will not be realized. Currently we believe our deferred tax assets, exclusive of our Yanacocha royalty asset, are recoverable. Recovery of these assets is dependent upon our expected gains on the Crown securities we own. If these values are not realized, we may record additional valuation allowances in the future.

Recent Accounting Pronouncements

In April 2003, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 149 “Amendment of Statement 133 on Derivative Instruments and Hedging Activities” to amend and clarify financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. The changes in this statement are intended to improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly to achieve more consistent reporting of contracts as either derivative or hybrid instruments. SFAS No. 149 has been adopted by Solitario and will be applied prospectively for contracts entered into or modified after June 30, 2003. The adoption of this statement has not had a material effect on Solitario’s consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150 “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,” which clarifies the classification as liabilities for certain financial instruments including equity shares that are mandatorily redeemable, or a financial instrument other than equity shares that has an obligation to repurchase the instrument with equity shares, including a conditional obligation to settle the financial instrument with equity shares. SFAS No. 150 has been adopted by Solitario and is effective for financial instruments entered into after May 31, 2003. The adoption of this statement has not had a material effect on Solitario’s consolidated financial position or results of operations.

On January 1, 2002, Solitario adopted SFAS No. 142 “Goodwill and Other Intangible Assets,” which among other things required the reclassification of Solitario’s Mineral Properties as Mineral Interest (intangible assets) and the amortization of those assets over their expected useful lives. The excess of the cost of each mineral interest over its estimated residual value is amortized over the lesser of (i) the term of any mineral interest option or lease or (ii) the estimated life of the mineral interest, which approximates Solitario’s estimated exploration cycle. Solitario is amortizing its mineral interests over a three-to-eight year period based upon facts and circumstances for each mineral interest on a property-by-property basis including Solitario’s current intentions for the property and Solitario’s history with similar properties. Solitario has estimated the residual values for its mineral interests to be zero at December 31, 2003 and 2002. Beginning January 1, 2002, Solitario reclassified its mineral properties to intangible assets, mineral interests, and began amortizing the excess cost over residual value, which resulted in \$466,000 and \$464,000 of amortization on mineral interests for the years ended December 31, 2003 and 2002, respectively. We did not amortize any mineral interest costs in 2001.

In April 2002, the FASB issued SFAS No. 145, “Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.” SFAS No. 145 eliminates inconsistencies between the accounting for sale-leaseback transactions and the required accounting for certain lease modifications. This statement requires that gains and losses from debt extinguishment should be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30. This Statement also amends existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their meanings under changed conditions. We adopted SFAS No. 145 as of January 1, 2003. The adoption of this Statement has not had any effect on our financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities,” which addresses financial accounting and reporting for costs asso-

ciated with these activities and generally requires that a liability for a cost associated with an exit or disposal activity shall be recognized and measured initially at its fair value in the period in which the liability is incurred. SFAS No. 146 does not apply to costs associated with the retirement of long-lived assets covered by SFAS No. 143. SFAS No. 146 will be applied prospectively and is effective for exit or disposal activities initiated after December 31, 2002. The adoption of this statement has not had any effect on our financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143 “Accounting for Asset Retirement Obligations.” Under SFAS No. 143, the fair value of a liability for an asset retirement obligation covered under the scope of SFAS No. 143 is recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. We have adopted SFAS No. 143 as of January 1, 2003. The adoption of this statement has not had any effect on our financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others” (“FIN 45”). FIN 45 clarifies the disclosure required by guarantors of (a) the nature of any guarantee, (b) maximum potential amount of future payments associated therewith, (c) carrying amounts of liabilities, if any, related to the guarantor’s obligations under the guarantee and (d) the nature and extent of any recourse or collateral for recovery of any amounts paid under the guarantee. FIN 45 also clarifies the requirement to recognize at the inception of a guarantee a liability for the fair value of obligations undertaken in issuing the guarantee, including the obligation to stand ready to perform over the term of guarantee. We have applied the provisions of FIN 45 for interim and annual periods ending after December 15, 2002 and the effect of adopting this interpretation was not material.

In January 2003, the FASB issued FASB Interpretation No. 46, “Consolidation of Variable Interest Entities” (“FIN 46”) and in December 2003 issued FIN 46R. FIN 46 requires the consolidation of variable interest entities which have one or both of the following attributes (1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support from other parties which is provided by other parties that will absorb some or all of the expected losses of the entity, (2) the equity investors lack controlling financial interest as evidenced by (i) the ability to make decisions regarding the entity’s activities through voting or similar rights (ii) the obligation to absorb expected losses, which make it possible for the entity to finance its activities and (iii) the right to receive expected residual returns of the entity if they occur, which is the compensation for absorbing the expected losses. FIN 46 was immediately effective for variable interest entities formed after January 31, 2003. FIN 46R requires the adoption of either FIN 46 or FIN 46R in financial statements of public entities that have interests in structures that are commonly referred to as special purpose entities for periods ending after December 15, 2003. Application for all other types of variable interest entities is required in financial statements for periods ending after March 15, 2004. The adoption of FIN 46 and FIN 46R is not expected to have a material effect on our financial position or results of operations.

● INDEPENDENT AUDITORS' REPORT AND COMMENTS BY INDEPENDENT AUDITORS FOR CANADIAN READERS ON U.S.-CANADA REPORTING CONFLICT

**To the Board of Directors and Stockholders
of Solitario Resources Corporation; Wheat Ridge, Colorado**

We have audited the consolidated balance sheets of Solitario Resources Corporation and subsidiaries (Solitario) as of December 31, 2003 and 2002, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2003. These financial statements are the responsibility of Solitario'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 as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2003 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, 2003 includes net mineral interests costs of \$2,760,000. Note 1 to the consolidated financial statements emphasizes that the recovery of these costs is ultimately dependent upon either the sale of these mineral interests or the development of economically recoverable ore reserves, the ability of Solitario to obtain the necessary permits and financing to successfully place the projects into production, and upon future profitable operations.

As discussed in Note 1 to the consolidated financial statements, on January 1, 2002 Crown adopted Statement of Financial Accounting Standards No. 142.

As discussed in Note 10, the accompanying 2002 and 2001 consolidated financial statements have been restated.

Deloitte & Touche us

Deloitte & Touche LLP
Denver, Colorado
March 10, 2004

**To the Board of Directors and Stockholders
of Solitario Resources Corporation; Wheat Ridge, 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 10, 2004 is expressed in accordance with auditing standards generally accepted in the United States of America, which permits the inclusion of an explanatory paragraphs in the auditors' report to emphasize a matter regarding the financial statements.

Deloitte & Touche us

Deloitte & Touche LLP
Denver, Colorado
March 10, 2004

● CONSOLIDATED BALANCE SHEETS

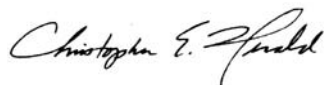
(in thousands, except share and per share amounts)

	December 31,	
	2003	2002 ⁽¹⁾
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,273	\$ 1,405
Note receivable	112	111
Investments in marketable equity securities, at fair value	2,576	409
Prepaid expenses and other	32	27
Total current assets	3,993	1,952
Mineral interests, net	2,760	3,216
Note receivable from Crown Resources Corporation, net of Discount	937	915
Investment in Crown Resources Corporation warrant, at fair value	5,591	153
Other assets	7	140
Total assets	\$ 13,288	\$ 6,376

(in thousands except share and per share amounts)

	December 31,	
	2003	2002 ⁽¹⁾
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 53	\$ 26
Due to Crown Resources Corporation	25	73
Deferred income taxes	685	—
Total current liabilities	763	99
Deferred income taxes	591	—
Commitments and contingencies (Notes 2, 3, and 6)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, authorized 10,000,000 shares (none issued and outstanding at December 31, 2003 and 2002)	—	—
Common stock, \$0.01 par value, authorized, 50,000,000 shares (24,923,134 and 24,407,134 shares issued and outstanding at December 31, 2003 and 2002, respectively)	249	234
Additional paid-in capital	22,498	21,189
Accumulated deficit	(11,968)	(15,322)
Accumulated other comprehensive income	1,155	176
Total stockholders' equity	11,934	6,277
Total liabilities and stockholders' equity	\$ 13,288	\$ 6,376

On behalf of the Board:



Christopher E. Herald
Director



Daniel Leonard
Director

⁽¹⁾ As restated, see Note 10
See Notes to Consolidated Financial Statements.

● CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

Costs and expenses:

	Year Ended December 31,		
	2003	2002 ⁽¹⁾	2001 ⁽¹⁾
Exploration expense	\$ 418	\$ 957	\$ 1,477
Depreciation and amortization	488	504	49
General and administrative	404	372	511
Management fees	351	449	590
Unrealized (gain) loss on derivative instruments	(5,438)	(105)	63
Asset write-downs	26	—	1,274
Loss on sale of assets	—	39	—
Interest and other (net)	(272)	(137)	(231)
Income (loss) before income taxes	4,023	(2,079)	(3,733)
Income tax expense	669	—	—
Net income (loss)	\$ 3,354	\$ (2,079)	\$ (3,733)
Earnings (loss) per common share:			
Basic	\$ 0.14	\$ (0.09)	\$ (0.16)
Diluted	\$ 0.14	\$ (0.09)	\$ (0.16)
Weighted average shares outstanding:			
Basic	23,638	23,407	23,387
Diluted	23,638	23,407	23,387

⁽¹⁾ As restated, see Note 10.

See Notes to Consolidated Financial Statements.

**● CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001**

(in thousands, except share amounts)	Common Stock		Additional	Accumulated	Accumulated	Total
	Shares	Amount	Paid-in Capital	Deficit	Other Comprehensive Income (loss)	
Balance December 31, 2000	23,344,647	\$ 234	\$ 21,147	\$ (9,510)	\$ (62)	\$ 11,809
Shares issued:						
For mineral interests	62,487	—	42	—	—	42
Comprehensive loss:						
Net loss ⁽¹⁾	—	—	—	(3,733)	—	(3,733)
Net unrealized loss on marketable equity securities ⁽¹⁾	—	—	—	—	(134)	(134)
Comprehensive loss ⁽¹⁾	—	—	—	—	—	(3,867)
Balance December 31, 2001 ⁽¹⁾	23,407,134	234	21,189	(13,243)	(196)	7,984
Comprehensive loss:						
Net loss ⁽¹⁾	—	—	—	(2,079)	—	(2,079)
Net unrealized gain on marketable equity securities ⁽¹⁾	—	—	—	—	372	372
Comprehensive loss ⁽¹⁾	—	—	—	—	—	(1,707)
Balance, December 31, 2002 ⁽¹⁾	23,407,134	234	21,189	(15,322)	176	6,277
Shares issued:						
Option exercise	16,000	—	14	—	—	14
Private placement, net	1,500,000	15	1,295	—	—	1,310
Comprehensive income:						
Net income	—	—	—	3,354	—	3,354
Net unrealized gain on marketable equity securities (net of tax of \$607)	—	—	—	—	979	979
Comprehensive income	—	—	—	—	—	4,333
Balance, December 31, 2003	24,923,134	\$ 249	\$ 22,498	\$ (11,968)	\$ 1,155	\$ 11,934

⁽¹⁾ As restated, see Note 10
See Notes to Consolidated Financial Statements.

● CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended December 31,		
	2003	2002 ⁽¹⁾	2001 ⁽¹⁾
Operating Activities:			
Net income (loss)	\$ 3,354	\$ (2,079)	\$ (3,733)
Adjustments:			
Unrealized loss (gain) on derivative instruments	(5,438)	(105)	63
Depreciation and amortization	488	504	49
Asset write-downs	—	—	1,274
Loss on asset sales	—	39	—
Interest income received in stock	(207)	(74)	—
Interest income from amortization of note discount	(22)	(22)	(4)
Deferred income taxes	669	—	—
Other	26	—	2
Changes in operating assets and liabilities:			
Prepaid expenses and other current assets	(6)	40	(34)
Accounts payable	27	(18)	(26)
Due to Crown Resources Corporation	(48)	11	(19)
Net cash used in operating activities	(1,157)	(1,704)	(2,428)
Investing activities:			
Investment in Crown Resources Corporation promissory notes and warrants	(400)	—	(1,000)
Additions to mineral interests and other	(10)	—	(39)
Proceeds from asset sales	—	26	—
Proceeds from sale of marketable equity securities	—	381	13
Collection on note receivable	111	109	106
Purchase of marketable equity securities	—	(130)	(200)
Other assets	—	—	(63)
Net cash provided by (used in) investing activities	(299)	386	(1,183)
Financing activities:			
Issuance of common stock	1,324	—	—
Net cash provided by financing activities	1,324	—	—
Net decrease in cash and cash equivalents	(132)	(1,318)	(3,611)
Cash and cash equivalents, beginning of year	1,405	2,723	6,334
Cash and cash equivalents, end of year	\$ 1,273	\$ 1,405	\$ 2,723
Supplemental disclosure of cash flow information:			
Issuance of common stock for mineral properties	—	—	42
Conversion of Crown notes receivable to shares of Crown common stock	400	—	-

⁽¹⁾ As restated, see Note 10

See Notes to Consolidated Financial Statements.

● NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (AS RESTATED)

1. Business and Summary of Significant Accounting Policies:

Business and company formation

Solitario Resources Corporation (“Solitario”) engages principally in the acquisition and exploration of mineral interests. At December 31, 2003, Solitario’s mineral interests are located in Brazil, Bolivia and Peru. In February 2004, Solitario acquired the CC project in the state of Nevada. Solitario 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”). As a result of the issuance of shares subsequent to 1984, CRCC’s ownership of Solitario’s shares was reduced to 38.7% as of December 31, 2003; see Note 8.

On November 8, 2003 Crown announced that it would be distributing to its shareholders (through CRCC) its holdings of 9,633,585 shares of Solitario’s common stock. When Solitario sold shares in a Canadian public offering in 1994, the Toronto Stock Exchange (the “TSX”) required that the issued and outstanding shares of Solitario held by CRCC be held in escrow (the “Escrow Agreement”) to, among other things, prevent CRCC from selling too large a volume of Solitario shares shortly after the public offering. Over the next three years sixty percent of the shares held in escrow were released to CRCC pursuant to the Escrow Agreement. On December 29, 2003, as required by the TSX, Solitario’s disinterested shareholders (which excluded Solitario’s officers, directors and Crown) voted to approve the release of the remaining 3,140,162 shares of Solitario held in escrow. The shares were released from escrow on January 15, 2004.

Financial reporting

The consolidated financial statements include the accounts of Solitario and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), and are expressed in US dollars.

In performing its activities, Solitario has incurred certain costs for land and leasehold interests. The recovery of these costs is ultimately dependent upon either the sale of mineral interests or the development of economically recoverable ore reserves, the ability of Solitario 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. Some of the more significant estimates included in the preparation of Solitario’s financial statements pertain to the valuation of mineral interests, mineral interest lives and residual values of mineral interests.

Cash equivalents

Cash equivalents include investments in highly-liquid debt securities with original maturities of three months or less when purchased.

Note receivable

Note receivable at December 31, 2003 and 2002 consists of \$100,000 and \$200,000, respectively, plus interest, issued by Newmont Mining Company and due Solitario in April 2004, pending the release of certain contingent liabilities.

Mineral interests

On January 1, 2002, Solitario adopted Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets,” which, among other things, required the reclassifica-

tion of Solitario’s mineral properties as mineral interests (intangible assets) and the amortization of those assets over their expected useful lives. Solitario’s mineral interests represent mineral use rights for parcels of land not owned by Solitario. Solitario’s mineral interests relate to exploration stage properties and the value of such intangible assets is primarily driven by the nature and amount of economic minerals believed to be contained, or potentially contained, in such properties. At January 1, 2002, Solitario reclassified \$3,680,000 from mineral properties to mineral interests.

The excess of the cost of each mineral interest over its estimated residual value is amortized over the lesser of (i) the term of any mineral interest option or lease or (ii) the estimated life of the mineral interest, which approximates Solitario’s estimated exploration cycle. Solitario is amortizing its mineral interests over a three-to-eight year period based upon facts and circumstances for each mineral interest on a property-by-property basis including Solitario’s current intentions for the property and Solitario’s history with similar properties. Solitario has estimated the residual values for its mineral interests to be zero at December 31, 2003 and 2002. Solitario recorded \$466,000 and \$464,000 of amortization of its mineral interests for the years ended December 31, 2003 and 2002, respectively. As of December 31, 2003 Solitario estimates its amortization of intangible assets relating to mineral interests will approximate the following for the next five years:

	<u>Estimated Amortization Expense</u>
2004	\$466,000
2005	466,000
2006	466,000
2007	455,000
2008	453,000

Solitario expenses all exploration costs incurred on its mineral interests, other than acquisition costs, prior to the establishment of proven and probable reserves. Solitario regularly performs evaluations of its investment in mineral interests to assess the recoverability and/or the residual value 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 discounted future net cash flows from the asset or upon the determination that certain exploration properties do not have sufficient potential for economic mineralization. There were no mineral interest impairments in 2003, 2002 or 2001.

Solitario’s net capitalized mineral interests of \$2,760,000 and \$3,216,000 at December 31, 2003 and 2002, respectively, related to gross land, leasehold and acquisition costs of \$3,690,000 and \$3,680,000, at December 31, 2003 and 2002, respectively, less accumulated amortization of \$930,000 and \$464,000 at December 31, 2003 and 2002, respectively. Solitario has not yet identified any proven and probable reserves related to its mineral interests. The recoverability of these costs is dependent on, among other things, the successful identification of proven and probable reserves, as well as the potential to develop, sell or joint venture its interests in the properties.

Derivative instruments

Solitario’s Crown warrants, which entitle Solitario the right to purchase Crown common stock, have a net settlement feature and accordingly Solitario classifies the Crown warrants as derivative instruments. Solitario has recorded its investment in these warrants at their estimated fair value, based upon quoted prices of \$5,591,000 and \$153,000 at December 31, 2003 and 2002. Solitario recognizes any increase or decrease in the fair value of the warrants as a gain or loss on derivative instruments in the statement of operations. Solitario recorded an increase in the fair value of the warrants of \$5,438,000 and \$106,000 for the years ended December 31, 2003 and 2002, respectively, compared to a decrease of \$63,000 for the year ended December 31, 2001.

Marketable equity securities

Solitario's investments in marketable 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 fair value of Solitario's 965,491 shares of Crown common stock was \$2,433,000 at December 31, 2003. The cost of marketable equity securities sold is determined by the specific identification method. Changes in market value are recorded in accumulated other comprehensive income (loss) within stockholders' equity, unless a decline in market value is considered other than temporary, in which case the decline is recognized as a loss in the statement of operations. At December 31, 2003, there are no unrealized holding losses in Solitario's marketable equity securities.

The following table represents changes in marketable equity securities.

Sales of marketable equity securities

	2003	2002	2001
Gross proceeds	\$ -	\$381,000	\$ 13,000
Cost	-	433,000	18,000
Gross gain on sale included in earnings during the period	-	54,000	-
Gross loss on sale included in earnings during the period	-	(106,000)	(5,000)
Write down of marketable equity securities	(26,000)	-	-
Unrealized holding gain (loss) arising during the period included in other comprehensive income, net of tax	953,000	320,000	(139,000)
Reclassification adjustment for losses included in earnings during the period, net of tax	\$ 26,000	\$ 52,000	\$ 5,000

Foreign exchange

The United States dollar is the functional currency for all of Solitario's foreign subsidiaries. Although Solitario's exploration activities have been conducted primarily in Brazil, Bolivia and Peru, payments under substantially all of the land, leasehold, and exploration agreements of Solitario are denominated in United States dollars. Solitario 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.

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.

Earnings per share

The calculation of basic and diluted earnings (loss) per share is based on the weighted average number of common shares outstanding during the years ended December 31, 2003, 2002 and 2001. During the year ended December 31, 2003, 2002 and 2001,

3,488,000, 3,372,000 and 2,282,000 potentially dilutive common shares related to outstanding stock options were excluded from the calculation of diluted earnings (loss) per share because the effects were anti-dilutive.

Employee stock compensation plans

Solitario follows Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees" to account for its stock based employee compensation plans. Under Solitario's stock option plans, the exercise price of stock options issued to employees equals the quoted market price of the stock on the grant date. As a result of repricing of its options in 1999, Solitario accounts for all grants which have been repriced as variable awards and records increases and decreases in compensation expense during the period based upon changes in the quoted market price of Solitario's stock as required by APB Opinion No. 25.

Pro forma information has been computed as if Solitario had accounted for its stock options under the fair value method of SFAS No. 123 "Accounting for Stock-Based Compensation." 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 2003, 2002 and 2001, respectively: risk-free interest rate of 3.31%, 4.34% and 4.74%; dividend yield of 0 percent; volatility factor of the expected market price of Solitario's common stock of 65%, 60% and 65%; and a weighted average expected life of the options of 3.9, 4.3 years and 4.4. The weighted average fair value of the options granted is estimated at \$0.28, \$0.25 and \$0.34 per share in 2003, 2002 and 2001, respectively.

Had Solitario 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)	2003	2002	2001
Net income (loss), as reported	\$3,354	\$(2,079)	\$(3,733)
Deduct total stock-based compensation expense determined under fair value based method for all rewards, net of related tax effects	54	232	325
Pro forma net income (loss)	\$3,300	\$(2,378)	\$(4,058)
Earnings (loss) per share:			
Basic and diluted as reported	\$ 0.14	\$ (0.09)	\$ (0.16)
Basic and diluted pro forma	\$ 0.14	\$ (0.10)	\$ (0.17)

Segment reporting

Solitario operates in one segment, minerals exploration. At December 31, 2003, all of Solitario's operations are located in South America as further described in Note 2 to these financial statements.

Included in the consolidated balance sheet at December 31, 2003 are total assets of \$2,797,000 related to Solitario's foreign operations. Assets totaling \$2,789,000 are located in South America in Brazil, Bolivia and Peru. Assets totaling \$8,000 are located in Canada.

Recent accounting pronouncements

In April 2003, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 149 "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" to amend and clarify financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. The changes in this statement are intended to improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly to achieve more consistent reporting of contracts as either derivative or hybrid instruments. SFAS No.149 has been adopted by Solitario and will be applied prospectively for contracts entered into or modified after June 30, 2003. The adoption of this statement has not had a material effect on Solitario's consolidated financial position or results of operations.

In May 2003, the FASB issued SFAS No. 150 "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which clarifies the classification as liabilities for certain financial instruments including equity shares that are mandatorily redeemable, or a financial instrument other than equity shares that has an obligation to repurchase the instrument with equity shares, including a conditional obligation to settle the financial instrument with equity shares. SFAS No. 150 has been adopted by Solitario and is effective for financial instruments entered into after May 31, 2003. The adoption of this statement has not had a material effect on Solitario's consolidated financial position or results of operations.

On January 1, 2002, Solitario adopted SFAS No. 142, which among other things required the reclassification of Solitario's Mineral Properties as Mineral Interest (intangible assets) and the amortization of those assets over their expected useful lives. The excess of the cost of each mineral interest over its estimated residual value is amortized over the lesser of (i) the term of any mineral interest option or lease or (ii) the estimated life of the mineral interest, which approximates Solitario's estimated exploration cycle. Solitario is amortizing its mineral interests over a three-to-eight year period based upon facts and circumstances for each mineral interest on a property-by-property basis including Solitario's current intentions for the property and Solitario's history with similar properties. Solitario has estimated the residual values for its mineral interests to be zero at December 31, 2003 and 2002. Beginning January 1, 2002, Solitario reclassified its mineral properties to intangible assets, mineral interests, and began amortizing the excess cost over residual value, which resulted in \$466,000 and \$464,000 of amortization on mineral interests for the years ended December 31, 2003 and 2002, respectively. Solitario did not amortize any mineral interest costs in 2001.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 eliminates inconsistencies between the accounting for sale-leaseback transactions and the required accounting for certain lease modifications. This statement requires that gains and losses from debt extinguishment should be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30. This Statement also amends existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their meanings under changed conditions. Solitario adopted SFAS No. 145 as of January 1, 2003. The adoption of this Statement has not had any effect on Solitario's financial position or results of operations.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities," which addresses financial accounting and reporting for costs associated with these activities and generally requires that a liability for a cost associated with an exit or disposal activity shall be recognized and measured initially at its fair value in the period in which the liability is incurred. SFAS No 146 does not apply to costs associated with the retirement of long-lived assets covered by SFAS No. 143. The adoption of this Statement has not had any effect on Solitario's financial position or results of operations. The adoption of this statement has not had any effect on Solitario's financial position or results of operations.

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations." Under SFAS No. 143, the fair value of a liability for an asset retirement obligation covered under the scope of SFAS No. 143 is recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. We have adopted SFAS No. 143 as of January 1, 2003. The adoption of this statement has not had any effect on Solitario's financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 clarifies the disclosure required by guarantors of (a) the nature of any guarantee, (b) maximum potential amount of future payments associated therewith, (c) carrying amounts of liabilities, if any, related to the guarantor's obligations under the guarantee and (d) the nature and extent of any recourse or collateral for recovery of any amounts paid under the guarantee. FIN 45 also clarifies the requirement to recognize at the inception of a guarantee a liability for the fair value of obligations undertaken in issuing the guarantee, including the obligation to stand ready to perform over the term of guarantee. Solitario has applied the provisions of FIN 45 for interim and annual periods ending after December 15, 2002 and the effect of adopting this interpretation was not material.

In January 2003, the FASB issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") and in December 2003 issued FIN 46R. FIN 46 requires the consolidation of variable interest entities which have one or both of the following attributes (1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional financial support from other parties which is provided by other parties that will absorb some or all of the expected losses of the entity, (2) the equity investors lack controlling financial interest as evidenced by (i) the ability to make decisions regarding the entity's activities through voting or similar rights (ii) the obligation to absorb expected losses, which make it possible for the entity to finance its activities and (iii) the right to receive expected residual returns of the entity if they occur, which is the compensation for absorbing the expected losses. FIN 46 was immediately effective for variable interest entities formed after January 31, 2003. FIN 46R requires the adoption of either FIN46 or FIN46R in financial statements of public entities that have interests in structures that are commonly referred to as special purpose entities for periods ending after December 15, 2003. Application for all other types of variable interest entities is required in financial statements for periods ending after March 15, 2004. The adoption of FIN 46 and FIN 46R is not expected to have a material effect on Solitario's financial position or results of operations.

2. Mineral interests:

Solitario classifies as intangible assets mineral interests related to mineral use rights for parcels of land not owned by Solitario. Solitario's mineral use rights relate to exploration stage properties, and the value of such intangible assets is primarily driven by the nature and amount of mineral interests believed to be contained, or potentially contained, in such properties. The amounts capitalized as mineral interests include concession and lease or option acquisition costs. Capitalized costs related to a mineral interest represent its fair value at the time it was acquired, either as an individual asset purchase or as a part of a business combination. Solitario has no production (operating) or development stage mineral interests in properties that contain proven or probable reserves. Solitario's exploration stage mineral interests represent interests in properties that Solitario believes to potentially contain greenfields exploration potential that is not associated with any other production or development stage property. Solitario's mineral use rights generally are enforceable regardless of whether proven and probable reserves have been established.

The following represents Solitario's investment in mineral interests:

	December 31,	
(in thousands)	2003	2002
Mineral interests	\$3,690	\$3,680
Accumulated amortization	(930)	(464)
Net mineral interests	\$2,760	\$3,216

As discussed in Note 1, the amortization of mineral interests commenced January 1, 2002, upon the adoption of SFAS No. 142.

Peru

Solitario holds exploration concessions or has filed applications for concessions covering approximately 23,200 hectares in Peru. These applications are subject to normal administrative approvals and the mineral interests are subject to an annual rental of \$3.00 per hectare (approximately 2.477 acres per hectare) in June of each year.

Bongará

Solitario acquired the initial Bongará exploration concessions in 1993. The current holdings consist of concessions covering approximately 6,500 hectares 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. After a modification signed in 1999, Cominco had the right to earn a 65% interest in the Bongará project by spending a minimum of \$17,000,000 over a five-year period. In February 2001 Cominco terminated its option to acquire an interest in the Bongará project. Solitario currently holds a 100% interest in the project and may seek a new joint venture partner to explore and develop the project.

Yanacocha

On April 26, 2000 Solitario completed a transaction with an affiliate of Newmont Mining Corporation (“Newmont”) and sold its interest in its Yanacocha project for \$6 million and a sliding scale net smelter return royalty (“NSR”) that varies with the price of gold. Newmont retained \$400,000 of the \$6 million purchase price to be paid in four annual installments plus interest pending release of certain contingent liabilities. Solitario received the first three payments of \$111,000, \$109,000 and \$106,000 (including interest) in April 2003, 2002 and 2001, respectively. Solitario recorded a gain on the sale of the Yanacocha project of \$5.8 million during the second quarter of 2000. The NSR royalty applies to exploration concessions covering approximately 60,000 hectares..

La Pampa

Solitario holds concessions comprising approximately 3,400 hectares on the La Pampa exploration project. In July 2002, Solitario signed an agreement with Bear Creek Mining Company (“Bear Creek”) whereby Bear Creek was entitled to earn a 51% interest in the La Pampa project by expending \$4.5 million on exploration of La Pampa over a five-year period. As part of the agreement, Bear Creek was required to pay all costs to maintain the concessions and complete a minimum of 1,000 meters of drilling on the property and could earn an additional 14% interest (for a total of 65%) by completing a bankable feasibility study on the property within two years of earning its 51% interest. In February 2004, Bear Creek notified us that it intends to terminate its option to earn an interest in the La Pampa project. Solitario will review Bear Creek’s technical data to determine its future course of action. Solitario has no capitalized costs related to La Pampa as of December 31, 2003.

Other Peruvian properties

Solitario holds concessions comprising approximately 1,800 hectares on the Sopalache exploration project. Solitario intends to conduct limited exploration activities while it seeks a joint venture partner to explore and develop this project.

Brazil

Pedra Branca

Solitario acquired the Pedra Branca platinum-palladium (PGM) Project located in Ceará State, Brazil, as part of its acquisition of Altoro Gold Corp, (“Altoro”) in October 2000. Altoro signed an agreement in May of 1999 with Eldorado Gold Corporation (“Eldorado”) whereby Solitario could have earned a 70% interest in concessions covering approximately 10,000 hectares, by spending \$2 million on exploration over three years. With Eldorado’s consent, Solitario elected to allow the concession to expire in October 2003. Solitario reacquired the concessions in November 2003 and assigned a 2% net smelter return royalty on the reacquired concessions. Additionally, Solitario controls concessions in its own name covering approximately 59,244 hectares for a total of 69,244 hectares at the Pedra Branca Project.

In February 2000, Altoro signed a letter of intent, which was subsequently assigned to Rockwell Ventures, Inc., of Vancouver, Canada (“Rockwell”), granting Rockwell an option to earn a 60% interest in Altoro’s share of the Pedra Branca Project. Under the terms of the agreement, Rockwell was required to spend \$7 million on exploration within four years from July 2000, with a minimum expenditure of \$1 million during the first year. In addition, Rockwell issued to Solitario a total of 125,433 of its common shares and \$50,000 in cash in May 2000 upon regulatory approval of the agreement. In June 2001, Rockwell terminated its option under the agreement. At December 31, 2002, Solitario owned 100% of the Pedra Branca project subject to the Eldorado Lease discussed above.

On January 28, 2003, Solitario entered into an agreement with Anglo Platinum whereby Anglo Platinum may earn a 51% interest in the Pedra Branca Project, by spending \$7 million on exploration at Pedra Branca over a four-year period. Anglo Platinum agreed to a minimum expenditure of \$500,000 during the first six months of the agreement. Anglo Platinum can earn an additional 9% interest in Pedra Branca (for a total of 60%) by completing a bankable feasibility study. Anglo Platinum can also earn an additional 5% interest in Pedra Branca (for a total of 65%) by arranging for financing to put the project into commercial production.

In October 2000, Solitario recorded \$3,627,000 in mineral interest additions for the Pedra Branca project in connection with the acquisition of Altoro.

Tocantinzinho

In November 1998 Altoro entered into an option agreement (subsequently modified) to acquire a 100% interest in the Tocantinzinho gold project in Brazil. The agreement covered concessions for approximately 10,000 acres located in the Para State in Brazil. Solitario terminated the agreement in December of 2001 and recorded a mineral interest write-down of \$639,000.

Bolivia

Rincon del Tigre

Since April 1999 Altoro entered into a series of agreements that allow Solitario to earn a 100% interest in concessions covering 51,000 hectares at the Rincon del Tigre PGM project located in Santa Cruz State, Bolivia. In December 2001, Solitario terminated these agreements, made a cash payment to the owner of the Rincon del Tigre concessions of \$35,000 and recorded a mineral interest write-down of \$636,000.

Exploration costs

The following items comprised exploration expense:

(in thousands)	2003	2002	2001
Geologic, drilling and assay	\$488	\$335	\$707
Field expenses	237	214	243
Administrative	150	408	514
Joint venture reimbursement	(457)	-	-
Total exploration costs	\$418	\$957	\$1,464

3. Related party transactions:

At December 31, 2003, Crown, through its wholly owned subsidiary, CRCC, owns 38.7% of Solitario common stock. Crown provides management and technical services to Solitario under a management and technical services agreement originally signed in April 1994 and modified in April 1999, December 2000 and July 2002. Under the modified agreement Solitario reimburses Crown for direct out-of-pocket expenses; payment of 25% of Crown’s corporate administrative costs for executive and technical salaries, benefits and expenses; payment of 50% of Crown’s corporate administrative costs for financial management and reporting salaries, benefits and expenses; and payment of 75% of Crown’s corporate administrative costs for investor relations salaries, benefits and expenses. These allocations are based upon estimated time and expenses spent by Crown management and employees on Crown activities and Solitario’s activities. Management believes these allocations are reasonable and the allocations are periodically reviewed by management and

approved by independent Board members of both Crown and Solitario. Management service fees billed monthly are due on receipt and are generally paid within thirty days.

In October 2001, Solitario invested in two 10% convertible secured promissory notes ("Senior Notes") totaling \$1,000,000 of the \$3,600,000 Senior Notes issued by Crown. The payment of the first Senior Note (the "Solitario Note"), of \$350,000 was made to Crown. The Solitario Note is convertible into shares of Crown common stock at \$0.2916 per share. The funds for payment of the second Senior Note, of \$650,000 were placed in escrow pending the outcome of the Crown's voluntary petition for bankruptcy, filed in United States Bankruptcy Court, which was filed on March 8, 2002 (the "Bankruptcy"). The \$650,000 Senior Note is convertible into shares of Crown common stock at \$0.35 per share. In March 2002 an additional \$200,000 was advanced to Crown out of escrow of which Solitario's share of the advance was \$56,000. Crown's plan of reorganization was confirmed on May 30, 2002 and the remaining balance of the proceeds plus interest was released to Crown on the effective date of the Bankruptcy, June 11, 2002. The independent board members of both Crown and Solitario approved the transaction. The terms of the transaction on the escrowed Senior Notes were the same as given to other senior lenders of Crown (the "Senior Lenders") and, with regard to the terms of the \$350,000 Solitario Note, the terms were negotiated with and approved by the other Senior Lenders. Under the terms of the notes, interest at a 10% rate is payable quarterly in cash or Crown common stock at the election of Crown. During 2003 and 2002, Solitario was paid 249,718 and 182,440 Crown shares, respectively, as interest under the Senior and Subordinated B Notes.

As part of the investment in the Senior Notes, Solitario also received two warrants. The first warrant gives Solitario the right to purchase 1,857,143 shares of Crown common stock for \$0.75 per share through October 2006. The second warrant gives Solitario the right to purchase 1,200,000 shares of Crown common stock at \$0.60 per share through October 2006. The fair value of the warrants at the time of issuance, based upon a Black-Scholes valuation model of \$110,000, was recorded as a discount to the Senior Notes. This discount is being amortized over the life of the Senior Notes as additional interest income. Solitario recorded additional interest from the amortization of the discount of \$22,000 for each of the years ended December 31, 2003 and 2002 compared to \$4,000 for the year ended December 31, 2001. The fair value of the warrants, based upon a quoted bid prices, was \$5,591,000 and \$153,000 at December 31, 2003 and 2002, respectively. Solitario recognizes any increase or decrease in the fair value of the warrants as a gain or loss on derivative instruments in the statement of operations. Solitario recorded an increase in the fair value of the warrants of \$5,438,000 and \$106,000 for the years ended December 31, 2003 and 2002, respectively, compared to a decrease of \$63,000 for the year ended December 31, 2001.

Solitario entered into a Voting Agreement dated as of April 15, 2002 among Zoloto Investors, LP ("Zoloto") and Crown. Pursuant to the Voting Agreement, Solitario and Zoloto (the "Signing Shareholders"), who are both stockholders of Crown, agreed that they will each vote their owned shares during the term of the Voting Agreement for the election of three designees of Zoloto and one designee of Solitario (the "Designee Directors") to the Board of Directors of Crown. The Signing Shareholders agreed that any shares received by either Signing Shareholder would be subject to the Voting Agreement during its term and any successor, assignee or transferee of shares from either Signing Shareholder would be subject to the terms of the Voting Agreement during its term. The Voting Agreement terminates on the third anniversary from the date of the first annual meeting of shareholders after the date of the Voting Agreement. As of December 31, 2003, the Signing Shareholders collectively held 1,733,866 shares or approximately 10.1% of the outstanding shares of Crown. As of December 31, 2003, Solitario owns 965,491 shares of Crown common stock, received as interest on its Senior Notes and the Subordinated B Notes, has warrants to acquire 3,057,143 shares of Crown common stock at between \$0.60 and \$0.75 per share and could also acquire up to 3,057,143 additional shares of Crown common stock through conversion of its Senior Notes.

On June 26, 2001, Solitario agreed to acquire 200,000 shares of Canyon Resources Corporation common stock from Crown at its fair market value of \$200,000 at that date.

Solitario sold the shares for \$245,000 in February 2002, the fair market value at that date.

On February 21, 2003, Solitario invested \$400,000 in Crown's 10% convertible subordinated promissory notes due 2006 Series B (The "Subordinated B Notes"). The Subordinated B Notes are convertible into common stock of Crown at \$0.75 per share. The Subordinated B Notes pay interest at 10% in stock or cash at Crown's option, and mature on October 19, 2006, the same date as Crown's Senior Notes. On November 5, 2003 Solitario's Subordinated B Notes were automatically converted into 533,333 shares of Crown common stock. The conversion was in accordance with the terms of the Subordinated B note, which allowed for an automatic conversion if Crown's common stock traded above \$1.75 per share for twenty consecutive trading days.

4. Income Taxes:

Solitario's income tax expense (benefit) consists of the following as allocated between foreign and United States components:

(in thousands)	2003	2002	2001
Deferred			
U.S.	\$ 2,207	\$286	\$(359)
Foreign	(164)	159	(312)
Operating loss and credit carryovers:			
U.S.	(1,538)	(286)	359
Foreign	164	(159)	312
Income tax expense	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ -</u>

Consolidated income (loss) before income taxes includes losses from foreign operations of \$1,092,000, \$1,622,000 and \$3,071,000 in 2003, 2002 and 2001, respectively.

The net deferred tax assets/liabilities in the December 31, 2003 and 2002 balance sheets include the following components:

(in thousands)	2003	2002
Deferred tax assets:		
Net operating loss (NOL) carryovers	\$ 4,252	\$3,870
Capital loss carryovers	21	622
Royalty	1,560	1,560
Valuation allowance	(3,332)	(4,862)
Total deferred tax assets	<u>2,501</u>	<u>1,190</u>
Deferred tax liabilities:		
Unrealized gain on derivative securities	2,823	17
Exploration costs	921	1,085
Other	33	88
Total deferred tax liabilities	<u>3,777</u>	<u>1,190</u>
Net deferred tax liabilities	<u>\$ 1,276</u>	<u>\$ -</u>

A reconciliation of expected federal income taxes on income (loss) from operations at statutory rates, with the expense (benefit) for income taxes is as follows:

(in thousands)	2003	2002	2001
Expected income tax expense (benefit)	\$ 1,368	\$ (707)	\$ (1,269)
Non-deductible foreign expenses	(60)	495	93
Foreign tax rate differences	1	(19)	(8)
State income tax	338	17	(79)
Expiration of loss carryovers	542	-	-
Change in valuation allowance	(1,530)	212	1,251
Other	10	2	12
Income tax expense	<u>\$ 669</u>	<u>\$ -</u>	<u>\$ -</u>

During 2003, Solitario recognized other comprehensive income related to unrealized gains of \$1,544,000 on marketable equity securities that has been reduced by \$607,000 for the income tax associated with those gains.

During 2003, the valuation allowance was reduced by \$1,530,000 to reflect the projected utilization of net operating loss carryforwards for which no income tax benefit was previously provided. During 2002 and 2001 the valuation allowance was increased primarily as a result of increases in net operating loss carryforwards, for which it was more likely than not that the deferred tax benefit would not be realized.

At December 31, 2003, Solitario has unused US Net Operating Loss (“NOL”) and capital loss carryovers of \$3,998,000 and \$53,000, respectively, which begin to expire commencing 2008 and 2004, respectively. Solitario also has foreign NOL carryovers at December 31, 2003 of \$7,860,000 that begin to expire four years after the first year in which taxable income arises. In connection with the Bankruptcy of Crown and Solitario’s acquisition of Altoro Gold Corp., Solitario had a greater than fifty percent change in ownership as defined in Section 382 of the Internal Revenue Code. Pursuant to Section 382, the amount of future taxable income available to be offset by Solitario’s carryovers is limited to approximately \$614,000 per year.

5. Fair Value of Financial Instruments:

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

The fair value of the Senior Notes is estimated to be \$7,729,000 and \$1,250,000 at December 31, 2003 and 2002, respectively. The fair value of the Crown warrants was \$5,591,000 and \$153,000 at December 31, 2003 and 2002, respectively. Solitario recognizes any increase or decrease in the fair value of the warrants as a gain or loss on derivative instruments in the statement of operations. Solitario recorded an increase in the fair value of the warrants of \$5,438,000 and \$106,000 for the years ended December 31, 2003 and 2002, respectively, compared to a decrease of \$63,000 for the year ended December 31, 2001.

The recorded value of cash and notes receivable approximate their fair value at December 31, 2003 and 2002.

6. Commitments and Contingencies:

In acquiring its interests in mineral claims and leases, Solitario has entered into lease agreements, which generally may be canceled at its option. Solitario is required to make minimum rental and option payments in order to maintain its interests in certain claims and leases. See Note 2. Solitario estimates its 2004 mineral property rental and option payments to be approximately \$137,000. If Solitario’s current joint venture partners elect to continue funding their respective joint ventures throughout the remainder of 2004, Solitario would be reimbursed for approximately \$79,000 of those costs.

7. Stock Option Plan:

On March 4, 1994, Solitario’s Board of Directors (the “Board”) adopted the 1994 Stock Option Plan (the “Plan”). Up to 1,100,000 shares of Solitario’s common stock were authorized for issuance under the Plan. The Board voted for, and shareholders approved, amendments that have increased the authorized shares under the Plan to 3,736,000 as of June 2002

All options have been granted at exercise prices that are equal to the quoted market price of the stock on the grant date. 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, 2003 is as follows:

	2003		2002		2001	
	Options	Weighted Average Exercise Price (Cdn\$) ¹	Options	Weighted Average Exercise Price (Cdn\$) ¹	Options	Weighted Average Exercise Price (Cdn\$) ¹
Outstanding, beginning of year	3,372,000	0.96	2,282,000	1.08	1,724,750	1.22
Granted	192,500	0.77	1,140,000	0.73	980,000	0.94
Exercised	(16,000)	1.16	-	-	-	-
Expired	(60,000)	1.16	(50,000)	1.16	(422,750)	1.31
Outstanding, end of year	<u>3,488,500</u>	0.95	<u>3,372,000</u>	0.96	<u>2,282,000</u>	1.08
Exercisable, end of year	<u>3,019,125</u>	0.97	<u>2,742,000</u>	1.00	<u>1,812,500</u>	1.10

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

The options outstanding at December 31, 2003 have a range of exercise prices of between Cdn\$1.30 and Cdn\$0.65 and a weighted average remaining contractual life of 2.03 years.

As a result of the repricing of existing options in 1999, Solitario began to account for the awards as variable as of July 1, 2000, in accordance with FASB Interpretation No. 44, “Accounting for Certain Transactions Involving Stock Compensation (an interpretation of APB Opinion No. 25).” Accordingly, an increase in the current market price of Solitario common stock above the higher of the option strike price and the market price of Solitario’s common stock as of July 1, 2000, multiplied by options outstanding will be recorded as compensation expense over the vesting term of the options. A subsequent reduction in the current market price, to the extent of previously recorded compensation expense will be credited as a reduction of compensation expense. There was no compensation expense recorded during 2003, 2002 or 2001 as a result of variable accounting for the repriced options. As of December 31, 2003 all repriced options have expired.

The following table summarizes Solitario’s stock options as of December 31, 2003:

Exercise Price Cdn\$	Number	Options Outstanding		Options Exercisable	
		Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price Cdn\$	Number Exercisable	Weighted Average Exercise Price Cdn\$
\$0.65	50,000	4.1	\$0.65	12,500	\$0.65
\$0.73	1,140,000	2.2	\$0.73	875,000	\$0.73
\$0.81	142,500	4.7	\$0.81	80,625	\$0.81
\$0.94	980,000	1.2	\$0.94	882,500	\$0.94
\$1.16	671,000	0.3	\$1.16	671,000	\$1.16
\$1.19 to \$1.22	395,000	0.4	\$1.22	395,000	\$1.22
\$1.30	110,000	0.8	\$1.30	102,500	\$1.30
Total	<u>3,488,500</u>			<u>3,019,125</u>	

8. Stockholders’ Equity:

On November 4, 2003, Solitario completed a private placement to certain Canadian based funds managed by Sprott Asset Management of Toronto, Ontario of 1,500,000 of Solitario common shares at a price of Cdn\$1.20 per share for total proceeds of Cdn\$1,800,000, or approximately \$1,310,000, net of offering costs. The additional shares reduced Crown’s interest in Solitario from 41.2% at December 31, 2002 to 38.7% as of December 31, 2003.

9. Selected Quarterly Financial Data (Unaudited):

(in thousands)

	2003 ⁽¹⁾						
	March 31, As previously reported	March 31, As restated	June 30, As previously reported	June 30, As restated	Sept. 30, As previously reported	Sept. 30, As restated	Dec. 31,
Net income (loss)	\$ (126)	\$ 370	\$ (121)	\$ 488	\$ (222)	\$ 603	\$ 1,893
Earnings (loss) per share:							
Basic	\$ (0.01)	\$ 0.02	\$ (0.02)	\$ 0.02	\$ (0.01)	\$ 0.03	\$ 0.08
Diluted	\$ (0.01)	\$ 0.02	\$ (0.02)	\$ 0.02	\$ (0.01)	\$ 0.03	\$ 0.07
Weighted shares outstanding:							
Basic	23,407	23,407	23,407	23,407	23,407	23,407	24,322
Diluted	23,407	23,407	23,407	23,407	23,407	23,407	25,572

(in thousands)

	2002 ⁽¹⁾						
	March 31, As previously reported	March 31, As restated	June 30, As previously reported	June 30, As restated	Sept. 30, As previously reported	Sept. 30, As restated	Dec. 31, As restated
Net loss	\$ (483)	\$ (609)	\$ (430)	\$ (481)	\$ (442)	\$ (558)	\$ (315)
Basic and diluted loss per share	\$ (0.02)	\$ (0.03)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.01)
Basic and diluted weighted shares outstanding	23,407	23,407	23,407	23,407	23,407	23,407	23,407

⁽¹⁾ The operating results for each of the four quarters in the year ended December 31, 2002 and each of the three quarters during the nine months ended September 30, 2003 have been restated as discussed in Note 10.

10. Restatement:

Subsequent to the issuance of its consolidated financial statements for the year ended December 31, 2002, Solitario determined that it had not properly adopted the provisions of SFAS No. 142, that it had capitalized certain costs that should have been expensed as incurred and that Solitario's warrants to acquire Crown common stock should have been accounted for as derivative financial instruments.

Effective January 1, 2002, SFAS No. 142 requires mineral interests in the form of exploration concessions to be classified as intangible assets and amortized over their expected useful lives. In its previously issued 2002 financial statements Solitario had classified its mineral interests as mineral properties and had not recognized amortization on these interests.

In addition, Solitario had previously capitalized certain annual concession fees, taxes and other costs during 2001 and 2002 which should have been charged as exploration expense as incurred.

Solitario also did not previously record its investment in Crown warrants as derivative financial instruments during 2002 and 2001, and include changes in the fair value in income. In its previously issued 2002 and 2001 financial statements Solitario had accounted for the warrants as available for sale securities and the gains and losses were included in other comprehensive income.

Additionally, Solitario has reclassified its statement of operations to move non-operating gains and income out of revenue. Those amounts are now classified among costs, expenses and other.

As a result, the accompanying consolidated financial statements for the years ended December 31, 2002 and 2001 have been restated from the amounts previously reported. A summary of the significant effects of the restatement is as follows:

The information set forth includes "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and is subject to the safe harbor created by those sections. Factors that could cause results to differ materially from those projected in the forward-looking statements include, but are not limited to, the timing of receipt of necessary governmental permits, the results of judicial proceedings, commodity prices, results of current exploration activities and other risks as described in greater detail in the Company's 2002 Annual Information Form.

Statement of Operations Information

(in thousands except per share amounts)

	Year ended December 31, 2002		Year ended December 31, 2001	
	As previously reported	As restated	As previously reported	As restated
Costs expenses and other:				
Exploration expense	907	957	1,464	1,477
Depreciation and amortization	40	504	49	49
Unrealized (gain) loss on derivative instruments	-	(105)	-	63
Net loss	(1,670)	(2,079)	(3,657)	(3,733)
Loss per common share:				
Basic and diluted	\$ (0.07)	\$ (0.09)	\$ (0.16)	\$ (0.16)

Balance Sheet Information

(in thousands)

	As of December 31, 2002	
	As previously reported	As restated
Assets		
Mineral property, net	\$ 3,743	\$ -
Mineral interests, net	-	3,216
Total Assets	6,903	6,376
Liabilities and Stockholders' Equity		
Stockholders' equity:		
Accumulated deficit	(14,837)	(15,322)
Accumulated other comprehensive income	218	176
Total stockholder's equity	\$ 6,804	\$ 6,277

11. 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 Solitario's financial statements, are summarized below:

Marketable equity securities - Under Canadian GAAP, investments in marketable securities are valued at the lower of cost and quoted market value.

As discussed in Note 10, during 2003 Solitario restated its 2002 and 2001 financial statements related to characterizing its investment in Crown warrants as an investment in derivative instruments and recognizing its gains and losses on the fair value of those derivative instruments in its statement of operations. Canadian GAAP allows these gains and losses to be recognized in the statement of operations. Accordingly this change is reflected in the financial statements under Canadian GAAP as a change in accounting method and has been retroactively applied to prior years, and is consistent with Solitario's treatment under US GAAP.

As discussed in Note 10, during 2003 Solitario also restated its 2002 financial statements related to reclassification of its mineral properties to an intangible asset, mineral interests and amortization of its mineral interests since January 1, 2002. Canadian GAAP allows for this reclassification from mineral properties to mineral interests and related amortization to also be reflected as a change in accounting method. Accordingly this change in accounting method has been retroactively applied to prior years, and is consistent with Solitario's treatment under US GAAP.

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

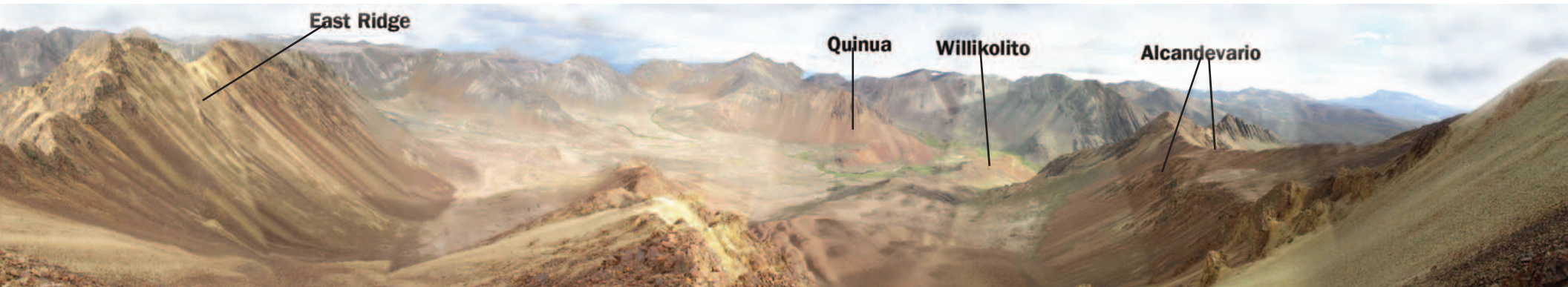
(in thousands)	2003	2002
Marketable equity securities	\$ 1,421	\$ 233
Current assets	2,838	1,776
Total assets	12,133	6,200
Accumulated other comprehensive income	-	-
Total stockholders' equity	10,779	6,101
Total liabilities and stockholders' equity	12,133	6,200

CORPORATE INFORMATION

Corporate Offices

4251 Kipling Street, Suite 390
Wheat Ridge, Colorado 80033
Telephone: 303-534-1030
Fax: 303-534-1809
www.solitarioresources.com

The photograph below provides a panoramic and colorful view of our exciting new San Pablo gold project in Bolivia. Strong surface gold mineralization has already been partially defined on the Quinua, Willikolito and Alcandevario prospects. Many large alteration zones have yet to be sampled.



Legal Counsel

Solomon, Pearl, Blum Heymann & Stich, LLP; Denver, Colorado
Fogler, Rubinoff; Toronto, Ontario

Auditors

Deloitte & Touche LLP; Denver, Colorado

Transfer Agents

Computershare; Toronto, Ontario; 800-564-6253

Investor Relations

Questions and requests for information should be directed to
Debbie W. Mino, Director-Investor Relations at 800-229-6827
or via email at dwmino@solitarioresources.com

Notice of Annual Meeting

The Annual Meeting of Shareholders will be at 10 a.m. MDT on
June 28, 2004 at the Company's corporate offices.

Stock Exchange Listing

TSX: SLR

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.

OFFICERS & DIRECTORS

Christopher E. Herald

President and Chief Executive Officer

Walter H. Hunt

Vice President – Operations

James R. Maronick

Chief Financial Officer

Mark E. Jones, III

Chairman

John Hainey

Director

Leonard Harris

Director

Dan Leonard

Director

Solitario Resources Corporation

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TORONTO STOCK EXCHANGE: SLR