

**HEAD OFFICE**

3rd Floor  
19/20 Grosvenor Street  
London W1K 4QH

**CONTENTS**

	<i>Page</i>
Directors and advisers	2
Chairman's review	3
Directors' report	7
Corporate governance	13
Report of the Remuneration Committee	15
Statement of directors' responsibilities	16
Report of the independent auditors	17
Consolidated Statement of Comprehensive Income	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Cash Flow	21
Consolidated Statement of Changes in Equity	22
Company Statement of Financial Position	23
Company Statement of Cash Flow	24
Company Statement of Changes in Equity	25
Notes to the Financial Statements	26
Notice of Annual General Meeting	44

**DIRECTORS AND ADVISERS**

**DIRECTORS**

M A Alikhani	Executive Chairman
M Wainwright	Non-Executive Director
H Furman	Non-Executive Director

**REGISTERED OFFICE**

3rd Floor  
19/20 Grosvenor Street  
London W1K 4QH

Registered No. 02401127

**NOMINATED ADVISORS**

Seymour Pierce Ltd  
20 Old Bailey  
London EC4M 7EN

**AUDITORS**

W.H. Associates LLP  
117 Lonsdale Avenue  
Wembley  
Middlesex HA9 7EW

**SOLICITORS**

Fladgate LLP  
16 Great Queen Street  
London WC2B 5DG

**REGISTRARS**

Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands B63 3DA

## CHAIRMAN'S REVIEW

For the year ended 30 June 2011.

The Company achieved important milestones in the year under review.

With shareholder support, BMR acquired all the remaining stockpiles not already owned at Kabwe on 20 June 2011 for a total cash consideration of £6.6m. Following extensive verification by the Company's retained consultants, it now owns a historically estimated ore resource of 7.14m tons, principally high grade lead and zinc, of which 2.82m tonnes currently conforms to the JORC Measured classification. At the financial 2011 year end, the net assets of BMR had grown to £18.6m (2010: £0.3m).

JORC-compliant mineral resource estimates for the lead and zinc in the Washplant tailings and central section of the leach plant tailings, based on assays of the material accessed by the auger drilling campaign carried out in July 2010 and including the washplant re-interpretation announced on 23 November 2011, are as follows:

### JORC Mineral Resource estimates on Lead (Pb) and Zinc (Zn) for the Kabwe Washplant tailings

Mineral Resource Classification	Volume (m <sup>3</sup> )	Dry Bulk Density (t/m <sup>3</sup> )	Average Moisture Content %	Pb (%)	Zn (%)	Wet Tonnage	Dry Tonnage
Measured	304,771	1.92	16.61%	7.21	10.66	668,709	573,458
Total	304,771	1.92	16.61%	7.21	10.66	668,709	573,458

### JORC Mineral Resource estimates on Lead (Pb) and Zinc (Zn) for the central section of Kabwe Leach Plant Tailings

Mineral Resource Classification	Volume (m <sup>3</sup> )	Dry Bulk Density (t/m <sup>3</sup> )	Average Moisture Content %	Pb (%)	Zn (%)	Wet Tonnage	Dry Tonnage
Measured	1,890,674	1.21	33.63	8.31	3.74	2,995,933	2,241,961
Total	1,890,674	1.21	33.63	8.31	3.74	2,995,933	2,241,961

*The central section covered by this resources estimate is coloured purple on the relevant illustrated map on the BMR website at <http://www.bmrplc.com/projects-2/resources>.*

Both the above estimates were prepared by Mr. D R Young (BSc. Hons., Geology), who is a Competent Person as defined by the JORC Code (2004), being registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions (SACNASP), with more than five years experience relevant to resource estimation.

Subsequent testing has revealed additional minor traces of copper, vanadium, iron and manganese.

## WASHPLANT TAILINGS

After careful evaluation, and having sought advice from its retained mining consultancies, the Board has decided to sell the Washplant tailings without further processing. With a high combined grade of lead and zinc at 17.87%, the value of the JORC-compliant dry tonnage of 573,458 will be optimised by the sale of the material without further processing.

The Directors considered the extent of the investment required to process these tailings and concluded a dedicated washplant flotation plant to produce concentrates would not be the best use of capital at this stage of the Company's development. Additionally, the Directors believe there is an environmental need to remove the potentially polluting material from site as soon as possible.

## **BERKELEY MINERAL RESOURCES PLC**

Having taken the decision to sell the Washplant stockpiles without further processing on-site, the Board has commenced discussions with interested parties to enter into sales contracts to buy the Washplant tailings. These parties have been invited to submit offers for the material.

The Directors believe that the Kabwe site is ideally located for rail transport through Indian Ocean ports to smelters in Far Eastern markets and the Washplant sections of the stockpiles are adjacent to the Kabwe railway sidings.

### **SIMPLIFIED LEACHPLANT PRE-FEASIBILITY STUDY**

As a result of the decision to sell the washplant tailings without further processing the Leachplant Pre-Feasibility Study, currently being undertaken by Metanza, will focus on the main Leachplant and Slag stockpiles. The Leachplant Study will include design criteria, major equipment listing, and capital and operating cost estimates for the recommended processing routes. Further drilling of the Slag stockpiles is being undertaken to complete the resource information for the Study.

Mintek are currently completing mineralogy and metallurgical testing of composite samples of these stockpiles concurrently with Metanza's work, which will be concluded in the first quarter of 2012.

### **ENVIRONMENTAL CONSIDERATIONS**

When operations at Kabwe had ceased previously in 1994 there were significant environmental concerns. BMR takes its responsibilities regarding the environment seriously. BMR's management is in regular contact with the team at the Copperbelt Environmental Plan (CEP), who are in the process of instituting monthly visits and quarterly reporting in respect of compliance in respect of environmental issues.

### **STRENGTHENED BOARD**

BMR announced the appointments of Mark Wainwright and Horacio Furman to the Board during the year under review. Mark Wainwright brings with him a wealth of experience gained with some of the largest corporations in our sector working in different countries. Horacio Furman was involved for over a decade in commercial activity in China in a wide range of fields including mining and metals. I am sure they will make a substantial and effective contribution to our development strategy, operational ability, off-taking activities and expansion plans to harness the Company's full potential as it grows to become a major producer in the world mineral processing business.

Yoram Ben Israel resigned his directorship during the year under review. We are grateful for his contribution to BMR over the years and wish him well.

### **MANAGEMENT**

BMR has appointed Dennis Human B.Sc. (Hons), Bus. Admin. (Hons), as Consulting Geologist for its operations at Kabwe. Mr Human is an experienced geologist and land surveyor with over 30 years widespread experience of mining and processing operations involving gold, lead, zinc, copper and iron ore in various African countries and in Europe.

BMR has also retained two of the existing Directors of its Zambian-registered subsidiaries Enviro Props Ltd and Enviro Processing Ltd. Albert Chalwe is a Mechanical Engineer with 19 years' service to Zambian railways and marketing experience prior to becoming a director of Alberg Ltd, a mining company based at Kabwe, in 2006. Edgar Njobvu is an Electronics Engineer with 20 years practical experience in the mining industry including service with ZCCM, the Zambian state mining company, and Kabwe Power and Metal Ltd prior to becoming a director of Zincorous Investments Ltd and Silverlining Ventures Ltd, both mining companies based at Kabwe, in 2000.

Both of these Zambian directors have widespread experience, knowledge and contacts regarding the Kabwe stockpiles and mining operations.

### **BACKGROUND TO BMR'S INVOLVEMENT IN ZAMBIA**

Zambia has a long and sustainable history of mining development from the early years of the last century.

Due to big increases in metal and mineral prices over recent years, there has been a large scale investment in the mining sector in Zambia. By 2010 copper output from the world-class Zambian Copperbelt resources was the highest since 1973. Zambia is currently the world's third largest exporter of copper and forecasts for the country's exports in 2012 are over one million tons. Zambia is one of the best mining jurisdictions in Africa, included in the 2010/2011 Fraser Institute Policy Potential Index as one of the top eight countries on the Continent.

BMR commenced negotiating to acquire its first tailings project at the site of one of Zambia's most important former mines, the Kabwe zinc and lead mine, early in 2008. This put the Company at the forefront of modern mineral development in Zambia. BMR's initiative has subsequently been endorsed by corporate activity in the country, including the acquisition of Sable Zinc, the former owners of the Kabwe mine, by Glencore International and the current acquisition of Sable's parent company, Metorex, by Chinese-based Jinchuan Group after it out-bid an earlier offer by Brazilian miner, Vale.

## SHARE AND WARRANT ISSUES

During the year, 641,925,595 shares were issued for a total consideration before expenses of £20.7m. This will substantially fund the construction and commissioning of the Company's planned zinc and lead beneficiation plant at Kabwe, provide working capital to commence operations and allow the Company to target other potential further acquisitions and fund due diligence on them at minimal dilution to shareholders. The potential acquisitions are in Zambia and primarily comprise copper tailings. Discussions continue to progress well.

These shares included 68.3 m shares issued to warrant holders at an exercise price of 3p per share giving a consideration of £2.05m. On 24 January 2011, the Company induced the exercise of 52.0m warrants at an exercise price of 6p per share being at a discount to the original exercise price in respect of those warrants of 9p per share (the 'Warrant Exercise'). By this, the Company raised £3.1m in cash.

In consideration for the Warrant Exercise and in addition to agreeing to reduce the exercise price to 6p per share for the Warrant Exercise, the Company agreed to lower the exercise price to 6p per share in respect of a further 127.9m outstanding warrants owned by the exercising warrant holders, although the final exercise date for such warrants has been brought forward from 24 November 2012 to 24 April 2012 (the 'Outstanding Warrants').

In addition to the Outstanding Warrants, at the date of publication of these results, there remain 8.5m outstanding warrants over shares in the Company, each with an exercise price of 9p per share.

On 28 June 2011 the Company raised £5.8m by the issue of 145 million shares. For every two issued shares, the placees were granted one warrant exercisable at 6p per warrant at any time up to three years from the date of grant (72.5m warrants). These warrants were outstanding at 30 June 2011.

In aggregate, at the end of the reporting period, the Company has 208.9m warrants in issue.

## RESULTS FOR THE PERIOD

For the year ended 30 June 2011, the loss was £2.5m before tax compared with a loss of £0.5m for the prior year. The results include expenses of acquisition £0.3m (2010:£nil), share-based payment costs for the issue of share options of £0.66m (2010: £nil), legal and professional fees, salaries and fees for the strengthened Board, management and professionals hired both in UK and Zambia.

## OUTLOOK

We have already received a JORC standard Measured resource statement for the Washplant tailings and for the central section of the Leachplant tailings at Kabwe; we have also commissioned the JORC standard resource statements for the remaining Leachplant tailings and Slag stockpiles. We have also appointed consultants to prepare a Prefeasibility Study including the specification and costing parameters for the construction of an appropriate beneficiation plant.

## BERKELEY MINERAL RESOURCES PLC

The Company is at an advanced stage of negotiations to acquire an existing licence to all the residual partly mined or unmined underground ore bodies remaining at the former Kabwe mine, together with shafts and other infrastructure; in all, these ore bodies are historically estimated to contain in excess of 22 million tonnes comprising some 1.2 million tonnes of zinc, lead, silver, cadmium and other valuable minerals.

Washplant sales are planned to start in the first quarter of 2012 and we are in negotiations with potential off-take partners for the supply of zinc and lead concentrates.

The Company is in discussions for acquisition of copper tailings based in Zambia which would require substantial new investment.

The outlook for the Company is positive. We have acquired the rights to above-ground stockpiles containing substantial amounts of metal. Entering production of our first long-life project at Kabwe, with cash generation scheduled to commence in the first quarter of 2012, will transform BMR into a significant base metal supplier.

For further information please see the Company's website at <http://www.bmrplc.com>

M A Alikhani

**Executive Chairman**

24 November 2011

## DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements, for the year ended 30 June 2011.

## REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's performance during the year and expected future developments are described in the Chairman's Review on page 3.

## RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 19. The directors do not recommend the payment of a dividend on the ordinary shares (2010: nil).

Key performance indicators for the Group are as follows:-

	<i>Year ended</i> <i>30 June 2011</i>	Year ended 30 June 2010
	£	£
Total assets	<b>20,986,214</b>	981,635
Cash and cash equivalents	<b>10,650,954</b>	142,234
Creditors	<b>(502,478)</b>	(639,983)
Loss before tax for the year	<b>(2,454,084)</b>	(508,513)
Loss per share	<b>(0.35)p</b>	(0.18)p

## PRINCIPAL ACTIVITIES

The Group's principal activity is that of the acquisition, evaluation and development of mineral stockpiles, in particular tailings. The Group's first project is at Kabwe Mine in Zambia.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to various risks relating to political, economic, legal, industry and financial conditions, not all of which are within its control. The Group identifies and monitors the key risks and uncertainties affecting the Group and runs its business in a way that minimises the impact of such risks where possible. The following risks factors, which are not exhaustive, are particularly relevant to the Group's business activities:

### Strategic risk

Strategic risk, is the risk that the strategy developed will fail to create or preserve shareholder value. The Directors regularly review the Group's progress against its chosen strategy, the appropriateness of the chosen strategy for the Group both in absolute terms and in comparison to other potential strategies that could be adopted.

### Political risk

The Group's operational activities are located in emerging markets (Zambia) and are dependent on the political and economic situation in these areas. There can be no assurance that political stability will continue. Whilst the Group intends to make every effort to ensure that the Group has and continues to have robust commercial agreements covering its activities, there is a risk that the Group's activities and financial performance will be adversely impacted by economic and political factors such as exchange rates, interest rates, inflation rates, the imposition of additional taxes and charges, introduction of export quotas or bans, cancellation or suspension of licences or agreements, expropriation, war, terrorism, insurrection and changes to laws governing the Group's operations. There is also a possibility that the terms of any agreement, licence or permit in which the Group holds an interest may be changed.

The Group's management and advisory network have considerable international as well as local experience in conducting business in the areas where it operates and apply this knowledge to regularly assess and monitor this aspect of activities. Additionally the Group uses local experts in order to ensure compliance with the relevant regulation and maintains regular contact with the local authorities in the areas where it operates so as to be aware of any relevant changes to the fiscal regime in which it operates.

## **Commodity price risk**

The market price for metals is volatile and affected by numerous factors which are beyond the control of the Group. These include international supply and demand, international economic trends, currency exchange rates, global or regional political events. Sustained downward movements in the price for metals could render less economic or uneconomic some or all of the exploration and / or production activities to be undertaken by the Group.

## **Licensing and title risk**

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations by the permitting authorities. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement could have a material adverse impact on the Group's result of operations and financial condition.

The Group's exploration activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitation.

There is a risk that negotiations with the relevant government in relation to the renewal or extension of a licence may not result in the renewal or grant taking effect prior to the expiry of the previous licence and there can be no assurance as to the terms of any extension, renewal or grant. This is a risk that exploration companies are subject to.

Although the Group has diligently investigated title to all its licences, and to the best of its knowledge, title to all are in good standing, there may be undetected defects in title. Should any title defects exist, it is possible that the Group may lose all or part of its interests in the relevant property.

Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms.

## **Legal risk**

The legal systems in the countries in which the Group's operations are located are different to that of the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

## **Resource estimates**

The Group has relied upon resource statements including those that are not JORC compliant and which have not been independently verified. Estimates of resources and operating costs are to large extent based on interpretation of the data available. Such estimates are likely to require revisions based on further analysis and actual production experience. It is possible that actual costs and economic returns may differ significantly from those currently estimated. Furthermore an increase in costs or a decrease in the market price that may occur, could render tailings containing relatively low grades of minerals uneconomic, which may ultimately result in a restatement of reserves.



**Processing risk**

There is no guarantee that the Group will be able produce a saleable product in economic quantities from the processing of tailings or that it will be possible to sell the product at a profit. The Group in conjunction with external experts reviews operational and processing plans and forecasts, and will monitor operational performance.

**Operational risk**

The Group may be affected by risks arising from mechanical accidents, occupational health hazards, processing problems and technical failures. The impact of these events could lead to disruptions in business operations, loss of reputation and financial losses. The Group seeks to manage these risks by ensuring compliance with relevant standards such as health and safety standards, recruitment of appropriately qualified and experienced personnel, and appropriate training of staff and contractors.

**Environmental risk**

The Group's operations are subject to environmental regulations. Such regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist at any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for Companies, their directors and employees. No assurance can be given that future rules and regulations will not be enacted that could limit or curtail the Group's activities. The Group regularly reviews developments in the relevant legislation and monitors compliance not just with the required local standards, but also with standards expected of an international exploration company.

**Dependency on key personnel**

The loss of any key individuals in the Group's management team or the inability to attract appropriate personnel could impact the Group's performance. Although the Group has entered into contractual arrangement to secure the services of its key personnel, the retention of these services and the future costs cannot be guaranteed.

**Liquidity and financing risk**

Although the directors consider that the Group has sufficient funding in place to commence production, there can be no guarantee that further funding will be available should additional costs or delays arise. Nor can there be any guarantee that the additional funding will be available to allow the Company to obtain and develop additional projects in the necessary timeframe.

The Group's funding requirements are reviewed on a regular basis by the directors, such that action can be taken as necessary to either curtail expenditures and / or raise additional funds from available sources including asset sales and the issuance of debt or equity

**Acquisition risk**

There is the risk that the Group will not be able to acquire the necessary resources at the required price. Not being able to acquire a potential project on the desired terms may have an adverse affect on the future success of the Group. The Group and its advisors have considerable experience in the business environment in which the Group operates. This experience is applied regularly and carefully to assess potential acquisition opportunities.

**Reputation**

A loss of reputation could have adverse impact on Group's title to its assets and relationships with key stakeholders. The Group actively seeks to maintain strong and positive relationships with host country government, local communities, regulators and domestic industry partners.

## DIRECTORS AND THEIR INTERESTS

The names of the directors who served throughout the period, except where shown otherwise, are as follows:

M A Alikhani  
 M Wainwright (*appointed 13 January 2011*)  
 H Furman (*appointed 26 April 2011*)  
 Y Ben Israel (*resigned 13 January 2011*)

In accordance with the Article 24 of the Company's Articles of Association, M. Alikhani retires and, being eligible, offers himself for re-election. The Director standing for re-election has no service contract with the Company.

The interests (as defined in the Companies Act) of the directors holding office during the period to date or at date of resignation in the share capital are shown below.

	<i>ordinary shares of 1p 30 June 2011 or date of resignation</i>	<i>ordinary shares of 1p 30 June 2010 or date of appointment if later</i>
M A Alikhani*	<b>14,995,958</b>	14,595,958
M Wainwright ( <i>appointed 13 January 2011</i> )**	<b>150,000</b>	–
H Furman ( <i>appointed 26 April 2011</i> )***	<b>1,538,461</b>	–
Y Ben Israel ( <i>resigned 13 January 2011</i> )	<b>1,070,000</b>	1,070,000

\* 1,950,000 shares disclosed under M Alikhani are held by WB Nominees Ltd

\*\* 150,000 shares disclosed under M Wainwright are held by WB Nominees Ltd

\*\*\* 1,538,461 shares disclosed under H Furman are held by Matrix Enterprises in which he holds a beneficial interest.

On 6 April 2011 and 7 April 2011 M Alikhani purchased 250,000 and 150,000 ordinary shares of 1p each and a price of 6.35p and 6.52p respectively.

On 6 April 2011 and 7 April 2011 M Wainwright purchased 100,000 and 50,000 ordinary shares of 1p each at a price of 6.35p and 6.52p respectively.

Other than as set out above, none of the directors at 30 June 2011 held any interest in shares of the Company during the year. All of the interests reported are beneficial. Directors' share purchases after 30 June 2011 are shown in Note 23.

Details of the directors' share options are provided in Note 17.

## NON-EXECUTIVE DIRECTOR

### **M WAINWRIGHT**

Mark Wainwright received a BA (Hons) degree in History and Politics from Queen's College, Cambridge and an MBA from University of Cape Town.

Mark began his mining career with Gold Fields in South Africa before joining Deloitte's consulting division in 1998. Here he worked for a range of mining and mining processing clients mainly in South Africa, Russia and the FSU, including majors BHP Billiton, Anglo American, Harmony Gold, Ferrexpo Ukraine, De Beers and Severstal Russia.

In August 2009 he moved back to the UK to head up the Global Mining Division of Turner and Townsend, the worldwide professional services organisation, where he is currently Managing Director.

### **H FURMAN**

Horacio Furman received a BSc in Mechanical Engineering and an MSc in Materials Engineering at the Technion, Israel Institute of Technology, before obtaining his MBA at INSEAD, in Fontainebleau, France.

Horacio started his professional career in production and then marketing positions in the Hard Metals/ Powder Metallurgy industry at Iscar Ltd, Israel. He later joined UDI, a privately owned trading company with wide presence, particularly in China, in trading and project development. In his capacity as VP for China he was personally involved for over a decade in the company's activity in that country, including identification, negotiation and implementation of, inter alia, industrial joint ventures and transfers of technology in a wide range of fields including mining and metals.

In the 1990's he was involved in the introduction of digital technologies in the reconstruction of several East European telecommunications networks.

From 2000 to date he has been involved in nurturing young start-up companies. He has served on boards of both Israeli and UK publically quoted companies. He is fluent in five languages.

## SUBSTANTIAL SHAREHOLDINGS

On 1 November 2011 the Company was aware of the following interests in 3 per cent. or more of the Company's ordinary share capital:

<i>Shareholder</i>	<i>No. of ordinary shares</i>	<i>% holding</i>
Barclayshare Nominees Limited	143,440,440	14.23%
Hargeaves Lansdown (Nominees) Ltd	35,812,741	3.55%
HSDL Nominees Limited	90,056,956	8.94%
Investor Nominees Ltd	52,938,887	5.25%
James Capel (Nominees) Ltd	54,214,325	5.38%
LR Nominees Ltd	69,460,284	6.89%
TD Waterhouse Nominees Europe Ltd	153,603,838	15.24%
WB Nominees Ltd	34,475,975	3.42%

## TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

Related party transactions are shown in Note 21.

## ISSUES OF SHARES AND OPTIONS

During the year 641,925,595 ordinary shares of 1p each were issued raising a total of £20,701,250 before expenses.

## ANNUAL GENERAL MEETING

### *SPECIAL BUSINESS*

Resolutions will be proposed at the Annual General Meeting, as set out in the formal notice on pages 44 to 47.

The following notes relate to Resolutions 6 and 7 which will constitute Special Business:

- (1) Resolution 6 – The Directors currently have a general authority to allot unissued shares of the Company, but this expires on the conclusion of the Annual General Meeting. Resolution 6 is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares (see the detailed resolution and notes on page 44 of this document).
- (2) Resolution 7 – is to authorise the Directors to allot relevant securities up to a nominal value of £5m. This will provide the Directors with the authority to issue ordinary shares of £0.01 for cash when the Board considers it to be in the best interest of shareholders (see the detailed resolution on pages 44 and 47 of this document).

## CREDITOR PAYMENT POLICY

The Company's policy is normally to pay trade creditors according to agreed terms of business. These terms are usually agreed with the trade creditors before they provide any goods or services. The Company's policy is to adhere to the payment terms providing the relevant goods or services have been supplied

## BERKELEY MINERAL RESOURCES PLC

in accordance with the agreements. The average number of days in respect of trade creditors at 30 June 2011 was 32 (2010: 111) days based on the daily amount invoiced by suppliers during the year.

### EVENTS AFTER THE REPORTING DATE

Events after the reporting date have been disclosed in Note 23 to the Financial Statements.

### DISCLOSURE OF INFORMATION TO THE AUDITORS

In accordance with the provisions of Section 418 of the Companies Act 2006, the directors who held office at the date of approval of this Director's report confirm that, so far as they are each aware, there is no relevant audit information, being information needed by the auditors in connection with preparing this report, of which the auditors are unaware. Having made enquiries of fellow directors and the Company's auditors, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

### AUDITORS

W.H. Associates LLP have expressed their willingness to continue in office as auditors.

A resolution proposing the re-appointment of the auditors W.H. Associates LLP will be put to shareholders at the Annual General Meeting.

Approved by the board of directors and signed on behalf of the Board.

M A Alikhani  
Director  
19/20 Grosvenor Street  
London W1K 4QH

24 November 2011

## CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice (the “Combined Code”). Whilst AIM companies are not obliged to comply with the Combined Code, the Directors do intend to comply with the Combined Code so far as is appropriate having regard to the size and nature of the Company. The Board will take such measures so far as practicable to comply with the Combined Code and in addition, the Quoted Companies Alliance (“QCA”) Guidelines for AIM Companies.

The Board has put in place the corporate governance procedures they believe are appropriate for the Company.

The Board retains full and effective control over the Company. The Company holds regular Board meetings at which financial, operational and other reports are considered and, where appropriate, voted on. Apart from the regular meetings, additional meetings are arranged when necessary to review strategy, planning, operational, financial performance, risk and capital expenditure and human resources and environmental management. The Board is also responsible for monitoring the activities of the executive management. To enable the Board to perform its duties, all Directors have full access to all relevant information and to the service of the Company Secretary. If necessary the Non-Executive Directors may take independent professional advice at the Company’s expense.

A statement of the directors’ responsibilities in respect of the financial statements is set out on page 16. Below is a brief description of the role of the board and its committees, including a statement regarding the Company’s system of internal financial control.

## THE WORKINGS OF THE BOARD AND ITS COMMITTEES

### *THE BOARD OF DIRECTORS*

The board currently comprises one executive and two non-executive directors. The non-executive directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The board meets on average every two months and is responsible, inter alia, for setting and monitoring Company strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to shareholders.

### *THE AUDIT COMMITTEE*

The Audit Committee comprises the following directors and is chaired by M Wainwright:

MWainwright and H Furman.

The committee provides a forum for reporting by the Company’s external auditors. Meetings are held not less than twice annually.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the board and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee also advises the board on the appointment of external auditors and on their remuneration both for audit and non-audit work.

*THE REMUNERATION COMMITTEE*

The Remuneration Committee, comprises the following directors and is chaired by H Furman:

H Furman  
M Wainwright

The Committee is responsible for recommending to the board the terms and conditions of employment of the executive directors.

*THE NOMINATION COMMITTEE*

The Nomination Committee, which currently comprises M Wainwright, H Furman and M Alikhani, is responsible for proposing to the board any new appointments of executive or non-executive directors.

*Internal Financial Control*

The Board is responsible for establishing and maintaining the Company's system of internal financial control.

Internal financial control systems are designed to meet the particular needs of the Company and the risk to which it is exposed, and by their nature can provide reasonable assurance but not absolute assurance against material misstatement or loss.

The directors are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Company's operations, the directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Company.

**REPORT OF THE REMUNERATION COMMITTEE**

The Remuneration Committee (the “Committee”) is currently chaired by H Furman and comprised, during the year to date, Y Ben Israel and M Alikhani to 13 January 2011, and from 13 January to June 2011 of H Furman and M Wainwright. Remuneration packages are determined with reference to market remuneration levels, individual performance and the financial position of the Company.

Executive directors are granted a retainer which is reviewed at regular intervals.

The executive director does not have a service contract.

*Directors*

The remuneration of the individual directors is as follows:

<b>Director</b>	<b>Fees</b>	<b>Salary</b>	<b>Pension</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
M A Alikhani	2,000	60,000	160,000	222,000	62,000
M Wainwright ( <i>appointed 13 January 2011</i> )	915	22,711	–	23,626	–
H Furman ( <i>appointed 26 April 2011</i> )	356	4,096	–	4,452	–
Y Ben Israel ( <i>resigned 13 January 2011</i> )	1,079	25,867	–	26,946	50,000
<b>Total</b>	<b>4,350</b>	<b>112,674</b>	<b>160,000</b>	<b>277,024</b>	<b>112,000</b>

On behalf of the Remuneration Committee.

**H Furman**

Committee Chairman

24 November 2011

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under the company law to prepare the Company statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs adopted by the EU;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Berkeley Mineral Resources Plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statement may differ from legislation in other jurisdictions.



**REPORT OF THE INDEPENDENT AUDITORS**  
**to the Members of Berkeley Mineral Resources Plc**

We have audited the Group and Parent Company financial statements (“the financial statements”) on pages 19 to 43 for the year ended 30 June 2011. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditors’ report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Director’s Responsibilities Statement, the director’s are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing ( UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s ( APB’s) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the APB’s website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

**OPINION ON FINANCIAL STATEMENTS**

In our opinion:

- the financial statements give a true and fair view of the state of the Group’s and the Company’s affairs as at 30 June 2011 and of the Group’s loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion:

The information given in the Directors’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mr J.K.K.Chowdhury, *Senior Statutory Auditor*

For and on behalf of  
W.H.Associates LLP  
117 Lonsdale Avenue  
Wembley  
Middlesex HA9 7 EW

24 November 2011

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****Year ended 30 June 2011**

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
<b>CONTINUING OPERATIONS</b>			
Share based payments		(664,233)	–
Pre-completion expenses of Kabwe tailings acquisition		(375,956)	–
Other administrative expenses		<u>(1,422,607)</u>	<u>(499,966)</u>
<b>Total administrative expenses</b>		<b>(2,462,796)</b>	<b>(499,966)</b>
Finance expense		–	(8,572)
Finance income		<u>8,712</u>	<u>25</u>
<b>Loss before tax</b>	6	<b>(2,454,084)</b>	<b>(508,513)</b>
Taxation	9	<u>67,674</u>	<u>–</u>
<b>LOSS FOR THE YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b>(2,386,410)</b>	<b>(508,513)</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
Exchange translation differences on foreign operation		<u>79,863</u>	<u>–</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY</b>		<b><u>(2,306,547)</u></b>	<b><u>(508,513)</u></b>
<b>LOSS PER ORDINARY SHARE</b>			
Basic and diluted (pence)	10	<u><b>(0.35)p</b></u>	<u><b>(0.18)p</b></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2011

Company No. 02401127

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets	11	9,225,566	399,882
Property, plant and equipment	12	–	2,575
		<u>9,225,566</u>	<u>402,457</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	14(b)	1,109,694	436,944
Cash and cash equivalents	14(c)	10,650,954	142,234
		<u>11,760,648</u>	<u>579,178</u>
<b>TOTAL ASSETS</b>		<u>20,986,214</u>	<u>981,635</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	502,478	639,983
<b>Total current liabilities</b>		<u>502,478</u>	<u>639,983</u>
<b>Non current liabilities</b>			
Deferred tax	15	1,874,438	–
<b>Total non current liabilities</b>		<u>1,874,438</u>	<u>–</u>
<b>TOTAL LIABILITIES</b>		<u>2,376,916</u>	<u>639,983</u>
<b>NET ASSETS</b>		<u>18,609,298</u>	<u>341,652</u>
<b>EQUITY</b>			
Share capital	17	17,528,048	11,108,792
Share premium		15,524,957	3,542,710
Warrant reserve	19	1,508,457	–
Merger reserve		1,824,000	1,824,000
Translation reserve		79,863	–
Retained earnings		(17,856,027)	(16,133,850)
<b>TOTAL EQUITY</b>		<u>18,609,298</u>	<u>341,652</u>
<b>EQUITY ATTRIBUTABLE TO:</b>			
<b>EQUITY HOLDERS OF THE COMPANY</b>		18,413,499	145,853
<b>NON-EQUITY HOLDERS OF THE COMPANY</b>		<u>195,799</u>	<u>195,799</u>
		<u>18,609,298</u>	<u>341,652</u>

The financial statements of Berkeley Mineral Resources Plc were approved and authorised for issue by the Board of Directors on 24 November 2011. They were signed on its behalf by

M Alikhani  
Director

**CONSOLIDATED STATEMENT OF CASH FLOW****Year ended 30 June 2011**

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
<b>Cash flows from operating activities</b>			
Loss before tax		<b>(2,454,084)</b>	(508,513)
Adjustments to reconcile net losses to cash utilised :			
Depreciation of property, plant and equipment		<b>2,575</b>	2,573
Impairment of research and development assets		–	87,426
Finance income		<b>(8,712)</b>	(25)
Finance expense		–	8,572
Share based payments		<b>664,233</b>	–
		<hr/>	<hr/>
<b>Operating cash outflows before movements in working capital</b>		<b>(1,795,988)</b>	(409,967)
Changes in:			
Trade and other receivables		<b>(605,076)</b>	(409,274)
Trade and other payables		<b>(137,505)</b>	(43,441)
		<hr/>	<hr/>
<b>Cash utilised by operating activities</b>		<b>(2,538,569)</b>	(862,682)
Interest paid		–	(8,572)
		<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>		<b>(2,538,569)</b>	(871,254)
		<hr/>	<hr/>
<b>Investing activities</b>			
Interest received		<b>8,712</b>	25
Consideration paid on acquisition of subsidiary	13(a)	<b>(6,612,049)</b>	–
Purchases of exploration and evaluation assets		<b>(270,435)</b>	(359,882)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities:</b>		<b>(6,873,772)</b>	(359,857)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares and warrants		<b>20,701,250</b>	1,465,500
Share issue costs		<b>(791,290)</b>	(92,250)
		<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>		<b>19,909,960</b>	1,373,250
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		<b>10,497,619</b>	142,139
Effect of foreign exchange rate changes		<b>11,101</b>	–
<b>Cash and cash equivalents at beginning of year</b>		<b>142,234</b>	95
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>		<b>10,650,954</b>	142,234
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****Year ended 30 June 2011**

	Share capital £	Share premium £	Warrant reserve £	Merger reserve £	Translation reserve £	Retained earnings £	Total equity £
<b>As at 1 July 2009</b>	<b>10,009,771</b>	<b>2,705,939</b>	<b>–</b>	<b>1,824,000</b>	<b>–</b>	<b>(15,625,337)</b>	<b>(1,085,627)</b>
Total comprehensive loss for the year	–	–	–	–	–	(508,513)	(508,513)
Issue of shares and warrants	1,099,021	929,021	–	–	–	–	2,028,042
Share issue costs	–	(92,250)	–	–	–	–	(92,250)
<b>As at 1 July 2010</b>	<b>11,108,792</b>	<b>3,542,710</b>	<b>–</b>	<b>1,824,000</b>	<b>–</b>	<b>(16,133,850)</b>	<b>341,652</b>
Total comprehensive loss for the year	–	–	–	–	79,863	(2,386,410)	(2,306,547)
Issue of shares and warrants	6,419,256	12,518,853	1,763,141	–	–	–	20,701,250
Share based payments	–	–	–	–	–	664,233	664,233
Share issue costs	–	(791,290)	–	–	–	–	(791,290)
Transfer on exercise of warrants	–	254,684	(254,684)	–	–	–	–
<b>As at 30 June 2011</b>	<b>17,528,048</b>	<b>15,524,957</b>	<b>1,508,457</b>	<b>1,824,000</b>	<b>79,863</b>	<b>(17,856,027)</b>	<b>18,609,298</b>

**Reserves Description and purpose**

- Share capital – amount subscribed for share capital at nominal value
- Share premium – amounts subscribed for share capital in excess of nominal value
- Warrant reserve – amount arising on the issue of warrants during the year
- Merger reserve – amount arising in 1994 for the issue of shares for non-cash consideration
- Translation reserve – amounts arising on re-translating the net assets of overseas operations into the presentational currency
- Retained earnings – cumulative net gains and losses recognised in the consolidated income statement

**COMPANY STATEMENT OF FINANCIAL POSITION****As at 30 June 2011**

Company No. 02401127

	<i>Notes</i>	<i>2011</i> £	<i>2010</i> £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets	11	670,317	399,882
Property Plant and Equipment	12	–	2,575
Investment in subsidiaries	13(b)	4,919,933	–
<b>TOTAL NON-CURRENT ASSETS</b>		<u>5,590,250</u>	<u>402,457</u>
<b>CURRENT ASSETS</b>			
Receivable from subsidiaries	14(a)	1,694,795	–
Trade and other receivables	14(b)	1,109,694	436,944
Cash and cash equivalents	14(c)	10,650,103	142,234
		<u>13,454,592</u>	<u>579,178</u>
<b>TOTAL ASSETS</b>		<u>19,044,842</u>	<u>981,635</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	502,478	639,983
<b>TOTAL LIABILITIES</b>		<u>502,478</u>	<u>639,983</u>
<b>NET ASSETS</b>		<u>18,542,364</u>	<u>341,652</u>
<b>EQUITY</b>			
Share capital	17	17,528,048	11,108,792
Share premium		15,524,957	3,542,710
Warrant reserve		1,508,457	–
Merger reserve		1,824,000	1,824,000
Retained earnings		(17,843,098)	(16,133,850)
<b>TOTAL EQUITY</b>		<u>18,542,364</u>	<u>341,652</u>

The financial statements of Berkeley Mineral Resources Plc were approved and authorised for issue by the Board of Directors on 24 November 2011. They were signed on its behalf by

M Alikhani  
Director

## COMPANY STATEMENT OF CASH FLOW

Year ended 30 June 2011

	<i>Notes</i>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
			<i>(restated, see note 3(b))</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(2,441,155)</b>	(508,513)
Adjustments to reconcile net losses to cash utilised:			
Depreciation		<b>2,575</b>	2,573
Impairment of research and development assets		–	87,426
Share based payments		<b>664,233</b>	–
Finance income		<b>(8,712)</b>	(25)
Finance expense		–	8,572
		<u>                    </u>	<u>                    </u>
<b>OPERATING CASH OUTFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL</b>		<b>(1,783,059)</b>	(409,967)
Changes in:			
Trade and other receivables		<b>(606,912)</b>	(409,274)
Trade and other payables		<b>(137,505)</b>	(43,441)
		<u>                    </u>	<u>                    </u>
Cash utilised by operating activities		<b>(2,527,476)</b>	(862,682)
Interest paid		–	(8,572)
		<u>                    </u>	<u>                    </u>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		<b>(2,527,476)</b>	(871,254)
		<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received		<b>8,712</b>	25
Purchases of property, plant and equipment		<b>(270,435)</b>	(359,882)
Consideration paid on acquisition of subsidiary		<b>(6,612,892)</b>	–
		<u>                    </u>	<u>                    </u>
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(6,874,615)</b>	(359,857)
		<u>                    </u>	<u>                    </u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from share and warrant issues		<b>20,701,250</b>	1,465,500
Share issue costs		<b>(791,290)</b>	(92,250)
		<u>                    </u>	<u>                    </u>
Net cash generated from financing activities		<b>19,909,960</b>	1,373,250
		<u>                    </u>	<u>                    </u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>10,507,869</b>	142,139
Cash and cash equivalents at beginning of year		<b>142,234</b>	95
		<u>                    </u>	<u>                    </u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>10,650,103</b>	142,234
		<u>                    </u>	<u>                    </u>



## COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2011

	Share capital £	Share premium £	Warrant reserve £	Merger reserve £	Retained earnings £	Total equity £
<b>As at 1 July 2009</b>	<b>10,009,771</b>	<b>2,705,939</b>	–	<b>1,824,000</b>	<b>(15,625,337)</b>	<b>(1,085,627)</b>
Total comprehensive loss for the year	–	–	–	–	(508,513)	(508,513)
Issue of shares and warrants	1,099,021	929,021	–	–	–	2,028,042
Share issue costs	–	(92,250)	–	–	–	(92,250)
<b>As at 1 July 2010</b>	<b>11,108,792</b>	<b>3,542,710</b>	–	<b>1,824,000</b>	<b>(16,133,850)</b>	<b>341,652</b>
Total comprehensive loss for the year	–	–	–	–	(2,373,481)	(2,373,481)
Issue of shares and warrants	6,419,256	12,518,853	1,763,141	–	–	20,701,250
Share based payments	–	–	–	–	664,233	664,233
Share issue costs	–	(791,290)	–	–	–	(791,290)
Transfer on exercise of warrants	–	254,684	(254,684)	–	–	–
<b>As at 30 June 2011</b>	<b>17,528,048</b>	<b>15,524,957</b>	<b>1,508,457</b>	<b>1,824,000</b>	<b>(17,843,098)</b>	<b>18,542,364</b>

**Reserves Description and purpose**

- Share capital – amount subscribed for share capital at nominal value
- Share premium – amounts subscribed for share capital in excess of nominal value
- Warrant reserve – amount arising on the issue of Warrants during the year
- Merger reserve – amount arising in 1994 for the issue of shares for non-cash consideration
- Translation reserve – amounts arising on re-translating the net assets of overseas operations into the presentational currency
- Retained earnings – cumulative net gains and losses recognised in the consolidated income statement

## NOTES TO THE ACCOUNTS

Year ended 30 June 2011

### 1. GENERAL INFORMATION

Berkeley Mineral Resources PLC (the ‘Company’), is incorporated and domiciled in the United Kingdom. It was incorporated under the name of Ashchurch Exploration PLC and after various name changes, on 3rd March 2008 changed its name to Berkeley Mineral Resources PLC. The address of the registered office is 3rd Floor, 19/20 Grosvenor Street, London, W1K 4QH.

The nature of the Group’s operations and its principal activity is that of the acquisition, evaluation and development of mineral stockpiles in particular tailings. The Group’s first project is at the Kabwe Mine in Zambia.

### 2. ADOPTION OF NEW AND REVISED STANDARDS

These financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 30 June 2011.

In the current year, the following new and revised Standards have been adopted. The adoption of these standards, interpretations and amendments did not affect the Company’s or Group’s results of operations or financial positions.

International Accounting Standards (IAS/IFRS)

IFRS 1 (amended)	Additional exemptions for first time adopters
IFRS 2 (amended)	Group cash-settled share-based payment transactions
IAS 24 (revised 2009)	Related Party Disclosures
IAS 32 (amended)	Classification of rights issue

International Financial Reporting Interpretations (IFRIC)

IFRIC 19	Extinguished Financial Liabilities with Equity Instruments
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The following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been endorsed by the EU). The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Company or the Group.

IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed dates for First Time Adopters
IFRS 7 (amended)	Disclosures - Transfer of Financial assets
IFRS 9	Financial Instruments
IFRS10	Consolidated Financial Statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Management
IAS 12 (amended)	Deferred tax: Recovery of Underlying Assets
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IFRIC 14, IAS 19 (amended)	Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction

### 3.(a) SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards (‘IFRSs’) as issued by the International Accounting Standards Board (‘IASB’) and as adopted by the European Union (‘EU’) and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted are set out below.

The Group financial information is presented in Pounds Sterling (“£”). For reference the year end exchange rate from Pounds Sterling to US Dollar was 1.602 and Pounds Sterling to Zambian Kwacha was 7,902.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its Income Statement for the year. The Company reported a loss for the financial year ended 30 June 2011 of £2,373,481 (2010: £508,513).

***Going concern***

The Group is a minerals business with a primary strategy of investing in tailings processing. By accessing above-ground dump deposits with known grades and metallurgy, it avoids exploration and mining costs, has a secure licence and fixed environmental criteria, and can produce concentrates according to viability at current market prices. The Group has sufficient funds available to meet its commitments for the foreseeable future.

The financial statements have been prepared on a going concern basis based on projected future cash flows and projected work programmes.

***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

***Segmental reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

***Foreign currencies***

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in £, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of each Group company ('foreign currencies') are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

## NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2011

### 3(a). SIGNIFICANT ACCOUNTING POLICIES (CONT)

#### *Taxation*

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### *Property, plant and equipment*

Property, plant and equipment ('PP&E') are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation and amortisation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment 20%

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

#### *Impairment property, plant and equipment*

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value for money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount,

the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### ***Intangible exploration and evaluation assets***

The Group applies the full cost method of accounting for Exploration and Evaluation ('E&E') costs, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources. Under the full cost method of accounting, costs of exploring for and evaluating mineral resources are accumulated by reference to appropriate cost centres being the appropriate licence area, but are tested for impairment on a cost pool basis as described below.

E&E assets comprise costs of (i) E&E activities that are ongoing at the balance sheet date, pending determination of whether or not commercial reserves exist and (ii) costs of E&E activities associated with adding to the commercial reserves of an established cost pool, did not result in the discovery of commercial reserves.

Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the income statement as they are incurred.

#### ***Exploration and Evaluation costs***

All costs of E&E are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible E&E assets.

Such costs include directly attributable overheads, including the depreciation of property, plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

#### ***Treatment of E&E assets at conclusion of appraisal activities***

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined. If commercial reserves have been discovered, the related E&E assets are assessed for impairment on a cost pool basis as set out below and any impairment loss, of the relevant E&E assets is the reclassified as development and production assets.

#### ***Impairment of E&E assets***

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 Exploration for and Evaluation of Mineral Resources and include the point at which a determination is made as to whether or not commercial reserves exist.

Where there are indications of impairment, the E&E assets concerned are tested for impairment. Where the E&E assets concerned fall within the scope of an established full cost pool, the E&E assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit.

The aggregate carrying value is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. Where the E&E assets to be tested fall outside the scope of any established cost pool, there will generally be no commercial reserves and the E&E assets concerned will generally be written off in full.

Any impairment loss is recognised in the income statement as additional depreciation and amortisation, and separately disclosed.

The Group considers the whole of Zambia to be one cost pool and therefore aggregates all Zambian assets for the purpose of determining whether an impairment of E&E assets has occurred.

## NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2011

### 3(a). SIGNIFICANT ACCOUNTING POLICIES (CONT)

#### *Related party transactions*

IAS 24, 'Related Party Disclosures', requires the disclosure of the details of transactions between the reporting entity and related parties. In the consolidated financial statements, all transactions between Group companies are eliminated.

#### *Financial instruments*

##### *Recognition of financial assets and financial liabilities*

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

##### *De-recognition of financial assets and financial liabilities*

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it June have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

#### *Trade and other receivables*

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available for sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on financial assets are not reversed through the income statement.

#### *Trade and other payables*

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### *Provisions*

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resource will result and that outflow can be reliably measured.

#### *Rehabilitation*

Provisions are made for the estimated rehabilitation costs relating to areas disturbed during exploration activities up to reporting date but not yet rehabilitated. Changes in estimate are dealt with on a prospective basis as they arise.

#### *Share-based payments*

The Group has applied IFRS 2 Share-based Payment for all grants of equity instruments.

The Group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The inputs to the model include: the share price at the date of grant, exercise price expected volatility, risk free rate of interest.

#### ***Share capital***

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

For the purposes of the disclosures given in note 20, the Group considers its capital to be total equity. There have been no changes in what the Group considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements.

### **3.(b) RESTATEMENT OF THE STATEMENT OF CASH FLOWS**

The comparatives for the year ended 30 June 2010 have been amended to exclude £562,542 from the cash outflows arising from the changes in trade and other payables and also from the cash inflows arising from the proceeds from share issues. This restatement is required in respect of shares issued to settle liabilities for this amount.

### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### *i) Recoverability of exploration and evaluation assets*

Determining whether an exploration and evaluation asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IFRS 6 Exploration for and Evaluation of Mineral Resources. If there is any indication of potential impairment, an impairment test is required based on value in use of the asset. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of the Group's exploration and evaluation assets at the balance sheet date was £9,225,566 (2010: £399,882) and no impairment was identified or recognised.

#### *ii) Provisions for liabilities*

As a result of exploration activities the Group is required to make provision for rehabilitation. Significant uncertainty exists as to the amount of rehabilitation obligations which may be incurred due to the impact of possible changes in environmental legislation. Due to the early stage of exploration activity no significant damage has been caused and, therefore, no provision has been recognised at 30 June 2011 (2010: £nil) in the Group and the Company balance sheets.

#### *iii) Share based compensation*

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 18.

**NOTES TO THE ACCOUNTS (CONT)****Year ended 30 June 2011****5. SEGMENTAL REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors.

The Board of Directors considers there to be only one operating segment, the exploitation and development of mineral resources and only one geographical segment being Zambia. Therefore no additional segmental information is presented.

**6. LOSS FOR THE YEAR**

The loss for the year has been arrived at after charging / (crediting)

	<b>2011</b>	2010
	£	£
Depreciation of property, plant and equipment (note 12)	<b>2,575</b>	89,999
Staff costs (note 8)	<b>611,401</b>	162,000
Net foreign exchange gains	<b>16,665</b>	–
	<u>          </u>	<u>          </u>

**7. AUDITORS REMUNERATION**

Amounts payable in respect of audit of the Company's annual accounts were £14,000 (2010: £14,000). No other services were provided by Company's auditors.

**8. STAFF COSTS**

	<b>2011</b>	2010
	Number	Number
The average monthly number of employees (including Directors) was:	<b>8</b>	6
Directors	<b>3</b>	2
	<u>          </u>	<u>          </u>
Their aggregate remuneration comprised:	£	£
Wages and salaries	<b>403,149</b>	137,000
Pension	<b>160,000</b>	–
Social security costs	<b>48,252</b>	25,000
Share based payment	<b>664,233</b>	–
	<u>          </u>	<u>          </u>
	<b>1,275,634</b>	162,000
	<u>          </u>	<u>          </u>

Included within staff costs, £460,608 (£2010: £126,336) relates to amounts in respect of Directors (see note 21).

**9. TAXATION**

	<b>2011</b>	2010
	£	£
<b>Current tax</b>		
UK corporation tax – credit	<b>67,674</b>	–
Overseas taxation	–	–
	<u>          </u>	<u>          </u>
	<b>67,674</b>	–
	<u>          </u>	<u>          </u>
<b>Deferred tax (note 15)</b>		
UK corporation tax	–	–
Overseas taxation	–	–
	<u>          </u>	<u>          </u>
	–	–
	<u>          </u>	<u>          </u>

The current tax credit of £67,674 is receivable in respect of research and development costs arising in prior years.



The taxation charge for each year can be reconciled to the loss per the consolidated income statement as follows:

	2011 £	2010 £
<b>Loss before tax</b>	<b>(2,454,084)</b>	<b>(508,513)</b>
<b>Tax credit at the standard rate of tax in the UK 26% (2010: 28%)</b>	<b>638,062</b>	142,384
Tax effect of non-deductable expense	<b>(141,222)</b>	(32,988)
Deferred tax asset not recognised	<b>(429,166)</b>	(109,396)
<b>Tax credit for the year</b>	<b>67,674</b>	–

#### 10. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the consolidated net loss for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. The calculation of the basic and diluted loss per share is based on the following data:

	2011 £	2010 £
<b>Loss after tax</b>		
Loss for the purposes of basic loss per share being consolidated net loss attributable to equity holders of the Company	<b>2,386,410</b>	508,513
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>688,990,923</b>	281,691,724
<b>Loss per ordinary share</b>		
Basic and diluted	<b>0.35p</b>	0.18p

At the balance sheet date there were 290,259,073 (2010: 28,750,000) potentially dilutive Ordinary Shares. Potentially dilutive ordinary shares relate to warrants and share options issued to directors, staff and consultants. In 2011 and the prior year, the potential Ordinary shares are anti-dilutive and therefore the diluted loss per share has not been calculated.

#### 11. INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Company £	Group £
Costs		
At 1 July 2009	40,000	40,000
Additions	359,882	359,882
At 1 July 2010	399,882	399,882
Additions	270,435	270,435
Acquisitions (see note 13a)	–	8,467,194
Foreign exchange difference	–	88,055
<b>At 30 June 2011</b>	<b>670,317</b>	<b>9,225,566</b>

## NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2011

## 12. PROPERTY PLANT AND EQUIPMENT

	Research & development £	Office equipment £	Total £
<b>GROUP</b>			
<b>Cost</b>			
<b>At 1 July 2009</b>	4,054,114	284,331	4,338,445
Impairment of assets	(4,054,114)	(271,460)	(4,325,574)
<b>At 1 July 2010</b>	–	12,871	12,871
Additions	–	–	636,947
Foreign exchange difference	–	–	6,624
<b>At 30 June 2011</b>	<b>–</b>	<b>12,871</b>	<b>12,871</b>
<b>Accumulated depreciation</b>			
<b>At 1 July 2009</b>	(3,966,688)	(279,183)	(4,245,871)
Charge for the year	(87,426)	(2,573)	(89,999)
Impairment of assets	4,054,114	271,460	4,325,574
<b>At 1 July 2010</b>	–	(10,296)	(10,296)
Charge for the year	–	(2,575)	(2,575)
<b>At 30 June 2011</b>	<b>–</b>	<b>(12,871)</b>	<b>(12,871)</b>
<b>Carrying amount</b>			
<b>At 30 June 2011</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>At 30 June 2010</b>	<b>–</b>	<b>2,575</b>	<b>2,575</b>
	Research & development £	Office equipment £	Total £
<b>COMPANY</b>			
<b>Cost</b>			
<b>At 1 July 2009</b>	4,054,114	284,331	4,338,445
Impairment of assets	(4,054,114)	(271,460)	(4,325,574)
<b>At 1 July 2010</b>	–	12,871	12,871
<b>At 30 June 2011</b>	<b>–</b>	<b>12,871</b>	<b>12,871</b>
<b>Accumulated depreciation</b>			
<b>At 1 July 2009</b>	(3,966,688)	(279,183)	(4,245,871)
Charge for the year	(87,426)	(2,573)	(89,999)
Impairment of assets	4,054,114	271,460	4,325,574
<b>At 1 July 2010</b>	–	(10,296)	(10,296)
Charge for the year	–	(2,575)	(2,575)
<b>At 30 June 2011</b>	<b>–</b>	<b>(12,871)</b>	<b>(12,871)</b>
<b>Carrying amount</b>			
<b>At 30 June 2011</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>At 30 June 2010</b>	<b>–</b>	<b>2,575</b>	<b>2,575</b>

**13(a). ACQUISITION OF SUBSIDIARY – GROUP**

On 20th June 2011 the Company acquired the entire issued share capital of Enviro Mining Limited which was the sole shareholder of Enviro Processing Limited and Enviro Props Limited (together the ‘Enviro Group’) for a total consideration of £ 6.6 million.

The Enviro Group owns the leasehold rights and title to Stand 5187 containing the stockpiles at Kabwe until 30 June 2075; the contents of all the tailing dumps included in Stand 5187 and Dump 57; the Small Scale Mining Licence relating to lead, zinc, copper and cobalt minerals for a period of ten years from 20 October 2010, renewable thereafter; and access rights to enable the Group to develop Dump 57.

The fair values of the identifiable asset acquired and liabilities assumed as at 20 June 2011 were as follows:

	Book Value £	Fair Value Adjustment £	Fair Value £
Exploration and evaluation assets	1,332,019	7,135,175	8,467,194
Trade and other receivables (a)	1,692,959	–	1,692,959
Trade and other payables (a)	(1,692,959)	–	(1,692,959)
Cash	843	–	843
Deferred tax	–	(1,855,145)	(1,855,145)
	<u>1,332,862</u>	<u>5,280,030</u>	<u>6,612,892</u>
Total cash consideration			<u>(6,612,892)</u>

Note (a): As at the date of acquisition the Enviro Group had current loan liabilities of £1,692,959 to the vendor. As part of this acquisition the Company acquired from the vendors these current loan receivables.

Since the acquisition date a loss of £12,929 in respect of the Enviro Group has been included in the consolidated statement of comprehensive income for the year.

Had the acquisition date for the business combination that occurred during the year been 1 July 2010 the estimated consolidated loss for the year would have been £325,799 higher at £2,712,209.

The Enviro Group had no revenues in either the current or prior year.

**13(b). INVESTMENT IN SUBSIDIARIES****Company**

	Shares £
At 1 July 2010	–
Additions during the year	4,919,933
Exchange difference	
At 30 June 2011	<u>4,919,933</u>

The Company had investment in the following subsidiary undertakings at 30 June 2011:

Name	Activity	Country of incorporation and operation	Ordinary Shares held Company	Ordinary shares held Group
Enviro Mining Limited	Holding Company	Mauritius	100%	100%
Enviro Processing Limited	Tailings processing	Zambia	–	100%
Enviro Props Limited	Tailings processing	Zambia	–	100%

**NOTES TO THE ACCOUNTS (CONT)**

Year ended 30 June 2011

**14(a). RECEIVABLE FROM SUBSIDIARIES**

	2011 £	2010 £
<b>Company</b>		
Receivable from Enviro Group	<u>1,694,795</u>	<u>–</u>

These loans are repayable on demand and are interest free.

**14(b). TRADE AND OTHER RECEIVABLES**

	2011 £	2010 £
<b>Group and Company</b>		
Prepayment	4,012	4,210
Other receivables	1,089,378	421,765
VAT recoverable	16,304	10,969
	<u>1,109,694</u>	<u>436,944</u>

Other receivables include £1m paid to secure further mining assets in Kabwe and is repayable to BMR in the event of the transaction not being successful.

The fair value of trade and other receivables is not significantly different from the carrying value and none of the balances are past due.

**14(c). CASH AND CASH EQUIVALENTS**

The Group's cash and cash equivalents as at 30 June 2011 of £10,650,954 (2010: £142,234) comprise cash at bank and in hand.

The Company's cash and cash equivalents as at 30 June 2011 of £10,650,103 (2010: £142,234) comprise cash at bank and in hand.

The Directors consider that the carrying amount of these assets approximates their fair value.

**15. DEFERRED TAX**

Differences between IFRS and statutory tax rules (in the United Kingdom and elsewhere) give rise to temporary differences between the carrying values of certain assets and liabilities for financial reporting purposes and for income tax purposes.

At 30 June 2011, the Company and Group are carrying forward estimated tax losses of £7.9m (2010: £6.3m) in respect of various activities over the years. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams.

Deferred tax liabilities:	£
Arising on acquisitions (see note 13)	1,855,145
Foreign exchange difference	19,293
	<u>1,874,438</u>

The deferred tax liabilities arose on the acquisition of exploration and evaluation assets in the year. These will be released to the income statement as the fair value of the related exploration and evaluation assets are amortised.

## 16. OTHER FINANCIAL LIABILITIES

	2011	2010
	£	£
<b>Group and Company</b>		
Trade payables	<b>185,999</b>	151,315
Other taxes and social security	<b>218,225</b>	352,630
Other payables	<b>57,254</b>	109,038
Accruals	<b>41,000</b>	27,000
	<b>502,478</b>	639,983

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

## 17. SHARE CAPITAL

As permitted by the Companies Act 2006, the Company does not have an authorised share capital (2010: 500,000,000 at 1p each) Issued equity share capital.

	2011		2010	
	Number	£	Number	£
<b>Issued and fully paid</b>				
Ordinary shares of £0.01 each (see movements below)	<b>1,007,709,792</b>	<b>10,077,098</b>	365,784,197	3,657,842
Non-equity deferred shares of £0.01 each	<b>19,579,925</b>	<b>195,799</b>	19,579,925	195,799
Deferred shares of £0.04 each	<b>181,378,766</b>	<b>7,255,151</b>	181,378,766	7,255,151
		<b>17,528,048</b>		11,108,792

The deferred 1p shares confer no rights to vote at a general meeting of the Company or to a dividend. On a winding-up the holders of the deferred shares are only entitled to the paid up value of the shares after the repayment of the capital paid on the ordinary shares and £5,000,000 on each ordinary share.

The deferred shares of 4p each have no rights to vote or to participate in dividends and carry limited rights on return of capital.

Shares issued during the year

	Number of shares	Nominal value £
At 1 July 2009	255,882,097	2,558,821
Shares issued:		
109,902,100 ordinary shares of £0.01 each	109,902,100	1,099,021
At 1 July 2010	365,784,197	3,657,842
Ordinary shares issued during the year (see below)	641,925,595	6,419,256
At 30 June 2011	<b>1,007,709,792</b>	<b>10,077,098</b>

	Number of shares	Consideration £
Shares issued during the year:		
01 September 2010 at £0.015 each	136,666,666	2,050,000
14 September 2010 at £0.015 each	3,333,333	50,000
07 October 2010 at £0.02 each	43,437,500	868,750
01 November 2010 at £0.03 each ( <i>warrant exercise</i> )	43,333,334	1,300,000
02 November 2010 at £0.03 each ( <i>warrant exercise</i> )	16,666,667	500,000
05 November 2010 at £0.03 each	8,333,333	250,000
24 November 2010 at £0.035 each	193,071,428	6,757,500
31 March 2011 at £0.06 each ( <i>warrant exercise</i> )	52,083,334	3,125,000
28 June 2011 at £0.04 each	145,000,000	5,800,000
At 30 June 2011	<b>641,925,595</b>	<b>20,701,250</b>

## NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2011

## 18. SHARE BASED PAYMENTS

*Equity settled share-based payments*

The Company has a share option scheme for directors, employees and consultants.

## EQUITY-SETTLED SHARE OPTIONS AND WARRANTS SCHEMES

Name	Price	Note	30 June 2010 or date of appointment Number	Lapsed Number	Granted during the year Number	Reclassi- fication Number	Exercised during the year Number	30 June 2011 or date of resignation Number
<b>SHARE OPTIONS</b>								
M Alikhani	1p	A	7,000,000	–	–	–	–	7,000,000
M Alikhani	3p	B	–	–	5,000,000	–	–	5,000,000
M Alikhani	9p	C	–	–	3,597,000	–	–	3,597,000
Y Ben Israel	1p	A	5,000,000	(5,000,000)	–	–	–	–
M Wainwright	3p	B	–	–	–	2,000,000	–	2,000,000
M Wainwright	9p	C	–	–	1,000,000	–	–	1,000,000
H Furman	3p	B	–	–	–	2,000,000	–	2,000,000
H Furman	9p	C	–	–	1,000,000	–	–	1,000,000
Staff and consultants	1p	A	16,750,000	–	–	–	–	16,750,000
Other staff and consultants	3p	B	–	–	32,625,000	(4,000,000)	–	28,625,000
Other staff and consultants	9p	C	–	–	14,298,979	–	–	14,298,979
<b>SHARE WARRANTS</b>								
Other shareholders	3p	D	–	–	68,333,334	–	(68,333,334)	–
Other shareholders	9p	E	–	–	188,571,428	(180,000,000)	–	8,571,428
Other shareholders	6p	F	–	–	–	180,000,000	(52,083,334)	127,916,666
Other shareholders	6p	G	–	–	72,500,000	–	–	72,500,000
<b>Total of Share Options and Share Warrants</b>			<b>28,750,000</b>	<b>(5,000,000)</b>	<b>386,925,741</b>	<b>–</b>	<b>(120,416,668)</b>	<b>290,259,073</b>

NOTE:

Note A – Exercisable at any time before 7 May 2014

Note B – Exercisable at any time before 15 October 2015

Note C – Exercisable at any time before 26 April 2016

Note D – Exercisable at any time before 01 September 2012

Note E – Exercisable at any time before 24 November 2012

Note F – Exercisable at any time before 24 April 2012

Note G – Exercisable at any time before 28 June 2014

**Share Options**

On 15 October 2010 the Company granted 37,625,000 share options with an exercise price of 3p and on 26 April 2011 the Company granted a further 19,895,979 share options with an exercise price of 9p. The grant of these share options gave rise to share based payment charges in the year of £664,233 (2010: nil). All of the share options above were outstanding at the end of 2011 (2010: 28,750,000).

The fair value of equity settled share options granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the share options were granted. The table below lists the inputs to the model used for share options granted in October 2010 and April 2011:

	<b>October 2010</b>	<b>April 2011</b>
Share price at the date of grant	3.5p	6.6p
Volatility	70%	70%
Expected life	1 year	1 year
Risk free interest rate	1%	1%

#### **Warrants**

On 1 September 2010 136,666,666 new ordinary shares were issued at a placing price of 1.5 pence per share. For every two placing shares subscribed, the placees were issued a warrant exercisable at 3p (68,333,334 warrants). These warrants were exercised and shares issued on 1 and 2 November 2010.

On 24 November 2010 188,571,428 new ordinary shares were issued to UK institutional investors at a price of 3.5p per share. For each placing share subscribed, the placees were issued a warrant exercisable at 9p (188,571,428 warrants). The Company induced the exercise of 52,083,334 warrants at an exercise price of 6p per share being at a discount to the original exercise price of 9p per share and the shares were issued on 31 March 2011. In consideration for the Warrant Exercise and in addition to agreeing to reduce the exercise price to 6p per share for the Warrant Exercise, the Company agreed to lower the exercise price to 6p per share in respect of a further 127,916,666 outstanding warrants owned by the exercising warrant holders, although the final exercise date for such warrants has been brought forward from 24 November 2012 to 24 April 2012.

On 28 June 2011, 145,000,000 new ordinary shares were issued at a price of 4p per share. For every two placing Shares subscribed, the placees were issued one warrant exercisable at 6p per warrant at any time up to three years from issue (72,500,000 warrants).

The fair value of equity settled warrants granted is estimated as at the date of grant using the Black Scholes model, taking into account the terms and conditions upon which the warrants were granted. The table below lists the inputs to the model used for warrants granted in September 2010, November 2010 and June 2011:

	<b>September 2010</b>	<b>November 2010</b>	<b>June 2011</b>
Share price at the date of grant	2p	6.5p	4.2p
Volatility	70%	70%	70%
Expected life	2 years	2 years	3 years
Risk free interest rate	2%	2%	2%

The fair value of share options and warrants granted was £1,763,141 which was charged to the Warrant reserve and upon exercise of the warrants £254,684 was transferred to the Share Premium account.

#### **19. WARRANT RESERVE**

Proceeds from the issuance of warrants, net of issue costs, are credited to warrant reserve. Warrant reserve is non-distributable and will be transferred to share premium account upon the exercise of warrants. Balance of warrant reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to accumulated profits.

**NOTES TO THE ACCOUNTS (CONT)**

Year ended 30 June 2011

**20. FINANCIAL INSTRUMENTS***Capital risk management*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to shareholders.

The capital resources of the Group comprises issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. The Group's primary objective is to provide a return to its equity shareholders through capital growth. Going forward the Group will seek to maintain a yearly ratio that balances risks and returns of an acceptable level and also to maintain a sufficient funding base to the Group to meet its working capital and strategic investment needs.

*Externally imposed capital requirement*

The Group is not subject to externally imposed capital requirements.

*Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the Consolidated Financial Statements.

*Categories of financial instruments*

	2011	2010
	£	£
<b>Group</b>		
<b>Financial assets</b>		
Cash and cash equivalents	10,650,954	142,234
Other receivables	1,105,682	432,734
	<u>11,756,636</u>	<u>574,968</u>
<b>Financial liabilities</b>		
Trade and other payables	461,478	622,983
	<u>461,478</u>	<u>622,983</u>
	2011	2010
	£	£
<b>Company</b>		
<b>Financial assets</b>		
Cash and cash equivalents	10,650,103	142,234
Other receivables	1,105,682	432,734
	<u>11,755,785</u>	<u>574,968</u>
<b>Financial liabilities</b>		
Trade and other payables	461,478	622,983
	<u>461,478</u>	<u>622,983</u>

*Fair value of financial assets and liabilities*

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values.

*Financial risk management objectives*

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk.



The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Group has no committed borrowings, the Group is not exposed to any risks associated with fluctuations in interest rates on loans. Fluctuation in interest rates applied to cash balances held at the 2011 balance sheet date would have minimal impact on the Group.

**Foreign exchange risk and foreign currency risk management**

Foreign currency exposures are monitored on a monthly basis. Funds are transferred between the Sterling and US Dollar accounts in order to minimise foreign exchange risk. The Group holds the majority of its funds in Sterling.

The carrying amounts of the Group's and Company's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows:

**Group**

	Financial Liabilities		Financial assets	
	2011	2010	2011	2010
	£	£	£	£
Zambian Kwacha	–	–	852	–
US Dollars	–	–	891,717	–

**Company**

	Financial Liabilities		Financial assets	
	2011	2010	2011	2010
	£	£	£	£
Zambian Kwacha	–	–	–	–
US Dollars	–	–	891,717	–

**Foreign currency sensitivity analysis**

The Group is exposed primarily to movements in Sterling against the US Dollar. Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the US Dollar and Sterling. The analysis is based on a weakening and strengthening of Sterling by 10 per cent against the US Dollar in which the Group has assets and liabilities at the end of each respective period.

A movement of 10 per cent reflects a reasonably possible sensitivity when compared to historical movements over a three to five year timeframe. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ten per cent change in foreign currency rates.

A positive number below indicates an increase in profit where the US Dollar strengthens ten per cent. against Sterling. For a ten per cent. weakening of the US Dollar against Sterling, there would be an equal and opposite impact on the profit, and the balance below would be negative.

The following table details the Group's sensitivity to a ten per cent. strengthening in the US Dollar against Sterling

	2011	2010
	£	£
(Decrease)/increase in income statement and net assets	80,950	–

**Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure on trade receivables.

The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

**NOTES TO THE ACCOUNTS (CONT)**

Year ended 30 June 2011

**20. FINANCIAL INSTRUMENTS (CONT)*****Credit risk management (cont)***

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

***Liquidity risk management – Group and Company***

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due.

The Group and Company aim to maintain appropriate cash balances in order to meet its liabilities as they fall due.

Maturity analysis

<b>2011</b>	Total	on demand	in 1 month	Between 1 and 6 months	Between 6 and 12 months	Between 1 and 3 years
	£	£	£	£	£	£
Trade and other payables	461,478	461,478	–	–	–	–

<b>2010</b>	Total	on demand	in 1 month	Between 1 and 6 months	Between 6 and 12 months	Between 1 and 3 years
	£	£	£	£	£	£
Trade and other payables	622,983	622,983	–	–	–	–

**21. RELATED PARTY TRANSACTIONS**

The following transactions were carried out with related parties. Details of the nature, volume of transactions and the balances are as follows:-

<b>Name</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>£</b>
Enviro Processing Limited	Subsidiary	Loan receivable	1,838
Enviro Mining Limited	Subsidiary	Loan receivable	1,692,957
			<u>1,694,795</u>

The amounts due from/to the related parties are unsecured and interest free.

***Directors' transactions***

Transactions with the directors are shown on page 15.

***Remuneration of key management personnel***

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	<b>2011</b>	<b>2010</b>
	£	£
Short-term employee benefits	<b>117,024</b>	112,000
Pension	<b>160,000</b>	–
Social security cost	<b>14,979</b>	14,336
Share based payment charge	<b>168,605</b>	–
	<u><b>460,608</b></u>	<u>126,336</u>

**22. COMMITMENTS**

There are no commitments at 30 June 2011.

**23. EVENTS AFTER THE REPORTING DATE**

*Directors' share purchases*

On 12 August 2011 M Alikhani purchased 3,300,000 ordinary shares of 1p each and a price of 2.87p per share and on 26 August 2011 he purchased 1,000,000 ordinary shares of 1p each and a price of 2.90p per share.

On 12 August 2011 M Wainwright purchased 847,500 ordinary shares of 1p each at a price of 2.95p per share.

On 12 August 2011 H Furman purchased 677,800 ordinary shares of 1p each at a price of 2.95p per share.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 9.30 am on 20 December 2011 at Albemarle Suite, Grosvenor House Hotel, Park Lane, London W1K 7TN for the purpose of considering and if thought fit, passing the following resolutions, of which Resolutions 1 to 6 will be proposed as Ordinary Resolutions and Resolution Number 7 will be proposed as a Special Resolution:

### Ordinary business

1. To receive the Company's annual accounts for the financial year ended 30 June 2011 together with the directors' report and auditors' report on these accounts.
2. To re-appoint W.H. Associates LLP to hold office as auditor from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.
3. To re-elect Masoud Alikhani as a Director of the Company.
4. To re-elect Mark Wainwright as a Director of the Company.
5. To re-elect Horacio Furman as a Director of the Company.

### Special business

To consider and, if thought fit, pass Resolution 6, which will be proposed as an Ordinary Resolution, and Resolution 7 which will be proposed as a Special Resolution:

6. That, in accordance with section 551 of the Companies Act 2006 (the "2006 Act") the Directors of the Company be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution):
  - 6.1 up to a maximum nominal amount of £2,902,590 (in pursuance of the exercise of outstanding warrants and share options granted by the Company prior to the date hereof but for no other purpose);
  - 6.2 up to an aggregate nominal amount of £5 million (in addition to the authorities conferred in sub-paragraphs 6.1),

provided that these authorities, unless duly renewed, varied or revoked by the Company, will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot relevant securities under section 551 of the 2006 Act but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

7. That, subject to the passing of Resolution 6, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, pursuant to the authority conferred by Resolution 6, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
  - 7.1 the allotment of equity securities in connection with an offer by way of a rights issue:

7.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

7.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any applicable regulatory body or stock exchange;

7.2 the allotment (otherwise than pursuant to sub-paragraph 7.1 above) of equity securities on the exercise of outstanding warrants and share options granted by the Company prior to the date hereof;

7.3 the allotment (otherwise than pursuant to sub-paragraphs 7.1, and 7.2 above) of equity securities up to an aggregate nominal amount of £5 million;

provided that the power granted by this resolution will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

*By order of the Board*  
M A Alikhani

*Registered office*  
19/20 Grosvenor Street  
London W1K 4QH

24 November 2011

## **Notes to the Notice of Annual General Meeting**

### **Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - 6 p.m. on Friday 16 December 2011; or,
  - if this Meeting is adjourned, at 6 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of

## NOTICE OF ANNUAL GENERAL MEETING (CONT)

how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please refer to the notes on the Form of Proxy.

### **Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA;
- received by Neville Registrars Limited no later than 9:30 on 18 December 2011; and
- or sent by facsimile transmission to 0121 585 1132 no later than 48 hours before the Annual General Meeting i.e. by 9:30 am on 18 December 2011. If the appointment of proxy is notified by facsimile transmission, the original appointment in the same form as received by facsimile transmission should be deposited at the place at which the facsimile transmission was received, or the registered office of the Company, not less than 24 hours before the time appointed for the Meeting or adjourned meeting or the holding of a poll subsequently at which the vote is to be used.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

### **Appointment of proxy by joint members**

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 9:30 am on 18 December 2011.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

**Issued shares and total voting rights**

9. As at 12 noon on 24 November 2011, the Company's issued share capital comprised 1,007,709,792 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on 24 November 2011 is 1,007,709,792.

**Definition of Relevant Securities**

Shares in the Company other than shares allotted pursuant to:

- an employee share scheme (as defined by section 1166 of the 2006 Act);
- a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
- a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.

