

Berkeley
MINERAL RESOURCES PLC

ANNUAL REPORT

30 JUNE 2012

HEAD OFFICE

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London W1J 7AD

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BERKELEY MINERAL RESOURCES PLC

DIRECTORS AND ADVISERS

DIRECTORS

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

REGISTERED OFFICE

6 Derby Street
London W1J 7AD
Registered No. 02401127

NOMINATED ADVISORS

Seymour Pierce Ltd
20 Old Bailey
London EC4M 7EN

AUDITORS

W.H. Associates LLP
8 Wolsey Mansions
Maine Avenue
Moor Park
Middlesex HA6 2HL

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 2012

During the year under review, Berkeley Mineral Resources Plc (“BMR”) made good progress towards its goal of being a processor and supplier of base metals.

As well as obtaining the necessary licences to process the lead and zinc tailings at Kabwe in Zambia, the Company has now made its first entry into the copper industry.

Unlike conventional mining companies who have to undergo the costs and uncertainties of exploration and development, BMR is focused on producing metals by acquiring known stockpiles of tailings with proven metal content, above ground, after the closure of former mines.

Zambia, a member of the Commonwealth of Nations, is both an excellent jurisdiction in which to do business and the site of a number of former world-class mines where extensive tailings are still present. As the former orebodies mined contained high metal grades and the beneficiation techniques employed historically could not capture economically a high percentage of the metal content in the ore, many of the remaining tailings stockpiles still contain high metal grades, for example at Kabwe the tailings grades average over 5% metal content for both lead and zinc.

AQUISITION OF TAILINGS AND LARGE SCALE LICENCE AT KABWE

In July 2011 BMR exercised options to acquire the assets of Silverlining Ltd and Alberg Mining and Minerals Exploration Ltd (“Alberg”), two Zambian-registered companies. Silverlining owned the land, surface rights, offices and certain infrastructure BMR needed for its beneficiation plant at Kabwe; Alberg owned the remaining underground orebodies at the former Kabwe mine and all the intellectual property relating to the resources.

Following completion of due diligence in December 2011 and after a Zambian Licence Moratorium delay, BMR received governmental clearance of the transfer of the Large-scale Licence 6990-HQ-LML to its Zambian-registered subsidiary Enviro Processing Ltd in May 2012. BMR finally effectively acquired all the remaining Kabwe resources by an Assignment from Alberg/Silverlining in August 2012, after it had received all the necessary approvals and permits to process them. Importantly, Alberg had been indemnified from all claims and responsibility relating to past environmental and rehabilitation obligations by ZCCM-IH (“ZCCM”), the Zambian parastatal mining company.

KABWE ZINC AND LEAD RESOURCES

BMR commissioned a verification study to internationally recognised JORC standards for the Central Leachplant and Washplant sections of the tailings. The Competent Person with the overall responsibility for the JORC Mineral Resource estimation and compilation of this report is 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 5 years experience relevant to Mineral Resource estimation.

The Mineral Corporation also compiled an aggregate tonnage estimate for all of the above ground material at the Kabwe site of approximately 6.4Mt at an average of 5.48% Lead and 5.50% Zinc content. This inventory includes approximately 3.2Mt of JORC compliant Measured Mineral Resources for the central leachplant and washplant tailings. The estimates for the tailings material other than the leachplant and washplant materials do not conform to a recognised standard such as JORC and as such cannot be relied upon for economic assessment purposes.

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The aggregate estimate for all the above ground stockpiles at the Kabwe Mine site is set out in the table below:

Stockpile Type	Dry Tonnage	Zinc Grade	Lead Grade	Contained Zinc-Tonnes	Contained Lead-Tonnes
Waelz Slag	1,104,794	3.64%	1.52%	40,189	16,974
ISF Slag	1,481,563	8.07%	1.22%	119,579	18,026
Mixed Leachplant	249,690	6.71%	10.17%	16,760	25,393
Pyrite tailings	333,508	4.86%	5.66%	16,208	18,877
Blue Powder	1,914	14.10%	7.34%	270	141
Non-JORC total	3,171,469			193,006	79,231
Washplant (JORC)	573,458	10.66%	7.21%	61,147	41,345
Central leachplant (JORC)	2,648,920	3.88%	8.71%	102,690	230,810
Grand Total	6,393,847	5.48%	5.50%	356,843	351,386

UNDERGROUND ORE RESOURCES

As a result of the Alberg Assignment, in August 2012, BMR now has surface mineral rights over 703 hectares of land containing the remaining un-mined or partly-mined underground ore bodies at Kabwe, together with existing shafts and other infrastructure. According to mine closure records compiled by ZCCM in 1995, these areas contain an estimated 51 million tonnes of ore at a combined zinc and lead grade of 4.01%. These historical estimates do not conform to a currently recognised standard such as JORC or SAMREC and as such cannot be relied upon for economic assessment purposes.

METALLURGY AND PROCESSING

Metallurgical and kiln processing testing has been carried out by Mintek in South Africa using representative samples of both washplant and leachplant material. At 1,200 degrees Centigrade, these tests showed a maximum recovery of 96.1% for the minerals from the leachplant samples with averaged recoveries of approximately 75% across all samples.

Notwithstanding this most acceptable result, in June 2012, BMR concluded a mutually exclusive Memorandum of Understanding (“MoU”) with Yunnan Xiangyun Feilong Nonferrous Metal Company (“Feilong”) with the intention of forming a joint venture to exploit the resources at Kabwe utilising their technology. Feilong is a significant refiner of zinc, lead and associated metals employing over 7,000 staff based at Xiangyun in Yunnan Province in the Peoples Republic of China which holds numerous international patents in metal processing. It can also design, manufacture, install and commission the beneficiation plants at Kabwe. Feilong and BMR would also look to conclude a long-term product off-take agreement.

LEAD AND ZINC MARKETS

The principal uses of both of these metals are in vehicles, lead in the production of batteries and zinc for galvanising bodywork against corrosion. Global demand is approximately 8 million tonnes for lead and approximately 11 million tonnes for zinc per annum. World production of vehicles has increased from 16.5 million in 1960 to 48.5 million in 1990 and to 80.1 million in 2011, of which China alone produced 18.4 million. This expanding rate of vehicle production worldwide and China’s rapidly growing home market underpins the demand for the metals BMR will be supplying in the years ahead.

COPPER

In December 2011, BMR added copper to its Zambian tailings resources, by signing an Option Agreement giving it the exclusive right to carry out due diligence on three clusters of stockpiles of copper tailings located within a 7km radius of each other at Chingola, about 220km north of Kabwe. Historical Mine closure reports by ZCCM estimated that the total above-ground dump materials remaining in the three areas concerned is approximately 90 million tonnes with copper grades ranging between 0.4% and 1.2%.

In July 2012 BMR concluded negotiations over the first Chingola cluster at the Rephidim site, securing Mining Rights over a total of 397.2 hectares of land containing an estimated 17.5 million tons of copper tailings by signing an Assignment Agreement over an existing Joint Venture agreement. This estimate of resources has been made by BMR's consultants, Mineral Exploration International of Namibia. It is not JORC compliant and therefore cannot be relied upon for economic assessment purposes. The Company is continuing to conduct due diligence over the remaining two clusters while awaiting issuance of the requisite licences.

SHARES AND WARRANTS

On 24 April 2012, BMR agreed to amend the terms of 127,916,666 warrants that were previously amended in connection with the acquisition of stockpiles of lead and zinc tailings at the Kabwe Mine on the 28 March 2011. At the time of acquisition, BMR had agreed to lower the exercise price to 6 pence but reduce the exercise period from 24 November 2012 to 24 April 2012.

Due to delays caused by the moratorium imposed by the Ministry of Mines and Natural Resources, it was agreed that the exercise period would be extended from 24 April 2012 for a further six months until 24 October 2012. As reported below, these warrants have been extended further to 24 April 2013.

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

On 21 March 2012, following the exercise of share options, 5,330,000 ordinary shares of 1p each were issued.

EVENTS AFTER THE REPORTING PERIOD

BMR has continued to work with Feilong, sending further samples to China following initial confirmations of resources, grades and testing of processing received from Feilong. These include the identification of other recoverable metals in addition to zinc and lead.

In October 2012, BMR commenced a pilot programme intended to produce copper cathode from tailings stockpiles located at the former Bwana Mkubwa mine, Ndola, Copperbelt Province, Northern Zambia by acquiring a 75% shareholding in Ndola Mineral Resources Limited, a newly registered Zambian company, which is in the process of taking transfer of a Prospecting Permit/ Small Scale Mining Licence held by Phoenix Materials Limited who will hold a 25% free carry shareholding. The cash consideration payable by BMR to Phoenix is US\$0.3 million. BMR will be the operator in charge of production.

It is estimated by BMR's consultants that the Phoenix stockpiles contain some 4-5 million tonnes of mineralised waste, ore and tailings with copper grades varying between 0.3% and 1.0%. These estimates are not to an internationally recognised standard and they cannot be relied upon for economic assessment purposes. The Company intends to process enough mineralised material from the stockpiles to provide an output of 150 tonnes of copper cathodes per month.

The Company has also concluded a Joint Venture Agreement ("JVA") with the Bwana Mkubwa Consortium, whose members are the holders of five Artisanal licences and own further stockpiles, all located within the former Bwana Mkubwa Mine Site.

In order to carry out the processing at Ndola, BMR is securing an Industrial Zone plot, the site of a former copper production plant, located within a kilometre of all the tailings stockpiles concerned, with all necessary services and infrastructure in place. The Company plans to install a SX-EW copper extraction beneficiation plant there after the verification of the dump materials close to the site.

In August 2012, BMR completed the acquisition of all the remaining surface rights at the Kabwe mine site by way of an assignment of all the interests of Alberg Mining and Minerals Exploration Ltd. The outstanding purchase consideration has been satisfied in full through the payment of £1 million and the issue of 70 million ordinary shares in the Company.

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On 24 October 2012, the Company amended the terms of 127,916,666 warrants by extending the exercise period from 24 October 2012 to 24 April 2013.

RESULTS FOR THE PERIOD

For the year ended 30 June 2012, the loss was £1.5 million before tax compared with a loss of £2.4 million for the prior year. The majority of the loss for the year comprises management and administrative expenses and includes pre acquisition costs of £0.3 million in relation to the Chingola Project. In the prior year, share based payment expenses of £0.7 million and acquisition costs of £0.4 million for Kabwe assets were included in the loss for the year. The cash balance at the year end was £4.4 million (2011: £10.7 million).

The main reason for the decrease in the cash balance in the year were prepayments of £2.2 million (2011: £1 million) relating to the acquisition of additional assets at Kabwe which completed in August 2012 and £2 million (2011: £nil) representing advance payments made for the acquisition of further copper resources and pre-payments for long-lead copper processing equipment.

OUTLOOK

While robust progress was made in the year under review acquiring additional tailings and improving the processing options, the Company suffered delays to its plans following elections in Zambia which were followed by a Licence Moratorium. Although now ended, the Moratorium put back the issuing of the appropriate licences for us to proceed with securing the land we needed to commence production at Kabwe.

We have used the time to research improved beneficiation of our resources of zinc and lead and the other valuable metals that are present in the Kabwe tailings. To ensure we maximise the recovery of valuable metals from our resources we have concluded a co-operative MoU with one of the foremost processors of these metals in the world.

At the same time we have launched a programme to acquire significant copper tailings in the northern Zambia. The processing of copper is a simple, well-established procedure and we are confident we can commence cathode production to provide cash flow in 2013 from these operations.

We have built considerable value during the year under review. BMR will produce lead, zinc and copper from the extensive tailings resources acquired and this will make the Company a cash generative and resilient supplier of base metals to world markets. We look forward to fully rewarding shareholders' patience in the years ahead.

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

M A Alikhani

Executive Chairman

28 November 2012

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements, for the year ended 30 June 2012.

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 (2011: nil).

Key performance indicators for the Group are as follows:

	<i>Year ended</i> <i>30 June 2012</i>	Year ended 30 June 2011
	£	£
Total assets	19,522,319	20,986,214
Cash and cash equivalents	4,387,490	10,650,954
Trade and other payables	(251,445)	(502,478)
Loss before tax for the year	(1,452,723)	(2,454,084)
Loss per share	(0.14)p	(0.35)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 projects are located 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
H Furman

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 2012</i>	<i>ordinary shares of 1p 30 June 2011</i>
M A Alikhani*	20,495,958	14,995,958
M Wainwright **	997,500	150,000
H Furman ***	2,216,261	1,538,461

* 6,250,000 shares disclosed under M Alikhani are held by WB Nominees Ltd

** 847,500 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 12th August 2011 M Alikhani purchased 3,300,000 Ordinary shares at a price of 2.87p per share. On 26 August 2011, he purchased 1,000,000 Ordinary shares at 2.90p per share and on 19 January 2012, he purchased a further 1,200,000 Ordinary shares at 3.89p per share.

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

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

Other than as set out above, none of the directors at 30 June 2012 held any interest in shares of the Company during the year. All of the interests reported are beneficial.

Details of the Directors' share options are provided in Note 18.

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 21 November 2012 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	139,495,971	12.88
Hargeaves Lansdown (Nominees) Ltd	39,006,617	3.60
HSDL Nominees Limited	110,573,437	10.21
Investor Nominees Ltd	66,020,506	6.10
HSBS Client Holding Nominee UK Ltd	62,987,732	5.82
LR Nominees Ltd	66,298,604	6.12
TD Waterhouse Nominees Europe Ltd	169,465,212	15.65
WB Nominees Ltd	62,460,675	5.77
Share Nominees Ltd	32,651,404	3.01

TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

Related party transactions are shown in Note 21.

ISSUES OF SHARES AND OPTIONS

During the year, following the exercise of share options, 5,330,000 ordinary shares of 1p each were issued raising a total of £53,300 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 45 to 46.

The following notes relate to Resolutions 4 and 5 which will constitute Special Business:

- (1) Resolution 4— 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 4 is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares (see the detailed resolution and notes on page 45 of this document).
- (2) Resolution 5 – is to authorise the Directors to allot relevant securities up to a nominal value of £10m. 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 45 and 46 of this document).

CHARITABLE AND POLITICAL DONATIONS

During the year the Company has made charitable donations of £1,000 (2011: £nil) and made no political donations (2011: £nil).

SUPPLIER PAYMENT POLICY

The Company's policy is normally to pay suppliers 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 in accordance with the agreements. The average number of days in respect of trade payables at 30 June 2012 was 15 (2011: 32) days based on the average 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
6 Derby Street
London W1J 7AD

Company registered in England and Wales 02401127

28 November 2012

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

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, 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:

Director	Salary	Total	Total
	£	2012	2011
	£	£	£
M A Alikhani	62,000	62,000	222,000
M Wainwright	25,000	25,000	23,626
H Furman	25,000	25,000	4,452
Y. Ben Israel	—	—	26,946
Total	112,000	112,000	277,024

On behalf of the Remuneration Committee.

H Furman

Committee Chairman

28 November 2012

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 Consolidated and Parent Company financial statements (“the financial statements”) which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Positions, the Consolidated and Company Statement of Cash Flow, the Consolidated and Company Statement of Changes in Equity and the related notes on pages 26 to 44 for the year ended 30 June 2012. 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 and, as regards the Parent Company financial statements, as applied in accordance with provisions of the Companies Act 2006.

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

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 2012 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 Parent 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.

D N Patel
Senior Statutory Auditor
For and on behalf of
W.H.Associates LLP
8 Wolsey Mansions,
Maine Avenue
Moor Park
Middlesex HA6 2HL

28 November 2012

W.H.Associates LLP is a limited liability partnership registered in England and Wales (with registered number OC353080)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**Year ended 30 June 2012**

	<i>Notes</i>	<i>2012</i> £	<i>2011</i> £
CONTINUING OPERATIONS			
Share based payments		–	(664,233)
Pre-completion expenses for acquisitions		(337,264)	(375,956)
Other administrative expenses		(1,142,569)	(1,422,607)
Total administrative expenses		(1,479,833)	(2,462,796)
Finance income		27,110	8,712
Loss before tax	6	(1,452,723)	(2,454,084)
Taxation	9	–	67,674
LOSS FOR THE YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		(1,452,723)	(2,386,410)
OTHER COMPREHENSIVE LOSS			
Exchange translation differences on foreign operation		172,462	79,863
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		(1,280,261)	(2,306,547)
LOSS PER ORDINARY SHARE			
Basic and diluted (pence)	10	(0.14)p	(0.35)p

The notes on pages 26 to 44 form part of these financial statements.

BERKELEY MINERAL RESOURCES PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

Company No. 02401127

	<i>Notes</i>	2012 £	2011 £
ASSETS			
Non-current assets			
Intangible exploration and evaluation assets	11(a)	9,877,922	9,225,566
Property, plant and equipment	12	37,329	–
Prepayment for non-current assets	11(b)	5,182,373	–
		<u>15,097,624</u>	<u>9,225,566</u>
CURRENT ASSETS			
Trade and other receivables	14(b)	37,205	1,109,694
Cash and cash equivalents	14(c)	4,387,490	10,650,954
		<u>4,424,695</u>	<u>11,760,648</u>
TOTAL ASSETS		<u>19,522,319</u>	<u>20,986,214</u>
LIABILITIES			
Current liabilities			
Trade and other payables	16	251,445	502,478
Total current liabilities		<u>251,445</u>	<u>502,478</u>
Non current liabilities			
Deferred tax	15	1,888,537	1,874,438
Total non current liabilities		<u>1,888,537</u>	<u>1,874,438</u>
TOTAL LIABILITIES		<u>2,139,982</u>	<u>2,376,916</u>
NET ASSETS		<u>17,382,337</u>	<u>18,609,298</u>
EQUITY			
Share capital	17	17,581,348	17,528,048
Share premium		15,524,957	15,524,957
Warrant reserve	19	2,173,624	1,508,457
Merger reserve		1,824,000	1,824,000
Translation reserve		252,325	79,863
Retained earnings		(19,973,917)	(17,856,027)
TOTAL EQUITY		<u>17,382,337</u>	<u>18,609,298</u>
EQUITY ATTRIBUTABLE TO:			
EQUITY HOLDERS OF THE COMPANY		17,186,538	18,413,499
NON-EQUITY HOLDERS OF THE COMPANY		195,799	195,799
		<u>17,382,337</u>	<u>18,609,298</u>

The financial statements of Berkeley Mineral Resources Plc were approved and authorised for issue by the Board of Directors on 28 November 2012. They were signed on its behalf by:

M Alikhani
Director

CONSOLIDATED STATEMENT OF CASH FLOW**Year ended 30 June 2012**

	<i>Notes</i>	<i>2012</i> £	<i>2011</i> £
Cash flows from operating activities			
Loss before tax		(1,452,723)	(2,454,084)
Adjustments to reconcile net losses to cash utilised :			
Depreciation of property, plant and equipment		11,503	2,575
Finance income		(27,110)	(8,712)
Share based payments		–	664,233
		<hr/>	<hr/>
Operating cash outflows before movements in working capital		(1,468,330)	(1,795,988)
Changes in:			
Trade and other receivables		72,490	(605,076)
Trade and other payables		(251,033)	(137,505)
		<hr/>	<hr/>
Net cash outflow from operating activities		(1,646,873)	(2,538,569)
		<hr/>	<hr/>
Investing activities			
Interest received		27,110	8,712
Consideration paid on acquisition of subsidiary	13(a)	–	(6,612,049)
Purchases of intangible exploration and evaluation assets		(490,477)	(270,435)
Purchases of property, plant and equipment		(49,132)	–
Advanced payments for purchase of non-current assets		(4,182,373)	–
		<hr/>	<hr/>
Net cash outflow from investing activities:		(4,694,872)	(6,873,772)
		<hr/>	<hr/>
Cash flows from financing activities			
Proceeds from issue of shares and warrants		53,300	20,701,250
Share issue costs		–	(791,290)
		<hr/>	<hr/>
Net cash inflow from financing activities		53,300	19,909,960
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(6,288,445)	10,497,619
Effect of foreign exchange rate changes		24,981	11,101
Cash and cash equivalents at beginning of year		10,650,954	142,234
		<hr/>	<hr/>
Cash and cash equivalents at end of year		4,387,490	10,650,954
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**Year ended 30 June 2012**

	Share capital £	Share premium £	Warrant reserve £	Merger reserve £	Translation reserve £	Retained earnings £	Total equity £
As at 1 July 2010	11,108,792	3,542,710	-	1,824,000	-	(16,133,850)	341,652
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 issue costs	-	(791,290)	-	-	-	-	(791,290)
Share based payments	-	-	-	-	-	664,233	664,233
Transfer on exercise of warrants	-	254,684	(254,684)	-	-	-	-
As at 1 July 2011	17,528,048	15,524,957	1,508,457	1,824,000	79,863	(17,856,027)	18,609,298
Total comprehensive loss for the year	-	-	-	-	172,462	(1,452,723)	(1,280,261)
Issue of shares	53,300	-	-	-	-	-	53,300
Transfer on amendment of warrant terms	-	-	665,167	-	-	(665,167)	-
As at 30 June 2012	17,581,348	15,524,957	2,173,624	1,824,000	252,325	(19,973,917)	17,382,337

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 2012

Company No. 02401127

	<i>Notes</i>	<i>2012</i> £	<i>2011</i> <i>Restated</i> £	<i>2010</i> <i>Restated</i> £
ASSETS				
Non-current assets				
Intangible exploration and evaluation assets	11(a)	–	–	–
Property, plant and equipment	12	3,119	–	2,575
Investment in subsidiaries	13(b)	6,081,227	5,590,250	399,882
Prepayment for non-current assets	11(b)	3,117,094	–	–
TOTAL NON-CURRENT ASSETS		<u>9,201,440</u>	<u>5,590,250</u>	<u>402,457</u>
CURRENT ASSETS				
Receivable from subsidiaries	14(a)	3,861,685	1,694,795	–
Trade and other receivables	14(b)	33,448	1,109,694	436,944
Cash and cash equivalents	14(c)	4,383,692	10,650,103	142,234
		<u>8,278,825</u>	<u>13,454,592</u>	<u>579,178</u>
TOTAL ASSETS		<u>17,480,265</u>	<u>19,044,842</u>	<u>981,635</u>
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	16	237,277	502,478	639,983
TOTAL LIABILITIES		<u>237,277</u>	<u>502,478</u>	<u>639,983</u>
NET ASSETS		<u>17,242,988</u>	<u>18,542,364</u>	<u>341,652</u>
EQUITY				
Share capital	17	17,581,348	17,528,048	11,108,752
Share premium		15,524,957	15,524,957	3,542,710
Warrant reserve		2,173,624	1,508,457	–
Merger reserve	19	1,824,000	1,824,000	1,824,000
Retained earnings		(19,860,941)	(17,843,098)	(16,133,850)
TOTAL EQUITY		<u>17,242,988</u>	<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 28 November 2012. They were signed on its behalf by

M Alikhani
Director

COMPANY STATEMENT OF CASH FLOW

Year ended 30 June 2012

	<i>Notes</i>	2012	2011
		£	£
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,352,676)	(2,441,155)
Adjustments to reconcile net losses to cash utilised:			
Depreciation		–	2,575
Share based payments		–	664,233
Finance income		(27,110)	(8,712)
		<u> </u>	<u> </u>
OPERATING CASH OUTFLOWS BEFORE		(1,379,786)	(1,783,059)
MOVEMENTS IN WORKING CAPITAL			
Changes in:			
Trade and other receivables		(2,090,643)	(606,912)
Trade and other payables		(265,202)	(137,505)
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(3,735,631)	(2,527,476)
		<u> </u>	<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		27,110	8,712
Investment in subsidiary		(490,977)	(270,435)
Purchase of property, plant and equipment		(3,119)	–
Consideration paid on acquisition of subsidiary		–	(6,612,892)
Advance payments for non-current assets		(2,117,094)	–
		<u> </u>	<u> </u>
NET CASH FLOW FROM INVESTING ACTIVITIES		(2,584,080)	(6,874,615)
		<u> </u>	<u> </u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from share and warrant issues		53,300	20,701,250
Share issue costs		–	(791,290)
		<u> </u>	<u> </u>
Net cash generated from financing activities		53,300	19,909,960
		<u> </u>	<u> </u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(6,266,411)	10,507,869
Cash and cash equivalents at beginning of year		10,650,103	142,234
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		4,383,692	10,650,103
		<u> </u>	<u> </u>

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2012

	Share capital £	Share premium £	Warrant reserve £	Merger reserve £	Retained earnings £	Total equity £
As at 1 July 2010	11,108,792	3,542,710	-	1,824,000	(16,133,850)	341,652
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)	-	-	-
As at 30 June 2011	17,528,048	15,524,957	1,508,457	1,824,000	(17,843,098)	18,542,364
Total comprehensive loss for the year	-	-	-	-	(1,352,676)	(1,352,676)
Issue of shares	53,300	-	-	-	-	53,300
Transfer on amendment of warrant terms	-	-	665,167	-	(665,167)	-
As at 30 June 2012	17,581,348	15,524,957	2,173,624	1,824,000	(19,860,941)	17,242,988

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 FINANCIAL STATEMENTS

Year ended 30 June 2012

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 6 Derby Street, London, W1J 7AD.

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 projects are located in Zambia.

2. ADOPTION OF NEW AND REVISED STANDARDS

The financial statement 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 materially impact the Group.

International Financial Reporting Interpretations (IFRIC)

IFRIC 19	Extinguishing financial liability with equity instruments
IFRIC 14	Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction

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 1 (amended)	Government Loans
IFRS 7 (amended)	Disclosures – Transfers of Financial Assets
IFRS 7 (amended)	Offsetting Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income
IAS 19 (amended)	Employee benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IAS 32 (amended)	Presentation – Offsetting Financial Assets and Financial Liabilities
IFRIC 20	Stripping costs in the production phase of a surface mine

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 1.56 and Pounds Sterling to Zambian Kwacha was 5,276.

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 2012 of £1,352,676 (2011: £2,373,481).

Going concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis as the Directors are of the opinion that the Group will have sufficient funds to meet their ongoing working capital and committed capital expenditure requirements. In making this assessment, the Directors have considered the Group budgets, the cash flow forecasts and associated risks.

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 FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

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 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:

Motor vehicles	25%
Other	25%

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 of 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 FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

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 Groups 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

In prior year the company incorrectly included expenditures of £270,435 during the year, that should have been capitalised as part of its investment in subsidiaries, within intangible exploration and evaluation assets. In addition £399,882 (amounts capitalised in prior years) should have been reclassified in 2011, as investment in subsidiary on transfer of asset rights to subsidiary in that year.

The Company financial statements for the year ended 30 June 2011 have been restated to correct this error.

The effect of the restatement on those financial statements is summarised below. There is no impact of the financial statements for the year ended 30 June 2012.

	Effect on	
	2011	2010
	£	£
Decrease in intangible exploration and evaluation assets	(670,317)	–
Increase in investment in subsidiaries	670,317	–
Change in non-current assets	–	–

There is no impact on total non-current assets, net assets, loss for the year or the consolidated financial statements for any period.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

and evaluation assets at the balance sheet date was £9,877,922 (2011: £9,225,566) 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 2012 (2011: £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.

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)

	2012	2011
	£	£
Depreciation of property, plant and equipment (note 12)	11,503	2,575
Staff costs (note 8)	295,691	611,401
Net foreign exchange gains	<u>(80,477)</u>	<u>(16,665)</u>

7. AUDITORS REMUNERATION

Amounts payable in respect of audit of the Company's annual accounts were £14,000 (2011: £14,000). No other services were provided by Company's auditors.

8. STAFF COSTS

	2012	2011
	Number	Number
The average monthly number of employees (including Directors) was:	7	8
Directors	<u>3</u>	<u>3</u>
Their aggregate remuneration comprised:	£	£
Wages and salaries	112,000	403,149
Pension	170,000	160,000
Social security costs	13,691	48,252
Share based payment	–	664,233
	<u>295,691</u>	<u>1,275,634</u>

Included within staff costs, £125,691 (£2011: £460,608) relates to amounts in respect of Directors (see note 21).

9. TAXATION

	2012 £	2011 £
Current tax		
UK corporation tax – credit	–	67,674
Overseas taxation	–	–
	<u>–</u>	<u>67,674</u>
Deferred tax (note 15)		
UK corporation tax	–	–
Overseas taxation	–	–
	<u>–</u>	<u>–</u>

The prior year 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:

	2012 £	2011 £
Loss before tax	(1,452,723)	(2,454,084)
Tax credit at the standard rate of tax in the UK 26% (2011: 26%)	377,708	638,062
Tax effect of non-deductable expense	(73,173)	(141,222)
Deferred tax asset not recognised	(304,535)	(429,166)
	<u>–</u>	<u>67,674</u>

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:

	2012 £	2011 £
Loss after tax		
Loss for the purposes of basic loss per share being consolidated net loss attributable to equity holders of the Company	1,452,723	2,386,410
	<u>1,452,723</u>	<u>2,386,410</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	1,009,184,669	688,990,923
	<u>1,009,184,669</u>	<u>688,990,923</u>
Loss per ordinary share		
Basic and diluted	0.14p	0.35p
	<u>0.14p</u>	<u>0.35p</u>

At the balance sheet date there were 284,929,073 (2011: 290,259,073) potentially dilutive Ordinary Shares. Potentially dilutive ordinary shares relate to warrants and share options issued to directors, staff and consultants. In 2012 and the prior year, the potential Ordinary shares are anti-dilutive and therefore the diluted loss per share has not been calculated.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

11(a). INTANGIBLE EXPLORATION AND EVALUATION ASSETS

	Group £	Company £
At 1 July 2010	399,882	–
Additions	270,435	399,882
Reclassification to investment in subsidiary*	–	(399,882)
Acquisitions (see note 13a)	8,467,194	–
Foreign exchange difference	88,055	–
At 30 June 2011	9,225,566	–
Additions	490,977	–
Foreign exchange difference	161,379	–
At 30 June 2012	9,877,922	–

*The reclassification to investment in subsidiary relates to the transfer of the rights to intangible exploration and evaluation assets to subsidiary.

11(b). PREPAYMENT FOR NON-CURRENT ASSETS

	Group £	Company £
At 1 July 2011	–	–
During the year	5,182,373	3,117,094
At 30 June 2012	5,182,373	3,117,094

12. PROPERTY PLANT AND EQUIPMENT

	Motor vehicles £	Other £	Total £
GROUP			
Cost			
At 1 July 2010	–	12,871	12,871
Additions	–	–	–
Foreign exchange difference	–	–	–
At 1 July 2011	–	12,871	12,871
Additions	36,095	13,037	49,132
Foreign exchange difference	(338)	(156)	(494)
At 30 June 2012	35,757	25,852	61,509
Accumulated depreciation			
At 1 July 2010	–	(10,296)	(10,296)
Charge for the year	–	(2,575)	(2,575)
At 1 July 2011	–	(12,871)	(12,871)
Charge for the year	(9,023)	(2,480)	(11,503)
Foreign exchange difference	78	116	194
At 30 June 2012	(8,945)	(15,235)	(24,180)
Carrying amount			
At 30 June 2012	26,812	10,617	37,329
At 30 June 2011	–	–	–

	Other £	Total £
COMPANY		
Cost		
At 1 July 2010	12,871	12,871
At 1 July 2011	12,871	12,871
Additions	3,119	3,119
At 30 June 2012	15,990	15,990
Accumulated depreciation		
At 1 July 2010	(10,296)	(10,296)
Charge for the year	(2,575)	(2,575)
At 1 July 2011	(12,871)	(12,871)
Charge for the year	–	–
At 30 June 2012	(12,871)	(12,871)
Carrying amount		
At 30 June 2012	3,119	3,119
At 30 June 2011	–	–

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 ended 30 June 2011.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

13(b). INVESTMENT IN SUBSIDIARIES

Company

	£
At 1 July 2010	–
Additions	5,190,368
Reclassification from intangible assets (Note 11)	399,882
At 1 July 2011	5,590,250
Additions during the year	490,977
At 30 June 2012	<u>6,081,227</u>

The Company had investment in the following subsidiary undertakings at 30 June 2012 and 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%

14(a). RECEIVABLE FROM SUBSIDIARIES

	2012	2011
	£	£
Company		
Receivable from Enviro Group	<u>3,861,685</u>	<u>1,694,795</u>

These loans are repayable on demand and are interest free.

14(b). TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Group and Company				
Prepayment	4,214	4,012	4,214	4,012
Other receivables	25,461	1,089,378	21,704	1,089,378
VAT recoverable	7,530	16,304	7,530	16,304
	<u>37,205</u>	<u>1,109,694</u>	<u>33,448</u>	<u>1,109,694</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 2012 of £4,387,490 (2011: £10,650,954) comprise cash at bank and in hand.

The Company's cash and cash equivalents as at 30 June 2012 of £4,383,692 (2011: £10,650,103) 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 2012, the Company and Group are carrying forward estimated tax losses of £4.6m (2011: £3.5m) in respect of various activities over the years. In 2011 financial statements the carry forward tax losses of £7.9m was disclosed, this was re-estimated and an amount of £4.4m that related to the Company's technology business in prior years is now considered unlikely to be recovered. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams.

Deferred tax liabilities:	£
At July 2010	–
Arising on acquisitions (see note 13(a))	1,855,145
Foreign exchange difference	19,293
	<hr/>
At 30 June 2011	1,874,438
Foreign exchange difference	14,099
	<hr/>
At 30 June 2012	<u>1,888,537</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. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade payables	59,800	185,999	45,632	185,999
Other taxes and social security	8,125	218,225	8,125	218,225
Other payables	88,520	57,254	88,520	57,254
Accruals	95,000	41,000	95,000	41,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>251,445</u>	<u>502,478</u>	<u>237,277</u>	<u>502,478</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

17. SHARE CAPITAL

As permitted by the Companies Act 2006, the Company does not have an authorised share capital (2011: nil)

	2012		2011	
	Number	£	Number	£
Issued equity share capital Issued and fully paid				
Ordinary shares of £0.01 each (see movements below)	1,013,039,792	10,130,398	1,007,709,792	10,077,098
Non-equity deferred shares of £0.01 each	19,579,925	195,799	19,579,925	195,799
Deferred shares of £0.04 each	181,378,766	7,255,151	181,378,766	7,255,151
		<u>17,581,348</u>		<u>17,528,048</u>

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 2010	365,784,197	3,657,842
Shared issued 641,925,595 Ordinary shares of 1p each	641,925,595	6,419,256
At 30 June 2011	1,007,709,792	10,077,098
Ordinary shares issued during the year (see below)	5,330,000	53,300
At 30 June 2012	1,013,039,792	10,130,398
	Number of shares	Consideration £
Shares issued during the year:		
21 March 2012, (share option exercise) at £0.01 each	5,330,000	53,300
At 30 June 2012	5,330,000	53,300

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 2011 or date of appointment Number	Lapsed Number	Granted during the year Number	Exercised during the year Number	30 June 2012 or date of resignation Number
SHARE OPTIONS							
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
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	–	–	(5,330,000)	11,420,000
Other staff and consultants	3p	B	28,625,000	–	–	–	28,625,000
Other staff and consultants	9p	C	14,298,979	–	–	–	14,298,979
Total Share Options			81,270,979	–	–	(5,330,000)	75,940,979
SHARE WARRANTS							
Other shareholders	9p	D	8,571,428	–	–	–	8,571,428
Other shareholders	6p	E	127,916,666	–	–	–	127,916,666
Other shareholders	6p	F	72,500,000	–	–	–	72,500,000
Total Share Warrants			208,988,094	–	–	–	208,988,094
Total Share Options and Warrants			290,259,073	–	–	(5,330,000)	284,929,073

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 24 November 2012

Note E – Exercisable at any time before 24 October 2012 (after the terms amendment, see below)

Note F – Exercisable at any time before 28 June 2014

Share Options

On 15 March 2012, 5,330,000 share options were exercised at an exercise price of 1p each. No share options were granted during the year (2011: 37,625,000 with an exercise price of 3p and 19,895,979 with an exercise price of 9p). The grant of the share options in 2011 gave rise to share based payment charges in that year of £664,233. At the end of 2012 there were 75,940,979 share options outstanding (2011: 81,270,979).

NOTES TO THE FINANCIAL STATEMENTS' (CONT)

Year ended 30 June 2012

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 April 2011:

	April 2011
Share price at the date of grant	6.6p
Volatility	70%
Expected life	1 year
Risk free interest rate	1%

Warrants

There were no warrants exercised during the year.

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 24 April 2012, the Company agreed to amend the terms of 127,916,666 outstanding warrants by extending the exercise date to 24 October 2012.

As a result of this amendment the increase in fair value of the warrants was determined at the date of the amendment using the Black Scholes model using the following inputs:

Share price at the date of the amendment	4.2p
Strike price	6p
Volatility	86%
Expected life	6 months
Risk free rate	1%

The resultant increase of the fair value of the warrants was determined to be £665,167, which was transferred to the warrant reserve from retained earnings.

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 was 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 June 2011:

	June 2011
Share price at the date of grant	4.2p
Strike price	6p
Volatility	70%
Expected life	3 years
Risk free interest rate	2%

In 2011 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.

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

	2012	2011
	£	£
Group		
Financial assets		
Cash and cash equivalents	4,387,490	10,650,954
Other receivables	32,991	1,105,682
	<u>4,420,481</u>	<u>11,756,636</u>
Financial liabilities		
Trade and other payables	156,445	461,478
	<u>156,445</u>	<u>461,478</u>
	2012	2011
	£	£
Company		
Financial assets		
Cash and cash equivalents	4,383,692	10,650,103
Other receivables	29,234	1,105,682
	<u>4,412,926</u>	<u>11,755,785</u>
Financial liabilities		
Trade and other payables	142,277	461,478
	<u>142,277</u>	<u>461,478</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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

20. FINANCIAL INSTRUMENTS (CONT)

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 2012 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	
	2012	2011	2012	2011
	£	£	£	£
Zambian Kwacha	10,113	–	3,322	852
US Dollars	–	–	283,519	891,717

Company

	Financial Liabilities		Financial assets	
	2012	2011	2012	2011
	£	£	£	£
Zambian Kwacha	–	–	–	–
US Dollars	–	–	283,519	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

	2012	2011
	£	£
(Decrease)/increase in income statement and net assets	25,554	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.

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

**Group
2012**

	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	170,613	116,855	53,758	–	–	–

**Company
2012**

	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	156,445	102,687	53,758	–	–	–

**Group and Company
2011**

	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	–	–	–	–

21. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Turner and Townsend (Pty) Limited

Turner and Townsend (Pty) Limited is a related party of the Group because Mark Wainwright (Non – Executive Director of the Group) is the key management personnel of Turner and Townsend Plc where he holds a position of the managing director, the global leader of the Mining and Metals team.

During the year Turner and Townsend (Pty) Ltd were engaged to provide project management services in relation to the JORC resource verification of the Group's assets in Zambia. Turner and Townsend (Pty) Ltd charged £37,511 (2011: £51,575) to the Company for these services. At the year end there were no amounts owed by the Company to Turner and Townsend (Pty) Ltd (2011: nil).

There were no other transaction between the Company and Turner and Townsend (Pty) Ltd.

Directors' transactions

Transactions with the directors are shown in the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

Year ended 30 June 2012

21. RELATED PARTY TRANSACTIONS (CONT)

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.

	2012	2011
	£	£
Short-term employee benefits	112,000	117,024
Pension	–	160,000
Social security cost	13,691	14,979
Share based payment charge	–	168,605
	<u>125,691</u>	<u>460,608</u>

22. COMMITMENTS

There are no commitments at 30 June 2012.

23. EVENTS AFTER THE REPORTING DATE

On the 20 December 2011, the Company signed an Option Agreement which gave BMR the exclusive right to carry out due diligence on three areas (“clusters”) each containing stockpiles of copper tailings in the Chilgola area in the north of Zambia.

On 3 July 2012 the Company had concluded negotiations over the first Chingola cluster at Rephidim site, by signing an Assignment Agreement over an existing Joint Venture. This site represents one of the three clusters under the Option Agreement. BMR is paying a fee of US\$500,000 upon completion of the assignment of the existing joint venture to BMR. Subsequently, in August 2012, the Company had made definitive offers to the owners of the other two clusters and is now in advanced negotiations.

The Company has also concluded a Joint Venture Agreement (“JVA”) with the Bwana Mkubwa Consortium, whose members are the licencees of five Artisanal licences and own further stockpiles, all located within the former Bwana Mkubwa Mine Site.

In August 2012, BMR completed the acquisition of all the remaining surface rights at the Kabwe mine site by way of an assignment of all the interests of Alberg Mining and Minerals Exploration Ltd. The outstanding purchase consideration has been satisfied in full through the payment of £1 million and the issue of 70 million ordinary shares in the Company.

In October 2012, after completing due diligence on further substantial copper tailings clusters in Ndola area in Northern Zambia, the Company acquired a 75% shareholding in Ndola Mineral Resources Limited (“NMR”), a newly registered Zambian company, which is in the process of taking transfer of a Prospecting Permit/ Small Scale Mining Licence held by Phoenix Materials Limited (“Phoenix”). Phoenix will hold a 25% free carry shareholding in NMR. The cash consideration payable by BMR to Phoenix is US\$300,000. Phoenix currently has a small scale Prospecting Permit but has applied for a Small Scale Licence which will be assigned to NMR when received. The Company has commenced a pilot programme intended to produce copper cathode from the tailings.

On 24 October 2012, the Company has amended the terms of 127,916,666 warrants by extending the exercise period from 24 October 2012 to 24 April 2013.

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 21 December 2012 at 86 Park Lane 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 4 will be proposed as Ordinary Resolutions and Resolution Number 5 will be proposed as a Special Resolution:

Ordinary business

1. To receive and adopt the Company's annual accounts for the financial year ended 30 June 2012 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 Mark Wainwright as a Director of the Company.

Special business

To consider and, if thought fit, pass Resolution 4, which will be proposed as an Ordinary Resolution, and Resolution 5 which will be proposed as a Special Resolution:

4. 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):
 - 4.1 up to a maximum nominal amount of £2,849,290.73 (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);
 - 4.2 up to an aggregate nominal amount of £10 million (in addition to the authorities conferred in sub-paragraphs 4.1),

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.

5. 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:
 - 5.1 the allotment of equity securities in connection with an offer by way of a rights issue:
 - 5.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

5.1.2 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;

5.2 the allotment (otherwise than pursuant to sub-paragraph 5.1 above) of equity securities on the exercise of outstanding warrants and share options granted by the Company prior to the date hereof;

5.3 the allotment (otherwise than pursuant to sub-paragraphs 5.1, and 5.2 above) of equity securities up to an aggregate nominal amount of £10 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
6 Derby Street
London W1J 7AD

28 November 2012

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 19 December 2012; 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 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.

NOTICE OF ANNUAL GENERAL MEETING (CONT)

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 19 December 2012; 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 19 December 2012. 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 19 December 2012.

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 27 November 2012, the Company's issued share capital comprised 1,083,039,792 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 27 November 2012 is 1,083,039,792.

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.