

Berkeley
MINERAL RESOURCES PLC

ANNUAL REPORT AND ACCOUNTS

30 JUNE 2010

HEAD OFFICE

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

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DIRECTORS AND ADVISERS

DIRECTORS

M A Alikhani
Y Ben Israel

Executive Chairman
Non-Executive Director

REGISTERED OFFICE

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

Registered No. 2401127

NOMINATED ADVISORS

Seymour Pierce Ltd
20 Old Bailey
London EC4M 7EN

AUDITORS

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

SOLICITORS

Bryan Cave
88 Wood Street
London EC2 7AJ

REGISTRARS

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

CHAIRMAN'S REVIEW

For the year ended 30 June 2010.

ACQUISITION

During the year under review, BMR announced the acquisition of the additional tailings dumps at Kabwe and the securing of an option over the remaining stockpiles at Kabwe. Completion of the acquisition of the tailings dumps at Kabwe has not yet been completed and finalisation of the transaction is continuing.

The three tailings dumps acquired to date total 1.83 million tons of ore containing 98,140 tons of zinc and 21,840 tons of lead. On securing the remaining dumps BMR will hold an estimated 7.14 million tons of ore containing various metals, primarily of lead and zinc.

SHARE AND WARRANT ISSUES

During the year to 30 June 2010, 109,902,100 shares were issued for a total consideration before expenses of £2,028,042 to finance the planned acquisition and to provide working capital.

RESULTS FOR THE YEAR

The loss for the year ended 30 June 2010 amounted to £508,513 (2009:£409,430). The majority of the loss comprises management and administrative expenses and costs associated with the acquisition.

POST YEAR END DEVELOPMENTS

ACQUISITION

The Company is continuing the work necessary to complete the acquisition of the tailings stockpiles at Kabwe. Once the acquisition is complete, the leading South African mining consultants, The Mineral Corporation, will provide the resource verification to JORC-compliant Measured and Indicated Resource standard for the washplant slimes section of the stockpiles.

When the tailings dumps are fully acquired in accordance with the Zambian Government's Copperbelt Environment Project, BMR will be relocating the residues arising from its operations to an environmentally safe site.

Under an agreement for the processing rights to all the tailings dumps at Kabwe, the Company has contracted to issue 80 million ordinary shares of 1p each of the Company, and pay US\$3 million in cash.

SHARE AND WARRANT ISSUES

Since the year end, a further 444,842,261 shares have been issued for a total consideration before expenses of £11,776,250 to fund, following the planned acquisition, the construction and commissioning of a planned zinc and lead processing plant and provide working capital to commence operations. These shares include 68,333,334 shares issued to warrant holders at an exercise price of 3p per share giving a consideration of £2,050,000. A further 188,571,428 shares in respect of unexercised warrants at an exercise price of 9p per share remain unissued.

SUMMARY

The Company has made significant progress in the last financial year and this has continued into the present one. We are optimistic that the acquisition of the remaining tailings at Kabwe will be completed in the not too distant future and we have also identified other potential targets that we could acquire. Our focus remains on concluding the Kabwe acquisition and bringing the site into production as quickly as possible.

M A Alikhani
Executive Chairman

25 November 2010

DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements, for the year ended 30 June 2010.

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 Income Statement on page 13. The directors do not recommend the payment of a dividend on the ordinary shares (2009: nil).

Key performance indicators for the Company are as follows:-

	<i>Year ended 30 June 2010</i>	<i>Year ended 30 June 2009</i>
	£	£
Total assets	981,635	160,339
Cash and cash equivalents	142,234	95
Creditors	(639,983)	(1,245,966)
Loss for the year	(508,513)	(409,430)
Loss per share	0.18p	0.16p

PRINCIPAL ACTIVITIES

The Company's principal activity is that of investing in tailings processing. The Company's first project is at Kabwe mine in Zambia.

DIRECTORS AND THEIR INTERESTS

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

M A Alikhani
Y Ben Israel

In accordance with the 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 2010 or date of resignation</i>	<i>ordinary shares of 1p 30 June 2009 or date of appointment if later</i>
M A Alikhani*	14,595,958	3,378,994
Y Ben Israel	1,070,000	1,070,000

* 1,950,000 shares disclosed under M Alikhani are held by W.B. Nominees Ltd.

On 2nd October 2009 Masoud Alikhani purchased 2 million ordinary shares of 1p each at a price of 1p per share. On 13th October 2009 Masoud Alikhani purchased a further 866,964 ordinary shares of 1p each at a price of 2.95p per share. On 14th April 2010 a further 8,350,000 shares of 1p each were issued to Masoud Alikhani at 2p per share in lieu of fees and expenses due to him.

Other than as set out above, none of the directors at 30 June 2010 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 16.

NON-EXECUTIVE DIRECTOR***Y BEN ISRAEL***

Yoram Ben Israel, aged 43, is an experienced businessman with excellent management credentials.

In 1993 Yoram moved to Moscow, and founded Mega Management, which was the exclusive distributor of Fila Sports, Wilson Sporting Goods, and Calvin Klein in all the CIS countries. From 1994 to 2002 he was involved as a shareholder in strategy for Bank Rossiya in Russia. During the 1990's he served on the board of directors of the Smolny Business Centre in St Petersburg until its sale in 1995.

In 2000 he relocated to London, where he has been managing a private investment company, with a wide-ranging portfolio of listed and unlisted companies. Since 2007 he has been involved in uranium mining projects with Tenex, the Russian nuclear energy agency. He is also chairman of Wagon Service, a train service company providing services to Russian railways.

SUBSTANTIAL SHAREHOLDINGS

On 15 November 2010 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	78,231,035	12.67
Hargeaves Lansdown (Nominees) Ltd	23,876,773	3.87
HSDL Nominees Limited IWEB	37,424,515	6.06
HSDL Nominees Limited	51,997,124	8.42
James Capel (Nominees) Ltd	35,427,345	5.74
LR Nominees Ltd	51,607,578	8.36
Share Nominees Ltd	19,003,572	3.08
TD Waterhouse Nominees Europe Ltd	83,564,740	13.53

TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

Related party transactions are shown in Note 20.

ISSUES OF SHARES AND OPTIONS

During the year 109,902,100 ordinary shares of 1p each were issued raising a total of £2,028,042 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 30 to 33.

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 30 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 30 and 31 of this document).

ENVIRONMENTAL MATTERS

The Company undertakes a review of environmental matters prior to deciding to proceed with an investment in a new operation. Once the investment is made the environmental implications are monitored on a regular basis and where necessary improvements are proposed.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors consider that there are the following material risks associated with the Company's operations:

- Geological risks associated with the development of the Company's resources;
- Environmental hazards, industrial and mechanical accidents and occupational health hazard.

The Company is vulnerable to additional risks which are detailed in Note 15.

CREDITOR PAYMENT POLICY

The Company's policy is normally to pay trade creditors according to agreed terms of business. These terms are usually agreed with the trade creditors before they provide any goods or services. The Company's policy is to adhere to the payment terms providing the relevant goods or services have been supplied in accordance with the agreements. The average number of days in respect of trade creditors at 30 June 2010 was 111 (2009: 280) days based on the average daily amount invoiced by supplier during the year.

DISCLOSURE OF INFORMATION TO THE AUDITORS

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

AUDITORS

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

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

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

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

25 November 2010

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 10. 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 one non-executive director. The non-executive director is independent of management and free from any business or other relationship which could materially interfere with the exercise of his 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 comprised the following directors during the period to date:

M Alikhani and Y Ben Israel.

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, which is currently chaired by Y Ben-Israel, comprised the following directors during the period to date:

Y Ben Israel
M Alikhani

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 Y Ben-Israel 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, particularly in view of the cash constraints that the Company has faced over the year under review. 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.

GOING CONCERN

The Company was loss making in the current year recording a loss of £508,513.

The Company has announced that at the date of this report, the planned completion of the acquisition of the additional tailings dumps at Kabwe, Zambia was still in progress.

Subsequent to the year end the Company has received strong support from UK institutional investors and has raised £11.7 million before expenses to fund, following the planned acquisition, the construction and commissioning of a planned zinc and lead processing plant and provide working capital to commence operations.

For these reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee (the “Committee”) is chaired by Y Ben-Israel and comprised, during the year to date, Y Ben Israel and M Alikhani. 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	Fees	Salary	Total 2010	Total 2009
	£	£	£	£
M A Alikhani	2,000	60,000	62,000	62,000
Y Ben Israel	2,000	48,000	50,000	50,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total	4,000	108,000	112,000	112,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

On behalf of the Remuneration Committee.

Y Ben Israel

Committee Chairman

25 November 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern. The Board's statement on going concern is included in the Director's Report.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of 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 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 company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the company together with a description of the principal risks and uncertainties that they face.

By order of the Board

Director

M Alikhani

25 November 2010

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

We have audited the financial statements of Berkeley Mineral Resources Plc for the year ended 30 June 2010 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

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

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30th June 2010 and of the Company's Loss for the year then ended.
- the financial statements have been properly prepared in accordance with the IFRSs as adopted by the European Union; 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 Company, or returns adequate for our audit have not been received; 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.

We reviewed:

- the Directors' statement contained within the Directors' Report in relation to going concern.

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

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

25 November 2010

INCOME STATEMENT**Year ended 30 June 2010**

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Revenue		–	167,718
Cost of sales		–	(146,014)
GROSS PROFIT		–	21,704
Administrative Expenses		(499,966)	(420,114)
OPERATING LOSS	6	(499,966)	(398,410)
Finance income		25	829
Finance expenses	8	(8,572)	(11,849)
NET FINANCE EXPENSES		(8,547)	(11,020)
LOSS BEFORE TAXATION		(508,513)	(409,430)
Taxation	9	–	–
LOSS FOR THE YEAR		(508,513)	(409,430)
LOSS PER SHARE			
Basic and diluted	10	(0.18)p	(0.16)p

The loss for the year is attributable to the equity holders of Company.

The notes on pages 16 to 29 are an integral part of these financial statements.

BERKELEY MINERAL RESOURCES PLC

BALANCE SHEET

As at 30 June 2010

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
Property, plant & equipment	11	402,457	45,148
Research & development	11	–	87,426
TOTAL NON CURRENT ASSETS		402,457	132,574
Trade and other debtors	12	436,944	27,670
Cash and cash equivalents	13	142,234	95
TOTAL CURRENT ASSETS		579,178	27,765
TOTAL ASSETS		981,635	160,339
EQUITY			
Share capital	16	11,108,792	10,009,771
Share premium	17	3,542,710	2,705,939
Merger reserve	17	1,824,000	1,824,000
Accumulated loss	17	(16,133,850)	(15,625,337)
TOTAL EQUITY / (DEFICIT)		341,652	(1,085,627)
ATTRIBUTABLE TO:			
Equity holders of the Company		145,853	(1,281,426)
Non equity deferred holders of the Company	16	195,799	195,799
		341,652	(1,085,627)
LIABILITIES			
Trade and other payables	14	639,983	1,245,966
TOTAL CURRENT LIABILITIES		639,983	1,245,966
TOTAL EQUITY AND LIABILITIES		981,635	160,339

The notes on pages 16 to 29 are an integral part of these financial statements.

These financial statements were approved by the Board of Directors on 25 November 2010.

Signed on behalf of the Board of Directors by

M A Alikhani
Director

CASH FLOW STATEMENT**Year ended 30 June 2010**

	<i>Notes</i>	<i>2010</i> £	<i>2009</i> £
NET CASH OUTFLOW			
FROM OPERATING ACTIVITIES	18	<u>(1,425,224)</u>	<u>(347,534)</u>
INVESTING ACTIVITIES			
Property, plant & equipment		(359,882)	–
Interest received		25	829
NET CASH GENERATED FROM INVESTING ACTIVITIES		<u>(359,857)</u>	<u>829</u>
FINANCING ACTIVITIES			
Interest paid	8	(8,572)	(11,849)
Proceeds of shares issued		2,028,042	300,000
Share issue expenses		(92,250)	–
NET CASH GENERATED FROM FINANCING ACTIVITIES		<u>1,927,220</u>	<u>288,151</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		142,139	(58,554)
Cash and cash equivalents at beginning of year		95	58,649
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>142,234</u>	<u>95</u>

NOTES TO THE ACCOUNTS

Year ended 30 June 2010

1. IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

2. GOING CONCERN

The Company was loss making in the current year, recording a loss of £508,513.

The Company has announced that at the date of this report, the planned acquisition of the additional tailings dumps at Kabwe, Zambia was still in progress.

Subsequent to the year end the Company has received strong support from UK institutional investors and has raised £11.7 million before expenses to fund, following the planned acquisition, the construction and commissioning of a planned zinc and lead processing plant and provide working capital to commence operations.

For these reasons the Directors continue to adopt the going concern basis in preparing the financial statements.

3. GENERAL INFORMATION

Berkeley Mineral Resources Plc is a company incorporated in England and Wales under the Companies Act 1985. It was incorporated on 5 July 1989 under the name of Ashchurch Exploration Plc. Following various change of names, it became Tecton Plc on 14 September 2001. On 3 March 2008 the Company changed its name to Berkeley Mineral Resources Plc. The registered office is detailed on page 2. The Company's principal activities are stated in the Director's Report.

The financial information is presented in pounds sterling.

Adoption of new and revised standards

The following are Standards and Interpretations which are effective for the first time in the current period.

Standards affecting presentation and disclosure

- IAS 1 (revised 2007) - Presentation of Financial Statements, requires non – owner changes in equity to be shown in one performance statement or two statements (the income statement and the statement of comprehensive income). The Company has elected to present one statement.
- IFRS 7 - Improving Disclosures about Financial instruments, increases the disclosure requirements for fair value measurements and reinforces existing principles for disclosure of liquidity risk.
- IFRS 8 - Operating Segments requires that the disclosure of financial information be made which is consistent with that used by the Company's directors for the purpose of resource allocation and assessment of segment performance.

Standards not affecting the reported results or the financial position

- IAS 23 (revised) - Borrowing costs - eliminates the option to expenses borrowing costs for qualifying assets.
- IAS 32 (amended) - Puttable financial instruments - results in some financial instruments that currently meet the definition of a financial liability being classified as equity as they represent a residual interest.
- IFRS 3 (revised 2008) - Business combinations- makes a number of changes to the accounting for business combinations, including requirements that all payments to purchase a business are to be recorded at fair value at acquisition date, with some contingent payments subsequently re- measured at fair value through income; an option to calculate goodwill based on the parent's share of net assets only or to include goodwill related to the minority interest; and a requirement that all transaction costs be expensed.
- IAS 27 (revised 2008) - Consolidated and separate financial statements-requires the effects of all transactions with non- controlling interests to be recorded in equity if there is no change in control. The revised standard also specifies the accounting when control is lost.

- IAS 38 (amendment) - Intangible assets.
- IAS 39 - Financial Instruments; recognition and measurement - eligible hedged items.
- IFRIC 17 - Distribution of non-cash assets to owners.
- IFRIC 18 - Transfers of assets from customers.
- IFRS 5 (amendment) - Non-current assets held for sale and discontinued operations.
- IFRIC 9 - Reassessment of embedded derivatives.
- IFRIC 15 - Agreements for construction of Real Estate.
- IFRIC 16 - Hedges of a net investment in a foreign operation.

In the opinion of the directors the changes in Standards which have come into effect impact neither the reported results nor the financial position of the Company.

Standards and interpretation in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IAS 1 (amendment) - Presentation of financial statements
- IFRS 2 (amendment) - Share-based payment
- IFRS 9 - Financial Instruments - classification and measurement

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The financial statements have also been prepared in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are carried at fair value or amortised cost and in accordance with International Financial Reporting Standards. The principal accounting policies adopted, which have been consistently applied, are set out below.

Business combinations

The acquisition of subsidiaries and minority interests is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquisition, plus any costs directly attributable to the business combination. The acquiree’s identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5 Non Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

The interest of minority shareholders in the acquiree is initially measured at the minority’s proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Where the Company makes further acquisitions of investments it already holds, the assets and liabilities of the investment are reassessed and their revised fair values are recognised. Goodwill is accordingly adjusted.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration given over the

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2010

4. SIGNIFICANT ACCOUNTING POLICIES (CONT)

Company's interest in the fair value of identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition and is capitalised as an asset on the balance sheet. To the extent that such excess purchase consideration relates to the acquisition of mining properties and leases, that amount is capitalised within property, plant and equipment as mining properties and leases.

IFRS 3 requires that negative goodwill is recognised immediately in the income statement. The negative goodwill that arises on the acquisition of a subsidiary under IFRS 3 is credited in full to the income statement.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

In preparing the financial information of the individual company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded 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 at the rates prevailing on the balance sheet date. Non-monetary items 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss account for the period.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the re-translation of non-monetary items where gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting financial information, the assets and liabilities of the Company'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 Company's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Operating loss

Operating loss is stated before investment income and finance costs.

Tax

The tax expense represents the sum of the tax payable and deferred tax. The tax 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 Company'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 information 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.

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 Company intends to settle its current tax assets and liabilities on a net basis.

Property Plant and Equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

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

<input type="checkbox"/>	Plant and equipment	20%
<input type="checkbox"/>	Furniture and fittings	20%
<input type="checkbox"/>	Office and computer equipment	20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

The gain or loss arising on the 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 tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of 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

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2010

reflects current market assessments of the time value of 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 re-valued 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 re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible fixed asset

Intangible fixed asset relates to voice quality and comfort listening solutions which the Company had developed. This asset was being amortised at 15% per annum. The Company has impaired the asset taking into account that there was no further market for these products.

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

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

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade 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 Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Financial Instruments

Initial recognition and measurement

All financial instruments are recognised on the balance sheet. Financial instruments are initially recognised

when the Company becomes party to the contractual terms of the instruments and are measured at cost, which is the fair value of the consideration given for financial asset or received for financial liability or equity instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement on initial recognition. Transaction costs are included in the initial measurement of the financial instrument. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets

The Company's principal financial assets are trade debtors and other receivables, deposits and cash and cash equivalents at fair value.

De-recognition

Financial assets (or a portion thereof) are de-recognised when the Company realises the rights to the benefits specified in the contract, the rights expire or the Company surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable is included in the income statement.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and amount paid for it is included in the income statement.

5. REVENUE

An analysis of the Company's revenue is as follows:

	<i>Year ended</i> 30 June 2010	<i>year ended</i> 30 June 2009
	£	£
Sale of goods (see below)		
Other operating income	–	167,718
Investment Income	25	829
	<u>25</u>	<u>168,547</u>

6. OPERATING LOSS

Loss from operations has been arrived at after charging:

	<i>Year ended</i> 30 June 2010	<i>year ended</i> 30 June 2009
	£	£
Amortisation and depreciation	89,999	90,000
Staff costs (see note 7)	162,000	162,000

The analysis of auditors' remuneration is as follows:

	<i>2010</i>	<i>2009</i>
	£	£
Fees payable to the Company's auditors for the audit of the Company's annual accounts	14,000	14,500

NOTES TO THE ACCOUNTS (CONT)**Year ended 30 June 2010****7. STAFF COSTS**

	Year ended 30 June 2010	<i>year ended</i> <i>30 June 2009</i>
	No	No
The average monthly number of employees (excluding executive Directors) was	2	1
Number of Directors	2	2
	<u>4</u>	<u>3</u>
	£	£
Emoluments for qualifying services: Highest paid Director	62,000	62,000
Staff costs including Directors: Wages and salaries	<u>162,000</u>	<u>162,000</u>

Total staff costs include amounts payable to Directors of £112,000 (2009: £112,000).

No retirement benefits are accruing to Directors under pension schemes. There is no amount payable in respect of retirement benefits to either Directors or employees under any pension scheme in either period.

8. FINANCE EXPENSES

	<i>Year ended</i> 30 June 2010	<i>year ended</i> <i>30 June 2009</i>
	£	£
Bank charges	962	117
Interest on loans	7,610	11,732
Total finance costs	<u>8,572</u>	<u>11,849</u>

9. TAXATION

The Company is carrying forward estimated tax losses of £6.3m (2009: £5.8m) in the United Kingdom. Of these an estimated £5.6m relates to the technology business. No deferred tax provision has been made in respect of these carried forward losses due to the uncertainty over the availability of taxable profit against which these losses may be offset in the foreseeable future.

In March 2010 the UK Government announced that they would introduce legislation that would reduce the corporation tax rate to 27% with effect from 1 April 2010. With effect from the balance sheet date any deferred tax balances will be stated at 27% of those amounts.

10. LOSS PER SHARE***From continuing operations:***

The calculation of the basic and diluted loss per share is based on the following data:

	<i>Year ended</i> 30 June 2010	<i>year ended</i> <i>30 June 2009</i>
	£	£
Loss for the purposes of basic and diluted loss per share being attributable to equity holders of the Company	508,513	409,430
Statutory number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>281,691,724</u>	<u>253,991,686</u>
Basic and diluted loss per share	<u>0.18p</u>	<u>0.16p</u>

The outstanding share options are anti-dilutive as the Company has made a loss during the current and prior year.

11. PROPERTY PLANT AND EQUIPMENT

	Zambia Mining £	Research & development £	Office equipment £	Total £
Cost				
At 1 July 2008	–	4,054,114	284,331	4,338,445
Additions	40,000	–	–	40,000
At 30 June 2009	40,000	4,054,114	284,331	4,378,445
Additions	359,882	–	–	359,882
Impairment of assets	–	(4,054,114)	(271,460)	(4,325,574)
At 30 June 2010	399,882	–	12,871	412,753
Amortisation/Depreciation				
At 1 July 2008	–	(3,879,262)	(276,609)	(4,155,871)
Charge for the year	–	(87,426)	(2,574)	(90,000)
At 30 June 2009	–	(3,966,688)	(279,183)	(4,245,871)
Charge for the year	–	(87,426)	(2,573)	(89,999)
Impairment of assets	–	4,054,114	271,460	4,325,574
At 30 June 2010	–	–	(10,296)	(10,296)
Net Book value				
At 30 June 2009	40,000	87,426	5,148	132,574
At 30 June 2010	399,882	–	2,575	402,457

The research and development costs relate to the voice technology business which has been discontinued and is now fully written down . At present the directors do not expect to recover any costs.

12. TRADE AND OTHER DEBTORS

	<i>30 June 2010</i> £	<i>30 June 2009</i> £
Other debtors	436,944	27,670
	<u>436,944</u>	<u>27,670</u>

The Directors consider that the carrying amount of other receivables approximates their fair value.

13. CASH AND CASH EQUIVALENTS

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

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2010

14. TRADE AND OTHER PAYABLES

	<i>30 June</i> <i>2010</i>	<i>30 June</i> <i>2009</i>
	£	£
Trade creditors	151,315	162,983
Loans	–	100,000
Other creditors	109,038	549,597
Taxation	352,630	352,630
Accruals	27,000	80,756
Total	639,983	1,245,966

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 111 (2009: 280) days.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

15. FINANCIAL INSTRUMENTS***Capital Risk Management***

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to shareholders. The capital structure of the Company at 30 June 2010 consists of cash and cash equivalents, financial assets carried at fair value and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 17.

Externally Imposed Capital Requirement

The Company is not subject to externally imposed capital requirements.

Significant Accounting Policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised, in respect of each class of asset, financial liability and equity instrument are disclosed in note 4 to the financial statements

Categories of Financial Instruments

	<i>Carrying value</i>	
	<i>30 June</i> <i>2010</i>	<i>30 June</i> <i>2009</i>
	£	£
Financial assets		
Fair value through profit and loss (FVTPL) held for trading	399,882	40,000
Loans and Receivables (including cash and cash equivalents)	579,178	27,765
Financial Liabilities		
Short – term borrowings and payables at amortised cost	639,983	1,218,201

Financial Risk Management

The Board of Directors monitors the financial risks relating to the operations of the Company. These risks include market risk (primarily liquidity currency and interest rate risk) and credit risk.

Foreign Currency Risk Management

The Company is exposed to foreign exchange risk associated with fluctuations in the relative value of the Zambian Kwacha. These risks are mitigated to the extent considered necessary by the Board of Directors.

15. FINANCIAL INSTRUMENTS (CONT)

Foreign Currency Sensitivity Analysis

The Company is mainly exposed to Zambian Kwacha. At present there is no foreign exchange risk as no transactions have occurred in Zambian Kwacha.

Interest Rate Risk

Profile

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Fixed rate instruments

	2010	2009
	£	£
Financial liabilities	–	100,000

The Company does not account for any fixed rate financial assets and liabilities as fair value through profit or loss, and the Company does not designate interest rate swaps as hedging instruments under a fair value accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties. The Company's exposure and credit ratings of its counterparties are monitored by the Board of Directors and limits have been established to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The Company's principal financial assets are cash and cash equivalents, financial asset investments and trade receivables. Cash equivalents and financial asset investment represent investments in money market and liquidity investment funds and amounts held on deposit with financial institutions.

The credit risk on money market and liquidity investments funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk.

Liquidity Risk Management

Ultimate responsibility for the liquidity risk management rests with the Board of Directors. The Board of Directors monitors the level of liquid assets available to the Company and the level of funding required to meet its short, medium and long-term requirements.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest (one year for long term loans and 6 months for short term loan) and principal cash flows.

	Weighted average effective interest rate %	Up to 1 year £	1–5 years £	Total £
30 June 2010				
Long term loans	–	–	–	–
	–	–	–	–
30 June 2009				
Long term loans	10.0	–	110,000	110,000
	10.0	–	110,000	110,000

NOTES TO THE ACCOUNTS (CONT)**Year ended 30 June 2010**

The following table details the Company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Up to to 1 year £	1–5 years £	Total £
30 June 2010				
Variable interest rate instruments	2.0	–	–	–
	<u>2.0</u>	<u>–</u>	<u>–</u>	<u>–</u>
30 June 2009				
Variable interest rate instruments	2.0	95	–	95
	<u>2.0</u>	<u>95</u>	<u>–</u>	<u>95</u>

Commodity Price Risk

Historically, commodity prices have displayed wide ranges and are affected by numerous factors over which the Company does not have any control. These include world production levels, international economic trends, currency exchange fluctuations, expectations for inflation, speculative activity, consumption patterns and global or regional political events.

Other risks

Due to the nature and extent of the Company's financial assets and liabilities, it is not unduly exposed to price risks and cash flow risks.

16. SHARE CAPITAL

	<i>30 June 2010</i>	<i>30 June 2009</i>
	£	£
Issued and fully paid at 1 July 2009		
255,882,097 ordinary shares (2008: 225,882,097) of £0.01 each	2,558,821	2,558,821
19,579,925 non-equity deferred shares of £0.01 each	195,799	195,799
181,378,766 deferred shares of £0.04 each	7,255,151	7,255,151
	<u>10,009,771</u>	<u>10,009,771</u>
Issued during the year		
109,902,100 ordinary shares of £0.01 each (2009: Nil)	1,099,021	–
	<u>1,099,021</u>	<u>–</u>
Issued and fully paid at 30 June 2010		
365,784,197 ordinary shares of £0.01 each (see movements below)	3,657,842	2,558,821
19,579,925 non-equity deferred shares of £0.01 each	195,799	195,799
181,378,766 deferred shares of £0.04 each	7,255,151	7,255,151
	<u>11,108,792</u>	<u>10,009,771</u>

16. SHARE CAPITAL (CONT)**Movements in the Ordinary shares during the year**

On 24 November 2009 15,000,000 ordinary shares of £0.01 each were issued

On 10 February 2010 2,000,000 ordinary shares of £0.01 were issued

On 12 April 2010 28,127,100 ordinary shares of £0.01 were issued to settle certain creditors.

On 14 April 2010 25,000,000 ordinary shares of £0.01 were issued.

On 6 May 2010 26,250,000 ordinary shares of £0.01 were issued.

On 7 June 2010 13,525,000 ordinary shares of £0.01 were issued.

	Number of shares No.	Nominal value £
At 1 July 2009	255,882,097	2,558,821
Shares issued:		
24 November 2009	15,000,000	150,000
10 February 2010	2,000,000	20,000
12 April 2010	28,127,100	281,271
14 April 2010	25,000,000	250,000
06 May 2010	26,250,000	262,500
07 June 2010	13,525,000	135,250
At 30 June 2010	<u>365,784,197</u>	<u>3,657,842</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.

SHARE OPTIONS

The Company has a share option scheme for the directors and staff. As the exercise price was significantly higher than the market price at the grant date, no expense has been recognised for share based payments in respect of the share options (2009: £nil).

EQUITY SETTLED SHARE OPTION SCHEME

	Exercise price	30 June 2010 or date of resignation
M Alikhani	1p	7,000,000
Y Ben Israel	1p	5,000,000
Other staff and consultants	1p	<u>16,750,000</u>
		28,750,000

Exercisable at any time before 7 May 2014.

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2010

17. EQUITY

	<i>Share capital</i> £	<i>Share premium</i> £	<i>Merger reserve</i> £	<i>Accumulated loss</i> £	<i>Total</i> £
At 1 July 2008	9,709,771	2,705,939	1,824,000	(15,215,907)	(976,197)
Net loss for the year	–	–	–	(409,430)	(409,430)
Shares issued	300,000	–	–	–	300,000
At 30 June 2009	10,009,771	2,705,939	1,824,000	(15,625,337)	(1,085,627)
Net loss for the year	–	–	–	(508,513)	(508,513)
Shares issued	1,099,021	929,021	–	–	2,028,042
Share issue expenses	–	(92,250)	–	–	(92,250)
At 30 June 2010	11,108,792	3,542,710	1,824,000	(16,133,850)	341,652

18. NOTES TO THE CASHFLOW STATEMENT

	<i>30 June 2010</i> £	<i>30 June 2009</i> £
Operating loss from continuing operations	(499,966)	(398,410)
Depreciation & amortisation of fixed assets	89,999	90,000
Increase in debtors	(409,274)	(18,370)
Decrease in creditors	(605,983)	(20,754)
Net cash outflow	<u>(1,425,224)</u>	<u>(347,534)</u>

19. SHARE-BASED PAYMENTS

The following shares were issued:

During the year creditors with outstanding balances of £126,786 were converted to ordinary shares resulting in the issue of 6,339,300 ordinary shares of £ 0.01 each at a value of £0.02 each.

During the year directors and staff remuneration due of £292,000 were paid through the issue of 14,600,000 ordinary shares of £0.01 each at a value of £0.02 each.

In addition, loans and interest accrued of £143,756 were converted to shares through the issues of 7,187,800 ordinary shares of £0.01 each at a value of £0.02 each.

20. RELATED PARTY TRANSACTIONS**Year ended 30 June 2010**

Directors

Name	<i>Directors'</i>		
	<i>fees</i>	<i>Salary</i>	<i>Total</i>
	£	£	£
M A Alikhani	2,000	60,000	62,000
Y Ben-Israel	2,000	48,000	50,000
Total	<u>4,000</u>	<u>108,000</u>	<u>112,000</u>

Year ended 30 June 2009

Directors

Name	<i>Directors'</i>		
	<i>fees</i>	<i>Salary</i>	<i>Total</i>
	£	£	£
M A Alikhani	2,000	60,000	62,000
Y Ben-Israel	2,000	48,000	50,000
Total	<u>4,000</u>	<u>108,000</u>	<u>112,000</u>

M Alikhani was owed a net amount of £136,000 at 1 July 2009 in lieu of his remuneration and loans to the Company, less amounts drawn. At 30 June 2010 the net amount due from M Alikhani was £50,447.

21. ADOPTION OF IFRS 8 OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of components used in internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. Information reported to the Company's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is specifically focused on the category of mining. The Company's reportable segments under IFRS 8 are therefore as follows:

Mining: Minerals processing

There are no other operations in the company.

22. COMMITMENTS AND CONTINGENCIES

- (1) Under an Agreement for the processing rights to all the tailings dumps at Kabwe, the Company has contracted to issue 80 million ordinary shares of 1p each of the Company, and pay US\$3 million for the processing rights to tailings dumps in the Kabwe region of Zambia.
- (2) The Company is pursuing legal action for the recovery of an amount receivable relating to the old technology business.

23. EVENTS AFTER THE BALANCE SHEET DATE

In September 2010 the Company announced that it had raised £2.05 million by way of a Placing of 136,666,666 new ordinary shares of 1p each at a price of 1.5p per share. For every two Placing shares subscribed, the placees were issued a warrant exercisable at 3p. The aforesaid warrants were exercised in November 2010 raising £2.05 million. Also in September 2010 3,333,333 ordinary shares were issued in lieu of commission due.

In October 2010 the Company raised a further £850,000 by way of a placing of 42,500,000 new ordinary shares of 1p at a price of 2p per share. In addition a further 937,500 ordinary shares were issued in lieu of commission due.

On 18 November 2010, the Company announced that it had raised £6.6million by way of a Placing of 188,571,428 new ordinary shares of 1p each at a price of 3.5p per share. For each Placing share subscribed, the placees were issued a warrant exercisable at 9p. In addition a further 4.5 million shares were issued in lieu of commissions due.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 11.00 am on 17 December 2010 at 19-20 Grosvenor Street, London W1K 4QH 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 the Company's annual accounts for the financial year ended 30 June 2010 together with the directors' report and auditors' report on these accounts.
2. To re-appoint W.H. Associates LLP to hold office as auditor from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.
3. To re-elect Masoud Alikhani as a Director of the Company.

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 £2,173,215 (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 4, 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 4, 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

25 November 2010

Registered office
19/20 Grosvenor Street
London W1K 4QH

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 Wednesday 15 December 2010; 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 11:00 am on 15 December 2010; and
- or sent by facsimile transmission to 0121 585 1132 no later than 48 hours before the Annual General Meeting i.e. by 11.00 am on 15 December 2010. 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 11:00 am on 15 December 2010.

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 25 November 2010, the Company's issued share capital comprised 810,626,458 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 25 November 2010 is 810,626,458.

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.