



Directors' report and financial statements

For the year ended 31 March 2009

Registration number: 1415559

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FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Equity shareholder funds increased to £26,652,271 (2008: £13,836,941) – an increase of 93%. Included in this total is £2,729,157 (2008: £11,831,373) relating to the issue of an additional 22,746,663 new shares prior to AIM listing.
- Non-current assets valuation increased to £5,319,860 (2008: £4,818,455).
- Current assets valuation increased to £21,392,111 (2008: £9,092,516).
- Acquired 8.04% of Kalahari Minerals Plc at an average cost of 45.04 pence per share.
- Acquired 0.17% of Extract Resources Limited at an average cost of A\$1.1945 per share.
- Holdings in Kalahari Minerals and Extract Resources valued at £17,627,774 against a purchase price of £7,368,281 – a rise of 139%.
- Tsumeb option remains valued at £4,818,455.
- Our cash reserves have remained healthy at £3,757,960 (2008: £9,056,161) – a decrease of 59%.
- Net profit for the year was £10,005,933 (2008: *Loss of £1,498,576*).
- Interest income of £266,423 (2008: £174,031) – an increase of 53%.
- Operating expenses are in line with budget at £973,230 (2008: £1,684,688).

Chairmen's Statement

Dear Shareholders,

Since admission to the AIM on 11 July 2008, Emerging Metals Limited has continued studies and test work on the Tsumeb Slag stockpiles to determine the viability of extracting the contained metals, principally germanium but also zinc and gallium. Specifically, the continuing work involves the completion of drilling and trenching of the stockpiles and metallurgical testing designed to determine the optimum processing method for the contained metals. As the current market conditions for these metals are still weak, the Company is seeking to minimise the evaluation and test work costs on the Tsumeb Slag stockpiles whilst these conditions continue and is reassessing on an ongoing basis the timing, scope and viability of this project in the light of market conditions.

In the buoyant economic environment before the crash in world equity markets in the autumn of 2008, the Company was active in reviewing numerous possible opportunities in a wide range of minor metals, in Africa, Asia, Europe, and North and South America. The opportunities considered by the Company included exposure to both physical quantities of minor metals and to additional minor metals projects. The Company's prudent approach to investment proved to be fortuitous, as the values of share prices in the natural resources sector are at a fraction of their former levels and many companies are trading well below their net asset value.

The current economic climate provided the Company with attractive opportunities to gain exposure to additional minor metals projects by way of acquiring stakes in certain other quoted companies. To enable it to take advantage of such opportunities the Company amended its business strategy at an Extraordinary General Meeting held on 10 April 2009. This was in order to gain greater flexibility in utilising its cash reserves for potential investments in not just physical minor metals and additional minor metals projects, the strategy outlined in the Admission Document, but also to permit different types of investment in other non-minor metals. Further, the business strategy gives the Company explicit capacity to acquire strategic stakes in publicly traded companies with a focus on investment metals, being all metals other than base metals (excluding for these purposes zinc) and bulk commodities metals as part of the Company's ordinary course of business.

It is in this spirit and in the period under review the Company invested £7.1 million, at an average cost of 45.04 pence per share, in acquiring 8.04% of Kalahari Minerals Plc, and £198,935, at an average cost of A\$1.1945 per share, in acquiring 0.17% of Extract Resources Limited. Kalahari Minerals is an AIM traded exploration and development company whose principal asset is a 39.02% interest in Extract Resources, an ASX listed uranium exploration and development company with significant uranium assets in Namibia, namely the Husab uranium project comprising the Rössing South, Ida Dome and Hildenhof deposits.

Recent exploration results reinforce the Company's belief that the area has the strong potential to host an economic uranium deposit of major size, as Rössing South, of which Extract Resources owns 100 percent, is expected to contain over 200 million pounds of triuranium octoxide (U_3O_8). The newly published Zone 1 resource of 145 million pounds of U_3O_8 at a grade of 449 parts per million, as well as the recent stream of high grade drilling results from Zone 2, establish Rössing South as a truly exceptional uranium discovery where grades exceed the average grade of the resources remaining at the existing Rössing uranium mine, operated by Rio Tinto Zinc six kilometers to the north.

Chairmen's Statement (continued)

Demand for uranium is expanding rapidly across the developing world, as China, India, Russia and Brazil look to nuclear power plants to foster infrastructural and industrial development, while the developed world needs to increase base load electricity capacity to meet increasing demand whilst minimizing atmospheric emissions. As a result of this confluence of demand for nuclear power plants across a range of countries, despite the current state of the world economy, the fundamentals for uranium demand and price remain sound.

The acquisition of this interest in Kalahari Minerals gives Emerging Metals exposure to a world class uranium resource, an emerging metal with a very favourable supply-demand outlook. It also leverages on Emerging Metals existing platform and operations at Tsumeb in Namibia.

Our maiden results following our listing on AIM to 31 March 2009 are consequently extremely pleasing, with a positive net profit for the year of £10,005,933 (2008: loss of £1,498,576), including an investment gain of £10,259,493 (2008: £nil), interest income of £266,423 (2008: £174,031) and an exchange gain of £798,146 (2008: £78,222). Operating expenses are in line with budget at £973,230 (2008: £1,684,688) with the majority of costs incurred in connection with professional fees relating to the Tsumeb project.

As a result, equity shareholder funds have increased to £26,652,271 (2008: £13,836,941), a rise of 93%. Fixed assets stand at £5,319,860 (2008: £4,818,455) and current assets at £21,392,111 (2008: £9,092,516). The latter includes a £17,627,774 valuation for our holdings in Kalahari Minerals and Extract Resources. Our cash reserves stood at £3,757,960 (2008: £9,056,161).

Our share premium has increased to £14,560,530 (2008: £11,831,373) following a small funding round prior to the AIM listing.

The coming year should provide excellent opportunities for the Company to acquire holdings at unprecedented low cost with outstanding prospects for the future. With the extensive industry knowledge and contacts of the Board and of major shareholders EML is well placed to capitalize on the current situation and to build the basis for the future of the Company. Also we are pleased to report that the Company's holdings in Kalahari Minerals and Extract Resources continue to gain in value. Our maiden year of operations as an AIM listed company has been exceptionally good and we are confident of further growth.

We would like to express our appreciation to the shareholders for their continued support.

Stephen Dattels
Co-chairman

James Mellon
Co-chairman

Directors' report

The Directors' present their annual report and the financial statements for Emerging Metals Limited ("EML") for the year ended 31 March 2009.

Name changes

The Company was incorporated as Jellon Enterprises Inc. On 24 October 2007 the Company changed its name to Minor Metals & Mining Inc, and became Emerging Metals Limited on 28 November 2007.

Principal activity

The company was formed for the purpose of making investments and/or acquisitions in projects and companies with exposure to Investment Minor Metals in order to build the Project Portfolio and/or trading in Investment Minor Metals as the Company builds the Trading Portfolio.

Results and transfer to reserves

The results and transfers to reserves for the year are set out on page 10.

The Company made a profit for the year after taxation of £10,005,933 (2008: *Loss of £1,498,576*).

Dividend

The Directors do not propose the payment of a dividend (2008: £nil)

Directors

The Directors who served during the period and to date were:

	<i>Appointed</i>	<i>Resigned</i>
Guy Elliot	4 July 2007	30 September 2007
Mitchell Alland	21 January 2008	
Denham Eke	30 September 2007	
Stephen Dattels	21 January 2008	
James Mellon	21 January 2008	
Patrick Weller	21 January 2008	

Directors' report (continued)

Directors Remuneration

	2009 £	2008 £
Mitchell Alland	180,586	34,629
Denham Eke	89,313	15,888
Stephen Dattels	25,000	5,208
James Mellon	25,000	5,208
Patrick Weller	25,000	5,208
Total	344,899	66,141

From November 2008 the Directors passed a resolution to accept 50% of Director remuneration to be settled by way of shares issued in the Company (see note 1(1)).

Share capital

The Company is authorised to issue an unlimited number of no par value shares of a single class. The Company may issue fractional shares and a fractional share shall have the corresponding fractional rights, obligations and liabilities of a whole share of the same class or series of shares.

330,759,300 (2008: 308,012,637) shares are in issue as at 31 March 2009 with a share premium value of £14,560,530 (2008: £11,831,373).

Directors' Interests

As at 31 March 2009, the interests (all of which are beneficial unless otherwise stated) of the Directors and their immediate families and the persons connected with them (within the meaning of Section 346 of the UK Companies Act 1985 ("Connected Person")) are as follows:

	<i>Number of Ordinary Shares</i>	<i>Percentage of Issued Capital</i>
Mitchell Alland	3,500,000	1.06%
Denham Eke ¹	2,045,847	0.62%
Stephen Dattels ²	20,492,504	6.20%
James Mellon ³	28,205,684	8.53%
Patrick Weller	2,545,847	0.77%

Directors' report (continued)

As at 31 March 2009 the Directors (and all persons connected with the Directors within the meaning of Section 346 of the Act) hold the following Options over Ordinary Shares:

	<i>Date of Grant</i>	<i>Number of Ordinary Shares</i>	<i>Exercise Price</i>	<i>Exercise Period</i>
Mitchell Alland	21 January 2008	477,364	5 pence	5 years
Denham Eke ¹	21 January 2008	204,585	5 pence	5 years
Stephen Dattels ²	21 January 2008	1,109,457	5 pence	5 years
James Mellon ³	21 January 2008	1,009,457	5 pence	5 years
Patrick Weller	21 January 2008	1,004,585	5 pence	5 years

Notes to Directors' Interests:

- 1 Denham Eke is a director of Galloway Limited, a company which is indirectly wholly owned by the trustee of a settlement under which Jim Mellon has a life interest.
- 2 Stephen Dattels' shareholding includes 20,242,504 Ordinary Shares held by Belstone Investments Limited, which is beneficially owned by Stephen Dattels, and 250,000 Ordinary Shares held by Graham Dattels, a Connected Person.
- 3 Jim Mellon's entire shareholding is held by Galloway Limited, a company which is indirectly wholly owned by the trustee of a settlement under which Jim Mellon has a life interest.

Auditors

KPMG Audit LLC were appointed on 15 April 2008. Being eligible, have expressed their willingness to continue in office.

By order of the Board

Denham Eke
Secretary

Craigmuir Chambers
Road Town
Tortola
British Virgin Islands

Statement of Directors' responsibilities in respect of the Directors' report and the financial statements

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

The Directors are responsible for the maintenance and integrity of the corporate financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another. In addition, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards.

The financial statements are required to 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, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with relevant legislation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Emerging Metals Limited

We have audited the financial statements of Emerging Metals Limited for the year ended 31 March 2009, which comprise the Income statement, the Balance sheet, the Statement of changes in equity, the Cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body. 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 auditor's 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

The Directors' responsibilities for preparing the directors' report and the financial statements in accordance with applicable law and International Financial Reporting Standards are set out in the Statement of Directors' Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view.

We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' Report and any other information accompanying the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Report of the Independent Auditors, KPMG Audit LLC, to the members of Emerging Metals Limited (continued)

Basis of opinion (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended.

KPMG Audit LLC
Chartered Accountants
Heritage Court
41 Athol Street
Douglas
Isle of Man
IM99 1HN

Income statement
for the year ended 31 March 2009

	<i>Notes</i>	2009	(Note 14) 2008
		£	£
Income	<i>1(g)</i>	-	-
Other income			
Exchange gains		798,146	78,222
Investment gains		10,259,493	-
		<u>11,057,639</u>	<u>78,222</u>
Operating expenses			
Directors fees	<i>7</i>	(344,899)	(66,141)
Other costs	<i>3</i>	(973,230)	(1,684,688)
		<u>(1,318,129)</u>	<u>(1,750,829)</u>
Net profit / (loss) before interest		9,739,510	(1,672,607)
Interest received	<i>1(g)</i>	266,423	174,031
Profit / (loss) before taxation		10,005,933	(1,498,576)
Taxation	<i>8</i>	-	-
Net profit / (loss) for the period		10,005,933	(1,498,576)
Earnings/(loss) per share	<i>15</i>	0.0306	(0.0269)
Diluted earnings/(loss) per share	<i>15</i>	0.0285	(0.0269)

The Directors consider that the Company's activities are continuing.

The notes on pages 14 to 22 form part of these financial statements.

Balance sheet
as at 31 March 2009

	<i>Notes</i>	2009 £	2008 £
Assets			
Non-current assets			
Land options	<i>1(c),4</i>	4,818,455	4,818,455
Intangible Fixed Assets	<i>1(d)</i>	501,405	-
		<u>5,319,860</u>	<u>4,818,455</u>
Current assets			
Investments	<i>1(e)</i>	17,627,774	-
Trade and other receivables	<i>1(h)</i>	6,377	36,355
Cash and cash equivalents	<i>1(h)</i>	3,757,960	9,056,161
		<u>21,392,111</u>	<u>9,092,516</u>
Total assets		<u><u>26,711,971</u></u>	<u><u>13,910,971</u></u>
Equity and liabilities			
Capital and reserves			
Share capital	<i>5</i>	-	-
Share premium	<i>5</i>	14,560,530	11,831,373
Share Option Reserve	<i>6</i>	3,504,144	3,504,144
Equity Share Based Payment Reserve	<i>1(l)</i>	80,240	-
Accumulated profit / (loss)		8,507,357	(1,498,576)
		<u>26,652,271</u>	<u>13,836,941</u>
Total equity		<u>26,652,271</u>	<u>13,836,941</u>
Current liabilities			
Trade and other payables		59,700	74,030
		<u>59,700</u>	<u>74,030</u>
Total equity and liabilities		<u><u>26,711,971</u></u>	<u><u>13,910,971</u></u>

The notes on pages 14 to 22 form part of the financial statements.

These financial statements were approved by the board of directors on 7 July 2009 and were signed on their behalf by:

Stephen Dattels
Director

James Mellon
Director

Statement of changes in equity
for the year ended 31 March 2009

	Share Premium £	Share Option Reserves £	Share Based Option Payments £	Share Capital £	Accumulated Profits / (Losses) £	Total £
Balance at 1 April 2007	-	-	-	-	-	-
Net Loss for the year	-	-	-	-	(1,498,576)	(1,498,576)
Shares issued	11,831,373	-	-	-	-	11,831,373
Fair value of share options	-	3,504,144	-	-	-	3,504,144
Share based payment reserve	-	-	-	-	-	-
Balance at 31 March 2008	<u>11,831,373</u>	<u>3,504,144</u>	<u>-</u>	<u>-</u>	<u>(1,498,576)</u>	<u>13,836,941</u>

	Share Premium £	Share Option Reserves £	Share Based Option Payments £	Share Capital £	Accumulated Profits / (Losses) £	Total £
Balance at 1 April 2008	11,831,373	3,504,144	-	-	(1,498,576)	13,836,941
Net profit for the year	-	-	-	-	10,005,933	10,005,933
Shares issued	2,729,157	-	-	-	-	2,729,157
Fair value of share options	-	-	-	-	-	-
Share based payment reserve	-	-	80,240	-	-	80,240
Balance at 31 March 2009	<u>14,560,530</u>	<u>3,504,144</u>	<u>80,240</u>	<u>-</u>	<u>8,507,357</u>	<u>26,652,271</u>

The notes on pages 14 to 22 form part of these financial statements.

Cash flow statement
for the year ended 31 March 2009

	<i>Notes</i>	2009 £	(Note 14) 2008 £
Cash flows from operating activities	9	(157,672)	(259,227)
Cash flows from investing activities			
Amount paid in cash for mineral options	4	-	(1,421,000)
Amount paid in cash for intangible fixed assets		(501,405)	-
Amount paid in cash for investments		(7,368,281)	-
Cash flows from financing activities			
Issue of shares		2,729,157	10,736,388
(Decrease) / increase in cash and cash equivalents		(5,298,201)	9,056,161
Cash and cash equivalents at beginning of period		9,056,161	-
Cash and cash equivalents at the end of period		<u>3,757,960</u>	<u>9,056,161</u>

The notes on pages 14 to 22 form part of these financial statements.

Notes

(forming part of the financial statements for the year ended 31 March 2009)

1 Accounting policies

Emerging Metals Limited is a company domiciled in the British Virgin Islands.

The financial statements incorporate the principal accounting policies set out below.

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB).

The directors' do not expect the adoption of the other current upcoming and new IFRS standards and interpretations to have a material impact on the Company's financial statements in the period of initial application.

b) Basis of preparation

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 only affects that period or in the period of the revision and future periods if the revision affects both current and future periods. The key estimate and judgement made by the Directors is the fair value of the land option.

c) Land options

Land options are stated at fair value, as estimated by the Directors. This is estimated to be the current market value of the options. There will be no amortisation of the premium paid.

d) Intangible assets

Exploration rights and associated survey costs are capitalised as incurred and reviewed annually for impairment and are carried at cost less accumulated impairment losses.

e) Investments

Investments are acquired to realise gains from fluctuations in the prices or margins of traders. These assets are valued at fair value based on quoted bid prices. Any realised and unrealised gains and losses are presented within 'Operating Expenses'.

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

1 Accounting policies (continued)

f) *Impairment*

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

g) *Revenue*

Interest income has been earned during the period, which is accrued on a time apportion basis, by reference to the principal outstanding and the effective interest rate applicable.

h) *Financial instruments*

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Land options

Land options are stated at fair value, as estimated by the Directors. This is estimated to be the current market value of the options. There will be no amortisation of the premium paid.

Trade and other receivables

Trade and other receivables originated by the Company are stated at amortised cost less impairment losses.

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are measured at fair value and due on demand.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost.

i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

k) Share based payments

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options issued to Weatherly International plc as part consideration of the land option (as per the Tsumeb Option Agreement (note 4)) share option reserves in the balance sheet.

The Company determines the fair value of options issued to Directors remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity.

l) Directors equity share based payments

The Company has granted equity share-based payments following a resolution passed in November 2008 for the directors of the company to accept 50% of their remuneration in the form of new shares issued at mid-market prices. The fair value of the incentive granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the directors become unconditionally entitled to the incentives.

To date no shares have been issued to the directors under this scheme and as such is accounted for in a share based payment reserve at the year end.

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

2 Operating Segments

It is the Directors' opinion that the company operates within a single segment.

3 Other costs

	2009	(Note 14) 2008
	£	£
Share option charge (note 6)	-	1,201,674
Professional fees	824,854	431,496
Audit fee	15,000	6,500
Travel and transport	43,618	37,020
Office expenses	89,758	7,998
	<u>973,230</u>	<u>1,684,688</u>

4 Land option

The land option comprises the Tsumeb Option as described below and is stated at fair value.

On 28 January 2008, the Company entered into an amended and restated option agreement with Ongopolo Mining Limited (OML), a company incorporated in Namibia (the "Tsumeb Option Agreement") under which the Company was granted an option to acquire all right, title and interest in and to the Tsumeb Slag Stockpiles (the "Tsumeb Option") in consideration of:

- (i) the payment by the Company to OML, or as it directs, of £1,421,000 in cash;
- (ii) the issue and allotment of 21,899,698 Ordinary Shares credited as fully paid to Weatherly International plc (Weatherly); and
- (iii) the grant to Weatherly of an option over 13,705,179 Ordinary Shares.

The consideration paid for the Tsumeb Option comprised £1,421,000 in cash, 21,899,698 ordinary shares issued as at zero par value to Weatherly at a cost of £0.05 per share. An option was also granted to Weatherly to subscribe for up to 13,705,179 ordinary shares at £0.05 per share, exercisable at any time for five years from the date of completion of the Tsumeb Option Agreement. A summary is as follows:

Land option consideration	2009	2008
	£	£
Cash consideration	1,421,000	1,421,000
Shares issued at £0.05 per share	1,094,985	1,094,985
Fair value of share options	2,302,470	2,302,470
	<u>4,818,455</u>	<u>4,818,455</u>

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

4 Land option (continued)

The grant of the Tsumeb Option was subject to a number of conditions, which were satisfied on 29 January 2008. The exercise term of the Tsumeb Option (the "Tsumeb Option Period") shall expire on the 30 month anniversary of the date of the satisfaction of the conditions, such period comprising a total of 24 months for completion of an initial programme of work, plus six months for a decision by the Company to proceed with commercial production from any portion of the Tsumeb Slag Stockpiles and announcement of that decision to AIM.

Under the Tsumeb Option Agreement, OML provides the Company with a number of warranties regarding the Tsumeb Slag Stockpiles. In particular, OML warrants to the Company that:

- it has the requisite power and authority to enter into and perform the Tsumeb Option Agreement;
- it is, and will remain during the Tsumeb Option Period, the legal and beneficial owner of 100 per cent of the Tsumeb Slag Stockpiles; and
- no further consent, approval or authorisation of any governmental agency or other person is required by it for the entry into and performance of its obligations under the Tsumeb Option Agreement.

Under the Tsumeb Option Agreement, OML was required to provide the Company with a legal opinion from counsel duly qualified to practice in Namibia, confirming OML's 100 per cent. ownership of the Tsumeb Slag Stockpiles (the "OML Legal Opinion"). Under the Tsumeb Option Agreement, if OML was unable to supply the OML Legal Opinion, OML and the Company would enter a new agreement, agreed in good faith between the parties, establishing a contractual relationship between OML and the Company that would ensure that the Company was placed in the same economic position as was the intention under the Tsumeb Option Agreement – with the Company bearing the cost incurred and receiving the profit or other benefit arising out of the Tsumeb Slag Stockpiles. Under the Tsumeb Option Agreement, OML and the Company agreed that, in the event of termination of the Tsumeb Option Agreement, and in circumstances where the parties could not legally enter or enforce the Toll Gate Agreement for whatever reason, the parties agreed to take all such steps as necessary to return each other to the legal and financial position each was in prior to the execution of the Tsumeb Option Agreement. In particular, under the Tsumeb Option Agreement it is agreed that:

- Weatherly and/or OML shall return to the Company all consideration paid under the Tsumeb Option Agreement together with interest at 2 per cent above the base rate from time to time of Barclays Bank PLC per annum accruing monthly;
- Weatherly and/or OML shall return, transfer or cancel as directed by the Company all Ordinary Shares issued and allotted to Weatherly or OML under the Tsumeb Option Agreement;
- Weatherly and/or OML shall return, cancel and/or extinguish all and any options over Ordinary Shares granted to Weatherly or OML pursuant to the Tsumeb Option Agreement; and
- OML shall pay the reasonable costs of the Company incurred in the preparation, negotiation and completion of the obligations under the Tsumeb Option Agreement.

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

5 Share capital and share premium

	2009	2008
	£	£
<i>Authorised</i>		
The Company is authorised to issue an unlimited number of no par value shares of a single class	-	-
<i>Issued</i>		
330,759,300 ordinary shares of £0.00 each	-	-
<i>Share premium</i>		
1 share at incorporation	-	-
71,528,234 shares at £0.0001 per share	7,153	7,153
214,584,704 shares at £0.0500 per share	10,729,235	10,729,235
21,899,698 shares at £0.0500 per share	1,094,985	1,094,985
22,746,663 shares at £0.1200 per share	2,729,157	-
Total	14,560,530	11,831,373

6 Share based payments

A number of share options are in issue as at 31 March 2009:

Option to subscribe for

- 13,705,179 shares at £0.05 per share to Weatherly International plc for acquisition of the land option (note 4) issued on 21 January 2008

Option to subscribe for

- 21,899,698 shares at £0.05 per share to the Founders issued on 28 January 2008

The following table lists the inputs to the models used for the year ended 31 March 2009:

	31 March 2009	31 March 2008
Dividend yield (%)	-	-
Expected volatility (%)	65	65
Risk-free interest rate (%)	5	5
Share price at grant date	0.05	0.05
Share price (market value)	0.20	0.20
Exercise price	0.05	0.05

All options were issued during the prior period. No options lapsed or were cancelled and no options were exercised during the period to 31 March 2009.

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

6 Share based payments (continued)

In summary, as at 31 March 2009, the value of the share options in issue is:

Name	Options in issue	Date Granted	Vesting Period (Years)	Option Valuation Per Share £	Value £
Founders	7,152,823	21 January 2008	-	0.168	1,201,674
Weatherly International Limited	13,705,179	28 January 2008	-	0.168	2,302,470
Total					3,504,144

7 Directors Remuneration

	2009 £	(Note 14) 2008 £
Directors Fees	344,899	66,141
	344,899	66,141

The Company has no employees other than the Directors.

8 Taxation

The Company is exempt from the provisions of the Income Tax Ordinance of the British Virgin Islands.

9 Notes to the cash flow statement

Reconciliation of operating profit / (loss) to net (outflow) from operating activities

	2009 £	(Note 14) 2008 £
Operating profit / (loss)	10,005,933	(1,498,576)
Adjustment for:		
Increase / (decrease) in trade and other receivables	29,978	(36,355)
(Decrease) / increase in trade and other payables	(14,330)	74,030
Share option charge	-	1,201,674
Share based payment charge	80,240	-
Unrealised gains on investments	(10,259,493)	
Net cash (outflow) from operating activities	(157,672)	(259,227)

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

10 Financial instruments

The Company's financial instruments are exposed to a number of risks as detailed below:

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2009	2008
	£	£
Cash and cash equivalents	3,757,960	9,056,161

The Company invests available cash and cash equivalents with an Isle of Man licensed bank, which has a strong history on the Island.

The Company has a nominal level of debtors, and as such the Company is able to determine that credit risk is considered minimal in relation to debtors.

Liquidity risk

Liquidity risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated. All liabilities are due within one month.

Market price risk

The Company is exposed to market price risk to the extent that it holds a land option for which no developed market exists. Therefore the Company might not be able to sell such a stake quickly at close to estimated fair value.

All investments present a risk of loss of capital due to unexpected and unforeseen events in the financial markets, and these can have a material and unpredictable impact on the portfolio value. The maximum risk resulting from the portfolio is equivalent to their fair value.

	Carrying amount	
	2009	2008
	£	£
Land option	4,818,455	4,818,455
Intangible fixed assets	501,405	-
Investments	17,627,774	-

Interest rate risk

The majority of the Company's current assets are cash held at bank. As a result, the Company is subject to risk due to fluctuations in the prevailing level of market interest rates. The weighted average interest rate at the year end was 1.922% and all balances are held on demand.

The directors do not regard that interest income is a core revenue stream of the Company and therefore fluctuations in interest rates will not adversely impact the continuing operations of the company.

Fair values of financial instruments

At 31 March 2009 the carrying amounts of cash resources, trade and other receivables, and trade and other payables approximate their fair values due to their short-term maturities.

Notes (continued)

(forming part of the financial statements for the year ended 31 March 2009)

11 Interest in shares

Except for the interests disclosed in this note, the Directors are not aware of any holding of Ordinary Shares as at the date of these accounts representing 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares	Percentage of Issued Capital
Vidacos Nominees Limited	103,256,500	31.22%
Roy Nominees Limited	54,087,204	16.35%
HSBC Global Custody Nominee (UK) Limited	36,420,833	11.01%
Weatherley International Plc	21,899,698	6.62%
Lynchwood Nominees Limited	13,375,000	4.04%
<i>Directors interests</i>		
Stephen Dattels ¹	20,492,504	6.20%
James Mellon ²	28,205,684	8.53%

Notes to Directors' Interests:

1 Stephen Dattels' shareholding includes 20,242,504 Ordinary Shares held by Belstone Investments Limited, which is beneficially owned by Stephen Dattels, and 250,000 Ordinary Shares held by Graham Dattels, a Connected Person.

2 Jim Mellon's entire shareholding is held by Galloway Limited, a company which is indirectly wholly owned by the trustee of a settlement under which Jim Mellon has a life interest.

12 Related Party Transaction

The Company has entered into a service agreement with Burnbrae Limited for the provision of administrative and general office services. Mr J Mellon and Mr D Eke are both directors of Burnbrae Limited and the Company. During the year the Company paid £24,609 (2008: £nil) under this agreement and as at 31 March 2009 an amount of £nil (2008: £nil) was owed to Burnbrae Limited.

13 Subsequent events

None identified at date of signing.

14 Comparative period

The comparative period is the period from 4 July 2007 (date of incorporation) to 31 March 2008.

15 Earnings per share

The calculation of basic earnings per share of the Group is based on the net profit attributable to shareholders for the year of £10,005,933 (2008: loss of £1,498,576) and the weighted average number of shares of 326,833,164 (2008: 55,692,323) in issue during the year.

The calculation of diluted earnings per share of the Company includes the weighted average number of share options and shares to be issued in respect of share based payments (see note 1(l)) for the year.