Registered number 02255996

CAMBRIDGE MINERAL RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2010

CONTENTS

COMPANY INFORMATION

Directors	Michael Burton (Chairman) Nevyanka Mateeva (Non-executive director)
Company Secretary	Michael Burton
Registered office	12 Greenleaf House Darkes Lane Potters Bar Hertfordshire EN6 1AE
Company registered number	02255996
Bankers	Coutts & Co. 440 Strand London WC2R 0QS
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Auditors	Littlejohn LLP 1 Westferry Circus Canary Wharf London E14 4HD

CHAIRMAN'S REPORT

At the Annual General Meeting held on the 5th December 2011 shareholders were informed of certain issues following the disposal of our Spanish interests to Iberian Gold Plc ("Iberian"). In January 2012 we resolved those issues by the completion of an amended agreement with Iberian. However, since then further issues have arisen which are explained below.

For the benefit of those shareholders who did not attend the AGM, which was the first AGM since September 2008, I explained that CMR's progress since 2009 has been severely restricted by lack of funds following our de-listing from AIM in March of that year. As you know, junior mineral exploration companies mostly raise working capital from the equity markets, but since de-listing that route to funding has been unavailable to us.

The solution therefore was to realize cash by selling our assets, principally those in Spain and Peru, on which we had spent over £5M since 2003. Those projects had anyway reached advanced exploration stage and needed to be taken to the next stage and into production by experienced mining development and operation companies. Also, in the mining industry the necessary mining permits and concessions are granted by governments subject to a minimum level of year-on-year expenditure, which due to our circumstances we were no longer able to meet, and therefore CMR was under time pressure to find buyers with necessary cash to maintain the projects.

However, due to the limited size of mineral resources in our Spanish and Peruvian projects, despite an intensive marketing campaign, we were unable to dispose of them to mining companies with cash reserves and given the increasing necessity for funds to meet essential administrative and project expenditures, our only option was to sell these projects to small companies expecting to raise funds from planned stock market listings. The sale of our Peruvian interests in 2010, which has still not completed, has generated cash for CMR. The sale of our Spanish interests in 2010 has not yet generated any cash for CMR; in fact, CMR has had to invest further funds into the project by way of loans to the buyer. A more detailed review of these matters and others follows:

PERU

In 2011 CMR sold its Peruvian subsidiary, which holds the Patacancha Claim Group of projects including the Rasuhuilca silver mine, to Gold Mines of Peru Ltd ("GMP"), a private Australian company, for the sum of US$ 2,350,000, to be settled in a combination of cash and shares in GMP. The sale was conditional upon GMP listing on the Australian Securities Exchange ("ASX") by 31st March 2011. However, GMP was unable to achieve the listing due to market conditions at the time and CMR provided GMP with an extended completion timetable whilst retaining security over the shares in the subsidiary. The current position is that GMP has since sold its combined mineral interests to Laconia Resources Ltd ("Laconia"), an Australian mineral exploration company listed on the ASX. Laconia has completed its due-diligence on the acquisition and is currently awaiting approval to the transaction by its shareholders, following which CMR will receive cash and shares in Laconia.

SPAIN

In 2009, due to the situation following our de-listing from AIM, CMR experienced considerable difficulties in meeting the costs of its Spanish commitments. As a result, and also as part of the overall asset-disposal program mentioned above, we marketed for sale our wholly-owned subsidiary Recursos Metalicos SL ("Recursos"), which holds the gold-focussed poly-metallic Lomero-Poyatos mine in Andalucia. Two prospective purchasers in succession signed preliminary agreements but did not proceed for financial reasons.

CHAIRMAN'S REPORT (continued)

In May 2010, CMR sold Recursos to Harrogate Group Plc, which was subsequently renamed Iberian Gold Plc. Iberian had no cash and therefore the sale was for shares, based on Iberian using its reasonable endeavours to list on the stock market as soon as possible but no later than 31 March 2012 and based on Iberian using its reasonable endeavours to achieve a share price upon listing of 10p per share. The total number of shares due to CMR amounted to over 80% of Iberian's enlarged share capital and were held within Renounceable Letters of Allotment. Under the sale agreement the shares could only be issued to CMR once Iberian had listed and then up to a maximum of 49% of Iberian's total issued share capital and the balance of any consideration due would continue to be held as Renounceable Letters of Allotment. Prior to Iberian's listing CMR is not entitled to hold any Iberian shares in its own name but CMR can dispose of shares to third-parties acceptable to Iberian. To date CMR has sold a small quantity of its Iberian shares.

By April 2011 Iberian had not been able to arrange a stock-market listing and their board of directors resigned. Three directors from the CMR board replaced them. The new board requested CMR to modify the terms of the original sale agreement to enable Iberian to achieve a stock-market listing. Those directors left CMR in December 2011.

In January 2012, CMR signed a revised agreement with Iberian which included a reduction in CMR's maximum permitted shareholding to 29.9%, the conversion of the balance of the Renounceable Letters of Allotment into loans and an extension to Iberian's long-stop listing date to 30 November 2012. However, Iberian has subsequently informed CMR that a stock-market listing is not currently possible for them under the terms of that revised agreement.

During the last 18 months Recursos has prepared and submitted the mining and environmental plans required to obtain the necessary governmental approval for mining at Lomero-Poyatos. However, Iberian has not met all of the costs in Spain and creditors have accumulated and continue to accrue.

Currently, CMR is in negotiations with Iberian for the reacquisition of Recursos.

BULGARIA

In 2007 our Bulgarian subsidiary, Hereward Ventures Bulgaria EAD ("Hereward"), entered a joint-venture ("JV") with Electrum Ltd, of Denver, Colorado, USA ("Electrum"). Electrum is a privately-held global gold exploration company with one of the largest and most diversified exploration portfolios in the world. Electrum holds interests in projects located in the United States, Africa, South America, Asia, and Eastern Europe. Electrum's objective under the JV is to establish gold resources in excess of 2.5 million ounces. Electrum has progressed the exploration program and in 2011 completed its earn-in commitment to spend US$ 2.2M in order to earn-in to an 80% interest in the joint venture. At that point CMR converted its 20% share of the JV to a 10% net profit share in the JV. The historic cost of Hereward's assets, excluding the JV, is £1.1M. Hereward has a debt to CMR of £2.8M, which has been fully provided for until such time as repayment is possible.

NEW PROJECTS

We continue to seek and consider potential new mineral projects and a number of interesting opportunities have been received. However, the priority at present is to complete the sales or disposals of previous projects before engaging in new ones.

CORPORATE

The board is currently being staffed at a minimum level in order to save costs. Since the AGM on the 5th December 2011 the approved increase in share capital has given us the opportunity to mitigate certain creditors by way of shares in lieu of cash. However, we also have some other creditors

CHAIRMAN'S REPORT (continued)

outstanding for legal, accountancy and stockbrokers, for which we plan to raise funds by way of a Rights Offer and private placement in the near future.

The accounts for the year-ending 31st December 2010 are enclosed. These show a Group loss of £421,000 (2009: £913,000) and a Company loss of £781,000 (2009: £621,000).

The accounts for the year-ending 31st December 2011 accounts are currently being prepared for audit.

It remains CMR's goal to return value to shareholders.

Finally, I would like to take this opportunity to express my appreciation to all those shareholders who so positively voted for the re-election of myself and Venny Mateeva as directors. This has inspired me to see the final outcome of these past troublesome years put behind us. I look forward to informing you of positive times ahead.

Michael Burton

Chairman

Cambridge Mineral Resources Plc

26 April 2012

DIRECTORS' REPORT

The directors present their report together with financial statements for the year ended 31 December 2010.

Principal activities

The Group is principally engaged in directing investment into the discovery, exploration, development and exploitation of precious and base metals in Europe and South America.

Business review

The Group is focused on the disposal of its investments in Spain and Peru, its joint venture in Bulgaria and investigating new mineral opportunities worldwide. A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Statement.

Financial review

The Group recorded a loss for the year of £421,000 (2009: loss of £913,000) and the Company recorded a loss for the year of £781,000 (2009: loss of £621,000).

The directors do not recommend the payment of a dividend.

Capital Structure

As at the date of this report 102,316,289 Ordinary shares of 5p were in issue and are fully paid up. Of these, the rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Company's directors are as set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or from the Company Secretary.

There are no restrictions on the voting rights attaching to the Company's Ordinary shares or on the transfer of securities in the Company.

At the General Meeting on 5 December 2011 the directors were given authority to issue 50,000,000 new shares (which represented an increase of approximately 50% of the number of shares in issue) and to disapply pre-emption rights in respect of allotments of relevant securities up to an aggregate nominal amount of £2,500,000 as set out in the Notice of that meeting which is available on the Company's website and upon request from the Company Secretary.

The Company had, as at the date of the report, the authority to issue shares to a total nominal value of £2,500,000. The Board is seeking to renew these authorities at the Annual General Meeting.

Key performance indicators

The Board monitors the activities and performance of the group on a regular basis. The Board uses Financial indicators based on budget versus actual to assess the performance of the group.

The five main KPI's for the Group are as follows. These allow the Company to monitor costs and plan future exploration and development activities:

	2010	2009
Cash and cash equivalents	£125,064	£37,201
Administrative expenses	£569,996	£473,000
Total assets	£7,987,739	£7,914,000
Administrative expenses as a percentage of total assets	7.14%	5.98%
Exploration costs capitalised	£190,444	£148,975

DIRECTORS' REPORT (continued)

Directors
The directors who served during the year were as follows:

M Burton
V Mateeva
M J Robins
M Slater (appointed 10 December 2010)
R A F Kyriakides (appointed 10 December 2010)

P Newman was appointed as a director and non-executive chairman on 14 January 2011 and resigned on 5 December 2011.
R A F Kyriakides resigned on 8 November 2011.
M J Robins resigned on 5 December 2011.
M Slater resigned on 5 December 2011.

Related Party Transactions
The related party transactions that took place during the year are detailed in Note 32 of the financial statements on page 63.

Risk and Uncertainties

Exploration risks

The exploration and mining industry is controlled by a number of global factors, principally supply and demand which in turn is a key driver in global metal prices; these factors are beyond the control of the Company. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed by qualified third party consultants to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets. The principal assets of the Group comprising the mineral exploration licenses are subject to certain financial and legal commitments. If these commitments are not fulfilled the licenses could be revoked. They are also subject to legislation defined by governments in the project countries; if this legislation is changed it could adversely affect the value of the Group's assets.

Resource estimates

The Group's interests in reported resources are estimates based on geological standards. No assurance can be given that the estimated resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on sampling and drilling and as a result are uncertain because the samples may not be fully representative of the full resource. Mineral resource estimates may require revision (either up or down) in future periods based on further drilling or actual production experience. Any future resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that they can be brought into profitable production. Furthermore, a decline in the market price for natural resources could render reserves containing relatively lower grades of these resources uneconomic to recover.

Country risk

The Group's interests in licenses and operations are located in foreign jurisdictions. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to, changes in policies or the personnel administering them, appropriation of property without fair compensation, cancellation or modification of contract rights, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted.

Volatility of commodity prices

Historically, commodity prices have fluctuated and are affected by numerous factors beyond the Group's control. The aggregate effect of these factors is impossible to predict. Fluctuations in commodity prices in the long-term may adversely affect the returns of the Group's interests in mineral projects.

Financing

The successful exploration of natural resources on any project requires significant capital investment. The Group currently sources finance either through the issue of additional equity capital or through funding agreements with various joint venture partners. The Group's ability to raise further funds will depend on the success of its investment strategy and acquired operations. The Group may not be successful in procuring the requisite funds on terms which are acceptable and, if such funding is unavailable, the Group may be required to reduce the scope of its investments or anticipated expansion.

Dependence on key personnel

The Group is dependent upon its executive management team. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Company grows could have an adverse effect on future business and financial conditions. To date the Company has been successful in recruiting and retaining high quality staff.

Uninsured risk

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Financial risks

The Group's operations expose it to a variety of financial risks, particularly relating to foreign currency exchange rates as a result of the Group's foreign operations. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group of these risks. Details of the Group's financial risk management objectives and policies are set out in note 3 to the Financial Statements.

Financial instruments
The use of financial instruments by the Company and its subsidiary undertakings are disclosed in Note 2 to the financial statements, together with an indication of both the risks that the Company and its subsidiaries are exposed to, and the risk management objectives that are in place.

DIRECTORS' REPORT (continued)

Post balance sheet events

Post balance sheet events are disclosed in Note 32 to the financial statements.

Going concern

These consolidated financial statements are prepared on a going concern basis which the directors believe to be appropriate for the reasons given below and also in Note 1 to the financial statements.

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches to finance its activities for limited periods only. Further funding will be required. The directors have prepared cash flow information for 12 months. On the basis of the cash flow information the directors are of the opinion that the Company will require additional financial resources to enable the Group to undertake an optimal programme of exploration and mine development activity over the next twelve months and to meet its commitments.

In 2011 the Company received approximately £350,000 as part of the cash element of the proceeds of sale of its Peruvian interests and is awaiting completion of the sale when it will receive the balance of the consideration in cash and tradable shares currently worth approximately £463,000. Management expects that there will be sufficient funding to meet the needs of the Company

Payment policy and practice

It is the Company's policy to pay suppliers on the terms agreed with them. There were no trade creditors at the year-end. Creditors' days as at 31 December 2010 amounted to 129 days (2009: 37 days).

Environmental and Ethical Policy

The Company is committed to ensuring regulatory compliance and generally accepted standards of best industry practice with regard to the impact of its activities on individuals, communities and the environment. For details of the Company's policies please refer to the Investor Relations section of our website.

Financial risk management objectives and policies

Policies relating to financial risk management are set out in Note 2.

Crest

The Company's Ordinary Shares are available for trading in Crest, the settlement system for uncertificated stocks and shares.

Statement as to disclosure of information to the auditor

As far as the directors are aware, there is no relevant audit information of which the auditors is unaware, and each director has taken all the steps that they ought to have taken as a director in order t o make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

In 2011 Menzies LLP resigned as auditor. In 2011 Littlejohn LLP was appointed as auditor and has indicated its willingness to continue in office.

On behalf of the board

MJB urton

Michael Burton
Secretary
26 April 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. state whether applicable International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

d. 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 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 Group 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 Group 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 Cambridge Mineral Resources Plc website.

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

Independent Auditor's Report to the Members

Year ended 31 December 2010

We have audited the Financial Statements of Cambridge Mineral Resources Plc for the year ended 31 December 2010 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective Responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement, the Directors 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 and express an opinion on 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 Ethical Standards for Auditors. Because of the matters described in the Basis for disclaimer of opinion on the Financial Statements paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and Parent 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. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Basis for disclaimer of opinion on the Financial Statements

In seeking to form an opinion on the Financial Statements, we considered the implications of the matters that follow. We have been unable to obtain sufficient appropriate audit evidence in respect of the Group's subsidiaries and specifically we would mention the following:

During the year, the Parent Company disposed of its Spanish subsidiary, Recursos Metalicos SL, to Iberian Gold Plc ("Iberian") for a consideration of up to 280,000,000 ordinary shares of £0.01 each in Iberian, held in the form of Renounceable Letters of Allotment. As detailed in Note 15, the directors have accounted for 148,352,400 (which represents as 49% of the issued share capital of Iberian at 31

Independent Auditor's Report to the Members (Continued)

Basis for disclaimer of opinion on the Financial Statements (continued)

December 2010) as an Associate and the balance as available-for-sale financial assets (see Note 16). The fair value calculation of the amount held as an associate is based on the net assets of Iberian at 31 December 2010.

The Financial Statements of Iberian for the year ended 31 December 2010, however, contain a qualified auditor's report and we have been unable to quantify the effect of the qualification on the carrying value of the Associate in the Group and Parent Company Balance Sheets. The remaining Renounceable Letters of Allotment carried as available-for-sale financial assets are the Directors' assessment of their fair value based on realisation during the year and other factors. If any of the key assumptions included in the directors' assessment of the carrying value prove to be incorrect, it may result in a material amendment to the carrying value of the asset concerned in the Group and Company Balance Sheet and a consequent effect on the profit or loss for the year. It is not possible to quantify the potential effect.

At the point of disposal of its Spanish subsidiary, Recursos Metalicos SL, the valuations used resulted in a gain on disposal as further detailed in Note 7.

The Peruvian subsidiaries, Minera Peru Gold SAC and Minera Sucre SAC, have been classified as held for sale at 31 December 2010 as a result of the Parent Company's decision to dispose of these two subsidiaries on 16 December 2010. The carrying value of these subsidiaries in the Group Balance Sheet is £1,378,000, shown as assets classified as held for sale less directly associated liabilities of £188,000. The two subsidiaries contributed £2,000 to the net loss of the Group. The carrying value of these assets less associated liabilities classified as held for sale in the Group.

Balance Sheet have not been impaired as the amount is lower than the agreed signed sales contract with the purchasing party signed on 16 December 2010.

As more fully explained in Note 18 the sale and sales price were conditional on certain events occurring. Due to the nature of the consideration attaching to the sale contract, which remains outstanding at the date of this report, we are unable to form an opinion as to the carrying value of these subsidiaries.

The Bulgarian subsidiary, Hereward Ventures Bulgaria EAD, which has not been audited, shows exploration costs of £1,155,000 as an intangible asset, net liabilities of £1,879,000 and it accounted for £144,000 of the net loss of the Group. We are unable to quantify the affect on the Consolidated Financial Statements of the subsidiary not being audited.

Disclaimer of opinion on Financial Statements

Because of the significance of the matters described in the Basis for disclaimer of opinion on Financial Statements paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the Financial Statements.

Emphasis of Matter - Going concern

Notwithstanding that we do not express an opinion on the Financial Statements, we have considered the adequacy of the disclosures made in the statement on going concern on Note 2.3 of the Financial Statements. The future funding of the Group is dependent on additional funding required to cover both working capital and operational needs of the various exploration activities of the Group. The matters

Independent Auditor's Report to the Members (Continued)

Emphasis of Matter - Going concern (continued)

detailed in the disclosures indicate the existence of a material uncertainty which may cast significant doubt on the Parent Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Parent Company was unable to continue as a going concern

Opinion on other matter prescribed by the Companies Act 2006

Notwithstanding our Disclaimer of opinion on the Financial Statements, in our opinion the information given in the Directors' Report for the year ended 31 December 2010 is consistent with the Financial Statements.

Matters on which we are required to report by exception

In respect of the following matters where the Companies Act 2006 requires us to report, and arising from the limitation of our work referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit in the following respects;

- we were unable to determine whether adequate accounting records have been kept;
- we were unable to determine if the Financial Statements are in agreement with the accounting records and returns; and
- we were unable to determine if certain disclosures of Directors' remuneration specified by law have been made as a result of the Group's subsidiaries not being audited.

We have nothing to report where returns adequate for our audit have not been received from branches not visited by us.

Mark Ling (Senior statutory auditor)

For and on behalf of Littlejohn LLP

Statutory auditor

1 Westferry Circus

Canary Wharf

London E14 4HD

26 April 2012

GROUP INCOME STATEMENT
For the year ended 31 December 2010

	Note	2010	2009
Continuing operations		£'000	£'000
Revenue for services		14	16
Cost of sales		(11)	-
Gross profit		3	16
General and administrative expenses	6	(570)	(473)
Finance costs	9	(604)	-
Share of loss of associate	15	(142)	
Exceptional items:			
- Gain on disposal of investment	7	894	-
- Impairment of exploration costs		-	(139)
- Disposal of interest in Bulgaria		-	(193)
- Share of losses in joint venture		-	(124)
Operational loss before tax		(419)	(913)
Tax charges	10	-	-
Loss after tax from continuing operations		(419)	(913)
Loss from Discontinued Operations (attributable to equity holders of the Company)	11	(2)	-
Loss for the year		(421)	(913)

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2010

	2010	2009
	£'000	£'000
Loss for the year	(421)	(913)
Net exchange difference	60	(1,249)
Reclassification of cumulative loss on translation reserve due to losses	(473)	-
Total comprehensive income for the year attributable to equity shareholders	(834)	(2,162)

The notes on pages 25 to 65 are an integral part of these consolidated financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the parent company was £781,000 (2009 loss £621,000)

All activities of the Group are classed as continuing except as indicated above.

GROUP BALANCE SHEET
As at 31 December 2010

	Note	2010	2009
		£'000	£'000
Assets			
Non-current assets			
Exploration and development expenditure	12	1,155	7,106
Goodwill	12	-	583
Property, plant and equipment	13	1	13
Investment in associate	15	3,910	-
Available-for-sale financial assets	16	1,193	
		6,259	7,702
Current assets			
Cash and cash equivalents	17	125	37
Trade and other receivables	19	226	175
		351	212
Assets classified as held for sale	18	1,378	-
Total assets		7,988	7,914
Liabilities			
Non-Current Liabilities			
Deferred income	20	(1)	(245)
Current Liabilities			
Convertible loans	21	(183)	-
Other borrowings	22	(39)	-
Trade and other payables	23	(668)	(510)
		(890)	(510)
Liabilities directly associated with assets classified as held for sale	18	(188)	-
Total liabilities		(1,079)	(755)
Net assets		6,909	7,159
Equity			
Share capital	24	4,396	3,844
Shares to be issued	25	32	-
Share premium account		11,275	11,275
Merger reserve		703	703
Translation reserve		278	691
Accumulated loss		(9,775)	(9,354)
		6,909	7,159

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2012

Michael Burton
Director

Company Registration Number: 02255996

COMPANY BALANCE SHEET
As at 31 December 2010

	Note	2010	2009
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment	13	-	1
Investments in subsidiaries	14	1,073	6,386
Investment in associate	15	3,910	-
Available-for-sale financial assets	16	1,193	-
		6,176	6,387
Current assets			
Cash and cash equivalents	17	124	14
Trade and other receivables	19	219	381
		343	395
Assets classified as held for sale	18	501	-
Total assets		7,020	6,782
Liabilities			
Current Liabilities			
Convertible loans	21	(183)	-
Other borrowings	22	(39)	-
Trade and other payables	23	(628)	(415)
		(850)	(415)
Net assets		6,170	6,367
Equity			
Share capital	24	4,396	3,844
Shares to be issued	25	32	-
Share premium account		11,275	11,275
Merger reserve		703	703
Accumulated loss		(10,236)	(9,455)
		6,170	6,367

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2012

MJBurton

Michael Burton
Director

Company Registration Number: 02255996

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Share capital	Share premium	Merger reserve	Translation reserve	Accumulated losses	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Comprehensive income							
At 1 January 2009	3,694	11,275	703	1,940	(8,441)	(203)	8,968
Profit (loss) for the year	-	-	-	-	(913)	-	(913)
Other comprehensive income							
Net exchange difference	-	-	-	(1,249)	-	-	(1,249)
Total other comprehensive income	-	-	-	(1,249)	-	-	(1,249)
Total comprehensive income	-	-	-	(1,249)	(913)	-	(2,162)
Transactions with owners							
Issue of ordinary shares	150	-	-	-	-	-	150
Minority interest	-	-	-	-	-	203	203
Total transactions with owners	150	-	-	-	-	203	353
At 31 December 2009	3,844	11,275	703	691	(9,354)	-	7,159

GROUP STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Share capital	Share premium	Merger reserve	Translation reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2010	3,844	11,275	703	691	(9,354)	7,159
Comprehensive income						
Profit (loss) for the year	-	-	-	-	(421)	(421)
Other comprehensive income						
Net exchange difference	-	-	-	60	-	60
Reclassification of cumulative loss on translation reserve due to losses	-	-	-	(473)	-	(473)
Total other comprehensive income	-	-	-	(413)	-	(413)
Total comprehensive income	-	-	-	(413)	(421)	(834)
Transactions with owners						
Ordinary shares issued	552	-	-	-	-	552
Ordinary shares to be issued	32	-	-	-	-	32
Total transactions with owners	584	-	-	-	-	584
At 31 December 2010	4,428	11,275	703	278	(9,775)	6,909

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Share capital	Share premium	Merger reserve	Accumulated losses	Total equity
	£'000	£'000	£'000	£'000	£'000
Comprehensive income					
At 1 January 2009	3,694	11,275	703	(8,834)	6,838
Profit (loss) for the year	-	-	-	(621)	(621)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	(621)	(621)
Transactions with owners					
Ordinary shares issued	150	-	-	-	150
Total transactions with owners	150	-	-	-	150
At 31 December 2009	3,844	11,275	703	(9,455)	6,367

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2010

	Share capital	Share premium	Merger reserve	Accumulated losses	Total Equity
	£'000	£'000	£'000	£'000	£'000
At 1 January 2010	3,844	11,275	703	(9,455)	6,367
Comprehensive income					
Profit (loss) for the year	-	-	-	(781)	(781)
Other comprehensive income					
Total comprehensive income	-	-	-	(781)	(781)
Transactions with owners					
Ordinary shares issued	552	-	-	-	552
Ordinary shares to be issued	32				32
Total transactions with owners	584	-	-	-	584
At 31 December 2010	4,428	11,275	703	(10,236)	6,170

CASH FLOW STATEMENT
For the year ended 31 December 2010

	Note	Group 2010	Group 2009	Company 2010	Company 2009
		£000	£000	£000	£000
Net cash used in operating activities	26	(437)	16	(518)	3,844
Investing activities					
Exploration costs	12	190	(149)	-	-
Exploration costs written-off on disposal of investment in subsidiary		(190)	-	-	-
Loans granted to subsidiary undertakings		-	-	103	-
Proceeds from sale of available for sale investments	16	147	-	147	-
Acquisition of investments		-	-	-	(3,972)
Net cash used in investing activities		147	(149)	250	(3,972)
Financing activities in continuing operations					
Proceeds from issue of share capital	24	45	150	45	150
Proceeds from share capital to be issued	25	32	-	32	-
Short term loans received	21/22	238	-	238	-
Net cash generated from financing activities		315	150	315	150
Financing activities in discontinued operations					
Proceeds from sale of assets	18	63	-	63	-
Increase/(decrease) in cash		88	17	110	22
Cash at the beginning of the period		37	20	14	(8)
Cash and cash equivalents at the end of the period		125	37	124	14

Major non-cash transactions

1. Acquisitions and disposals

In May 2010 the Company disposed of its wholly-owned Spanish subsidiary Recursos Metalicos SL for the rights to unlisted shares in Iberian Gold Plc. This transaction has been disclosed in note 15 (Investment in associate) and note 16 (Available for sale financial assets) and has an aggregate fair value of £5,268,000. Upon disposal, the subsidiary financial statements ceased to be consolidated with the Group financial statements and the subsidiary's cash flow prior to disposal has not been included in the cash flow statement above.

Major non-cash transactions (continued)

2. Shares

During 2010 the Company settled the following liabilities by the issue and allottment of shares in the Company and by the disposal of available-for-sale financial assets:

	Note	£000
Settlement of trade and other payables by allotment of Company shares	23 & 24	128
Settlement of convertible loan liabilities by allotment of Company shares	21 & 24	300
Settlement of other borrowings liabilities by allotment of Company shares	22 & 24	20
Settlement of trade and other payables by disposal of available-for-sale financial assets	23 & 16.3	6
Settlement of convertible loan liabilities by disposal of available-for-sale financial assets	21 & 16.3	240
Total		694

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

1. General information

The principal activity of Cambridge Mineral Resources Plc ("the Company") and its subsidiaries (together 'the Group') is the exploration and development of precious and base metal resources. The Company is incorporated and domiciled in the UK.

The address of its registered office is 12 Greenleaf House, Darkes Lane, Potters Bar, Hertfordshire EN6 1AE.

2. Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The Consolidated Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The Financial Statements are presented in Pounds Sterling rounded to the nearest pound.

Cambridge Mineral Resources Plc, the legal parent, is domiciled and incorporated in the United Kingdom.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

2.2 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Cambridge Mineral Resources Plc and the management accounts of all of its subsidiary and associate undertakings made up to 31 December 2010.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and

2.2 Basis of Consolidation (continued)

contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income (note 2.7).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.2 Basis of Consolidation (continued)

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2.3 Going Concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's report on page 3. In addition, Notes 3 and 4 to the Financial Statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors believe that the Group will have sufficient funds to undertake its operating activities over the next 12 months including any additional payment required in relation to its current exploration projects. However, in order to meet overheads and the minimum spending requirements over the life of existing projects and as additional projects are identified additional funding will be required. The amount of funding is unforeseen at the point of approval of these Financial Statements and the Group will be required to raise additional funds either via an issue of equity or through the issuance of debt. The Directors have received indications of further equity funding from shareholders and other investors and are confident that funds will be forthcoming if and when those are required.

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised), 'Business Combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared to IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. All acquisition costs are expensed.

The adoption of these standards has no impact on the current period, as all new companies within the Group have been owned since incorporation.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group

The following standards and amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2010, but are not relevant to the Group.

2.4 Changes in accounting policy and disclosures (continued)

Amendments to IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements" addressed concerns that retrospectively determining the cost of an investment in separate financial statements and applying the cost method in accordance with IAS 27 on first-time adoption of IFRSs cannot, in some circumstances, be achieved without undue cost or effort. These amendments were effective for periods beginning on or after 1 July 2009.

Further amendments to IFRS 1 addressed the retrospective application of IFRSs to particular situations (oil and gas assets and leasing contracts), and are aimed at ensuring that entities applying IFRSs will not face undue cost or effort in the transition process. These amendments were effective for periods beginning on or after 1 January 2010.

(b) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2010 but not currently relevant to the Group (continued)

Amendments to IFRS 2 "Share-based Payment" clarified the accounting for group cash-settled share-based payment transactions. These amendments were effective for periods beginning on or after 1 January 2010.

Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" provided additional guidance on what can be designated as a hedged item. These amendments were effective for periods beginning on or after 1 July 2009.

IFRIC 17 "Distributions of Non-cash Assets to Owners" standardised practice in the measurement of distributions of non-cash assets to owners. This interpretation was effective for periods beginning on or after 1 July 2009.

IFRIC 18 "Transfers of Assets from Customers" clarified the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). This interpretation was effective for periods beginning on or after 1 July 2009.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

The Group and parent entity's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9 "Financial Instruments" specifies how an entity should classify and measure financial instruments, including some hybrid contracts, with the aim of improving and simplifying the approach to classification and measurement compared with IAS 39. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. The Directors are assessing the possible impact of this standard on the Group's financial statements.

A revised version of IAS 24 "Related Party Disclosures" simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This revision is effective for periods beginning on or after 1 January 2011 and is not expected to have an impact on the Group's financial statements.

An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieves first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by

2.4 Changes in accounting policy and disclosures (continued)

"Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment is effective for periods beginning on or after 1 July 2010 and is not expected to have an impact on the Group's financial statements.

Further amendments to IFRS 1 replace references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs, and provide guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. This amendment is effective for periods beginning on or after 1 July 2011, subject to EU endorsement, and is not expected to have an impact on the Group's financial statements.

Amendments to IFRS 7 "Financial Instruments: Disclosures" are designed to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position. These amendments are effective for periods beginning on or after 1 January 2011, subject to EU endorsement. The Directors are assessing the possible impact of these amendments on the Group's financial statements.

Amendments to IAS 12 "Income Taxes" introduce a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 "Investment Property" will normally be through sale. These amendments are effective for periods beginning on or after 1 January 2012, subject to EU endorsement, and are not expected to have an impact on the Group's financial statements.

Amendments to IAS 32 "Financial Instruments: Presentation" address the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. These amendments are effective for periods beginning on or after 1 February 2010, and are not expected to have an impact on the Group's financial statements.

"Improvements to IFRSs" are collections of amendments to IFRSs resulting from the annual improvements project, a method of making necessary, but non-urgent, amendments to IFRSs that will not be included as part of another major project. These improvements have various implementation dates; for May 2010 improvements, the earliest is effective for periods beginning on or after 1 July 2010 subject to EU endorsement. The Directors are assessing the possible impact of these improvements on the Group's financial statements.

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2010 and not early adopted

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" clarifies the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially.

This interpretation is effective for periods beginning on or after 1 July 2010. The Directors are assessing the possible impact of this interpretation on the Group's financial statements.

An amendment to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", on prepayments of a minimum funding requirement, applies in

the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to

2.4 Changes in accounting policy and disclosures (continued)

treat the benefit of such an early payment as an asset. This amendment is effective for periods beginning on or after 1 January 2011, and is not expected to have an impact on the Group's financial statements.

2.5 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent entity is sterling. The currency of Spain is the Euro, the currency of Bulgaria is the Lev and the currency of Peru is the New Sol. The Financial Statements are presented in pounds sterling, rounded to the nearest thousands of pounds, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.6 Intangible assets

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and

2.6 Intangible assets (continued)

commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the income statement.

2.7 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Fixtures, fittings and equipment - 25%.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognized within 'Other (losses)/gains' in the income statement.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Tangible assets are reviewed for

2.9 Impairment of non-financial assets (continued)

impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial Assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, restricted assets and cash and cash equivalents in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurement

Investments are initially recognised at fair value plus transaction costs, for all financial assets not carried at fair value through profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value unless the Group is precluded from doing so as, in the case of unlisted equity securities, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In such circumstances available-for-sale financial assets are held at cost and reviewed annually for impairment. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are

2.10 Financial Assets (continued)

recognised in the income statement as part of Other Income when the Group's right to receive payments is established.

Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. For debt securities, the Group uses the criteria referred to in (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase

2.10 Financial Assets (continued)

can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

2.11 Cash and Cash Equivalents

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

2.12 Taxation

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are 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.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are not discounted.

2.13 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Share Based Payments

Employees

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (shares, options and warrants) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions: and
- including the impact of any non-vesting conditions

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When options and warrants are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (at nominal value) and share premium when the options are exercised.

The grant by the company of options and warrants over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Creditors

The Group settles its financial obligations to creditors by the issue of new shares in lieu of cash when it is deemed to be necessary or of benefit to the Group to do so. In calculating the number of shares to be issued in a settlement the value of each share is a minimum of nominal value. If a share price greater than nominal value is utilized in the calculation of shares to be issued in a settlement to a creditor then the amount in excess of nominal value is credited to the share premium account.

Share based payments to creditors are separately disclosed in the cash flow statement.

2.15 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods and services supplied, stated net of discounts, returns and Value-Added Tax.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of returns on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each

2.15 Revenue Recognition (continued)

arrangement. The Group hires vehicles to its joint venture partner in Bulgaria. Revenue is recognised in the accounting period in which the services are rendered.

2.16 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.17 Operating Leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.18 Finance Income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2.19 Discontinued operations, assets and businesses held for sale

Cash flows and operations that relate to a major component of the business or geographical region that has been sold or is classified as held for sale are shown separately from continuing operations.

Assets and businesses classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. No depreciation is charged on assets and businesses classified as held for sale.

Assets and businesses are classified as held for sale if their carrying amount will be recovered or settled principally through a sale transaction rather than through continuing use. This condition is regarded as being met only when the sale is highly probable and the assets or businesses are available for immediate sale in their present condition or is a subsidiary acquired exclusively with a view to resale. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Finance income or costs are included in discontinued operations only in respect of financial assets or liabilities classified as held for sale or derecognised on sale.

2.20 Exceptional items

Exceptional items are disclosed separately in the Financial Statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

(a) Foreign currency risks

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Bulgarian Lev, Peruvian New Sol and the British Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiaries in the relevant local currencies. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the financial statements of the Group at the present time. The Directors will continue to assess the effect of movements in exchange rates on the Groups financial operations and initiate suitable risk management measures where necessary.

(b) Price risk

The Group is exposed to commodity price risk as a result of its operations. However, given the size of the Group's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The Directors will revisit the appropriateness of this policy should the Group's operations change in size or nature. The Group is exposed to equity securities price risk because of investments held by the Group as available-for-sale financial assets.

(c) Interest rate risk

The Group has interest-bearing borrowings outstanding at the year end, and is therefore exposed to interest rate risk on financial liabilities. The Group also has an interest rate risk arising from its cash held on short-term deposit, which is not significant.

Credit Risk

Credit risk arises from cash and cash equivalents.

The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The credit rating of the Company's bank is A- (short term) and A (long term) (source: Standard & Poors as at 4 April 2012).

The Company considers that it is not exposed to major concentrations of credit risk.

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The

Liquidity Risk (continued)

Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and to enable the Group to continue its exploration and evaluation activities. The Group's Going Concern policy is stated in note 2.3.

3.2 Capital Risk Management (continued)

The Group has non-interest bearing unsecured debt as at 31 December 2010. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

3.3 Fair value estimation

Fair value measurements are disclosed according to the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2);
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Company's assets and liabilities that are measured at fair value at 31 December 2010:

	Level 1	Level 2	Level 3	Total
	£	£	£	£
Investment in associate	-	-	3,910,000	3,910,000
Available-for-sale financial assets	-	-	1,193,000	1,193,000
Assets held for sale	-	-	1,378,000	1,378,000
Liabilities directly associated with assets classified as held for sale	-	-	(188,000)	(188,000)
Total	-	-	6,293,000	6,293,000

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Plus quoted equity investments classified as trading securities or available-for-sale.

3.3 Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available, and rely as little possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value;
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in Level 3 instruments for the years ended 31 December 2010 and 31 December 2009:

	2010	2009
	£	£
Investment in associate	3,910,000	-
Available-for-sale financial assets	1,193,000	-
Assets held for sale	1,378,000	-
Liabilities directly associated with assets classified as held for sale	(188,000)	-
Total	6,293,000	-

In 2010 the Company disposed of its Spanish subsidiary for a consideration which was held as investment in associate and available-for-sale financial assets.

In 2010 the Company entered a conditional sale agreement the sale of its Peruvian subsidiaries which as a result were re-classified as assets held for sale.

4. Critical Accounting Estimates and Judgments

The preparation of the combined financial statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

4. Critical Accounting Estimates and Judgments (continued)

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2010 of £1,155,000 (2009: £7,106,000). Such assets have an indefinite useful life as the Group has a right to renew exploration licenses and the asset is only depreciated once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the

accounting policy stated in Note 2.6. Each exploration project is subject to an annual review by the directors and the project management to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have made concluded that no impairment charge is necessary.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration packages. Certain warrants have also been issued to shareholders as part of their subscription for shares and suppliers for various services received. The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 26.

Available-for-sale financial assets

The Group holds unlisted equity securities as available-for-sale financial assets which have a carrying value at 31 December 2010 of £1,192,936 (2009: £nil).

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of the short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgment is required in determining the worldwide provision for such taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax liabilities are recognised on any fair value gains in available-for-sale financial assets. Deferred tax assets are recognised for the utilisation of the available capital tax losses against the fair value gain. Should the actual final outcome regarding the utilisation of these losses be

4. Critical Accounting Estimates and Judgments (continued)

different from management's estimations the Group may need to revise the carrying value of this asset.

Valuation of investment in associate

The Group holds an investment in an associate company which has a carrying value at 31 December 2010 of £3,910,395 (2009: £nil).

The Group follows the guidance of IAS 28 to determine when an investment in associate is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of the short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

Valuation of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7.

5. Segment Reporting

Under IFRS 8 neither the Company or Group are not required to disclose segmental data because neither entity has debt or equity instruments which are traded in a public market, nor files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

6. Expenses by nature

	Note	2010	2009
		£'000	£'000
Auditor's fees			
- Auditor's remuneration - Company		23	25
- Auditor's remuneration - Subsidiaries		17	-
- Other services		-	4
Directors' remuneration	7	286	176
Operating expenses		273	116
Travel expenses		7	25
Depreciation and amortisation		7	6
Loss on disposal of property, plant and equipment		-	8
Bank charges		3	3
Foreign exchange movements		(46)	110
Total administrative expenses		570	473

7. Gain on disposal of investment

	Group	Company
	£'000	£'000
Disposal of investment in Recursos Metalicos SL:		
Investment at date of disposal	**5,278**	5,278
Disposal proceeds (see notes 15 and 16)	**(5,660)**	(5,660)
Reclassification of cumulative loss on translation reserve due to losses	**(473)**	-
Net assets written-off	**(62)**	-
(Gain) on disposal	**(917)**	(382)

8. Directors and employees

Staff costs excluding directors during the year were as follows:

	2010	2009
	£'000	£'000
Wages and salaries	**306**	129
Social security costs	-	12
	306	141

The average number of employees in the Group during the year was 9 (2009: 12)

Remuneration in respect of directors was as follows:

	2010	2009
	£'000	£'000
Emoluments		
- Wages and salaries	**78**	78
- Fees paid to directors and their service companies	**208**	98
	286	176

The fees have been paid to related entities and are disclosed in the related party transaction note.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2010	2009
	£'000	£'000
Emoluments	105	105

No directors participate in money purchase or final salary pension schemes.
No director exercised any share options during the year.

9. Finance costs

Finance costs were incurred on the following transactions:

In December 2009 the Company received £60,000 in respect of a placing of 12,000,000 1p shares for 1p each for £120,000 less fees of £60,000. The placing was conditional upon a re-purchase of the shares by the Company in January 2010. The Company was unable to re-purchase the shares in January 2010 and settled the obligation in July 2010 by allotting the purchaser 1,200,000 5p shares for no additional consideration at a cost to the Company of £60,000.

During 2010 the Company received short-term loans of £180,000 upon which finance charges of £540,000 were due. The loans were convertible into ordinary shares of the Company at the lenders' option. The loans were subsequently re-negotiated with the principal to be settled in cash and the finance charges to be settled in a combination of shares of the Company at 5p each and the Company's shares in Iberian Gold Plc at 2.5p each. The directors were of the view that the above prices of the shares were at fair-value at the time and in the circumstances prevailing.

	Note	2010	2009
		£'000	£'000
Share placing 2009 - fees		60	-
Loan - finance charges	21	540	-
Loan - interest on principal		4	-
		604	-

10. Taxation

The tax on the Group's loss before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the losses of the consolidated entities as follows:

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Loss before tax	(397)	(913)	(758)	(621)
Tax at the applicable rate of 26% (2009: 28%)	(103)	(256)	(212)	(174)
Expenditure not deductible for tax purposes	7	13	1	3
Net tax effect of losses carried forward	96	243	211	171
Tax charge	-	-	-	-

No charge to taxation arises due to the losses incurred.

The Group has tax losses of approximately £8,541,641 (2009: £8,151,410) available to carry forward against future taxable profits. The Company has tax losses of approximately £9,135,897 (2009: £8,379,017) available to carry forward against future taxable profits. A deferred tax asset has not been recognised because of uncertainty over future taxable profits against which the losses may be utilised.

11. Loss on discontinued operations

In December 2010 the Company's subsidiaries in Peru were sold subject to performance conditions and with deferred consideration. Those subsidiaries therefore became discontinued operations of which the net losses were:

	2010	2009
	£'000	£'000
Minera Peru Gold SAC	(1)	-
Compania Minera Sucre SAC	(1)	-
	(2)	-

12. Exploration and development expenditure and goodwill

Group	Goodwill	Exploration expenditure	Total
	£'000	£'000	£'000
Gross carrying amount	1,191	7,661	8,852
Accumulated impairment	(608)	(555)	(1,163)
At 31 December 2009	583	7,106	7,689
Gross carrying amounts	-	1,171	1,171
Accumulated impairment	-	(16)	(16)
Carrying amount at 31 December 2010	-	1,155	1,155

Reconciliation of the carrying amounts shown in the Group financial statements:

	Goodwill	Exploration expenditure	Total
	£'000	£'000	£'000
Carrying amount at 1 January 2009	583	8,800	9,383
Additions	-	149	149
Net exchange differences	-	(623)	(623)
Disposal of subsidiary	-	(1,081)	(1,081)
Impairment	-	(139)	(139)
Carrying amount at 31 December 2009	583	7,106	7,689
Adjustment to 2009	-	(1,041)	(1,041)
Net exchange differences	-	(227)	(227)
Additions	-	190	190
Disposal of subsidiary	(583)	(4,873)	(5,456)
Impairment	-	-	-
Carrying amount at 31 December 2010	-	1,155	1,155

During the year the Company's Spanish subsidiary Recursos Metalicos SL was sold and the carrying amounts of goodwill and exploration expenditure were released to the income statement.

At 31 December 2010 the carrying amount of exploration expenditure is that of the Company's Bulgarian subsidiary Hereward Ventures Bulgaria EAD.

The Directors have conducted a review of impairments to goodwill and exploration expenditure by comparing the carrying amounts to the estimated values of the related mineral resources and licenses with reference to technical data and reports prepared by Competent Persons. The Directors are of the opinion that no further impairment is required and therefore the carrying amounts stated above are a reasonable approximation of fair value.

13. Property, plant and equipment

Group	Office equipment	Motor vehicles	Total
	£'000	£'000	£'000
Gross carrying amount	261	121	382
Accumulated depreciation and impairment	(253)	(82)	(335)
Carrying amount at 31 December 2008	8	39	47
Gross carrying amount	261	71	332
Accumulated depreciation and impairment	(254)	(65)	(319)
Carrying amount at 31 December 2009	7	6	13
Gross carrying amount	76	64	140
Accumulated depreciation and impairment	(76)	(63)	(139)
Carrying amount at 31 December 2010	-	1	1

Reconciliation of the carrying amounts shown in the Group financial statements:

	Office equipment	Motor vehicles	Total
	£'000	£'000	£'000
Carrying amount at 1 January 2008	141	31	172
- Separately acquired	4	17	21
Assets disposed of:			
- Through normal sale	(155)	(19)	(174)
- Through loss of Colombia/Panama	(134)	-	(134)
Depreciation	(16)	(20)	(36)
Depreciation released on disposal:			
- Through normal sale	154	20	174
- Through loss of Colombia/Panama	12	-	12
Net exchange differences	2	10	12
Carrying amount at 31 December 2008	8	39	47
Carrying amount at 1 January 2009	8	39	47
Assets disposed of:			
- Through loss of control of Caracal Cambridge Bulgaria EAD	-	(20)	(20)
Depreciation charge	(1)	(5)	(6)
Depreciation on disposals	-	(8)	(8)
Carrying amount at 31 December 2009	7	6	13
Carrying amount at 1 January 2010	7	6	13
Adjustment to 2009	(3)	(3)	(6)
Additions	1	-	1
Disposals	(45)	(33)	(78)
Depreciation charge	(2)	(3)	(5)
Depreciation on disposals	42	34	76
Carrying amount at 31 December 2010	-	1	1

13. Property, plant and equipment (continued)

All depreciation and impairment charges are included within "administration costs" in the income statement.

The Company

	Office equipment
	£'000
Gross carrying amount	42
Accumulated depreciation and impairment	(38)
Carrying amount at 31 December 2008	4
Gross carrying amount	42
Accumulated depreciation and impairment	(41)
Carrying amount at 31 December 2009	1
Gross carrying amount	44
Accumulated depreciation	(44)
Carrying amount at 31 December 2010	-

Reconciliation of the carrying amounts shown in the Company's financial statements:

Carrying amount at 1 January 2008	12
Depreciation	(8)
Carrying amount at 31 December 2008	4
Carrying amount at 1 January 2009	4
Depreciation	(3)
Carrying amount at 31 December 2009	1
Depreciation	(1)
Carrying amount at 31 December 2010	-

14. Investments in subsidiaries

The Group

During the year the subsidiary Recursos Metalicos SL was sold to Iberian Gold Plc and became an associate company to the Company and Group.

The Company

Cost or valuation	Shares in Group Undertakings	Loans to Subsidiary Undertakings	Total
	£'000	£'000	£'000
Carrying amount at 1 January 2010	2,414	3,972	6,386
Loans to subsidiaries reclassified	-	266	266
Revaluation	-	97	97
Additions	-	103	103
Disposal of investment in Recursos Metalicos SL	(1,590)	(3,688)	(5,278)
Transfer of Minera Peru Gold to assets held for sale	-	(501)	(501)
Carrying amount at 31 December 2010	824	249	1,073

At 31 December 2010 the Group held shares in subsidiary undertakings as below.

Each of the companies' principal activities is mineral exploration and development.

The Directors have conducted a review of impairments to its investments in subsidiaries by comparing the carrying amounts to the estimated values of the related mineral resources and licenses with reference to technical data and reports prepared by Competent Persons. The Directors are of the opinion that no further impairment is required as at the year end and therefore the carrying amounts stated above are a reasonable approximation of fair value.

Name of subsidiary undertaking

	Country of incorporation	% of shares held	Included in the consolidation
Hereward Ventures Bulgaria EAD	Bulgaria	100	Yes
Minera Peru Gold SAC	Peru	100	Yes
Minera Sucre SAC	Peru	100	Yes

Company and Group

Hereward Ventures Bulgaria EAD has a joint venture in Caracal Cambridge Mining Ventures Limited and Caracal Cambridge Bulgaria EAD. The Company and Group had a 20% interest in those companies at the year end. Prior to 31 December 2009, the Company and Group had a 49% interest in those companies.

14. Investments in subsidiaries (continued)

At 31 December 2010, the unaudited Balance Sheet of the joint ventures was:

	£'000
Exploration costs	720
Property Plant and Equipment	15
Cash and cash equivalents	16
Other debtors	6
Trade and other payables	(1,227)
Net liabilities	(470)
Group's share 20%	(94)

The Directors have conducted a review of impairments to its investments in subsidiaries by comparing the carrying amounts to the estimated values of the related mineral resources and licenses with reference to technical data and reports prepared by Competent Persons. The Directors are of the opinion that no further impairment is required as at the year end and therefore the carrying amounts stated above are a reasonable approximation of fair value.

15. Investment in associate

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Carrying amount at 1 January	-	-	-	-
Acquisition of associate	4,052	-	4,052	-
Share of loss	(142)	-	(142)	-
Carrying amount at 31 December	**3,910**	-	**3,910**	-

Reconciliation of the carrying amounts shown in the Group financial statements:

	Shares of 1p each		**Amount £**
Iberian shares in issue	32,826,667		
Shares due to the Company	265,448,333		
Total	298,275,000		
Iberian net assets at 31 December 2010		8,269,144	
49% thereof	148,352,400		4,051,881

During the year the Company sold its investment in its Spanish subsidiary Recursos Metalicos SL to Harrogate Group Plc, which was subsequently renamed Iberian Gold Plc ("Iberian").

Under the sale agreement:

The total consideration due to the Company was up to 280,000,000 ordinary 1p shares in Iberian to be held in the form of a Renounceable Letter of Allotment.

14. Investments in associate (continued)

The Company was entitled to own up to 49% of Iberian's issued share capital from the date of Iberian's listing.

Iberian had an obligation to use its reasonable endeavours to achieve a listing on a recognized investment exchange by 31 March 2012 and an obligation to use its reasonable endeavours to achieve a share price upon listing of 10p per share.

The fair value of the Company's interest in Iberian as at 31 December 2010 has been calculated to be: 49% of Iberian's net assets, as disclosed in Iberian's audited financial statements, of £8,269,144, being £4,051,881.

The auditors' report in respect of Iberian was qualified on the grounds of lack of sufficient appropriate audit evidence concerning the classification and the accounting treatment in the Company's Financial Statements in respect of the Company's wholly owned subsidiary which was acquired during the year and held for resale at a carrying value of £8,400,000, and which was not consolidated in the Company's Financial Statements as required under IFRS. The audit evidence available to the auditors was limited because they were unable to verify that the Company was actively trying to sell the subsidiary as at 31 December 2010, and they were unable to quantify the affect of the subsidiary not being consolidated because of a lack of evidence available to the auditors regarding the subsidiary's financial performance and state of affairs.

The Company had no presence on the board of Iberian as at 31 December 2010 and exercised no management or operational control over Iberian.

The Directors are satisfied that the Company's entitlement to hold shares of up to 49% in Iberian falls within the scope of IAS 28 'Investments in Associates'.

The Directors have undertaken an impairment review of its equity interest in Iberian classified as investment in associate. This review has compared the value of the net assets of Iberian to the value of the related mineral assets in Spain based on valuations thereof by independent mining industry consultants. The directors are satisfied that as at the year end the Company's investment in associate represents fair value and that therefore no impairment is required.

The Group's share of results of its associate, which is unlisted, and its aggregated assets and liabilities, is as follows:

Name	Country of incorporation	Assets	Liabilities	Revenues	Profit/(Loss)	% interest held
Iberian Gold Plc	England	£4,238,367	£186,487	£6	£ (142,485)	49

16. Available for sale financial assets

	Note	Group 2010	Group 2009	Company 2010	Company 2009
		£'000	£'000	£'000	£'000
Carrying amount at 1 January		-	-	-	-
Additions		1,193	-	1193	-
Carrying amount at 31 December		**1,193**	-	**1,193**	-

Reconciliation of the carrying amounts shown in the Group financial statements:

	Note	**Shares of 1p each**		**Amount £**
Iberian shares in issue		32,826,667		
Shares due to the Company	16.1	265,448,333		
Total		298,275,000		
16.1 Total shares due to the Company:				
Iberian net assets at 31 December 2010			8,269,144	
49% thereof		146,154,750	4,051,881	
Balance of shares due		119,293,583		1,192,936
Total	16.2	265,448,333		
16.2 Balance of shares due to the Company:				
Shares due upon sale of Recursos Metalicos SL		280.000,000		
Less, shares disposed of during the year	16.3	(14,551,667)		
Balance of shares due to the Company		265,448,333		
16.3 Shares disposed of during the year:				
- Cash		4,891,667		146,750
- Settlement of trade and other payables		60,000		6,000
- Settlement of convertible loan liabilities		9,600,000		240,000
Total		14,551,667		392,750
Less, shares allotted after the year end		(4,485,000)		
Total shares allotted as at the year end		10,066,667		

During the year the Company sold its investment in its Spanish subsidiary Recursos Metalicos SL to Harrogate Group Plc, which was subsequently renamed Iberian Gold Plc ("Iberian").

Under the sale agreement:

The total consideration due to the Company was up to 280,000,000 ordinary 1p shares in Iberian to be held in the form of Renounceable Letters of Allotment.

16. Available for sale financial assets (continued)

Iberian had an obligation to use its reasonable endeavours to achieve a listing on a recognized investment exchange by 31 March 2012 and to use its reasonable endeavours to achieve a share price upon listing of 10p per share.

The Company was entitled to own up to 49% of Iberian's issued share capital from the date of Iberian's listing with the balance of shares being held under Renounceable Letters of Allotment.

Following the sale the Company renounced and disposed of 14,551,667 of its Iberian shares leaving a total number of shares due to the Company of 265,448,333, of which 148,352,400 shares have been accounted for as Investment in Associate in accordance with IAS 28 as stated in note 4.

The fair value of the Company's interest in its available for sale financial asset has been calculated to be 121,498, 433 Iberian shares at 1p per share, being £1,214,984.

The Directors have undertaken an impairment review of its equity interest in Iberian classified as available for sale financial assets. This review has compared the value of the net assets of Iberian to the value of the related mineral assets in Spain based on valuations thereof by independent mining industry consultants. The directors are satisfied that as at the year end the Company's available for sale financial assets represents fair value and that therefore no impairment is required.

17. Cash and cash equivalents

	Group		Company	
	2010	2009	2010	2009
Cash and cash equivalents	£'000	£'000	£'000	£'000
	125	37	124	14

18. Assets and associated liabilities classified as held for sale

The assets and liabilities related to company Minera Peru Gold SAC (Peruvian subsidiary) have been presented as held for sale following the approval of the group's management to sell Minera Peru Gold SAC. Completion of this transaction is expected in 2012.

	2010	2009
	£'000	£'000
Operating cash flows	12	14
Investing cash flows	-	-
Financing cash flows	-	-
Total cash flows	12	14

18. Assets and associated liabilities classified as held for sale (continued)

(a) Assets of disposal group classified as held for sale

	2010	2009
	£'000	£'000
Property, plant and equipment	2	3
Intangible assets	1,070	1,053
Other current assets	306	193
Total	1,378	1,249

(b) Liabilities of disposal group classified as held for sale

Trade and other payables	43	75
Other current liabilities	145	1,163
Total	1,295	1,238

On 16 December 2010 the Company agreed to sell its Peruvian subsidiaries Minera Peru Gold SAC and Minera Sucre SAC to Gold Mines of Peru Limited ("GMP") for a total combined consideration of US$2,350,000 in cash and shares in GMP, equivalent to £1,506,796. Completion of the sale was due to be by 31 March 2011 and was conditional upon GMP listing on the Australian Securities Exchange ("ASX") by that date at a minimum price of 20 Australian cents per share.

As at 31 December 2010 the assets and associated liabilities of Minera Peru Gold SAC and Minera Sucre SAC have been classified into disposal groups.

As at 31 December 2010 the Company's historic cost of investment in its Peruvian subsidiaries Minera Peru Gold SAC and Minera Sucre SAC was £1,296,854 against which a doubtful debt provision of £796,057 was made in 2007 and which in 2009 was charged to Profit and Loss reserve, resulting in the above carrying amount of £500,797.

In 2011 GMP decided not to seek admission to the ASX and instead sought a disposal of its interests, including the Company's Peruvian subsidiaries, to an ASX-listed company. Accordingly, the Company's original sale agreement was amended to replace the element of the consideration represented by shares in GMP with a different amount of shares of the ASX-listed company, and whose current market share price would represent a significant diminution of the value of the original consideration to below historic cost. That transaction is currently in progress and is also conditional upon the satisfactory completion of due diligence by the ASX-listed buyer and also subject to approval by the ASX-listed buyer's shareholders.

The Directors are satisfied that as at 31 December 2010 the position regarding the Group's and the Company's Peruvian assets falls within the scope of IFRS 5 and that the assets should be held for sale at the above carrying values, being a reasonable approximation of fair value in the above circumstances.

19. Trade and other receivables

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Amounts owed by Group undertakings	-	-	-	353
Amounts owed by joint venture	88	104	88	-
Recoverable VAT	-	29	-	-
Other receivables	137	38	131	28
Prepayments and accrued income	1	4	-	-
Total trade and other receivables	226	175	219	381

The amounts invested in subsidiary companies have been reclassified as part of investment.

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values.

All trade and other receivables are denominated in Pound Sterling. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.
stated above.The carrying values are considered to be a reasonable approximation of fair value and are considered recoverable within one year by the directors.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

UK Pounds
Euros
US Dollars
Bulgarian Leva

20. Non-current liabilities - Deferred Income

	Group		Company	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Deferred income from non-returnable grant	1	245	-	-

21. Convertible Loans

On 5 April 2010 the Company entered into Loan Agreements in respect of £180,000 of borrowings with finance charges of £540,000.

Under the terms of the Loan Agreements, the Loans could be converted at the lenders' options into new ordinary shares of the Company at nominal value, at any time from 5 April 2010 until maturity at 30 September 2010. The values of the liability component and equity conversion component were determined at the date of the issue of the Loan Agreements.

The fair value of the liability component was calculated using an interest rate at which the Company would be able to obtain a similar loan without the option to convert.

The Loan Agreements were interest-bearing from 30 September 2010 at a rate of 1% over the base rate of the Royal bank of Scotland Plc. The interest charge for the year was £2,714.

As at the date of maturity year end the lenders had exercised their options to convert the finance charges component of their loans into a combination of ordinary shares of the Company at the nominal price of 5p per share and shares the Company held in Iberian Gold Pc at a price of 2.5p per share, and the Company allotted those shares to the lenders. The lenders also agreed to convert the principal amount due to settlement in cash.

Under the above loan agreements interest has been accrued from 30 September 2010, however subsequent to the year end the lenders agreed to waive their entitlements to interest arising from that date and an adjustment will be made in the Group's following financial statements.

21. Convertible Loans (continued)

The balance of the convertible loans is calculated as follows:

	Note	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
Principal amount of Convertible Loan Agreements	16	180	-	180	-
Re-allocation of deemed equity component		31	-	31	-
Liability component upon initial recognition		211	-	211	-
Finance charges in year	9	544	-	544	-
Conversion of loan liabilities into shares in the Company	24	(300)	-	(300)	-
Conversion of loan liabilities into shares of Iberian Gold Plc	16.3	(240)	-	(240)	-
De-recognition of initial equity component upon conversion of liabilities into shares		(31)	-	(31)	-
Liability component at 31 December 2010		184	-	184	-
Being:					
Current Liability		184	-	184	-
Non-current Liabilities		-	-	-	-
		184	-	184	-

The carrying value of the convertible loan is presumed to be the fair value at the Balance Sheet date.

22. Borrowings - Other

During 2010 the Company entered into Loan Agreements totalling £57,500 with interest payable at 1% over the Royal Bank of Scotland Plc base rate and which were payable within one year. £20,000 of these liabilities wase settled by the issue of Company shares.

	Note	Group 2010 £'000	Group 2009 £'000	Company 2010 £'000	Company 2009 £'000
At 1 January		-	-	-	-
Loans received		**58**	-	58	-
Finance charges	9	**1**	-	1	-
Conversion of loan liabilities into shares in the Company	24	**(20)**	-	(20)	-
At 31 December		**39**	-	39	-

23. Trade and other payables

Current liabilities:

	Group		Company	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Trade and other payables	**253**	171	**214**	175
Social security and other taxes	**32**	56	**31**	32
Accruals and deferred income	**383**	283	**383**	208
Total trade and other payables	**668**	510	**628**	415

The carrying values are considered to be a reasonable approximation of fair value and are considered by the directors as payable within one year.

The Company has made the following settlements of trade and other payables by non-cash consideration:

		Group		Company	
	Note	**2010**	2009	**2010**	2009
		£'000	£'000	**£'000**	£'000
By allotment of shares in the Company	24	**128**	-	**128**	30
By allotment of shares in Iberian Gold Plc	16.3	**6**	-	**6**	-
		134	-	**134**	30

24. Share capital

During 2010 the shares in issue were consolidated from 1p each to 5p each. In the following information 1p share numbers have been re-stated as at 5p share numbers.

	2010	2009
	£'000	£'000
Authorised		
100,000,000 ordinary shares of 5p each	5,000	5,000
Allotted, called up and fully paid: 88,003,189 ordinary shares of 5p each (2009: 73,873,141 ordinary shares of 5p each)	4,396	3,844

Allotments during the year:

	Note	2010		2009	
		Shares	£	Shares	£
At 1 January		76,873,141	3,843,657	73,873,141	3,693,656
Adjustment to prior year		(50,000)	-	-	-
Issued for cash		1,080,048	44,501	1,200,000	60,000
Issued for non-cash:					
- Settlement of trade and other payables	23	2,550,000	127,500	600,000	30,000
- Settlement of liability arising from December 2009 share placing	9	1,200,000	60,000	-	60,000
- Settlement of liabilities under Convertible Loans	21	6,000,000	300,000	-	-
- Settlement of liabilities under Other Borrowings	22	400,000	20,000	-	-
		10,150,000	507,500	1,800,000	90,000
At 31 December		88,053,189	4,395,658	76,873,141	3,843,656

25. Shares to be issued

The following subscriptions for shares were received during the year and the shares were issued and allotted after the year end:

	2010		2009	
	Shares	£	Shares	£
Subscribed for cash	648,012	32,401	-	-

26. Share options and warrants

Share options and warrants outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

Expiry date	Exercise price in £ per share	Shares 2010	Shares 2009
31-Dec-11	0.15	825,000	825,000
31-Dec-11	0.25	1,100,000	1,100,000
31-Dec-11	0.35	1,375,000	1,375,000
11-Dec-12	1.00	3,300,000	3,300,000
		6,600,000	6,600,000

The options and warrants are exercisable starting immediately from the date of grant and lapse on the above dates. The weighted average life of the options and warrants as at 31 December 2010 is 14.8 months (31 December 2009: 26.8 months). Neither the Company or Group has any legal or constructive obligation to settle or repurchase the options or warrants in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The fair value calculated was immaterial and has therefore not been recognised in the Financial Statements. The parameters used are detailed below:

	2008 Options 15p	2008 Options 25p	2008 Options 35p	2008 Warrants 100p
Granted on:	01-Aug-08	01-Aug-08	01-Aug-08	12-Dec-08
Life (years)	3.8	3.8	3.8	4.0
Risk free rate	2.31%	2.31%	2.31%	2.31%
Expected volatility	30%	30%	30%	30%
Expected dividend yield	-	-	-	-
Marketability discount	75%	75%	75%	75%
Total fair value (£000)	-	-	-	-

The expected volatility for the options and warrants is due to the shares not being quoted on any investment exchange.

The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

26. Share options and warrants (continued)

Reconciliation of options:

	2010		2009	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
Outstanding as at 1 January	3,300,000	0.27	3,300,000	0.27
Granted	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding as at 31 December	3,300,000	0.27	3,300,000	0.27
Exercisable at 31 December	3,300,000	0.27	3,300,000	0.27

	2010				2009			
Range of exercise prices (£)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0.15	0.15	825,000	1.00	1.00	0.15	825,000	2.00	2.00
0.25	0.25	1,100,000	1.00	1.00	0.25	1,100,000	2.00	2.00
0.35	0.35	1,375,000	1.00	1.00	0.35	1,375,000	2.00	2.00

No options were exercised during the period. The total fair value charged to the statement of comprehensive income for the year ended 31 December 2010 was £nil (2009: £nil).

27. Net cash outflow from operating activities

		Group		Company	
	Note	2010	2009	2010	2009
		£'000	£'000	£'000	£'000
Loss before taxation from continuing operations		(419)	(913)	(781)	(621)
Loss before taxation from discontinued operations	11	(2)	-	-	-
Depreciation		7	6	1	3
(Gain) loss on disposals	7	(894)	8	(359)	-
Decrease (increase) in debtors		(20)	104	(141)	4,451
Transfer of Hereward debtor to investment		-	-	(250)	-
Increase in trade and other payables		159	868	208	11
Settlement of convertible loan liabilities by allotment of Company shares	9/ 21/ 24	300	-	300	-
Other finance charges	9	4	-	4	-
Settlement of convertible loan liabilities by disposal of available-for-sale financial assets	21	240	-	240	-
Foreign exchange movements	6	46	(513)	(92)	-
Share of loss in associate	15	142	-	142	-
Impairment		-	139	-	-
Loss in respect of loss of control in subsidiary		-	317	-	-
Net cash inflow (outflow) from operating activities		(437)	16	(518)	3,844

28. Capital commitments

The Company had no capital commitments at 31 December 2009 or 31 December 2010.

29. Contingent liabilities

In 2010 the Company decided to dispose of its Spanish subsidiary and the board resolved to award bonuses to directors conditional upon the value of the consideration received. The disposal was subsequently completed upon terms which the Company is in the process of determining whether the bonus conditions have been met.

30. Contingent assets

Company and Group

During 2008 the Company had a prepayment agreement in relation to its gold mine in Colombia, which is in production, foreclosed by its finance provider. This resulted in the loss of the Company's subsidiaries in Panama and Colombia which held both the gold mine and various other interests in Colombia, and the writing off of the corresponding borrowing by the Company in relation to that prepayment agreement. The circumstances of the foreclosure and the loss of the subsidiaries are under investigation. The directors believe the investigation will indicate a net recovery but this can not be ascertained without incurring costs.

Company

Under the terms of the agreement for the acquisition of Hereward Ventures Bulgaria EAD (HVB) from Hereward Ventures Plc, the Company acquired the right to receive the inter-company loans due from HVB to Hereward Ventures Plc. These loans total approximately £2.2m but as it is uncertain as to when HVB will be in a position to repay these debts the loans have not been recognised as an asset in these financial statements. The funds will be recognised in the profit and loss account as and then they are received.

31. Operating lease commitments

The Group did not have any lease commitments at the year end.

32. Related party transactions

The Group has taken advantage of the exemption to exclude intra-group transactions as permitted under IFRS.

The Company has the following related parties:

Euroventure, a company controlled by M Burton, who is a director of the Company.

MBS Consultants, a company controlled by M Slater, who was a director of the Company.

Caracal Cambridge Bulgaria EAD was a joint venture interest of the Company.

During the year the following services have been provided to the Company and Group:

32. Related party transactions (continued)

Euroventure £52,500 (2009 £52,500) for financial salaries (Company and Group).

MBS Consultants £60,000 (2009 £20,925) for directors fees (Company and Group).

At the year end there were the following liabilities outstanding:

Euroventure £25,092 (2009 nil) (Company and Group).

MBS Consultants £48,166 (2009 £15,252) (Company and Group).

The Company and Group were owed the following:

Caracal Cambridge Bulgaria EAD £92,674 (2009 £92,000).

33. Post Balance Sheet events

Disposal of Spanish interests

In May 2010 the Company sold its investment in its Spanish subsidiary Recursos Metalicos SL to Harrogate Group Plc, which was subsequently renamed Iberian Gold Plc ("Iberian"), for a total consideration of up to 280,000,000 ordinary 1p shares of Iberian, held in the form of renounceable letters of allotment, representing an economic interest in Iberian at that time of approximately 80%. Under the sale agreement Iberian had an obligation to use its reasonable endeavours to achieve a listing on a recognised investment exchange by 31 March 2012 and to achieve a share price upon listing of 10p per share.

In April 2011 the board of Iberian resigned and were replaced by members of the board of the Company, thereby placing Iberian under the operational control of the Company.

In December 2011 the members of the board of the Company who were also members of the board of Iberian ceased to be members of the board of the Company, and therefore Iberian ceased to be under the operational control of the Company and therefore Iberian reverted back to an associate of the Company.

In January 2012 the Company agreed to reduce its maximum permitted shareholding in Iberian from 49% to 29.9% and to extend Iberian's long-stop listing date to 30 November 2012.

33. Post Balance Sheet events (continued)

Disposal of Peruvian interests

In December 2010 the Company entered into a sale agreement with Gold Mines of Peru Ltd ("GMP"), for the disposal of the Company's Peruvian interests, being its subsidiaries Minera Peru Gold SAC and Compania Minera Sucre SAC, which together hold the Patacancha group of mining concessions in southern Peru.

Under the sale agreement, the total consideration to be received by the Company was approximately US$2,300,000 to be settled by a combination of cash and shares, and was conditional upon GMP achieving a listing on the Australian Securities Exchange ("ASX") by 31 March 2011. The consideration was also subject to a stipulation by the ASX of a one year lock-in on the shares to be received by the Company and also subject to the market price of the shares following completion of the lock-in period.

In February 2011 GMP submitted an application for admission to the ASX but withdrew its application due to adverse market conditions. GMP then arranged with the Company an extension to its timetable whilst it sought a sale of GMP to a listed company.

By May 2011 GMP had paid the Company US$680,000 and also paid certain operational costs in Peru of approximately US$100,000, leaving a balance due to the Company under the original agreement of US$1,522,000.

GMP is currently in the process of disposing of all of its interests to a company listed on the ASX and has arranged a revised agreement with the Company, whereby the balance due to the Company will be settled by a combination of cash and shares with a current value of approximately US$720,000. The revised agreement provides for completion of the sale by the issuance to the Company of shares by the ASX-listed company and those shares will not be subject to a lock-in. The end-buyer has recently completed its due-diligence on the Peruvian interests and has agreed to complete the transaction subject to approval by its shareholders at a meeting to be held in the near future.

Pending full completion of the transaction the Company retains a legal charge over the shares of Minera Peru Gold SAC and Compania Minera Sucre SAC.

Bulgarian Joint-Venture

In December 2010 the Company's joint venture partner in Bulgaria, Electrum Gold Ltd, having completed the earn-in expenditures required under the Joint Venture Agreement, exercised its option to acquire 80% of the joint-venture company.

In March 2011 the Company exercised its option to convert its 20% interest in the joint venture to a 10% Net Profit Share in the joint venture.

Share issues

Subsequent to the year end the following share transactions took place:

In February 2011 40,257 ordinary shares of 5p each were issued at a price of 5p pursuant to a Rights Offer.
In February 2011 45,000 ordinary shares of 5p each were issued at a price of 10p pursuant to an exercise of warrants.
Between February and September 2011 11,845,343 ordinary shares of 5p each were issued at a price of 5p.