Registered number: 02255996

CAMBRIDGE MINERAL RESOURCES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2012

CAMBRIDGE MINERAL RESOURCES PLC

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CAMBRIDGE MINERAL RESOURCES PLC

COMPANY INFORMATION

Directors	Geoffrey Hall (Non-Executive Chairman) Michael Burton (Executive Director) Mark Slater (Executive Director) (appointed 25 July 2012) Timothy Greatrex (Non-Executive Director) Jose Navalon (Non-Executive Director) (appointed 10 February 2013) Nevyanka Mateeva (Non-Executive Director) (resigned 31 January 2013)
Company Secretary	Michael Burton
Registered Office	9 Greenleaf House 128 Darkes Lane Potters Bar Hertfordshire EN6 1AE
Company Number	02255996
Bankers	Coutts & Co. 440 Strand London WC2R 0QS
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD

CAMBRIDGE MINERAL RESOURCES PLC

CHAIRMAN'S REPORT

This is my second report as Chairman of Cambridge Mineral Resources Plc ("CMR" or the "Company").

During 2012, and subsequently, the board of CMR has focused closely on the triple task of keeping the Company afloat financially, striving to retain the mining assets that were originally within the Company, and seeking to extend CMR's mining assets by acquiring further concessions. These tasks have been pursued with vigour throughout 2012, and continued in 2013.

I will summarise those activities and also bring you up to date with important recent developments in 2013.

Operations

Spain

In my last report I brought shareholders up to date with our attempts during 2012 to regain control of the mining permits at Lomero Poyatos by acquiring Recursos Metalicos from Iberian Gold Plc. The outcome was that CMR could not prevent the loss of the permits at Lomero Poyatos, and so CMR directors resumed control of Iberian Gold Plc and Recursos Metalicos SL, and also invited Jose Navalon, who is the Spanish consultant retained by Iberian during these negotiations, to join the board of CMR.

Following legal advice, CMR initiated legal actions against the Spanish authorities over the loss of the Lomero permit and these actions remain in situ. Alongside these actions, the Company has used its very best endeavours to persuade La Junta to allow CMR to enter an application for other mining permits in Andalucía, where over many years the Company has built up extensive knowledge and experience of the industry.

Shareholders will now be aware that the Company has been successful in being awarded the concession at Masa Valverde ("MV") in Andalucía, a project which CMR first evaluated several years ago and from which we still have considerable technical data. MV is a very large base-metal exploration prospect situated in the Iberian Pyrite Belt, and contains an inferred resource of very significant quantities of copper, lead and zinc together with gold and silver credits. The limited exploration work to date needs to be expanded and CMR has developed a three-year exploration plan to achieve this. With regard to funding for this program we have negotiated a joint venture agreement with a major mining company under which all project costs will be met by our partners under an earn-in option for a share of the project.

In order to further expand our assets CMR is currently in the process of evaluating other mineral concessions in the region.

This success means that CMR will be, once again, actively developing mining assets in Andalucía. This is due mainly to the energetic efforts of your executive directors, working hard for no money, but exclusively, for a future award of share options to be determined based on success. This aligns their interests directly with shareholders' interests.

Peru

The main settlement of the sale of CMR's Peruvian interests to Laconia Resources Ltd ("Laconia") occurred during late 2012 and early 2013. The Laconia shares and cash received were used to meet the requirements for creditors and working capital. The Company is also due to receive Performance Shares from Laconia in the future.

Bulgaria

As reported previously, CMR's joint venture in Bulgaria with Electrum Limited of Denver, USA is now converted to a 10% net profit share. We are continuing in discussions with Electrum concerning future developments.

Corporate

The Company expects to hold an AGM within the next 3 months when I will update shareholders further on progress related to Masa Valverde, and in the meantime, any information concerning developments will be posted on our website.

Financial Review

The loss before taxation of the Group for the year ended 31 December 2012 amounted to £5,580,327 (31 December 2011: £4,137,069). The Company has received no income in 2012 and no other cash flow beyond the cash proceeds of the Peruvian asset sale and loans from the Chairman. In March 2013 £190,000 of these loans were converted into equity and warrants to subscribe for further shares.

The cost of running CMR in the future and acquiring and developing new projects will need to be funded by various means and shareholders will be aware that the Company has recently funds by the sale of new shares to investors in June of this year.

CAMBRIDGE MINERAL RESOURCES PLC

CHAIRMAN'S REPORT

I would like to thank all of CMR's staff and shareholders for their continuing loyal support during these difficult times and I offer assurances that your Board is highly focused on improving the potential value of your company.

Geoffrey Hall
Chairman
19 August 2013

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of Cambridge Mineral Resources Plc, together with the audited Financial Statements, for the year ended 31 December 2012.

Principal Activity and Business Review

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

The Group is focused on the acquisition of projects in the Iberian Pyrite Belt, its joint venture interest 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.

Results and Dividends

The loss of the Group for the year ended 31 December 2012 before taxation amounts to £5,580,327 (31 December 2011: £4,137,069).

The Directors do not recommend the payment of a dividend for the year (31 December 2011: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2012 are shown in the Company Information on page 2 and had, at that time the following beneficial interests in the shares of the Company:

	31 December 2012		31 December 2011	
	Ordinary Shares	Options	Ordinary Shares	Options
Geoffrey Hall	9,500,000	-	-	-
Michael Burton	3,568,461	-	3,568,461	-
Mark Slater (1)	550,000	-	-	-
Timothy Greatrex	2,500,000	-	-	-
Nevyanka Mateeva (2)	-	-	-	-

(1) Appointed 25 July 2012
(2) Resigned 31 January 2013

Further details on options can be found in Note 19 to the Financial Statements.

Key Performance Indicators ("KPIs")

The Board monitor 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 indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2013.

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

	2012	2011
Cash and cash equivalents	£7,018	£4,999
Administrative expenses (excluding impairments)	£448,842	£922,320
Total assets	£3,461,591	£4,058,074
Administrative expense as a percentage of total assets	12.97%	22.73%
Exploration costs capitalised	£nil	£nil

Corporate responsibility

Environmental

The Group undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Cambridge is a mineral explorer, not a mining company.

Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Cambridge conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

The Group operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Risk factors

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 Group. 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 comprise investments in entities which have explorations assets in Spain and Bulgaria. Exploration is normally undertaken in areas after obtaining mineral exploration licences. Such licences 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 completely 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 investments comprise of interests in entities which have explorations assets 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, terrorism, nationalism, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

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.

Dependence on key personnel

The Group and Company is dependent upon its executive management team and various technical consultants. 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 Group 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.

Finance risk

The successful exploration of natural resources on any project requires significant capital investment. The Group currently sources finance through the issue of additional equity capital, funding agreements with various joint venture partners and loans from directors and investors. 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.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in debt market prices and foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Financial Instruments

The use of financial instruments by the Group 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.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

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 2.3 to the financial statements.

As is the case 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 twelve 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 appraisal activities over the next twelve months and to meet its commitments. The Group is currently reliant on continued investor support and the Company is in the process of raising funds via a share placing with investors, of which £66,000 has been received to date. Further funding will be required and management expects that there will be sufficient funding to meet the needs of the Group.

Events after the Reporting Date

The events after the reporting date are set out in Note 27 to the Financial Statements.

Policy and Practice on Payment of Creditors

The Company and its subsidiary undertakings agree terms and conditions for their business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. On occasion and in order to manage cash more effectively the Company negotiates special terms with certain suppliers to extend payment terms. As at 31 December 2012, the Company had an average of 178 days (2011: 81 days) purchases outstanding in trade payables. The Group average was 218 days (2011: 97 days).

CAMBRIDGE MINERAL RESOURCES PLC

DIRECTORS' REPORT

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

PKF Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 19 August 2013 and signed on its behalf.

Michael Burton
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the 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 these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements.

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 Group and Company, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CORPORATE GOVERNANCE REPORT

The Board of Directors currently comprises two Executive Directors and three Non-Executive Directors, one of whom is the Chairman. The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the UK Corporate Governance Code, as published by the Financial Reporting Council to the extent they consider appropriate in light of the Group's size, stage of development and resources.

The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Board has a wide range of experience directly related to the Company and its activities and its structure ensures that no one individual or group dominates the decision making process.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance. The Company has held the following Board meetings during the year:

	Number held and entitled to attend	Number attended
Geoffrey Hall	16	16
Michael Burton	16	16
Mark Slater	16	16
Timothy Greatrex	16	16
Nevyanka Mateeva	16	-

Board Committees

The Company has established an Audit Committee and a Remuneration Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under regular review.

Audit Committee

The Audit Committee, comprising Michael Burton and Geoffrey Hall, reviews the Group's annual financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee

The Remuneration Committee, comprising Geoffrey Hall and Timothy Greatrex, is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Relations with Shareholders

The Board is committed to providing effective communication with the Shareholders of the Company. Significant developments are disseminated through regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE MINERAL RESOURCES PLC

We have audited the Financial Statements of Cambridge Mineral Resources Plc for the year ended 31 December 2012 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) 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, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior written consent.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, 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.

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 the 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 material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2012 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter

Going Concern

We have considered the adequacy of the disclosures made in the statement on going concern at Note 2.3 of the Financial Statements. The ability of the Company and the Group to continue as a going concern is dependent on additional funding required to cover both working capital and operational needs of the various exploration activities of the Group. The matters 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.

Assets held at a directors' valuation

We draw attention to the fact that the valuation of the Group's intangible assets and certain assets classified as Available-for-sale financial assets are at a directors' valuation rather than by an independent third party. The details are disclosed as a critical accounting estimate in Note 4 to the Financial Statements. If any of the key assumptions included in the directors' valuation prove to be incorrect, it may result in a material amendment to the carrying value of the assets concerned in the Consolidated and Company statement of financial position and a consequent effect on the Consolidated profit or loss for the year. It is not possible to quantify the potential effect.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMBRIDGE MINERAL RESOURCES PLC

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

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

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

Mark Ling (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

19 August 2013

STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

Company number: 02255996

	Note	Group 2012 £	Group 2011 £ Restated	Company 2012 £	Company 2011 £
Non-Current Assets					
Property, plant and equipment	7	**1**	1	**1**	1
Intangible assets	8	**2,214,594**	-	**-**	-
Investments in subsidiaries	9	**-**	-	**2,782,350**	1,074,476
Investment in associate	10	**-**	1,934,436	**-**	1,934,436
Available-for-sale financial assets	11	**1,098,552**	1,708,524	**-**	553,432
		3,313,147	3,642,961	**2,782,351**	3,562,345
Current Assets					
Available-for-sale financial assets	11	**11,460**	-	**11,460**	-
Trade and other receivables	12	**129,966**	410,114	**56,770**	337,942
Cash and cash equivalents	13	**7,018**	4,999	**7,477**	1,189
		148,444	415,113	**75,707**	339,131
Total Assets		**3,461,591**	4,058,074	**2,858,058**	3,901,476
Current Liabilities					
Trade and other payables	14	**1,496,905**	685,664	**508,315**	642,803
Borrowings	15	**795,230**	168,531	**254,323**	168,531
		2,292,135	854,195	**762,638**	811,334
Non-current liabilities					
Deferred income	16	**1,253**	1,282	**-**	-
		1,253	1,282	**-**	-
Total Liabilities		**2,293,388**	855,477	**762,638**	811,334
Net Assets		**1,168,203**	3,202,597	**2,095,420**	3,090,142
Equity attributable to the Owners of Parent Company					
Share capital	17	**5,111,563**	4,993,563	**5,111,563**	4,993,563
Share premium	17	**11,275,592**	11,275,592	**11,275,592**	11,275,592
Translation reserve		**7,904**	143,594	**-**	-
Other reserves	18	**794,593**	702,685	**702,685**	702,685
Retained losses		**(16,533,125)**	(13,912,837)	**(14,994,420)**	(13,881,698)
		656,527	3,202,597	**2,095,420**	3,090,142
Non-controlling interests		**511,676**	-	**-**	-
Total Equity		**1,168,203**	3,202,597	**2,095,420**	3,090,142

The Financial Statements were approved and authorised for issue by the Board of Directors on 19 August 2013 and were signed on its behalf by:

Michael Burton
Director

The Notes on pages 20 to 43 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Note	2012 £	2011 £
Revenue for services		**11,278**	13,925
Cost of sales		**(10,025)**	(10,643)
Gross profit		**1,253**	3,282
Administration expenses		**(448,842)**	(922,320)
Finance costs		**(10,703)**	(10,179)
Share of loss of associate		**(77,469)**	(175,204)
Other net gains		**54,806**	-
Exceptional items:			
- Impairment of goodwill		**(2,116,684)**	-
- Impairment of intangibles		**(2,555,756)**	-
- Impairment of investment in associate		**-**	(1,938,000)
- Impairment of available for sale financial assets		**(558,628)**	(534,000)
- Loss on disposal – Peru		**-**	(475,000)
- Provision for doubtful debt – Bulgaria		**-**	(85,648)
Operating loss	6	**(5,712,023)**	(4,137,069)
Gain on sale of available for sale investments		**129,776**	-
Other income		**1,920**	-
Loss before income tax		**(5,580,327)**	(4,137,069)
Income tax expense	22	**-**	-
Loss for the year		**(5,580,327)**	(4,137,069)
Profit attributable to:			
- Owners of the parent		(4,274,555)	(4,137,069)
- Non-controlling interests		(1,305,772)	-
		(5,580,327)	(4,137,069)

All activities are classed as continuing.

The loss for the Company for the year was £1,112,722 (31 December 2011: £3,646,069).

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income.

The Notes on pages 20 to 43 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	Note	**2012**	2011
		£	£
Loss for the year		**(5,580,327)**	(4,137,069)
Other Comprehensive Income:			
Currency translation differences		**(135,690)**	(135,547)
Elimination of previously written-off subsidiary loan		**3,376,055**	-
Reserves assumed on consolidation of subsidiary		**187,568**	-
Other comprehensive income for the year, net of tax		**3,427,933**	(135,547)
Total comprehensive income for the year		**(2,152,394)**	(4,272,616)
Attributable to:			
- Owners of the parent		(2,664,044)	(4,272,616)
- Non-controlling interests		511,650	-
		(2,152,394)	(4,272,616)

The Notes on pages 20 to 43 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Attributable to owners of the parent						
	Share capital £	Share premium £	Translation reserve £	Other reserves £	Retained losses £	Non-controlling interest £	Total equity £
As at 1 January 2011	**4,428,059**	**11,275,592**	**279,141**	**702,685**	**(9,775,768)**	**-**	**6,909,709**
Loss for the year	-	-	-	-	(4,137,069)	-	(4,137,069)
Other comprehensive income							
Currency translation differences	-	-	(135,547)	-	-	-	(135,547)
Total comprehensive income for the year	**-**	**-**	**(135,547)**	**-**	**(4,137,069)**	**-**	**(4,272,616)**
Proceeds from share issue	7,905	-	-	-	-	-	7,905
Share based payments	590,000	-	-	-	-	-	590,000
Shares to be issued	(32,401)	-	-	-	-	-	(32,401)
Total contributions by and distributions to owners of the Parent, recognised directly in equity	**565,504**	**-**	**-**	**-**	**-**	**-**	**565,504**
As at 31 December 2011	**4,993,563**	**11,275,592**	**143,594**	**702,685**	**(13,912,837)**	**-**	**3,202,597**
As at 1 January 2012	**4,993,563**	**11,275,592**	**143,594**	**702,685**	**(13,912,837)**	**-**	**3,202,597**
Loss for the year	-	-	-	-	(4,274,555)	(1,305,772)	(5,580,327)
Other comprehensive income							
Currency translation differences	-	-	(135,690)	-	-	-	(135,690)
Elimination of previously written-off subsidiary loan	-	-	-	-	1,654,267	1,721,788	3,376,055
Reserves assumed on consolidation of subsidiary	-	-	-	91,908	-	95,660	187,568
Total comprehensive income for the year	**-**	**-**	**(135,690)**	**91,908**	**(2,620,288)**	**511,676**	**(2,152,394)**
Proceeds from share issue	-	-	-	-	-	-	-
Issue costs	-	-	-	-	-	-	-
Share based payments	118,000	-	-	-	-	-	118,000
Total contributions by and distributions to owners of the Parent, recognised directly in equity	**118,000**	**-**	**-**	**-**	**-**	**-**	**118,000**
As at 31 December 2012	**5,111,563**	**11,275,592**	**7,904**	**794,593**	**(16,533,125)**	**511,676**	**1,168,203**

The Notes on pages 20 to 43 form part of these Financial Statements.

CAMBRIDGE MINERAL RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2012

	Share capital £	Share premium £	Merger reserve £	Retained losses £	Total equity £
As at 1 January 2011	**4,428,059**	**11,275,592**	**702,685**	**(10,235,629)**	**6,170,707**
Loss for the year	-	-	-	(3,646,069)	(3,646,069)
Total comprehensive income for the year	**-**	**-**	**-**	**(3,646,069)**	**(3,646,069)**
Proceeds from share issue	7,905	-	-	-	7,905
Share based payments	590,000	-	-	-	590,000
Shares to be issued	(32,401)	-	-	-	(32,401)
Transaction with owners	**565,504**	**-**	**-**	**-**	**565,504**
As at 31 December 2011	**4,993,563**	**11,275,592**	**702,685**	**(13,881,698)**	**3,090,142**
As at 1 January 2012	**4,993,563**	**11,275,592**	**702,685**	**(13,881,698)**	**3,090,142**
Loss for the year	-	-	-	(1,112,722)	(1,112,722)
Total comprehensive income for the year	**-**	**-**	**-**	**(1,112,722)**	**(1,112,722)**
Proceeds from share issue	-	-	-	-	-
Issue costs	-	-	-	-	-
Share based payments	118,000	-	-	-	118,000
Transaction with owners	**118,000**	**-**	**-**	**-**	**118,000**
As at 31 December 2012	**5,111,563**	**11,275,592**	**702,685**	**(14,994,420)**	**2,095,420**

The Notes on pages 20 to 43 form part of these Financial Statements.

CASH FLOW STATEMENTS
For the year ended 31 December 2012

		Group		Company	
		2012	2011	**2012**	2011
	Note	**£**	£	**£**	£
Cash flows from operating activities					
Loss before taxation		**(5,580,327)**	(4,137,069)	**(1,112,722)**	(3,646,069)
Adjustments for:					
Accrued interest expense		**10,703**	-	**8,994**	-
Gain on settlement of loan notes		**(48,508)**	-	**(48,508)**	-
Impairments		**5,321,068**	2,491,000	**750,167**	2,491,000
Share of loss in associate		**77,469**	175,204	**77,469**	175,204
Share based payments					
Loss on disposals		**-**	-	**-**	(140,000)
Provision for doubtful debts		**-**	560,648	**-**	85,648
Decrease in trade and other receivables		**14,157**	29,178	**15,017**	4,714
Increase in trade and other payables		**988,307**	7,051	**42,580**	70,351
Share based payments		**118,000**	590,000	**118,000**	590,000
Settlement		**-**	20,000	**-**	20,000
Net impact on assumption of control of subsidiary		**(979,060)**	-	**-**	-
Foreign exchange		**(70,148)**	(134,406)	**(8,147)**	(73,175)
Net cash used in operations		**(148,339)**	(398,394)	**(157,150)**	(422,327)
Cash flows from investing activities					
Loans granted to subsidiary undertakings		**-**	(9,022)	**-**	(9,022)
Loans granted to associate		**(53,347)**	(51,026)	**(53,347)**	(30,023)
Proceeds from sale of available for sale investments		**13,800**	67,904	**13,800**	67,904
Proceeds from sale of assets		**-**	357,466	**-**	357,466
Net cash used in investing activities		**(39,547)**	365,322	**(39,547)**	386,325
Cash flows from financing activities					
Proceeds from issue of share capital		**-**	2,388	**-**	2,388
Proceeds from share capital to be issued		**-**	(26,744)	**-**	(26,744)
Net received/paid from borrowings		**189,905**	(62,637)	**202,985**	(62,637)
Net cash generated from financing activities		**189,905**	(86,993)	**202,985**	(86,993)
Net increase/(decrease) in cash and cash equivalents		**2,019**	(120,065)	**6,288**	(122,995)
Cash and cash equivalents at beginning of year		**4,999**	125,064	**1,189**	124,184
Exchange gains on cash and cash equivalents		**-**	-	**-**	-
Cash and cash equivalents at end of year	13	**7,018**	4,999	**7,477**	1,189

The Notes on pages 20 to 43 form part of these Financial Statements.

CASH FLOW STATEMENTS
For the year ended 31 December 2012

Major non-cash transactions

In February 2012 the Company issued 2,360,000 ordinary shares of 5 pence each fully paid in settlement of certain trade creditor balances that were outstanding.

On 21 June 2012 the Company received 13.8 million shares in Laconia Resources Limited, an ASX listed company, as part of the proceeds from the sale of the Peruvian asset (the "Laconia Shares"). Between August and December 2012 the Company made the following transfers of Laconia Shares as non-cash payments:

- 8,975,000 to Directors of the Company in settlement of accrued director fees;
- 2,900,000 to loan note holders in settlement of outstanding loan notes and associated interest; and
- 690,000 to consultants as consideration for services provided to the Company in relation to the Peruvian sale.

The Notes on pages 20 to 43 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

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 9 Greenleaf House, 128 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 Group Financial Statements have been prepared in accordance International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS and IFRIC interpretations. The Group 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 UK Pound Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement 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 2012.

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 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.

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.

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 re-measured 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.

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.

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 minimum amount of funding required is estimated to be £300,000 at the point of approval of these Financial Statements of which £66,000 has been received to date. The Group will be required to raise additional funds either via an issue of equity or through the issuance of debt.

The Directors have a reasonable expectation that the Group and Company will be able to raise the necessary funds to continue in operational existence for the foreseeable future, as demonstrated by the recent placing of shares. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.4 New and Amended Standards

(a) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2012 and relevant to the Group.

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial period 1 January 2012. Except as noted, the implementation of these standards did not have a material effect on the Group:

Standard	Impact on initial application	Effective date
IAS 12 (Amendment)	Deferred tax: recovery of underlying assets	1 January 2012

b) Standards, amendments and interpretations that are not yet effective and have not been early adopted:

Standard		Effective date
IFRS 10	Consolidated financial statements	1 January 2013*1
IFRS 11	Joint arrangements	1 January 2013*1
IFRS 12	Disclosure of interest in other entities	1 January 2013*1
IFRS 13	Fair value measurement	1 January 2013
IAS 19 (Amendment 2011)	Employee benefits	1 January 2013*2
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2013
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2013*1
IFRS 7 (Amendment 2011)	Disclosures – offsetting financial assets and financial liabilities	1 January 2013
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014
IFRS 9	Financial instruments	1 January 2015*2

*1 Effective date 1 January 2014 for the EU
*2 Not yet endorsed by the EU

The Group has not early adopted these revised standards and is currently assessing the impact that these standards will have on the consolidated 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 Pounds 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 pound, 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 Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position sheet;

- income and expenses for each Statement of Comprehensive Income 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 Statement of Comprehensive Income as part of the gain or loss on sale.

2.6 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of 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.

Goodwill arose on the assumption of control of Iberian Gold Plc (refer note 8 and note 9). The balance has been impaired in full as the Directors do not consider this reflects any increase in the value of the group's assets.

(b) Exploration and evaluation

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 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 annually for impairment. 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 Statement of Comprehensive Income.

2.7 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% straight line

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 recognised within 'Other (losses)/gains' in the Statement of Comprehensive Income.

2.8 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 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.

2.9 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 Statement of Financial Position 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 Statement of Financial Position.

(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

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the assets 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 Statement of Comprehensive Income as "gains and losses from investment securities."

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Comprehensive Income as part of other income. Dividends on available-for-sale equity instruments are recognised in Statement of Comprehensive Income as part of other income when the Group's right to receive payments is established.

Impairment of financial assets

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;
- 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; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

(i) Assets carried at amortised cost

The amount of impairment 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income.

(ii) Assets classified as available-for-sale

The cumulative impairment 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 Statement of Comprehensive Income – is removed from equity and recognised in the Statement of Comprehensive Income.

2.10 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.

2.11 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.

2.12 Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Statement of Comprehensive Income and its value 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 (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge 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 Statement of Comprehensive Income or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options 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.

2.13 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. 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.

2.14 Taxation

The tax credit or expense for the period comprises movement in deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

2.15 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.

2.16 Finance income

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

2.17 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 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.

2.18 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.

2.19 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 risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Bulgarian Lev 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 as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to 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 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 enable the Group to continue its exploration and evaluation activities. 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

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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 Group's assets that are measured at fair value. The Group does not have any liabilities measured at fair value.

	2012			2011		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Assets	£	£	£	£	£	£
Investment in associate	-	-	-	-	1,934,436	1,934,436
Intangible assets	-	2,214,594	2,214,594	-	-	-
Available-for-sale financial assets	11,460	1,098,552	1,110,012	-	1,708,524	1,708,524
Total assets	11,460	3,313,146	3,324,606	-	3,642,960	3,642,960

The fair value of financial instruments traded in an active market 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 Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise ASX listed equity investments classified as available-for-for sale financial assets.

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.

4. Critical Accounting Estimates and Judgements

The preparation of the 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.

Estimates and judgements 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:

Intangible assets

Intangible assets comprise exploration and evaluation expenditure incurred by the Company's indirectly held Spanish subsidiary Recursos Metalicos S.L ("Recursos"). Recursos held underground mining permits at Lomero Poyatos in Spain until they were cancelled by the Spanish mining authorities in 2012. As disclosed in Note 8, the directors undertook a detailed review of these assets to assess whether they continue to have any value. Following their review, the directors concluded that an impairment of £2,555,756 was required to leave a balance of £2,214,594 being carried at 31 December 2012, which the directors believe to be a reasonable estimate of its fair value. If this valuation proves to be incorrect, a further impairment may be required.

Available-for-sale financial assets

Available-for-sale financial assets have a carrying value at 31 December 2012 of £1,110,012 (2011: £1,708,524) of which £11,460 (2011: £nil) relates to Level 1 measured financial instruments. The remaining balance of £1,098,552 (2011: £1,708,524) consists of unlisted equity securities which are held as a Level 3 measured financial instruments at a directors' valuation.

The fair value of these Level 3 measured financial instruments that are not traded in an active market (for example un-listed equity securities) is determined, where possible, by using valuation techniques. Management has concluded that in the case of unlisted securities held as available-for-sale financial assets, the range of reasonable fair value estimates is significant and estimates cannot be reasonably assessed. In such circumstances the Group is precluded from measuring the instruments at fair value and have thus valued these investments at cost less impairment.

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. These Level 3 measured financial instruments comprise of:

a) A 10% net profit share in a Bulgarian venture with Electum Limited of Denver, USA. The directors have assessed the carrying value of this project and concluded that no impairment is required on the carrying value of £1,098,552 (2011: £1,155,092) net of translation differences at 31 December 2012. Further details are disclosed in Note 11. If this valuation proves to be incorrect, a further impairment may be required.

b) The balance of shares in Iberian Gold Plc ("Iberian") held in the form of Renounceable Letters of Allotment following the sale of its Spanish subsidiary Recursos Metalicos SL to Iberian in 2010. The Directors have undertaken an impairment review of its interest in Iberian and have concluded that this needs to be further impaired by £553,432 (2011: £534,000) to £nil (2011: £553,432) following the cancellation of the mining permits held by Iberian's subsidiary Recursos Metalicos SL in March 2012 and the negative net asset position of Iberian at 31 December 2012.

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 package. 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 19.

Current and deferred taxation

The Group is subject to income taxes in numerous jurisdictions. Judgement 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 different from management's estimations the Group may need to revise the carrying value of this asset.

Valuation of investment in associate

In the prior period the Group held an investment in an associate company which had a carrying value at 31 December 2011 of £1,934,098. On 20 August 2012 the Company assumed control of the associate and it has been consolidated into the Group from this date.

The Group follows the guidance of IAS 28 to determine when an investment in associate is impaired. This determination requires significant judgement. In making this judgement, 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

5. Segment Information

Under IFRS 8 neither the Company or Group are 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. Operating Loss

The operating loss is stated after charging:

	Group	
	2012	2011
	£	£
Depreciation	**-**	-
Impairments	**5,231,068**	2,472,000
Loss on disposal	**-**	475,000
Provision for doubtful debts	**-**	85,648

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Group	
	2012	2011
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	**12,500**	30,662
Fees payable to the Company's auditor and its associates for tax services	**1,000**	1,000

7. Property, Plant and Equipment

	Group			Company
	Vehicles	Office equipment	Total	Computer equipment
	£	£	£	£
Cost				
As at 1 January 2011	91,476	43,859	135,335	43,859
Additions	-	-	-	-
As at 31 December 2011	91,476	43,859	135,335	43,859
Additions	-	-	-	-
As at 31 December 2012	**91,476**	**43,859**	**135,335**	**43,859**

Depreciation				
As at 1 January 2011	(91,476)	(43,858)	(135,334)	(43,858)
Charge for the year	-	-	-	-
As at 31 December 2011	(91,476)	(43,858)	(135,334)	(43,858)
Charge for the year	-	-	-	-
As at 31 December 2012	**(91,476)**	**(43,858)**	**(135,334)**	**(43,858)**
Net book value				
As at 1 January 2011	-	1	1	1
As at 31 December 2011	**-**	**1**	**1**	1
As at 31 December 2012	**-**	**1**	**1**	**1**

Depreciation expense of nil (2011: nil) has been charged in administration expenses.

8. Intangible Assets

Exploration and evaluation assets are all internally generated.

	Group	
	2012	2011
	£	£
Exploration & Evaluation Assets - Cost and Net Book Value		Restated
At 1 January	**-**	-
Additions	**-**	-
Arising on assumption of control of subsidiary (at fair value)	**4,598,006**	-
Impairment	**(2,555,756)**	-
Exchange rate movements	**172,344**	-
At 31 December	**2,214,594**	-

In 2011 the Group's 10% net profit share interest in its Bulgarian joint venture was incorrectly classified as an Intangible asset. This has been restated as an available for sale financial asset (refer note 11).

At 31 December 2012 the carrying amount of exploration expenditure is that of the Company's indirectly held Spanish subsidiary Recursos Metalicos S.L ("Recursos"). Recursos held underground mining permits at Lomero Poyatos in Spain however these were cancelled by the Spanish mining authorities in 2012.

The intangible assets of Recursos therefore comprise the following:

- potential value of legal action to be taken against the Spanish mining authority in relation to the cancellation of Recursos mining permits; and
- core samples held in storage and technical database from historical exploration activity undertaken at Lomero Poyatos.

The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- legal advice from Spanish law firms in relation to the proposed action against the Spanish mining;
- likelihood of any legal actions being unsuccessful; and
- inability to realise value from core samples and technical database.

An impairment review of exploration and evaluation assets is carried on out an annual basis in order to ensure that it is valued at the lower of cost and recoverable amount. Following their assessment the Directors concluded that an impairment charge of £2,555,756 was necessary at the year end.

	Group	
	2012	2011
Goodwill - Cost and Net Book Value	**£**	£
At 1 January	**-**	-
Arising on assumption of control of subsidiary (at fair value)	**2,116,684**	-
Impairment	**(2,116,684)**	-
At 31 December	**-**	-

Goodwill arose on the assumption of control of Iberian Gold Plc (refer note 9). The balance has been impaired in full as the Directors do not consider this reflects any increase in the value of the group's assets.

9. Investments in Subsidiary Undertakings

	Company	
	2012	2011
	£	£
Shares in Group Undertakings		
At 1 January	**822,938**	822,938
Reclassified from investment in associates	**1,856,967**	-
Impairment	**(143,441)**	-
At 31 December	**2,536,464**	822,938
Loans to Group undertakings	**245,886**	251,538
At 31 December	**2,782,350**	1,074,476

On 20 August 2012 the Company assumed control of Iberian Gold Plc ("Iberian") by replacing its board of directors with Mark Slater, Geoffrey Hall, Timothy Greatrex and Michael Burton. As a result of this change in control Iberian Gold Plc was reclassified from being an associate to a subsidiary.

The Directors have fully impaired loans granted to Iberian of £138,244 on the basis that these are not likely to be recovered, see note 11 for more detail. The Directors also fully impaired the Sveta Marina investment previously carried at £5,196 on the basis that this no longer represents any value to the Company.

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

Details of Subsidiary Undertakings

Name of subsidiary	Place of establishment	Parent company	Registered capital	Share capital held	Principal activities
Hereward Ventures Bulgaria EAD	Bulgaria	Cambridge Mineral Resources Plc	Ordinary shares 50,000	100%	Holding
Iberian Gold Plc	United Kingdom	Cambridge Mineral Resources Plc	Ordinary shares 49,608,693	0%	Dormant

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 10% net profit share interest in those companies at year end.

Iberian Gold Plc owns 100% of the share capital of Recursos Metalicos S.L, which previously held exploration and mining rights over the Spanish permit Lomero-Poyatas and still retains core samples and technical data relating to the project.

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For the year ended 31 December 2012

10. Investment in Associate

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
At 1 January	**1,934,436**	3,910,395	**1,934,436**	3,910,395
Share of losses	**(77,469)**	(142,485)	**-**	(142,485)
Decrease in net assets	**-**	(33,719)	**-**	(33,719)
Reclassification of loans from debtors	**-**	138,245	**-**	138,245
Impairment	**-**	(1,938,000)	**-**	(1,938,000)
Reclassification to investment in subsidiaries	**(1,856,967)**	-	**(1,934,436)**	-
Carrying amount at 31 December	**-**	1,934,436	**-**	1,934,436

On 20 August 2012 the Company assumed control of Iberian Gold Plc by replacing its board of directors with Mark Slater, Geoffrey Hall, Timothy Greatrex and Michael Burton. As a result of this change in control Iberian Gold Plc was reclassified from being an associate to a subsidiary.

11. Available-for-Sale Financial Assets

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
		Restated		
At 1 January	**1,708,524**	2,349,646	**553,432**	1,192,936
Reclassification from other receivables - Peru	**186,954**	-	**186,954**	-
Gain on receipt of consideration shares - Peru	**81,268**	-	**81,268**	-
Adjustment for Company share of issue of shares by Iberian Gold Plc	**-**	(61,000)	**-**	(61,000)
Adjustment for share of Company disposal of shares	**-**	43,000	**-**	43,000
Disposals - Peru	**(256,762)**	(87,504)	**(256,762)**	(87,504)
Impairment	**(553,432)**	(534,000)	**(553,432)**	(534,000)
Exchange rate movements	**(56,540)**	(1,618)	**-**	-
At 31 December	**1,110,012**	1,708,524	**11,460**	553,432
Less: non-current portion	**1,098,552**	1,708,524	**-**	553,432
Current portion	**11,460**	-	**11,460**	-

Available-for-sale financial assets include the following:

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2012

	Group		Company	
	2012	2011	**2012**	2011
	£	£ Restated	**£**	£
Listed securities:				
Equity securities – Australia – Peru Interest	**11,460**	-	**11,460**	-
Unlisted securities:				
Equity securities – UK – Spain Interest	**-**	553,432	**-**	553,432
Other:				
10% net profit share – Bulgaria Interest	**1,098,552**	1,155,092	**-**	-
Total	**1,110,012**	1,708,524	**11,460**	553,432

Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
UK pound	**-**	553,432	**-**	553,432
Australian dollar	**11,460**	-	**11,460**	-
Bulgarian lev	**1,098,552**	1,155,092	**-**	-
Total	**1,110,012**	1,708,524	**11,460**	553,432

Bulgarian Interest

In 2011 the Group's 10% net profit share interest in its Bulgarian venture was incorrectly classified as an Intangible asset. This has been restated as an available for sale financial asset.

A 10% net profit share in a Bulgarian venture with Electum Limited of Denver, USA. The two companies have set up an entity which has a 100% interest in the Tashlaka Hill Underground mine ("the project") situated in Bulgaria. The Group is entitled to a 10% net profit share in the project. The directors have assessed the carrying value of this project and concluded that no impairment is required at this stage. They have based their assessment on a pre-feasibility study undertaken in 2008 which concluded that economic quantities of Gold exist. In addition, the directors have also had discussions with the management of the project and have had access to the exploration activity (and reports) undertaken since the pre-feasibility study in 2008 and results to date continue to be positive. The directors have therefore concluded that no impairment is required on the carrying value of £1,098,552 (2011: £1,155,092) net of translation differences at 31 December 2012.

Spain Interest

During 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"). 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.

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 has renounced and disposed of 23,302,064 of its shares in Iberian leaving a total number of shares due to the Company of 256,697,936, of which 108,704,190 shares have been accounted for as an Available-for-sale financial asset and the remainder as an Investment in Associate in accordance with IAS 28 as stated in Note 10 (until the date the Company took control of Iberian)

The fair value of the Company's interest in its available for sale financial asset on recognition in 2010 had been calculated to be 108,704,190 Iberian shares at 1p per share, being £1,087,042. The Directors undertook an impairment review in 2011 and has decided to impair the carrying amount of its interest in the Renounceable Letters of Allotment of Iberian Iberian by £533,610 to leave a value of £553,432 at 31 December 2011.

The Directors have undertaken an impairment review at 31 December 2012. 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 and has also considered the operation of the assets by Iberian. Iberian was unable to fully fund the

Spanish operations and in March 2012 Iberian notified CMR that the mining permits for Lomero-Poyatos had been cancelled by the Spanish authorities. The reasons given by the authorities related to lack of exploration work and delay in moving forward to exploitation (mining). Iberian arranged for Recursos to submit an appeal against that decision but during June 2012 the authorities rejected that appeal. Following this decision and the negative net asset position of Iberian at 31 December 2012 following an impairment review of Iberian's assets, the directors have concluded that this asset needs to be further impaired by £553,432 to £nil.

Peru Interest

On 21 June 2012 the Company received 13.8 million shares in Laconia Resources Limited, an ASX listed company, as part of the proceeds from the sale of the Peruvian asset (the "Laconia Shares"). Between August and December 2012 the Company made the following transfers of Laconia Shares:

- 8,975,000 to Directors of the Company in settlement of accrued director fees;
- 2,900,000 to loan note holders in settlement of outstanding loan notes and associated interest;
- 690,000 to consultants as consideration for services provided to the Company in relation to the Peruvian sale

On 15 November 2012 the Company sold 460,000 Laconia Shares on market.

As at 31 December 2012 the Company held 775,000 Laconia Shares with a fair value of £11,460.

12. Trade and Other Receivables

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade receivables	**72,360**	-	**-**	-
Receivable from sale of Peru asset	**38,533**	301,192	**38,533**	301,192
Prepayments	**836**	854	**-**	-
VAT receivable	**18,152**	16,138	**18,152**	16,138
Other receivables	**85**	91,930	**85**	20,612
	129,966	410,114	**56,770**	337,942

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

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies: UK Pounds, Euros, US Dollars and Bulgarian Lev. 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.

At 31 December 2012 all trade and other receivables were fully performing.

13. Cash and Cash Equivalents

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Cash at bank and in hand	**7,018**	4,999	**7,477**	1,189

All of the Company's cash at bank is held with institutions with an A credit rating.

14. Trade and Other Payables

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Trade payables	**1,024,076**	303,296	**185,791**	261,235
Social security and other taxes	**35,481**	37,500	**34,646**	36,646
Other payables	**47,735**	-	**54**	54
Accrued expenses	**389,613**	344,868	**287,824**	344,868
	1,496,905	685,664	**508,315**	642,803

15. Borrowings

	Group		Company	
	2012	2011	**2012**	2011
Current	**£**	£	**£**	£
Unsecured borrowings at amortised cost				
Convertible loan notes	**205,817**	115,509	**-**	115,509
Convertible Bonds	**335,090**	-	**-**	-
Loans from related parties	**210,905**	12,000	**210,905**	12,000
Other loans	**43,418**	41,022	**43,418**	41,022
At 31 December	**795,230**	168,531	**254,323**	168,531

Convertible loan notes

On 5 April 2010 the Company entered into loan agreements in respect of £180,000 of borrowings with finance charges of £540,000 (“Company Loan Notes”).

Under the terms of the loan agreements, the Company Loan Notes 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 on 30 September 2010. The value of the liability component and equity conversion component were determined at the date of the issue of the Company Loan Notes.

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 Company Loan Notes 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 £6,598 (31 December 2011: £7,796).

During the year ended 31 December 2011 the lenders exercised their options to convert the finance charges component of their Company Loan Notes 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 Plc 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.

During the year the Company entered onto a further loan agreement in respect of £9,000 of borrowings, under the same terms of the Company Loan Notes.

The balance of the Company Loan Notes and associated outstanding interest were settled in October 2012 by way of the Company transferring to the lenders 2,900,000 shares it held in Laconia Resources Limited, which the Company received as part of the proceeds from the sale of the Peruvian asset.

On 20 August 2012 the Company assumed control of Iberian Gold Plc (“Iberian”). On 10 May 2010 Iberian authorised a convertible loan note instrument and during that year Iberian issued £207,500 convertible loan notes and on 6 April 2011 Iberian issued £60,000 convertible loan notes to former directors of Iberian as compensation for loss of office (together “Iberian Loan Notes”).

The value of the liability component and equity conversion component were determined at the date of the issue of the Iberian Loan Notes. The Iberian Loan Notes are non-interest bearing. 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 residual amount, representing the fair value of the equity conversion option is included in shareholders' equity in Other Reserves (Note 18), net of taxes.

The balance of the convertible loan notes is calculated as follows:

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Nominal value of convertible loan notes at 1 January	**180,000**	180,000	**180,000**	180,000
Assumed through control of subsidiary	**267,500**	-	**-**	-
Cumulative Equity component to date	**(89,404)**	31,000	**31,000**	31,000
Liability component at date loans issued	**358,096**	211,000	**211,000**	211,000
Interest charged to date at 1 January	**45,992**	2,713	**10,509**	2,713
Interest charged during the year	**29,836**	7,796	**6,598**	7,796
Interest paid	**(17,107)**	-	**(17,107)**	-
Cumulative interest outstanding to date	**58,721**	10,509	**-**	10,509
Repayment of principal	**(180,000)**	(75,000)	**(180,000)**	(75,000)
Adjustment of initial equity component upon conversion	**(31,000)**	(31,000)	**(31,000)**	(31,000)
Liability component at 31 December	**205,817**	115,509	**-**	115,509

The fair value of the liability component of the convertible loan notes at 31 December 2012 and 31 December 2011 is deemed to be the amount as stated above.

Convertible bonds

During 2011, Iberian issued 300 convertible gold linked bonds ("Bonds") with a principle amount of £1,000 each. The Bonds become due for repayment within 60 days of the 'End of Term' which is triggered when:

- Iberian announces that the shares of Iberian are to be admitted to trading either on the AIM market of the London Stock Exchange or on any other Recognised Investment Exchange; or
- Iberian announces that either it or its subsidiary Recursos Metalicos S.L. has been sold or taken over; or
- the Company announces that it has been sold or taken over while still holding more than 50% of the economic interest in Iberian.

The redemption amount is calculated by reference to the mid-market price of gold quoted at noon at the End of Term in pounds sterling at http://www.lbma.org.uk. The redemption price of each Bond payable by Iberian will be the equivalent of 1.5385 troy ounces of gold in pounds sterling on the day of redemption. Each Bond can be exchanged for 20,000 ordinary shares of one pence each at any time until the redemption date.

The values of the liability component and equity conversion component were determined at the date of the issue of the Bonds. The Bonds are non-interest bearing. At the date of issue the fair value of the liability component was calculated using the future fair value of the price of gold at 31 December 2013. This date was chosen as the directors of Iberian at the time were of the opinion that its subsidiary, Recursos Metalicos S.L, would be sold within one year from the balance sheet date. The date of disposal will trigger the Bonds as being at the 'End of Term' which means the Bonds will need to be redeemed. The residual amount, representing the fair value of the equity conversion option is included in shareholders' equity in Other Reserves (Note 18), net of taxes. Due to the fair value of the liability component being significantly higher than the proceeds of the bonds, there is no equity element that arises on this instrument.

The balance of the convertible loan notes is calculated as follows:

	2012 £
Principal amount of bond	**150,000**
Cumulative Equity component to date	**-**
Liability component at date of issue	**150,000**
Finance charge on initial recognition	**170,961**
Revaluation at 31 December	**5,129**
Additions	**9,000**
Liability component at 31 December	**335,090**

16. Deferred income

	Group		Company	
	2012 **£**	2011 £	**2012** **£**	2011 £
Deferred income from non-returnable grant	**1,253**	1,282	**-**	-

17. Share Capital

Issued – Group and Company

	Number of shares	Ordinary shares £	Share premium £	Total £
Issued and fully paid				
At 1 January 2011	88,053,189	4,395,658	11,275,592	15,671,250
Adjustment to prior year	-	5,657	-	5,657
Issue of new shares for cash – 2011 (1)	44,968	2,248	-	2,248
Issue of new shares for non-cash – 2011 (2)	11,800,000	590,000	-	590,000
At 31 December 2011	**99,898,157**	**4,993,563**	**11,275,592**	**16,269,155**
Issue of new shares – February 2012 (3)	2,360,000	118,000	-	118,000
As at 31 December 2012	**102,258,157**	**5,111,563**	**11,275,592**	**16,387,155**
Issued share capital at 31 December 2011	**99,898,157**	**4,993,563**	**11,275,592**	**16,269,155**
Issued share capital at 31 December 2012	**102,258,157**	**5,111,563**	**11,275,592**	**16,387,155**

1. During 2011 the Company raised £2,248 through the issue of 44,968 ordinary shares of 5 pence each fully paid at 5 pence.
2. During 2011 the Company settled the professional fees due on the disposal of its former subsidiary Recursos Metalicos S.L. and the repayment of various loans by the issue and allotment of 11,800,000 shares in the Company with a deemed value of £590,000.
3. In February 2012 the Company issued 2,360,000 ordinary shares of 5 pence each fully paid in settlement of certain trade creditor balances that were outstanding.

18. Other Reserves

	Group		Company	
	2012	2011	**2012**	2011
	£	£	**£**	£
Merger reserve	**702,685**	702,685	**702,685**	702,685
Share option reserve	**32,092**	-	**-**	-
Borrowing reserve	**59,816**	-	**-**	-
	794,593	702,685	**702,685**	702,685

19. Share Based Payments

Company

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

			Shares	
Vesting date	Expiry date	Exercise price in £ per share	**2012**	2011
12 December 2008	11 December 2012	£1.00	**-**	3,300,000
			-	3,300,000

The Company has no legal or constructive obligation to settle or repurchase the options in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2008 Warrants
Granted on:	12 Dec 2008
Life (years)	4 years
Risk free rate	2.31%
Expected volatility	30%
Expected dividend yield	-
Marketability discount	75%
Total fair value	£nil

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.

A reconciliation of options and warrants over the year to 31 December 2012 is shown below:

	2012		2011	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding as at 1 January	**3,300,000**	**1.000**	3,300,000	1.000
Expired	(3,300,000)	1.000	-	0.000
Granted	-	0.000	-	0.000
Outstanding as at 31 December	**-**	**0.000**	3,300,000	1.000
Exercisable at 31 December	**-**	**0.000**	3,300,000	1.000

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Income Statement for the year ended 31 December 2012 of £nil (2011: £nil).

Group

Share options and warrants outstanding and exercisable in the Company's subsidiary at the end of the year have the following expiry dates and exercise prices:

Vesting date	Expiry date	Exercise price in £ per share	Shares 2012	Shares 2011
20 August 2010	20 August 2013	£0.01	**23,500,000**	-
30 September 2010	30 September 2013	£0.01	**4,975,000**	-
			28,475,000	-

The options and warrants were assumed by the Group when it took control of Iberian Gold Plc on 20 August 2012.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2010 Warrants	
Granted on:	20 Aug 2010	30 Sep 2010
Life (years)	3 years	3 years
Risk free rate	1.76%	1.76%
Expected volatility	30%	30%
Expected dividend yield	-	-
Marketability discount	-	-
Total fair value	£54,050	£11,443

The expected volatility is based on the historical volatility of similar small quoted companies over a three year period. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

A reconciliation of options and warrants over the year to 31 December 2012 is shown below:

	2012		2011	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding as at 1 January	**28,475,000**	**0.01**	28,475,000	**0.01**
Expired	-	0.01	-	0.01
Granted	-	0.01	-	0.01
Outstanding as at 31 December	**28,475,000**	**0.01**	28,475,000	**0.01**
Exercisable at 31 December	**28,475,000**	**0.01**	28,475,000	**0.01**

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Group Income Statement for the year ended 31 December 2012 of £nil (2011: £nil).

20. Employees

The Company had no full time employees during the year. The Directors and Company Secretary provided professional services as required on a part-time basis. Details of Directors' fees are disclosed in Note 21.

21. Directors' Remuneration

	Directors' Fees	
	2012	2011
	£	£
Executive Directors		
Michael Burton	**74,907**	105,000
Mark Slater	**25,000**	55,000
Non-executive Directors		
Geoffrey Hall	**-**	-
Timothy Greatrex	**-**	-
Nevyanka Mateeva	**-**	25,000
Philip Newman	**-**	20,000
Robert Kyriakides	**-**	40,000
Martin Robins	**-**	6,000
	99,907	251,000

No pension benefits are provided for any Director.

22. Taxation

No charge to taxation arises due to the losses incurred. No deferred tax asset has been recognised on accumulated tax losses, as the recoverability of any assets is not likely in the foreseeable future.

	Group	
Income tax expense	**2012**	2011
	£	£
Analysis of tax charge		
Current tax charge for the year	-	-
Deferred tax charge for the year	-	-
Tax on loss for the year	-	-

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

	Group	
	2012	2011
	£	£
Loss before tax	**5,580,327**	(4,137,069)
Tax at the applicable rate of 26% (2011: 26%)	**(1,450,886)**	(1,075,638)
Effects of:		
Expenditure not deductible for tax	**550,338**	834,638
Net tax effect of losses carried forward	**900,548**	241,000
Tax charge	**-**	-

No taxation has been provided due to losses in the year.

The weighted average applicable tax rate of 26% (2011: 26%) used is a combination of the 26% standard rate of corporation tax in the UK, 30% Spanish corporation tax and 10% Bulgarian corporation tax.

There are tax losses in the Group of £10,341,548 (2011: £9,441,000) which are carried forward for relief in future periods. The deferred tax asset of has not been provided in respect of these losses as there is presently insufficient evidence of the timing of suitable future profits against which they can be recovered.

Factors that may affect future tax charges:

The UK government legislated during 2012 to reduce the main rate of corporation tax to 23%, applicable from 1 April 2013, which has been reflected in the above unrecognised tax asset. Furthermore, the Government announced in March 2013 as part of the Budget a further reduction of 2% to 21% to apply from 1 April 2014, with an additional reduction of 1% to 20% with effect from 1 April 2015. These reductions have not been taken account in the disclosed deferred tax asset as they were not substantively enacted at the balance sheet date.

The directors estimate the further reduction would reduce the unrecognised deferred tax asset once the 23% rate is enacted.

No changes are foreseen to the future tax rates in the Spain or Bulgaria.

23. Expenses by nature

Group	2012 £	2011 £
Directors' fees	99,907	251,000
Employee salaries	37,386	23,193
Consultancy and professional fees	287,611	154,700
Establishment expenses	9,068	5,794
Travel and subsistence	2,189	2,659
Loss/(gain) on foreign exchange	(54,806)	(66,058)
Depreciation and amortisation	-	-
Other expenses	67,487	551,032
Total administrative expenses	448,842	922,320

24. Commitments

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

25. Related Party Transactions

Loans to Group undertakings

Amounts receivable as a result of loans granted to subsidiary undertakings are as follows:

	2012 £	2011 £
Iberian Gold Plc *	-	-
Hereward Ventures Bulgaria EAD	245,886	251,538
	245,886	251,538

** As at 31 December 2011 Iberian Gold Plc was classified as an associate and owed the Company £158,772.*

These amounts are interest free and repayable in Sterling when sufficient cash resources are available in the subsidiaries. All intra Group transactions are eliminated on consolidation.

Loans from related parties

Geoffrey Hall made cash advances to the Company of £83,675 (2011: £12,000) and paid expenses on behalf of the Company totalling £115,230 (2011: nil). As at 31 December 2012 the Company owed Geoffrey Hall £210,905 (2011: £12,000), which is interest free and repayable in Sterling when sufficient cash resources are available in the Company.

During the year the Company entered onto a loan agreement in respect of £9,000 of borrowings with Timothy Greatrex. The loan and associated interest was settled by a non-cash payment during the year (see Note 15).

Other transactions

MBS Consultancy Services ("MBS"), a company of which Mark Slater is a director and beneficial owner, was paid a fee of £35,000 (2011: £5,000) for consultancy services provided to the Company while Mark was not a director. As at 31 December 2012 the Company owned MBS £66,387 (2011: £87,059).

26. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

27. Events after the Reporting Date

On 9 May 2013 the Company extinguished £190,000 of borrowings from Geoffrey Hall. This was satisfied by:

- the issue of 3,800,000 new ordinary shares at a price of 5p per share; and
- the grant of 7,600,000 warrants to acquire 7,600,000 ordinary shares valid for two years from the date of issue and exercisable at 5 pence per warrant.

On 21 June 2013 the Group made a successful application for mineral exploration permits on the Masa Valverde polymetallic massive sulphide deposit located in the centre of the Iberian Pyrite Belt in south-eastern Spain ("Masa Valverde"). On the same date the Group also entered into a heads of agreement with a large mining and commodity trading company in relation to a potential joint venture for the exploration and development of Masa Valverde.