

Annual Report & Accounts

2006

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**Our progress
continues**

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Highlights 2006

Our mission

To become a significant producer of precious metals.

To achieve annual production of over 100,000 ounces of gold by 2010.

To deliver shareholder returns at the earliest possible opportunity.

Our strategy

To acquire and develop a portfolio of small high-grade gold mines in Colombia and Peru, and to increase production to economic levels by the implementation of modern mine methods and technologies.

To finance operations by the most cost-effective means available.

Colombia:

- > Acquisition of 4 additional gold mining projects.
- > Deployment of a diamond-drill rig.
- > Development of Quintana mine towards feasibility study.

Peru:

- > Start of development on new silver-gold mine, at Rasuhuilca.

Bulgaria:

- > New gold-silver discovery at Tashlaka Hill South.

Spain:

- > Acquisition of Masa Valverde, large base-metal deposit.

Corporate:

- > Neil MacLachlan joins as Chairman (non-executive).

Financial:

- > Development expenditure grew by £1.6m.
- > Over £700k reduction in overhead expenses.

Chairman's Statement

As the new chairman of Cambridge Mineral Resources plc ("CMR" or "the Company") I am very pleased to report to shareholders on activities and progress during 2006.

It has been a positive year for the Company by virtue of the advancement of our exploration assets in Europe and the progress made towards gold production in South America. Precious and base metal prices continued to strengthen during the year, thus enhancing the real value of our assets.

Colombia
CMR's objective in Colombia is to build a portfolio of gold mines generating a combined annual output of over 100,000oz, serviced by centralized processing facilities to maximize profitability. Considerable progress towards the achievement of this goal was made, with a further four gold mining projects acquired under options, bringing the total to seven. We are also utilizing a diamond-drill rig, which is held over a three year renewable lease period and we have recruited an experienced operator and drill team, which greatly enhanced our mine evaluation and resource definition capabilities, in addition to reducing our dependence on outside contractors.

At Mina Quintana, which is the Company's first planned mine-start, extensive underground development and evaluation work over three levels was undertaken and a campaign of surface drilling produced encouraging results. We commenced a full feasibility study, which was completed in the second quarter of 2007. The study, which was independently verified, confirmed existing reserves and resources of 109,852 tonnes at an average grade of 24.58g/t gold, totalling over 86,000 oz gold valued at US\$51.6m assuming a gold price of US\$600 per oz. We are currently seeking to arrange project finance with the aim of commencing production by the end of 2007. We expect annual gold production at Quintana to reach 15,000oz by 2010. In line with the industry's general experience of vein mining, we are confident that additional reserves and resources will be defined during the course of ongoing exploration and mining operations.

CMR acquired, under option, several additional high-grade gold mines during

2006, including Mina La Linda where sampling returned assay values of up to 40g/t gold with an average grade of 11g/t. Underground development commenced in Q1 2007.

In November 2006, a further key acquisition was Mina del Sol. With a previously reported total mineralized width of over 43 metres, and assay values of up to 111g/t gold, this is a bulk-mineable gold deposit of world-class potential. A first stage diamond-drilling program is currently underway, as this project has never previously been drill tested and full results are expected later in the current year.

It should be noted that in Colombia CMR is already a gold producer through its extensive mine development activities; once our first processing plant is constructed and commissioned, the stockpiled ore will form a key part of initial gold production and revenue.

Peru
CMR is also focused on Peru as a future profit centre. On our Patacancha Claim Group we switched initial production activities from the Marcelita-2 gold mine to nearby Rasuhuilca, a silver-gold mine with extensive existing development and infrastructure, and which offers far greater production potential. Computer compilation and modelling of the historic mine data was undertaken and demonstrated excellent economics. CMR commenced further mine development in the latter half of 2006, to complete vertical connections between the extant underground development. This work will provide additional access and assay data in addition to a bulk sample for metallurgical testwork. A feasibility study has now commenced. During 2006, the Company signed an option to acquire our partner's 50% interest in the project, which we expect to exercise later in 2007.

Spain
In the Iberian Pyrite Belt ("IPB"), CMR acquired the exploration permits at Masa Valverde. These permits host the largest unmined sulphide orebody in the IPB, containing over 100 million tonnes of zinc,

copper and lead mineralization. Subsequent data modelling has established an inferred resource with significant economic potential. Further drilling is required to advance the project to the feasibility study stage. Masa Valverde, together with our nearby gold-focused polymetallic mine at Lomero-Poyatos are both economically viable prospective development prospects. Significant further exploration and development work is required to advance these properties. An NI43-101 compliant study of our Spanish assets was completed early in 2007 and this will enable CMR to pursue specific opportunities to advance these projects.

Balkans
During the year Asia Gold decided to withdraw from the Bulgarian joint venture, which enabled the Company under the terms of the joint venture agreement to regain a 100% interest in the project for no additional cost. Asia Gold has spent a total of some US\$2.5m on the properties. Their decision to withdraw was due to a revised corporate strategy to focus its resources on other geographic regions and commodities. Prior to Asia Gold's decision, the joint venture exploration programme continued to achieve success. At Tashlaka Hill, the joint venture conducted two diamond drilling programs totalling over 1,300 metres, which upgraded the existing resource of approximately 431,140 oz gold in the main zone and confirmed a new gold-silver deposit to the south.

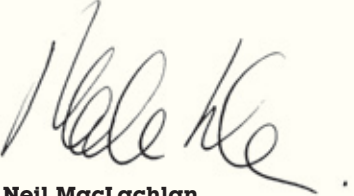
In Serbia, Dundee Precious Metals took over as our joint venture partners from Ivanhoe and prepared an enhanced

exploration programme for our properties. Dundee has a substantial exploration programme for this region.

Corporate
The Company raised a total of £2m before expenses in new equity via private placements in June and December. The majority of the funds raised were applied to financing the development of our South American projects. In line with our aim of reducing overhead expenses, administration costs were over £700,000 lower during the year at £0.9m. Further capital will need to be raised in the current year, including project finance.

In conclusion, the Company's resource base and portfolio of projects has continued to advance and appreciate in value. Our strategy for precious metal production is on course in South America against a background of strong metal prices.

I would like to thank our employees, institutional and individual shareholders for their continued support during the past year as the Company prepares to join the ranks of the gold producers.



Neil MacLachlan
Chairman

14 June 2007

Considerable progress towards achieving goals

Strategy for precious metal production on course

Operational Centres

South America
High-grade gold and silver mines



Europe
Gold and base metals exploration



Review of Operations

2006 was an important year for CMR. The company commenced mining at two of its projects, Rasuhuilca in Peru and at Quintana in Colombia. In addition acquisitions continued in Colombia with further highly prospective mines placed under option. This work is all part of the strategy for CMR to become a significant gold producer and to attain annual production of 100,000 ozs of gold by 2010.

In addition substantive progress was also made in Bulgaria with good drill results obtained at Tashlaka Hill, and in Spain where CMR obtained rights to a major multi-million tonne base-metal sulphide deposit at Masa Valverde.

Reserves and resources as at 31 May 2007										
Country	Project	Stage	Resource class	Tonnes	Grades					Notes
					Gold g/t	Silver g/t	Copper %	Zinc %	Lead %	
Bulgaria	Tashlaka	Advanced exploration	Indicated	15,800,000	0.85	-	-	-	-	0.6g/t Au cutoff
	Chaira	Advanced exploration	Inferred	6,740,000	2.11	-	-	-	-	0.6g/t Au cutoff
Totals				22,540,000						
Spain	Lomero-Poyatos	Pre-feasibility study completed	Indicated	3,710,000	3.26	27.8	0.87	1.57	1.16	1.5g/t Au cutoff
	Masa Val Verde	Advanced exploration	Inferred	11,950,000	0.86	41.9	0.57	4.30	1.28	3% Zn cutoff
Totals				79,950,000	0.43	22.4	0.76	0.38	1.28	0.5% Cu cutoff
Totals Europe				91,900,000						
Totals Europe				114,440,000						
Colombia	Quintana	Feasibility study completed	Measured, indicated and inferred (i)	109,850	24.58	19.85	-	-	-	3g/t Au equivalent cutoff %
Peru	Rasuhuilca	Feasibility study in preparation	Unclassified	130,000	4.7	448	-	-	-	3g/t Au equivalent cutoff %
Totals South America				239,850						
Grand totals				114,679,850						
				(i) Including: Proven and Probable	27,439	7.33	11.87			

Review of Operations

Colombia

CMR entered Colombia at the end of 2005 and holds its interests through its wholly owned subsidiary Colgold Inc. During 2006 the Company acquired four gold mines under joint venture options. All mines are situated within the world-class Frontino Gold Belt in the Antioquia Department of north-western Colombia. Exploration land holdings of 44,838 hectares are now held to date in CMR's own right for copper and gold porphyries in Cauca Department of south-west Colombia with a further 12,616 hectares under application for gold in Antioquia Department.

CMR currently employs 45 staff at its operations in Colombia and the Company is also implementing an extensive Corporate and Social Responsibility program for the workers and communities within its operational areas. The Company recently assembled an in house diamond drilling team under Austratian management and purchased a drill rig which enables year round drilling at a rate per metre substantially below commercial rates (~\$32 per metre against \$120).

Expressions of interest and confidentiality agreements have been signed with a number of major companies regarding the company's land holdings in the Three Hills area of south-west Colombia.

CMR has focused on the Frontino Gold Belt in the Antioquia Province, as this area has historically produced approximately 45% of the country's gold. This belt is one of the world's greatest mesothermal gold fields, with estimated production of approximately 8-9Mozs. Mineralization occurs within extensive vein structures typically exhibiting widths from a few centimetres to several metres but typically in the 1 to 2m range. These veins either are near vertical or dip at 30-45 degrees and are formed by ribbon-banded quartz with subordinate pyrite, sphalerite and galena containing free gold and have simple metallurgical profile with excellent recoveries.

CMR has 7 mines and 20 permits either in its own right or as JV's within a 20km radius of Frontino. Building a central processing plant offers a rapid method to enable multi-mine start-ups and CMR plans to develop this to a capacity of in excess of 100,000ozs per annum over the next 4 years.

Quintana

The Quintana Vein is a mesothermal quartz-sulphide gold vein dipping at 38 degrees to the east and averages 1 to 1.5m true thickness in the mine. Drill intercepts have returned higher grades than seen so far in the mine and also generally better true widths.

At Quintana progress has been achieved by underground development with some 345m of vertical and horizontal development completed. In addition some 1,850m of drilling using the company's in-house rig has been completed returning some excellent results. This work has enabled the definition of a JORC compliant resource statement which has defined 109,852 tonnes at 24.58g/t gold, 19.85g/t silver (Measured, Indicated and Inferred) containing 86,822ozs of gold. This resource is still open along strike and at depth below the deepest drill intersects (see table below).

In September 2006 CMR initiated a feasibility study as to the viability of the Quintana operations using the services of independent consultants GBM Engineering (UK),

CSA Consulting (UK), Wardell Armstrong (UK), Golders (Peru) and Hernan Pulido Arroyave and Associates (US and Colombia). This study has confirmed that a viable and highly profitable operation can be developed.

El Cinco

Work on site has concentrated on identifying extensions to the Chingale vein and other mineralized structures. Field activities commenced in January 2006 and by the end of September some 200m of trenching and 250m of exploration tunnelling had been completed. The work has successfully identified at least four separate vein sets with grades up to 98.1g/t gold over 0.7m, 94.6g/t gold over 0.8m 44g/t gold over 1.1m, 29.95g/t gold over 0.8m, 11.99g/t gold over 0.7m and 8.1g/t gold over 6.0m.

CMR plans to construct a road to site later in the year, to facilitate a diamond drilling campaign to test the Chingale vein at depth. Success of this programme will lead to underground access development for an exploration/production programme.

CMR also has a further 5,500 hectares of licence applications surrounding the El Cinco licence. Regional exploration has commenced, with the aim of rapidly assessing the potential of these areas, in line with CMR's strategy in Colombia.

The assay results received to date include:

Drillhole	From	Interval	Au g/t	Ag g/t
QTD-06-01	Abandoned	-	-	-
QTD-06-02	160.80	1.75	55.39	34.97
QTD-07-01	190.80	0.40	5.95	3.20
QTD-07-02	192.90	0.80	3.17	1.70
QTD-07-03	186.30	2.50	46.44	36.64
QTD-07-04	168.05	1.45	55.81	49.66
QTD-07-05	168.80	1.14	57.61	48.00
QTD-07-06	175.90	1.50	6.52	4.10
QTD-07-07	nil	-	-	-
QTD-07-08	229.26	1.90	5.33	3.29



Opposite View towards the El Cinco Mine

Left Entrance to the No. 0 Level at Quintana Mine, Colombia

Right Miner drilling on development heading, Quintana, Colombia

Below Diamond Drilling at Quintana, Colombia



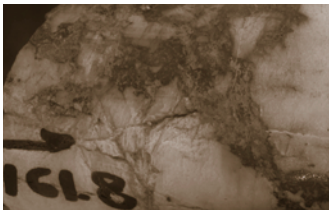
Quintana

- > Drilling campaign completed
- > Initial mine development completed
- > Feasibility study completed
- > Initial planned production rate 18,000 tonnes per annum

El Cinco

- > Initial trenching and tunnelling programme completed
- > 4 high-grade gold vein sets identified
- > Drilling campaign planned for 2007

Review of Operations



Left Miners underground on No. 1 Level Quintana

Right Drill core from drilling at Quintana, Colombia

Below Ore dump at Quintana, Colombia

Colombia continued

Mina la Linda
Mina La Linda is a small scale, high-grade mining operation that has produced limited tonnages of ore by artisanal methods from a steeply dipping mesothermal gold vein. CMR's development programme is planned to prove up the extensions of the vein on the main level over an additional 100m of strike length during the next three months. Previous sampling by CMR has returned assays of 0.75m at 40.08g/t gold and 124.4g/t silver, 0.65m at 21.69g/t gold and 169.9g/t silver and 0.9m at 19.94g/t gold and 38.0g/t silver.

In addition to the La Linda vein, surface exploration by CMR geologists has identified at least three other significant veins on the property and it is hoped that further underground development and/or drilling can be started on at least one of these in the second half of 2007.

Mina del Sol
The Mina del Sol gold deposit is located approximately 70km from Medellín. This project represents an excellent large target.

In addition to artisanal mining carried out over the past two decades the deposit was subject to exploration by Corona Goldfields between 1994 and 2000. This work identified a major gold-bearing system. Trench intersections have been reported of 11.0m at 12.1g/t gold and 30.0m at 9.3g/t gold. It has never been drilled before.

CMR commenced an initial drilling programme of 800m in five hole completions at Mina del Sol in April 2007.

Three Hills
The Three Hills project is located south west of Cali, in the Cauca Department and lies within the prolifically-mineralized Andean copper-gold porphyry belt which runs from Panama through Colombia, into Ecuador and down into Peru and Chile. This belt, which contains some of the largest copper deposits in the world, is as yet totally unexplored in Colombia. The Three Hills acreage lies in the western Cordillera in an area of Palaeogene adakitic tonalitic and porphyritic microdioritic intrusives

injected into Palaeogene andesitic volcanic sequences and obducted oceanic sequences of upper Cretaceous age.

No previous exploration has ever been conducted in this area although extensive copper stream geochemistry has been reported by Ingeominas originating from this area and artisanal alluvial gold workings are also located in this drainage. ASTER imagery shows extensive clay alteration signatures around these intrusives which is characteristic of porphyry copper mineralization. The most important of these alteration zones extend over a substantial area within CMR's Three Hills permits.

Las Camelias
The Las Camelias titles comprise an area 250 hectares down dip of the Quintana vein. CMR has acquired these as part of our strategy to consolidate mining titles around the Quintana area. The option agreement, valid for a five-year period gives CMR the right to earn 90% of any future mining operation in return for funding all work on the project and making staged payments totalling US\$130,000.

Work on the project to date has included surface prospecting and the identification of several old artisanal mine workings with grades up to 44.4g/t over 0.3m.

La Rosaleda
CMR has concluded an option agreement with the titleholders of the La Rosaleda group of three titles, which cover 566 hectares, just to the south of Remedios town. The option agreement, valid for a five-year period gives CMR the right to earn 90% of any future mining operation in return for funding all work on the project and making staged payments totalling US\$160,000.

Work on the project commenced in May 2007 with a surface prospecting programme and the identification of at least twenty old artisanal mine workings. In addition two currently active artisanal mines are located just outside the area of the agreement, returning grades of 6.89g/t gold and 57.6g/t silver over 0.9m.



Mina la Linda
> Sampling results include 0.75m at 40.08g/t gold and 0.65m at 21.69g/t gold
> Three further significant gold veins identified
Mina del Sol
> Previous trenching results include 11m at 12.09g/t gold and 30m at 9.30g/t gold
> Total mineralized width of up to 43m trenched at surface
> Initial permit area of 261 hectares; further 368 hectares under application
Las Camelias
> 250 hectares downdip of Quintana vein
> Exploration identifies gold grades up to 44.4g/t
La Rosaleda
> Permit area covers 566 hectares.
> Sampling to commence in Q2 2007.

Review of Operations



Left View towards Cerro Rasuhuilca, Peru
Centre Portal of the Marcelita 2 Level, with stockpiled high grade ore, Peru
Right Miners at the portan of the Marcelita Mine, Peru
Below View from the Marcelita Level, Peru

Peru

In Peru the company's operations are held via a wholly owned subsidiary, Minera Peru Gold S.A.C. The principal asset held is a 50% interest in the Patacancha Permits located at the northern end of the Southern Peru Gold Belt.

During 2006 activities switched from the small Marcelita-2 Vein where underground development had defined limited mineable tonnages of gold, to the larger silver-gold deposit at Rasuhuilca, some 2km to the north.

This deposit was explored by underground development by Cominco Peru S.R. Ltda. between 1985 and 1987, and by Compania de Minas Buenaventura S.A. between 1994 and 2000. Assays as high as 3427g/t (110ozs) silver and 29.1g/t gold have been recorded from this body by previous operators. This breccia zone is up to 100m long and 15m in width and has been traced by surface trenching, underground development and by diamond drilling over a vertical interval of 235m.

The mineralized zone was estimated by Cominco to be approximately 130,000 tonnes with average grades of 448g/t silver and 4.7g/t gold. Significantly, the average working width of the mineralization is approximately 6m. This estimate is not compliant with JORC or NI 43-101 standards.

The underground development on the Rasuhuilca Vein comprises six separate levels of varying lengths but with no interconnection between them. CMR, reopened the levels on 15th September

2006 and commenced raising from the lowest 4826m level to the 4890m level some 64m above. Development has also commenced on the 4890m level to raise to the 4923m level. The purpose of this development is to confirm a body of 50,000 tonnes of ore which would be capable of justifying the construction of a 50-100 tonnes per day mill to recover gold and silver. During this development a bulk sample will be collected and shipped for metallurgical testing to confirm plant design.

During activities at Rasuhuilca since mid September some 101.9m of underground development was completed including 59.2m of raising in the 645E raise from the 4826m Level and in the 630E Raise from the 4890m Level. The balance of the development was completed on various sub-levels driven as cross-cuts to the boundaries of the orebody.

From this development, and from re-sampling of the orebody in the extant workings, some 195 channel samples were taken and returned silver-gold assays which attained a high of 46.5g/t gold, 2163g/t silver (69 ounces) over 1.05m in the 4904m sub-level N from the 630 Raise (within a broader zone of mineralization) (see table below).

In addition to the development work at the mine bulk samples for metallurgical testwork have been shipped to laboratories in Peru and the United Kingdom to enable plant design to be completed.

Metallurgical recoveries to date have been excellent for gold and satisfactory for silver. Further evaluation and design studies are currently underway.

CMR's development work at the Rasuhuilca mine has shown that the vein-breccia system comprises between three and five sub-parallel and en echelon "Intermediate Sulphidation" veins within a dilational jog of an east-west trending fault system. The fault has been traced for over 600m on surface and for 250m down dip. Within the central part of the system a large vein breccia body comprising silica breccias with barite, minor base-metal sulphides and gold-silver mineralization is well developed.

During early 2007 an option agreement was signed with Minera Argento ("Argento"), to acquire Argento's 50% interest in the joint venture company Minera Sucre SA not already owned by CMR. This option agreement period, which commences on 31st March 2007 and runs until 29th September 2007, gives CMR the exclusive right to acquire Argento's 50% holding in the project for US\$265,000 at any time within the period. Argento will be entitled to a 1% Net Smelter Return from the proceeds of sales during, and subsequent to, the option being exercised.

Results of recent underground sampling		
8.80m @ 1.68 g/t Au, 317.3 g/t Ag (8.03 g/t Au Eq)	Gallery 673 on the 4826m Level)	
3.50m @ 8.09 g/t Au, 258.3 g/t Ag (13.26 g/t Au Eq)	Gallery 673 on the 4826m Level)	
6.85m @ 1.83 g/t Au, 202.3 g/t Ag (5.88 g/t Au Eq)	(645N Raise on the 4840m Sub)	
10.9m @ 7.52 g/t Au, 212.1 g/t Ag (11.76 g/t Au Eq)	(645N Raise on the 4854m Sub)	
13.5m @ 3.96 g/t Au, 147.2 g/t Ag (6.90 g/t Au Eq)	(4826m Level)	
12.7m @ 2.85 g/t Au, 228.0 g/t Ag (7.41 g/t Au Eq)	(4890m Level)	
9.15m @ 6.91 g/t Au, 84.1 g/t Ag (8.59 g/t Au Eq)	(4890m Level)	
19.5m @ 2.78 g/t Au, 103.4 g/t Ag (4.85 g/t Au Eq)	(4920m Level)	
18.4m @ 7.39 g/t Au, 239.8 g/t Ag (12.19 g/t Au Eq)	(4920m Level)	
16.7m @ 5.29 g/t Au, 382.9 g/t Ag (12.95 g/t Au Eq)	(630 Raise on the 4904m Sub)	
(Note: c. 50g/t silver equates to 1 g/t of gold)		



Rasuhuilca

- > High-grade silver mine previously developed over 6 levels
- > Existing estimated resource 130,000 tonnes grading 448g/t silver and 4.7g/t gold
- > Recent assays returned up to 2,163g/t silver (69 ounces)
- > CMR existing 50% interest can be expanded to 100%
- > Development work planned to confirm further 50,000 tonnes resource
- > Feasibility study due in late 2007

Review of Operations



Left Winter drilling in Bulgaria
Centre CMR core facility at Ivallovgrad, Bulgaria
Right Drilling at Tashlaka South, Bulgaria
Below Drill crew drilling at Tashlaka South, Bulgaria

Bulgaria

CMR holds a 100% interest in four exploration licences in Bulgaria and has a number of further applications pending with the Bulgarian authorities over areas considered prospective for gold, uranium and PGE-nickel. During 2006 exploration activities were undertaken in joint venture with Asia Gold Corp, albeit at a reduced rate. Exploration focused principally on the Rozino and Polski Gradets permits whilst applications were lodged for a further four permits in western Balkan and in eastern Srednogorie.

During the year CMR reported a 68.0 metre intersection averaging 3.2g/t gold in diamond drill hole R-245 at the Tashlaka Hill project in south eastern Bulgaria.

Hole R-245 was drilled in the Tashlaka Main Zone and included several higher grade intervals of up to 2.9m that averaged 20.0g/t gold.

The recently received R-245 results are tabulated below:

Drillhole	From	To	Length (m)	Gold g/t	Silver g/t
R-245	100.0	168.0	68.0	3.2	3.6
including	124.0	151.6	27.6	5.8	5.8
including	124.0	135.9	11.9	8.1	8.0
including	133.0	135.9	2.9	20.0	18.6
including	141.6	142.6	1.0	12.6	8.8
including	150.6	151.6	1.0	29.3	24.5

Hole R-245 was drilled across the targeted permeability 'plume' within the host conglomerates above and to the northeast of the basement zone targeted by the recently reported R-243/R-243a, R-244 and R-247 drill holes.

The results support the resource-geological model and will upgrade the existing resource in the Tashlaka Main Zone. CMR is currently completing a scoping study to evaluate the economic potential of the Tashlaka Hill resource and will be applying to the Bulgarian Government to register a Commercial Discovery and subsequently apply for a mining concession. Tashlaka Hill contains an open pit resource containing at least 285,000ozs of gold in the initial pit and has a low strip ratio after pre-strip. Excellent recoveries indicated by simple CIL/CIP (gold >92%). Asia Gold withdrew from the joint venture in March 2007 with the licences fully reverting back to CMR.



- Joint Venture**
- > Asia Gold completed spend to date \$2.5million
 - > Assets reverted to CMR 100% in 2007
- Tashlaka**
- > Existing open-pittable resource of over 285,000oz gold
 - > Gold recovery better than 92% expected
 - > 2006 drilling results included 68m at 3.23g/t gold and 2.9m at 20.0g/t gold
 - > Scoping study currently underway, in preparation for mining concession

Review of Operations

Right View of the Ivan Kula Area, Serbia
Below View of surface facilities at the Lece Mine, Ivan Kula area, Serbia



Serbia

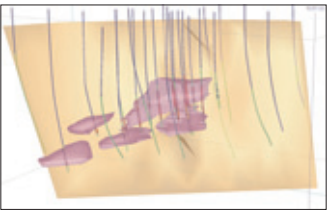
CMR has 3 licences (208km²), where exploration in 2005 returned excellent results for gold and copper in both epithermal and porphyry environments. These properties are currently held within a JV with TSX-listed Dundee Precious Metals who manage and operate the exploration activities.

Exploration on the Gradishte Permit has been combined with Dundee's major regional programme in the Timok Belt where they hold extensive ground holdings at Bor and in the areas of Markov Kamen and Cherni Vruh. Dundee recently flew MSS and aeromagnetics over these blocks of ground. CMR contributed ASTER imagery already held for combination with the MSS and aeromagnetic datasets to enable multiple analysis and targeting coupled with ground data. Dundee drilled at Markov Kamen in Autumn 2006 and have expressed a wish to continue this programme on Gradishte where a significant copper porphyry target is emerging. At present this drilling is anticipated in Summer 2007.



- > Joint venture with Dundee Precious Metals
- > Copper-porphyry target identified at Gradishte
- > Drilling programme planned for 2007

Left Computer generated 3D image of Masa Valverde orebody
Right Geological map of the Masa Valverde Area
Below Surface view at Masa Valverde.



Spain

The Company's wholly owned Spanish subsidiary Recursos Metalicos SA was the successful applicant for two permits comprising an area of 38.71km² over the Masa Valverde polymetallic Volcanic-hosted Massive Sulphide deposit located in the central part of the Iberian Pyrite Belt in South-Western Spain.

The Masa Valverde deposit has established massive sulphide and cupriferous stockwork orebodies. CMR estimates the orebodies to have geologic resources of around 100Mt and 50Mt respectively.

23 holes have been drilled at a spacing of approximately 100m. Drilling has intersected up to 180m of massive sulphide and up to 111m of stockwork mineralization. Intersections include:

- 45m grading 0.52% copper, 0.76% lead, 4.26% zinc, 42g/t silver and 1.41g/t gold;
- 39m grading 0.60% copper, 1.78% lead, 4.87% zinc, 54g/t silver and 0.80g/t gold; (massive sulphide)
- 31m grading 1.71% copper;
- 58m grading 1.32% copper (stockwork)

CMR has completed a provisional global resource for Valverde which clearly demonstrates the potential of this, the largest body of unmined massive sulphide in the Iberian Pyrite Belt.

Cutoff	Tonnage	Cu%	Pb%	Zn%	Ag g/t	Au g/t
3% Zn	11.95 Mt	0.57	1.28	4.30	41.9	0.86
0.5% Cu	79.95 Mt	0.76	0.38	1.28	22.4	0.43
1g/t Au	16.17 Mt	0.45	0.86	1.49	46.1	1.26

The zinc and copper mineralization is generally separated from each other with the zinc largely being within massive sulphides and the copper within the stockwork so both resources can be considered separately. Additional potential indicated by geophysics and geological interpretation remain completely untested.



- > Masa Valverde permits acquired
- > Largest unmined massive-sulphide deposit in the Iberian Pyrite Belt
- > Resources of over 100 million tonnes containing significant quantities copper, lead and zinc
- > Resource definition drilling planned for 2007 ahead of feasibility study

Board of Directors

A dedicated and focused management team.

Neil MacLachlan, Non-Executive Chairman, has over 28 years of investment banking experience in Europe, Southeast Asia and Austratia, principally with HSBC Holdings and Svenska Handelsbanken. He became Executive Vice President (Asia) of Barrick Gold Corporation. Between 1997 and 2004, he established a corporate consultancy service focused on smaller companies in the resources sector. Subsequently, Mr MacLachlan became a non-executive director of Golden Prospect plc and executive director of Ambrian Partners Limited.

Colin Andrew, B.Sc., ARSM, FGS, MIMMM, C.Eng, **Managing Director**, has over 25 years of worldwide experience in the mining industry. He was responsible for the redevelopment of the Chelopech copper-gold mine and the discovery of the Ada Tepe gold deposit in Bulgaria. He set up CMR in Spain and Bulgaria. Mr Andrew also led Ormonde Mining plc with gold exploration projects in Spain and Morocco.

Michael Burton, Finance Director, joined CMR in 1995 and has over 30 years of international experience in accountancy, systems and finance with corporations including Abbey National, Xerox, Aventis, GlaxoSmithKline, Norwich Union and Barclays Bank. During the 1980s, Mr Burton worked in the USA specializing in UK and US GAAP compliance. In the resources sector he has worked for Arco, Shell, Hereaus and British Petroleum.

Peter Bolt, B.Sc. (Eng) Ph.D. MIMMM, SWIE, C.Eng., **Technical Director**, is a Mining Engineer. He was previously Principal Mining Engineer with consultancy group SRK for over 10 years where he worked on pre-feasibility and feasibility studies of underground and open pit mining projects, completed due diligence reviews, audits, performance monitoring and company valuations.

Nevyanka Mateeva, M.Sc. (Eng), MBA, **Regional Manager, Non-Executive Director**, is a Mechanical Engineer with over 15 years of diverse mining industry experience. In the 1990's she worked at the Chelopech copper-gold mine in Bulgaria, with roles including Technical Assistant, Secretary to the Board, and Sales Manager handling sales and shipment of copper-gold and gold concentrates including marketing, contract negotiation, freights and insurances. She joined CMR in 2000 to head up the activities in Eastern European companies.

Directors and their interests

	Ordinary shares		Share Options	
	31 December 2006	1 January 2006	31 December 2006	1 January 2006
Mr C J Andrew	3,125,000	2,625,000	450,000	450,000
Dr P B Bolt	300,000	50,000	500,000	500,000
Mr M J Burton	567,308	67,308	500,000	500,000
Mrs N Mateeva	-	-	-	-
Mr N MacLachlan (appointed 14 December 2006)	-	-	-	-

Since the year end Mr N MacLachlan has acquired 500,000 ordinary shares of the company.

Mr M Thomsen held 50,000 ordinary shares and 500,000 share options at the date of his resignation on 16 June 2006.

Report of the Directors

The directors present their report together with financial statements for the year ended 31 December 2006.

Principal activities

The Group is principally engaged in directing investment into exploration and exploitation of natural resources.

Business review

A review of the Group's operations during the year ended 31 December 2006 is contained in the Chairman's Statement and Review of Operations. There was a loss for the year amounting to £874,100 (2005: £3,560,280).

Dividend

The directors do not recommend the payment of a dividend.

Directors

In accordance with the Articles of Association Colin Andrew and Michael Burton will retire by rotation at the Annual General Meeting.

In accordance with the Articles of Association Neil MacLachlan will submit himself for reappointment at the Annual General Meeting.

Directors' Interests

The director's interests in the ordinary shares and share options of 1p each in the Company as at 1 January 2006 and 31 December 2006 were as shown in the table opposite:

Substantial Interest

On 14 June 2007 the directors had received notification of the following interests in 3% or more of the voting capital of the Company:

Holder	No. of Shares	% of Class
RAB Special Situations (Master) Fund Ltd	40,546,783	19.40
[on behalf of Credit Suisse Client Nominees (UK) Ltd]		
Barclays PLC	14,293,190	6.84
[on behalf of Gerrard Investment Management Ltd]		

Directors' and Officers' Liability

In accordance with Section 310(3) of the Companies Act 1985, the Company has purchased insurance cover on behalf of the directors indemnifying them against certain liabilities which may be incurred by them in relation to the Company.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the Annual Report and the financial

statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are 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 auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Financial instruments

The use of financial instruments by the Company and its subsidiary undertakings are disclosed in Note 20 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.

Post balance sheet events

Post balance sheet events are disclosed in note 26 to the financial statements.

Going concern

CMR is currently in the process of raising approximately £400,000 via a private share placing with an institution, and we expect to receive the funds within four weeks from the date of signing of these accounts. In addition, the Company is conducting meetings with several institutions regarding gold loans and project finance amounting to US\$10-15m. It should be noted that there is no guarantee that such funding will be raised.

Payment policy and practice

It is the Company's policy to pay suppliers on the terms agreed with them. There were no trade creditors at the year-end.

Environmental and Ethical Policy

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

Auditors

Grant Thornton UK LLP offers itself for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

Annual General Meeting

The Annual General Meeting will be held at 10.00am on Wednesday 25 July 2007 at 10 Fenchurch Avenue, London, EC3M 5BN. This report was approved by the Board and signed by order of the Board.

Capita Company Secretarial Services Limited

Secretary
14 June 2007

Corporate Governance Statement

Introduction

The Board supports high standards of corporate governance. The Company has followed the principles of corporate governance set out in the QCA (Quoted Companies Alliance) guidelines for an AIM company, as far as is practicable and commensurate with the size, stage of development and financial status of the Group, and compliance is under continuous review. The Group's system of corporate governance is summarised below.

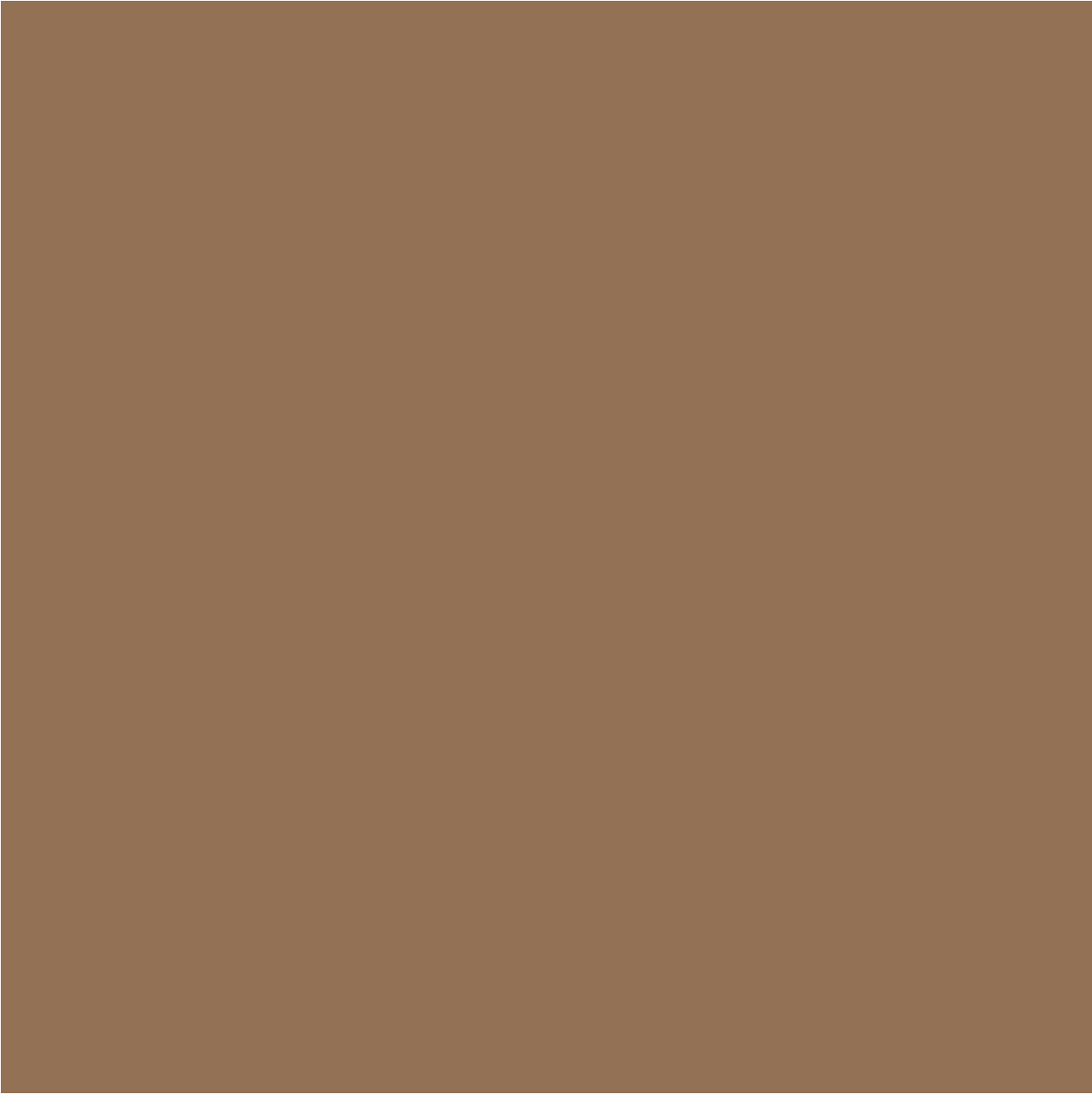
Board of Directors

The Board currently comprises three executive directors and two non-executive directors. The Board meets a minimum of four times a year, but more usually monthly, at which it discusses issues concerning the strategy and future direction of the Group. All of the directors bring judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. Directors are subject to re-election at the Annual General Meeting following their date of appointment and every three years thereafter.

Remuneration Committee

The members of the Remuneration Committee currently comprise the two non-executive directors, Mr N MacLachlan and Mrs N Mateeva. Mr MacLachlan is the chairman of the committee. The Committee determines the terms and conditions, including the annual remuneration, of the executive directors and reviews these matters for other key executives, including their participation in any long term incentive schemes.

Financial Statements



Report of the Independent Auditor

To the members of
Cambridge Mineral Resources

We have audited the group and parent company financial statements (the “financial statements”) of Cambridge Mineral Resources plc for the year ended 31 December 2006 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statements and notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company’s members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company’s members those matters we are required to state to them in an auditors’ report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors’ responsibilities for preparing the annual report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors’ responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors’ report is not consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors’ remuneration and other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only directors’ report, the chairman’s statement and the review of operations. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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

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

Opinion
In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group’s and the parent company’s affairs as at 31 December 2006 and of the group’s loss for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors’ report is consistent with the financial statements.

Emphasis of matter – going concern
In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure within the accounting policies on page 21 of the financial statements concerning the Group’s ability to continue as a going concern. The Group incurred a net loss of £874,100 during the year ended 31 December 2006 and has not yet generated any revenue from operations. These conditions, along with the going concern accounting policy on page 21 and the disclosures within the directors report on page 17, indicate the existence of a material uncertainty which may cast significant doubt about the Company’s ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Grant Thornton

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London
14 June 2007

Principal Accounting Policies

Basis of preparation
The financial statements have been prepared under the historical cost convention, as modified by the inclusion of quoted investments at their market value, and in accordance with applicable Accounting Standards and the Statement of Recommended Practice “Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities” (the SORP).

The principal accounting policies have remained unchanged from the previous year except for the adoption of FRS20 (see below). The policies have been reviewed by the directors in the light of FRS 18 and are considered to remain the most appropriate to the Group’s circumstances, and are set out below.

Basis of consolidation
The Group financial statements consolidate those of the Company and of its subsidiary undertakings (see Note 8) drawn up for the year to 31 December 2006.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and amortised on a straight line basis over its estimated useful economic life of 20 years.

Changes in accounting policies
The Group has applied the requirements of Financial Reporting Standard 20 (“FRS 20”), Share Based Payments. FRS 20 ‘Share-Based Payment (IFRS 2)’ requires the recognition of equity-settled share-based payments at fair value at the date of the grant at each balance sheet date. Prior to the adoption of FRS 20, the company did not recognise the financial effect of share-based payments until such payments were settled. The standard applies to all grants of equity instruments after 7 November 2002 that were unvested as of 1 January 2006.

Depreciation
Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful

economic lives. The rates generally applicable are:

Office equipment	25%
Motor vehicles	25%

Exploration and development costs
In accordance with the full cost method as set out in the SORP, expenditure including related overheads on the acquisition, exploration and evaluation of interests in licences not yet transferred to a cost pool is capitalised under intangible assets. Cost pools are established on the basis of geographic area. When it is determined that such costs will be recouped through successful development and exploitation or alternatively by sale of the interest, expenditure will be transferred to tangible assets and depreciated over the expected productive life of the asset. Whenever a project is considered no longer viable the associated exploration expenditure is written off to the profit and loss account.

Investments
Investments in subsidiaries are included at cost. Quoted investments are included at mid-market value.

Foreign currencies
Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Deferred taxation
Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more

likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Financial instruments
Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate.

Interest receivable and payable is accrued and credited or charged to the profit and loss account in the period to which it relates.

Liquid resources
The Company classes those funds placed on short-term deposits as liquid resources. These deposits are used to maximise interest received.

Operating leases
Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

Government grants
In Spain the Group has received grants from the Spanish authorities in respect of project development expenditure. The grants received have been accounted for as deferred income.

Going concern
These financial statements have been prepared on the going concern basis. The directors have prepared forecasts covering the next 12 months to demonstrate that adequate funding will be made available to meet the liabilities as they fall due from the ongoing trading activities of the Group.

CMR is currently in the process of raising approximately £400,000 via a private share placing with an institution, and we expect to receive the funds within four weeks from the date of signing of these accounts. In addition, the Company is conducting meetings with several institutions regarding gold loans and project finance amounting to US\$10-15m.

Consolidated Profit & Loss Account

For the year ended 31 December 2006

	Note	2006 £	2005 £
Share of turnover from joint venture		749	-
Share of cost of sales from joint venture		(438)	-
Gross profit from joint venture		311	-
Administrative expenses		(900,658)	(1,617,378)
Share of administrative expenses from joint venture		(1,348)	-
Operating loss		(901,695)	(1,617,378)
Share of other profits of joint venture		402	61
Interest receivable and similar income		27,193	70,688
Loss on disposal of quoted investment		-	(2,013,651)
Loss on ordinary activities before taxation	1	(874,100)	(3,560,280)
Tax on loss on ordinary activities	3	-	-
Loss for the financial year	15	(874,100)	(3,560,280)
Basic and diluted loss per share	5	(0.54p)	(2.49p)

Statement of Total Recognised Gains & Losses

For the year ended 31 December 2006

	2006 £	2005 £
Loss for the financial year		
- group losses	(873,465)	(3,560,341)
- share of (losses)/profits of joint venture	(635)	61
	(874,100)	(3,560,280)
Unrealised gain/(loss) on revaluation of quoted investments	29,600	(26,400)
Currency differences on foreign currency net investments	(64,345)	(80,811)
Total recognised gains and losses relating to the year	(908,845)	(3,667,491)

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	6		
- Goodwill		1,038,768	1,115,242
- Development expenditure		4,815,468	3,173,455
		5,854,236	4,288,697
Tangible assets	7	85,559	43,844
Investments	8		
- share of gross assets of joint venture		95,100	103,512
- share of gross liabilities of joint venture		(95,674)	(103,451)
		(574)	61
- other fixed asset investments		902,938	873,338
		6,842,159	5,205,940
Current assets			
Debtors	9	798,588	642,868
Cash at bank and in hand		618,302	1,287,292
Creditors: amounts falling due within one year	10	(389,428)	(287,778)
Net current assets		1,027,462	1,642,382
Net assets		7,869,621	6,848,322
Capital and reserves			
Called up share capital	11	2,089,989	1,451,322
Share premium account	12	10,456,807	9,165,330
Merger reserve	13	2,116,435	2,116,435
Revaluation reserve	14	48,500	18,900
Profit and loss account	15	(6,842,110)	(5,903,665)
Shareholders' funds	16	7,869,621	6,848,322

The financial statements were approved by the Board of Directors on 14 June 2007.

Michael Burton
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Balance Sheet

As at 31 December 2006

	Note	2006 £	2005 £
Fixed assets			
Intangible assets	6	-	-
Tangible assets	7	19,001	19,909
Investments	8	1,526,679	1,497,079
		1,545,680	1,516,988
Current assets			
Debtors	9	5,559,906	3,661,489
Cash at bank and in hand		597,593	1,204,854
		6,157,499	4,866,343
Creditors: amounts falling due within one year	10	(563,016)	(495,846)
Net current assets		5,594,483	4,370,497
Net assets		7,140,163	5,887,485
Capital and reserves			
Called up share capital	11	2,089,989	1,451,322
Share premium account	12	10,456,807	9,165,330
Merger reserve	13	702,685	702,685
Revaluation reserve	14	48,500	18,900
Profit and loss account	15	(6,157,818)	(5,450,752)
Shareholders' funds		7,140,163	5,887,485

The financial statements were approved by the Board of Directors on 14 June 2007.

Michael Burton
Director

The accompanying accounting policies and notes form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 £	2005 £
Net cash outflow from operating activities	17	(857,556)	(1,722,463)
Returns on investments and servicing of finance			
Interest received		27,193	70,688
Capital expenditure and financial investment			
Development expenditure	6	(1,703,810)	(387,336)
Purchase of tangible fixed assets	7	(64,069)	(21,096)
Sale of investments		-	573,849
Expenses paid for the purchase of subsidiary undertakings		-	(40,541)
Net cash (outflow)/inflow from capital expenditure and financial investment		(1,767,879)	124,876
Movement in liquid resources			
Funds removed from deposit	18	733,674	1,480,751
Financing			
Issue of shares	11	1,997,750	4,333
Expenses of share issues	11	(67,606)	-
Net cash inflow from financing		1,930,144	4,333
Increase/(decrease) in cash	18	65,576	(41,815)

The accompanying accounting policies and notes form an integral part of these financial statements.

Notes to the Financial Statements

1 Loss on ordinary activities before taxation

The loss on ordinary activities is stated after:

	2006 £	2005 £
Auditors' remuneration		
- audit services	15,000	27,000
- non-audit services:		
- review of Interim Statement	2,000	1,275
- tax compliance	2,100	3,360
- tax advisory	2,125	1,500
Hire of motor vehicles		
- operating lease rentals	-	3,952
Depreciation of tangible fixed assets	21,889	29,993
Amortisation of goodwill	76,474	76,474

The loss on ordinary activities and net assets are attributable to the following geographical segments:

	Loss/(profit) on ordinary activities		Net assets/(liabilities)	
	2006 £	2005 £	2006 £	2005 £
United Kingdom	653,629	3,453,624	7,462,147	6,208,896
Spain	221,348	116,860	406,597	629,222
Peru	1,966	(10,204)	(1,966)	10,204
Panama	2,069	-	(2,069)	-
Colombia	(4,912)	-	4,912	-
	874,100	3,560,280	7,869,621	6,848,322

Notes to the Financial Statements continued

2 Directors and employees

Staff costs, excluding directors remuneration, during the year were as follows:

	2006 £	2005 £
Wages and salaries	109,579	117,768
Employee redundancy	-	14,300
Social security costs	27,293	19,977
	136,872	152,045

The average number of employees of the Company during the year was 7 (2005: 6).

Remuneration in respect of directors was as follows:

	2006 £	2005 £
Emoluments:		
- wages and salaries	94,354	103,482
- compensation for loss of office	35,319	87,325
- fees	155,324	265,180
	284,997	455,987

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

	2006 £	2005 £
Emoluments	70,500	70,500

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

3 Tax on loss on ordinary activities

	2006 £	2005 £
Loss for the year multiplied by standard rate of UK corporation tax 30%	(262,230)	(1,068,084)
Effect of:		
UK expenses not deductible for tax purposes	25,726	604,320
UK depreciation for the period in excess of capital allowances	(951)	(254)
Increase in UK tax losses	194,256	454,963
Colombian profits at 30%	(1,474)	-
Panamanian losses at 30%	621	-
Peruvian losses/(profits) at 30%	590	(3,061)
Spanish losses at 30%	43,462	12,116
Tax charge	-	-
Unprovided deferred tax asset:		
UK taxation losses	1,771,278	1,578,907
Accelerated capital allowances	5,408	6,360
Capital gains on revalued investments	(14,550)	(5,670)
	1,762,136	1,579,597

The deferred tax asset has not been provided because there is insufficient certainty as to the availability of future profits against which the net taxation losses can be utilised.

Notes to the Financial Statements continued

4 Loss for the financial year

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The company loss for the year was £653,629 (2005: £1,521,257).

5 Loss per share

The calculation of basic loss per share is based on the loss for the financial year of £874,100 (2005: £3,560,280) divided by the weighted average number of shares in issue during the year 163,222,024 (2005: 142,732,286). There is no dilutive effect on the loss per share as a result of share options and warrants.

6 Intangible fixed assets

	Goodwill £	Development Expenditure £	Total £
The Group			
Cost			
At 1 January 2006	1,529,475	3,764,469	5,293,944
Foreign exchange difference	-	(61,797)	(61,797)
Additions	-	1,703,810	1,703,810
Written off		(591,014)	(591,014)
At 31 December 2006	1,529,475	4,815,468	6,344,943
Amortisation			
At 1 January 2006	414,233	591,014	1,005,247
Charge for the year	76,474	-	76,474
Written back on write off		(591,014)	(591,014)
At 31 December 2006	490,707	-	490,707
Net book amount at 31 December 2006	1,038,768	4,815,468	5,854,236
Net book amount at 31 December 2005	1,115,242	3,173,455	4,288,697
		Development Expenditure £	
The Company			
Cost			
At 1 January 2006			591,014
Written off			(591,014)
At 31 December 2006			-
Amortisation			
At 1 January 2006			591,014
Written back on write off			(591,014)
At 31 December 2006			-
Net book amount at 31 December 2006			-
Net book amount at 31 December 2005			-

Notes to the Financial Statements continued

7 Tangible fixed assets

	Office Equipment £	Motor Vehicles £	Total £
The Group			
Cost			
At 1 January 2006	217,413	56,492	273,905
Foreign exchange difference	(1,269)	(330)	(1,599)
Additions	64,069	-	64,069
At 31 December 2006	280,213	56,162	336,375
Depreciation			
At 1 January 2006	189,489	40,572	230,061
Foreign exchange difference	(934)	(200)	(1,134)
Charge for the year	21,889	-	21,889
At 31 December 2006	210,444	40,372	250,816
Net book amount at 31 December 2006	69,769	15,790	85,559
Net book amount at 31 December 2005	27,924	15,920	43,844
	Office Equipment £	Motor Vehicles £	Total £
The Company			
Cost			
At 1 January 2006	183,752	8,000	191,752
Additions	10,330	-	10,330
At 31 December 2006	194,082	8,000	202,082
Depreciation			
At 1 January 2006	163,844	7,999	171,843
Charge for the year	11,238	-	11,238
At 31 December 2006	175,082	7,999	183,081
Net book amount at 31 December 2006	19,000	1	19,001
Net book amount at 31 December 2005	19,908	1	19,909

Notes to the Financial Statements continued

8 Fixed asset investments

	Investments in Group Undertakings £	Other Investments £	Total £
The Group			
Valuation			
At 1 January 2006	822,938	50,400	873,338
Revaluations	-	29,600	29,600
At 31 December 2006	822,938	80,000	902,938
	Investments in Group Undertakings £	Other Investments £	Total £
The Company			
Cost or valuation			
At 1 January 2006	1,446,679	50,400	1,516,988
Revaluations	-	29,600	29,600
At 31 December 2006	1,446,679	80,000	1,526,679

Other investments comprise:

- A holding in Encore Oil plc (formerly Oil Quest Resources plc) at its mid-market value of £80,000 (2005: £50,400). The original cost of the investment in Encore Oil plc was £31,500.

At 31 December 2006 the Group held the following share capital of the subsidiary undertakings stated below:

Name of subsidiary undertaking	Country of incorporation	Nature of business	% of shares held	Included in the consolidation
Recursos Metalicos SL	Spain	Mineral exploration	100	Yes
South Atlantic Resources Limited	England & Wales	Mineral exploration	100	Yes
Hereward Ventures Bulgaria EAD	Bulgaria	Mineral exploration	99	No
Minera Peru Gold S.A.C.	Peru	Mineral exploration	100	Yes
Colgold Inc	Panama	Mineral exploration	100	Yes
Colgold Inc Colombia	Colombia	Mineral exploration	100	Yes

Subsidiaries excluded from consolidation

Hereward Ventures Bulgaria EAD (“HVB”) has been excluded from the consolidation due to the existence of a severe long-term restriction on the Company’s ability to exercise control over 4 of its Bulgarian permits. This restriction is based on an investment partner holding the option to purchase 80% of those projects at the year end, and that partner being the controlling party. The Company’s 20% interest in the projects has been treated as a trade investment at 31 December 2006. It has been valued at £817,742 which is made up of the shares exchanged by the Company for those projects, these being 7,971,303 shares at an agreed price of 9.75p, plus legal and professional fees incurred in connection with the transaction of £40,540.

There is one permit held by HVB over which the company has 100% control. The costs of £5,196 in respect of this permit have been stripped out from the HVB accounts and have been accounted for as a fixed asset investment at 31 December 2006.

Joint Venture

The Company holds an investment in a joint venture company Minera Sucre SA (Minera Sucre). The Company holds 50% of the issued share capital of Minera Sucre and holds the right to appoint the auditors of Minera Sucre. Minera Sucre carries on the business of mineral exploration.

Notes to the Financial Statements continued

9 Debtors

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts owed by group undertakings	-	-	5,285,207	3,471,244
Amounts owed by joint ventures	190,525	146,666	-	-
Other debtors	541,974	482,703	231,297	176,746
Prepayments and accrued income	66,089	13,499	43,402	13,499
	798,588	642,868	5,559,906	3,661,489

The amounts due from group undertakings are not due to be repaid within one year.

10 Creditors: amounts falling due within one year

	Group 2006 £	Group 2005 £	Company 2006 £	Company 2005 £
Amounts owed to group undertakings	-	-	387,026	387,026
Social security and other taxes	14,379	13,370	11,452	8,882
Other creditors	118,642	88,353	95,371	68,379
Accruals and deferred income	256,407	186,055	69,167	31,559
	389,428	287,778	563,016	495,846

Group deferred income includes £186,320 (2005: £154,496) in respect of Spanish grants.

11 Share capital

	2006 £	2005 £
Authorised		
500,000,000 ordinary shares of 1p each	5,000,000	5,000,000
Allotted, called up and fully paid		
208,999,038 (2005: 145,132,372) ordinary shares of 1p each	2,089,989	1,451,322

Allotments during the year

During the year the Company allotted a total of 63,866,666 ordinary 1p shares for cash consideration of £1,997,750. The difference between the total consideration, net of expenses of £67,606, and the total nominal value has been credited to the share premium account.

Contingent rights to the allotment of shares

(a) Share options

The Company has granted options to subscribe for ordinary 1p shares as follows:

Date granted	Period exercisable	Exercise price per share (pence)	Number of options unexercised
31 December 2001	31 December 2001 to 30 December 2008	20.00p	400,000
19 February 2003	19 February 2003 to 18 February 2010	10.25p	1,400,000
19 February 2003	19 February 2003 to 18 February 2010	14.50p	600,000
			2,400,000

The Company’s share price at 31 December 2006 was 3.5p. The highest and lowest share prices during the year were 6.5p and 2.5p respectively. All share options had fully vested as at 1 January 2006.

(b) Share warrants

On the 7 July 2006 the Company issued warrants at nil consideration to subscribe in cash for 32,700,000 ordinary 1p shares at a price of 3.25p per share. The warrants are exercisable at any time up to and including the earlier of 2 August 2008 and the date upon which a full Stock Exchange listing or a takeover becomes effective.

Notes to the Financial Statements continued

12 Share premium account		
		£
At 1 January 2006		9,165,330
Premium on allotments during the year		1,291,477
At 31 December 2006		10,456,807
13 Merger reserve		
	Group £	Company £
At 1 January 2006	2,116,435	702,685
Arising on acquisitions in the year	-	-
At 31 December 2006	2,116,435	702,685
14 Revaluation reserve		
	Group £	Company £
At 1 January 2006	18,900	18,900
Revaluation of investments	29,600	29,600
At 31 December 2006	48,500	48,500
15 Profit and loss account		
	Group £	Company £
At 1 January 2006	(5,903,665)	(5,450,752)
Foreign exchange differences	(64,345)	(53,437)
Retained loss for the year	(874,100)	(653,629)
At 31 December 2006	(6,842,110)	(6,157,818)
16 Reconciliation of movements in shareholders' funds		
	2006 £	2005 £
Loss for the financial year	(874,100)	(3,560,280)
Other recognised gains and losses	(64,345)	(80,811)
Increase/(decrease) in revaluation reserve	29,600	(26,400)
Increase in merger reserve	-	702,685
Issue of shares (net of expenses)	1,930,144	84,045
Net increase/(decrease) in shareholders' funds	1,021,299	(2,880,761)
Shareholders' funds at 1 January 2006	6,848,322	9,729,083
Shareholders' funds at 31 December 2006	7,869,621	6,848,322

Notes to the Financial Statements continued

17 Net cash outflow from operating activities				
	2006 £		2005 £	
Operating loss	(901,695)		(1,617,378)	
Depreciation	21,889		29,995	
Amortisation of goodwill	76,474		76,473	
Losses from joint venture	1,037		-	
Increase in debtors	(160,346)		(275,562)	
Increase in creditors	105,085		64,009	
Net cash outflow from continuing operating activities	(857,556)		(1,722,463)	
18 Reconciliation of net cash flow to movement in net funds				
	2006 £		2005 £	
Increase/(decrease) in cash in the year	65,576		(41,815)	
Foreign exchange differences	(892)		(1,645)	
Decrease in liquid resources	(733,674)		(1,480,751)	
	(668,990)		(1,524,211)	
Net funds at 1 January 2006	1,287,292		2,811,503	
Net funds at 31 December 2006	618,302		1,287,292	
19 Analysis of changes in net funds				
	At 1 January 2006 £	Foreign exchange differences	Cash Flow 2006	At 31 December 2006 £
Cash at bank and in hand	218,043	(892)	65,576	282,727
Liquid resources	1,069,249	-	(733,674)	335,575
	1,287,292	(892)	(668,098)	618,302

Notes to the Financial Statements continued

20 Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash, liquid resources and various items such as sundry debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below.

Short term debtors and creditors have been excluded from all of the following disclosures except currency risk.

Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The Group does not hedge its exposure of foreign investments held in foreign currencies. The Group is exposed to translation and transaction foreign exchange risk and takes profits or losses on these as they arise.

Borrowing facilities and interest rate risk

The Group finances its operations through the issue of equity share capital. There is no borrowing and therefore no exposure to interest rate fluctuations. The liquid resources disclosed in note 20 are on short term deposit at a fixed interest rate of 5.20% (2005: 4.50%). These deposits are kept under regular review, with reference to future expenditure requirements, to maximise interest receivable.

Fair values

The fair values of the Group's financial instruments are considered equal to their book values.

21 Capital commitments

Neither the Group nor the Company had any capital commitments at 31 December 2006 or 31 December 2005.

22 Contingent liabilities

There were no contingent liabilities at 31 December 2006 or 31 December 2005.

23 Contingent assets

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

Notes to the Financial Statements continued

24 Operating lease commitments

There are no operating lease commitments due at the balance sheet date.

25 Related party transactions

During the year the Company paid Geomin Consultants £70,500 for the consultancy and technical services of its employee C Andrew. C Andrew is also a director of the Company. There were no amounts owing to Geomin Consultants at 31 December 2006.

During the year the Company paid Michael Thomsen LLC, a company owned & controlled by M Thomsen who was the Executive Chairman of the Company, £25,625 for the consultancy and technical services of M Thomsen. There were no amounts owing to Michael Thomsen LLC at 31 December 2006.

During the year the Company paid Euroventure International plc, a company owned & controlled by M Burton who is also a director of the Company, £52,500 for the accountancy services of Michael Burton. There were no amounts owing to Euroventure International plc at 31 December 2006.

26 Post balance sheet events

- a) On 5 February 2007 the Company announced that an option agreement has been signed with its partner in Peru, Minera Argento SAC ("Argento"), to acquire Argento's 50% interest in the joint venture company Minera Sucre SA not already owned by CMR. Minera Sucre holds the Patacancha claims, in southern Peru, on which the Rasuhilca silver-gold mine lies. The option agreement period, which commences on 31st March 2007 and runs until 29th September 2007, gives CMR the exclusive right to acquire Argento's 50% holding in the project for US\$265,000 at any time within the period. Argento will be entitled to a 1% Net Smelter Return from the proceeds of sales during, and subsequent to, the option being exercised.
- b) On 8 February 2007 the Company announced that its Bulgarian subsidiary, Hereward Ventures Bulgaria EAD ("HVB") has received formal notification that Asia Gold Corporation is electing to withdraw from the joint venture in Bulgaria with HVB with effect from March 2007. Asia Gold officially withdrew from the joint venture on 4 March 2007.

Directors, Officers & Advisors

Directors Neil T MacLachlan Non-Executive Chairman Colin J Andrew Managing Director Dr Peter B Bolt Technical Director Michael J Burton Finance Director Nevyanka Mateeva Non-Executive Director	Registrars Capita Registrars The Registry, 34 Beckenham Road Beckenham BR3 4TU, England	Nominated Adviser Insinger de Beaufort 131 Finsbury Pavement London EC2A 1NT, England
Office 10 Fenchurch Avenue London EC3M 5BN, England T +44 (0)20 7663 5618 F +44 (0)20 7663 5959 E office@cambmin.co.uk	Auditors Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP, England	Joint Stockbrokers Insinger de Beaufort 131 Finsbury Pavement London EC2A 1NT, England
Registered Office and Company Secretary Capita Company Secretarial Services Limited 34 Beckenham Road Beckenham BR3 4TU, England	Solicitors DMH Stallard Centurion House 37 Jewry Street London EC3N 2ER, England	Incorporation Number 02255996
Company website www.cambmin.co.uk	Bankers Coutts & Co 440 The Strand London WC2R 0QS, England	
	Royal Bank of Scotland plc 8-9 Quiet Street Bath BA1 2JN, England	
	Anglo Irish Bank Corporation 10 Old Jewry London EC2R 8DN, England	

Notice of Annual General Meeting

Notice is hereby given that the 2007 Annual General Meeting of Cambridge Mineral Resources plc will be held at 10 Fenchurch Avenue, London EC3M 5BN, on 25 July 2007 at 10.00 am for the transaction of the following business. Resolutions 1 to 7 and 9 will be proposed as ordinary resolutions and resolution 8 will be proposed as a special resolution.

Ordinary Business

1. To receive and adopt the Company's accounts and the reports of the directors and auditors for the year ended 31 December 2006.
2. To re-elect Mr Colin Andrew as a director.
3. To re-elect Mr Michael Burton as a director.
4. To re-appoint Mr Neil MacLachlan as a director.
5. To re-appoint Grant Thornton UK LLP as auditors of the Company.
6. To authorise the directors to determine the auditors remuneration.

Special Business

Ordinary resolution

7. That the directors be and are hereby generally and unconditionally authorised in accordance with Section 80(1) of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 80(2) of the Act) up to an aggregate nominal amount of £689,696 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the Directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot relevant securities be and are hereby revoked.

Special resolutions

8. That the directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority conferred by resolution 7 above as if Section 89(1) of that Act did not apply to any such allotment, provided that this power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of ordinary shares on the register of members at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatever; and
 - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) to any person or persons of equity securities up to an aggregate nominal amount of £522,497.

and shall expire upon the expiry of the general authority conferred by resolution 7 above, save that the Company shall be entitled to make an offer or agreement before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

9. That subject to and in accordance with the Companies Act 2006, as in force or as amended and re-enacted from time to time:
 - (a) the Company may supply documents or information to members, or persons nominated by members, by making them available on a website; and
 - (b) a person in relation to whom the following conditions are met is taken to have agreed that the Company may supply documents or information to him/her in that manner:
 - (1) the person has been asked individually by the Company to agree that the Company may supply documents or information generally, or the documents or information in question, to him/her by means of a website, and
 - (2) the Company has not received a response within the period of 28 days beginning with the date on which the Company's request was sent.

By order of the Board
Capita Company Secretarial Services Limited
Secretary
28 June 2007

Registered Office:
The Registry
34 Beckenham Road
Beckenham Kent BR3 4TU

Notice of Annual General Meeting continued

Notes to the Notice of Annual General Meeting:

- (1) A form of proxy is enclosed for use by shareholders. The appointment of a proxy does not preclude a shareholder from attending the AGM and voting in person.
- (2) A member entitled to attend and vote at the Annual General Meeting ("AGM") may appoint one or more proxies (who need not be a member of the Company) to attend and, on a poll, to vote on their behalf. In order to be valid, an appointment of proxy must be returned by post, by courier or by hand to the Company's Registrars, Proxy Processing Centre, Telford Road, Bicester OX26 4LD and must be received not less than 48 hours before the time of the meeting.
- (3) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members by 10.00 am on 23 July 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.
- (4) Copies of the directors' service contracts with the Company and the register of interests of the directors in the share capital of the Company are available for inspection at the registered office of the Company during usual business hours (Saturdays, Sundays and public holidays excepted) and will be available at the place of the AGM from 15 minutes prior to and during the AGM.

Explanatory notes to certain of the resolutions to be proposed at the Annual General Meeting

Allotment of securities (Resolution 7)

Resolution 7 grants the directors authority to allot shares in the capital of the company up to an aggregate nominal value of £689,696 representing approximately 33% of the nominal value of the issued ordinary share capital of the company, as shown in the latest audited accounts of the Company. Unless renewed, revoked, varied or extended, this authority will expire at the end of 15 months from the date of passing of the resolution or at the conclusion of the next Annual General Meeting of the company, whichever is the earlier.

Disapplication of pre-emption rights (Resolution 8)

Resolution 8 empowers the directors to allot equity shares for cash other than in accordance with the statutory pre-emption rights, which require a company to offer all allotments of equity shares for cash first to existing shareholders in proportion to their holdings, in connection with a rights issue and other pre-emptive offers and otherwise up to a maximum nominal amount of £522,497 representing approximately 25% of the nominal value of the issued share capital of the company, as shown in the latest audited accounts of the company. Unless renewed, revoked, varied or extended, this authority will expire at the end of 15 months from the date of passing of the resolution or at the conclusion of the next Annual General Meeting of the company, whichever is the earlier.

The Treasury Shares Regulations require such sales to be on a pre-emptive, pro-rata basis to existing shareholders unless shareholders agree by special resolution to disapply such pre-emption rights. Accordingly, in addition to giving the directors power to allot unissued ordinary share capital on a non pre-emptive basis, Resolution 7 will also give the directors power to sell ordinary shares held in treasury on a non pre-emptive basis, subject always to the limitations noted above. The directors consider that the power proposed to be granted by Resolution 7 is necessary to retain flexibility, although they currently have no intention of exercising such power.

Electronic Communications (Resolution 9)

Your directors are recommending that you pass Resolution 9 authorising website communication by the Company. If this resolution is passed, the Company will not only have the general ability to communicate through its website with shareholders or other people who are nominated by shareholders to receive information from the Company but it will also be able to take advantage of the deemed consent procedure introduced by the Companies Act 2006.

The deemed consent procedure will allow the Company to ask a person whether he/she consents to the Company communicating with him/her through publishing information on its website and, if that person does not respond within 28 days of the request being sent, he/she will be deemed to have consented to the Company using its website for the purposes of all shareholder communications with him/her in the future.

People who consent, or are deemed to have consented, to shareholder communications by way of the Company's website will receive notifications alerting them whenever shareholder information is posted on the Company's website. These notifications will be sent by post to people who have not also expressly agreed to the receipt of shareholder communications by email. Recipients of shareholder communications will also continue to have the right to change to shareholder communications by post at any time or to request a hard copy of a particular document which has been published on the Company's website.

Form of Proxy

Form of Proxy relating to the Annual General Meeting of the Company to be held at 10.00 am on Wednesday 25 July 2007 at Cambridge Mineral Resources plc, 10 Fenchurch Avenue, London EC3M 5BN.

I/We _____ (full name*)

Of _____ (address*)

being a member/members of the above-named Company, hereby appoint the Chairman of the Meeting**

Or _____

**as my/our proxy to vote in my/our name(s) and on my/our behalf at the Annual General Meeting of the Company, to be held on 25 July 2007 at 10am.

My/our proxy is to vote on the resolutions to be proposed at the Annual General Meeting as follows:

Resolutions	For***	Against***	Vote Withheld***
1 To receive and adopt the Company's accounts and the reports of the directors and auditors for the year ended 31 December 2006	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To re-elect Mr Colin Andrew as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To re-elect Mr Michael Burton as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To re-appoint Mr Neil MacLachlan as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To re-appoint Grant Thornton UK LLP as auditors of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To authorise the directors to determine the auditors remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To authorise the directors to allot shares pursuant to Section 80(1) of the Companies Act 1985	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 To disapply statutory pre-emption rights pursuant to Section 95 of the Companies Act 1985	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 To authorise Electronic Communications	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The proxy may vote as he/she thinks fit (or abstain) on any resolutions where no specific direction is given or any other business which may properly come before this meeting.

Signature _____ Date _____ 2007

Note: To be valid this form of proxy must be deposited at the Company's Registrar not less than 48 hours before the time for holding the meeting.

Notes:

- 1* Please complete in block capitals with your full name and address.
- 2** If you wish to appoint someone other than the Chairman of the meeting, please cross out these words and insert the full name(s) of the person(s) you wish to appoint. A proxy need not be a member of the Company.
- 3*** Please indicate, by inserting a cross in the appropriate box, how you wish your votes to be cast on each Resolution.If you sign this Form of Proxy and return it without any specific directions, your proxy will vote or abstain at his discretion. This Form of Proxy will only be used in the event of a poll being directed or demanded.
- 4 This Form of Proxy must be deposited at the Company's Registrars; Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, NOT LATER than 10am on 23 July 2007, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof. The completion and return of this Form of Proxy will not, however, preclude a holder(s) of ordinary shares from attending and voting at the meeting if they so wish.
- 5 Any alterations to this Form of Proxy should be initialled.
- 6 In the case of joint holders, the signature of one holder will be accepted, but the names of all joint holders should be given.
- 7 In the case of a corporation, this Form of Proxy should be either given under its common seal or signed on its behalf by an officer or attorney duly authorised.



First fold

BUSINESS REPLY SERVICE
Licence No. MB 122



Capita Regsitrars (Proxies)
PO Box 25
Beckenham
Kent
BR3 4BR

Second fold, then tuck in flap and tape along edge