Cambridge Mineral Resources Plc

Financial Statements for the year ended
31 December 2008

Cambridge Mineral Resources Plc

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Company registration number	02255996	
Directors	Neil Maclachan Ceased 10 4 2009	Non-Executive Chairman
	Martin Robins Appointed 7 12 2009	Chairman
	Colin Andrew Ceased 18 12 2009	Managing Director
	Michael Burton	Finance Director
	Nevyanka Mateeva	Regional Manager, Non-Executive Director
	Mark Slater Appointed 14 04 2009 Ceased 29 05 2009 Appointed 10 09 2010	Operations Director
	Robert Kyriakides appointed 10 09 2010	Non-Executive Director

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Report of the Directors

The directors present their report together with financial statements for the year ended 31 December 2008

Principal activities
The group is principally engaged in directing investment into exploration and exploitation of natural resources

Business review
There was a lossprofit for 2008 of £1,024,064 (2007 - loss of £646,399)

Dividend
The directors do not recommend the payment of a dividend

Capital Structure
At the year end 369,365 704 Ordinary shares of 1p were in issue and are fully paid up The rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Company's directors are set out in the Company's Articles of Association, copies of which can be obtained from Companies House in the UK or in writing to the Company Secretary
There are no restrictions on the voting rights attaching to the Company's Ordinary shares or on the transfer of securities in the Company

At the General Meeting on 28 July 2010 the directors were given authority to issue new shares and to disapply pre-emption rights in respect of allotments of relevant securities up to an aggregate nominal amount of £203,933 as set out in the notice of that meeting which is available on request from the Company Secretary It was also resolved that the shares would be consolidated on a basis of five ordinary 1p shares being consolidated to one 5p share

Directors and their Interests
In accordance with the Articles of Association directors representing the required one-third of the directors, will retire by rotation at the Annual General Meeting and such details will be included in the notice of the Annual General Meeting

The directors in office as at the end of the year their shareholdings were as follows

Holder	Ordinary Shares		Share Options	
	2008	2007	2008	2007
Colin Andrew	5,625,000	3,125,000	6,450,000	450,000
Michael Burton	3,067,308	567,308	8,000,000	500,000
Nevyanka Mateeva	0	0	2,000,000	0
Neil Maclachlan	0	0	3,500,000	500,000

Related Party Transactions
The related party transactions that took place during the year are detailed in note 20 of the accounts

Post balance sheet events
Post balance sheet events are disclosed in note 39 to the financial statements

Cambridge Mineral Resources Plc

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Going concern
Following the sale of the subsidiary in Spain during 2010 the management expects that there will be sufficient funding to meet their needs of the Company

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 adopted to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) for the parent company's own financial statements and International Financial Reporting Standards as adopted by the European Union (IFRSs) for the consolidated financial statements The financial statements are required by law to 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 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 each of the directors is 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 may differ from legislation in other jurisdictions

Auditors
Russell Phillips of Gerrards Cross will be considered for re-election at the Annual General Meeting

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

Annual General Meeting
An Annual General Meeting will be called early in 2011 A notice of this meeting will be sent in a separate circular to be sent to shareholders accompanying the annual report and accounts for the year ended 31 December 2009

ON BEHALF OF THE BOARD

Report of the Independent Auditors to the Members of Cambridge Mineral Resources Plc

We have audited the group financial statements (the 'financial statements') of Cambridge Mineral Resources Plc for the year ended 31 December 2008 which comprises the principal accounting policies, the consolidated income statement, the consolidated balance sheet, the consolidated statement of recognised income and expense, the consolidated cash flow and notes 1 to 20 These financial statements have been prepared under the accounting policies set out therein

We have reported separately on the parent Company financial statements of Cambridge Mineral Resources Plc for the year ended 31 December 2008 The audit report is modified by the inclusion of an emphasis of matter in respect of going concern

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 auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, are set out in the Statements 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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements The information given in the Report of the Directors includes that specific information presented in the Chairman's statement and Operations Report

In addition we report to you if, in our opinion, 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 the Report of the Directors, the Chairman's Statement, and the Operations Report 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 exceed 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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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 are free from material misstatement, whether caused by fraud or other irregularity or error However, due to our appointment substantially after the end of the year and with extreme pressures on the Company to file financial statements much information which would have been desirable was either now no longer readily available or not practically available in a reasonable time scale In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- We are unable to ascertain if the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its loss for the year then ended This arises as a result of inadequate audit information being available in respect of operations in Peru and of parts of the operation in Bulgaria In addition the impact of the Group of the post balance sheet event in Columbia can not be fully estimated at this time and whilst correctly not consolidated it is not possible to estimate any potential asset or liability arising
- In the light of the inability to confirm or otherwise substantiate some of the financial information as regards overseas operations we can not form an opinion as to whether the group financial statements have been properly prepared in accordance with the Companies Act 1985
- The information given in the Report of the Directors is consistent with the financial statements

Emphasis of matter - Going concern

In forming our opinion, which is not qualified as regards going concern, we have considered the adequacy of the disclosure made in the significant accounting policies to the financial statements concerning the group's ability to continue as a going concern The group incurred a net loss of £1,223,989 during the year ended 31 December 2008 and, at that date, the group's current liabilities exceeded its current assets by £193,272 These conditions indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern

Russell Phillips

Russell Phillips

Registered Auditors

23 Station Road, Gerrards Cross, Bucks, SL9 8ES

13 January 2011

Principal Accounting Policies

Basis of Preparation

The Company is a public limited Company incorporated in the United Kingdom The principle accounting policies applied in the preparation of these consolidated financial statements are set out below These policies have been applied consistently to all the years presented, unless otherwise stated

The consolidated financial statements are presented in pounds sterling The results for the year ended 31 December 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS The measurement bases and the principal accounting policies are described below

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is capitalised and reviewed annually for impairment by the directors Goodwill is carried at cost less accumulated impairment losses The excess of the fair value of the acquiree's identifiable net assets over the cost of the acquisition is recognised immediately after acquisition in the income statement

Goodwill written off to reserves prior to date of transition to IFRS remains in reserves There is no re-instatements of goodwill that was amortised prior to transition to IFRS Goodwill previously written off to reserves is not written back to the income statement on subsequent disposal

Going concern

These consolidated financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discreet tranches to finance its activities for limited periods only

The directors, following the sale of the subsidiary in Spain during 2010, expect that there will be sufficient funding to meet their needs of the Company

Basis of consolidation

The group financial statements consolidated those of the Company and all of its subsidiary undertakings drawn up to 31 December 2008 Subsidiaries are entities over which the group has the power to control the financial and operating policies so as to obtain benefits from its activities The group obtains and exercises control through voting rights

As a result of the post balance sheet event, reported in note 20, control of the operations in Panama and Columbia were lost As a result these operations have not been consolidated for the year

The joint venture in Bulgaria has obligations on both parties which may vary the percentage ownership of the one subsidiary Whilst ownership is anticipated to become 49% control has still to be transferred and this subsidiary has been consolidated

Unrealised gains on transactions between the group and its subsidiaries are eliminated Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the group

Acquisitions of subsidiaries are dealt with by the purchase method The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at their fair values, which are also used as the basis for subsequent measurement in accordance with the group accounting policies

Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments For the purposes of segment reporting the group does not have separate business reporting segments

Issued International Financial Reporting Standards ("IFRS's") and Interpretations ("IFRICS") that are not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpreations were in issue but are not yet effective

- IAS 1 Presentation of financial statements (revised 2007) - effective 1 January 2009

- IAS 23 Borrowing Costs (revised 2007) - effective 1 January 2009

- IAS 27 (revised) Consolidated and separate financial statements - effective 1 January 2009 The standard required the effects of all increases or decreases in the ownership of subsidiaries to be recorded in equity if there is no change in control They will therefore no longer result in goodwill or gains or losses The standard also specifies the accounting when control is lost - effective 1 July 2009

- Amendments to IAS 32 Financial Instruments Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation - effective 1 January 2009

- IFRS 2 (Amendments) Share based payment - Vesting conditions and cancellations - effective 1 January 2009

- IFRS 3 (Amendment) Business combinations - effective 1 July 2009

- IFRS 8 Operating Segments - effective 1 January 2009 The segmental information reported under the standard is that which the chief operating decision maker uses internally for evaluating the performance of operating segments and allocating resources to those segments

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group These standards and Interpretations will however have significant impact on the presentation of the accounts The group does not intend to apply any of these pronouncements early

Critical accounting estimates and judgements

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

The group makes estimates and assumptions concerning the future The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results The group has evaluated the estimates and assumptions that have been made in relation to the carrying amounts of assets and liabilities in these financial statements

The directors, following the sale of the subsidiary in Spain during 2010, expect that there will be sufficient funding to meet their needs of the Company on the grounds of strict cost controls already in place and the ability to raise additional capital as required

Equity settled share based payments

All share-based payment arrangements granted after 7 November 2002 that have not fully vested as at the 1 January 2006 are recognised in the financial statements

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee

This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets) All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to accumulated losses

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates Any cumulative adjustment prior to vesting is recognised in the current period No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital and where appropriate share premium

Exploration expenditure

Exploration expenditure including related overheads on the acquisition, exploration and evaluation of interests in licences not yet transferred to a cost pool is capitalised under tangible assets Cost pools are established on the basis of geographic area When it is determined that such cost will be recouped through successful development and exploration or alternatively by sale of the interest, expenditure will be transferred to property, plant and equipment and depreciated over the expected productive life of asset Whenever a project is considered no longer viable the associated exploration expenditure is written off to the income statement

Amounts recognised as assets in relation to exploration expenditure are treated as intangible assets and are subjected to annual impairment tests These assets are deemed to have an indefinite life The assets are subject to valuation review and impairment review annually Impairment amounts are taken directly to the income statement By their nature, impairment reviews include significant estimates regarding future financial resources and commercial and technical feasibility to enable the successful realisation of the exploration expenditure Other estimates include assessing future metal prices, future foreign exchange rates and the choice of appropriate discount rates

Property, plant and equipment

Property, plant and equipment are stated at cost net of depreciation and any provision for impairment

Depreciation is provided on a straight line basis at rates calculated to write off the cost of property, plant and equipment to their estimated residual value over their estimated useful lives at the following rates

Office equipment	5 years
Motor vehicles	5 years

Impairment testing of goodwill, other tangible assets and property, plant and equipment

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows (cash-generating units) As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the group at which management monitors the related cash flows

Goodwill, other individual assets or cash-generating units that include goodwill, other tangible assets with an indefinite useful life, and those intangible assets not yet available for use are tested for impairment at least annually All other individual assets or cash-generating units are tested 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 or cash-generating unit's carrying amount exceeds its recoverable amount The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist

Foreign currency
The functional currency of the South American subsidiaries is United States dollars being the currency by which those companies are influenced with regard to labour, material and other costs whilst operating in Columbia and in Peru The financial currency of the European subsidiaries is Euros for Spain and BGN for Bulgaria being the currency prevalent in that region The ultimate parent Company, Cambridge Mineral Resources Plc is a UK Company which raises funds for Head Office expenses in pounds sterling and for mining operations in United States dollars

Consequently, for reporting purposes, the group's presentational currency is British pounds (GBP) Foreign currency transactions by group companies are recorded in their functional currencies at the exchange rate ruling at the balance sheet date Any realised or unrealised exchange adjustments have been charged or credited to income On consolidation the accounts overseas subsidiary undertakings are translated into the presentational currency of the group at the rate of exchange ruling at the balance sheet date and income statement amounts are translated at the average rate for the period The exchange difference arising on the retranslation of opening net assets is classified within equity and is taken directly to the translation reserve Note that the group has adopted the IFRS 1 exception and has assumed a zero opening balance for this reserve All other transaction differences are taken to the income statement

Associates

Associates are all entries over which the group has significant influence but not control Investments in associates are encountered for using the equity method of accounting and are initially recognised at cost

The group's share of associate's post acquisition profits or losses are recognised in the income statement, and its share of post acquisition movements in reserves is recognised in reserves The cumulative post acquisition movements are adjusted against the carrying amount of the investment When the group's share of losses in an associate exceeds its interest in the associate, including an 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 the associate 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

Taxation

Current tax is the tax currently payable based on taxable profit for the year

Deferred income taxes are calculated using the liability method on temporary differences Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets

Deferred tax liabilities are provided in full, with no discounting Deferred tax assets are recognised to the extent that it is probable that the underlying deductable temporary differences will be able to be offset against future taxable income Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date

Changed in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity

Financial assets
Financial assets are divided into the following categories

- Loans and receivables
- Available-for-sale financial assets

Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument Financial assets are recognised at fair value plus transaction costs

Loans and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market Trade receivables are classified as loans and receivables Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment Any change in their value through impairment or reversal of impairment is recognised in the income statement The group's other receivables fall into this category of financial instruments

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of recognised income and expense Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement

An assessment for impairment is undertaken at least at each balance sheet date

The group has no financial assets at fair value through profit or loss or held to maturity investments

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value These are classified as loans and receivables from a financial asset perspective

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument Financial liabilities are recorded initially at fair value, net of direct issue costs

The financial liabilities are subsequently recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise

The group has no financial liabilities at fair value through profit or loss

Consolidated Income Statement
For the year ended 31 December 2008

	Note	2008	2007
		£	£
Other income	2	**21,481**	7,005
Administrative costs	2	**(1,629,664)**	(774,467)
Impairment of exploration costs	5	**-**	(413,020)
Forgiveness of loan	2	**387,206**	459,477
Disposal of available for sale investment	2		(22,400)
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets over cost	2		94,000
Loss before tax		**(1,220,977)**	(649,405)
Tax	4	**(3,012)**	-
Loss after tax	11	**(1,223,989)**	(649,405)
Attributable to			
Equity holders of the parent		**(1,024,064)**	(646,399)
Minority interest		**(199,925)**	(3,006)
		(1,223,989)	(649,405)

Consolidated Balance Sheet at 31 December 2008

	Note	2008	2007
		£	£
Assets			
Non-current assets			
Investing Activities			
Exploration expenditure	5	**8,801,146**	8,342,698
Property, plant and equipment	6	**47,117**	172,626
Goodwill	5	**582,771**	1,191,706
		9,431,034	9,707,030
Current assets			
Cash and cash equivalents	7	**20,284**	40,862
Trade and other receivables	8	**296,373**	456,393
		318,657	497 255
Total assets		**9,749,691**	10,204,285
Liabilities			
Non-Current Liabilities			
Borrowings	9	**(269,762)**	(86,303)
Current Liabilities			
Trade and other payables	9	**(511,929)**	(931,995)
Total liabilities		**(781,691)**	(1,018,298)
Net assets		**8,968,000**	9,185,987
Equity			
Equity attributable to equity holders of the parent			
Share capital	10	**3,693,656**	2,711,156
Share premium account	11	**11,275,453**	11,160,040
Merger reserve	12	**702,685**	2,116,435
Other reserves			-
Translation reserve	13	**1,940,253**	618,416
Accumulated loss	12	**(8,441,870)**	(7,417,806)
Equity attributable to equity holders of the parent		9,170,179	9,188,241
Minority interest		**(202,179)**	(2,254)
Total equity		8,968,000	**9,185,987**

The financial statements were approved by the Board of Directors on 6th January 2011

M Robins **Director**

Cash Flow Statement
For the year ended 31 December 2008

	Note	2008	2007
		£	£
Net cash outflow from operating activities	14	**(749,985)**	(380,089)
Investing Activities			
Exploration costs		**(575,886)**	(1,578,955)
Purchase of property, plant and equipment		**(21,070)**	(87,952)
Proceeds from sale of available for sale investments			57,600
Interest received		**2,232**	4,973
Acquisition of investments			-
Net cash used in investing activities		**(594,724)**	(1,604,334)
Financing activities			
Proceeds from issue of share capital		**1,185,013**	1,411,500
Share issue costs		**(87,100)**	(87,100)
Proceeds from long term borrowings		**267,374**	79,493
Net cash from financing activities		**1,365,287**	1,403,893
Decrease in cash		**(20,578)**	(580,530)
Cash at the beginning of the period		**40,862**	621,392
Cash and Cash Equivalents at the end of the period		**20,284**	40,862

Notes to the Financial Statements

1. Segmental analysis

There is only one business operating segment for Cambridge Mineral Resources Plc

Cambridge Mineral Resources Plc's profits and losses before taxation and its geographic allocation of net assets may be summarised as follows

	Profit / (Loss)		Net assets	
	2008	2007	2008	2007
	£	£	£	£
United Kingdom	(694,655)	(791,357)	5,220,697	7,972,218
Spain	(30,745)	(49,397)	1,083,434	430,132
Peru	(10,636)	(3,382)	240,346	(7,416)
Panama		24,273	-	41,964
Columbia		18,421	-	(2,952)
Bulgaria	(487,953)	155,043	2,423,523	752,041
	(1,220,977)	(646,399)	8,968,000	9,185,987

Exploration costs per geographic segment are shown below

	Exploration costs	
	2008	2007
	£	£
United Kingdom	-	-
Spain	**5,158,879**	3,783,661
Peru	**1,018,766**	644,420
Panama	-	867,750
Columbia	-	1,102,687
Bulgaria	**2,623,501**	1,944,180
	8,801,146	8,342,698

2 Loss before taxation

The loss on ordinary activities before taxation is stated after charging/(crediting)

	2008	2007
	£	£
Finance income	**2,232**	4,974
Fees payable to the Company's auditor for the audit of the Company annual accounts	**3,000**	35,000
- Tax	-	3,500
- Advice on conversion to IFRS	-	10,000
- Other non audit services	-	10,600
- Audit of foreign subsidiaries	**12,404**	10,140
Depreciation of property, plant and equipment	**36,858**	38,566
Impairment of intangible assets	-	413,020
Expired contracts	-	-
Amortisation	-	2,254
Operating lease rentals land and buildings	-	7,514
Excess of acquirer's interest in the net fair value of acquiree's identifiable	-	94,000

assets, liabilities and contingent liabilities over cost		
Foreign exchange (gain)/loss	**(334,477)**	(17,501)
Loss on disposal of available for sale financial asset		(22,400)
Forgiveness of loan	**(387,206)**	(459,477)

3 Directors and employees

Staff costs excluding directors during the year were as follows

	2008 £	2007 £
Wages and salaries	**409,798**	148,310
Social security costs	**29,326**	28,465
	439,124	176,775

The average number of employees in the group during the year was 9 (2006 7)

Remuneration in respect of key management personnel and directors was as follows

	2008 £	2007 £
Emoluments		
- Wages and salaries	-	112,500
- Compensation for loss of office	-	-
- Fees	-	181,774
	-	294,274

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

	2008 £	2007 £
Emoluments	-	70,500

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

4. Tax on loss on ordinary activities

The tax charge is based on the loss for the year and represents

	2008 £	2007 £
Tax not recoverable on overseas subsidiary	**3,012**	
Tax charge	**3,012**	-

Any deferred tax asset has not been recognised in relation to the UK tax losses

5 Intangible assets

	Goodwill £	Exploration expenditure £	Total £
Gross carrying amount	1,191,706	6,256,449	7,448,155
Accumulated amortisation and impairment	-	(9,270)	(9,270)
Carrying amount at 1 January 2007	**1,191,706**	**6,247,179**	**7,438,885**
Gross carrying amount	1,191,706	8,758,594	9,950,300
Accumulated amortisation and impairment	-	(415,896)	(415,896)
At 31 December 2007	**1,191,706**	**8,342,698**	**9,534,404**
Gross carrying amount	582,771	9,217,042	9,799,813
Accumulated amortisation and impairment	-	(415,896)	(415,896)
Carrying amount at 31 December 2008	**582,771**	**8,801,146**	**9,383,917**

	Goodwill £	Exploration expenditure £	Total £
Carrying amount at 1 January 2007	**1,191,706**	**6,247,179**	**7,438,885**
- Separately acquired / internally developed	-	1,872,012	1,872,012
Expired contracts	-	185,519	185,519
Impairment	-	(2,254)	(2,254)
Amortisation	-	(413,020)	(413,020)
Net exchange differences	-	453,262	453,262
Carrying amounts at 31 December 2007	**1,191,706**	**8,342,698**	**9,534,404**
- Separately acquired/internally developed	-	575,886	575,886
Loss Re Columbia and Panama	-	(1,970,437)	(1,970,437)
Converted to Shares	(608,935)	-	(608,935)
Net exchange differences	-	1,852,999	1,852,999
Carrying amount at 31 December 2008	**582.771**	**8,801,146**	**9,383,917**

The directors have determined that no further reserve was due for impairment and that the value of goodwill in Spain is not impaired having adjusted for the additional shares issued

6 Property, plant and equipment

	Office equipment £	Motor Vehicles £	Total £
Gross carrying amount	331,713	138,563	470,276
Accumulated depreciation and impairment	(258,168)	(119,683)	(377,851)
Carrying amount at 1 January 2007	**73,545**	**18,880**	**92,425**
Gross carrying amount	435,011	106,857	541,868
Accumulated depreciation and impairment	(293,561)	(75,681)	(369,242)
Carrying amount at 31 December 2007	**141,450**	**31,176**	**172,626**
Gross carrying amount	435,011	106,857	541,868
Accumulated depreciation and impairment	(293,561)	(75,681)	(369,242)
Carrying amount at 31 December 2008	**141,450**	**31,176**	**172,626**

Reconciliation of the carrying amounts shown in the consolidated financial statements

	Equipment £	Motor vehicles £	Total £
Carrying amount at 1 January 2007	**73,545**	**18,880**	**92,425**
- Separately acquired	87,952	-	87,425
- Through business combinations	12,954	24,795	37,749
Assets disposed of	(8,824)	(67,921)	(76,745)
Depreciation	(27,408)	(11,158)	(38,566)
Depreciation released on disposal	-	65,068	65,068
Net exchange differences	3,231	1,512	4,743
Carrying amount at 31 December 2008	**141,450**	**31,176**	**172,626**
- Separately acquired	4,135	16,935	21,070
Assets disposed of			
- Through normal sale	(154,837)	(19,021)	(173,858)
- Through loss of Columbia/Panama	(134,914)	-	(134,914)
Depreciation	(16,996)	(19,862)	(36,858)
Depreciation released on disposal			
- Through normal sale	154,837	19,021	173,858
- Through loss of Columbia/Panama	12,771		12,771
Net exchange differences	2,160	10,262	12,422
Carrying amount at 31 December 2008	**8,606**	**38,511**	**47,117**

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

7 Cash and cash equivalents

	2008 £	2007 £
Bank and cash balances	**20,284**	40,862
Short term deposits		-
	20,284	40,862

8 Trade and other receivables

	2008 £	2007 £
Recoverable VAT	**21,022**	184,823
Other receivables	**212,896**	202,125
Prepayments and accrued income	**62,455**	69,445
Total trade and other receivables	**296,373**	456,393

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

9. Trade and other payables

	2008 £	2007 £
Current liabilities		
Trade and other payables	**305,484**	508,867
Social security and other taxes	**41,414**	35,461
Accruals and deferred income	**165,031**	387,667
	511,929	931,995

The carrying values are considered to be a reasonable approximation of fair value

	2008 £	2007 £
Non current liabilities		
Deferred Income from Non Returnable grant	**267,374**	
Borrowings	**2,388**	86,303
	269,762	86,303

10. Share capital

	2008 £	2007 £
Authorised		
500,000,000 ordinary shares of 1p each	**5,000,000.**	**5,000,000**
Allotted, called up and fully paid		
369,365 704 (2007 - 271,115,704) ordinary shares of 1p each	**3,693,656**	**2,711,156**

Allotments during the year
During the year the Company allotted a total of 98,250,000 ordinary 1p shares for cash consideration of £1,185,013 The difference between the total consideration, net of expenses of £87,100, and the total nominal value has been credited to the share premium account

11 Merger reserve

	£
At 1 January 2007 and 31 December 2007	2,116,435
Adjustment in Respect of Columbia & Panama	1,413,750
At 31 December 2008	702,685

12. Accumulated loss

	£
At 1 January 2007	(6,711,407)
Retained profit for the year	(646,399)
At 31 December 2007	(7,417,806)
Retained loss for the year attributable to the group	(1,024,064)
At 31 December 2008	**(8,441,870)**

13. Translation reserve

	£
At 1 January 2007	(64,345)
Foreign exchange differences	668,211
Transfer	14,550
Balance at 31 December 2007	618,416
Foreign exchange differences	1,321,837
At 31 December 2008	**1,940,253**

14 Net cash outflow from operating activities

	2008 £	2007 £
Loss before taxation	**(1,220,977)**	(649,405)
Depreciation	**36,858**	38,566
Amortisation	-	2,254
Decrease (Increase) in debtors	**160,020**	(43,364)
(Decrease) Increase in creditors	**(503,981)**	353,128
Impairment	-	413,020
Foreign exchange movements	**1,165,301**	1,816
Forgiveness of loan	**(387,206)**	(459,477)
Loss on disposal of property, plant and equipment	-	34,973
Excess of acquirer's interest in the net fair value of acquiree's identifiable net assets	-	(94,000)
Loss of disposal of available for sale asset	-	22,400
Net cash outflow from operating activities	**(749,985)**	**(380,089)**

15. Capital commitments

The Company had no capital commitments at 31 December 2007 or 31 December 2008

16 Contingent liabilities

There were no contingent liabilities at 31 December 2007 The company had its mine in Colombia, which is in production, foreclosed by a lender, which resulted in the loss of an asset and the writing off of the corresponding borrowing by the company in relation to that asset The circumstances of the loss of the asset and the foreclosure are very unclear and the directors propose to investigate the circumstances of this transaction The directors believe the investigation will indicate a net recovery but this can not be ascertained without incurring costs

17. Contingent assets

There were no contingent assets for the group at 31 December 2007 The company had its mine in Colombia, which is in production, foreclosed by a lender, which resulted in the loss of an asset and the writing off of the corresponding borrowing by the company in relation to that asset The circumstances of the loss of the asset and the foreclosure are very unclear and the directors propose to investigate the circumstances of this transaction The directors believe the investigation will indicate a net recovery but this can not be ascertained without incurring costs

18. Operating lease commitments

The group does not have any lease commitments at balance date

19 Related party transaction

During the year the Company paid Geomin Consultants £111,625 for the consultancy, technical and directorial services of its employee C Andrew, who was a director of the Company £29,375 was owing to Geomin Consultants at 31 December 2008

During the year the Company paid Markham Associates, a company owned and controlled by N Maclachlan, £45,000 for the directional services of N Maclachlan, who was a non-executive director of the Company £11,250 was owing to Markham Associates at 31 December 2008

During the year the Company paid Euroventure International plc, a company owned and controlled by M Burton, who is a director of the Company, £52,500 for the accountancy services of M Burton

During the year M Burton, finance director, advanced the Company £2,700 (2007 - £15,200) This amount is currently a creditor of the Company Within the debtors balance of the Company is an amount payable by M Burton of £27,897 (2007 - £4,070) And also an amount payable by Mr C Andrew of £25,000 (2007 - nil) this was paid shortly after the year end

20. Post Balance Sheet events

a) Columbian Asset

Early in 2009 the Company's subsidiaries in Panama (Colgold Inc and Quintana Mining S A) and Colombia (Colgold Inc and Quintana S A), were taken over by Bluecrest Mercantile III BV as a result of an alleged breach by the Company of the terms of a finance agreement The Company disputes the actions taken by Bluecrest Mercantile III BV As at 31st December 2008 the Company has made a full provision against its investments and accounts with the above subsidiaries and its liabilities to Bluecrest Mercantile III BV As the control of these companies was lost shortly after the year end and the economic value or liability can not be quantified the company results have not been consolidated The circumstances of the loss of the asset and the foreclosure are very unclear and the directors propose to investigate the circumstances of this transaction

b) Mayfair Liability

In June 2009 the Company received from Mayfair Mining & Mineral Inc a payment on account towards the Company's costs of disposing of its Spanish interests in the sum of $100,000 and a further $38,000 was subsequently received Mayfair Mining & Mineral Inc subsequently failed to fulfil its obligations to the Company and the transaction did not complete Solicitors for Mayfair have claimed the repayment of these sums, plus further compensation in the sum of $100,000 in December 2010.

c) In 2009 the company entered into a "term sheet" transaction with Siginya Capital Pty Limited as a preliminary proposed transaction under which the company would transfer its shares in Recursos Metalicos in Spain to Siginya in consideration of a cash payment of $250,000, a further payment of $2 million and a loan from Siginya of $500,000 The term sheet provided for a penalty of $750,000 if the proposed transaction did not proceed Subsequently the company did not receive the cash payment, or the loan payment and in fact the loan was subsequently offered upon terms that Siginya knew it would be impossible for the company to adhere to The company withdrew from the term sheet The company have been advised that Siginya breached the term sheet and that the penalty is not payable Proceedings have been commenced in London and in Spain in relation to this matter and the directors have been advised that the company should provide for the costs of these proceedings, but not at this stage for the payment of $750,000

d) In 2010 the Company sold its investment in Recursos Metalicos S L to Iberian Gold Plc for a total consideration of 280,000,000 ordinary 1p shares in Iberian Gold Plc It is anticipated that these shares will be listed on a recognised exchange by the end of March 2012

Report of the Independent Auditors to the Members of Cambridge Mineral Resources Plc

We have audited the parent Company financial statements of Cambridge Mineral Resources plc for the year ended 31 December 2008 which comprise the principal accounting policies, the balance sheet notes 21 to 35 These parent Company financial statements have been prepared under the accounting policies set out therein

We have reported on the group financial statements of Cambridge Mineral Resources plc for the year ended 31 December 2008 That report is qualified on the basis of certain areas where no opinion can be made in the absence of available audit information and modified by the inclusion of an emphasis of matter based on going concern

Thus 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 auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

Our responsibility is to audit the parent Company 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 parent Company financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the Report of the Directors is consistent with the parent Company financial statements The information given in the Report of the Directors includes that specific information presented in Chairman's Statement and Operations Report that is cross referred from the business review section of the Report of the Directors

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited Company financial statements This other information comprises only the Chairman's Statement and Operations Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent Company 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 parent Company financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent Company 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 consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the parent Company financial statements are free from material misstatement, whether caused by fraud or other irregularity in the parent Company financial statements

Opinion
In our opinion

- The directors have failed to produce financial statements in a timely manner and to maintain books and records in such a way as management information would be readily available This follows from the resource limitations experienced by the company and the considerable reduction in accounting staff This has meant that audit information is now not readily available and controls can not be tested
- It can not be established whether the parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and of its loss for the year then ended,
- The parent Company financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the Directors' Report is consistent with the financial statements

Emphasis of matter - Going concern
In forming our opinion, which is qualified, we have considered the adequacy of the disclosure made in note 21 to the financial statements concerning the Company's ability to continue as a going concern The Company incurred a net profit of £355,588 during the year ended 31 December 2008 but if unrealised exchange gains are ignored a loss of £1,081,861 These conditions 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

Russell Phillips

Russell Phillips

Registered Auditors

23 Station Road, Gerrards Cross, Bucks, SL9 8ES

13 January 2011

Company Balance Sheet at 31 December 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	25	4,204	12,524
Investments	26	2,413,581	1,588 808
		2,417,785	1,601,332
Current assets			
Debtors	27	4,832,412	3,167,937
Cash at bank and in hand			-
		4,832,412	3,167,937
Creditors amounts falling due within one year	28	(411,975)	(826,952)
Net current assets		4,420,437	2,340,985
Net assets		6,838,222	3,942,317
Equity attributable to equity holders of the parent			
Share capital	29	3,693,656	2,711,156
Share premium account	30	11,275,453	11,160,040
Revaluation reserve			-
Merger reserve	30	702,685	702,685
Profit and loss account	31	(8,833,572)	(10,631,564)
Total equity		6,838,222	3,942,317

Approved by the Board of Directors on 6 January 2011

M Robins

M J Robins

Notes to the Financial Statements (Company)

21. Significant Accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 1985 As permitted by the Act, the separate financial statements have been prepared in accordance with all applicable UK accounting standards The principal accounting policies used are as follows

The financial statements have been prepared on the historical costs basis

I Investments in subsidiaries are stated at cost, less any provision where, in the opinion of the Directors, there have been a diminution in value

II Deferred tax is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in future, or a right to pay less tax in 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

III 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 of each balance sheet date The standard applied to all grants of equity instruments after 7 November 2002 that were invested as of 1 January 2006 However, on the grounds that the shares of the company ceased to be listed and at the time of preparation of these financial statements continue not to be listed on any recognised market the directors have not included these details in the accounts

IV These company financial statements are prepared on a going concern basis which the Directors as following the sale of the subsidiary in Spain during 2010 they expect that there will be sufficient funding to meet their needs of the Company

V The Directors have prepared cash flow information for 12 months from the date of these financial statements 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 Company to undertake an optimal programme of exploration

VI Depreciation is calculated to write down the cost less estimated value of all tangible assets by equal annual instalments over their expected useful economic lives The rates generally applicable are as follows

Office equipment	25%
Motor vehicles	25%

Notes to the Financial Statements (Company)

22. Profit 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 profit for the year was £355,588 (2007 loss of £702,685)

23. Staff numbers and costs

The average number of employees of the Company (including Directors) during the year was 7 (2007 9) and their aggregate remuneration comprised

	2008	2007
	£	£
Wages and salaries	358,798	148,310
Social security costs	19,326	10,317
	378,124	158,627

24 Loss on ordinary activities before taxation

The auditors remuneration for audit services to the Company was £3,000 (2007 £35,000)

25. Tangible fixed assets

The Company

	Office equipment	Motor Vehicles	Total
	£	£	£
Cost			
At 1 January 2008	197,152	8,000	205,153
Disposals	154 836	8,000	162,836
At 31 December 2008	**42,316**	-	**42,316**
Depreciation			
At 1 January 2008	184,628	8,000	192,628
Charge for the year	8,321	-	8,321
Depreciation on Disposals	154,837	8,000	162,837
At 31 December 2008	**38,112**	-	**38,112**
Net book amount at 31 December 2007	**12,524**	-	**12 524**
Net book amount at 31 December 2008	**4,204**	-	**4,204**

Notes to the Financial Statements (Company)

26. Investments

The Company

	Shares in Group undertakings £	Other Investments £	Total £
Cost of valuation			
At 1 January 2008	1,588,808	-	1,588,808
Additions	829,796	-	829,796
Impairment	(5,023)	-	(5,023)
At 31 December 2008	**2,413,581**	**-**	**2,413,581**

At 31 December 2008 the group held shares in subsidiary undertakings as below

Name of subsidiary undertaking	Country of incorporation	Names of Business	% of Shares Held	Included in The Consolidation
Recursos Metalicos SL	Spain	Mineral Exploration	100	Yes
South Atlantic Resources Limited	England and Wales	Mineral Exploration	100	Yes
Hereward Ventures Bulgeria EAD	Bulgaria	Mineral Exploration	100	Yes
Caracal Cambridge Bulgaria EAD	Bulgaria	Mineral Exploration	49	Yes
Caracal Cambridge Mining Ventures Limited	British Virgin Islands	Mineral Exploration	99	Yes
Minera Peru Gold S A C	Peru	Mineral Exploration	100	Yes
Mineral Sucre S A C	Peru	Mineral Exploration	100	Yes
Colgold Inc	Panama	Mineral Exploration	100	No
Quintana Mining SA	Panama	Mineral Exploration	100	No
Colgold Inc Colombia	Colombia	Mineral Exploration	100	No
Quintana SA	Colombia	Mineral Exploration	78	No

The investment in South Atlantic Resources Limited has been impaired in full during the year ended 31 December 2007 and has now been struck off releasing the company from an obligation

Control of the subsidiaries in Panama and Columbia were lost shortly after the year end and as a result have not been consolidated

Notes to the Financial Statements (Company)

27. Debtors

	2008 £	2007 £
Amounts owed by group undertakings	5,518,208	6,593,398
Other debtors	110,260	168,147
	5,628,468	6,806,211
Provision for bad and doubtful debts in respect of amounts owed by group undertakings	(796,056)	(3,638,274)
Total	4,832,412	3,167,937

Amounts owed by group undertakings are due over one year

28 Creditors· amounts falling due within one year

	2008 £	2007 £
Bank overdraft	8,663	7,498
Amounts owed to group undertakings	-	426,656
Social security and other taxes	23,414	27,889
Other Creditors	321,125	202,677
Accruals and deferred income	58,773	162,232
	411,975	826,952

The amounts due to group undertakings are payable on demand

29. Share capital

	2008 £	2007 £
Authorised		
500,000,000 ordinary shares of 1p each	5,000,000.	5,000,000
Allotted, called up and fully paid		
369,365 704 (2007 - 271,115,704) ordinary shares of 1p each	3,693,656	2,711,156

Allotments during the year
During the year the Company allotted a total of 98,250,000 ordinary 1p shares for cash consideration of £1,185,013 The difference between the total consideration, net of expenses of £87,100, and the total nominal value has been credited to the share premium account

Notes to the Financial Statements (Company)

30. Reserves

	Share Premium Account £	Merger Reserve £	Profit and loss £
At 1 January 2008	11,160,040	702,685	(10,631,564)
Premium on allotments in year	202,513	-	-
Costs of share issue	(87,100)		
Profit for year	-	-	1,797,992
At 31 December 2008	**11,275,453**	**702,685**	**(8,833,572)**

31. Reconciliation of movement in shareholders' funds

	2008 £	2007 £
Profit (Loss) for the financial year	355,588	(814,758)
Transfer from revaluation reserve on sale of investments	-	(48,500)
Transfer to profit and loss reserve on sale of investments	-	48,500
Movement in Impairment provisions	1,324,550	(3,707,488)
Net Write off re Panama/Columbia	117,854	-
Issue of shares (net of expenses)	1,097,913	1,324,400
Net increase/(decrease) in shareholders' funds	2,895,905	(3,197,846)
Shareholders' funds at 1 January	3,942,317	7,140,163
Shareholders' funds at 31 December	6,838,222	3,942,317

32 Contingent assets

Under the terms of the agreement for the acquisitions 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 then they are received

33 Operating lease commitments

There are no operating commitments due at the balance sheet date

Notes to the Financial Statements (Company)

34. Related party transactions

During the year the Company paid Geomin Consultants £111,625 for the consultancy, technical and directorial services of its employee C Andrew, who was a director of the Company £29,375 was owing to Geomin Consultants at 31 December 2008

During the year the Company paid Markham Associates, a company owned and controlled by N Maclachlan, £45,000 for the directional services of N Maclachlan, who was a non-executive director of the Company £11,250 was owing to Markham Associates at 31 December 2008

During the year the Company paid Euroventure International plc, a company owned and controlled by M Burton, who is a director of the Company, £52,500 for the accountancy services of M Burton

During the year M Burton, finance director, advanced the Company £2,700 (2007 - £15,200) This amount is currently a creditor of the Company Within the debtors balance of the Company is an amount payable by M Burton of £27,897 (2007 - £4,070) There is also an amount payable by Mr C Andrew of £25,000 (2007 - nil) this was paid shortly after the year end

35 Post balance sheet events

a) Columbian Asset

Early in 2009 the Company's subsidiaries in Panama (Colgold Inc and Quintana Mining S A) and Colombia (Colgold Inc and Quintana S A), were taken over by Bluecrest Mercantile III BV as a result of an alleged breach by the Company of the terms of a finance agreement The Company disputes the actions taken by Bluecrest Mercantile III BV As at 31st December 2008 the Company has made a full provision against its investments and accounts with the above subsidiaries and its liabilities to Bluecrest Mercantile III BV As the control of these companies was lost shortly after the year end and the economic value or liability can not be quantified the company results have not been consolidated The circumstances of the loss of the asset and the foreclosure are very unclear and the directors propose to investigate the circumstances of this transaction

b) Mayfair Liability

In June 2009 the Company received from Mayfair Mining & Mineral Inc a payment on account towards the Company's costs of disposing of its Spanish interests in the sum of $100,000 and a further $38,000 was subsequently received Mayfair Mining & Mineral Inc subsequently failed to fulfil its obligations to the Company and the transaction did not complete Solicitors for Mayfair have claimed the repayment of these sums, plus further compensation in the sum of $100,000 in December 2010

c) In 2009 the company entered into a "term sheet" transaction with Siginya Capital Pty Limited as a preliminary proposed transaction under which the company would transfer its shares in Recursos Metalicos in Spain to Siginya in consideration of a cash payment of $250,000, a further payment of $2 million and a loan from Siginya of $500,000 The term sheet provided for a penalty of $750,000 if the proposed transaction did not proceed Subsequently the company did not receive the cash payment, or the loan payment and in fact the loan was subsequently offered upon terms that Siginya knew it would be impossible for the company to adhere to The company withdrew from the term sheet The company have been advised that Siginya breached the term sheet and that the penalty is not payable Proceedings have been commenced in London and in Spain in relation to this matter and the directors have been advised that the company should provide for the costs of these proceedings, but not at this stage for the payment of $750,000

Notes to the Financial Statements (Company)

d) In 2010 the Company sold its investment in Recursos Metalicos S L to Iberian Gold Plc for a total consideration of 280,000,000 ordinary 1p shares in Iberian Gold Plc It is anticipated that these shares will be listed on a recognised exchange before the end of March 2012