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# Cambridge Mineral Resources Plc

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Financial Statements for the year  
ended  
31 December 2009



Company Registration Number. 02255996

**Cambridge Mineral Resources Plc**  
FINANCIAL STATEMENTS

Directors

P Newman

M Burton

M Slater

M J Robins

V Mateeva

R A F Kyriakides

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

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# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### Chairman's Statement

Dear Shareholder

This is my first report to you since 14 January 2011 when I was appointed Chairman of Cambridge Mineral Resources Plc ("Cambridge" or the "Company") This is also the first Chairman's Statement to be sent to you since that of 25 September 2008 I would therefore like to highlight certain significant developments since then and where we stand today

#### 1 THE PAST

Following the previously announced financing and commencement of construction of the Quintana Gold Mine in Colombia, South America, we completed construction and produced our first gold there on 17 November 2008

Shortly afterwards technical problems were encountered with the new equipment, not uncommon for new mines, which interrupted production

Under the agreement with the financier, the hedge-fund BlueCrest, the US\$6 million loaned for construction was to be repaid to them by monthly gold deliveries over 39 months worth (at that time) US\$12 million

However, as a result of the delay affecting production and delivery, within 6 days BlueCrest served notice on us terminating the agreement and required Cambridge to provide them within one month the total gold deliveries due over the entire 39 months, or their cash equivalent, which was impossible for us to do

We asked BlueCrest to allow us a short period of time to rectify the teething problems and to then continue with the finance agreement on revised terms whereby they would be compensated for the delay, but BlueCrest refused

We then asked BlueCrest to allow us more time to raise the US\$12 million replacement finance, but they also refused that

Finally, we obtained an offer of replacement finance of US\$9 million, but BlueCrest refused that too

In February 2009 our Nominated Advisor ("Nomad") resigned, which under the AIM rules meant that we had just one month to find a replacement Nomad in order for our shares to remain quoted on AIM We had identified a replacement Nomad but they were unable to complete the necessary formalities in time and we were de-listed from AIM in March 2009 To re-apply for admission to AIM meant that several hundred thousand pounds would be required to prepare an application, funds which we did not have and could not obtain from the market since we were no longer a quoted share

In March 2009, BlueCrest took over the Quintana Gold Mine, which was security for the loan We are investigating the legality of this

Since Cambridge was unable to raise finance from the markets, the directors then provided financial support for Cambridge, including in respect of the mining permits and concessions in Spain, Peru and Bulgaria Subsequently some loans were obtained and the Company undertook a Rights Issue and a sale of some of its investments

During this time the Mining Plan, as required by the Spanish authorities, was prepared and submitted, and in 2010 the Company disposed of its Spanish subsidiary to Harrogate Group Plc ("Harrogate") in an all-share deal resulting in your company having an economic interest of over 80% in Harrogate at that time Harrogate undertook to finance the Spanish projects and to gain admission to AIM or a recognised investment exchange no later than March 2012 Harrogate changed its name to Iberian Gold Plc ("Iberian"), however the board of Iberian decided that Cambridge would be better suited to advance the Spanish project and consequently Cambridge appointed three of its directors - Mr Robins, Mr Slater and Mr Kyriakides - to the board of Iberian in substitution of the then existing board with effect from 1 April 2011

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### 2. THE PRESENT

#### CORPORATE

Cambridge has reshaped its board. Mr Mark Slater has been appointed as the Chief Executive and two non-executives have been appointed to the board with substantial legal experience - namely Robert Kykiriades being a solicitor with significant commercial experience and myself (being a barrister and commercial mediator)

The financial statements for the year-ending 31 December 2009 record a loss for the period of £913,000 (2008 £1,224,000). Underlying administrative costs continue to reduce year-on-year in line with our previously stated intentions in that area. The Company expects to issue its accounts for 2010 in the near future.

The company remains free of bank debt, however further finance is required to support continuing operations, and we are currently in the process of raising funds from both Cambridge and Iberian shareholders via an offer for bonds and shares in Iberian, details of which are available on our website.

#### SPAIN

The Lomero-Poyatos gold-focused polymetallic project continues to progress. Having submitted the mining plan during 2010, Iberian has also recently completed and submitted an Environmental Impact Assessment (EIA) and related plans to the Junta de Andalucía in order to meet its commitments there and advance the project.

#### PERU

The Company has recently sold its Peruvian assets in a part-cash part-share deal with an Australian mining company which is due to list on the Australian Securities Exchange (ASX) within the next few months. The cash received has enabled us to clear a backlog of creditors totalling over £350,000. Cambridge anticipates that the shares received will be a valuable asset based on the purchaser's other mining projects in Peru and the fact that the ASX is one of the world's premier mining-focused stock exchanges.

#### BULGARIA

Our joint venture with Electrum continues and they have now completed their earn-in to 80% of the projects. Currently the focus is on investigation work including a drilling campaign at the new Lensko permit near Rosino, where initial results are positive.

### 3 THE FUTURE

The commodity markets have shown great strength since our last Annual Report, therefore considerably enhancing the value of your assets. It is your board's intention to develop and finance its Spanish project to the point of production unless a commercially attractive offer for the sale of the asset to a third party concern occurs before then. This exciting project is your Company's principal asset and the board, in the best interests of our shareholders, is keenly focused on the realisation of value from this resource.

I would like to thank our shareholders in Cambridge for their continuing loyalty and support.



Philip Newman  
Chairman  
13 July 2011

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### Report of the Directors

The directors present their report together with financial statements for the year ended 31 December 2009

#### Principal activities

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

#### Business review

There was a loss for the year amounting to £913,000 (2008 loss of £1,224,000)

#### Key performance indicators

Financial - the directors regularly monitor available cash flow to meet exploration expenditure activity

Non-financial - the directors monitor the technical results of the exploration and environmental impact of operations

#### Dividend

The directors do not recommend the payment of a dividend

#### Capital Structure

The Company consolidated its ordinary shares from 1p to 5p each on 28 July 2010

As at the date of this report 96,500,946 Ordinary shares of 5p were in issue and are fully paid up. Of these, The rights and obligations attaching to the Company's ordinary shares, as well as the powers of the Company's directors are 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 26,919,140 new shares (which represented an increase of 33% over the number of shares in issue) and to disapply pre-emption rights in respect of allotments of relevant securities up to an aggregate nominal amount of £203,933 as set out in the notice of that meeting which is available on the Company's website and upon request from the Company Secretary

The Company had, as at the date of the report, the authority to issue shares to a total nominal value of £1,345,957. The Board is seeking to renew these authorities at the Annual General Meeting

#### Directors

The directors who served during the year were as follows

M Burton

V Mateeva

N MacLachlan (resigned 10 April 2009)

M Slater (appointed 14 April 2009, resigned 28 May 2009)

M J Robins (appointed 7 December 2009)

C Andrew (resigned 18 December 2009)

R A F Kyriakides was appointed and M Slater was re-appointed as a director on 10 September 2010

P Newman was appointed as a director and non-executive chairman on 14 January 2011

Over and above the requirements of the Articles of Association, all of the directors will retire and offer themselves for re-election at the next Annual General Meeting

# Cambridge Mineral Resources Plc

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### Related Party Transactions

The related party transactions that took place during the year are detailed in note 18 of the accounts on page 30

### Financial instruments

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

### Post balance sheet events

Post balance sheet events are disclosed in note 19 to the financial statements

### Going concern

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

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

The Company has recently received approximately £350,000 as the cash element of the sale of its Peruvian interests and Iberian Gold Plc is in the process of raising approximately £1,000,000 from the sale of bonds to shareholders. Management expects that there will be sufficient funding to meet the needs of the Company

### Payment policy and practice

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

### Environmental and Ethical Policy

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

### Financial risk management objectives and policies

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

### Crest

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

### Statement as to disclosure of information to the auditor

As far as the directors are aware, there is no relevant audit information of which the auditors is unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### Auditor

Menzies LLP has indicated its willingness to continue in office

On behalf of the board



Mark Slater  
Secretary  
13 July 2011

# Cambridge Mineral Resources Plc

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### Directors' responsibilities in the preparation of financial statements

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

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Cambridge Mineral Resources Plc website.

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



# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

We have audited the financial statements of Cambridge Mineral Resources Plc for the year ended 31 December 2009 which comprises the principal accounting policies, the Group income statement, the Group parent balance sheet, statement of recognised income and expenditure, cash flow and related notes. The reporting framework that has been applied is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the parent company financial statements with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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

As explained more fully in the Statement of Directors' responsibilities set out in the Directors Report, the directors are responsible for preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practice Boards' Ethical Standards for Auditing.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP)

### Qualified opinion on financial statements arising from limitation in audit scope

We have not been able to obtain satisfactory audit evidence in respect of the subsidiary operations in Bulgaria due to the work carried out in Bulgaria being insufficient and we were unable to carry out reasonable alternative procedures to obtain sufficient appropriate audit evidence to support an unqualified opinion. The Bulgarian company had exploration costs of £1,119,000, net liabilities of £860,000 and contributed £100,000 to the net loss of the Group.

In addition, as disclosed in note 1 the Company lost control of its subsidiaries in Colombia and Panama on 31<sup>st</sup> December 2008 but these Companies have been excluded from consolidation from 1<sup>st</sup> January 2008 as the Company is unable to obtain reliable figures.

Except for the financial effects of such adjustments, if any, as might have been determined had we been able to satisfy ourselves on these matters, in our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2009 and of their Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union
- The parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006,
- The financial statements have been prepared in accordance with the Companies Act 2006

### 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 (note 1) to the financial statements concerning the Group's ability to continue as a going concern. The directors' assessment of going concern indicates the existence of a material uncertainty which may cast significant doubt

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## FINANCIAL STATEMENTS

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.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chairman's statement and Directors report is consistent with the financial statements.

### Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the Bulgarian subsidiary described above:

- We have not obtained all the information and explanations that we considered necessary for the purposes of the audit, and
- We were unable to determine whether adequate accounting records had been kept.

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

- Adequate accounting records have not been kept by the parent company, or
- The parent company's financial statements are not in agreement with the accounting records or returns, or
- Certain disclosures of directors' remuneration specified by law are not made, or
- Except as disclosed above, we have not received all the information and explanations we require for our audit.

*Philip King* *LLP*

Philip King FCA (Senior Statutory Auditor)  
For and on behalf of Menzies LLP

Chartered Accountants  
Statutory Auditor

*19 July 2011*  
Lynton House  
7-12 Tavistock Square  
London WC1H 9LT

**Cambridge Mineral Resources Plc**  
**FINANCIAL STATEMENTS**

**Consolidated Income Statement**  
**For the year ended 31 December 2009**

	Note	2009	2008
		£'000	£'000
Revenue for services		16	15
Administrative costs		(473)	(1,249)
Impairment of exploration costs		(139)	-
Forgiveness of loan		-	387
Disposal of interest in Bulgaria		(193)	-
Share of losses in joint venture		(124)	-
<b>Loss before tax</b>	3	<u>(913)</u>	<u>(847)</u>
Tax	5	<u>-</u>	<u>(3)</u>
		(913)	(850)
<b>Loss after tax on discontinued activities</b>		<u>-</u>	<u>(374)</u>
<b>Loss after tax</b>		<u>(913)</u>	<u>(1,224)</u>
Attributable to Equity holders of the parent		(913)	(1,024)
Minority interest		-	(200)
		<u>(913)</u>	<u>(1,224)</u>

**Consolidated statement of comprehensive income for the year ended 31 December 2009**

	2009	2008
	£'000	£'000
Loss for the year	(913)	(1,024)
Exchange difference on translation of foreign subsidiaries	(1,249)	1,322
Loss arising from loss of control of subsidiaries	-	(1,414)
	<u>(2,162)</u>	<u>(1,116)</u>

The notes on pages 15 to 31 are an integral part of these consolidated financial statements

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent company statement of comprehensive income. The loss for the parent company was £621,000 (2008 profit £1,798,000)

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

**Cambridge Mineral Resources Plc**  
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**Consolidated Balance Sheet at 31 December 2009**

	Note	2009 £'000	2008 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Investing Activities</b>			
Exploration expenditure	6	7,106	8,801
Property, plant and equipment	7	13	47
Goodwill	6	583	583
		<u>7,702</u>	<u>9,431</u>
<b>Current assets</b>			
Cash and cash equivalents	9	37	20
Trade and other receivables	10	175	299
		<u>212</u>	<u>319</u>
<b>Total assets</b>		<u><b>7,914</b></u>	<u><b>9,750</b></u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	11	<u>(245)</u>	<u>(270)</u>
<b>Current Liabilities</b>			
Trade and other payables	11	<u>(510)</u>	<u>(512)</u>
		<u>(755)</u>	<u>(782)</u>
<b>Total liabilities</b>		<u><b>(755)</b></u>	<u><b>(782)</b></u>
<b>Net assets</b>		<u><b>7,159</b></u>	<u><b>8,968</b></u>
<b>Equity</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	12	3,844	3,694
Share premium account		11,275	11,275
Merger reserve		703	703
Translation reserve		691	1,940
Accumulated loss		<u>(9,354)</u>	<u>(8,441)</u>
<b>Equity attributable to equity holders of the parent</b>		<u><b>7,159</b></u>	<u><b>9,171</b></u>
Minority interest		-	(203)
<b>Total equity</b>		<u><b>7,159</b></u>	<u><b>8,968</b></u>

The financial statements were approved by the Board of Directors on 13 July 2011



**Michael Burton**  
**Director**  
 Company Registration Number 02255996

**Cambridge Mineral Resources Plc**  
**FINANCIAL STATEMENTS**

**Company Balance Sheet at 31 December 2009**

	Note	2009 £'000	2008 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	1	4
Investments in subsidiaries	8	6,386	2,414
		<u>6,387</u>	<u>2,418</u>
<b>Current assets</b>			
Cash and cash equivalents	9	14	-
Trade and other receivables	10	381	4,832
		<u>395</u>	<u>4,832</u>
<b>Total assets</b>		<u><b>6,782</b></u>	<u><b>7,250</b></u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	(415)	(412)
<b>Net assets</b>		<b>6,367</b>	<b>6,838</b>
<b>Equity</b>			
Share capital	12	3,844	3,694
Share premium account		11,275	11,275
Merger reserve		703	703
Accumulated loss		(9,455)	(8,834)
<b>Total equity</b>		<b>6,367</b>	<b>6,838</b>

The financial statements were approved by the Board of Directors on 13 July 2011



**Michael Burton**  
**Director**  
 Company Registration Number 02255996

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### Statements of Changes in Equity For the year ended 31 December 2009

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Translation reserve £'000	Accumulated losses £'000	Minority interests £'000	Total equity £'000
At 1 January 2008	2,711	11,160	2,116	618	(7,417)	(2)	9,186
Loss for the year	-	-	-	-	(1,024)	-	(1,024)
Minority interest	-	-	-	-	-	(201)	(201)
Share issues	983	115	-	-	-	-	1,098
Losses arising on loss of control of Panama & Columbia	-	-	(1,413)	-	-	-	(1,413)
Net exchange gain	-	-	-	1,322	-	-	1,322
At 31 December 2008	3,694	11,275	703	1,940	(8,441)	(203)	8,968
Loss for the year	-	-	-	-	(913)	-	(913)
Minority interest	-	-	-	-	-	203	203
Share issues	150	-	-	-	-	-	150
Net exchange loss	-	-	-	(1,249)	-	-	(1,249)
At 31 December 2009	3,844	11,275	703	691	(9,354)	-	7,159
Company	Share capital £'000	Share Premium £'000	Merger reserve £'000	Accumulated losses £'000	Total equity £'000		
At 1 January 2008			2,711	11,160	703	(10,632)	3,942
Profit for the year			-	-	-	1,798	1,798
Share issues			983	115	-	-	1,098
At 31 December 2008			3,694	11,275	703	(8,834)	6,838
Loss for the year			-	-	-	(621)	(621)
Share issues			150	-	-	-	150
At 31 December 2009			3,844	11,275	703	(9,455)	6,367

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### Cash Flow Statement For the year ended 31 December 2009

	Note	Group		Company	
		2009	2008	2009	2008
		£000	£000	£000	£000
<b>Net cash used in operating activities</b>	13	16	(750)	3,844	(269)
<b>Investing Activities</b>					
Exploration costs		(149)	(576)	-	-
Purchase of property, plant and equipment		-	(21)	-	-
Proceeds from sale of available for sale investments		-	-	-	-
Interest received		-	2	-	-
Acquisition of investments		-	-	(3,972)	(830)
<b>Net cash used in investing activities</b>		<b>(149)</b>	<b>(595)</b>	<b>(3,972)</b>	<b>(830)</b>
<b>Financing activities</b>					
Proceeds from issue of share capital		150	1,185	150	1,185
Share issue costs		-	(87)	-	(87)
Proceeds from long term borrowings		-	267	-	-
<b>Net cash generated from financing activities</b>		<b>150</b>	<b>1,365</b>	<b>150</b>	<b>1,098</b>
<b>Increase/(Decrease) in cash</b>		<b>17</b>	<b>(21)</b>	<b>22</b>	<b>(1)</b>
<b>Cash at the beginning of the period</b>		<b>20</b>	<b>41</b>	<b>(8)</b>	<b>(7)</b>
<b>Cash and Cash Equivalents at the end of the period</b>		<b>37</b>	<b>20</b>	<b>14</b>	<b>(8)</b>

# Cambridge Mineral Resources Plc

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### Notes to the Financial Statements

#### 1 Principal accounting policies

Cambridge Mineral Resources Plc ("the Company") is a public limited company incorporated in the United Kingdom. The principal activities of the Company and its subsidiaries are directing investment into exploration and exploitation of natural resources.

#### Basis of accounting and consolidation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union (EU) and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

#### New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been issued by the IASB and are not effective for the year ended 31<sup>st</sup> December 2009 and therefore have not been applied in preparing these accounts. These take effect for accounting periods beginning on or after the date shown below.

Amendments to IFRS 1 Additional Exemptions for First-time Adopters - effective 1 July 2009, 1 July 2010 and 1 January 2011

Amendment to IFRS 2 Group Cash-settled Share-based Payment Transactions, effective 1 January 2010

IFRS 3 Business Combinations (revised), effective 1 July 2009 and improvements effective 1 July 2010

IFRS 7 Financial Instruments Disclosure improvements effective 1 January 2011 and amendment, effective 1 July 2001

IFRS 9 Financial Instruments effective 1 January 2013

IFRS 10 Consolidated financial statements effective 1 January 2013

IFRS 11 Joint Arrangements effective 1 January 2013

IFRS 12 Disclosure of interests in other entities effective 1 January 2013

IFRS 13 Fair Value Measurement effective 1 January 2013

Amendments to IAS1 Presentation of Financial Statements effective 1 January 2011

IAS 12 Income Taxes (amendment) effective 1 January 2012

IAS 24 Related Party Transactions (revised) effective 1 January 2011

IAS 27 Consolidation and Separate Financial Statements (revised), effective 1 July 2010

Amendment to IAS 28 Investments in associates effective 1 July 2009

Amendment to IAS 31 Investments in joint ventures effective 1 July 2009

Amendment to IAS 32 Financial Instruments presentation effective 1 July 2009

Amendment to IAS 32 - Classification of Rights Issues, effective on or after 1 February 2010



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Amendment to IAS 39 Eligible Hedged Items effective 1 July 2009

Amendment to IFRIC 13 Customer loyalty Programme effective 1 January 2011

Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement, effective 1 January 2011

IFRIC 17 Distributions of Non-cash Assets to Owners, effective 1 July 2009

IFRIC 18 Transfers of Assets from Customers, effective 1 January 2009

IFRIC 19 Extinguishing Financial Liabilities with Equity Interests effective 1 July 10

The Group does not anticipate that the adoption of these standards or interpretations will have a significant impact or relevance on the Group's accounts in the period of initial application

### Consolidation

The Group financial statements consolidated those of the Company and all of its subsidiary undertakings drawn up to 31 December 2009 together with its joint venture. 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.

The Group lost control of its subsidiaries in Panama and Colombia on 31<sup>st</sup> December 2008. These Companies were excluded from consolidation with effect from 1<sup>st</sup> January 2008 as the Company was unable to obtain reliable figures for 2008 and it was not considered this would materially affect the financial statements for the year ended 31 December 2008.

On 31 December 2008, the Company lost control of its subsidiaries, Caracal Cambridge Mining Ventures BVI Ltd and Caracal Cambridge Bulgaria EAD ("CCB") and entered into a joint venture agreement from that date with the Company retaining 49% of the shares in exchange for additional finance being provided to CCB. After the year end, the Company's interest was reduced to 20% in accordance with the agreement. This has been accounted as a joint venture using the proportionate method.

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 acquisition 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.

### Goodwill

Goodwill arising on consolidation is recognised initially at cost, being the excess of the cost of the business combination over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. It is reviewed annually for impairment by the directors. Goodwill is carried at cost less accumulated impairment losses.

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

# Cambridge Mineral Resources Plc

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### 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 discrete tranches to finance its activities for limited periods only. The directors have prepared cash flow information for 12 months from the date of approval of these accounts. On the basis of the cash flow information the directors are of the opinion that the Company will require additional financial resources to enable the Group to undertake an optimal programme of exploration and mine development activity over the next twelve months and to meet its commitments. On 20 January 2011 the Company announced it had entered into a sale of its Peruvian interests for a total of US\$2,350,000 whereby the Company would receive approximately US\$820,000 in cash and the balance in shares. The Company has received the cash and is awaiting receipt of the shares.

In 2011 Iberian Gold Plc issued a bond offer to its shareholders to raise up to £1,000,000. To date £210,000 has been raised. It is anticipated that the bond offer will be extended to shareholders of the Company in due course. The bonds are being offered initially to the shareholders of Iberian Gold Plc, of whom Cambridge Mineral Resources Plc is the principal shareholder, and from 31<sup>st</sup> May 2011 the bonds are also being offered to shareholders of Cambridge Mineral Resources Plc.

The subscription price of the bonds is deemed to be equivalent to a gold price of £650 per ounce.

The bonds are redeemable sixty days after any of the following events

- the flotation of Iberian Gold Plc on a recognised investment exchange
- the sale of Iberian Gold Plc's subsidiary Recursos Metalicos SL
- the sale of the mining permits
- the sale or takeover of Iberian Gold Plc
- the sale or takeover of Cambridge Mineral Resources Plc

The bonds are redeemable without interest and will be redeemed at a price equivalent to the price of gold at redemption date. Bond holders have the option to convert their bonds at any time prior to redemption into new ordinary 1p shares in Iberian Gold Plc at a price of 5p per share.

Management expects that there will be sufficient funding to meet the needs of the Company on the grounds of strict cost controls already in place and the ability of its corporate finance brokers and advisors to raise additional capital as required.

### 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.

### Equity settled share based payments

All share-based payment arrangements granted after 7 November 2002 that have not fully vested as at 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.

# Cambridge Mineral Resources Plc

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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,

# Cambridge Mineral Resources Plc

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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.

### Revenue

Revenue is the value of services supplied for the hire of plant and machinery in Bulgaria. It is measured at fair value of remuneration received or due.

### 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 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.

### 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 deductible 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.

Changes 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:

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- 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.

### Investments

In the parent company's balance sheet, investments in subsidiaries and joint ventures are included at cost, less any provision where, in the opinion of the directors, there has been a diminution on value.

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### 2 FINANCIAL RISK MANAGEMENT

As well as short-term trade receivables, accrued income, trade payables and accruals, as detailed in notes that arise directly from operations the Group's financial instruments comprise cash, bank overdraft, and deferred income from non-returnable grants. The fair values of these instruments are not materially different to their book values. The objective of holding financial instruments is to raise finance for the Group's operations and manage related risks. The Group's activities expose the Group to a number of risks including interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Group manages these risks by regularly monitoring the business and providing ongoing forecasts of the impact on the business.

#### Summary of financial assets and liabilities

Financial Assets	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash and cash equivalents	37	20	14	-
Trade and other receivables	175	299	381	4,832
<b>Totals</b>	<b>212</b>	<b>319</b>	<b>395</b>	<b>4,832</b>
Financial liabilities				
Borrowings	245	270	-	-
Trade payables	510	512	415	412
<b>Totals</b>	<b>755</b>	<b>782</b>	<b>415</b>	<b>412</b>

#### Liquidity Risk

The level of liquidity risk in the Group is considered to be immaterial as there are minimal external debtors and creditors and all amounts are due for payment on standard payment terms. The Group currently gains access to the funding it requires through raising additional finance rather than through trading activity. Additional to this, the Group closely monitors its bank position and other credit facilities in comparison to its outstanding commitments to ensure it has sufficient funds to meet its obligations as they fall due. The Group finance function produces regular forecasts that estimate the cash inflows and outflows for the next 12 months, so that management can ensure that sufficient financing is in place as it is required.

#### Interest rate risk

The Group's interest rate exposure is considered to be minimal as the Group is not reliant upon external borrowing in order to fund its operations.

#### Credit Risk Exposure

Credit risk predominantly arises from trade receivables, cash and cash equivalents and deposits with banks. Credit risk is managed on a group basis. Due to the nature of the Group's activities, whereby sales are raised only once the investment itself is realised, the level of overall external, trade receivables are not significant and as a result the Group's exposure to bad debts is considered to be immaterial.

#### Capital risk management

The Group's objectives when managing capital (i.e. equity and borrowings) are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

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The Group's policy is not to use forward contracts and therefore none were outstanding at the year end (2008 £Nil)

### Foreign currency risk

The Group does not hedge its foreign investments held in foreign currencies. The Group undertakes transactions principally in sterling, Euros, Bulgarian Levs, Peruvian Soles and US Dollars

At year end	31/12/09	31/12/08
Closing £/Euro rate	1 1255	1 0342
Closing £/US\$ rate	1 6148	1 4376
Closing £/Peruvian Sole rate	4 5628	4 7337
Closing £/Bulgarian Lev rate	2 1697	2 0076

The Company's principal expenditure is on Exploration Expenditure and the exposure to exchange risk is limited to the additional cost should the exchange rate worsen against the pound when new funding is sought

Sensitivity analysis of the foreign currency risk exposure has been assessed and is considered to be immaterial to the Group

### 3 Loss before taxation

The loss on ordinary activities before taxation (other than shown on the consolidated income statement) is stated after charging/ (crediting)

	2009 £'000	2008 £'000
Fees payable to the Company's auditor for the audit of the Company annual accounts	13	3
Audit of foreign subsidiaries	12	12
Depreciation of property, plant and equipment	6	36
Loss on disposal of property, plant and equipment	8	-
Foreign exchange (gain)/loss	110	(334)
Forgiveness of loan	-	(387)
Impairment on assets	139	-

Fees payable to the Company's auditors in respect of assisting in the preparation of financial statements for 2009 were £4,000

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### 4 Directors and employees

Staff costs excluding directors during the year were as follows

	2009 £'000	2008 £'000
Wages and salaries	129	410
Social security costs	12	29
	<u>141</u>	<u>439</u>

The average number of employees in the Group during the year was 12 (2008 9)

Remuneration in respect of directors was as follows

	2009 £'000	2008 £'000
Emoluments		
- Wages and salaries	78	78
- Fees paid to directors and their service companies	98	238
	<u>176</u>	<u>316</u>

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

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

	2009 £'000	2008 £'000
Emoluments	105	141

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

### 5 Tax on loss on ordinary activities

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

	2009 £'000	2008 £'000
Tax not recoverable on overseas subsidiary	-	3
Tax charge	-	3

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



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### 6 Intangible assets

Group	Goodwill £'000	Exploration expenditure £'000	Total £'000
Gross carrying amount	1,191	9,217	10,408
Accumulated impairment	(608)	(416)	(1,024)
<b>At 31 December 2008</b>	<b>583</b>	<b>8,801</b>	<b>9,384</b>
Gross carrying amount	1,191	7,661	8,852
Accumulated impairment	(608)	(555)	(1,163)
<b>Carrying amount at 31 December 2009</b>	<b>583</b>	<b>7,106</b>	<b>7,689</b>
	Goodwill £'000	Exploration expenditure £'000	Total £'000
Carrying amount at 1 January 2008	1,191	8,343	9,534
- Separately acquired	-	575	575
Loss re Colombia and Panama	-	(1,970)	(1,970)
Impairment	(608)	-	(608)
Net exchange differences	-	1,852	1,852
<b>Carrying amounts at 31 December 2008</b>	<b>583</b>	<b>8,800</b>	<b>9,383</b>
Additions	-	149	149
Net exchange differences	-	(623)	(623)
Disposal of subsidiary	-	(1,082)	(1,082)
Impairment	-	(139)	(139)
<b>Carrying amount at 31 December 2009</b>	<b>583</b>	<b>7,106</b>	<b>7,689</b>

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### 7 Property, plant and equipment

Group	Office equipment £'000	Motor vehicles £'000	Total £'000
Gross carrying amount	261	121	382
Accumulated depreciation and impairment	(253)	(82)	(335)
<b>Carrying amount at 31 December 2008</b>	<b>8</b>	<b>39</b>	<b>47</b>
Gross carrying amount	261	71	332
Accumulated depreciation and impairment	(254)	(65)	(319)
<b>Carrying amount at 31 December 2009</b>	<b>7</b>	<b>6</b>	<b>13</b>

Reconciliation of the carrying amounts shown in the consolidated financial statements

	Office equipment £'000	Motor vehicles £'000	Total £'000
Carrying amount at 1 January 2008	141	31	172
- Separately acquired	4	17	21
Assets disposed of			
- Through normal sale	(155)	(19)	(174)
- Through loss of Colombia/Panama	(134)	-	(134)
Depreciation	(16)	(20)	(36)
Depreciation released on disposal			
- Through normal sale	154	20	174
- Through loss of Colombia/Panama	12	-	12
Net exchange differences	2	10	12
<b>Carrying amount at 31 December 2008</b>	<b>8</b>	<b>39</b>	<b>47</b>
Through loss of control of Caracal Cambridge Bulgaria EAD	-	(20)	(20)
Depreciation	(1)	(5)	(6)
On disposals	-	(8)	(8)
<b>Carrying amount at 31 December 2009</b>	<b>7</b>	<b>6</b>	<b>13</b>

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

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### 7. Property, plant and equipment (continued)

#### The Company

	Office equipment £'000
Gross carrying amount	42
Accumulated depreciation and impairment	<u>(38)</u>
Carrying amount at 31 December 2008	<u>4</u>
Gross carrying amount	42
Accumulated depreciation	<u>(41)</u>
Carrying amount at 31 December 2009	<u>1</u>
Reconciliation of the carrying amounts shown in the Company's financial statements	
Carrying amount at 1 January 2008	12
Depreciation	<u>(8)</u>
Carrying amount at 31 December 2008	<u>4</u>
Depreciation	<u>(3)</u>
Carrying amount at 31 December 2009	<u>1</u>

### 8 Investments

#### The Group

The Group held a joint venture in Caracal Cambridge Mining Ventures Ltd and Caracal Cambridge Bulgaria EAD. The Group held 49% of these companies from the beginning of 2009. Prior to this the companies were subsidiaries and included in the consolidated financial statements.

On the loss of control at the start of the year the position was as follows

Exploration expenditure	1,082
Property, plant and equipment	19
Amounts owed to Group companies	(101)
Other assets and liabilities	<u>(747)</u>
	<u>253</u>
Shares of assets sold	129
Minority interest no longer required	203
Exchange gains recognised	<u>(139)</u>
Loss on disposal	<u>193</u>

During 2009 the joint venture made a loss of £494,000. The carrying value of the investment has been reduced to nil and £124,000 has been charged to the income statement.

# Cambridge Mineral Resources Plc

## FINANCIAL STATEMENTS

### 8 Investments (continued)

#### The Company

	Shares in Group Undertakings £'000	Loans to Subsidiary Undertakings £'000	Total £'000
Cost or valuation			
At 1 January 2008 and 2009	2,414	-	2,414
Loans to subsidiaries reclassified	-	3,972	3,972
At 31 December 2009	<u>2,414</u>	<u>3,972</u>	<u>6,386</u>

At 31 December 2009 the Group held shares in subsidiary undertakings as below. All of the companies' principal activities are mineral exploration.

Name of subsidiary undertaking	Country of incorporation	% of Shares Held	Included in The Consolidation
Recursos Metalicos SL	Spain	100	Yes
Hereward Ventures Bulgaria EAD	Bulgaria	100	Yes
Minera Peru Gold SAC	Peru	100	Yes
Minera Sucre SAC	Peru	100	Yes

#### Company and Group

The Company has a joint venture in Caracal Cambridge Mining Ventures Limited and Caracal Cambridge Bulgaria EAD. The Company and Group own 49% of these Companies at the year end. Prior to 31 December 2008, these Companies were wholly owned subsidiaries and included in the consolidated financial statements.

At 31 December 2009, the Balance Sheet of the joint ventures was

	£000
Exploration costs	720
Property Plant and Equipment	15
Cash and cash equivalents	16
Other debtors	6
Trade and other payables	(1,227)
Net liabilities'	<u>(470)</u>
Group's share 49%	(230)

### 9 Cash and cash equivalents

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Cash and cash equivalents	<u>37</u>	<u>20</u>	<u>14</u>	<u>-</u>

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### 10 Trade and other receivables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts owed by Group undertakings			353	4,722
Amounts owed by joint venture	104	-	-	-
Recoverable VAT	29	21	-	-
Other receivables	38	216	28	110
Prepayments and accrued income	4	62	-	-
<b>Total trade and other receivables</b>	<b>175</b>	<b>299</b>	<b>381</b>	<b>4,832</b>

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

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

### 11 Trade and other payables

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
<b>Current liabilities</b>				
Bank overdraft	-	-	-	8
Trade and other payables	171	306	175	23
Social security and other taxes	56	41	32	322
Accruals and deferred income	283	165	208	59
	<b>510</b>	<b>512</b>	<b>415</b>	<b>412</b>

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

	Group		Company	
	2009 £	2008 £	2009 £	2008 £
<b>Non current liabilities</b>				
Deferred income from Non Returnable grant	245	267	-	-
Borrowings	-	3	-	-
	<b>245</b>	<b>270</b>	<b>-</b>	<b>-</b>

### 12 Share capital

	2009 £'000	2008 £'000
<b>Authorised</b>		
500,000,000 ordinary shares of 1p each	5,000	5,000
<b>Allotted, called up and fully paid</b>		
384,365,704 (2008 - 369,365,704) ordinary shares of 1p each	<b>3,844</b>	<b>3,694</b>

#### Allotments during the year

During the year the Company allotted a total of 15,000,000 ordinary 1p shares for cash consideration of £150,000

**12 Share capital (continued)**

Share Options

The Company has the following share options to subscribe for ordinary shares of 1p each outstanding

Grant date	Exercise Price	Period exercisable	Number of options unexercised	
			2009	2008
19 February 2003	10 25p	19 February 2003 to 18 February 2010	700,000	700,000
19 February 2003	14 50p	20 February 2003 to 18 February 2010	300,000	300,000
1 April 2008	3p	1 April 2008 to 31 March 2011	4,125,000	4,125,000
1 April 2008	5p	1 April 2008 to 31 March 2011	5,500,000	5,500,000
1 April 2008	7p	1 April 2008 to 31 March 2011	6,875,000	6,875,000

Share Warrants

The Company had the following share warrants to subscribe in cash for 1p shares outstanding as shown in the table below

Grant date	Exercise Price	Period exercisable	Number of options unexercised	
			2009	2008
21 June 2007	30p	21 June 2007 to 5 August 2009	-	8,333,333
6 August 2007	30p	6 August 2007 to 5 August 2009	-	5,000,000
23 October 2007	30p	23 October 2007 to 22 October 2009	-	1,000,000
23 October 2007	20p	23 October 2007 to 23 October 2010	1,000,000	1,000,000
3 November 2008	20p	3 November 2008 to 3 November 2010	25,500,000	25,500,000
12 December 2008	20p	12 December 2008 to 11 December 2010	13,500,000	13,500,000
12 December 2008	20p	12 December 2008 to 11 December 2012	500,000	500,000

The fair values were calculated using the Intrinsic Value method and on this basis, assumptions are not made regarding the expected volatility of the shares or life of the options. The Intrinsic Value is calculated by comparing the exercise price with the estimated market value at the year end. On this basis this does not give rise to a charge.

**13 Net cash outflow from operating activities**

	Group		Company	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Loss before taxation	(913)	(1,221)	(621)	1,798
Depreciation	6	37	3	8
Loss on disposal	8	-	-	-
Decrease (Increase) in debtors	104	160	4,451	(1,664)
(Decrease) Increase in creditors	868	(504)	11	(416)
Impairment	139	-	-	5
Foreign exchange movements	(513)	1,165	-	-
Forgiveness of loan	-	(387)	-	-
Loss in respect of loss of control of subsidiary	317	-	-	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>16</b>	<b>(750)</b>	<b>3,844</b>	<b>(269)</b>

**14 Capital commitments**

The Company had no capital commitments at 31 December 2008 or 31 December 2009