

Metals Exploration plc
Final Results
for the year ended 30 September 2008

Metals Exploration plc (AIM: MTL) (“Metals Ex” or “the Company”), the natural resources exploration and development company with assets in the Pacific Rim region, is pleased to announce its final results for the year ended 30 September 2008.

Highlights

For the year ended 30 September 2008:

- Economic and technical Concept Study completed at Runruno in April 2008, which formed the basis of the Scoping Study
- Ian Holzberger and Tim Wheeler appointed to the Board as Executive Chairman and Finance Director respectively
- A placing of new shares in May 2008 raising £4.04 million
- Two resource updates within the period which increased the Company’s confidence in the resource and highlighted the possibility for resource expansion
- Project portfolio expanded with the award of two new Exploration Permits at Dupax and Sulong

Events post 30 September 2008:

- Solomon Capital Limited, an investment vehicle of the property developer Christian Candy, now a 29.9 per cent. shareholder following a £3.5 million equity investment in January 2009
- Loan facility of £8million provided by Shelfco 275 Limited, a sister company of Solomon Capital Limited
- New funding enabled Metals Ex to commit with confidence to the completion of a full Bankable Feasibility Study on the Runruno project
- Completion of Scoping Study demonstrating that the Runruno project is technically and economically robust
- The endorsement of the Company’s FTAA application by Secretary Atienza of the Department for Environment and Natural Resources to the Office of the President

CHAIRMAN’S STATEMENT

I am pleased to present this Annual Report for the financial year ended 30 September 2008, my first as Chairman.

The period has of course been dominated by the extraordinary and unprecedented economic turmoil worldwide, and which continues at the time of writing. In a situation where household brand names across all sectors of the global economy are failing there is little we can do to influence events other than to focus on our own concerns.

In that regard I am happy to report that your Company is in remarkably good shape. The vital question for companies such as ours in current circumstances is the availability of funding, and in January this year we were pleased to welcome Solomon Capital, an investment vehicle of Christian Candy, as a 29.9%

shareholder.

Solomon Capital has invested approximately £3.5 million in direct equity, and provided via a sister company a loan facility of £8.0 million available for drawdown in the event that it is required. This provides us with the funding we need to commit with confidence to the completion of a full bankable feasibility study on our Runruno project, which is targeted to report early next year.

With Solomon Capital's investment, I welcome Tim Dean onto the Board of Directors. Tim has a First Class Honours degree in Engineering from Oxford University, and in his early career worked in mining with Gencor (as it was then) in South Africa. I am confident that Tim's technical knowledge, industry experience, and financial acumen will make a material contribution to our decision making processes.

I also welcome Tim Wheeler to the Board in his capacity as Finance Director. Tim is an experienced Finance Director, Chief Operating Officer and Business Manager with over 20 years' experience in investment banking. Most recently he was Finance Director and Chief Operating Officer for Standard Bank Plc where he was responsible for all Standard Bank's operations worldwide outside Africa, including responsibility for offices in the Far East, Latin America and North America.

Tim's skill-set and experience are particularly relevant as we transform the Company from exploration through to development, and I take considerable comfort from the unusually strong executive management team we have in place for a company at our stage of evolution.

The reason I was honoured to accept the position of Chairman was because of Runruno. I have been involved in the mining industry in various capacities for over 35 years, and in that time have assisted in bringing many projects to fruition. It was and remains evident to me that Runruno has extraordinary potential.

We have already outlined a resource of 2 Moz of gold and 34 Mlb of molybdenum, of which nearly 40% reports to the Measured and Indicated categories (under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 (the "JORC" Code)). Consequently we have great confidence in the consistency of the resource, and this grows with every update.

During the year we completed two studies into the economic and technical parameters of a possible operation. Both studies confirmed our belief in the potential of the project. The latter study, conducted to a pre-feasibility standard, managed by the Company, and benefiting from the input of 48 external contractors, envisages an operation producing 183,000 oz of gold and 1.7 Mlb of molybdenum annually at a cash operating cost of \$463 per oz of gold, which is in the middle of the current industry cost curve. By adding the molybdenum credits, at whatever molybdenum price is assumed, that cash cost and net position on the cost curve comes down significantly. We therefore know that the project is viable and robust.

Leaving aside its technical merits, the project also benefits from unusual buildability, by which I mean the availability of essential infrastructure. Direct road access to site exists today, plentiful hydro power is available from the national grid, process water is available from the local river systems, the topography lends itself to a natural tailings solution, and communications, both physical and electronic, are excellent. In focusing our efforts on bringing the existing 2 Moz deposit into development, we should not lose sight of the exciting potential of the wider volcanogenic complex at Runruno, all of which is within our permit area. This potential has been independently confirmed by one of the world experts on such systems, Dr Eric Jensen PhD, and we are determined to commit resources to demonstrating this potential as and when they become available.

One aspect that particularly impressed me on joining the Company is the work that has been, and continues to be, done in engaging with the local community. From the outset the Company has taken its corporate social responsibility and environmental responsibilities extremely seriously. Evidence of this can be seen daily on the ground, but it is also pleasing to see it recognised by the local community and regulatory authorities. In last year's report mention was made of the "Special Award" presented to Ernesto Mendoza and his wife Nanette at the Mining Journal "Mines & Money" Conference in London in recognition of their exceptional relief efforts in support of the community.

In the last year I am pleased to report that FCF Mining Corporation, the subsidiary which operates the Runruno project, received the "Kabalikat" award for its training and skills development programmes, the

“Presidential Mineral Industry Environment” award for its environmental stewardship, and the Mines and Geosciences Bureau “Mining Forest Award” for its seedlings and replanting programme. These awards were based on the policies of FCF Mining Corporation and the ongoing work of the Runruno Livelihood Foundation, a non-profit organisation funded jointly by us and the Government of the Philippines.

We find the Philippines a most conducive jurisdiction in which to operate. The Government is committed to supporting mining as a means of promoting economic development, and the regulatory framework clearly and fairly outlines our rights and obligations. The permitting and approvals process is efficiently managed by the authorities, and we reached a notable milestone recently with the endorsement of our application for a Financial and Technical Assistance Agreement (FTAA), effectively the mining permit, by Secretary Lito Atienza of the Department of the Environment and Natural Resources (DENR). The application now awaits final sign-off by the President’s office.

With all of the above noted, there is no doubt in my mind that Runruno, as a stand-alone 2 Moz gold/34 Mlb moly project, and with its wider potential, is an extraordinarily attractive proposition.

The silver lining to the current economic climate is that as long as a company has sufficient funding, as we do, then ironically it is easier to move projects forward than it was before the credit crunch because there is greater availability of personnel and services, shorter response times from third party contractors, and lower costs of key inputs. Consequently we are well positioned to forge ahead with development and bring Runruno into production at just the time when most commentators predict that the economic storm clouds will have cleared and global demand will have re-established.

This Chairman’s Statement is perhaps longer than might usually be expected, but I believe it important to have outlined in a degree of detail the basis for my confidence in this Company and our project at Runruno.

Shareholders understandably will focus on share price performance, and we cannot hide from the fact that the last year has not been pretty. That said, we are not alone. On a monthly basis we monitor our share price performance against a range of peers, and there is nothing that has happened to us that is not happening to others.

I sympathise with loyal and long suffering shareholders whose entry price in many cases is materially above current levels, and I applaud Solomon Capital for identifying the value proposition that prevailing levels represent.

At the time of writing we are valued at approximately \$10 per oz of gold, a valuation that gives no credit for the molybdenum. Informed investors will know that a valuation of three or five times that level would not be unreasonable in normal conditions for a project of our scale, maturity, and level of confidence in the resource.

Recognising that we are in the grip of global economic storms, I would encourage shareholders to hold firm if they are able. I have tried to explain the reasons for my own confidence in the Company, and at some stage normal valuation metrics have to reassert, giving appropriate credit for what we already have, and have achieved.

Irrespective of whether the market remains stubbornly depressed, I assure shareholders that our intent remains to bring Runruno into production. At that point it is inconceivable that a company producing nearly 200,000 oz of gold per annum and associated molybdenum will not be appropriately valued.

This is certainly the view taken by Solomon Capital who, coming from a property development background, have indicated that they intend to stand their corner all the way through to production.

No Chairman’s Statement would be complete without giving due credit to the efforts of our dedicated employees. A company is not just a legal entity, it is a living organism made up of those who entrust their lives and futures to it. The current status of the project and progress made through the year is entirely down to them and, as we move into the feasibility study, we welcome a number of highly qualified and experienced new individuals into the Metals Exploration family. I have great confidence in our team and thank them all for their contributions.

Finally, the Directors and employees of Metals Exploration extend their sympathies to the wife and family of

Ronnie Roasa, who died unexpectedly on 16th June 2008. Ronnie was one of the founding members of the Company, and instrumental in helping the Company acquire the Runruno project. In recognition of his contribution to the Company a service of thanksgiving was held, and the Company's central logistic facility at Solano was renamed "Ronnie's Yard".

I R Holzberger

Executive Chairman

19 March 2009

Report and Accounts

A copy of the annual report and accounts will be sent to shareholders shortly and will also be available from the Company's registered office, 200 Strand London WC2R IDJ, and on the Company's website; www.metalsexploration.com.

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CHIEF EXECUTIVE'S REVIEW

It is with great pleasure that we welcome Ian Holzberger as Chairman. Ian has enormous experience in the precious and base metals mining industry, embracing a range of management, operational, mine development and feasibility study roles. His agreement to join the Company has transformed the development prospects at Runruno.

Against the background of steadily worsening economic conditions, the year to 30 September 2008 saw the Company advance its flagship project at Runruno through the completion of an economic and technical Concept Study. We also expanded our project portfolio with the award of two new Exploration Permits at Dupax and Sulong.

Since the year-end, and despite continuing economic deterioration, we have announced the completion of the Scoping Study, conducted to a pre-feasibility standard, which demonstrates that the Runruno project is technically and economically robust. We have also secured funding from the introduction of Solomon Capital as 29.9% shareholder in the Company giving us the confidence to commit to the completion of a full bankable feasibility study during 2009.

RUNRUNO

Resource Development

The total geological resource inclusive of low grade dilution currently reports on a JORC-compliant basis, at a lower cut off grade of 0.3 g/t Au, as 31.2 Mt at 2.0 g/t Au and 0.05% Mo – containing 2.0 Moz gold and 34.4 Mlb molybdenum. The resource estimate is detailed in Measured, Indicated and Inferred categories below.

Runruno Resource Estimate – October 2008

<i>Resource Category</i>	<i>Tonnes (x 10⁶)</i>	<i>g/t</i>	<i>Gold (Au) oz</i>	<i>%</i>	<i>Molybdenum (Mo) lb</i>
Measured	3.55	2.37	270,000	0.100	7,800,000
Indicated	7.98	1.90	487,000	0.053	9,360,000
Inferred	19.64	1.98	1,248,000	0.040	17,258,000
Total	31.17	2.00	2,005,000	0.050	34,418,000

The resource has been estimated using the results of all drilling conducted since the Company acquired the project in 2005, together with four diamond drillholes completed between 2000 and 2001 prior to acquisition. The resource has been estimated on the basis of 220 drillholes (32,153 metres) consisting of 119 diamond drillholes (18,756 metres) and 101 RC drillholes (13,397 metres).

The resource estimate was determined by the process of modelling mineralised envelopes which are defined by a natural cut off grade of 0.3 g/t Au. This effectively results in the calculation of a ‘diluted’ resource by including areas of internal low grade material and an external rind of low grade material into the geological resource. As a consequence the defined mineralised horizons and the diluted resource better represent the actual resource likely to be recovered during a mining operation, after mining dilution and ore losses are accounted for.

Resource Potential

The Company has previously identified potential similarities between the Runruno deposit in the Philippines and the Cripple Creek deposit in Colorado. To explore this potential analogy, the Company commissioned Dr. Eric Jensen PhD, a world renowned expert on alkaline intrusive-associated gold mineralisation, especially Cripple Creek style deposits, to undertake an investigation of the Runruno mineralisation and its host rocks. Dr. Jensen visited Runruno between 7 and 15 February 2008.

The key conclusions from Dr. Jensen’s report to the Company following his visit include:

- “In short, the Runruno gold deposit is remarkable in terms of its shared characteristics with other alkaline epithermal deposits, including Cripple Creek, Colorado, and its additional potential as MTL’s exploration activities continue and expand.”

- “Significant potential for additional discoveries of mineralization seems obvious.”

Results of limited recent drilling in the north of the deposit, re-interpretation of previous drilling, and mapping of surface exposures of the mineralisation have identified extensions to the sub-horizontal zones of mineralisation in that area. The mineralisation remains open-ended to the north and the Company believes that there is good potential to identify additional resources and to add to the current resource base in the north.

Scoping Study

The study was based on an open pit mining operation and biological leaching using the proven BIOX[®] process combined with conventional carbon in leach treatment to recover gold to doré bullion and molybdenum to a saleable molybdenum product.

The project, as defined in the study, is based on a nine year mine operation which in full production would produce:

- An average of 183,000 oz of gold and 1.7 Mlb of molybdenum per annum;
- From a 3.0 Mt per annum mine and processing operation,
- At a cash operating cost of US\$285/oz net of projected molybdenum

credits. A summary of the key project fundamentals is presented below:

Scoping Study Years 1-9

	<i>Unit</i>	<i>Gold Only Project</i>	<i>Gold & Moly</i>
Annual milling rate	Mt	3.0	3.0
Gold grade	g/t	2.09	2.09
Molybdenum grade	%	0.056	0.056
Gold recovery	%	90.6	90.6
Molybdenum recovery	%	–	45
Gold bullion produced per annum,	oz	183,000	183,000
Contained molybdenum produced per annum	lb	–	1,700,000
Annual mining rate	Mt	3.0	3.0
Life of mine strip ratio		5.9:1	5.9:1
Capital cost	US\$million	203.4	208.4
Annual operating cost	US\$million	84.6	86.1
Cash operating cost (net of Mo at US\$20/lb)	US\$/oz	463	285

The study was project managed by the Company, with sub-studies undertaken by a number of external consultants including the Ammtec Group (processing), Goldfields/SGS (processing), Ausenco (plant design), GHD (tailings storage), Parsons Brinkoff (roads), Dallas Cox (mine design) and bmp Environment and Community Care (environment). In addition, a variety of other groups and consultants contributed to elements of the study.

The development cost for the Project inclusive of molybdenum recovery is estimated to be US\$208.4 million as presented below:

Summary of Forecast Capital Cost

<i>Estimate Area</i>	<i>Capital estimate \$US million</i>	<i>% of total Capital</i>
Mine	2.6	1.2
Process plant (excluding site preparation and temporary Facilities which are included in on-site infrastructure and Indirect	79.1	38.0
Tailing storage facility	10.6	5.1
On-site infrastructure	21.3	10.2
Off-site infrastructure	8.3	4.0
Indirect costs	9.6	4.6
EPCM – plant	21.5	10.3
Owners cost – total	55.4	26.6
<i>Including:</i>		
– <i>Engineering contingency @ 10% – non plant</i>	8.0	
– <i>Engineering contingency @ 15% – plant</i>	14.8	
	208.4	100

The operation of the Runruno project will benefit from its location, logistics and the ready supply of hydro-electric power from the National Grid. The estimate of cash operating costs (direct costs denominated in 2008 dollars inclusive of a 10% contingency allowance) are shown below in total dollars and per oz of gold both gross and net of molybdenum credits (at US\$20/lb of molybdenum). It is forecast that the direct cost to produce gold gross will be US\$462.29/oz and net of credits will be US\$284.83/oz.

Summary of Forecast Operating Cost Estimate

Area	Operating cost estimate \$US million gold only	Operating cost estimate \$US million gold + moly	US\$/oz gold gross	US\$/oz gold net of moly credits
Mine	33.6	33.6	180.41	111.15
Process Plant	41.7	43.2	231.95	142.90
Admin & Infrastructure	9.3	9.3	49.93	30.77
Total annual cost	84.6	86.1	462.29	284.83

The major cost categories are mining (35%), power (22%), reagents (20%) and labour (14%). The positive results from the study provide the basis for the Company to commit the project to a full feasibility study.

Drilling Division

In order to assume direct control of the drilling required to support the bankable feasibility study, the Company has established its own drilling division consisting, currently, of three diamond drilling rigs and one multi-purpose RC drilling rig capable of conducting RC and diamond drilling.

The division is staffed by suitably trained drilling personnel, is overseen by an experienced drill supervisor and has the necessary support infrastructure.

Permitting

The project is currently held as an Exploration Permit (EP-0000 13II) issued to FCF Minerals Corporation (FCF), a Philippine incorporated company. The Company owns 85% of FCF and has rights to the remaining 15%.

Application has been made to convert the EP into a Financial or Technical Assistance Agreement (FTAA), under the 1995 Philippine Mining Act. The application has been endorsed by the Secretary of the DENR and is awaiting final sign-off by the President of the Philippines.

Environment & Community Relations

The Company follows the World Bank Guidelines and the Equator Principles in all aspects of its environmental and community related work.

An environmental baseline study has been completed, and is supplemented by continued routine environmental monitoring. In addition an Environmental Impact Assessment is underway, which will form part of the application for the Environmental Clearance Certificate under the FTAA.

The Company supports and makes donations to the Runruno Livelihood Foundation, a non-profit organisation with a well staffed community relations group which works closely with the local communities and to instigate sustainable health, life and business development programmes to the benefit of these communities. The proposed development at Runruno is supported by all impacted local communities.

The Company was awarded the Kabalikat Award (Industry Category) for Region 2, by the Technical Education and Skills Development Authority (TESDA), for its outstanding role played in technical educational and skills development.

The Kabalikat Award is TESDA's annual institutional award recognising the promotion and enhancement of technical education and skills development. The award is conferred to outstanding local government units, institutions and companies for their contribution in the promotion and development of the country's middle level manpower in terms of skills, abilities, work attitude, values and best practices.

The Company was awarded the Presidential Mineral Industry Environment Award (PMIEA) Platinum Award in the Exploration Category in recognition of its exemplary performance in environmental management. The purpose of the award is to recognise outstanding levels of dedication, initiative and innovation in the pursuit of excellence in environmental management.

The Company was also the runner up at the Philippine annual Mine Safety and Environment Conference in this year's nationwide "Best Mining Forest Contest" for its Mining Forest Programme.

The awards above were presented to our subsidiary FCF Mining Corporation, who operate the Runruno project, for their work alongside the Runruno Livelihood Foundation, which the Company supports and donates to.

OTHER PROJECTS

In June 2008 the Company was awarded Exploration Permits covering the Dupax and Sulong prospects. The permits are located approximately 200km north of Manila in Nueva Viscaya province on Luzon Island and within 50km of Runruno. The Company intends to carry out detailed geological mapping, soil geochemistry and geophysical surveys at both projects to determine favourable areas for drill testing.

Dupax

The Dupax project is covered by EXP-000016II encompassing two blocks totalling 8,856 hectares in area – Dupax (5,042 hectares) and Solano (3,814 hectares). The Dupax block contains a previously identified and partially mined open pit zinc-copper-gold massive sulphide deposit. Surface sampling by the Company has returned grades up to 45.7% zinc, 3.89% copper, and approximately 4 g/t gold from outcrop.

Previous work focused on defining a lens of high grade, direct shipping massive sulphide zinc-copper ore which was partially mined out by open pit methods during the 1960s and 1970s. Production records are not available.

The deposit occurs as a massive sulphide body in agglomerate and disseminated sulphide in silicified sediments, predominantly underlain by marine clastics intercalated with pillow basalts and pyroclastics. This package is intruded by dykes and sills of intermediate to basic composition.

Sulong

The Sulong project is covered by EXP-000017II, encompassing an area of 6,963 hectares to the east of Solano in Nueva Viscaya province.

Since the 1970s the area has been mined for manganese, which is interpreted as being the near surface oxidised portion of an extensive vein-fault system.

During the late 1990s, placer Pacific Exploration Phils. Inc. carried out stream sediment geochemistry and rock sampling of the Sulong area. Sampling of outcrops within the permit area returned assay grades of 0.64g/t gold.

The area is considered prospective for gold associated with a large gold-bearing vein-fault system and porphyry copper and gold mineralisation.

Other Exploration Permit Applications

The Company has also lodged Exploration Permit Applications (EPAs) covering the Capaz, Puray and Worldwide projects:

Capaz:

The Capaz EPA covers some 3,564 hectares in area and is situated approximately 20km southwest of Tarlac City, Tarlac Province, approximately 100km northwest of Manila.

The Capaz EPA area had been investigated by several explorers since 1987 when an alluvial panning "Gold Rush" saw approximately 2,000 hand panners working in the area recovering alluvial nuggets and gold dust. It has been estimated that approximately 30 kilos of gold were realised from this small scale hand mining.

In 1987, West Gold Exploration Inc. ("WGE") conducted a geochemical sampling programme over the area consisting of pan concentrate sampling of the various drainages in the area. A large area of anomalous gold values was delineated on the property.

Puray:

The Puray project lies 20km to the northeast of Manila and centres around the location and extraction of gold, silver, copper and zinc. The region is rich in these minerals due to huge sulphide deposits left by ancient volcanic activity. The region has been explored and mined since the 1930s, however the work was limited in its scope until the 1970s, when more modern mining techniques began to be applied. The property is currently under application for an exploration permit.

Worldwide:

The Worldwide project is located in the district of Northern Luzon, Philippines, adjoining the historic Santa Nino copper-gold producer. The permit application covers an area of approximately 5,845 hectares and is located about ten kilometres to the northeast of Baguio City. The property is underlain by quartz diorite and andesite rock types and was previously the subject of extensive exploration for copper-gold-molybdenum porphyry mineralization during the 1970s.

Waigeo Island, Indonesia

In August 2007 the Company acquired rights to various nickel laterite properties on Waigeo Island, Indonesia.

Historical drilling in the 1970s had identified nickel laterite deposits of some 35 Mt at grades of 1.5% Ni, 0.13% Co and 37% Fe within the area (non-JORC compliant).

FUNDING

In May 2008 the Company raised £4.04 million through a placing of new ordinary shares at a price of 20 pence per share.

In January 2009 the Company raised £3.7 million through a placing of new ordinary shares at a price of 7 pence per share. The Company also agreed terms with Shelfco 725 Limited, a sister company of Solomon Capital, for an £8 million loan facility available for drawdown in tranches conditional on development milestones being met.

Notwithstanding alternative sources of potential funds, this latest placing and the loan facility give the Company confidence to commit to a full bankable feasibility study on the Runruno project.

MANAGEMENT

The Company has made a number of key management appointments in order to meet the challenge of completing the bankable feasibility study at Runruno. I am proud of the quality of our team, and thank them for their commitment.

J P B Beardsworth

Chief Executive

19 March 2009

Glossary of Terms

Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based

on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

CONSOLIDATED INCOME STATEMENT for the year ended 30 SEPTEMBER 2008

	2008 £	Restated 2007 £
Continuing Operations		
Revenue	–	–
Cost of sales	–	–
Gross loss	–	–
Administrative expenses	(3,259,863)	(2,092,014)
Analysed as follows:		
Foreign exchange gains/(losses)	153	(10,927)
Other administrative expenses	(3,260,016)	(2,081,087)
Total administrative expenses	(3,259,863)	(2,092,014)
Operating loss	(3,259,863)	(2,092,014)
Finance income	106,978	178,898
Finance costs	(285,868)	(284,305)
Loss before taxation	(3,438,753)	(2,197,421)
Taxation	–	–
Loss for the year	(3,438,753)	(2,197,421)
Attributable to:		
Equity holders of the parent	(3,516,433)	(2,192,055)
Minority interest	77,680	(5,366)
	(3,438,753)	(2,197,421)
Loss per share:		
Basic and diluted	(3.55)p	(2.81)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 SEPTEMBER 2008

<i>Share capital</i>	<i>Share premium account</i>	<i>Shares to be issued reserve</i>	<i>Translation reserve</i>	<i>Minority interest</i>	<i>Profit and loss account</i>	<i>Total equity</i>
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	£	£	£	£	£	£	£
Balance at							
1 October 2007 (Restated)	913,738	11,851,563	1,737,575	(9,900)	3,849	(4,923,067)	9,573,758
Exchange differences on translating foreign operations	–	–	–	597,927	52,471	–	650,398
Loss for the period	–	–	–	–	77,680	(3,516,433)	(3,438,753)
Total recognised income and expenses for the period	–	–	–	597,927	130,151	(3,516,433)	(2,788,355)
Movement in share based payments	–	–	537,450	–	–	–	537,450
Issue of equity share capital	209,100	3,895,900	–	–	–	–	4,105,000
Share issue expenses	–	(243,494)	–	–	–	–	(243,494)
Balance at							
30 September 2008	1,122,838	15,503,969	2,275,025	588,027	134,000	(8,439,500)	11,184,359

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 SEPTEMBER 2007

	Share capital £	Share premium account £	Shares to be issued reserve £	Translation reserve £	Minority interest £	Profit and loss account £	Total equity £
Balance at 1 October 2006	556,953	2,696,623	1,524,448	–	304,258	(2,731,012)	2,351,270
Exchange differences on translating foreign operations	–	–	–	(9,900)	–	–	(9,900)
Loss for the period as restated	–	–	–	–	(5,366)	(2,192,055)	(2,197,421)
Total recognised income and expenses for the period (Restated)	–	–	–	(9,900)	(5,366)	(2,192,055)	(2,207,321)
Movement in share based payments	–	–	282,127	–	–	–	282,127
Issue of equity share capital	356,785	9,154,940	(46,000)	–	–	–	9,465,725
Cancellation of shares to be issued	–	–	(23,000)	–	–	–	(23,000)
Movement in minority interest on acquisition of 15% in FCF Mining Corporation	–	–	–	–	(295,043)	–	(295,043)
Balance at 30 September 2007 (Restated)	913,738	11,851,563	1,737,575	(9,900)	3,849	(4,923,067)	9,573,758

CONSOLIDATED BALANCE SHEET as at 30 SEPTEMBER 2008

	2008 £	Restated 2007 £
Non-current assets		
Property, plant and equipment	965,575	189,172
Goodwill	1,010,816	1,415,207
Other intangible assets	8,958,889	5,743,368
Investments designated at fair value through profit and loss	183,464	281,114
	<u>11,118,744</u>	<u>7,628,861</u>
Current assets		
Trade and other receivables	542,956	506,075
Cash and cash equivalents	1,955,210	3,934,510

	2,498,166	4,440,585
Current liabilities		
Trade and other payables	(432,551)	(465,606)
	(432,551)	(465,606)
Non-current liabilities		
Long-term borrowings	(2,000,000)	(2,030,082)
	(2,000,000)	(2,030,082)
Net assets	11,184,359	9,573,758
Equity		
Share capital	1,122,838	913,738
Share premium account	15,503,969	11,851,563
Shares to be issued reserve	2,275,025	1,737,575
Translation reserve	588,027	(9,900)
Profit and loss account	(8,439,500)	(4,923,067)
Equity attributable to equity holders of the parent	11,050,359	9,569,909
Minority interest	134,000	3,849
	11,184,359	9,573,758

CONSOLIDATED CASH FLOW STATEMENT for the year ended 30 SEPTEMBER 2008

	2008	2007
	£	£
Net cash used in operating activities	(3,191,647)	(1,716,262)
Investing activities		
Payment to acquire shares in quoted company	-	(532,159)
Purchase of intangible assets	(2,179,646)	(1,683,846)
Payment to acquire 15% in FCF Mining Corporation	-	(3,817,114)
Purchase of property, plant and equipment	(868,671)	(130,974)
Net cash used in investing activities	(3,048,317)	(6,164,093)
Financing activities		
Proceeds from issue of share capital	3,838,506	9,442,723
Proceeds from long-term borrowings	-	2,000,000
Net cash from financing activities	3,838,506	11,442,723
Net (decrease)/increase in cash and cash equivalents	(2,401,458)	3,562,368
Cash and cash equivalents at beginning of year	3,934,510	371,501
Foreign exchange difference	422,158	641
Cash and cash equivalents at end of year	1,955,210	3,934,510

NOTES

Loss per share

2008	2007
£	£

Loss		
Net loss attributable to equity shareholders for the purpose of basic and diluted loss per share	<u>(3,516,433)</u>	<u>(2,192,055)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>99,076,462</u>	<u>77,872,958</u>
Basic and diluted loss per share	<u>(3.55)p</u>	<u>(2.81)p</u>

The loss per share was calculated on the basis of net loss attributable to equity shareholders divided by the weighted average number of ordinary shares. The basic and diluted loss per share is the same, as the exercise of share options and warrants would reduce the loss per share and therefore, is anti-dilutive.

Number of potential ordinary shares that are not currently dilutive	<u>24,494,696</u>	<u>19,866,811</u>
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Financial information

The foregoing statements do not constitute the Company's statutory accounts. The Company's statutory accounts, on which the Company's auditor, Nexia Smith & Williamson, have given an unqualified opinion in accordance with Section 235 of the Companies Act 1985, are to be delivered to the Registrar of Companies and will be posted to shareholders shortly. Additional copies of the annual report and accounts will be available at the Company's registered office.