



BERKELEY MINERAL RESOURCES PLC

TUESDAY



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COMPANIES HOUSE

ANNUAL REPORT

30 JUNE 2013



HEAD OFFICE

6 Derby Street
London W1J 7AD

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DIRECTORS AND ADVISERS

DIRECTORS

M A Alikhani
M Wainwright
H Furman

Executive Chairman
Non-Executive Director
Non-Executive Director

REGISTERED OFFICE

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London W1J 7AD
Registered No 02401127

NOMINATED ADVISORS

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Canary Wharf
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AUDITORS

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Middlesex HA1 3AW

SOLICITORS

Fladgate LLP
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London WC2B 5DG

REGISTRARS

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands B63 3DA

CHAIRMAN'S REVIEW

For the year ended 30 June 2013

During the year to 30 June 2013, Berkeley Mineral Resources Plc ("BMR") made further progress towards its strategic goal of becoming a processor and supplier of key base metals to world markets. In particular, having secured its sources of material, the Company has advanced its beneficiation studies and processing plans in readiness to commence production.

BMR has chosen to conduct its operations in Zambia. The country, a member of the Commonwealth of Nations, is an excellent jurisdiction in which to do business. It also contains large-scale mineral deposits which have been historically mined for over 100 years.

Conventional mining companies have to undergo costly exploration and development programmes before they can prove up, dig up and produce saleable metals. However, BMR is focused on producing metals by acquiring and processing stockpiles of mining tailings already on the surface following the closure of former mines. We believe that this decreases the Company's risk profile significantly and will allow us to use capital more efficiently to unlock shareholder value.

BMR has centered its operations at the historic Kabwe mine site in central Zambia where mining commenced in 1904 and ended in 1994. The grades of minerals left in the tailings can be as high as can be found in viable underground mines, for example at Kabwe the material that BMR has acquired, the tailings grades average over 5% metal content for both lead and zinc with Washplant areas showing over 17% combined.

Considerable infrastructure exists at the former mine site, including excellent road and rail links. Although Zambia is land-locked, BMR's operations at Kabwe are adjacent to railway sidings connecting its plants with international railways running directly to Indian Ocean ports.

During the period under review, as well as obtaining the necessary rights and licences to process the lead and zinc tailings at Kabwe, the Company has made its first entry into the much larger copper industry, both in the Kabwe region and in the Zambian Copperbelt in the north of the country.

ACQUISITION OF LARGE SCALE LICENCE AND TAILINGS AND AT KABWE

BMR received governmental clearance of the transfer of the Large-scale Licence 6990-HQ-LML to its Zambian-registered subsidiary Enviro Processing Ltd ("EPL") in May 2012.

In August 2012, BMR completed the acquisition of all the remaining surface rights at the Kabwe mine site by way of an assignment of all the interests of Alberg Mining and Minerals Exploration Ltd ("Alberg"). Alberg had been indemnified from all claims and responsibility relating to past environmental and rehabilitation obligations by ZCCM-IH ("ZCCM"), the Zambian parastatal mining company. The outstanding purchase consideration was satisfied in full through the payment of £1 million and the issue of 70 million ordinary shares in the Company.

ABOVE GROUND KABWE ZINC AND LEAD RESOURCES

BMR has received, from The Mineral Corporation, a verification study to the internationally recognised JORC standard for the Central Leachplant and Washplant sections of the tailings. The Mineral Corporation also compiled an aggregate tonnage estimate for all of the above-ground material at the Kabwe site of approximately 6.4Mt at an average of 5.48% Lead and 5.50%* Zinc content. This inventory includes approximately 3.2Mt of JORC compliant Measured Mineral Resources for the central Leachplant and Washplant tailings. The estimates for the tailings material other than the central Leachplant and Washplant materials do not conform to a recognised standard such as JORC and as such cannot be relied upon for economic assessment purposes.

The aggregate estimate for all the above ground stockpiles at the Kabwe Mine site is set out in the table below.

| Stockpile Type | Dry Tonnage | Zinc Grade | Lead Grade | Contained Zinc-Tonnes | Contained Lead-Tonne |
|---------------------------|-------------|------------|------------|-----------------------|----------------------|
| Waelz Slag | 1,104,794 | 3.64% | 1.52% | 40,189 | 16,974 |
| ISF Slag | 1,481,563 | 8.07% | 1.22% | 119,579 | 18,026 |
| Mixed Leachplant | 249,690 | 6.71% | 10.17% | 16,760 | 25,393 |
| Pyrite tailings | 333,508 | 4.86% | 5.66% | 16,208 | 18,877 |
| Blue Powder | 1,914 | 14.10% | 7.34% | 270 | 141 |
| Non-JORC total* | 3,171,469 | | | 193,006 | 79,231 |
| Washplant (JORC) | 573,458 | 10.66% | 7.21% | 61,147 | 41,345 |
| Central leachplant (JORC) | 2,648,920 | 3.88% | 8.71% | 102,690 | 230,810 |
| Grand Total | 6,393,847 | 5.48% | 5.50% | 356,843 | 351,386 |

UNDERGROUND ORE RESOURCES

As a further result of the Alberg Assignment in August 2012, BMR now owns surface mineral rights over 703 hectares of land containing the remaining un-mined or partly-mined underground ore bodies at Kabwe, together with existing mine shafts and other infrastructure. The majority of the area concerned is effectively greenfields exploration acreage on-strike to the historic mine site.

According to mine closure records compiled by ZCCM in 1995, the mine and its immediate environs areas contain an estimated 51 million tonnes of ore at a combined zinc and lead grade of 4.01%*

METALLURGY AND PROCESSING

Having secured the surface rights, the licences and verification of the resources, BMR has concentrated on advancing its processing and production plans. Following initial kiln processing testing carried out by Mintek in South Africa using representative samples of both washplant and leachplant material showing a maximum recovery of 96.1% for the minerals from the leachplant samples at 1,200 degrees Centigrade with averaged recoveries of approximately 75% across all samples, BMR then concluded a mutually exclusive Memorandum of Understanding ("MoU") with Yunnan Xiangyun Feilong Nonferrous Metal Company ("Feilong") with the intention of forming a joint venture to exploit the resources at Kabwe utilising Feilong's technology.

In December 2012, the contract for processing was transferred to Ascot Group, a Feilong-associated company based in Europe. During 2013, Ascot technical personnel extensively visited Kabwe and process-tested representative tailings samples before producing the project's Washplant tailings DFS, delivered to BMR in July 2013. As the washplant tailings contain the highest combined grade at Kabwe, 17.87%, first phase lead and zinc production has been targeted at this section, employing gravity and magnetic separation techniques to achieve not less than 60% recovery of zinc and lead metals and produce a concentrate of not less than 40%.

The DFS concluded that in its gravity phase the Washplant tailings project has a NPV of US\$18.7 million at a 10% discount rate, an IRR of 197% and a capital payback period of 10 months. A further leaching phase will separate out remaining metals. The Executive Summary of the DFS has been posted on the company's website at <http://www.bmrplc.com/lead-and-zinc/feasibility-study/>

During testwork for the DFS, further material adjacent to the washplant tailings has been identified as possibly suitable for processing using gravity and magnetic separation. These additional resources are not yet included in the operating plan.

Ascot is continuing to study the processing plans for the Leachplant sections at Kabwe with the aim of completing a DFS in early 2014.

ENVIRONMENT

The Kabwe region currently suffers pollution from the existence of lead in the tailings at the former Kabwe mine. The DFS therefore includes provision for the mitigation and reversal of environmental damage at the site while EPL is conducting operations and a budget of US\$ 1.6m has been allocated to EPL's environmental programme. Highlights include suppression of dust generation, containment of new tailings ponds and recycling of water while processing operations are conducted and remedial landscaping to be carried out as processing is completed.

LEAD AND ZINC MARKETS

During 2013, the LME prices of both lead and zinc have proved resilient, remaining in line with the 5-year averages with the zinc price at around US\$1,800 per tonne and lead at US\$2,000 per tonne. The main uses of both of these metals are in vehicles, lead in the production of batteries and zinc for galvanising bodywork against corrosion.

World production of vehicles has increased from 16.5 million in 1960 to 48.5 million in 1990 and to 84.1 million in 2012, of which China alone produced 19.3 million (cf 18.4 million in 2011) (source: OICA, Organisation Internationale des Constructeurs D'Automobile). This expanding rate of vehicle production worldwide and China's rapidly growing home market underpins the demand for the principal metals BMR will be supplying in the years ahead.

COPPER

In December 2011, BMR entered the market for copper by signing an Option Agreement giving it the exclusive right to carry out due diligence on three clusters of stockpiles of copper tailings located within a 7km radius of each other at Chingola, about 220km north of Kabwe.

In July 2012 BMR concluded negotiations over the first Chingola cluster at the Rephidim site, securing Mining Rights over a total of 397.2 hectares of land containing an estimated 7.5 million tons of copper tailings by signing an Assignment Agreement over an existing Joint Venture agreement. This estimate of resources has been made by BMR's consultants, Mineral Exploration International of Namibia*. For details of the transaction, please see Note 5c) to the Accounts.

During the year under review, BMR took a 75% shareholding in Ndola Mineral Resources Limited ("NMR"), a newly registered Zambian company, which is in the process of taking transfer of a Prospecting Permit/Small Scale Mining Licence held by Phoenix Materials Limited ("Phoenix") at Ndola in northern Zambia. Subsequently, after the year end, a Joint Venture Agreement was entered into. For details of the transaction, please see Note 5a). It is estimated by BMR's consultants that the Phoenix stockpiles contain some 1-2 million tonnes of mineralised ore and tailings with copper grades varying between 0.3% and 1.0%*.

The Company has also concluded a Joint Venture Agreement ("JVA") with the Bwana Mkubwa Consortium ("BMC"), whose members are the licencees of five Artisanal Licences. These licence areas are all located within the former Bwana Mkubwa Mine Site. BMR is pleased to have secured the JVA as it will provide employment to local Zambians who have significant knowledge and experience of the site. For details of the transaction, please see Note 5b).

Following due diligence by BMR's consultants, it is estimated that the BMC stockpiles contain some 2.1 million tonnes of mineralised ore and tailings dumps. Analysis indicates that copper grades vary between 0.3% and 1.00%*. BMR does not intend to carry out further work to delineate a resource statement.

In readiness to carry out copper processing, BMR has secured an Industrial Zone plot at Ndola. This is the site of a former copper production plant, located close to both the Phoenix and Bwana Mkubwa tailings stockpiles concerned, with all necessary services and infrastructure in place. The purchase price for the site is expected to be approximately US\$ 400,000.

CORPORATE SOCIAL RESPONSIBILITY

In addition to building a security wall and providing computer facilities and equipment to local education establishments, BMR has provided two British ambulances to offer emergency care to the community, following serious local road accidents at which care was not rapidly available. The ambulances were presented to Kabwe hospital at a ceremony in October 2013 attended by Zambian regional and national dignitaries

RESULTS FOR THE YEAR

For the year ended 30 June 2013, the loss was £1 25 million before tax compared with a loss of £1 45 million for the prior year. The majority of the loss for the year comprises management and administrative expenses and includes pre acquisition costs of £0 16 million in relation to the copper projects (2012 £0 34 million for lead and zinc projects). The cash balance at the year end was £0 30 million (2012 £4 39 million).

The main reasons for the decrease in the cash balance in the year were the completion of the acquisition of additional assets at Kabwe which was finalised in August 2012 and the loss for the year. The advance payments made for the acquisition of copper resources and pre-payments for long-lead copper processing equipment at the year end amounted to £4 23 million (2012 £5 18 million including advance payments for assets at Kabwe).

GOING CONCERN

Operational and Capex requirements

At the date of approval of the financial statements, based on current forecasts and funding available, the Company has sufficient resources to continue to meet its obligations as they fall due.

However in order to advance all of the projects the Company will need to raise additional funds. Following the year end, the Company raised £1 1 million through the exercise of warrants, which is currently being utilised to progress the development projects and fund ongoing expenditure. The Company is also in negotiations for off-take arrangements with a number of parties.

With the proposed and planned finance and with positive cash flow from both the lead & zinc and copper operations as detailed below, the Directors expect the Company to have adequate financial resources to meet its requirements for the foreseeable future and accordingly they are confident that the Company will continue as a going concern and have prepared the financial statements on that basis.

Lead and zinc – Kabwe

The Group has in place a detailed Definitive Feasibility Study for Kabwe lead and zinc and the Company expects the positive cash flow for this to commence in the second quarter of 2014.

Copper – Kabwe

Based on internal analysis by technically qualified management, the copper processing at Kabwe, following ramping up to the plant nameplate capacity, is also expected to be cash positive at operating level at an annualized estimated rate of US\$3 million following the second quarter of 2014 with initial cashflow commencing earlier.

Copper – Ndola/Chingola

The Company is also putting in place plans for a modular facility to process the copper tailings in the Ndola/Chingola areas and expects this to become cash positive during the third quarter of 2014.

EVENTS AFTER THE YEAR END

In August 2013, EPL received notification that the Zambia Environmental Management Agency (“ZEMA”) will require an Environmental and Social Impact Assessment (“ESIA”) for BMR’s proposed Washplant tailings and Leachplant processing facility in Kabwe. The two public meetings necessary under the ESIA

have been successfully held and EPL is currently submitting its full ESIA application having been advised by its consultants AMC

Infrastructure for EPL's Copper plant at Kabwe including water and electrical supply has been arranged and the plant has progressed towards commissioning Metallurgical studies to produce copper cement from both oxide and sulphide material are being completed An Environmental Project Brief ("EPB") has been prepared for submission to ZEMA Supplies of suitable copper material for processing have been sourced and are ready to be stockpiled

WARRANTS

On 5 August 2013, the Company changed the exercise price of 127,916,666 warrants (exercisable until 24 October 2013) from 6p to 2p to be exercised by institutional investors

On the 9 August 2013, the terms of the remaining 72,500,000 warrants exercisable before 28 June 2014 were amended to reduce the exercise price from 6p to 2p and reduce the exercise period to 24 October 2013

Post exercise price reduction total of 54,188,413 warrants were exercised, raising £1,083,768 before expenses

On 23 October 2013, the exercise period of the remaining 146,228,253 was extended from 24 October 2013 to 24 January 2014

On 24 October 2013, a further 507,605 warrants were exercised, raising £10,152 before expenses

OUTLOOK

Leading up to 2013, BMR has secured considerable resources and designed its processing routes to produce metals, initiate sales and generate cash flow The next milestone on BMR's transition to a metal producing company will be the approvals of the company's ESIA application to ZEMA for lead and zinc and EPB for copper, following which we will be ready to commence production

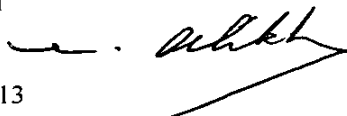
We are using the intervening period to research improved beneficiation of our resources of zinc and lead and the other valuable metals that are present in the Kabwe tailings and to complete the commissioning of our copper processing plant at Kabwe

At the same time we are continuing our programme to finalise the acquisition of significant copper tailings in northern Zambia and to complete the metallurgical studies and processing plans in order to enter production in this region

We are grateful for shareholders' patience while we have been moving towards production We now look forward to 2014 as the year our operations culminate in the successful launch of production from our projects which we then intend to ramp up to maximized profitability in the years ahead

For further information please see the Company's website at <http://www.bmrplc.com>

Masoud Alikhani
Chairman



29 November 2013

* These historical estimates do not conform to a currently recognized standard such as JORC or SAMREC and as such cannot be relied upon for economic assessment purposes



DIRECTORS' REPORT

The directors present their annual report together with the audited financial statements, for the year ended 30 June 2013

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Company's performance during the year and expected future developments are described in the Chairman's Review on page 3

GOING CONCERN

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RESULTS AND DIVIDENDS

The results for the year are set out in the Consolidated Statement of Comprehensive Income on page 21. The directors do not recommend the payment of a dividend on the ordinary shares (2012: nil).

Key performance indicators for the Group are as follows:

| | <i>Year ended 30 June 2013</i> | <i>Year ended 30 June 2012</i> |
|------------------------------|------------------------------------|------------------------------------|
| | <i>£</i> | <i>£</i> |
| Total assets | 20,360,954 | 19,522,319 |
| Cash and cash equivalents | 297,293 | 4,387,490 |
| Trade and other payables | (432,850) | (251,445) |
| Loss before tax for the year | (1,248,033) | (1,452,723) |
| Loss per share | (0.12)p | (0.14)p |

PRINCIPAL ACTIVITIES

The Group's principal activity is that of the acquisition, evaluation and development of mineral stockpiles, in particular tailings. The Group's projects are located in Zambia.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is subject to various risks similar to all exploration companies operating in overseas locations relating to political, economic, legal, industry and financial conditions, not all of which are within its control. The Group identifies and monitors the key risks and uncertainties affecting the Group and runs its business in a way that minimises the impact of such risks where possible. The following risks factors, which are not exhaustive, are particularly relevant to the Group's business activities

Strategic risk

Strategic risk, is the risk that the strategy developed will fail to create or preserve shareholder value. The Directors regularly review the Group's progress against its chosen strategy, the appropriateness of the chosen strategy for the Group both in absolute terms and in comparison to other potential strategies that could be adopted.

Political risk

The Group's operational activities are located in emerging markets (Zambia) and are dependent on the political and economic situation in these areas. There can be no assurance that political stability will continue. Whilst the Group intends to make every effort to ensure that the Group has and continues to have robust commercial agreements covering its activities, there is a risk that the Group's activities and financial performance will be adversely impacted by economic and political factors such as exchange rates, interest rates, inflation rates, the imposition of additional taxes and charges, introduction of export quotas or bans, cancellation or suspension of licences or agreements, expropriation, war, terrorism, insurrection and changes to laws governing the Group's operations. There is also a possibility that the terms of any agreement, licence or permit in which the Group holds an interest may be changed.

The Group's management and advisory network have considerable international as well as local experience in conducting business in the areas where it operates and apply this knowledge to regularly assess and monitor this aspect of activities. Additionally the Group uses local experts in order to ensure compliance with the relevant regulation and maintains regular contact with the local authorities in the areas where it operates so as to be aware of any relevant changes to the fiscal regime in which it operates.

Commodity price risk

The market price for metals is volatile and affected by numerous factors which are beyond the control of the Group. These include international supply and demand, international economic trends, currency exchange rates, global or regional political events. Sustained downward movements in the price for metals could render less economic or uneconomic some or all of the exploration and / or production activities to be undertaken by the Group.

Licensing and title risk

Governmental approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or government offices. The Group must comply with known standards, existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations by the permitting authorities. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement could have a material adverse impact on the Group's result of operations and financial condition.

The Group's exploration activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitation.

There is a risk that negotiations with the relevant government in relation to the renewal or extension of a licence may not result in the renewal or grant taking effect prior to the expiry of the previous licence and there can be no assurance as to the terms of any extension, renewal or grant. This is a risk that exploration companies are subject to.

Although the Group has diligently investigated title to all its licences, and to the best of its knowledge,

title to all are in good standing, there may be undetected defects in title. Should any title defects exist, it is possible that the Group may lose all or part of its interests in the relevant property.

Whilst the Group continually seeks to do everything within its control to ensure that the terms of each licence are met and adhered to, third parties may seek to exploit any technical breaches in licence terms.

Legal risk

The legal systems in the countries in which the Group's operations are located are different to that of the UK. This could result in risks such as (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute, (ii) a higher degree of discretion on the part of governmental authorities, (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations, (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions, and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Resource estimates

The Group has relied upon resource statements including those that are not JORC compliant and which have not been independently verified. Estimates of resources and operating costs are to large extent based on interpretation of the data available. Such estimates are likely to require revisions based on further analysis and actual production experience. It is possible that actual costs and economic returns may differ significantly from those currently estimated. Furthermore an increase in costs or a decrease in the market price that may occur, could render tailings containing relatively low grades of minerals uneconomic, which may ultimately result in a restatement of reserves.

Processing risk

There is no guarantee that the Group will be able produce a saleable product in economic quantities from the processing of tailings or that it will be possible to sell the product at a profit. The Group in conjunction with external experts reviews operational and processing plans and forecasts, and will monitor operational performance.

Operational risk

The Group may be affected by risks arising from mechanical accidents, occupational health hazards, processing problems and technical failures. The impact of these events could lead to disruptions in business operations, loss of reputation and financial losses. The Group seeks to manage these risks by ensuring compliance with relevant standards such as health and safety standards, recruitment of appropriately qualified and experienced personnel, and appropriate training of staff and contractors.

Environmental risk

The Group's operations are subject to environmental regulations. Such regulations cover a wide variety of matters, including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Group may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist at any of its properties or which may be produced as a result of its operations. Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for Companies, their directors and employees. No assurance can be given that future rules

and regulations will not be enacted that could limit or curtail the Group's activities. The Group regularly reviews developments in the relevant legislation and monitors compliance not just with the required local standards, but also with standards expected of an international exploration company

Dependency on key personnel

The loss of any key individuals in the Group's management team or the inability to attract appropriate personnel could impact the Group's performance. Although the Group has entered into contractual arrangement to secure the services of its key personnel, the retention of these services and the future costs cannot be guaranteed

Liquidity and financing risk

Although the directors consider that the Group has sufficient funding in place to commence production, there can be no guarantee that further funding will be available should additional costs or delays arise. Nor can there be any guarantee that the additional funding will be available to allow the Company to obtain and develop additional projects in the necessary timeframe

The Group's funding requirements are reviewed on a regular basis by the directors, such that action can be taken as necessary to either curtail expenditures and / or raise additional funds from available sources including asset sales and the issuance of debt or equity

Acquisition risk

There is the risk that the Group will not be able to acquire the necessary resources at the required price. Not being able to acquire a potential project on the desired terms may have an adverse affect on the future success of the Group. The Group and its advisors have considerable experience in the business environment in which the Group operates. This experience is applied regularly and carefully to assess potential acquisition opportunities

Reputation

A loss of reputation could have adverse impact on Group's title to its assets and relationships with key stakeholders. The Group actively seeks to maintain strong and positive relationships with host country government, local communities, regulators and domestic industry partners

DIRECTORS AND THEIR INTERESTS

The names of the directors who served throughout the period, except where shown otherwise, are as follows

M A Alikhani

M Wainwright

H Furman

In accordance with the Article 24 of the Company's Articles of Association, H Furman retires and, being eligible, offers himself for re-election. The Director standing for re-election has no service contract with the Company

The interests (as defined in the Companies Act) of the directors holding office during the period to date or at date of resignation in the share capital are shown below

| | <i>ordinary shares of 1p 30 June 2013</i> | <i>ordinary shares of 1p 30 June 2012</i> |
|---------------|---|---|
| M A Alikhani* | 22,895,958 | 20,495,958 |
| M Wainwright | 1,430,648 | 997,500 |
| H Furman ** | 3,019,779 | 2,216,261 |

* 7,431,189 shares disclosed under M Alikhani are held by WB Nominees Ltd

** 1,538,461 shares disclosed under H Furman are held by Matrix Enterprises in which he holds a beneficial interest



On 12 December 2012 M Alikhani purchased 1,000,000 Ordinary shares at a price of 2 70p per share. On 17 December 2012, he purchased 500,000 Ordinary shares and on 18 December 2012 he purchased 700,000 Ordinary shares all at 2 80p per share. He purchased a further 200,000 Ordinary shares at 2 90p per share on 19 December 2012.

On 12 December 2012, H Furman purchased 518,518 Ordinary shares at 2 70p per share. On 14 December 2012 he purchased 200,000 Ordinary shares at 2 80p per share and on 17 December 2012 he purchased a further 85,000 Ordinary shares at 2 80p per share.

On 12 December 2012, M Wainwright purchased 148,148 Ordinary shares at 2 70p per share. On 14 December 2012 he purchased 200,000 Ordinary shares at 2 80p per share and on 17 December 2012 he purchased a further 85,000 Ordinary shares at 2 80p per share.

Other than as set out above, none of the directors at 30 June 2013 held any interest in shares of the Company during the year. All of the interests reported are beneficial.

Details of the Directors' share options are provided in Note 18.

NON-EXECUTIVE DIRECTORS

M WAINWRIGHT

Mark Wainwright received a BA (Hons) degree in History and Politics from Queen's College, Cambridge and an MBA from University of Cape Town.

Mark began his mining career with Gold Fields in South Africa before joining Deloitte's consulting division in 1998. Here he worked for a range of mining and mining processing clients mainly in South Africa, Russia and the FSU, including majors BHP Billiton, Anglo American, Harmony Gold, Ferrexpo Ukraine, De Beers and Severstal Russia.

In August 2009 he moved back to the UK to head up the Global Mining Division of Turner and Townsend, the worldwide professional services organisation, where he is currently Managing Director.

H FURMAN

Horacio Furman received a BSc in Mechanical Engineering and an MSc in Materials Engineering at the Technion, Israel Institute of Technology, before obtaining his MBA at INSEAD, in Fontainebleau, France.

Horacio started his professional career in production and then marketing positions in the Hard Metals/ Powder Metallurgy industry at Iscar Ltd, Israel. He later joined UDI, a privately owned trading company with wide presence, particularly in China, in trading and project development. In his capacity as VP for China he was personally involved for over a decade in the company's activity in that country, including identification, negotiation and implementation of, inter alia, industrial joint ventures and transfers of technology in a wide range of fields including mining and metals.

In the 1990's he was involved in the introduction of digital technologies in the reconstruction of several East European telecommunications networks.

From 2000 to date he has been involved in nurturing young start-up companies. He has served on boards of both Israeli and UK publically quoted companies. He is fluent in five languages.

SUBSTANTIAL SHAREHOLDINGS

On 19 November 2013 the Company was aware of the following interests in 3 per cent or more of the Company's ordinary share capital

| <i>Shareholder</i> | <i>No of ordinary shares</i> | <i>% holding</i> |
|------------------------------------|------------------------------|------------------|
| Barclayshare Nominees Limited | 173,187,960 | 15.22 |
| TD Waterhouse Nominees Europe Ltd | 140,674,366 | 12.36 |
| HSDL Nominees Limited | 138,209,319 | 12.15 |
| Investor Nominees Ltd | 65,016,905 | 5.71 |
| HSBC Client Holding Nominee UK Ltd | 62,118,784 | 5.46 |
| Hargreaves Lansdown (Nominees) Ltd | 48,245,543 | 4.24 |
| Share Nominees Ltd | 39,756,129 | 3.49 |

TRANSACTIONS WITH DIRECTORS AND RELATED PARTIES

Related party transactions are shown in Note 21

ISSUES OF SHARES AND OPTIONS

During the year, 70 million ordinary shares of 1p each were issued at 3.35p as part of the consideration for the acquisition of the remaining surface rights, land and other assets at Kabwe mine

ANNUAL GENERAL MEETING

SPECIAL BUSINESS

Resolutions will be proposed at the Annual General Meeting, as set out in the formal notice on pages 47 to 50

The following notes relate to Resolutions 4 and 5 which will constitute Special Business

- (1) Resolution 4 – The Directors currently have a general authority to allot unissued shares of the Company, but this expires on the conclusion of the Annual General Meeting. Resolution 4 is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares (see the detailed resolution and notes on page 47 of this document)
- (2) Resolution 5 – is to authorise the Directors to allot relevant securities up to a nominal value of £10m. This will provide the Directors with the authority to issue ordinary shares of £0.01 for cash when the Board considers it to be in the best interest of shareholders (see the detailed resolution on pages 47 and 48 of this document)

CHARITABLE AND POLITICAL DONATIONS

During the year the Company has made charitable donations of £25,770 (2012: £1,000) and made no political donations (2012: £nil)

SUPPLIER PAYMENT POLICY

The Company's policy is normally to pay suppliers according to agreed terms of business. These terms are usually agreed with the trade creditors before they provide any goods or services. The Company's policy is to adhere to the payment terms providing the relevant goods or services have been supplied in accordance with the agreements. The average number of days in respect of trade payables at 30 June 2013 was 35 (2012: 15) days based on the average daily amount invoiced by suppliers during the year.

DIRECTOR'S INDEMNITIES

The Company has obtained third party indemnity provisions for the benefit of its Directors and Officers

EVENTS AFTER THE REPORTING DATE

Events after the reporting date have been disclosed in Note 23 to the Financial Statements



STATEMENT AS TO THE DISCLOSURE OF INFORMATION TO THE AUDITORS

Each of the persons who is a Director at the date of approval of this Annual Report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006

AUDITORS

Cameron & Associates Limited have expressed their willingness to continue in office as auditors

A resolution proposing the re-appointment of the auditors Cameron & Associates Limited will be put to shareholders at the Annual General Meeting

Approved by the board of directors and signed on behalf of the Board.

M A Alikhani
Director
6 Derby Street
London W1J 7AD

A handwritten signature in black ink, appearing to read 'M A Alikhani', written over a horizontal line.

Company registered in England and Wales 02401127

29 November 2013

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and the guidelines set out in the Principles of Good Corporate Governance and Code of Best Practice (the "Combined Code"). Whilst AIM companies are not obliged to comply with the Combined Code, the Directors do intend to comply with the Combined Code so far as is appropriate having regard to the size and nature of the Company. The Board will take such measures so far as practicable to comply with the Combined Code and in addition, the Quoted Companies Alliance ("QCA") Guidelines for AIM Companies.

The Board has put in place the corporate governance procedures they believe are appropriate for the Company.

The Board retains full and effective control over the Company. The Company holds regular Board meetings at which financial, operational and other reports are considered and, where appropriate, voted on. Apart from the regular meetings, additional meetings are arranged when necessary to review strategy, planning, operational, financial performance, risk and capital expenditure and human resources and environmental management. The Board is also responsible for monitoring the activities of the executive management. To enable the Board to perform its duties, all Directors have full access to all relevant information and to the service of the Company Secretary. If necessary the Non-Executive Directors may take independent professional advice at the Company's expense.

A statement of the directors' responsibilities in respect of the financial statements is set out on page 18. Below is a brief description of the role of the board and its committees, including a statement regarding the Company's system of internal financial control.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

THE BOARD OF DIRECTORS

The board currently comprises one executive and two non-executive directors. The non-executive directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The board meets on average every two months and is responsible, inter alia, for setting and monitoring Company strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to shareholders.

THE AUDIT COMMITTEE

The Audit Committee comprises the following directors and is chaired by M Wainwright:

M Wainwright

H Furman

The committee provides a forum for reporting by the Company's external auditors. Meetings are held not less than twice annually.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the board and monitoring the controls which are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee also advises the board on the appointment of external auditors and on their remuneration both for audit and non-audit work.



THE REMUNERATION COMMITTEE

The Remuneration Committee, comprises the following directors and is chaired by H Furman

H Furman
M Wainwright

The Committee is responsible for recommending to the board the terms and conditions of employment of the executive directors

THE NOMINATION COMMITTEE

The Nomination Committee, which currently comprises M Wainwright, H Furman and M Alikhani, is responsible for proposing to the board any new appointments of executive or non-executive directors

Internal Financial Control

The Board is responsible for establishing and maintaining the Company's system of internal financial control

Internal financial control systems are designed to meet the particular needs of the Company and the risk to which it is exposed, and by their nature can provide reasonable assurance but not absolute assurance against material misstatement or loss

The directors are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Company's operations, the directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Company.

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee (the "Committee") is currently chaired by H Furman and comprised, during the year to date, H Furman and M Wainwright. Remuneration packages are determined with reference to market remuneration levels, individual performance and the financial position of the Company.

Executive directors are granted a retainer which is reviewed at regular intervals.

The executive director does not have a service contract.

Directors

The remuneration of the individual directors is as follows:

| Director | Salary £ | Total 2013 £ | Total 2012 £ |
|--------------|-------------|--------------------|--------------------|
| M A Alikhani | 62,000 | 62,000 | 62,000 |
| M Wainwright | 25,000 | 25,000 | 25,000 |
| H Furman | 25,000 | 25,000 | 25,000 |
| Total | 112,000 | 112,000 | 112,000 |

On behalf of the Remuneration Committee

H Furman

Committee Chairman

29 November 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 Group and Company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under the company law to prepare the Company statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs adopted by the EU,
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

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

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

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

REPORT OF THE INDEPENDENT AUDITORS

to the Members of Berkeley Mineral Resources Plc

We have audited the Consolidated and Parent Company financial statements ("the financial statements") which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Positions, the Consolidated and Company Statement of Cash Flow, the Consolidated and Company Statement of Changes in Equity and the related notes for the year ended 30 June 2013. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards ("IFRSs") as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Director's Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

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/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion

- the financial statements give a true and fair view of the state of the Group's and the Company's affairs as at 30 June 2013 and of the Group's loss for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion

The information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters

Under the Companies Act 2006 we are required to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read 'R Basra'.

Rajinder Basra
(Senior Statutory Auditor)
For and on behalf of
Cameron & Associates Limited
35-37 Lowlands Road
Harrow-on-the-Hill
Middlesex HA1 3AW

29 November 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**Year ended 30 June 2013**

| | <i>Notes</i> | <i>2013</i> £ | <i>2012</i> £ |
|---|--------------|-------------------------|-------------------------|
| CONTINUING OPERATIONS | | | |
| Other administrative expenses | | (1,254,194) | (1,479,833) |
| Total administrative expenses | | (1,254,194) | (1,479,833) |
| Finance expense | | — | — |
| Finance income | | 6,161 | 27,110 |
| Loss before tax | 6 | (1,248,033) | (1,452,723) |
| Taxation | 9 | — | — |
| LOSS FOR THE YEAR AFTER TAXATION ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | (1,248,033) | (1,452,723) |
| OTHER COMPREHENSIVE LOSS | | | |
| Exchange translation differences on foreign operation | | (524,682) | 172,462 |
| TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY | | (1,772,715) | (1,280,261) |
| LOSS PER ORDINARY SHARE | | | |
| Basic and diluted (pence) | 10 | (0.12)p | (0.14)p |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 30 June 2013**

Company No 02401127

| | Notes | 2013 £ | 2012 £ |
|--|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible exploration and evaluation assets | 11(a) | 15,252,295 | 9,877,922 |
| Property, plant and equipment | 12 | 170,267 | 37,329 |
| Prepayment for non-current assets | 11(b) | 4,226,467 | 5,182,373 |
| | | <u>19,649,029</u> | <u>15,097,624</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 14(b) | 414,632 | 37,205 |
| Cash and cash equivalents | 14(c) | 297,293 | 4,387,490 |
| | | <u>711,925</u> | <u>4,424,695</u> |
| TOTAL ASSETS | | <u>20,360,954</u> | <u>19,522,319</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 432,850 | 251,445 |
| Total current liabilities | | <u>432,850</u> | <u>251,445</u> |
| Non current liabilities | | | |
| Deferred tax | 15 | 1,973,482 | 1,888,537 |
| Total non current liabilities | | <u>1,973,482</u> | <u>1,888,537</u> |
| TOTAL LIABILITIES | | <u>2,406,332</u> | <u>2,139,982</u> |
| NET ASSETS | | <u>17,954,622</u> | <u>17,382,337</u> |
| EQUITY | | | |
| Share capital | 17 | 18,281,348 | 17,581,348 |
| Share premium | | 17,169,957 | 15,524,957 |
| Warrant reserve | 19 | 2,287,342 | 2,173,624 |
| Merger reserve | | 1,824,000 | 1,824,000 |
| Translation reserve | | (272,357) | 252,325 |
| Retained earnings | | (21,335,668) | (19,973,917) |
| TOTAL EQUITY | | <u>17,954,622</u> | <u>17,382,337</u> |
| EQUITY ATTRIBUTABLE TO: | | | |
| EQUITY HOLDERS OF THE COMPANY | | 17,758,823 | 17,186,538 |
| NON-EQUITY HOLDERS OF THE COMPANY | | 195,799 | 195,799 |
| | | <u>17,954,622</u> | <u>17,382,337</u> |

The financial statements of Berkeley Mineral Resources Plc were approved and authorised for issue by the Board of Directors on 29 November 2013. They were signed on its behalf by

M Ali Khan
Director

CONSOLIDATED STATEMENT OF CASH FLOW

Year ended 30 June 2013

| | <i>Notes</i> | <i>2013</i> £ | <i>2012</i> £ |
|--|--------------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Loss before tax | | (1,248,033) | (1,452,723) |
| Adjustments to reconcile net losses to cash utilised | | | |
| Depreciation of property, plant and equipment | | 47,327 | 11,503 |
| Finance income | | (6,161) | (27,110) |
| | | <u>(1,206,867)</u> | <u>(1,468,330)</u> |
| Operating cash outflows before movements in working capital | | | |
| Changes in | | | |
| Trade and other receivables | | (377,427) | 72,490 |
| Trade and other payables | | (15,755) | (251,033) |
| | | <u>(1,600,049)</u> | <u>(1,646,873)</u> |
| Net cash outflow from operating activities | | | |
| Investing activities | | | |
| Interest received | | 6,161 | 27,110 |
| Purchases of intangible exploration and evaluation assets | | (1,327,492) | (490,477) |
| Purchases of property, plant and equipment | | (180,541) | (49,132) |
| Prepayment of non-current assets | | (984,306) | (4,182,373) |
| | | <u>(2,486,178)</u> | <u>(4,694,872)</u> |
| Net cash outflow from investing activities: | | | |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares and warrants | | — | 53,300 |
| | | <u>—</u> | <u>53,300</u> |
| Net cash inflow from financing activities | | | |
| | | <u>—</u> | <u>53,300</u> |
| Net decrease in cash and cash equivalents | | (4,086,227) | (6,288,445) |
| Effect of foreign exchange rate changes | | (3,970) | 24,981 |
| Cash and cash equivalents at beginning of year | | 4,387,490 | 10,650,954 |
| | | <u>297,293</u> | <u>4,387,490</u> |
| Cash and cash equivalents at end of year | | | |

Significant non cash transaction

70 million 1p ordinary shares were issued at 3 35p as part of consideration for the acquisition of intangible exploration and evaluation assets at Kabwe mine

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**Year ended 30 June 2013**

| | Share capital £ | Share premium £ | Warrant reserve £ | Merger reserve £ | Translation reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|-----------------------|-------------------------|------------------------|-----------------------------|---------------------------|----------------------|
| As at 1 July 2011 | 17,528,048 | 15,524,957 | 1,508,457 | 1,824,000 | 79,863 | (17,856,027) | 18,609,298 |
| Total comprehensive loss for the year | – | – | – | – | 172,462 | (1,452,723) | (1,280,261) |
| Issue of shares | 53,300 | – | – | – | – | – | 53,300 |
| Transfer on amendment of warrant terms | – | – | 665,167 | – | – | (665,167) | – |
| As at 30 June 2012 | 17,581,348 | 15,524,957 | 2,173,624 | 1,824,000 | 252,325 | (19,973,917) | 17,382,337 |
| Total comprehensive loss for the year | – | – | – | – | (524,682) | (1,248,033) | (1,772,715) |
| Issue of shares | 700,000 | 1,645,000 | – | – | – | – | 2,345,000 |
| Transfer on amendment of warrant terms | – | – | 113,718 | – | – | (113,718) | – |
| As at 30 June 2013 | 18,281,348 | 17,169,957 | 2,287,342 | 1,824,000 | (272,357) | (21,335,668) | 17,954,622 |

Reserves Description and purpose

- Share capital – amount subscribed for share capital at nominal value
- Share premium – amounts subscribed for share capital in excess of nominal value
- Warrant reserve – amount arising on the issue of warrants during the year
- Merger reserve – amount arising in 1994 for the issue of shares for non-cash consideration
- Translation reserve – amounts arising on re-translating the net assets of overseas operations into the presentational currency
- Retained earnings – cumulative net gains and losses recognised in the consolidated income statement



COMPANY STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

Company No 02401127

| | Notes | 2013 £ | 2012 £ |
|-----------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 43,268 | 3,119 |
| Investment in subsidiaries | 13 | 6,177,952 | 6,081,227 |
| Prepayment for non-current assets | 11(b) | 4,226,466 | 3,117,094 |
| TOTAL NON-CURRENT ASSETS | | 10,447,686 | 9,201,440 |
| CURRENT ASSETS | | | |
| Receivable from subsidiaries | 14(a) | 8,050,829 | 3,861,685 |
| Trade and other receivables | 14(b) | 186,461 | 33,448 |
| Cash and cash equivalents | 14(c) | 259,808 | 4,383,692 |
| | | 8,497,098 | 8,278,825 |
| TOTAL ASSETS | | 18,944,784 | 17,480,265 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 16 | 416,947 | 237,277 |
| TOTAL LIABILITIES | | 416,947 | 237,277 |
| NET ASSETS | | 18,527,837 | 17,242,988 |
| EQUITY | | | |
| Share capital | 17 | 18,281,348 | 17,581,348 |
| Share premium | | 17,169,957 | 15,524,957 |
| Warrant reserve | | 2,287,342 | 2,173,624 |
| Merger reserve | 19 | 1,824,000 | 1,824,000 |
| Retained earnings | | (21,034,810) | (19,860,941) |
| TOTAL EQUITY | | 18,527,837 | 17,242,988 |

The financial statements of Berkeley Mineral Resources Plc were approved and authorised for issue by the Board of Directors on 29 November 2013. They were signed on its behalf by

M Alkhan
Director



COMPANY STATEMENT OF CASH FLOW

Year ended 30 June 2013

| | <i>Notes</i> | 2013 £ | 2012 £ |
|--|--------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Loss before tax | | (1,060,151) | (1,352,676) |
| Adjustments to reconcile net losses to cash utilised | | | |
| Depreciation | | 780 | — |
| Finance income | | (6,161) | (27,110) |
| | | <u> </u> | <u> </u> |
| OPERATING CASH OUTFLOWS BEFORE MOVEMENTS IN WORKING CAPITAL | | (1,065,532) | (1,379,786) |
| Changes in | | | |
| Trade and other receivables | | (1,925,063) | (1,090,643) |
| Trade and other payables | | (17,490) | (265,202) |
| | | <u> </u> | <u> </u> |
| NET CASH OUTFLOW FROM OPERATING ACTIVITIES | | (3,008,085) | (2,735,631) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Interest received | | 6,161 | 27,110 |
| Investment in subsidiary | | (96,725) | (490,977) |
| Purchase of property, plant and equipment | | (40,930) | (3,119) |
| Prepayment of non-current assets | | (984,305) | (3,117,094) |
| | | <u> </u> | <u> </u> |
| NET CASH FLOW FROM INVESTING ACTIVITIES | | (1,115,799) | (3,584,080) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from share and warrant issues | | — | 53,300 |
| Net cash generated from financing activities | | — | 53,300 |
| | | <u> </u> | <u> </u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | | (4,123,884) | (6,266,411) |
| Cash and cash equivalents at beginning of year | | 4,383,692 | 10,650,103 |
| | | <u> </u> | <u> </u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | 259,808 | 4,383,692 |

Significant non cash transaction

70 million 1p ordinary shares were issued at 3.35p as part of consideration for the acquisition of intangible exploration and evaluation assets at Kabwe mine

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

| | Share capital £ | Share premium £ | Warrant reserve £ | Merger reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|-----------------------|-------------------------|------------------------|---------------------------|----------------------|
| As at 30 June 2011 | 17,528,048 | 15,524,957 | 1,508,457 | 1,824,000 | (17,843,098) | 18,542,364 |
| Total comprehensive loss for the year | – | – | – | – | (1,352,676) | (1,352,676) |
| Issue of shares | 53,300 | – | – | – | – | 53,300 |
| Transfer on amendment of warrant terms | – | – | 665,167 | – | (665,167) | – |
| As at 30 June 2012 | 17,581,348 | 15,524,957 | 2,173,624 | 1,824,000 | (19,860,941) | 17,242,988 |
| Total comprehensive loss for the year | – | – | – | – | (1,060,151) | (1,060,151) |
| Issue of shares | 700,000 | 1,645,000 | – | – | – | 2,345,000 |
| Transfer on amendment of warrant terms | – | – | 113,718 | – | (113,718) | – |
| As at 30 June 2013 | 18,281,348 | 17,169,957 | 2,287,342 | 1,824,000 | (21,034,810) | 18,527,837 |

Reserves Description and purpose

- Share capital – amount subscribed for share capital at nominal value
- Share premium – amounts subscribed for share capital in excess of nominal value
- Warrant reserve – amount arising on the issue of Warrants during the year
- Merger reserve – amount arising in 1994 for the issue of shares for non-cash consideration
- Translation reserve – amounts arising on re-translating the net assets of overseas operations into the presentational currency
- Retained earnings – cumulative net gains and losses recognised in the consolidated income statement

NOTES TO THE ACCOUNTS

Year ended 30 June 2013

1 GENERAL INFORMATION

Berkeley Mineral Resources PLC (the 'Company'), is incorporated and domiciled in the United Kingdom. It was incorporated under the name of Ashchurch Exploration PLC and after various name changes, on 3rd March 2008 changed its name to Berkeley Mineral Resources PLC. The address of the registered office is 6 Derby Street, London, W1J 7AD.

The nature of the Group's operations and its principal activity is that of the acquisition, evaluation and development of mineral stockpiles in particular tailings. The Group's projects are located in Zambia.

2 ADOPTION OF NEW AND REVISED STANDARDS

The financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 30 June 2012.

In the current year, the following new and revised Standards have been adopted. The adoption of these standards, interpretations and amendments did not materially impact the Group.

International Financial Reporting Interpretations (IFRIC)

| | |
|----------|---|
| IFRIC 19 | Extinguishing financial liability with equity instruments |
| IFRIC 14 | Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction |

The following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been endorsed by the EU). The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Company or the Group.

| | |
|------------------|--|
| IFRS 1 (amended) | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters |
| IFRS 1 (amended) | Government Loans |
| IFRS 7 (amended) | Disclosures – Transfers of Financial Assets, |
| IFRS 7 (amended) | Offsetting Financial Assets and Financial Liabilities |
| IFRS 9 | Financial Instruments |
| IFRS 10 | Consolidated Financial Statements |
| IFRS 11 | Joint Arrangements |
| IFRS 12 | Disclosure of Interests in Other Entities |
| IFRS 13 | Fair Value Measurement |
| IAS 12 (amended) | Deferred Tax – Recovery of Underlying Assets |
| IAS 1 (amended) | Presentation of Items of Other Comprehensive Income |
| IAS 19 (amended) | Employee benefits |
| IAS 27 | Separate Financial Statements |
| IAS 28 | Investments in Associates and Joint Ventures |
| IAS 32 (amended) | Presentation – Offsetting Financial Assets and Financial Liabilities |
| IFRIC 20 | Stripping costs in the production phase of a surface mine |

3 (a) SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU') and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The principal accounting policies adopted are set out below.

The Group financial information is presented in Pounds Sterling (£). For reference the year end exchange rate from Pounds Sterling to US Dollar was 1.52 and Pounds Sterling to Zambian Kwacha was 8.42.

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its Income Statement for the year. The Company reported a loss for the financial year ended 30 June 2013 of £1,060,151 (2012 £1,352,676)

Going concern

Operational and Capex requirements

At the date of approval of the financial statements, based on current forecasts and funding available, the Company has sufficient resources to continue to meet its obligations as they fall due

However in order to advance all of the projects the Company will need to raise additional funds. Following the year end, the Company raised £1.1 million through the exercise of warrants, which is currently being utilised to progress the development projects and fund ongoing expenditure. The Company is also in negotiations for off-take arrangements with a number of parties.

With the proposed and planned finance and with positive cash flow from both the lead & zinc and copper operations as detailed below, the Directors expect the Company to have adequate financial resources to meet its requirements for the foreseeable future and accordingly they are confident that the Company will continue as a going concern and have prepared the financial statements on that basis.

Lead and zinc – Kabwe

The Group has in place a detailed Definitive Feasibility Study for Kabwe lead and zinc and the Company expects the positive cash flow for this to commence in the second quarter of 2014.

Copper – Kabwe

Based on internal analysis by technically qualified management, the copper processing at Kabwe, following ramping up to the plant nameplate capacity, is also expected to be cash positive at operating level at an annualized estimated rate of US\$3 million following the second quarter of 2014 with initial cashflow commencing earlier.

Copper – Ndola/Chingola

The Company is also putting in place plans for a modular facility to process the copper tailings in the Ndola/Chingola areas and expects this to become cash positive during the third quarter of 2014.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Board of Directors.

Foreign currencies

The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in £, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of each Group company ('foreign currencies') are recorded in the functional currency at



NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

3(a). SIGNIFICANT ACCOUNTING POLICIES (CONT)

the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation and amortisation is charged so as to write off the cost or valuation of assets, other than land, over their estimated useful lives, using the straight-line method, on the following bases

| | |
|----------------|-----|
| Motor vehicles | 25% |
| Other | 25% |

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income

Impairment of property, plant and equipment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value for money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible exploration and evaluation assets

The Group applies the full cost method of accounting for Exploration and Evaluation ('E&E') costs, having regard to the requirements of IFRS 6 Exploration for and Evaluation of Mineral Resources. Under the full cost method of accounting, costs of exploring for and evaluating mineral resources are accumulated by reference to appropriate cost centres being the appropriate licence area, but are tested for impairment on a cost pool basis as described below.

E&E assets comprise costs of (i) E&E activities that are ongoing at the balance sheet date, pending determination of whether or not commercial reserves exist and (ii) costs of E&E activities associated with adding to the commercial reserves of an established cost pool, did not result in the discovery of commercial reserves.

Costs incurred prior to having obtained the legal rights to explore an area are expensed directly to the income statement as they are incurred.

Exploration and Evaluation costs

All costs of E&E are initially capitalised as E&E assets. Payments to acquire the legal right to explore, costs of technical services and studies, seismic acquisition, exploratory drilling and testing are capitalised as intangible E&E assets.

Such costs include directly attributable overheads, including the depreciation of property, plant and equipment utilised in E&E activities, together with the cost of other materials consumed during the exploration and evaluation phases.

Treatment of E&E assets at conclusion of appraisal activities

Intangible E&E assets related to each exploration licence/prospect are carried forward, until the existence (or otherwise) of commercial reserves has been determined. If commercial reserves have been discovered, the related E&E assets are assessed for impairment on a cost pool basis as set out below and any impairment loss of the relevant E&E assets is the reclassified as development and production assets.

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

3(a) SIGNIFICANT ACCOUNTING POLICIES (CONT)

Impairment of E&E assets

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such indicators include, but are not limited to, those situations outlined in paragraph 20 of IFRS 6 Exploration for and Evaluation of Mineral Resources and include the point at which a determination is made as to whether or not commercial reserves exist.

Where there are indications of impairment, the E&E assets concerned are tested for impairment. Where the E&E assets concerned fall within the scope of an established full cost pool, the E&E assets are tested for impairment together with all development and production assets associated with that cost pool, as a single cash generating unit.

The aggregate carrying value is compared against the expected recoverable amount of the pool, generally by reference to the present value of the future net cash flows expected to be derived from production of commercial reserves. Where the E&E assets to be tested fall outside the scope of any established cost pool, there will generally be no commercial reserves and the E&E assets concerned will generally be written off in full.

Any impairment loss is recognised in the income statement as additional depreciation and amortisation, and separately disclosed.

The Group considers the whole of Zambia to be one cost pool and therefore aggregates all Zambian assets for the purpose of determining whether an impairment of E&E assets has occurred.

Investment in Subsidiaries

In the Company's financial statements, investment in subsidiaries are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable.

Related party transactions

IAS 24, 'Related Party Disclosures' requires the disclosure of the details of transactions between the reporting entity and related parties. In the consolidated financial statements, all transactions between Group companies are eliminated.

Financial instruments

Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

De-recognition of financial assets and financial liabilities

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it has to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of a financial asset classified as available for sale, a significant or prolonged decline in the fair value of the financial asset below its cost is considered as an indicator that the financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on financial assets are not reversed through the income statement.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resource will result and that outflow can be reliably measured.

Rehabilitation

Provisions are made for the estimated rehabilitation costs relating to areas disturbed during exploration activities up to reporting date but not yet rehabilitated. Changes in estimate are dealt with on a prospective basis as they arise.

Share-based payments

The Group has applied IFRS 2 Share-based Payment for all grants of equity instruments.

The Group issues equity-settled share-based payments to its employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

Fair value is measured using the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The inputs to the model include the share price at the date of grant, exercise price, expected volatility, risk-free rate of interest.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

For the purposes of the disclosures given in note 20, the Group considers its capital to be total equity. There have been no changes in what the Group considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

i) Recoverability of exploration and evaluation assets

Determining whether an exploration and evaluation asset is impaired requires an assessment of whether there are any indicators of impairment, including by reference to specific impairment indicators prescribed in IFRS 6 Exploration for and Evaluation of Mineral Resources. If there is any indication of potential

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT)

impairment, an impairment test is required based on value in use of the asset. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of the Group's exploration and evaluation assets at the balance sheet date was £15,252,295 (2012 £9,877,922) and no impairment was identified or recognised.

ii) Provisions for liabilities

As a result of exploration activities the Group is required to make provision for rehabilitation. Significant uncertainty exists as to the amount of rehabilitation obligations which may be incurred due to the impact of possible changes in environmental legislation. Due to the early stage of exploration activity no significant damage has been caused and, therefore, no provision has been recognised at 30 June 2013 (2012 £nil) in the Group and the Company balance sheets.

iii) Share based compensation

In order to calculate the charge for share-based compensation as required by IFRS 2, the Group makes estimates principally relating to the assumptions used in its option-pricing model as set out in note 18.

5 SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decision, has been identified as the Board of Directors.

The Board of Directors considers there to be only one operating segment, the exploitation and development of mineral resources and only one geographical segment being Zambia. Therefore no additional segmental information is presented.

6 LOSS FOR THE YEAR

The loss for the year has been arrived at after charging / (crediting)

| | 2013 | 2012 |
|---|----------|----------|
| | £ | £ |
| Depreciation of property, plant and equipment (note 12) | 47,327 | 11,503 |
| Staff costs (note 8) | 188,337 | 295,691 |
| Net foreign exchange gains | (38,257) | (80,477) |

7 AUDITORS REMUNERATION

Amounts payable in respect of audit of the Company's annual accounts were £14,000 (2012 £14,000). No other services were provided by Company's auditors.

8. STAFF COSTS

| | 2013 | 2012 |
|---|---------|---------|
| | Number | Number |
| The average monthly number of employees (including Directors) was | 7 | 7 |
| Directors | 3 | 3 |
| | <hr/> | <hr/> |
| | £ | £ |
| Their aggregate remuneration comprised | | |
| Wages and salaries | 155,859 | 112,000 |
| Pension | 12,000 | 170,000 |
| Social security costs | 20,478 | 13,691 |
| | <hr/> | <hr/> |
| | 188,337 | 295,691 |

Included within staff costs, £124,330 (£2012 £125,691) relates to amounts in respect of Directors (see note 21).

9. TAXATION

| | 2013 £ | 2012 £ |
|-------------------------------|-----------|-----------|
| Current tax | | |
| UK corporation tax – credit | – | – |
| Overseas taxation | – | – |
| | <u>–</u> | <u>–</u> |
| Deferred tax (note 15) | | |
| UK corporation tax | – | – |
| Overseas taxation | – | – |
| | <u>–</u> | <u>–</u> |

The taxation credit for each year can be reconciled to the loss per the consolidated income statement as follows

| | 2013 £ | 2012 £ |
|---|--------------------|--------------------|
| Loss before tax | (1,248,033) | (1,452,723) |
| Tax credit at the standard rate of tax in the UK 23% (2012: 24%) | 287,048 | 377,708 |
| Tax effect of non-deductable expense | (4,552) | (73,173) |
| Deferred tax asset not recognised | (282,496) | (304,535) |
| | <u>–</u> | <u>–</u> |
| Tax credit for the year | – | – |

10. LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the consolidated net loss for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. The calculation of the basic and diluted loss per share is based on the following data

| | 2013 £ | 2012 £ |
|---|----------------------|----------------------|
| Loss after tax | | |
| Loss for the purposes of basic loss per share being consolidated net loss attributable to equity holders of the Company | 1,248,033 | 1,452,723 |
| | <u>1,248,033</u> | <u>1,452,723</u> |
| | | |
| Number of shares | | |
| Weighted average number of ordinary shares for the purposes of basic loss per share | 1,069,207,374 | 1,009,184,669 |
| | <u>1,069,207,374</u> | <u>1,009,184,669</u> |
| | | |
| Loss per ordinary share | | |
| Basic and diluted | 0.12p | 0.14p |
| | <u>0.12p</u> | <u>0.14p</u> |

At the balance sheet date there were 276,357,645 (2012: 284,929,073) potentially dilutive Ordinary Shares. Potentially dilutive ordinary shares relate to warrants and share options issued to directors, staff and consultants. In 2012 and the prior year, the potential Ordinary shares are anti-dilutive and therefore the diluted loss per share has not been calculated.

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

11(a). INTANGIBLE EXPLORATION AND EVALUATION ASSETS

| | Group £ |
|--|--------------------|
| At 1 July 2011 | 9,225,566 |
| Additions | 490,977 |
| Foreign exchange difference | 161,379 |
| At 30 June 2012 | 9,877,922 |
| Additions | 3,433,483 |
| Transfer from prepaid non-current assets | 2,137,373 |
| Foreign exchange difference | (196,483) |
| At 30 June 2013 | 15,252,295 |

During the year 70 million 1p ordinary shares were issued at 3 35p as part of consideration for the acquisition of intangible exploration and evaluation assets at Kabwe mine

11(b). PREPAYMENT FOR NON-CURRENT ASSETS

| | Group £ | Company £ |
|--|--------------------|----------------------|
| At 1 July 2012 | 5,182,373 | 3,117,094 |
| Transfer to investment in subsidiary | — | (72,094) |
| Transfer to Intangible Exploration and Evaluation Assets | (2,137,373) | — |
| Additions | 1,181,467 | 1,181,467 |
| At 30 June 2013 | 4,226,467 | 4,226,467 |

12 PROPERTY PLANT AND EQUIPMENT

| | Motor vehicles £ | Other £ | Total £ |
|---------------------------------|------------------------|-----------------|-----------------|
| GROUP | | | |
| Cost | | | |
| At 1 July 2011 | — | 12,871 | 12,871 |
| Additions | 36,095 | 13,037 | 49,132 |
| Foreign exchange difference | (338) | (156) | (494) |
| At 1 July 2012 | 35,757 | 25,752 | 61,509 |
| Additions | 44,910 | 135,632 | 180,541 |
| Foreign exchange difference | (787) | (153) | (940) |
| At 30 June 2013 | 79,880 | 161,231 | 241,111 |
| Accumulated depreciation | | | |
| At 1 July 2011 | — | (12,871) | (12,871) |
| Charge for the year | (9,023) | (2,480) | (11,503) |
| Foreign exchange difference | 78 | 116 | 194 |
| At 1 July 2012 | (8,945) | (15,235) | (24,180) |
| Charge for the year | (20,186) | (27,140) | (47,326) |
| Foreign exchange difference | 418 | 244 | 662 |
| At 30 June 2013 | (28,713) | (42,131) | (70,844) |
| Carrying amount | | | |
| At 30 June 2013 | 51,167 | 119,100 | 170,267 |
| At 30 June 2012 | 26,812 | 10,617 | 37,329 |



| | Other £ | Total £ |
|---------------------------------|-----------------|-----------------|
| COMPANY | | |
| Cost | | |
| At 1 July 2011 | 12,871 | 12,871 |
| Additions | 3,119 | 3,119 |
| At 1 July 2012 | 15,990 | 15,990 |
| Additions | 40,929 | 40,929 |
| At 30 June 2013 | 56,919 | 56,919 |
| Accumulated depreciation | | |
| At 1 July 2011 | (12,871) | (12,871) |
| Charge for the year | — | — |
| At 1 July 2012 | (12,871) | (12,871) |
| Charge for the year | (780) | (780) |
| At 30 June 2013 | (13,651) | (13,651) |
| Carrying amount | | |
| At 30 June 2013 | 43,268 | 43,268 |
| At 30 June 2012 | 3,119 | 3,119 |

The Enviro Group had no revenues in either the current or prior year

13 INVESTMENT IN SUBSIDIARIES

Company

| | £ |
|---------------------------|------------------|
| At 1 July 2011 | 5,590,250 |
| Additions during the year | 490,977 |
| At 1 July 2012 | 6,081,227 |
| Additions during the year | 96,725 |
| At 30 June 2013 | 6,177,952 |

The Company had investment in the following subsidiary undertakings at 30 June 2013 and 30 June 2012

| Name | Activity | Country of incorporation and operation | Ordinary Shares held Company | Ordinary shares held Group |
|---------------------------|---------------------|--|------------------------------------|----------------------------------|
| Enviro Mining Limited | Holding Company | Mauritius | 100% | 100% |
| Enviro Processing Limited | Tailings processing | Zambia | — | 100% |
| Enviro Props Limited | Property holding | Zambia | — | 100% |

In addition at 30 June 2013, the Company had investments in the following subsidiaries all of which were non-trading

Ordinary

| Name | Activity | Country of incorporation | Shares held by Group and Company |
|---------------------------------|---------------------|-----------------------------|--|
| Mukuba Chemical Enterprises Ltd | Asset holding | Zambia | 74% |
| Ndola Mineral Resources Ltd | Tailings processing | Zambia | 80% |
| Sensele Mineral Resources Ltd | Tailings processing | Zambia | 80% |
| Mfubu Mineral Resources Ltd | Tailings processing | Zambia | 80% |
| Butale Mineral Resources Ltd | Tailings processing | Zambia | 80% |

**NOTES TO THE ACCOUNTS (CONT)**

Year ended 30 June 2013

14(a). RECEIVABLE FROM SUBSIDIARIES

| | 2013 £ | 2012 £ |
|------------------------------|-------------------------|-------------------------|
| Company | | |
| Receivable from subsidiaries | <u>8,050,829</u> | <u>3,861,685</u> |

These receivables are repayable on demand and are interest free

14(b) TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--------------------------|-----------------------|----------------------|-----------------------|----------------------|
| | 2013 £ | 2012 £ | 2013 £ | 2012 £ |
| Group and Company | | | | |
| Prepayment | 263,603 | 4,214 | 49,527 | 4,214 |
| Other receivables | 132,489 | 25,461 | 125,720 | 21,704 |
| VAT recoverable | 18,540 | 7,530 | 11,214 | 7,530 |
| | <u>414,632</u> | <u>37,205</u> | <u>186,461</u> | <u>33,448</u> |

The fair value of trade and other receivables is not significantly different from the carrying value and none of the balances are past due

14(c) CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents as at 30 June 2013 of £297,293 (2012 £4,387,490) comprise cash at bank and in hand

The Company's cash and cash equivalents as at 30 June 2013 of £259,808 (2012 £4,383,692) comprise cash at bank and in hand

The Directors consider that the carrying amount of these assets approximates their fair value

15 DEFERRED TAX

Differences between IFRS and statutory tax rules (in the United Kingdom and elsewhere) give rise to temporary differences between the carrying values of certain assets and liabilities for financial reporting purposes and for income tax purposes

At 30 June 2013, the Company and Group are carrying forward estimated tax losses of £5.8m (2012 £4.6m) in respect of various activities over the years

| | |
|-----------------------------|------------------|
| Deferred tax liabilities | – |
| At 30 June 2011 | 1,874,438 |
| Foreign exchange difference | 14,099 |
| | <u>1,888,537</u> |
| At 30 June 2012 | 84,945 |
| Foreign exchange difference | |
| | <u>1,973,482</u> |
| At 30 June 2013 | |

The deferred tax liabilities arose on the acquisition of exploration and evaluation assets in 2011. These will be released to the income statement as the fair value of the related exploration and evaluation assets is amortised.

16 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Trade payables | 110,957 | 59,800 | 110,957 | 45,632 |
| Other taxes and social security | 45,263 | 8,125 | 45,263 | 8,125 |
| Other payables | 217,790 | 88,520 | 217,790 | 88,520 |
| Accruals | 58,840 | 95,000 | 42,937 | 95,000 |
| | 432,850 | 251,445 | 416,947 | 237,277 |

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs

17 SHARE CAPITAL

As permitted by the Companies Act 2006, the Company does not have an authorised share capital (2012 nil)

| | 2013 | | 2012 | |
|-------------------------------|---------------|-------------------|---------------|-------------------|
| | Number | £ | Number | £ |
| Issued equity share capital | | | | |
| Issued and fully paid | | | | |
| Ordinary shares of £0.01 each | 1,083,039,792 | 10,830,398 | 1,013,039,792 | 10,130,398 |
| (see movements below) | | | | |
| Non-equity deferred shares | | | | |
| of £0.01 each | 19,579,925 | 195,799 | 19,579,925 | 195,799 |
| Deferred shares of £0.04 each | 181,378,766 | 7,255,151 | 181,378,766 | 7,255,151 |
| | | 18,281,348 | | 17,581,348 |

The deferred 1p shares confer no rights to vote at a general meeting of the Company or to a dividend. On a winding-up the holders of the deferred shares are only entitled to the paid up value of the shares after the repayment of the capital paid on the ordinary shares and £5,000,000 on each ordinary share.

The deferred shares of 4p each have no rights to vote or to participate in dividends and carry limited rights on return of capital.

Shares issued during the year

| | Number of shares | Nominal value £ |
|--|----------------------|-------------------|
| At 1 July 2011 | 1,007,709,792 | 10,077,098 |
| Ordinary shares issued during the year (see below) | 5,330,000 | 53,300 |
| At 30 June 2012 | 1,013,039,792 | 10,130,398 |
| Ordinary shares issued during the year | 70,000,000 | 700,000 |
| At 30 June 2013 | 1,083,039,792 | 10,830,398 |
| | Number of shares | Consideration £ |
| Shares issued | | |
| 21 March 2012, (share option exercise) at £0.01 each | 5,330,000 | 53,300 |
| At 30 June 2012 | 5,330,000 | 53,300 |
| 7 September 2012 at £0.01 each | 45,000,000 | 1,507,500 |
| 18 September 2012 at £0.01 each | 25,000,000 | 837,500 |
| At 30 June 2013 | 70,000,000 | 2,345,000 |

During the year 70 million ordinary shares of 1p each were issued at 3.35p as part of the consideration for the acquisition of the remaining surface rights, land and other assets at Kabwe mine.

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

18. SHARE BASED PAYMENTS

Equity settled share-based payments

The Company has a share option scheme for directors, employees and consultants

EQUITY-SETTLED SHARE OPTIONS AND WARRANTS SCHEMES

| Name | Price | Note | 30 June 2012 or date of appointment Number | Lapsed Number | Granted during the year Number | Reclassi- fication Number | Exercised during the year Number | 30 June 2013 or date of resignation Number |
|---|-------|------|---|--------------------|---|---------------------------------|---|---|
| SHARE OPTIONS | | | | | | | | |
| M Alikhani | 1p | A | 7,000,000 | — | — | — | — | 7,000,000 |
| M Alikhani | 3p | B | 5,000,000 | — | — | — | — | 5,000,000 |
| M Alikhani | 9p | C | 3,597,000 | — | — | — | — | 3,597,000 |
| M Wainwright | 3p | B | 2,000,000 | — | — | — | — | 2,000,000 |
| M Wainwright | 9p | C | 1,000,000 | — | — | — | — | 1,000,000 |
| H Furman | 3p | B | 2,000,000 | — | — | — | — | 2,000,000 |
| H Furman | 9p | C | 1,000,000 | — | — | — | — | 1,000,000 |
| Staff and consultants | 1p | A | 11,420,000 | — | — | — | — | 11,420,000 |
| Other staff and consultants | 3p | B | 28,625,000 | — | — | — | — | 28,625,000 |
| Other staff and consultants | 9p | C | 14,298,979 | — | — | — | — | 14,298,979 |
| Total Share Options | | | 75,940,979 | — | — | — | — | 75,940,979 |
| SHARE WARRANTS | | | | | | | | |
| Other shareholders | 9p | D | 8,571,428 | (8,571,428) | — | — | — | — |
| Other shareholders | 6p | E | 127,916,666 | — | — | — | — | 127,916,666 |
| Other shareholders | 6p | F | 72,500,000 | — | — | — | — | 72,500,000 |
| Total Share Warrants | | | 208,988,094 | (8,571,428) | — | — | — | 200,416,666 |
| Total Share Options and Warrants | | | 284,929,073 | (8,571,428) | — | — | — | 276,357,645 |

NOTE

Note A – Exercisable at any time before 7 May 2014

Note B – Exercisable at any time before 15 October 2015

Note C – Exercisable at any time before 26 April 2016

Note D – Exercisable at any time before 24 November 2012

Note E – Exercisable at any time before 24 October 2013 (after the terms amendment, see below)

Note F – Exercisable at any time before 28 June 2014

Warrants

There were no warrants exercised during the year

On 24 October 2012, the Company agreed to amend the terms of 127,916,666 outstanding warrants by extending the exercise date to 24 April 2013. As a result of this amendment the increase in fair value of the warrants was determined at the date of the amendment using Black Scholes model, using the following inputs

| | |
|--------------------------------------|----------|
| Share price at the date of amendment | 2.92p |
| Strike price | 6p |
| Volatility | 75% |
| Expected life | 6 months |
| Risk free rate | 1% |

The resultant increase of the fair value of the warrants was determined to be £110,392, which was transferred to the warrant reserve from retained earnings

On 24 April 2013, the Company agreed to amend the terms of 127,916,666 outstanding warrants by further extending the exercise date to 24 October 2013. As a result of this amendment the increase in fair value of the warrants was determined at the date of the amendment using Black Scholes model, using the following inputs

| | |
|--------------------------------------|----------|
| Share price at the date of amendment | 2.28p |
| Strike price | 6p |
| Volatility | 54% |
| Expected life | 6 months |
| Risk free rate | 1% |

The resultant increase of the fair value of the warrants was determined to be £3,326 which was transferred to the warrant reserve from retained earnings

On 24 April 2012, the Company agreed to amend the terms of 127,916,666 outstanding warrants by extending the exercise date to 24 October 2012

19. WARRANT RESERVE

Proceeds from the issuance of warrants, net of issue costs, are credited to warrant reserve. Warrant reserve is non-distributable and will be transferred to share premium account upon the exercise of warrants. Balance of warrant reserve in relation to the unexercised warrants at the expiry of the warrants period will be transferred to accumulated profits.

20. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to shareholders.

The capital resources of the Group comprises issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity. The Group's primary objective is to provide a return to its equity shareholders through capital growth. Going forward the Group will seek to maintain a yearly ratio that balances risks and returns of an acceptable level and also to maintain a sufficient funding base to the Group to meet its working capital and strategic investment needs.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the Consolidated Financial Statements.

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

20. FINANCIAL INSTRUMENTS (CONT)*Categories of financial instruments*

| | 2013 | 2012 |
|---|----------------|------------------|
| Group | £ | £ |
| Financial assets | | |
| Cash and cash equivalents | 297,293 | 4,387,490 |
| Other receivables classified as loans and receivables at amortised cost | 151,029 | 32,991 |
| | 448,322 | 4,420,481 |
| Financial liabilities classified as held at amortised cost | | |
| Trade and other payables | 374,010 | 156,445 |
| | 374,010 | 156,445 |
| Company | | |
| Financial assets | | |
| Cash and cash equivalents | 259,808 | 4,383,692 |
| Other receivables classified as loans and receivables at amortised cost | 136,934 | 29,234 |
| | 396,742 | 4,412,926 |
| Financial liabilities classified as held at amortised cost | | |
| Trade and other payables | 374,010 | 142,277 |
| | 374,010 | 142,277 |

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values.

Financial risk management objectives

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risks reports which analyse exposures by degree and magnitude of risks. These risks include foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Group has no committed borrowings, the Group is not exposed to any risks associated with fluctuations in interest rates on loans. Fluctuation in interest rates applied to cash balances held at the 2012 balance sheet date would have minimal impact on the Group.

Foreign exchange risk and foreign currency risk management

Foreign currency exposures are monitored on a monthly basis. Funds are transferred between the Sterling and US Dollar accounts in order to minimise foreign exchange risk. The Group holds the majority of its funds in Sterling.

The carrying amounts of the Group's and Company's foreign currency denominated financial assets and monetary liabilities at the reporting date are as follows

Group

| | Financial Liabilities | | Financial assets | |
|----------------|-----------------------|--------|------------------|---------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Zambian Kwacha | – | 10 113 | 42,090 | 3 322 |
| US Dollars | 197,160 | – | 265,600 | 283,519 |

Company

| | Financial Liabilities | | Financial assets | |
|----------------|-----------------------|------|------------------|---------|
| | 2013 | 2012 | 2013 | 2012 |
| | £ | £ | £ | £ |
| Zambian Kwacha | – | – | – | – |
| US Dollars | 197,160 | – | 262,880 | 283,519 |

Foreign currency sensitivity analysis

The Group is exposed primarily to movements in Sterling against the US Dollar. Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the US Dollar and Sterling. The analysis is based on a weakening and strengthening of Sterling by 10 per cent against the US Dollar in which the Group has assets and liabilities at the end of each respective period.

A movement of 10 per cent reflects a reasonably possible sensitivity when compared to historical movements over a three to five year timeframe. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ten per cent change in foreign currency rates.

A positive number below indicates an increase in profit where the US Dollar strengthens ten per cent against Sterling. For a ten per cent weakening of the US Dollar against Sterling, there would be an equal and opposite impact on the profit, and the balance below would be negative.

The following table details the Group's sensitivity to a ten per cent strengthening in the US Dollar against Sterling.

| | 2013 | 2012 |
|--|--------|--------|
| | £ | £ |
| (Decrease)/increase in income statement and net assets | 11,242 | 25,554 |

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not have any significant credit risk exposure on trade receivables.

The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

Liquidity risk management – Group and Company

Liquidity risk is the risk that the Group and Company will not be able to meet its financial obligations as they fall due.

NOTES TO THE ACCOUNTS (CONT)

Year ended 30 June 2013

20. FINANCIAL INSTRUMENTS (CONT)

The Group and Company aim to maintain appropriate cash balances in order to meet its liabilities as they fall due

Maturity analysis

Group**2013**

| | Total | on demand | in 1 month | Between 1 and 6 months | Between 6 and 12 months | Between 1 and 3 years |
|--------------------------|---------|-----------|------------|------------------------|-------------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ |
| Trade and other payables | 432,850 | 344,356 | 88,494 | — | — | — |

Company**2013**

| | Total | on demand | in 1 month | Between 1 and 6 months | Between 6 and 12 months | Between 1 and 3 years |
|--------------------------|---------|-----------|------------|------------------------|-------------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ |
| Trade and other payables | 416,947 | 328,453 | 88,494 | — | — | — |

Group**2012**

| | Total | on demand | in 1 month | Between 1 and 6 months | Between 6 and 12 months | Between 1 and 3 years |
|--------------------------|---------|-----------|------------|------------------------|-------------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ |
| Trade and other payables | 170,613 | 116,855 | 53,758 | — | — | — |

Company**2012**

| | Total | on demand | in 1 month | Between 1 and 6 months | Between 6 and 12 months | Between 1 and 3 years |
|--------------------------|---------|-----------|------------|------------------------|-------------------------|-----------------------|
| | £ | £ | £ | £ | £ | £ |
| Trade and other payables | 156,445 | 102,687 | 53,758 | — | — | — |

21. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

Transactions with Turner and Townsend (Pty) Limited

Turner and Townsend (Pty) Limited is a related party of the Group because Mark Wainwright (Non – Executive Director of the Group) is the key management personnel of Turner and Townsend (Pty) Limited's parent company where he holds a position of the managing director of the Mining and Metals team

During the year ended 30 June 2013 Turner and Townsend (Pty) Ltd were engaged to provide project management services in relation to the JORC resource verification of the Group's assets in Zambia. Turner and Townsend charged £nil (2012: £37,511) to the company for these services. At the year end there were no amounts owed by the Company to Turner and Townsend (Pty) Ltd (2012: nil)

There were no other transaction between the Company and Turner and Townsend (Pty) Ltd or its parent company

Directors' transactions

Transactions with the directors are shown in the Directors' Report

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures

| | 2013 | 2012 |
|------------------------------|----------------|----------------|
| | £ | £ |
| Short-term employee benefits | 112,000 | 112,000 |
| Social security cost | 12,330 | 13,691 |
| | 124,330 | 125,691 |

22 CONTRACTUAL ARRANGEMENTS**a) Phoenix Joint Venture**

During the year, BMR became interested in the acquisition of a 75% shareholding in Ndola Mineral Resources Limited ("NMR"), a newly incorporated Zambian company, with the intention of taking transfer of a Prospecting Permit/ Small Scale Mining Licence held by Phoenix Materials Limited ("Phoenix"). In terms of the agreement concluded by the Company during the year, Phoenix will hold a 25% free carry shareholding in NMR. The initial cash consideration payable by BMR to Phoenix was US\$300,000, additionally US\$30,000 exclusivity fee and US\$45,000 signing fee were paid. At the time Phoenix held a small scale Prospecting Permit and had applied to convert it to a Small Scale Mining Licence ("the Mining Licence") which was to be assigned to NMR when approved and issued. The mining licence was subsequently issued. Phoenix previously entered into a contract with another party in respect to these assets, the rights of the other party were assigned to BMR, under the Deed of Assignment, The Company has to pay a sum of US\$500,000, of which US\$200,000 has been paid, US\$100,000 has been recognized within accruals. In terms of the Assignment, the remaining US\$200,000 will be paid on fulfillment of certain conditions and relevant approvals under the agreement. At the year end, the rights to the assets have not been transferred, therefore payments made in relation to these agreements are reflected as "prepayments for non-current assets".

Post year end, a Joint Venture Agreement was concluded between the Company, Enviro Processing Limited ("EPL") and NMR and superseded all previous agreements. The purpose of the JV is to recover the copper bearing material from the waste dumps located in the area covered by the Mining Licence and deliver the dump tailings material to EPL for processing purposes. The business of the JV will be conducted by EPL. Phoenix will be paid US\$2.5 per tonne of copper bearing material delivered to EPL from the licence area with minimum payment of US\$37,500 per month. Shares in NMR will be transferred to Phoenix. Phoenix will transfer all the relevant licences and permits to NMR and in terms of the JV, make the assets of NMR available to the JV. The capital contribution payable by EPL to NMR is US\$2,000,000 (less US\$345,000 already paid) of which US\$1,000,000 is to be paid in the Company's shares at 6p per share. EPL is committed to fund US\$1,000,000 for the acquisition of mining equipment to be applied for the purposes of the JV. The mining equipment will remain the property of EPL.

b) Bwana Mkubwa Consortium Joint Venture

During the year, the Company entered into a Deed of Assignment to acquire the rights to a Joint Venture Agreement with the Bwana Mkubwa Consortium ("BMC"), whose members were the licensees of five Artisanal licences. These licences have been consolidated and converted to one Small scale prospecting license which is currently in the process of being converted to a Small scale mining licence. The licence areas are all located within the former Bwana Mkubwa Mine Site and adjoins the Phoenix licence area (see above). The purpose of the JV is to produce copper concentrate from the dumps and ore bodies, with BMC contributing the licenses and historical intellectual property and the Company incorporating a subsidiary to commission the plant and establish the infrastructure to conduct the mining and processing operations of the JV. Under the terms of the Deed of Assignment total consideration payable by the Company was US\$500,000, to the Assignor. This payment, instead of being settled in cash, will be contributed by the Company towards the cost of the erection of the production plant, which will be the obligation of the Company. In return the Assignor receives a 20% equity in the production plant company. In accordance with the Joint Venture Agreement BMC were advanced the sum of US\$100,000 to be repaid at a rate of US\$5,000 per month from the date on which production commences. BMR will receive 80% of the net operating profit under the JV and BMC 20%.

NOTES TO THE ACCOUNTS (CONT)**Year ended 30 June 2013**

Post year end, the JV Agreement was amended to change the financial participation by BMC from 20% net operating profit in the JV to the payment of US\$5 per tonne of tailings dump material mined and removed from the License Area, subject to a minimum monthly payment of US\$15,000. In terms of this amendment an additional sum of US\$100,000 was advanced to BMC and the repayment terms of the previous US\$100,000 amended such that US\$5,000 per month will be offset against the monthly payment for mining material mined and removed, and once this has been repaid, US\$10,000 a month will be offset against the minimum monthly payment until the second US\$100,000 has also been repaid. The financial interest of BMR/ EPL is to be endorsed by the Department of Mines Energy and Water Development on the small scale mining license, once issued.

c) Rephidim Mining Supplies Joint Venture

The Company acquired the rights to a Joint Venture Agreement with Rephidim Mining Supplies & Technical Services Limited ("Rephidim"), holder of two small scale mining licences ("The Mining Licences") via a Deed of Assignment, concluded with Main Capital International ("MCI"). In terms of the Deed of Assignment, the Company has to pay a sum of US\$500,000 to MCI of which US\$100,000 has been recognised as a current liability and the balance of US\$400,000 is payable once certain criteria have been met, which had not been met as at the year end. In terms of the JV agreement, the JV operations shall be conducted in Mfubu Mineral Resources Limited ("Mfubu"), a newly incorporated Zambian company. BMR will contribute as a loan to Mfubu, the funding of a beneficiation plant together with infrastructure, capable of treating 50,000 tons of feedstock per month from the Dumps located on the licence areas and the funding and conducting of operations. Rephidim contributes the mining licenses and existing assets. Rephidim shall participate in the Net Operating Profit at 20%, 15% and 10% at feedstock rates of 50,000 tons, 100,000 tons and 200,000 tons per month respectively.

23 EVENTS AFTER THE REPORTING DATE

On 5 August 2013, the Company changed the exercise price of 127,916,666 warrants (exercisable until 24 October 2013) from 6p to 2p to be exercised by institutional investors.

On the 9 August 2013, the terms of the remaining 72,500,000 warrants exercisable before 28 June 2014 were amended to reduce the exercise price from 6p to 2p and reduce the exercise period to 24 October 2013.

Post exercise price reduction total of 54,188,413 warrants were exercised, raising £1,083,768 before expenses.

On 23 October 2013, the exercise period of the remaining 146,228,253 was extended from 24 October 2013 to 24 January 2014.

On 24 October 2013 a further 507,605 warrants were exercised, raising £10,152 before expenses.

Also see note 22

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 10 00 am on 23 December 2013 at 86 Park Lane Suite, Grosvenor House Hotel, Park Lane, London W1K 7TN for the purpose of considering and if thought fit, passing the following resolutions, of which Resolutions 1 to 4 will be proposed as Ordinary Resolutions and Resolution Number 5 will be proposed as a Special Resolution

Ordinary business

- 1 To receive and adopt the Company's annual accounts for the financial year ended 30 June 2013 together with the directors' report and auditors' report on these accounts
- 2 To appoint Cameron & Associates Limited to hold office as auditor from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration
- 3 To re-elect H Furman as a Director of the Company

Special business

To consider and, if thought fit, pass Resolution 4, which will be proposed as an Ordinary Resolution, and Resolution 5 which will be proposed as a Special Resolution

- 4 That, in accordance with section 551 of the Companies Act 2006 (the "2006 Act") the Directors of the Company be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution)
 - 4 1 up to a maximum nominal amount of £2,216,616 27 (in pursuance of the exercise of outstanding warrants and share options granted by the Company prior to the date hereof but for no other purpose),
 - 4 2 up to an aggregate nominal amount of £10 million (in addition to the authorities conferred in sub-paragraphs 4 1),

provided that these authorities, unless duly renewed, varied or revoked by the Company, will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot relevant securities under section 551 of the 2006 Act but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities

- 5 That, subject to the passing of Resolution 6, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, pursuant to the authority conferred by Resolution 6, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to
 - 5 1 the allotment of equity securities in connection with an offer by way of a rights issue
 - 5 1 1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings, and

NOTICE OF ANNUAL GENERAL MEETING (CONT)

5.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any applicable regulatory body or stock exchange,

5.2 the allotment (otherwise than pursuant to sub-paragraph 5.1 above) of equity securities on the exercise of outstanding warrants and share options granted by the Company prior to the date hereof,

5.3 the allotment (otherwise than pursuant to sub-paragraphs 5.1, and 5.2 above) of equity securities up to an aggregate nominal amount of £10 million,

provided that the power granted by this resolution will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities

By order of the Board

M A Alikhani



29 November 2013

Registered office
6 Derby Street
London W1J 7AD

Notes to the Notice of Annual General Meeting

Entitlement to attend and vote

- 1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at
 - 6 p.m. on 21 December 2013, or,
 - if this Meeting is adjourned, at 6 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting

Appointment of proxies

- 2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form
- 3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them

- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please refer to the notes on the Form of Proxy.

Appointment of proxy using hard copy proxy form

- 5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be

- completed and signed,
- sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA,
- received by Neville Registrars Limited no later than 10 00 am on 21 December 2013, and
- or sent by facsimile transmission to 0121 585 1132 no later than 48 hours before the Annual General Meeting i.e. by 10 00 am on 21 December 2013. If the appointment of proxy is notified by facsimile transmission, the original appointment in the same form as received by facsimile transmission should be deposited at the place at which the facsimile transmission was received, or the registered office of the Company, not less than 24 hours before the time appointed for the Meeting or adjourned meeting or the holding of a poll subsequently at which the vote is to be used.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

- 6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

- 7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

- 8 In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 10 00 am on 21 December 2013.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.



NOTICE OF ANNUAL GENERAL MEETING (CONT)

Issued shares and total voting rights

- 9 As at 12 noon on 28 November 2013, the Company's issued share capital comprised 1,137,735,810 ordinary shares of 1 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 12 noon on 28 November 2013 is 1,137,735,810.

Definition of Relevant Securities

Shares in the Company other than shares allotted pursuant to

- an employee share scheme (as defined by section 1166 of the 2006 Act),
- a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security, or
- a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.