



2008

Red Rock Resources plc

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Report & Financial Statements  
for the year ended 30 June 2008





BIF ridge



Visit to Mt Alfred and region



Scouting for uranium, Tchad

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## Company information

Directors	Andrew R M Bell - Chairman Kenneth F Watson - Managing director Michael C Nott - Director Robert F Weicker - Non executive director John Watkins - Non executive director
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Secretary and registered office	Stephen F Ronaldson 55 Gower Street London WC1E 6HQ
Website	<a href="http://www.rrrplc.com">www.rrrplc.com</a>
Auditors	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Solicitors	Ronaldsons 55 Gower Street London WC1E 6HQ
Nominated advisor	Blomfield Corporate Finance Limited 1-3 College Hill London EC4R 2RA
Nominated broker	Simple Investments 1 High Street Godalming Surrey GU7 1AZ
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Registrars	Share Registrars Limited Suite E, First Floor 9 Lion & Lamb Yard Farnham Surrey GU9 7LL 01252 821390
Registered number	5225394



## Chairman's statement

Dear Shareholders

I am pleased to present to shareholders your Company's annual report for the financial year to 30 June 2008. Although the world with the financial and commodity markets within which we operate are in crisis, we believe we have been able to position the Company to survive, and can still speak of progress in some of our long-standing strategies, small mercies but mercies nonetheless. The year has been one of swimming against a strengthening tide merely in order to remain in place, as the transactions we planned took much longer to bring about than we had anticipated.

My first task therefore is to thank shareholders for their patience and support. We shall try to be worthy of it.

### Summary

The Company reports the following developments in the financial year to 30 June 2008:

- Share price decline from 3.5p to 2p;
- £1,350,000 before expenses raised from share placings at an average price of 1.9 pence;
- Sale of uranium assets to ASX-listed Resource Star Limited ("RSL");
- Acquisition and partial sale of a 10.2% shareholding in Mindax Limited ("Mindax");
- Acquisition of an 8.8% shareholding in Jupiter Mines Limited ("Jupiter");
- Proposed sale of Mt Alfred, the remaining shareholding in Mindax and the Oakover project to Jupiter and the formation of a joint venture with Pallinghurst Resources Australia Limited ("Pallinghurst");
- Investment in Africa China Mining Corporation Limited; and
- Exploration for iron ore at Mt Alfred.

### Financial review

The Company made a pre-tax profit of £103,716 (2007: loss of £223,731) during the period; no dividends have been paid or proposed. The profit was primarily as a result of a substantial gain on disposal of shares in Mindax acquired earlier in the year, although a write back of prior year losses upon the sale of the uranium assets to RSL also contributed.

Should the sale and purchase agreement entered into with Jupiter and Pallinghurst complete, the Directors believe a more substantial profit may be likely in the current year.

As a result principally of placings of new shares in the Company during the financial year, the Group's total net asset value rose from £2,554,201 to £3,951,167 during the period.

### Exploration review

The rise in manganese and iron ore prices at the end of the financial year to 30 June 2008 and subsequently, created an opportunity for corporate moves to focus and maximise the funding available for rapid development of the Company's tenements. However, the constraints on the Company's own funding capacity, at a time of generally weak markets, and the time taken to implement this strategy, meant that exploration spending had to be kept at low levels during the period.

The uranium assets held by the Company in the Northern Territory and Malawi were sold to RSL during the year. Following the transaction your Company's Chairman, Andrew Bell, was elected as Chairman and a Director of RSL, and Manoli Yannaghas, an employee of Regency Mines plc was also appointed a Director of RSL. Your Company currently holds 24.2 per cent of the issued ordinary share capital of RSL. Exploration commitments on these tenements are now met by RSL.

In Zambia, the recommendation of our consultants, the suspension of new license applications pending government computerisation, and our attempts to obtain fulfilment of the agreement signed with the Chinese private shareholders of Chiman Limited meant in combination that we did not further explore our Chiweffe manganese license during the year.

Instead we concentrated on speeding the grant of the Oakover manganese license applications in the East Pilbara Manganese Province of Western Australia, which at the new higher manganese prices represented a viable and much more significant prospect. The sale and purchase agreement entered into with Jupiter and Pallinghurst provides for the potential sale of Red Rock's Oakover project to Jupiter subject to Jupiter shareholder approval and conditional on Red Rock obtaining unencumbered beneficial title to the tenements.

## Chairman's statement, continued

We knew that our own iron ore tenement at Mt Alfred in the Central Yilgarn of Western Australia, while highly prospective, was unlikely on its own to contain enough mineralisation to support a stand-alone operation. Exploration on structures overlapping our boundaries by our neighbours Mindax and Iron Mountain Limited in late 2007, and the promising results of this work, led us to develop our strategy of trying to consolidate and co-ordinate the iron ore interests in the area. In November, at the same time as we began to buy what we thought were under-priced Mindax shares, we undertook an initial sampling programme on the license. This was followed up in March 2008 by consultant geologist Marian Skwarnecki of Coffey Mining Pty Limited and Red Rock geologist Helen Salmon. Objectives were to carry out traverse sampling across strike and to investigate the extent to which mineralised banded iron formation ("BIF") horizons recently drilled by neighbouring tenement holders extended into the Mt Alfred tenement.

Sampling was conducted by collecting composite samples of around 2kg in weight at intervals of 20-40m (dependent on terrain) across the BIF ridges. A total of sixty seven samples were collected with thirty six being obtained from an old drill hole collared on the lower ground, approximately 100m in from the northern boundary of the tenement. Results returned from Mt Forrest showed four samples out of nine ranging between 56%-64% Fe, across a width of approximately 50m. At Mt Alfred West three out of the eight samples showed values ranging between 60% and 67% Fe across a width of approximately 100m. By integrating previous individual sample results taken along strike it is inferred that mineralised BIF horizons at Mt Forrest could extend from the adjoining ground held by Mindax to a distance of 1.5km. At Mt Alfred West, mineralisation appears to continue along strike from Iron Mountain Mining Ltd's ground for 1km. Additionally, both ridges disappear under cover and only further work will reveal if mineralisation continues beneath the colluvium.

Since the Company's year end, a 34.5 day gravity survey programme at Mt Alfred on East-West lines at 200m spacing with stations every 50m for a total of 136 line kilometers and 2729 stations has been carried out, and is being interpreted, with the object of identifying potential drill targets.

In November 2007, and February-March 2008, short exploration visits were carried out to the Company's Tasmanian licenses. However, unrepaired storm damage to the bridges and roads makes access difficult and expensive and so these licenses have been accorded low priority for future exploration.

Since year end, one of our manganese licenses in the Eastern Pilbara in Western Australia has been granted, and in relation to the other three applications, agreement has been reached on a Heritage Agreement with the native title groups in the area, and grant is expected to follow. We commissioned a report on the potential of these licenses from an expert on the area, who has confirmed the high probability of economic manganese mineralisation on these licenses, located slightly North of Consolidated Minerals Ltd's Woodie Woodie mine, one of the most significant global producers of high grade manganese.

Preliminary exploration during the year on several potential acquisition targets was written off as these transactions did not proceed.

## Corporate review

The Company's objectives have always been the enhancement of shareholder value through acquisition, disposal, and joint venture transactions as well as by exploration. For a small company operating in the infrastructure-dependent bulk commodity markets of iron ore and manganese, we understood that it was never going to be likely that we could hold on to control of a project from discovery through to production. At the forthcoming Annual General Meeting, we shall be inviting Shareholders to pass a resolution to restate our core activities to include the acquisition, disposal and joint venture of tenements and projects. We are now crystallising and realising the value of parts of our tenement portfolio through joint ventures and disposals to listed companies, and we want potential new investors to understand that the balance of our business may change as this occurs, and before a new cycle of investment and exploration begins.

Iron ore projects in particular need to be large, due to the low unit price of iron ore, and therefore we always looked to forms of co-operation with neighbouring tenement holders. With the increased interest in iron ore due to high Chinese demand during the year, we were able to take some significant steps in advancing this strategy.



## Chairman's statement, continued

### Mindax Limited

From November 2007, we began to build up a stake at low prices in our neighbour at Mt Alfred, Mindax, and by February 2008 had acquired a shareholding of 8,450,000 Mindax shares, or 10.02% of the share capital of the company. However, as Mindax were not prepared for Red Rock to have board representation, and an Australian-based Chinese investor had followed us into the company and built up a large holding, we decided to take profits and sell down our holding. During the financial year the Company realised a profit of £311,000 on the Mindax shareholding.

### Jupiter Mines Limited

We refocused on Jupiter in which we are one of the largest shareholders as a result of our earlier sale to them of the Mt Ida and Mt Hope tenements, and which also holds iron ore interests in the Central Yilgarn. In April 2008 we announced that we had increased our shareholding in Jupiter to 10,796,178 shares, or 7.62% of the share capital of the company. Subsequently, we increased our shareholding to 14,904,453 shares or 10.12% (8.8% adjusted) of the share capital of the company. In May 2008 Jupiter agreed to appoint our representative to their board, and we disclosed that we were acting in concert with Pallinghurst who were also acquiring shares. In June it was announced that our joint holding had reached 18.07% and that Mr Priyank Thapliyal, a founding partner of Pallinghurst Resources LLP, had joined the Jupiter board.

After the period end Red Rock and Pallinghurst accumulated further shares in Jupiter and Mindax; Jupiter has since announced that it will seek shareholder approval early in 2009 for the proposal from Red Rock and Pallinghurst whereby certain assets of both Pallinghurst and Red Rock, including the Mt Alfred and Oakover tenements of Red Rock, will be sold to Jupiter in exchange for a controlling interest in Jupiter. Should all stages of the transaction be completed, each of Pallinghurst and Red Rock will hold some 27.7% of Jupiter for a combined holding of 185,798,329 Jupiter shares, or 55.5% of the enlarged share capital.

In addition, an option would be issued so that if within two years of its issue an independent expert were to certify the existence of over 10 million tonnes of indicated or measured resources of saleable direct shipping ore at Mt Alfred, Jupiter would issue extra shares to the value at that time of AUD 2 multiplied by the number of tonnes by which the resource exceeds 10 million tonnes, with the shares to be split equally between Pallinghurst and Red Rock.

We regard the joint venture with Pallinghurst as a cornerstone of our development strategy in Australia. Pallinghurst is a cash-rich group headed by the former BHP Billiton chief executive, Brian Gilbertson, and in its steel feed strategy works with the major Korean steel company, POSCO. The accretion of human resources, experience, cash, and funding capability that comes to us through the joint venture would be significant in any market, but in current conditions it may be enough to propel Jupiter into a significantly different orbit. We are proud to have been able to form this partnership, and although it has taken a long time to forge, and many people have been involved, I pay tribute to my colleague Ken Watson for communicating our consistent vision with unfailing enthusiasm, and to Priyank Thapliyal of Pallinghurst for his steadfastness and long-term focus as market conditions deteriorated weekly and many erstwhile long-term investors became short-term.

Should the envisaged transaction be approved by Jupiter shareholders, Red Rock's shareholding in Jupiter may rise initially, depending on the grant of the Oakover licenses, to 92,899,164 Jupiter shares. Following a successful working group meeting in Port Hedland with the Yamatji Land and Sea Council representing the native title groups in November 2008, we expect the Oakover licenses could be granted within the current financial year.

### Fund raisings

During the financial year we undertook the following placings:

- In November 2007 the placing of 21,000,000 shares at 2.5p to raise £525,000 before expenses;
- In February 2008 the placing of 18,000,000 shares at 2p to raise £360,000 before expenses.
- In May 2008 the placing of 31,000,000 shares at 1.5p to raise £465,000 before expenses.

Maintaining our interest in the Pallinghurst joint venture required additional funding. The latter two fund raisings enabled us to make our investments in Mindax and later Jupiter. Jupiter shares are

## Chairman's statement, continued

currently trading below AUD 0.10, but not long ago were at over AUD 0.25, and it is our hope and expectation that under a management led by our partners Pallinghurst the shares in due course can recover their earlier values.

Since the year end we have carried out two further fund raisings, the first in order to advance our investments and the second, as the funding environment deteriorated and future access to the market became less certain, to provide for any future needs. In September 2008 we raised £320,000 before expenses by an issue of 32,000,000 shares at 1p, and in November 2008 we raised £340,000 by an issue of 68,000,000 shares at 0.5p per share.

We also committed at year end to a USD 1,000,000 investment for a 20% shareholding in Africa China Mining Corporation, which owns substantial surface manganese deposits in Burkina Faso and Mali.

## Resource Star Limited

At RSL, we completed the sale of our uranium assets to our new associate on 6th August 2007. In May 2008 RSL changed its name from Retail Star Limited to Resource Star Ltd and has been suspended pending re-listing on the Australian Stock Exchange as a resource sector stock; our timing was not good. The decline in uranium prices accelerated as RSL began fund raising prior to the re-listing. RSL has delayed the re-listing until more propitious times return, but continue to scout the world for uranium prospects, and look nearer home in Australia for other opportunities. The exploration that was carried out before RSL suspended work was promising, particularly in Malawi where high grade rare earth minerals, similar to those at Globe Mining's nearby Kanyika deposit, were encountered in the course of uranium exploration.

## Personnel

I would like to thank all our staff for their considerable contribution during the year. Red Rock has the management and staff to continue exploiting its assets whilst striving for further efficiencies to enhance future shareholder value.

## The Future

The Pallinghurst joint venture and our investment in Jupiter dominate the foreground. If the proposed transaction proceeds as expected, it then opens up, we believe, a vista of new opportunities backed by greater financial strength.

We hope to conclude shortly an agreement in relation to our manganese interests in Zambia, which have been expanded by an exploration joint venture.

We will continue to work on solutions that will enable us to unlock the value at RSL, meantime controlling costs.

The long term outlook for commodity demand remains strong, but price levels should remain moderate, although manganese and uranium may be relatively strong price performers. We look to the long term, and to identifying and working with the best and most professional partners we can find in our main project areas. The next year will be challenging, as we try to conserve cash at the same time as positioning ourselves for the recovery that may start in the second half of the year. Many opportunities will arise, but few of them will be within our reach, unless we are able at some point to realise substantial funds by disposals from our existing portfolio. We expect to operate conservatively, and to have laid off much of the expenditure obligation on our tenements through joint venture and disposals.

**Andrew R. McM. Bell**

*Chairman*

24 December 2008



## *Directors' report*

The Directors present their fourth annual report on the affairs of the Company, together with the financial statements for the year ended 30 June 2008.

### **Principal activities and business review**

The Company has been established as a mineral exploration and development company focussed on iron ore, uranium and manganese in Western Australia, Tasmania, Zambia and Malawi; in addition to 100% owned and managed projects, it has indirect exploration through taking investments in other companies.

The developments during the period are given in the Chairman's statement.

### **International financial reporting standards**

With effect from 1 July 2006, the Company made the transition to preparing financial statements in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union. Accordingly, these financial statements reflect the policies and interpretations adopted by the Board in preparing its first complete set of IFRS financial statements for the year ending 30 June 2008.

The transition to reporting under IFRS required the restatement of the Company's balance sheet at 30 June 2007. Reconciliation of the restated balance sheet along with information relating to the reported changes under IFRS are detailed in Note 25 to the financial statements.

### **Results and dividends**

The Group's results are set out in the group income statement on page 15. The audited financial statements for the year ended 30 June 2008 are set out on pages 15 to 38.

The Group made a profit of £103,716 (2007: loss £223,731).

The Directors do not recommend the payment of a dividend.

### **Fundraising and share capital**

During the year, the Company raised £1,350,000 of new equity by the issue of 70,000,000 new Ordinary shares; further details are given in note 14 and in the Chairman's statement.

### **Principle risks and uncertainties**

The management of the business and the execution of the Board's strategy are subject to a number of risks:

- Exploration is speculative in nature.
- The economic viability of a project is affected by world commodity prices.
- Commodity prices are subject to international economic trends, currency fluctuations and consumption patterns.

### **Key performance indicators**

Given the straightforward nature of the Group's activities, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

### **Directors**

The Directors who served during the year are as follows:

Andrew R M Bell

Michael C Nott

Kenneth F Watson

Robert F Weicker

John Watkins

## Directors' report, continued

### Substantial shareholdings

On 30 June 2008 and 12 December 2008 the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	30 June 2008		12 December 2008	
	Ordinary shares of £0.001 each	Percentage of issued share capital	Ordinary shares of £0.001 each	Percentage issued share capital
City Equities (Nominees) Limited	15,672,500	5.13%	15,227,500	3.76%
Pershing Keen Nominees Limited	28,642,664	9.38%	87,522,165	21.58%
Regency Mines plc	115,350,000	37.76%	133,350,000	32.89%
Sunvest Corporation Limited	9,437,500	3.09%	18,037,500	4.45%

### Charitable and political donations

During the period there were no charitable or political contributions.

### Payment of suppliers

The Group's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 30 days of receipt of invoice. Trade creditors at the year end were equivalent to 16 days of costs.

### Post balance sheet events

The post balance sheet events are set out in Note 21 to the financial statements.

### Auditor

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

The Directors will place a resolution before the annual general meeting to reappoint Chapman Davis LLP as auditor for the coming year.

### Management incentives

In the year to 30 June 2007, the Company granted options over a total of 5,000,000 Ordinary shares as set out in Note 15 to the financial statements.

Otherwise, the Group has no bonus, share purchase, or other management incentive scheme.

### Directors' remuneration report

The remuneration of the directors paid during the year was fixed on the recommendation of the Remuneration Committee. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

For the year to 30 June 2008, the remuneration paid in respect of the Chairman's services included directors' fees and other amounts paid to a third party. Otherwise, in each case fees and expenses were paid to businesses with which the directors are associated as set out in Note 6 to the financial statements.

### Corporate governance statement

A corporate governance statement follows on page 11.



## Directors' report, continued

### Control procedures

The Board has approved financial budgets and cash forecasts; in addition, it has implemented procedures to ensure compliance with accounting standards and effective reporting.

### Environmental responsibility

The Company is aware of the potential impact that its subsidiary companies may have on the environment. The Company ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles with regard to the environment.

### Employment policies

The Group will be committed to promoting policies which ensure that high calibre employees are attracted, retained and motivated, to ensure the ongoing success for the business. Employees and those who seek to work within the Group are treated equally regardless of sex, marital status, creed, colour, race or ethnic origin.

### Health and safety

The Group's aim will be to achieve and maintain a high standard of workplace safety. In order to achieve this objective the Group will provide training and support to employees and set demanding standards for workplace safety.

### Going concern

The Directors are of the opinion that ongoing evaluations of the Company's interests indicate that preparation of the Group's accounts on a going concern basis is appropriate.

By order of the Board

**Andrew R M Bell**

*Chairman*

24 December 2008

## *Statement of directors' responsibilities*

### **Directors' responsibilities for the financial statements**

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for ensuring that the annual report includes information required by the Alternative Investment Market.

The maintenance and integrity of the Company's website is the responsibility of the directors: the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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



## *Corporate Governance Statement*

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the Combined Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Company.

### **Board of directors**

The Board of Directors currently comprises three Non-Executive Directors and two Executive Directors one of whom is the Chairman. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the Combined Code have been implemented to an appropriate level. The Board, through the Chairman, the Managing Director and the Non-executive Directors, maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company.

### **Board meetings**

The Board meets regularly throughout the year. For the period ending 30 June 2008 the Board met four times in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters.

All Directors have access to the advice of the Company's solicitors and the Company Secretary, necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

### **Board committees**

The Board has established the following committees, each of which has its own terms of reference:

#### ***Audit Committee***

The Audit Committee considers the Group's financial reporting, including accounting policies, and internal financial controls. The Audit Committee comprises two Directors, John Watkins as Chairman and, Andrew Bell. It is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

#### ***Remuneration Committee***

The Remuneration Committee is responsible for making recommendations to the Board on Directors' and senior executives' remuneration. It comprises four Directors, Andrew Bell as Chairman, Michael Nott, Robert Weicker and John Watkins. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

### **Internal controls**

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in the light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

## Corporate Governance Statement, continued

### Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

### Risks and uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system.

### General and economic risks

- contractions in the world's major economies or increases in the rate of inflation resulting from international conditions;
- movements in the equity and share markets in the United Kingdom and throughout the world;
- weakness in global equity and share markets in particular, in the United Kingdom, and adverse changes in market sentiment towards the resource industry;
- currency exchange rate fluctuations and, in particular, the relative prices of Australian Dollar, and the UK Pound;
- exposure to interest rate fluctuations; and
- adverse changes in factors affecting the success of exploration and development operations, such as increases in expenses, changes in government policy and further regulation of the industry; unforeseen major failure, breakdowns or repairs required to key items of plant and equipment resulting in significant delays, notwithstanding regular programmes of repair, maintenance and upkeep; variations in grades and unforeseen adverse geological factors or prolonged weather conditions.

### Funding risk

The Group or the companies in which it has invested may not be able to raise, either by debt or further equity, sufficient funds to enable completion of planned exploration, investment and/or development projects.

### Commodity risk

Commodities are subject to high levels of volatility in price and demand. The price of commodities depends on a wide range of factors, most of which are outside the control of the Company. Mining, processing and transportation costs also depend on many factors, including commodity prices, capital and operating costs in relation to any operational site.

### Exploration and development risks

- Exploration and development activity is subject to numerous risks, including failure to achieve estimated mineral resource, recovery and production rates and capital and operating costs.
- Success in identifying economically recoverable reserves can never be guaranteed. The Company also cannot guarantee that the companies in which it has invested will be able to obtain the necessary permits and approvals required for development of their projects.
- Some of the countries in which the Company operates have native title laws which could affect exploration and development activities. The companies in which the Company has an interest may be required to undertake clean-up programmes on any contamination from their operations or to participate in site rehabilitation programmes which may vary from country to country. The Group's policy is to follow all applicable laws and regulations and the Company is not currently aware of any material issues in this regard.
- Timely approval of mining permits and operating plans through the respective regulatory agencies cannot be guaranteed.
- Availability of skilled workers is an ongoing challenge.
- Geology is always a potential risk in mining activities.

**Corporate Governance Statement, continued****Market risk**

The ability of the Group, and the companies in which it invests, to continue to secure sufficient and profitable sales contracts to support its operations is a key business risk.

**Insurance**

The Group maintains insurance in respect of its Directors and Officers against liabilities in relation to the Company.

**Treasury policy**

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board.

**Securities trading**

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

**Relations with Shareholders**

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

## ***Independent Auditors report***

### ***to the Shareholders of Red Rock Resources Plc***

We have audited the group and parent company financial statements of Red Rock Resources plc for the year ended 30 June 2008, which comprise the Group Income Statement, the Group Statement of Recognised Income and Expense, the Group and Parent Balance Sheets, the Group and Parent Cash Flow Statements and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

#### **Respective Responsibilities of Directors and Auditors**

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985, and as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **Basis of Audit Opinion**

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

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

#### **Opinion**

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30th June 2008 and of its profit for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 30th June 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

#### **Chapman Davis LLP**

Chartered Accountants and Registered Auditors

London, 24 December 2008



## Group income statement

for the year ended 30 June 2008

	Notes	Year to 30 June 2008 £	Year to 30 June 2007 £
<b>Revenue</b>			
Sales of investments	2	1,322,735	535,416
Cost of sales		(1,025,884)	(184,970)
Management services		24,393	-
<b>Gross profit</b>		<b>321,244</b>	<b>350,446</b>
Exploration expenses		(167,711)	(245,207)
Administrative expenses		(402,389)	(415,343)
Currency gain		74,521	18,038
<b>Operating (loss)</b>	3	<b>(174,335)</b>	<b>(292,066)</b>
Share of operating loss in associates		(82,556)	(612)
Surplus on revaluation of trade investments		384,100	66,611
Profit on sale of subsidiary	22	89,912	-
Profit on sale of associate company		-	745
Loss on revaluation of associate company investment		(126,780)	-
Interest receivable		19,308	7,170
Interest payable		(5,933)	(5,579)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>103,716</b>	<b>(223,731)</b>
Tax on profit/(loss) on ordinary activities	4	-	-
<b>Profit/(loss) for the year attributable to equity shareholders of the parent</b>		<b>103,716</b>	<b>(223,731)</b>
<b>Earnings/(loss) per share - basic</b>	7	<b>0.04 pence</b>	<b>(0.12) pence</b>
<b>Earnings/(loss) per share - diluted</b>		<b>0.04 pence</b>	<b>(0.12) pence</b>
All of the operations are considered to be continuing.			

## Group statement of recognised income and expense

	Notes	Group Year to 30 June 2008 £	Group Year to 30 June 2007 £
Profit/(loss) for the financial period		103,716	(223,731)
<b>Total recognised profit/(loss) for the financial period</b>		<b>103,716</b>	<b>(223,731)</b>

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

## Group balance sheet

as at 30 June 2008

	Notes	30 June 2008 £	30 June 2007 £
<b>Current assets</b>			
Cash and cash equivalents		87,599	220,347
Trade and other receivables	8	394,198	1,080,013
Investments in associates	10	958,835	25,638
Available for sale financial assets	11	2,355,925	586,459
Exploration properties	12	567,905	935,353
<b>Total current assets</b>		<b>4,364,462</b>	<b>2,847,810</b>
<b>Total assets</b>		<b>4,364,462</b>	<b>2,847,810</b>
<b>Current liabilities</b>			
Trade and other payables	13	(413,295)	(293,609)
<b>Total liabilities</b>		<b>(413,295)</b>	<b>(293,609)</b>
<b>Net assets</b>		<b>3,951,167</b>	<b>2,554,201</b>
<b>Equity</b>			
Called up share capital	14	305,481	235,481
Share premium account	16	3,888,736	2,665,486
Share based payment reserve	16	82,581	82,581
Retained earnings	16	(325,631)	(429,347)
<b>Total equity</b>	16	<b>3,951,167</b>	<b>2,554,201</b>

These financial statements were approved by the Board of Directors on 24 December 2008 and signed on its behalf by:

**Andrew R M Bell**  
Chairman

**John Watkins**  
Director

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

## Company balance sheet

as at 30 June 2008

	Notes	30 June 2008 £	30 June 2007 £
<b>Current assets</b>			
Cash and cash equivalents		83,260	209,103
Trade and other receivables	8	561,819	1,731,433
Investments in subsidiaries	9	964	-
Investments in associates	10	958,835	25,638
Available for sale financial assets	11	2,355,925	586,459
Exploration properties	12	413,793	466,455
<b>Total current assets</b>		<b>4,374,596</b>	<b>3,019,088</b>
<b>Total assets</b>		<b>4,374,596</b>	<b>3,019,088</b>
<b>Current liabilities</b>			
Trade and other payables	13	(413,295)	(293,609)
<b>Total liabilities</b>		<b>(413,295)</b>	<b>(293,609)</b>
<b>Net assets</b>		<b>3,961,301</b>	<b>2,725,479</b>
<b>Equity</b>			
Called-up share capital	14	305,481	235,481
Share premium account	16	3,888,736	2,665,486
Share based payment reserve	16	82,581	82,581
Retained earnings	16	(315,497)	(258,069)
<b>Total equity</b>	16	<b>3,961,301</b>	<b>2,725,479</b>

These financial statements were approved by the Board of Directors on 24 December 2008 and signed on its behalf by:

**Andrew R M Bell**  
 Chairman

**John Watkins**  
 Director

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

## Group cash flow statement

for the year ended 30 June 2008

	Notes	Group Year to 30 June 2008 £	Group Year to 30 June 2007 £
<b>Cash flows from operating activities</b>			
Operating loss		(174,335)	(292,066)
Decrease/(increase) in receivables		685,815	(188,597)
Increase in payables		119,686	255,192
Impairment of exploration properties		11,034	121,989
Exploration property costs		(112,485)	(260,493)
Costs of exploration properties disposed of		-	168,919
Exploration property sales other than for cash		-	(416,400)
Proceeds from disposal of subsidiary		602,045	-
Cost of subsidiary disposed of		(31,992)	-
Payments to acquire associate company investments		(1,142,533)	-
Payments to acquire available for sale investments		(2,411,251)	(103,448)
Cost of available for sale investments disposed of		1,025,885	16,236
Share based payments		-	82,581
Currency adjustments		-	6,520
<b>Cash (outflows) generated from operations</b>		<b>(1,428,131)</b>	<b>(609,567)</b>
<b>Cash flows from investing activities</b>			
Interest received		19,309	7,170
Interest paid		(5,933)	(5,579)
<b>Net cash flows from investing activities</b>		<b>13,376</b>	<b>1,591</b>
<b>Acquisitions and disposals</b>			
Cash disposed of on sale of subsidiary		(11,243)	-
<b>Net cash flow from acquisitions and disposals</b>		<b>(11,243)</b>	<b>-</b>
<b>Cash inflows from financing activities</b>			
Proceeds from issue of shares		1,350,000	1,664,375
Transaction costs of issue of shares		(56,750)	(72,075)
Share subscription monies/(outstanding)		-	(865,000)
<b>Net cash flows from financing activities</b>		<b>1,293,250</b>	<b>727,300</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(132,748)</b>	<b>119,326</b>
Cash and cash equivalents at the beginning of period		220,347	101,021
<b>Cash and cash equivalents at end of period</b>		<b>87,599</b>	<b>220,347</b>

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



## Company cash flow statement

for the year ended 30 June 2008

	Notes	Company Year to 30 June 2008 £	Company Year to 30 June 2007 £
<b>Cash flows from operating activities</b>			
Operating loss		(164,201)	(209,885)
Decrease/(increase) in receivables		1,169,614	(725,431)
Increase in payables		119,686	253,065
Impairment of exploration properties		11,034	-
Costs of exploration properties disposed of		142,486	1,240,926
Exploration property costs		(100,858)	(177,493)
Payments to acquire subsidiaries		(964)	(891,818)
Proceeds from disposal of subsidiary		602,045	-
Cost of subsidiary		(683,412)	-
Payments to acquire associate company investments		(1,142,533)	-
Payments to acquire available for sale investments		(2,411,251)	(103,448)
Cost of available for sale investments disposed of		1,025,885	15,491
<b>Cash (outflows) generated from operations</b>		<b>(1,432,469)</b>	<b>(598,593)</b>
<b>Cash flows from investing activities</b>			
Interest received		19,309	6,869
Interest paid		(5,933)	(5,579)
<b>Net cash flows from investing activities</b>		<b>13,376</b>	<b>1,290</b>
<b>Cash inflows from financing activities</b>			
Proceeds from issue of shares		1,350,000	1,664,375
Transaction costs of issue of shares		(56,750)	(72,075)
Share subscription monies/(outstanding)		-	(865,000)
<b>Net cash flows from financing activities</b>		<b>1,293,250</b>	<b>727,300</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(125,843)</b>	<b>129,997</b>
Cash and cash equivalents at the beginning of period		209,103	79,106
<b>Cash and cash equivalents at end of period</b>		<b>83,260</b>	<b>209,103</b>

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

## Notes to financial statements

for the year ended 30 June 2008

### 1 Principal accounting policies

#### 1.1 Authorisation of financial statements and statement of compliance with IFRS

The group financial statements of Red Rock Resources plc for the year ended 30 June 2008 were authorised for issue by the board on 24 December 2008 and the balance sheets signed on the board's behalf by Mr Andrew Bell and Mr John Watkins. Red Rock Resources plc is a public limited company incorporated and domiciled in England and Wales. The Company's ordinary shares are traded on AIM.

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted by the group are set out below. The Group's transition date to IFRS was 1 July 2006.

#### Adoption of standards and interpretations

As at the date of authorisation of these financial statements, there were Standards and Interpretations that were in issue but are not yet effective and have not been applied in these financial statements. The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the group or company, except for additional disclosures when the relevant Standards come into effect.

#### 1.2 Significant accounting judgments, estimates and assumptions

##### *Significant accounting estimates and assumptions*

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

##### *Impairment of goodwill and intangibles with indefinite useful lives*

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

##### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

##### *Going concern*

The directors have complete confidence in their ability to raise further capital and that their efforts will generate sufficient ongoing cash to meet the company's outgoings for the foreseeable future. On this basis the directors believe it is appropriate to prepare these financial statements on a going concern basis.

#### 1.3 Basis of preparation

The consolidated financial statements of Red Rock Resources plc and its subsidiaries have been prepared in accordance with International Reporting Standards (IFRS) as adopted for use in the European Union and on the historical cost basis, except for the measurement to fair value of assets and financial instruments as described in the accounting policies below, and on a going concern basis.

#### 1.4 Basis of consolidation

The consolidated accounts combine the accounts of the Company and its subsidiaries, Red Rock Australasia Ltd, Red Rock Uranium Limited and Broadgold Corporation PTY Limited using the purchase method of accounting.

**Notes to financial statements, continued****1.5 Goodwill**

Where applicable, goodwill on acquisition is capitalised and shown within fixed assets. Positive goodwill is subject to annual impairment review with movements charged in the income statement.

Where applicable, negative goodwill is reassessed by the Directors and attributed to the relevant assets to which it relates.

**1.6 Current asset investments**

Investments in subsidiary companies are classified as current assets and included in the balance sheet of the Company at cost at the date of acquisition irrespective of the application of merger relief under the Companies Act.

Investments in associate companies are classified as current assets and included in the balance sheet of the Company at cost at the date of less amounts reflecting the Company's share of trading losses incurred.

**1.7 Financial assets available for sale**

Financial assets available for resale are valued at the lower of cost or the market value at the balance sheet date with any gain or loss carried to the income statement.

**1.8 Cash and cash equivalents**

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**1.9 Income tax and deferred taxation**

Corporation tax payable is provided on taxable profits at the current rate.

Current tax assets and liabilities for the current and prior periods are measured as the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Full provision is made for deferred taxation resulting from timing differences which have arisen but not reversed at the balance sheet date.

**1.10 Tangible fixed assets**

The Group has no tangible fixed assets.

**1.11 Foreign currencies**

Both the functional and presentational currency of Red Rock Resources plc is sterling (£). Each group entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the foreign subsidiaries is Australian Dollars (AUD).

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

On consolidation of a foreign operation, assets and liabilities are translated at the balance sheet rates, income and expenses are translated at rates ruling at the transaction date. Exchange differences on consolidation are taken to the income statement.

**1.12 Revenue**

The Group's revenue during the year ended 30 June 2008 consisted of management fees charged to third parties and the proceeds from the sale of available for sale financial assets.

## Notes to financial statements, continued

### 1.13 Exploration and development costs

Exploration and development costs include expenditure on prospects at an exploratory stage. These costs include the cost of acquisition, exploration, determination of recoverable reserves, economic feasibility studies and all technical and administrative overheads directly associated with those projects. These costs are carried forward in the balance sheet as current assets.

Recoupment of exploration and development costs is dependent upon successful development and commercial exploitation of each area of interest and are amortised over the expected commercial life of each area once production commences.

The Company adopts the 'area of interest' method of accounting whereby all exploration and development costs relating to an area of interest are capitalised and carried forward until abandoned. In the event that an area of interest is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made. All expenditure incurred prior to approval of an application is expensed with the exception of refundable rent which is raised as a debtor.

### 1.14 Share based payments

The fair value of options granted to directors and others in respect of services provided is recognised as an expense in the profit and loss account with a corresponding increase in equity reserves – the share based payment reserve.

On exercise or cancellation of share options, the proportion of the share based payment reserve relevant to those options is transferred to the profit and loss account reserve. On exercise, equity is also increased by the amount of the proceeds received.

The fair value is measured at grant date charged in the accounting period during which the option becomes unconditional.

The fair value of options is calculated using the Black-Scholes model taking into account the terms and conditions upon which the options were granted. Vesting conditions are non-market and there are no market vesting conditions. The exercise price is fixed at the date of grant and no compensation is due at the date of grant.

### 1.15 Finance costs/revenue

Borrowing costs are recognised as an expense when incurred.

Finance revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

### 1.16 Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

### 1.17 Financial instruments

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operation such as trade debtors and trade creditors. The Group has overseas subsidiaries in Australia whose expenses are denominated in Australian Dollars. Market price risk is inherent in the Group's activities and is accepted as such.

There is no material difference between the book value and fair value of the Group's cash.

### 1.18 Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.



## Notes to financial statements, continued

### 1.19 Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## 2 Segmental analysis

The Group's prime business segment is mineral exploration.

The Group operates within two prime geographical segments, the United Kingdom and Australia. In addition, there are limited operations in Zambia. The UK sector consists of the parent company which provides administrative and management services to the subsidiary undertakings based in Australia.

The following tables present revenue and loss information and certain asset and liability information by geographical segments:

	UK £	Australia £	Africa £	Total £
<b>Year ended 30 June 2008</b>				
<b>Revenue</b>				
Total segment revenue	22,954	1,322,735	-	
Total consolidated revenue				1,345,689
<b>Result</b>				
Segment results	(454,215)	629,187	(84,632)	
Profit before tax and finance costs				90,340
Interest receivable				19,309
Interest payable				(5,933)
Profit before taxation				103,716
Taxation expense				-
<b>Net loss for the year</b>				103,716
<b>Year ended 30 June 2008</b>				
<b>Assets and liabilities</b>				
Segment assets	473,870	3,644,330	246,261	
Total assets				4,364,461
Segment liabilities	413,295	-	-	413,295
<b>Total liabilities</b>				413,295

## Notes to financial statements, continued

## 2 Segmental analysis, continued

	UK £	Australia £	Africa £	Total £
<b>Year ended 30 June 2007</b>				
<b>Revenue</b>				
Total segment revenue	-	535,416	-	
Total consolidated revenue				535,416
<b>Result</b>				
Segment results	(375,654)	237,039	(86,706)	
Loss before tax and finance costs				(225,322)
Interest receivable				7,170
Interest payable				(5,579)
Loss before taxation				(223,731)
Taxation expense				-
<b>Net loss for the year</b>				(223,731)
<b>Year ended 30 June 2007</b>				
<b>Assets and liabilities</b>				
Segment assets	1,313,600	1,371,828	162,382	
<b>Total assets</b>				2,847,810
Segment liabilities	293,609	-	-	
<b>Total liabilities</b>				(293,609)

## 3 Profit/(loss) on ordinary activities before taxation

	2008 £	2007 £
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditor's remuneration – audit	10,000	10,000
Auditor's remuneration – for non audit services	-	4,000
Directors' emoluments	106,409	92,370
Share based payments – directors	-	66,064
Share based payments – staff	-	16,517
Exchange differences – gain	74,521	18,038

## Notes to financial statements, continued

**4 Taxation**

	2008 £	2007 £
<b>Current period taxation on Company</b>		
UK corporation tax at 29.5% on profits for the period	-	-
<b>Factors affecting the tax charge for the year</b>		
Profit/(loss) on ordinary activities before taxation	103,716	(223,731)
Profit/(loss) on ordinary activities at the average UK standard rate of 29.5% (2007: 30%)	30,596	(67,119)
Effects of tax benefit of losses brought forward	(32,693)	-
Effects of tax benefit of losses carried forward	-	67,119
Effect of expenses not deductible	2,097	-

**5 Staff costs**

The Group had no employees during the year other than the directors each of whom provide professional services as required on a part time basis. Regency Mines plc, an associate company, provides the services of its staff as necessary at cost plus a service charge of 15%.

**6 Directors' emoluments:**

Directors' remuneration	Directors' fees £	Consultancy fees £	Shares/ options £	Total £
<b>2008</b>				
Executive directors				
A R M Bell	14,790	20,414	-	35,204
K F Watson	-	28,205	-	28,205
Non-executive directors				
M C Nott	-	13,500	-	13,500
J Watkins	-	16,500	-	16,500
R F Weicker	-	13,000	-	13,000
	14,790	91,619	-	106,409
<b>2007</b>				
Executive directors				
A R M Bell	-	25,000	12,387	37,387
K F Watson	-	27,370	12,387	39,757
Non-executive directors				
M C Nott	-	10,000	16,516	26,516
J Watkins	-	12,000	12,387	24,387
R F Weicker	-	18,000	12,387	30,387
	-	92,370	66,064	158,434

## Notes to financial statements, continued

**7 Earnings/(loss) per share**

	2008 £	2007 £
The basic earnings/(loss) per share is derived by dividing the loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue.		
Profit/(loss) for the period after taxation	<b>103,716</b>	(223,731)
Weighted average number of Ordinary shares of £0.001 in issue	<b>261,191,216</b>	188,227,158
Earnings/(loss) per share – basic	<b>0.04 pence</b>	(0.12) pence
Weighted average number of Ordinary shares of £0.001 in issue inclusive of outstanding options	<b>266,191,216</b>	188,227,158
Earnings/loss per share fully diluted	<b>0.04 pence</b>	(0.12) pence

**8 Trade and other receivables**

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
<b>Current trade and other receivables:</b>				
Amounts due from subsidiaries	-	-	<b>171,209</b>	651,420
Prepayments	<b>19,499</b>	13,878	<b>19,499</b>	13,878
Other debtors	<b>374,699</b>	201,135	<b>371,111</b>	201,135
Share subscriptions	-	865,000	-	865,000
Total	<b>394,198</b>	1,080,013	<b>561,819</b>	1,731,433

**9 Current asset investments in subsidiaries**

	Company 2008 £
<b>Cost</b>	
At 30 June 2007	-
Additions during the year	<b>32,956</b>
Disposals during the year	<b>(31,992)</b>
At 30 June 2008	<b>964</b>
<b>Impairment</b>	
At 30 June 2007	-
Charge for the year	-
At 30 June 2008	-
<b>Net book amount</b>	
At 30 June 2008	<b>964</b>
At 30 June 2007	-

Note: At the commencement of the year, the Company had a single operating subsidiary which was sold shortly thereafter and formed three new subsidiaries during the year.



**Notes to financial statements, continued**
**9 Current asset investments in subsidiaries continued**

As at 30 June 2008, the Company held interests in the following subsidiary companies:

Company	Country of registration	Class	Proportion held	Nature of business
Broadgold Corporation Pty Limited	Australia	Ordinary	100%	Mineral exploration
Intrepid Resources Limited	Zambia	Ordinary	100%	Dormant
Red Rock Australasia Pty Limited	Australia	Ordinary	100%	Mineral exploration
Red Rock Uranium Pty Limited	Australia	Ordinary	100%	Mineral exploration

**10 Current asset investments in associates**
**Group & Company  
2008  
£**
**Cost**

At 30 June 2007	26,250
Additions during the year	1,142,533
Amounts written off during the year	(126,780)
At 30 June 2008	1,042,003

**Impairment**

At 30 June 2007	(612)
Charge for the year	(82,556)
At 30 June 2008	(83,168)

**Net book amount**

At 30 June 2008	958,835
At 30 June 2007	25,638

The Company has holdings amounting to 20% or more of the issued share capital of the following companies:

Name	Country of incorporation	Class of shares held	Percentage of issued capital	Profit/(loss) for the last financial year	Capital and reserves at last balance sheet date	Accounting year end
Africa China Mining Corporation	Bahamas	Common	20%	See note	See note	See note
Range Mines Limited	England & Wales	Ordinary	41.5%	£(15,235)	£45,872	30 June 2008
Resource Star Limited	Australia	Ordinary	24.2%	£(362,392)	£1,747,794	31 July 2008

Note: The acquisition of the interest in Africa China Mining Corporation was completed on 24 July 2008, see note 21.

## Notes to financial statements, continued

**11 Available for sale financial assets**

**Group & Company**  
**2008**  
**£**

As required under IAS 32 and 39, the Directors have carried out an impairment review and confirmed that no revaluation adjustment is required.

At 30 June 2007	586,459
Additions	2,411,251
Revaluations	384,100
Disposals	(1,025,885)
At 30 June 2008	2,355,925

**Market value of investments**

The market value of these investments as at 30 June 2008 was:

Quoted on the Australian Stock Exchange	2,288,079
Unquoted investments at cost or lower valuation	67,846
Total	2,355,925

**12 Exploration properties**

As required under IFRS 6, the Directors have carried out an impairment review resulting in a charge as shown below. The benefit of these assets may not be fully realised within twelve months.

<b>Exploration properties – Group</b>	<b>2008</b> <b>£</b>
<b>Cost</b>	
At 30 June 2007	935,353
Additions during the year	112,483
Disposals during the year	(468,897)
At 30 June 2008	578,939
<b>Impairment</b>	
Charge for the year	(11,034)
At 30 June 2008	(11,034)
<b>Net book amount</b>	
At 30 June 2008	567,905
At 30 June 2007	935,353

## Notes to financial statements, continued

**12 ctd Exploration properties - Company**

	2008 £
<b>Cost</b>	
At 30 June 2007	466,455
Additions during the year	100,858
Disposals during the year	(142,486)
At 30 June 2008	424,827
<b>Impairment</b>	
Charge for the year	(11,034)
At 30 June 2008	(11,034)
<b>Net book amount</b>	
At 30 June 2008	413,793
At 30 June 2007	466,455

**13 Trade and other current payables**

	<b>Group</b>		<b>Company</b>	
	2008 £	2007 £	2008 £	2007 £
Trade creditors	195,698	143,932	195,698	143,932
Accruals	217,597	149,677	217,597	149,677
Total	413,295	293,609	413,295	293,609

**14 Share capital of the Company**

The authorised share capital and the called up and fully paid amounts were as follows:

<i>Authorised</i>	<b>Number</b>	<b>Nominal £</b>
At incorporation on 8 September 2004 and as at 30 June 2008, Ordinary shares of £0.001 each	<u>10,000,000,000</u>	<u>10,000,000</u>
<i>Called up, allotted, issued for cash and fully paid during the year</i>		
As at 30 June 2007	235,480,832	235,481
Issued 21 November 2007 at 2.5 pence per share	21,000,000	21,000
Issued 25 January 2008 at 2 pence per share	18,000,000	18,000
Issued 29 April 2008 at 1.5 pence per share	31,000,000	31,000
<b>As at 30 June 2008</b>	<u>305,480,832</u>	<u>305,481</u>

## Notes to financial statements, continued

### 15 Share based payments

During the year ended 30 June 2007, the Company established an employee share option plan to enable the issue of options as part of the remuneration of key management personnel and directors to enable them to purchase ordinary shares in the Company. Under the plan, the options were granted for no consideration; they were granted for a period of five years and vested immediately. Options granted under the plan carry no dividend or voting rights.

Under IFRS 2 'Share Based Payments', the Company determines the fair value of the options issued to directors and employees as remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity. The expense was charged in full during the year ended 30 June 2007.

The Company has issued options to subscribe for ordinary shares as follows:

	Number	Exercise price	Expiry date
A R M Bell	750,000	3.5 pence	11 May 2012
K F Watson	750,000	3.5 pence	11 May 2012
M C Nott	1,000,000	3.5 pence	11 May 2012
J Watkins	750,000	3.5 pence	11 May 2012
R Weicker	750,000	3.5 pence	11 May 2012
Employees of Regency Mines plc	1,000,000	3.5 pence	11 May 2012
Total	<u>5,000,000</u>		

The fair value of the above share options as expensed in 2007 is £82,581.

The volatility is set by reference to the historic volatility of the share prices of the Company. The Black-Scholes model assumes that an option is only capable of exercise at expiry.

During the year, no options were issued or lapsed or were cancelled.

## Notes to financial statements, continued

**16 Statement of changes in equity**

The movements on reserves during the period were as follows:

Group	Share capital	Share premium reserve	Retained earnings	Share based payment reserve	Total equity
	£	£	£	£	£
As at 1 July 2006	166,679	1,141,988	(205,616)	-	1,103,051
Issue of shares	68,802	1,595,573	-	-	1,664,375
Share issue and fundraising costs	-	(72,075)	-	-	(72,075)
Loss for the year	-	-	(223,731)	-	(223,731)
Share based payments	-	-	-	82,581	82,581
As at 30 June 2007	235,481	2,665,486	(429,347)	82,581	2,554,201
Issue of shares	70,000	1,280,000	-	-	1,350,000
Share issue and fundraising costs	-	(56,750)	-	-	(56,750)
Profit for the year	-	-	103,716	-	103,716
<b>As at 30 June 2008</b>	<b>305,481</b>	<b>3,888,736</b>	<b>(325,631)</b>	<b>82,581</b>	<b>3,951,167</b>

**Company**

	Share capital	Share premium reserve	Retained earnings	Share based payment reserve	Total equity
	£	£	£	£	£
As at 1 July 2006	166,679	1,141,988	(115,472)	-	1,193,195
Issue of shares	68,802	1,595,573	-	-	1,664,375
Share issue and fundraising costs	-	(72,075)	-	-	(72,075)
Loss for the year	-	-	(142,597)	-	(142,597)
Share based payments	-	-	-	82,581	82,581
As at 30 June 2007	235,481	2,665,486	(258,069)	82,581	2,725,479
Issue of shares	70,000	1,280,000	-	-	1,350,000
Share issue and fundraising costs	-	(56,750)	-	-	(56,750)
Loss for the year	-	-	(57,428)	-	(57,428)
<b>As at 30 June 2008</b>	<b>305,481</b>	<b>3,888,736</b>	<b>(315,497)</b>	<b>82,581</b>	<b>3,961,301</b>

**17 Cash and cash equivalents - Group**

	30 June 2008 £	Cash flow £	30 June 2007 £
Cash in hand and at bank	87,599	(132,748)	220,347

**Cash and cash equivalents - Company**

	30 June 2008 £	Cash flow £	30 June 2007 £
Cash in hand and at bank	83,260	(125,843)	209,103



## Notes to financial statements, continued

**18 Financial instruments – Group**

The Group uses financial instruments comprising cash, liquid resources and debtors/creditors that arise from its operations.

The Group's exposure to currency and liquidity risk is not considered significant. The Group's cash balances are held in pound Sterling and in Australian dollars, the latter being the currency in which the significant operating expenses are incurred.

To date the Group has relied upon equity funding to finance operations. The Directors are confident that adequate cash resources exist to finance operations to commercial exploitation, but controls over expenditure are carefully managed.

The net fair value of financial assets and liabilities approximates the carrying values disclosed in the financial statements. The currency of the financial assets is as follows:

<b>Cash and short term deposits</b>	<b>30 June 2008</b>	<b>30 June 2007</b>
	<b>£</b>	<b>£</b>
Sterling	<b>83,260</b>	209,103
Australian Dollars	<b>4,339</b>	11,244
At 30 June 2008	<b>87,599</b>	220,347

The financial assets comprise interest earning bank deposits.

**19 Commitments**

As at 30 June 2008, the Group had entered into the following commitment:

- As described in more detail in Note 21, post balance sheet events, the Company had entered into a conditional joint venture agreement with Pallinghurst Resources LLP with respect to certain assets including the Mt Alfred and Oakover tenements in Western Australia and investment holdings in Jupiter Mines Limited and Mindax Limited, mineral exploration companies with tenements adjacent to the Company's tenements. The conditions were satisfied and the agreement was finalised as described in greater detail in Note 21.

**20 Related party transactions**

- Condorex Limited, a company of which Andrew Bell is a director, has executed a consulting agreement under which it provides the services of Andrew Bell.
- On 1 July 2006, the Company agreed with Regency Mines plc, a company of which the directors Andrew Bell, Kenneth Watson and John Watkins are also directors, to enter into a sub licence agreement and share the rental, service costs and other outgoings of an office including administrative staff at 115 Eastbourne Mews London W2 6LQ with Regency Mines plc and Greatland Gold plc, companies of which Andrew Bell and John Watkins are also directors. This agreement has been effective throughout the year; a 15% service charge is payable in addition to a share of the costs. The total cost to the Company during the year was £45,393 (2007: £45,890).
- In addition, professional staff employed by Regency Mines plc are sub-contracted to the Company to work on specific assignments as necessary. During the year, the total charges at cost plus a 15% service charge were £157,197 (2007: £38,475).
- The costs incurred on behalf of the Company by Regency Mines plc are invoiced at each month end and settled as soon as may be possible. By agreement, the Company pays interest at the rate of 1% per month on all balances outstanding at each month end until they are settled. The total charge for the year was £5,933 (2007: £5,578)
- During the year, the Company paid liabilities amounting to £8,432 (2007: £13,563) on behalf of Range Mines Limited, a company of which Andrew Bell is a director and in which the Company holds 41.5% of the equity.

## Notes to financial statements, continued

### 20 Related party transactions, continued

- The Company has a 5% equity interest in Red Rock Zambia Limited (“RRZ”) which itself has a 100% interest in a tailings project in Zambia. The majority shareholders of RRZ are a group of local investors. Andrew Bell, a director of the Company, is a former director of Goliath Resources Inc. another overseas investor in RRZ which has been responsible for funding the early stages of the project. As in previous years, the Company continued to provide exploration and administration services to Goliath Resources Inc. The Company raises invoices for the recovery of the costs incurred together with a service charge of 15%. The Company has made a provision amounting to £55,197 against the possibility that these liabilities may not be settled in full within the immediate future.

### 21 Post balance sheet events

- On 24 July 2008, the Company completed the acquisition of a 20% equity interest in Africa China Mining Corporation, a corporation incorporated in the Bahamas which through its subsidiaries holds manganese exploration assets and applications in Burkino Faso and Mali West Africa.
- On 8 August 2008, the Company’s 100% subsidiary, Intrepid Resources Limited, entered into an agreement with Mr Jazzman Chikwakwa the holder of prospecting licence PLLS 141/1 at Mkushi, Zambia whereby the Company has a period of 12 months in which to investigate further the property and will have the right at any time in that period to purchase an 80% interest in the licence covering an area of 325.666 sq km.
- On 28 August 2008, the Company raised cash of £320,000 by the issue of 32,000,000 new Ordinary shares at 1 penny per share.
- On 21 November 2008, the Company raised cash of £340,000 by the issue of 68,000,000 new Ordinary shares at 0.5 pence per share.
- On 13 May 2008, the Company entered into a Letter Agreement with Pallinghurst Resources LLP with a view to entering into a joint venture with respect to certain of the Company’s assets in Western Australia and shareholdings in Australian mineral exploration companies. On 6 November 2008, the Company entered into a conditional sale and purchase agreement (the “SPA”) with Jupiter Mines Limited (“Jupiter”) and Pallinghurst Resources Australia Ltd (“Pallinghurst”) under which it will, subject to Jupiter shareholder approval:
  1. Dispose of its Mt Alfred iron ore project located in the central Yilgarn district of Western Australia and covering an area of 471km<sup>2</sup>. This area contains large, high-grade occurrences of Banded Iron Formation (BIF) with one hematite lens returning 66.64% iron and 0.05% phosphorus from surface sampling; and
  2. Dispose of all the 1,512,404 ordinary shares in Mindax Limited (“Mindax”) held by the Company. Mindax is a Perth based diversified explorer for Uranium, Gold, Base Metals and Iron Ore with tenement portfolios in the Sandstone-Meekatharra area and in the western Gneiss terrain of the Yilgarn Craton. At the close of business on 6 November 2008 Mindax shares had a mid market price on the ASX of AUD 0.34 per share. In its year ended 30 June 2008, Mindax made a loss of AUD 0.55 million and had net assets of AUD 7.9 million at that date.

The consideration for the disposals will be satisfied by the issue of 23,839,183 ordinary shares in Jupiter which at the closing mid market price on the ASX on 6 November 2008 of AUD 0.13 per share had a value of approximately AUD 3.1 million. This will take the Company’s total shareholding in Jupiter to 38,743,586 ordinary shares, which is expected to amount to approximately 15.2 per cent of Jupiter’s issued fully diluted ordinary share capital at the time of issue. Pallinghurst, a private investment company with which Red Rock is deemed to be acting in concert for the purposes of section 15(1) of the Corporations Act 2001 (Australia), will, subject to Jupiter shareholder approval, sell an additional 11,670,675 ordinary shares in Mindax and inject AUD 1 million cash into Jupiter in consideration for the issue of 47,339,148 Jupiter shares, taking its total shareholding in Jupiter to 66,054,148 ordinary shares, which is expected to amount to approximately 26.0 per cent. of Jupiter’s issued fully diluted ordinary share capital at the time of issue.

## Notes to financial statements, continued

### 21 Post balance sheet events, continued

Jupiter is a junior mining explorer company listed on the Australian Stock Exchange ("ASX") (ASX: JMS) committed to developing strategic mining exploration and project opportunities in iron ore, nickel and other resources including gold and uranium. Jupiter has already acquired an extensive portfolio of iron ore, base metals and gold exploration tenements in key mineral regions of Western Australia, and has access through its wholly owned subsidiary to uranium opportunities in the Northern Territory. In its year ended 30 June 2008, Jupiter made a loss of AUD 2.7 million and had net assets of AUD 22.5 million at that date.

The disposal of the Mt Alfred iron ore project is subject to a Bonus Option, which specifies that in the event that an Independent Expert certifies the existence of in excess of 10 million tonnes of JORC Compliant indicated or measured resources of saleable Direct Shipping Ore at the Mt Alfred iron ore project, Jupiter would then issue additional shares to Pallinghurst and Red Rock to the value at that time of AUD 2 multiplied by the independently certified resource in excess of 10 million tonnes, with the shares to be split equally between Pallinghurst and Red Rock. The Mt Alfred Bonus Option will expire on the second anniversary of the date on which such 10 million tonne resource is certified as existing, provided such certification occurs within two years from the date of issue of such option.

The SPA also provides for the potential sale of Red Rock's Oakover Project (a portfolio of tenements E45/2638, E45/2639, E45/2640 and E45/2641 which lie to the north of Consolidated Minerals Ltd's world class Woodie Woodie Manganese Mine in Western Australia) to Jupiter, subject to Jupiter shareholder approval and conditional on Red Rock obtaining unencumbered beneficial title to the tenements within two years of signing the SPA.

Conditional on Red Rock gaining title to the tenements, Jupiter would then issue 81,000,596 ordinary shares in consideration for the assets, of which 54,155,579 shares would be issued to Red Rock and 26,845,017 would be issued to Pallinghurst. Each of Pallinghurst and Red Rock would then hold 92,899,164 shares, unless shares were also issued under the Bonus Option, equivalent in each case to 27.8% of Jupiter's issued fully diluted ordinary share capital at the time of issue and to a combined 55.5%.

- On 7 July 2008, the Company underwrote an offer of new shares by Resource Star Limited to its shareholders for any amount up to AUD 1,100,000. This agreement was extended on 10 September 2008, further amended on 15 September 2008 and terminated by mutual consent on 22 October 2008.
- On 14 October 2008, the Company agreed until further notice to provide working capital to its associate company, Resource Star Limited, in order to maintain the cash resources of Resource Star above AUD 200,000, these sums to be treated as an advance against underwriting.

### 22 Disposal of subsidiary and acquisition of associate

- On 14 July 2008, Retail Star Limited changed its name to Resource Star Limited; for consistency, the latter name is used throughout.
- On 6 August 2007, the Company completed the sale of its uranium asset subsidiary, Orion Exploration Pty Limited to Resource Star Limited, a company quoted on the Australian Stock Exchange. The consideration for the sale amounted to AUD 1.5m cash and generated a profit of £89,912. The cash consideration was funded by the Company subscribing for 80m fully paid ordinary shares in Resource Star Limited at AUD 0.015, 20m options at AUD 0.01 per option and 20m A Performance Shares in Resource Star Limited. The Company also received 30m B Performance shares and 30m C Performance shares in Resource Star Limited. These converted into ordinary shares upon the achievement of certain agreed objectives.
- The original 80m shares received then amounted to 15.6% of the issued share capital of Resource Star Limited; the full 140m shares held as at 30 June 2008 amounted to 24.2% of the issued share capital.
- The conditions for the conversion of 20m A performance shares were not satisfied; the attributable cost has been written off in full during the period.
- The Company's chairman, Andrew Bell, became chairman of Resource Star Limited. In addition, one other employee of Regency Mines plc, an associate company of the Company is a director. Accordingly, the Company is considered to have significant influence over the conduct of Resource Star Limited which is therefore accounted for as an associate of the Company.

**Notes to financial statements, continued****23 Control**

There is considered to be no controlling related party. Whereas Regency Mines plc originally held a controlling interest, this was reduced to below 50% during the year to 30 June 2007, since when it has been progressively reduced to 32.89% as at 14 November 2008.

**24 Profit and loss account of the parent Company**

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent Company has not been separately presented in these accounts. The parent Company result for the year was a loss of £57,428 (2007: loss £142,956).

**25 Transition to IFRS**

The opening balance sheet at 1 July 2006 and the financial information for the year ended 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time.

The Company's transition date to IFRS is 1 July 2006. The rules for first-time adoption of IFRS are set out in IAS 1 'First time adoption of international reporting standards'. In preparing the IFRS financial information, these transition rules have been applied to the amounts reported previously under generally accepted accounting principles in the United Kingdom ('UK GAAP'). IFRS generally requires full retrospective application of the Standards and Interpretations in force at the first reporting date. However, IFRS 1 allows certain exemptions in the application of particular Standards to prior periods in order to assist companies with the transition process.

• ***Changes in presentation of financial information:***

- o IAS1: The form and presentation of the UK GAAP statements has been changed to be compliant with IAS 1.
- o IAS 7: Cash flows under IFRS are presented within the Cash Flow Statement under three main headings: cash flows from operating activities, from investing activities and from financing activities. This has resulted in some presentational changes compared to UK GAAP. There is no change to the net movement of cash and cash equivalents.

• ***Changes in accounting policies:***

- o IAS 12: Under UK GAAP, deferred tax was recognised on the basis of timing differences, subject to certain exemptions. Under IAS 12, deferred tax is recognised on the basis of taxable temporary differences, subject to certain exceptions. Temporary differences include all timing differences and many permanent differences. This change has had no effect on any of the figures reported.
- o Under IAS 39, the trade investments which are deemed to be held for short term gain are taken to the profit and loss account at fair value as opposed to being held at historical cost under UK GAAP.
- o Under IAS 39, the trade investments which are not held for short term gain and are categorised as 'available-for-sale' financial assets are restated at fair value on the balance sheet date as opposed to being held at historical cost under UK GAAP. The changes arising are included in the restatements for IFRS.
- o Company has chosen to adopt IFRS 3. Accordingly, business combinations from the date of transition will be accounted for under IFRS 3 using the purchase method.

• ***Reconciliations of UK GAAP to IFRS:***

- o For the year ended 30 June 2007 there are differences between the income statement and balance sheet amounts reported under UK GAAP and IFRS as noted on the following pages 36 to 38. In addition, there are differences under UK GAAP and IFRS for the opening balance sheet at 1 July 2006 on transition.
- o There is no monetary impact on the cash flow statement for these periods.

## *Restatement of reported figures*

### Company financial information as at 1 July 2006

	As originally reported under UK GAAP	Restate for IFRS	IFRS
	£	£	£
<b>Balance sheet</b>			
<b>Non-current assets</b>			
Intangible assets	972,290	(972,290)	-
Investments in associates	26,250	-	<b>26,250</b>
<b>Total non-current assets</b>	<b>998,540</b>	<b>(972,290)</b>	<b>26,250</b>
<b>Current assets</b>			
Cash and cash equivalents	101,021	-	<b>101,021</b>
Trade and other receivables	26,416	-	<b>26,416</b>
Available for sale financial assets	15,491	-	<b>15,491</b>
Exploration properties	-	972,290	<b>972,290</b>
<b>Total current assets</b>	<b>142,928</b>	<b>972,290</b>	<b>1,115,218</b>
<b>Total assets</b>	<b>1,141,468</b>	<b>-</b>	<b>1,141,468</b>
<b>Current liabilities</b>			
Trade and other payables	(38,417)	-	<b>(38,417)</b>
<b>Total liabilities</b>	<b>(38,417)</b>	<b>-</b>	<b>(38,417)</b>
<b>Net assets</b>	<b>1,103,051</b>	<b>-</b>	<b>1,103,051</b>
<b>Capital and reserves</b>			
Share capital	166,679	-	<b>166,679</b>
Share premium account	1,141,988	-	<b>1,141,988</b>
Retained losses	(205,616)	-	<b>(205,616)</b>
<b>Total equity</b>	<b>1,103,051</b>	<b>-</b>	<b>1,103,051</b>



## Restatement of reported figures, continued

**Group financial information for the year ended 30 June 2007**

<b>Income statement</b>	<b>As originally reported under UK GAAP</b>	<b>Restate for IFRS</b>	<b>IFRS</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Turnover	551,652	(16,236)	<b>535,416</b>
Cost of sales	(200,461)	15,491	<b>(184,970)</b>
<b>Gross profit</b>	<b>351,191</b>	<b>(745)</b>	<b>350,446</b>
Exploration expenses	(245,207)	-	<b>(245,207)</b>
Administrative expenses	(415,343)	-	<b>(415,343)</b>
Currency gains	18,038	-	<b>18,038</b>
<b>Operating loss</b>	<b>(291,321)</b>	<b>(745)</b>	<b>(292,066)</b>
Share of operating loss in associate	-	(612)	<b>(612)</b>
Surplus on revaluation of financial assets	-	66,611	<b>66,611</b>
Profit on sale of financial asset	-	745	<b>745</b>
Interest receivable	7,170	-	7,170
Interest payable	(5,579)	-	<b>(5,579)</b>
<b>Loss on ordinary activities for the period</b>	<b>(289,730)</b>	<b>65,999</b>	<b>(223,731)</b>
Taxation provision	-	-	-
<b>Loss after taxation</b>	<b>(289,730)</b>	<b>46,016</b>	<b>(223,731)</b>

**Restatement of reported figures – notes:**

During 2007, exploration properties previously reported as intangible fixed assets, were reclassified and reported as current assets. This correction has now been applied as at 30 June 2006.

## Restatement of reported figures, continued

**Group financial information for the year ended 30 June 2007**

<b>Balance sheet</b>	<b>As originally reported under UK GAAP</b>	<b>Restate for IFRS</b>	<b>IFRS</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Non-current assets</b>			
Investments in associates	26,250	(612)	25,638
<b>Total non-current assets</b>	<b>26,250</b>	<b>(612)</b>	<b>25,638</b>
<b>Current assets</b>			
Cash and cash equivalents	220,347	-	220,347
Trade and other receivables	1,080,013	-	1,080,013
Trading asset investments	513,900	72,559	586,459
Exploration properties	935,353	-	935,353
<b>Total current assets</b>	<b>2,749,613</b>	<b>72,559</b>	<b>2,822,172</b>
<b>Total assets</b>	<b>2,775,863</b>	<b>71,947</b>	<b>2,847,810</b>
<b>Current liabilities</b>			
Trade and other payables	(293,609)	-	(293,609)
<b>Non-current liabilities</b>			
Deferred taxation	-	-	-
<b>Total liabilities</b>	<b>(293,609)</b>	<b>-</b>	<b>(293,609)</b>
<b>Net assets</b>	<b>2,482,254</b>	<b>71,947</b>	<b>2,554,201</b>
<b>Capital and reserves</b>			
Share capital	235,481	-	235,481
Share premium account	2,665,486	-	2,665,486
Share option reserve	82,581	-	82,581
Financial asset revaluation reserve	(5,948)	5,948	-
Retained losses	(495,346)	65,999	(429,347)
<b>Total equity</b>	<b>2,482,254</b>	<b>71,947</b>	<b>2,554,201</b>









Manganese prospect, Burkina Faso



Old drill hole at Mt Alfred showing hematite and magnetite



Helen Salmon at Arthur River





2008



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