Aurum Mining Plc

ANNUAL REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

Annual Report and financial statements

for the year ended 31 March 2012

Contents

Company information

Directors	**Sean Finlay**	Non-Executive Chairman
	Chris Eadie	Chief Executive Officer
	Haresh Kanabar	Non-Executive Director
	Mark Jones	Non-Executive Director

Company Secretary and Registered Office

Haresh Kanabar
22 Great James Street
London
WC1N 3ES

Company Number

5059457

Nominated Adviser and Broker

Fairfax I.S. PLC
46 Berkeley Square
Mayfair
London
W1J 5AT

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Solicitors

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

Registrars

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
BE3 3DA

Website

www.aurummining.net

Review of activities

for the year ended 31 March 2012

The last twelve months have been a further period of progress and activity for Aurum as the Board continues the transformation of the Company from a Kyrgyzstan gold company into a Spanish focused mining entity with a portfolio of assets that have the potential to create significant value for Shareholders.

Strategic update

At the time of writing the corresponding review approximately twelve months ago, and even though Aurum's initial deal in Spain with Ormonde Mining plc ("Ormonde") had already been done, it was the stated intention of the Board to 'complete acquisitions that would ensure the long term future success of the Company'. In the months that followed Aurum did indeed look at a large number of potential deals across a wide range of commodities and geographies. The Company looked very closely at one deal in particular, and significant time, and correspondingly resource, was spent carrying out due diligence work and preparing the documentation for a reverse takeover that would have fundamentally changed the face and nature of the Company.

For a number of different reasons, including uncertain market conditions, the Board concluded that the deal mentioned above was not in the best interests of Shareholders and the decision was taken not to proceed. However, as a result of that process the Board decided that the strategic direction of the Company and the growth of Aurum should be focused on the development of the Company's existing interests in Spain and complementary projects should be sought. Until that point it was the accepted view of the Board that at some point in the short-term a significant transaction and reverse takeover would be identified and completed and that would shape the future of the Company. The search for that type of deal was, at that point last autumn, the driving force of the Company.

However around that time, it became apparent to the Board that not only did Aurum have some really exciting potential gold assets through its joint venture with Ormonde but also, through the Company's involvement in the region, there was the potential to acquire further assets in Spain and the surrounding area. In addition, the Board felt that, by following this Spanish strategy it could put together a really interesting and exciting investment opportunity that has the potential to deliver the Company's strategic objective of delivering shareholder value and returns.

The Board is still open to looking at and appraising any opportunities that may arise, regardless of the geography or commodity, but unless a really compelling opportunity comes to light, the Board will continue to pursue its strategy in Spain and have a direct approach in both identifying opportunities and completing on deals that can be value accretive to the Company and which can help the Company deliver on its strategic objectives.

The Company has looked at a number of different opportunities in Spain and it was delighted to recently announce that it has acquired an exclusive option to acquire five tungsten permits (the "Morille permits") which are located only a short distance from Salamanca: in very close proximity to the Company's existing gold permits.

It is the Board's view that the opportunity has significant potential, and the Company is now going through the due diligence process before it determines whether it will proceed with the exercise of the option.

The Board is cognisant of the logistical and administrative burden of creating a new business in a new geography – and it is vital that the right processes and procedures are put in place at this early stage to ensure the future success of the Company in Spain. It is therefore important that the Company builds a strong operating base, and putting this in place is happening concurrently with the due diligence process on the Morille permits.

It has been another productive twelve months for the Company, and the Board feels the Company is now ideally positioned to deliver on its strategy – the gold assets are already looking very exciting and if these can be complemented by the completion of the Morille tungsten deal and potentially by one or two further acquisitions in the region, the objective of creating a Spanish focused mining company with a portfolio of projects will have been achieved.

Gold projects

On 11 March 2011, Aurum entered into a joint venture with Ormonde whereby Aurum could earn a 60% interest in two permits in the Zamora Province of Spain (including the permit that contains the 'El Facho' target area) and a 54% interest in a further two permits in the Salamanca Province of Spain (Peralonso and Cabeza), by spending €500,000 on exploration activities over an eighteen month period.

In the fifteen month period since the joint venture agreement was signed there has been intense activity on the ground and Aurum has now advanced the necessary funds of €500,000 to earn its majority interest in the four permits that are the subject of the joint venture agreement. It should be noted that the final payment to take Aurum's investment up to the €500,000 level did not happen until after the end of the Company's financial year. The necessary legal work has now commenced to transfer the permits to a new Spanish subsidiary of the Company.

The majority of recent expenditure and exploration work has been carried out on the El Facho structure as this is the most advanced target area within the joint venture's four permit areas. Known gold mineralisation at El Facho is hosted in multiple steeply dipping structures characterised by quartz veining, silicification and alteration, primarily, but not exclusively, within granites. The joint venture's drilling campaign was designed to test for extensions to the known mineralisation and in particular to ascertain whether broader mineralised intervals could be discovered.

A total of 18 holes have now been drilled at El Facho by Ormonde and the joint venture and this amounts to some 3,658 metres of drilling. Despite this fairly limited amount of drilling, the assay results to date have been very encouraging, although there is still a significant amount of work to be done to fully understand the El Facho structure and to be able to fully determine its potential.

It is clear from this initial drilling that El Facho does contain intersections of minebale widths and grade and it is encouraging that, in spite of the drilling done to date, the El Facho structure is open in all directions giving rise to the hope that the structure could be more substantial than originally thought.

Of the 18 holes drilled at El Facho, assay results are available for 17 holes – a summary of the major intersections from these 17 holes can be seen in the table below.

El Facho Drilling Results

Hole Reference	From (m)	Thickness (m)	Gold (g/t)
ORMP 1	51	23	1.1
ORMP 3	131	3	3.6
ORMP 4	40	6	3.7
ORMP 4	62	4	1.7
ORMP 5	56	9	1.5
ORMP 6	104	7	1.1
ORMP 7	38	7	1.2
ORMP 10	89	12	3.4
ORMP 10	75	30	1.6
ORMP 10	25	80	0.8
ORMP 11	102	10	2.1
ORMP 11	275	5	1.9
ORMP 13	154	10	0.6

Hole Reference	From (m)	Thickness (m)	Gold (g/t)
ORMP 13	172	3	1.4
ORMP 14	143	1	11.4
ORMP 15	96	49	1.2
ORMP 15	99	25	1.8
ORMP 15	109	11	3.6
ORMP 16	144	10	0.5
ORMP 16	226	7	0.9
ORMP 17	148	12	0.7
ORMP 18	21	14	0.4
ORMP 19	79	22	1.1
ORMP 20	55	15	0.8
ORMP 20	56	9	1.2

Based on all drilling completed at El Facho to date, some modelling of the mineralisation has been carried out which indicates continuity of the main gold-bearing structure over a strike length in excess of 600 metres.

Based on this modelling, the joint venture's external consultant, Aurum Exploration Services, the Irish based mineral exploration consultant, has carried out an exercise to determine a preliminary resource estimation. This modelling indicates that the current resource at El Facho could be in the region of 122,000-145,000 ounces based on a 0.3 g/t cut off, though it is important to note that this is an early stage estimate to assist in guiding further drilling programmes and is not a resource that has been calculated in compliance with any internationally recognised standard. The range in estimates is due to differing modelling assumptions. Under the differing assumptions, but retaining the 0.3 g/t cut off level, resource tonnage ranges from 3.8-4.8 million tonnes and overall grade ranges from 0.94 g/t to 1 g/t.

The joint venture will now be undertaking further work with the twin objectives of understanding the El Facho structure better and, at the optimal time, moving towards formalising an initial resource. Certain relatively straightforward processes, such as carrying out infill assaying on existing drill core not yet assayed, will now be carried out and will hopefully yield results in a fairly short timeframe.

Once the assay results from the final hole of the recent drill programme are available, the joint venture Supervisory Committee, of which Aurum now has the chair, will determine the proposed workplan at El Facho for the next period.

Whilst the initial drilling results from El Facho are both positive and encouraging, this is still a relatively early stage opportunity that needs a significant amount of further work and thinking to ensure that it can deliver to its full potential. The Board is committed to ensuring that the full value from El Facho is delivered.

As well as undertaking further work at El Facho, a three hole drilling programme on the Peralonso permit in Salamanca Province has been completed and we await assay results. The programme has been designed to test the shallow depth extent of gold mineralisation located in previous trenching. Gold mineralisation is hosted within Fe-oxide-bearing breccias within altered granites, with previous trenching of an extensive soil geochemical anomaly (400 x 400m) returning a best interval of 5 metres grading 5.4g/t gold.

Trenching work will also shortly commence at the Cabeza Permit area in Salamanca Province. This trenching will follow up on the results of earlier soil geochemical analysis and other surface exploration work.

Morille tungsten opportunity

As outlined above, the Board is also delighted to have secured an exclusive option to acquire five tungsten permits (the "Morille permits") in Salamanca Province. The five permits are located 15km southwest of the city of Salamanca and cover an area of 5,796 hectares.

The Board is excited about the potential of the Morille permits and technical and legal due diligence is now underway to better understand the opportunity.

The key aspects of the Morille permits and permit area (as outlined in the Company's update to the market on 18 June 2012) are as follows:

- The Morille permit area is a 'brownfield' site and there has been a long history of the production of high quality tungsten concentrates from mineralisation grading up to 1% WO_3.
- The historic mines closed during the 1980's as a result of low commodity prices – not only have prices increased significantly since then, there is reason to believe that a significant supply shortage is developing in the tungsten market. These supply issues have been highlighted by the EU in its report "Critical Raw Materials for the EU" (May 2010) where tungsten was listed as a "critical raw material" due to its "high economic importance and high relative supply risk" and more recently by the British Geological Survey who have ranked tungsten in the joint highest position in its "Current Supply Risk Index" of metals which are of economic value.

- Now that there has been the consolidation of approximately fifty old small mines into a unified block, the Morille permits provide the first opportunity for systematic exploration of the area for tungsten.
- Though the information needs to be verified by the Company, historical geological, exploration and production data provide excellent pointers as to where the initial exploration targets should be.
- A geological survey carried out by two state geological surveys in the late 1990's concluded that there is a potential resource tonnage of at least 8 million tonnes across the Morille permit area, with the majority of this resource at the site of the old Alegria mine which will inevitably be the key initial exploration target for Aurum, should the acquisition of the Morille permits go ahead.
- Production data from the public database of the regional Government suggests that there has been over 735,000 tonnes of tungsten ore mined from the Morille area ranging in grade from 0.1%-1% WO_3.
- The historic data also suggests that two of the plants on the permit area were producing concentrate containing 70% tungsten. By current standards these are high grade concentrates.
- The area is served by excellent infrastructure.
- The area sits within a well known tungsten province – other known deposits in the area include Barruecopardo, Panasquiera, Los Santos and Regua.

The Board's optimism around the opportunity is shared by that of its advisers. Golder Associates who are assisting the Company with its due diligence on the permits concluded that the area represents a valid exploration target which 'merits exploration' while the Company's consultants on the ground, Desarrollo de Recursos Geologicos S.A. ("DRG") have concluded that the project 'provides more favourable conditions than those of virtually any other similar project currently underway in Europe'.

The Board will now ensure that the due diligence process is completed both efficiently and effectively before making its decision on whether to proceed with the acquisition.

Another striking factor about the Morille project is how complementary it is to Aurum's existing gold assets in terms of its location. Should Aurum proceed with the acquisition of the Morille permits, it should be straightforward to service both the gold and tungsten assets with a single administrative function.

Key financials

For the year to 31 March 2012, the Group reported a loss of £1m compared to a loss of £2.2m in 2011.

The loss for the year includes certain non-cash items such as share based payments £113,000 and certain non recurring items such as aborted transaction fees £286,000. Absent these, the underlying monthly cashburn for the Company equates to approximately £50,000 per month.

In April 2011, the Board announced that it had successfully raised £2m (before expenses) by way of an equity issue to strengthen the Company's balance sheet and give the Company sufficient funds to appraise projects and to complete transactions.

Gross cash at the end of May 2012 was circa £1.2m.

During this year of transition, cash management and cost control have remained key priorities for the Company.

Corporate

The Company announced that Simon Beardsmore joined the Company on a full time basis from 1 April 2012.

Simon joined Aurum having recently been part of the senior management team responsible for the construction, commissioning and expansion of the Los Santos tungsten mine in Salamanca Province, Spain. Simon is a graduate of the Royal School of Mines and a UK Chartered Engineer with over 35 years experience in a range of technical, operational and financial positions in the mining industry.

Simon's technical experience and knowledge of working in Spain is already proving invaluable to the Company as it looks to deliver on its Spanish strategy.

We would like to thank our staff for their unwavering effort and determination during the last twelve months.

In addition, we would like to thank the Company's advisers and consultants for their continued support.

Sean Finlay
Chairman

Chris Eadie
Chief Executive Officer

20 June 2012

Simon Beardsmore, BSc (hons), ARSM, MIMMM, CEng, Technical Manager of Aurum Mining plc, and a qualified person as defined in the AIM Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, has reviewed and approved the technical information contained in this statement.

As noted above, resource information contained in this statement relating to the El Facho structure has not been estimated in compliance with any internationally recognised standard and has been undertaken at this time solely to guide further drilling programmes in order to ascertain the full resource potential in the project area. Accordingly this statement does not constitute a resource update within the meaning of the AIM Guidance Note for Mining, Oil and Gas Companies.

Report of the Directors

for the year ended 31 March 2012

The Directors present their report together with the audited financial statements for the year ended 31 March 2012.

Principal activity

The Company's investment strategy is to acquire mining assets either by taking outright control or through partnering arrangements.

Business review and future developments

Further details of the Group's business and expected future developments are outlined in the Review of activities report on pages 3 to 7.

Results and dividends

The audited financial statements for the year ended 31 March 2012 are presented on pages 15 to 40. The Directors do not recommend payment of a dividend for the year (2011: £nil).

Presentation currency

The Directors have decided to present the financial statements for the year ended 31 March 2012 in Great British Pounds Sterling. Please refer to Note 1 on page 21.

Principal risks and uncertainties

At the present time, there is strong competition within the mining industry for the identification and acquisition of appropriate assets. The Company competes with other exploration and production companies for these assets, some of which have greater financial resources than the Company, for the acquisition of properties, leases and other interests. The challenge for management is to secure appropriate assets without having to overpay for them.

Key performance indicators (KPIs)

The key performance indicators for the Company will be linked to the specific projects acquired and the increase in overall enterprise value of the Company.

The key performance indicators of the Group are as follows:

	2012	**2011**
Loss per share	(0.91p)	(4.50p)
Share price at 31 March	3.25p	4.00p
Cash at bank	£1.3m	£0.7m
Cash returned to shareholders	–	£7.7m

Directors and Directors' interests

The Directors of the Company during the year and their beneficial interests in the ordinary shares of the Company for the year were as follows:

	Number of shares held at 31 March 2012	**Number of shares held at 31 March 2011**
C Eadie	833,334	500,000
M Jones	2,746,946	2,413,612
S Finlay	666,055	332,721
H Kanabar	508,334	175,000

Directors and Directors' interests (continued)

The Directors' interests in the share options of the Company at 31 March 2012 are as follows:

	Number of options at 1 April 2011	Number of options granted during the year	Number of options exercised during the year	Number of options at 31 March 2012	Exercise Price	Date of grant	First date of exercise	Final date of exercise
C Eadie	–	2,000,000	–	2,000,000	3.5p	27/04/11	27/04/11	26/04/16
M Jones	–	650,000	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
S Finlay	–	650,000	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
H Kanabar	–	650,000	–	650,000	3.5p	27/04/11	27/04/11	26/04/16

The remuneration of Directors during the year is disclosed in note 6.

Creditor payment policy

The Group has no formal code or standard that deals specifically with the payment of creditors. However, the Group's policy on the payment of all creditors is to ensure that the terms of payment, as specified and agreed with the creditor, are not exceeded. Trade creditors as at 31 March 2012 represents 13 days (2011: 9 days) as a proportion of the total amount invoiced by creditors during the year ended on that date.

Donations

The Group made no charitable or political donations during the period (2011: £nil).

No charitable or political donations were made by the Company during the period (2011: £nil).

Going concern

After reviewing the Group's operations, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its financial obligations as they fall due for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

In April 2011, the Board announced that it had successfully raised £2m (before expenses) by way of an equity issue to strengthen the Company's balance sheet and give the Company sufficient funds to appraise projects and to complete transactions.

Events after the reporting date

For details on events after the reporting date see note 22 for further information.

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 19 of the financial statements.

Disclosure of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information on which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Annual General Meeting

The Company proposes to convene the Annual General Meeting for 12 noon on 23 July 2012 at the offices of Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU.

The special business to be proposed at the Annual General Meeting relates to the following matters:

Resolution 5

The current authority of the Directors to issue shares will expire at the Company's 2012 Annual General Meeting. Resolution 5, which is proposed as an ordinary resolution, is to provide the Directors with authority to issue new ordinary shares up to an aggregate nominal value of £393,866.47 representing approximately 33 per cent. of the current issued share capital of the Company. This authority will expire on the earlier of the next Annual General Meeting of the Company or 30 September 2013.

Resolution 6

The current authority of the Directors to allot shares on a non pre-emptive basis will expire at the Company's 2012 Annual General Meeting. Resolution 6, which is proposed as a special resolution, is to approve a disapplication of statutory pre-emption rights in respect of the issue of new ordinary shares or sale of treasury shares for cash up to an aggregate nominal value of £236,319.88 representing approximately 20 per cent. of the current issued share capital of the Company. The Directors have no current intention to issue shares pursuant to this authority but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change. This authority will expire on the earlier of the next Annual General Meeting of the Company or 30 September 2013.

Resolution 7

Resolution 7, which is proposed as a special resolution, is to authorise the Company to purchase up to 17,712,175 ordinary shares in the market, representing 14.99 per cent. of the current issued ordinary share capital of the Company, at a price not less than the nominal value of the ordinary shares (being one pence) and not more than 5 per cent. above the average of the middle market quotations of the Company's ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The Company may either cancel any shares that it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). This authority will expire on the earlier of the next Annual General Meeting of the Company or 30 September 2013. The Directors have no present intention of making such purchases, but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change. The authority would, however, only be exercised if the Directors believe that to do so would be in the best interests of shareholders generally.

Auditors

BDO LLP has expressed its willingness to continue in office as auditors and a resolution to appoint BDO will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Chris Eadie
Chief Executive Officer

20 June 2012

Corporate governance statement

for the year ended 31 March 2012

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code ("the Code"). However the Company has given consideration to the provisions set out in Section 1 of the Code. The Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances. Details of these are set out below. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 12. Below is a brief description of the role of the Board and its committees, including a statement regarding the Group's system of internal financial control.

The Board of Directors

The Board currently comprises one Executive and three Non-Executive Directors.

The Board meets approximately every one to two months and is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, 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 Group'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 appropriate to the nature and scale of the operations of the Group.

The Audit Committee

An Audit Committee has been established which comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. The Committee also reviews the Group's annual and interim financial statements before submission to the Board for approval. The role of the Audit Committee is also to consider the appointment of the auditors, audit fees, scope of audit work and any resultant findings.

The Remuneration Committee

The Remuneration Committee comprises two Non-Executive Directors – Haresh Kanabar (who chairs the Committee) and Sean Finlay. It is responsible for reviewing the performance of the executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration of the Chairman and the Non-Executive Directors is determined by the Board as a whole, based on a review of the current practices in other companies.

The Nomination Committee

The Nomination Committee comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for reviewing the size, structure and composition of the Board of Directors, succession planning and identifying and monitoring candidates for all Board vacancies.

Statement of Directors' responsibilities

for the year ended 31 March 2012

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and have prepared the Company financial statements in accordance with IFRS. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM.

In preparing these 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 as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Report of the independent auditors

To the members of Aurum Mining Plc

We have audited the financial statements of Aurum Mining plc for the year ended 31 March 2012 which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' Responsibilities, 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 and express an opinion on 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 parent company's affairs as at 31 March 2012 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 provisions of 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.

Report of the independent auditors

To the members of Aurum Mining Plc

continued

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements 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.

Anne Sayers (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

20 June 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated income statement

for the year ended 31 March 2012

	Notes	2012 £'000	2011 £'000
Impairment of available for sale investment	11	–	(824)
Aborted transaction costs		(286)	–
Other administrative expenses		(760)	(1,179)
Operating loss	4	(1,046)	(2,003)
Finance income	7	4	17
Finance expenses	7	–	(183)
Loss for the year before taxation		(1,042)	(2,169)
Taxation	8	–	–
Loss for the year after taxation		(1,042)	(2,169)
Loss attributable to the equity shareholders of the parent company		(1,042)	(2,169)
Loss per share expressed in pence per share			
Basic and Diluted	9	(0.91p)	(4.50p)

The notes on pages 21 to 40 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2012

	2012 £'000	2011 £'000
Loss after taxation for the financial year	(1,042)	(2,169)
Other comprehensive income:		
Exchange translation differences on consolidation of Group entities	–	–
Other comprehensive income	–	–
Total comprehensive expense attributable to the equity shareholders of the parent company	(1,042)	(2,169)

The notes on pages 21 to 40 form part of these financial statements.

Consolidated and Company statement of financial position

as at 31 March 2012

	Notes	Group 2012 £'000	Group 2011 £'000	Group 2010 £'000	Company 2012 £'000	Company 2011 £'000	Company 2010 £'000
Assets							
Non-current assets							
Available for sale financial asset	11	–	–	824	–	–	–
Property, plant and equipment	10	1	3	7	1	3	7
Amounts owed by subsidiaries	13	–	–	–	–	–	818
Total non-current assets		1	3	831	1	3	825
Current assets							
Receivables	14	492	61	184	492	61	184
Cash and cash equivalents	19	1,317	732	9,615	1,317	732	9,612
Total current assets		1,809	793	9,799	1,809	793	9,796
Total assets		1,810	796	10,630	1,810	796	10,621
Liabilities							
Current liabilities							
Trade and other payables	15	121	112	332	121	112	323
Total current liabilities		121	112	332	121	112	323
Total liabilities		121	112	332	121	112	323
Net assets		1,689	684	10,298	1,689	684	10,298
Capital and reserves attributable to the equity holders of the company							
Share capital	17	1,182	515	482	1,182	515	482
Share premium account		11,172	9,905	17,182	11,172	9,905	17,182
Merger reserve		–	3,021	3,021	–	3,021	3,021
Warrant reserve		–	–	201	–	–	201
Retained deficit		(10,665)	(12,757)	(10,588)	(10,665)	(12,757)	(10,588)
Total Equity		1,689	684	10,298	1,689	684	10,298

The financial statements were approved by the Board of Directors and authorised for issue on 20 June 2012. They were signed on its behalf by:

Chris Eadie
Chief Executive Officer

Company number: 5059457

The notes on pages 21 to 40 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 March 2012

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Retained deficit £'000	Total equity £'000
At 1 April 2010	482	17,182	3,021	201	(10,588)	10,298
Total comprehensive expense for the year	–	–	–	–	(2,169)	(2,169)
Conversion of warrants	8	242	–	(201)	–	49
Exercise of share options	25	205	–	–	–	230
Issue of B shares (see note 17)	7,724	(7,724)	–	–	–	–
Capital repayments to shareholders (see note 17)	(7,724)	–	–	–	–	(7,724)
At 31 March 2011	515	9,905	3,021	–	(12,757)	684
Total comprehensive expense for the year	–	–	–	–	(1,042)	(1,042)
Merger reserve realised profits	–	–	(3,021)	–	3,021	–
Share based payments	–	–	–	–	113	113
Issue of shares net of issue costs (see note 17)	667	1,267	–	–	–	1,934
At 31 March 2012	1,182	11,172	–	–	(10,665)	1,689

The notes on pages 21 to 40 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2012

	Share capital £'000	Share premium £'000	Merger reserve £'000	Warrant reserve £'000	Retained deficit £'000	Total equity £'000
At 1 April 2010	482	17,182	3,021	201	(10,588)	10,298
Total comprehensive expense for the year	–	–	–	–	(2,169)	(2,169)
Conversion of warrants	8	242	–	(201)	–	49
Exercise of share options	25	205	–	–	–	230
Issue of B shares (see note 17)	7,724	(7,724)	–	–	–	–
Capital repayments to shareholders (see note 17)	(7,724)	–	–	–	–	(7,724)
At 31 March 2011	515	9,905	3,021	–	(12,757)	684
Total comprehensive expense for the year	–	–	–	–	(1,042)	(1,042)
Merger reserve realised profits	–	–	(3,021)	–	3,021	–
Share based payments	–	–	–	–	113	113
Issue of shares net of issue costs (see note 17)	667	1,267	–	–	–	1,934
At 31 March 2012	1,182	11,172	–	–	(10,665)	1,689

The following describes the nature and purpose of each reserve within owners' equity for both the Company and the Group.

Reserve	Description and purpose
Share capital	Amounts subscribed for share capital at nominal value
Share premium	Amounts subscribed for share capital in excess of nominal value.
Merger reserve	Merger relief reserve for amount in excess of nominal value on issue of shares in relation to business combinations.
Warrant reserve	Fair value of the warrants issued.
Retained deficit	Cumulative net gains and losses recognised in the income statement less distributions made.

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual income statement, statement of comprehensive income and related notes. The Company's loss for the year was £1,042,000 (2011: loss of £2,169,000).

The notes on pages 21 to 40 form part of these financial statements.

Consolidated and Company statements of cash flows

for the year ended 31 March 2012

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash flows from operating activities				
Loss for the year before tax	(1,042)	(2,169)	(1,042)	(2,169)
Adjustments for:				
Depreciation of property, plant and equipment	2	4	2	4
Finance income	(4)	(17)	(4)	(17)
Finance expense	–	183	–	183
Impairment losses	–	824	6	818
Share based payments	113	–	113	–
Cash flow from operating activities before changes in working capital	(931)	(1,175)	(925)	(1,181)
Decrease in trade and other receivables	4	124	4	123
Increase/(decrease) in trade and other payables	9	(220)	9	(211)
Net cash flow used in operating activities	(918)	(1,271)	(912)	(1,269)
Investing activities				
Ormonde joint venture payments	(435)	–	(435)	–
Interest income	4	17	4	17
Net cash flow from investing activities	(431)	17	(431)	17
Financing activities				
Capital repayments to shareholders	–	(7,724)	–	(7,724)
Increase in loans to subsidiaries	–	–	(6)	(21)
Proceeds from conversion of warrants	–	49	–	49
Proceeds from issue of share capital	2,000	230	2,000	230
Expenses paid in connection with share issues	(66)	–	(66)	–
Net cash flow from/(used in) financing activities	1,934	(7,445)	1,928	(7,466)
Net increase/(decrease) in cash and cash equivalents	585	(8,699)	585	(8,718)
Cash and cash equivalents at the beginning of the year	732	9,615	732	9,612
Effect of exchange rate changes on cash and cash equivalents	–	(184)	–	(162)
Cash and cash equivalents at the end of the year	1,317	732	1,317	732

The notes on pages 21 to 40 form part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2012

1 Accounting policies

The Company is a public limited Company incorporated and domiciled in the United Kingdom. The address of its registered office is 22 Great James Street, London, WC1N 3ES. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements for the year ended 31 March 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

Functional and presentational currency

The Group financial statements are presented in Great Britain Pounds Sterling, and all values are rounded to the nearest thousand Pounds (£'000) except when otherwise indicated. The functional currencies of the individual Group companies are:

Company	Functional currency
Aurum Mining Plc	Great Britain Pound Sterling (GBP)
Tryden International Limited	US$ (USD)

The financial statements for the year ended 31 March 2011 were presented in United States Dollars. The Directors have decided to present the financial statements for the year ended 31 March 2012 in Great Britain Pounds Sterling as it the currency most relevant to our investors given the nature of the Group's current activities. The Group no longer have operations where USD transactions are prevalent and therefore presenting the financial statements in USD is not considered appropriate. The functional currency of the parent entity is GBP and fundraising and the vast majority of transactions are carried out in GBP. It is therefore considered that the most appropriate presentational currency is GBP for the Group financial statements.

The comparative financial statements for the year ended 31 March 2010 and 31 March 2011 have been represented using a rate for the statement of financial position of £1:$1.5167 and £1:$1.6030, representing the closing rate at 31 March 2010 and 31 March 2011 respectively and income statement of £1:$1.5975 and £1:$1.5572, representing the rate approximating the rate ruling at the date of transaction for the year ended 31 March 2010 and 31 March 2011 respectively.

Accounting standards issued but not adopted

The IFRS financial information has been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 March 2012. The following standards, interpretations and amendments to existing standards have been adopted for the first time in 2011:

		Effective date
• IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
• IAS 24	Revised – Related Party Disclosures	1 January 2011
• Improvements to IFRSs (2010)		1 January 2011

The adoption of these standards, interpretations and amendments did not affect the Group results of operations or financial positions. The presentation of these financial statements incorporates changes arising from adoption of these standards, interpretations and amendments.

1 Accounting policies (continued)

Accounting standards issued but not adopted (continued)

The IASB and IFRIC have issued the following standards and interpretations which are effective for reporting periods beginning after the date of these financial statements, and which the group is not early adopting:

		Effective date
IFRS 7 (Amendments)	Disclosures – transfers of financial assets	1 July 2011
IAS 12 (Amendment)	Deferred tax: recovery of underlying assets	1 January 2012*
IAS 1 (Amendment)	Presentation of items of other comprehensive income	1 July 2012*
IFRS 10	Consolidated financial statements	1 January 2013*
IFRS 11	Joint arrangements	1 January 2013*
IFRS 12	Disclosure of interest in other entities	1 January 2013*
IFRS 13	Fair value measurement	1 January 2013*
IAS 27 (Amendment 2011)	Separate financial statements	1 January 2013*
IAS 28 (Amendment 2011)	Investments in associates and joint ventures	1 January 2013*
IAS 19 (Amendment 2011)	Employee benefits	1 January 2013*
IFRS 7 (Amendment 2011)	Disclosures – offsetting financial assets and financial liabilities	1 January 2013*
IAS 32 (Amendment 2011)	Offsetting financial assets and financial liabilities	1 January 2014*
IFRS 9	Financial instruments	1 January 2015*

*Not yet endorsed by European Union.

The Group is evaluating the impact of the above pronouncements but they are not expected to be material to the Group's earnings or to shareholders' funds.

Going concern

After reviewing the Group's operations, financial position and short and long term cash flow forecasts, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its financial obligations as they fall due for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

Foreign currency transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

The income statements of individual Group companies with functional currencies other than Pound Sterling are translated into Pound Sterling at the rate approximating the rate ruling at the date of the transaction and the reporting translated at the rate of exchange ruling on the reporting date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to reserves. On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

Notes to the financial statements

continued

1 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the results of Aurum Mining Plc and its subsidiaries as at 31 March 2012.

The subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from them, are eliminated.

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.

Merger reserve

Merger relief reserve is the excess of nominal value on issue of shares in relation to business combinations.

Property, plant and equipment

Property, plant and equipment, is stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price plus any directly attributable costs to bring the asset into working condition and location for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset over its useful life:

Office and computer equipment	20% to 33% per annum

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments in subsidiaries

Investments in subsidiary undertakings are shown at cost less provisions for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

Amounts owed by subsidiaries

Amounts owed by subsidiaries to the Company are treated as receivables in the Company. Refer to the receivables accounting policy for further details.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the term of the lease.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1 Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group or Company's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Fair value of financial instruments

The Group or Company determines the fair value of financial instruments that are not quoted, based on estimates using present values or other valuation techniques. Those techniques are significantly affected by the assumptions used, including discount rates and estimates of future cash flows. Where market prices are not readily available, fair value is either based on estimates obtained from independent experts or quoted market prices of comparable instruments. In that regard, the derived fair value estimates cannot be substantiated by comparison with independent markets and, in many cases, could not be realised immediately.

Financial assets

The Group or Company's financial assets fall into two categories, loans and receivables and available for sale financial assets which are discussed below. The Group or Company does not have any held to maturity or fair value through profit or available for sale financial assets.

(a) **Loans and receivables**

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(b) **Available for sale financial assets**

These comprise of the Group's investments in entities not qualifying as subsidiaries, associate or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity and other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be readily measured are measured at cost.

Cash and cash equivalents

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

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group or Company's financial liabilities fall into one category, financial liabilities held at amortised cost, which is discussed below.

1 Accounting policies (continued)

Financial liabilities held at amortised cost

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. The Group or Company's financial liabilities are trade payables and other short term liabilities.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group or Company has a present obligation as a result of a past event, and it is probable that the Group or Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Finance income and expense

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, calculated in accordance with the effective interest rate method.

Finance costs comprise interest expense on borrowings, the accumulation of interest on provisions and foreign exchange losses. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs.

Income taxes

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax based in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future tax profit will be available in the foreseeable future against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

National Insurance on share options

To the extent that the share price as at the reporting date is greater than the exercise price of outstanding options, provision for any National Insurance contributions has been made based on the prevailing rate. The provision is accrued over the performance period attaching to the award.

Pension contribution

The Group does not enter into any pension scheme arrangements. The Group does make payments in lieu of pensions for certain individuals; these costs are expensed as incurred.

1 Accounting policies (continued)

Share-based payments

In order to calculate the charge for share-based payments as required by IFRS2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note 18.

The cost of equity-settled transactions with suppliers of goods and services is measured by reference to the fair value of the good or service received, unless that fair value cannot be estimated reliably. The fair value of the good or service received is recognised as an expense as the Group receives the good or service. The cost of equity-settled transactions with employees, and transactions with suppliers where fair value cannot be estimated reliably, is measured by reference to the fair value of the equity instrument. The fair value of equity-settled transactions with employees is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions. The fair value is determined using an option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in the income statement, with a corresponding entry in equity.

2 Accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may deviate from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) **Share-based payments**

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in Note 18.

(b) **Useful lives of property, plant and equipment**

PP&E are depreciated over their useful lives. Useful lives are based on the management's estimates which are periodically reviewed for continued appropriateness. Due to the long lives of certain assets, changes to the estimates used could result in significant variations in the carrying value.

(c) **Income taxes**

The Group is subject to income taxes and has significant carried forward tax losses. Significant judgement is required in determining provisions for income taxes and in determining deferred tax assets based on assessment of probability that taxable profits will be available against which carried forward losses can be utilised.

2 Accounting estimates and judgements (continued)

(d) **Legal proceedings**

In accordance with IFRS the Group only recognises a provision where there is a present obligation from a past event, a transfer of economic benefits is probable and the amount of costs of the transfer can be estimated reliably. In instances where the criteria are not met, a contingent liability may be disclosed in the notes to the financial statements. Application of these accounting principles to legal cases requires the Group's management to make determinations about various factual and legal matters beyond its control. The Group reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Group's management as to how it will respond to the litigation, claim or assessment.

3 Segmental information

In the current year the Group had two reportable segments: Corporate and Investment and Exploration and Evaluation. In the prior year the Group had one reportable segment: Corporate and Investment.

Corporate and Investment – The heads office activities of the Group and all non-current assets allocated to corporate activities in the United Kingdom.

Exploration and Evaluation – Exploration and evaluation activities carried out with Joint venture partners under the Group's farm in agreement.

The operating results of these segments are regularly reviewed by the Group's chief operating decision makers in order to make decisions about the allocation of resources and access their performance. The Executive Director is considered to be the chief operating decision maker.

The accounting policies of these segments are in line with those described in note 1.

The segment results as follows:

Year ended 31 March 2012	**Corporate and investment £'000**	**Exploration and evaluation £'000**	**Group £'000**
Operating expenses	(1,046)	–	(1,046)
Segment result	(1,046)	–	(1,046)
Finance income			4
Finance expenses			–
Loss for the year			(1,042)

Year ended 31 March 2011	**Corporate and investment £'000**	**Exploration and evaluation £'000**	**Group £'000**
Operating expenses	(2,003)	–	(2,003)
Segment result	(2,003)	–	(2,003)
Finance income			17
Finance expenses			(183)
Loss for the year			(2,169)

3 Segmental information (continued)

Other segment items included in the income statement are as follows:

Year ended 31 March 2012	Corporate and investment £'000	Exploration and evaluation £'000	Group £'000
Depreciation	2	–	2
Impairment of assets	–	–	–

Year ended 31 March 2011	Corporate and investment £'000	Exploration and evaluation £'000	Group £'000
Depreciation	4	–	4
Impairment of assets	(824)	–	(824)

The segment assets and liabilities and capital expenditure are analysed as follows:

Year ended 31 March 2012	Corporate and investment £'000	Exploration and evaluation £'000	Group £'000
Segment assets	1,375	435	1,810
Segment liabilities	(121)	–	(121)
Segment net assets	1,254	435	1,689
Capital expenditure	–	–	–

Year ended 31 March 2011	Corporate and investment £'000	Exploration and evaluation £'000	Group £'000
Segment assets	796	–	796
Segment liabilities	(112)	–	(112)
Segment net assets	684	–	684
Capital expenditure	–	–	–

4 Operating loss

Operating loss is stated after charging:

	2012 £'000	2011 £'000
Depreciation	2	4
Operating lease expense	39	28
External auditors' remuneration		
– Audit fee for the annual audit of the company and group financial statements	22	19
– Auditing of accounts of associates of the Company under legislation	–	3
– Other taxation services	6	15
– Other services	45	–
Impairment	–	824
Share-based payments (all equity settled)	113	–
Aborted transaction costs	286	–

Aborted transaction costs relate to a reverse takeover that was aborted during the year.

The Group has a policy in place for the award of non-audit work to the auditors, which requires approval of the audit committee.

5 Staff costs

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Wages and salaries	355	858	355	858
Social security costs	35	37	35	37
Pension costs	11	8	11	8
Share based payments	113	–	113	–
National Insurance on share options	–	25	–	25
	514	928	514	928

Staffs costs include Directors' salaries, fees, benefits and share based payments and are shown gross.

The share-based payment charge for the year was £113,000 nil (2011: £nil).

The weighted average monthly number of employees, including executive Directors, employed by the Group and the Company during the year was:

	Group		Company	
	2012	2011	2012	2011
Administration	4	6	4	6
Operations	–	–	–	–
Total	4	6	4	6

6 Directors' emoluments – Group and Company

	2012 £'000	2011 £'000
Directors' emoluments	345	810
Social security costs	34	32
Pension costs	11	8
Total Directors' emoluments	390	850
Share based payments	113	–
National Insurance on share options	–	25
	503	875

The remuneration of Directors during the year was as follows:

	Directors' emoluments 2012 £	Share based payments 2012 £	Pension costs 2012 £	Total 2012 £	Total 2011 £
Executive Directors					
C Eadie	200,000	57,312	11,250	268,562	231,584
Non-Executive Directors					
M Jones	46,666	18,626	–	65,292	467,920
S Finlay	51,666	18,626	–	70,292	45,039
H Kanabar	46,666	18,626	–	65,292	38,667
C Knight (resigned 1 January 2011)	–	–	–	–	34,667
	344,998	113,190	11,250	469,438	817,877

On 27 April 2011 3,950,000 share options were granted to Directors during the year (2011: none) and no share options and warrants were exercised during the year (2011: 2,500,000 and 120,000 respectively). For further information refer to the Directors report.

The highest paid Director received emoluments (including share based payments) totalling £268,562 (2011: £467,920).

M Jones is paid via J Cubed Ventures Ltd, a private service company.

S Finlay is paid via Mostop Ltd, a private service company.

Directors' interests and share options are disclosed in the Directors report.

In 2012 and 2011 key management personnel are considered to be Directors only.

7 Finance income and expenses

	2012 £'000	2011 £'000
Finance income		
Bank interest receivable	4	17
Total interest income calculated using effective interest method	4	17
Exchange gains	–	–
	4	17
Finance expenses		
Exchange losses	–	(183)
	–	(183)

8 Taxation

No current or deferred tax charge has arisen in the current year.

The Company and the Group have incurred tax losses for the year and a corporation tax charge is not anticipated. At 31 March 2012, the Group had tax losses of £5.7m (2011: £5.1m) carried forward which can be used against future profits. The majority of these losses arose in a jurisdiction with a lower tax rate than in the UK. However, these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognized in relation to these losses.

The total of potential deferred tax assets relating to tax losses which have not been recognised for in the financial statements amount to £1.5m (2011: £1.4m).

The Directors believe that there have been no breaches of foreign tax regulations and that all necessary provisions have been made in these accounts.

Current taxation

The tax assessed for the year is different from the standard rate of Corporation Tax in the UK. The differences are explained below:

	2012 £'000	2011 £'000
Loss before taxation	(1,042)	(2,169)
Loss at the standard rate of Corporation tax in the UK of 26% (2011: 28%)	(271)	(608)
Effects of:		
Expenses not deductible for tax purposes	109	246
Unutilised tax losses carried forward	162	362
Current tax charge	–	–

The Group did not recognise any deferred tax assets or liabilities at 31 March 2012 or 2011.

9 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of all the dilutive potential ordinary shares.

In 2012 and 2011 diluted loss per share has not been calculated as the Company is loss making.

At the reporting date there were 3,950,000 (2011: nil) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

Net loss attributable to equity holders of the parent:	2012 £'000	2011 £'000
From continuing operations	(1,042)	(2,169)
From total operations	(1,042)	(2,169)

Weighted average number of shares:	2012 Number	2011 Number
Weighted average number of shares	113,905,803	48,253,934

10 Property, plant and equipment

Group and Company	Office and computer equipment £'000
Cost	
At 1 April 2010	24
At 1 April 2011 and 31 March 2012	24
Depreciation	
At 1 April 2010	17
Charge for the year	4
At 1 April 2011	21
Charge for the year	2
At 31 March 2012	23
Net book value	
At 31 March 2012	1
At 31 March 2011	3
At 31 March 2010	7

11 Available-for-sale financial asset

Group	£'000
Cost	
As at 1 April 2009	–
Additions	824
At 31 March 2010	824
Impairment charges	(824)
At 31 March 2011 and 31 March 2012	–
Net book value	
At 31 March 2011 and 31 March 2012	–
At 31 March 2010	824

In November 2010 the Board took the decision to write down the carrying value of the Group's 10% residual Shareholding in the Andash asset to £nil. This valuation was determined after considering the realistic chance that Tryden International Limited, the Aurum subsidiary that held the Group's residual Shareholding in the Andash asset, had of bringing a successful claim in a Kyrgyzstan court to recover the loss of its residual stake in the Andash asset.

Management took the decision in January 2012 to dissolve the subsidiary as it was felt at the time that the probability of realising any value from the asset through a litigation process in the Kyrgyzstan courts was extremely remote.

The fair value hierarchy has the following levels: Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices); and Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation is classified at Level 2 under IFRS 7 because it is based on observable market data.

12 Investment in subsidiaries

The Company had the following subsidiary undertaking at 31 March 2012 and 31 March 2011 which has been included in the consolidated financial statements:

	Percentage interest 2012 %	Percentage interest 2011 %	Country of incorporation	Activity
Tryden International Limited	–	100	British Virgin Islands	Investment holding company

On 9 January 2012, Tryden International Limited was dissolved.

13 Amounts owed by subsidiaries

Company	2012 £'000	2011 £'000
Gross amounts owed by subsidiaries	6	818
Impairment of amounts owed by subsidiaries	(6)	(818)
Amounts owed by subsidiaries	–	–

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by £6,000 (2011: £818,000) as the subsidiary was dissolved in the year.

14 Receivables

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Ormonde joint venture payments	435	–	435	–
VAT recoverable	13	8	13	8
Prepayments	44	53	44	53
	492	61	492	61

Ormonde joint venture payments are payments made under the Ormonde joint venture agreement which will result in the Group holding interests in licenses in North West Spain.

The fair value of receivables approximates their carrying value.

15 Trade and other payables

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Current				
Trade payables	26	26	26	26
Other taxation and social security	8	7	8	7
Accruals	87	79	87	79
	121	112	121	112

The fair value of trade and other payables is not materially different from the carrying value.

16 Impairment charges

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Impairment of available for sale asset	–	824	–	–
Impairment of amounts owed by subsidiaries	–	–	6	818
Total	–	824	6	818

The Directors have carried out an impairment review in respect of the subsidiary assets and as a result the carrying value of the loans to the subsidiary have been written down by £6,000 (2011: £818,000) as the subsidiary was dissolved.

17 Share capital

	2012 £'000	2011 £'000
Authorised		
200,000,000 Ordinary shares of £0.01	2,000	2,000

	2012 £0.01 ordinary shares Number	2012 £0.01 ordinary shares £'000	2011 £0.01 ordinary shares Number	2011 £0.01 ordinary shares £'000
Allotted, issued and fully paid ordinary shares				
At beginning of year	51,493,275	515	48,188,275	482
Issue of shares	66,666,667	667	–	–
Exercise of warrants	–	–	805,000	8
Exercise of share options	–	–	2,500,000	25
At end of year	118,159,942	1,182	51,493,275	515

	2011 £0.15 B shares Number	2011 £0.15 B shares £'000
Allotted, issued and fully paid B shares		
At beginning of year	–	–
Issue of B shares	51,493,275	7,724
Capital repayment to shareholders	(51,493,275)	(7,724)
At end of year	–	–

There were no B shares in issue in the year to the 31 March 2012.

17 Share capital (continued)

Share capital

The following issues of shares were undertaken in the year ended 31 March 2012:

On 26 April 2011, 66,666,667 ordinary shares of 1p were issued at a premium of 2p for cash.

Of these shares issued, the following were allotted to the Directors pursuant to their participating in the placing:

333,334 ordinary shares of 1p each were allotted to Chris Eadie, Mark Jones, Sean Finlay and Haresh Kanabar respectively.

On 27 April 2011 3,950,000 stock options were granted to the Directors of the Company following the successful completion of the placing. For further information refer to the Director's report.

The following issues of shares were undertaken in the year ended 31 March 2011:

During the year, 685,000 ordinary shares of 1p were allotted to warrant holders following the exercise of warrants at 6p per share.

On 10 November 2010, 100,000 ordinary shares of 1p were allotted to Mark Jones following the exercise of warrants at 6p per share.

On 10 November 2010, 20,000 ordinary shares of 1p were allotted to Sean Finlay following the exercise of warrants at 6p per share.

On 26 November 2010, 2,000,000 ordinary shares of 1p were allotted to Mark Jones following the exercise of share options at 8p per share.

On 26 November 2010, 500,000 ordinary shares of 1p were allotted to Chris Eadie following the exercise of share options at 14p per share.

Return of capital to shareholders

As approved by shareholders on 12 October 2010 and legally approved on 2 December 2010 the Company returned 15p per ordinary share to Shareholders in December 2010 by way of issuing out of share premium 51,493,275 B shares of 15p each to ordinary shareholders (at the rate of 1 B share per ordinary share held), and subsequently cancelling and extinguishing these shares by repayment of 15p capital per share.

18 Share Options and Warrants

Share Options

The following options over ordinary shares remained outstanding at 31 March 2012:

	Options at 1 April 2011	Options issued during the year	Options exercised during the year	Options at 31 March 2012	Exercise price	Date of grant	First date of exercise	Final date of exercise
Options – Directors								
M Jones	–	650,000	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
C Eadie	–	2,000,000	–	2,000,000	3.5p	27/04/11	27/04/11	26/04/16
S Finlay	–	650,000	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
H Kanabar	–	650,000	–	650,000	3.5p	27/04/11	27/04/11	26/04/16
Total	–	3,950,000	–	3,950,000				

18 Share Options and Warrants (continued)

The following options over ordinary shares remained outstanding at 31 March 2011:

	Options at 1 April 2010	Options exercised during the year	Options lapsed during the year	Options at 31 March 2011	Exercise price	Date of grant	First date of exercise	Final date of exercise
Options – Directors								
M Jones*	1,000,000	(1,000,000)	–	–	8p	23/02/06	23/02/06	23/02/11
M Jones**	250,000	(250,000)	–	–	8p	23/02/06	05/09/06	05/09/11
M Jones***	250,000	(250,000)	–	–	8p	23/02/06	20/12/06	20/12/11
M Jones	500,000	(500,000)	–	–	8p	23/02/06	30/09/08	30/09/13
C Eadie	150,000	(150,000)	–	–	14p	17/11/06	08/12/06	08/12/11
C Eadie****	150,000	(150,000)	–	–	14p	17/11/06	28/02/07	28/02/12
C Eadie***	200,000	(200,000)	–	–	14p	17/11/06	30/09/08	30/09/13
Options – Others:								
Others	500,000	–	(500,000)	–	12p	13/01/05	13/01/05	01/05/10
Total	3,000,000	(2,500,000)	(500,000)	–				

Since 1 April 2010, options over 500,000 ordinary shares have lapsed. All other remaining options were exercised during the year by Directors.

* these options became exercisable upon the mineral reserves in respect of the Company's Andash Project being signed off to JORC standards – 05/09/2006.

** these options became exercisable upon completion of the feasibility study in respect of the Andash Project being prepared to Western standards – 20/12/2006.

*** these options become exercisable upon the commencement of gold production at the Andash Project-previously estimated 30/09/2008. The performance criteria were modified in the year to include the sale of the Andash project.

**** these options became exercisable immediately following the securing of finance for the Company's Andash Project – 28/02/2007.

Warrants

There were no warrants over ordinary shares issued during the year.

There were no warrants over ordinary shares outstanding as at 31 March 2012 and 31 March 2011.

The following warrants over ordinary shares have been granted and remained outstanding at 31 March 2011:

	Warrants at 1 April 2010	Warrants exercised during the year	Warrants lapsed during the year	Warrants at 31 March 2011	Exercise price	Date of grant	First date of exercise	Final date of exercise
Warrants – Directors								
S Finlay	20,000	(20,000)	–	–	6p	15/02/06	15/02/06	15/02/16
M Jones	100,000	(100,000)	–	–	6p	15/02/06	15/02/06	15/02/16
Warrants – Others								
Others	685,000	(685,000)	–	–	6p	15/02/06	15/02/06	15/02/16
Total	805,000	(805,000)	–	–				

18 Share Options and Warrants (continued)

The following illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2012 Number	2012 WAEP Pence	2011 Number	2011 WAEP Pence
Outstanding at beginning of year	–	–	3,000,000	9.67
Issued	3,950,000	3.5	–	–
Exercised	–	–	2,500,000	9.2
Lapsed during the year	–	–	500,000	12.00
Outstanding at 31 March	3,950,000	3.5	–	–
Exercisable at 31 March	3,950,000	3.5	–	–

The share-based payment charge for options granted to Directors have been calculated using the Black-Scholes Model and using the following parameters:

	2012
Weighted average share price at grant date	3.4p
Weighted average exercise price	3.5p
Expected option life (year)	5
Expected volatility (%)	125%
Expected dividends	–
Risk-free interest rate (%)	0.5%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year ending on the grant date.

Options and warrants held by Directors are disclosed in the Report of the Directors on pages 8 to 10.

The market price of shares as at 31 March 2012 was £0.03 (2011: £0.04). The range during the financial year was £0.02 to £0.04.

The weighted average remaining contractual life of options outstanding at the end of the year was 4 years 1 month (2011: nil).

The expense recognised for share-based payments in respect of Directors and consultant services received during the year ended 31 March 2012 was £113,000 (2011: £nil).

19 Financial instruments

The Group and the Company uses financial instruments, other than derivatives, comprising cash at bank and various items such as trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

Categories of financial assets and financial liabilities:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Financial assets				
Cash and cash equivalents	1,317	732	1,317	732
Total financial assets	1,317	732	1,317	732
Financial liabilities				
Trade creditors	26	26	26	26
Accruals	87	79	87	79
Total financial liabilities	113	105	113	105

19 Financial instruments (continued)

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance function. The Board receives monthly reports from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The main risks arising from the Group and the Company's financial instruments are liquidity risk, credit risk, currency risk, and interest rate risk. Further details regarding these policies are set out below:

Liquidity risk

The Group finances its operations through the issue of equity share capital and debt. The Group seeks to manage financial risk, to ensure sufficient liquidity to meet foreseeable requirements and to invest cash profitably at low risk.

The Group holds investments in bank deposits as a liquid resource to fund the projects of the Group. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. Liquidity risk is further managed by tight controls over expenditure.

Maturity analysis of financial liabilities:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Less than 3 months	113	105	113	105

Credit risk

The Group and the Company's credit risk is primarily attributable to the cash held on deposit at financial institutions. It is the Group and the Company's policy to only use recognised financial institutions for these deposits. The Group and Company do not have any trade receivables.

Currency risk

The Group and the Company does not hedge its exposure of foreign investments held in foreign currencies. The Group and the Company are exposed to translation and transaction foreign exchange risk and takes profits or losses on these as they arise. The Group and the Company are continually reviewing its strategy towards currency risk.

Currency of net monetary asset

The net monetary assets of the Group and Company are denominated as follows:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
UK Pounds:				
Cash and cash equivalents	1,317	732	1,317	732
Trade and other payables	(113)	(105)	(113)	(105)
	1,204	627	1,204	627

19 Financial instruments (continued)

Interest rate risk

The Group and the Company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

The Group and the Company have financed their operations through the issue of equity share capital.

The Group and the Company earned interest on its cash assets at rates between 0% and 0.50% (2011: 0% and 0.50%).

An increase of 0.5% in interest rates will increase finance income by £9k (2011: £31k), with a corresponding movement in net cash.

Cash and cash equivalents	**Group**		**Company**	
	2012 £'000	**2011 £'000**	**2012 £'000**	**2011 £'000**
Floating interest rate	1,317	732	1,317	732

Fair values

The fair values of the Group's financial instruments are considered not materially different from the book value.

Capital disclosures

As described in note 17 and consolidated statement of changes in equity, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity Shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a gearing ratio that balances risk and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the reduction of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

20 Financial commitments

The total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Land and buildings				
– Not later than one year	30	–	30	–
– Later than one year and not later than five years	25	–	25	–
Total	55	–	55	–

The total of future minimum payments under joint venture agreement with Ormonde Mining plc are as follows:

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Exploration costs				
– Not later than one year	44	178	44	178
– Later than one year and not later than five years	–	267	–	267
Total	44	445	44	445

On 14 March 2011 the Company entered into a joint venture agreement with Ormonde under which Aurum will partner with Ormonde in gold exploration over four permit areas in northwest Spain.

Under the terms of the Agreement, Aurum has committed to expend Euros 500,000 on exploration work across these four permit areas in return for 60% of Ormonde's interest in these permit areas. Once Aurum has incurred the Euros 500,000 expenditure, it will own a 60% interest in the two permit areas in the Zamora province and a 54% interest in the two permit areas in the Salamanca province. As at 31 March 2012 Euros 450,000 of the Euros 500,000 committed expenditure had been advanced by Aurum and is disclosed in note 14 as a prepayment.

21 Related party transactions

Other than disclosed in notes 6 and 13 there were no related party transactions in the Group or Company during the current and prior period.

22 Events after the reporting period

Details of significant events after the reporting period are included within the Review of Activities report on pages 3 to 7.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aurum Mining Plc (the "Company") will be held at 12 noon on 23 July 2012 at the offices of the Company's solicitors, Lawrence Graham LLP, 4 More London Riverside, London SE1 2AU to consider and if thought fit to pass the following resolutions, which in the case of resolutions 1 to 5 will be proposed as Ordinary Resolutions and in the case of resolutions 6 and 7 will be proposed as Special Resolutions:

Ordinary Business

1. To receive and adopt the report of the Directors and the financial statements for the year ended 31 March 2012 together with the report of the auditors.
2. To re-elect Christopher Eadie, who retires by rotation as a Director under article 89 of the Company's articles of association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting.
3. To re-elect Sean Finlay, who retires by rotation as a Director under article 89 of the Company's articles of association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting.
4. To re-appoint BDO LLP as auditors to the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

Special Business

5. THAT the Directors be and are hereby generally and unconditionally authorised (in substitution for any existing such powers) for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any securities into shares ("Rights") up to a maximum aggregate nominal amount of £393,866.47, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of either the conclusion of the next annual general meeting of the Company or 30 September 2013, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
6. THAT (subject to the passing of Resolution 5 above) and in accordance with section 570 of the Act, the Directors be and they are hereby empowered (in substitution for any existing such powers) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by the previous resolution and/or sell ordinary shares held by the Company as treasury shares ("Treasury Shares") for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares:
   (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;
   (b) otherwise than pursuant to sub-paragraph a above up to a maximum aggregate nominal amount of £236,319.88 and shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of either the conclusion of the next annual general meeting of the Company or 30 September 2013, whichever is earlier, save that the Company may, before such expiry allot equity securities or sell Treasury Shares in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

Notice of Annual General Meeting

7. THAT the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined by section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares") provided that:

   7.1 the maximum aggregate number of shares authorised to be purchased is 17,712,175 Ordinary Shares;

   7.2 the minimum price which shall be paid for the Ordinary Shares is 1 pence for each share, and the maximum price (exclusive of expenses) which may be paid for such shares is five per cent. above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;

   7.3 unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of either the conclusion of the next annual general meeting of the Company or 30 September 2013; and

   7.4 the Company may, before such expiry, make a contract to purchase its own shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such a contract.

By Order of the Board

Haresh Kanabar
Secretary

Registered Office:
22 Great James Street
London WC1N 3ES

Dated: 20 June 2012

Notes:

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. The proxy need not be a member of the Company but must attend the meeting to represent you.
2. Members 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 contact the Company's Registrars, Neville Registrars on +44 121 585 1131.
3. A Form of Proxy is enclosed. To be valid, the Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarilly certified copy thereof, must be deposited at the Company's Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or returned by fax on +44 121 585 1132 by 48 hours before the time fixed for the meeting (or adjournment thereof) excluding non-working days.
4. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" a resolution.
7. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at the close of business on 20 July 2012 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in the register of members after the close of business on 20 July 2012 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.
9. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must in order to be valid, be transmitted and received by Neville Registrars (Participant ID: 7RA11) 48 hours before the time fixed for the meeting (or adjournment thereof) excluding non-working days. The time of receipt of the instruction will be the time as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
10. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
11. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
12. Completion and return of a Form of Proxy will not preclude members from attending or voting in person at the meeting if they so wish.

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