

**UMC Energy Plc**  
**("UMC" or "the Company")**

**Final results**

**For the year ended 31 December 2010**

The Board of UMC is pleased to announce its audited results for the year to 31 December 2010.

**CHAIRMAN'S STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2010**

Madagascar continues to experience a period of political upheaval and uncertainty. Despite the fact that the Company has not, in any way, been negatively affected by these events, it has resolved to take a cautious approach to exploration and accordingly has not conducted exploration activities during the 2010 financial year. The Company continues to monitor the situation. Given these circumstances, the Directors have resolved that it is appropriate to recognise an impairment adjustment of £2,417,034 against the carrying value of the intangible asset and £229,640 against the non-current taxation receivable related asset.

The Company remains dependent on loan funds being made available to it by Natasa Mining Ltd to meet its working capital and other requirements.

In April 2011, the Company entered a twelve month option to acquire the entire issued share capital of a Papua New Guinea (PNG) incorporated company which, if exercised, would result in the issue of 240 million new ordinary shares in the Company. The PNG company presently has a number of Petroleum Prospecting Licences in PNG and is in the process of applying for additional licences in that country. No consideration was paid by the Company for the option. Further details will be provided to shareholders in due course, should the option be exercised.

C Kyriakou  
Chairman

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**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Year Ended 31 December 2010 £</b>	<b>Year Ended 31 December 2009 £</b>
Administrative expenses	(390,573)	(543,699)
Impairment charge	(2,646,674)	-
Loss from operations	<u>(3,037,247)</u>	<u>(543,699)</u>
Finance costs	<u>258,618</u>	<u>(142,398)</u>
Loss before taxation	(2,778,629)	(686,097)
Income tax expense	<u>-</u>	<u>-</u>
<b>Loss for the year</b>	<b><u>(2,778,629)</u></b>	<b><u>(686,097)</u></b>
Attributable to:		
Equity holders of the parent	(2,187,224)	(651,557)
Minority interest	(591,405)	(34,540)
	<u>(2,778,629)</u>	<u>(686,097)</u>
<b>Loss per share (pence)</b>		
Basic	(0.89)	(0.87)
Diluted	(0.89)	(0.85)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Year Ended 31 December 2010 £</b>	<b>Year Ended 31 December 2009 £</b>
<b>Loss for the year</b>	<u>(2,778,629)</u>	<u>(686,097)</u>
Foreign currency translation differences for foreign operations	(284,856)	(421,005)
<b>Other comprehensive expense for the year</b>	<u>(284,856)</u>	<u>(421,005)</u>
<b>Total comprehensive expense for the year</b>	<u>(3,063,485)</u>	<u>(1,107,102)</u>
Attributable to:		
Equity holders of the parent	(2,478,188)	(1,079,425)
Minority interest	(585,297)	(27,677)
<b>Total comprehensive expense for the year</b>	<u>(3,063,485)</u>	<u>(1,107,102)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	31 December 2010	31 December 2009
	£	£
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	1,925,000	4,562,613
Property, plant and equipment	2,143	10,372
Taxation receivable	-	<u>249,995</u>
<b>Total non-current assets</b>	<u>1,927,143</u>	<u>4,822,980</u>
<b>Current assets</b>		
Taxation receivable	610	5,865
Trade and other receivables	29,209	30,780
Cash and cash equivalents	<u>23,372</u>	<u>18,733</u>
<b>Total current assets</b>	<u>53,191</u>	<u>55,378</u>
<b>TOTAL ASSETS</b>	<u>1,980,334</u>	<u>4,878,358</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Loans	945,339	402,620
Trade and other payables	<u>84,270</u>	<u>149,793</u>
<b>Total current liabilities</b>	<u>1,029,609</u>	<u>552,413</u>
<b>Non-current liabilities</b>		
Long term provision	-	311,735
<b>Total non-current liabilities</b>	<u>-</u>	<u>311,735</u>
<b>Total liabilities</b>	<u>1,029,609</u>	<u>864,148</u>
<b>Equity</b>		
Share capital	1,222,223	1,222,223
Share premium account	4,756,183	4,756,183
Share based payments reserve	104,028	385,270
Translation reserve	155,131	446,095
Accumulated loss	<u>(5,286,840)</u>	<u>(3,380,858)</u>
<b>Equity attributable to equity holders of the parent</b>	950,725	3,428,913
<b>Minority Interest</b>	-	<u>585,297</u>
<b>Total equity</b>	<u>950,725</u>	<u>4,014,210</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,980,334</u>	<u>4,878,358</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital £	Share Premium £	Share Based Payment Reserve £	Accumu- lated Loss £	Foreign Currency Translation Reserve £	Minority Interest £	Total £
1 January 2010	<u>1,222,223</u>	<u>4,756,183</u>	<u>385,270</u>	<u>(3,380,858)</u>	<u>446,095</u>	<u>585,297</u>	<u>4,014,210</u>
Total comprehensive expense for the year:							
Loss	-	-	-	(2,187,224)	-	(591,405)	(2,778,629)
Total other comprehensive income / (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(290,964)</u>	<u>6,108</u>	<u>(284,856)</u>
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,187,224)</u>	<u>(290,964)</u>	<u>(585,297)</u>	<u>(3,063,485)</u>
Reserve transfer	<u>-</u>	<u>-</u>	<u>(281,242)</u>	<u>281,242</u>	<u>-</u>	<u>-</u>	<u>-</u>
31 December 2010	<u>1,222,223</u>	<u>4,756,183</u>	<u>104,028</u>	<u>(5,286,840)</u>	<u>155,131</u>	<u>-</u>	<u>950,725</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share Capital £	Share Premium £	Share Based Payment Reserve £	Accumu- lated Loss £	Foreign Currency Translation Reserve £	Minority Interest £	Total £
1 January 2009	<u>154,033</u>	<u>4,478,453</u>	<u>385,270</u>	<u>(2,729,301)</u>	<u>873,963</u>	<u>612,974</u>	<u>3,775,392</u>
Total comprehensive expense for the year:							
Loss	-	-	-	(651,557)	-	(34,540)	(686,097)
Total other comprehensive income / (expense)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(427,868)</u>	<u>6,863</u>	<u>(421,005)</u>
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(651,557)</u>	<u>(427,868)</u>	<u>(27,677)</u>	<u>(1,107,102)</u>
Transactions with owners: Share issue on capitalisation of loan	<u>1,068,190</u>	<u>277,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,345,920</u>
Total transactions with owners	<u>1,068,190</u>	<u>277,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,345,920</u>
31 December 2009	<u>1,222,223</u>	<u>4,756,183</u>	<u>385,270</u>	<u>(3,380,858)</u>	<u>446,095</u>	<u>585,297</u>	<u>4,014,210</u>

**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Year Ended 31 December 2010 £</b>	<b>Year Ended 31 December 2009 £</b>
<b>Net cash outflow from operating activities</b>	<u>(276,055)</u>	<u>(276,776)</u>
<b>Investing activities</b>		
Intangible assets additions	(83,121)	(60,205)
Net cash outflow from investing activities	<u>(83,121)</u>	<u>(60,205)</u>
<b>Financing activities</b>		
Issue of equity share capital	-	-
Loans	426,625	466,999
Loan interest & charges	(62,810)	(135,256)
Net cash inflow from financing activities	<u>363,815</u>	<u>331,743</u>
<b>Net cash increase / (decrease) in cash and cash equivalents</b>	4,639	(5,238)
Cash and cash equivalents at beginning of year	<u>18,733</u>	<u>23,971</u>
Cash and cash equivalents at end of year	<u>23,372</u>	<u>18,733</u>

## NOTES FOR THE YEAR ENDED 31 DECEMBER 2010

### 1. General information

UMC Energy Plc is a company incorporated in England and Wales under the Companies Act 1985. The Company's registered office is 11 Albemarle Street, London, W1S 4HH. The registration number of the Company is 05331770.

The principal activity of the Group is the investment in, and exploration and development of uranium mining projects, specifically in a uranium exploration project in Madagascar.

The Group's principal activity is carried out in US dollars. The financial statements are presented in pounds sterling as this is the currency of the country (the UK) where the Company is incorporated and its ordinary shares admitted for trading.

### 2. Loss per share

Loss per share has been calculated by dividing the loss for the year after taxation attributable to the equity holders of the parent company of £2,187,224 (31 December 2009: £651,557) by the weighted average number of shares in issue at the year end of 244,444,763 (31 December 2009: 75,290,217).

Diluted loss per share has been calculated using the weighted average number of shares in issue at the year end, diluted for the effect of share options and warrants in existence at the year end of 245,136,237 (31 December 2009: 77,006,691).

### 3. Intangible assets -Group

	31 December 2010	31 December 2009
	£	£
<b>Development expenditure</b>		
<b>Cost</b>		
Balance brought forward	1,578,889	1,551,844
Additions	<u>17,457</u>	<u>27,045</u>
Balance carried forward	<u>1,596,346</u>	<u>1,578,889</u>
<b>Exploration licences</b>		
Balance brought forward (at fair value)	4,046,362	4,013,202
Additions at cost	<u>65,664</u>	<u>33,160</u>
Balance carried forward	<u>4,112,026</u>	<u>4,046,362</u>
<b>Impairment</b>		
Balance brought forward	1,366,338	1,366,338
Charge in year	<u>2,417,034</u>	<u>-</u>
Balance carried forward	<u>3,783,372</u>	<u>1,366,338</u>
<b>Exchange movements</b>		
Balance brought forward	303,700	725,618
Movement in year	<u>(303,700)</u>	<u>(421,918)</u>
Balance carried forward	<u>-</u>	<u>303,700</u>
<b>Total</b>	<u>1,925,000</u>	<u>4,562,613</u>

The development expenditure relates to development of the uranium exploration project in the Morondava basin of Madagascar.

The licences relate to uranium exploration licences in the Morondava basin of Madagascar.

Following an impairment review, an impairment adjustment of £2,417,034 was recognised in the year in relation to the Morondava uranium project.

The project has yet to reach a stage of development where a determination of the technical feasibility or commercial viability can be assessed. In addition, as Madagascar is presently experiencing a period of political upheaval and uncertainty, the Company has resolved to take a cautious approach to exploration and accordingly has not conducted exploration activities during the current financial year. In these circumstances, whether there is any indication that the asset has been impaired is a matter of judgement, as is the determination of the quantum of any required impairment adjustment. The Directors have used their experience to conclude that an impairment adjustment of £2,417,034 is required in the current year (31 December 2009: £nil).

#### **4. Related party transactions**

C Kyriakou and J Reynolds are directors of Natasa Mining Ltd (Natasa) which became the parent company of UMC Energy Plc on 16 October 2009.

In February 2008 the Company secured an A\$0.5 million (£224,000 as translated at 1 February 2008) loan facility from Natasa. The loan bears interest at 15% per annum on funds drawn, is unsecured and was repayable in August 2008 or immediately upon UMC Energy Plc raising further debt or equity funding. The facility bears a facility fee of A\$15,000 (£6,729). The loan was not repaid in August 2008 and with the forbearance of Natasa is repayable under the same terms as the March 2008 loan.

In March 2008 the Company secured a further loan facility from Natasa for an unspecified amount to be used in meeting the Company's working capital requirements, including funds to be expended on the Morondava uranium project. The loan bears interest at 15% per annum on funds drawn, is secured by a negative pledge over the Company's equity interest in Uramad SA and is repayable within 60 days following a demand by Natasa. The facility bears a draw down fee of 3% of funds drawn.

On 16 October 2009, the Company and Natasa agreed to capitalise A\$2,400,000 (£1,345,920) of the amount drawn under these facilities. This was done by allotting 213,638,095 new ordinary £0.005 shares at a price of £0.063 per share. On that date the Company became a subsidiary of Natasa.

As at 31 December 2010, the Company had, net of the capitalised amount, borrowed A\$1,439,311 (£945,339) (2009: A\$718,195 (£402,620)) under these facilities. This amount includes interest and charges of A\$625,120 (£302,966) (2009: A\$520,262 (£240,157)).

At present, the Company is entirely dependent on funding from Natasa for its continuing operation.

Capma Pty Limited, a company in which C Kyriakou has an interest, paid expenses on behalf of the Company amounting to £630 (31 December 2009: £1,792).

The Company was charged £36,000 (31 December 2009: £36,000) by Resource Capital Partners Inc for the provision of the consultancy services of C Kyriakou.

The Company was charged £49,598 (31 December 2009: £43,722) by J Reynolds for the provision of accounting and administration services of which £nil (31 December 2009: £3,929) is outstanding at the year end.

The Company was charged £12,000 (31 December 2009: £12,000) by Shakesby Investments Pty Limited for the provision of the services of R Shakesby as director.

The parent company of the group is UMC Energy Plc.

During the year the Company made additional advances to its subsidiary Uramad SA of £92,964 (31 December 2009: £71,422) and at the year end Uramad SA owed the Company £2,666,110 (31 December 2009: £2,775,070). The amount owing to the Company has been fully impaired against as at 31 December 2010.

The Company provided support services and staff to Uramad SA for £7,753 (31 December 2009: £7,680).

## **5. Post balance sheet events**

Since 1 January 2011, the Company has advanced a further US\$198,667 (£124,181) to Uramad SA, for use on uranium exploration project development activities.

Since 1 January 2011, the Company has borrowed a further A\$306,619 (£194,585) from Natasa Mining Ltd, for working capital.

In April 2011, the Company entered a twelve month option to acquire the entire issued share capital of a Papua New Guinea (PNG) incorporated company which, if exercised, would result in the issue of 240 million new ordinary shares in the Company. The PNG company presently has a number of Petroleum Prospecting Licences in PNG and is in the process of applying for additional licences in that country. No consideration was paid by the Company for the option.

## **6. Publication of non statutory accounts**

The financial information set out in this preliminary announcement does not constitute statutory accounts.

The balance sheet at 31 December 2010 and the profit and loss account, cash flow statement and associated notes for the year then ended have been extracted from the Group's 2010 statutory financial statements upon which the auditors' opinion is modified on the basis of an emphasis of matter opinion on going concern and significant uncertainty. The results for the year ended 31 December 2009 have been extracted from the statutory accounts for that period, which contain a modified auditors' report on the basis of an emphasis of matter opinion on going concern.

## **7. Annual Report**

The Annual Report for the year ended 31 December 2010 will be available from the Company's website [www.umc-energy.com](http://www.umc-energy.com) today.