

**UMC Energy Plc**

**Registered Number: 05331770**

**Financial Statements**

**For the year ended 31 December 2009**

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## CORPORATE DIRECTORY

Directors	Chrisilios Kyriakou (Chairman) Jonathan Reynolds (Chief Financial Officer) Roger Shakesby (Non-Executive Director)
Secretary	Jonathan Reynolds
Registered Office	Ground Floor, 11 Albemarle Street London W1S 4HH
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	ODL Securities Limited The Northern & Shell Building 10 Lower Thames Street London EC3R 6AD
Solicitors	Beshoffs Solicitors 2 Holly Court Tring Road Wendover, Buckinghamshire HP22 6PE
Auditors	Sawin & Edwards 15 Southampton Place London WC1A 2AJ
Principal Bankers	Coutts & Co 188 Fleet Street London EC2A 2HT
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

## **CHAIRMAN'S STATEMENT**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

As has been widely reported in the press, Madagascar continues to experience a period of political upheaval and uncertainty. Although 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 2009 financial year and does not expect to undertake any material exploration activities in Madagascar whilst this period of uncertainty prevails.

Since February 2008, the Company has been dependent on loan funds being made available to it by Natasa Mining Ltd (Natasa) to meet its working capital and other requirements. On 16 October 2009, A\$2.4 million of the Natasa loan was capitalised into new ordinary shares in the Company and the Company became a subsidiary of Natasa on that date.

C Kyriakou  
Chairman  
14 April 2010

## REPORT OF THE DIRECTORS

### FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their report with the audited Group financial statements for the year ended 31 December 2009.

#### Principal activities and review of business

The principal activity of the Group is investment directly and indirectly in, and operation of, mining exploration and development projects.

During the year the Group's main undertaking was the continuing development of the Morondava uranium exploration project, based in Madagascar, in which the Company has an 80% interest. Over the year, the Group expended £60,205 (31 December 2008: £301,340) on project related activities.

#### Key performance indicators

	Year ended 31 December 2009	Period ended 31 December 2008
Operating loss	£543,699	£643,706
Loss per share	0.87 pence	2.36 pence

#### Future developments

The directors anticipate the Company's major future developments will revolve around further investment in and development of the Morondava uranium project.

#### Principal risks and Uncertainties facing the Group

The principal risks faced by the Company and Group are as follows:

- The ability to raise sufficient funds to pursue the exploration of its exploration permits.
- The exploration permits are located in remote parts of Madagascar where power and communications infrastructure is rudimentary.
- The operations of the Group are in foreign jurisdictions where there may be a number of associated risks over which it will have no control. These may include economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability, changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, and exploration licensing.
- Madagascar may have less developed legal systems than more established economies.
- The exploration licences may be subject to conditions which, if not satisfied, may lead to the revocation of such licences.
- The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties, which are explored, are ultimately developed into producing mines. There can be no guarantee that the estimates of quantities and grades of minerals disclosed will be available to extract. With all mining operations there is uncertainty and, therefore, risk associated with operating parameters and costs resulting from the scaling up of extraction methods tested in pilot conditions. Mineral exploration is speculative in nature and there can be no assurance that any mineralisation will be discovered or if discovered that it will prove to be economic.

**REPORT OF THE DIRECTORS** *(continued)*  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Results and dividends**

The loss for the year on ordinary activities before tax amounted to £686,097 (31 December 2008: £805,194). The directors do not recommend the payment of a dividend.

**Share capital**

Details of the share capital are given in note 22 to the financial statements.

**Events since the balance sheet date**

Since 1 January 2010, the Company has advanced a further US\$7,845 (£5,046) to Uramad SA, for use on uranium exploration project development activities.

Since 1 January 2010, the Company has borrowed a further A\$113,140 (£64,882) from Natasa Mining Limited, for working capital.

**Financial assets and liabilities**

See note 31 to the financial statements.

**Directors and their interests**

The directors who served during the year and their interests in the Company's Ordinary Shares were as follows:

	<b>£0.005p ordinary shares At 31 December 2009</b>	<b>£0.005p ordinary shares At date of appointment/ 1 January 2009</b>
C Kyriakou*	204,306,879	6,541,800
R Shakesby	-	-
J Reynolds	-	-

\* C Kyriakou is a director of Natasa Mining Limited, which from 16 October 2009 is the parent undertaking of the Company. C Kyriakou's family trust holds shares and executive share options in Natasa Mining Limited. The shares owned by Natasa Mining Limited in the Company's share capital have been included in C Kyriakou's interests.

Options held by directors at 31 December 2009 are as follows:

	<b>Number</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
C Kyriakou	300,000	30p	2 August 2010*
J Reynolds	125,000	30p	31 August 2011*

\* Or 90 days after the director ceases to be engaged by the Company if earlier.

No options were exercised by the directors during the year.

**REPORT OF THE DIRECTORS** *(continued)*  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Substantial shareholdings**

On 31 December 2009 the following shareholders held 3% or more of the issued share capital of the Company:

	<b>Number of Ordinary Shares</b>	<b>Percentage issued Ordinary Shares</b>
Cline Mining Corporation	12,272,667	5.02%
Natasa Mining Limited	204,106,879	83.50%

**Corporate Governance**

As UMC Energy Plc is not a fully listed Company, it is not required to comply with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance (“the Combined Code”). However, the directors do place a high degree of importance on ensuring that high standards of corporate governance are maintained. As a result, most of the relevant principles set out in the Combined Code have been adopted during the year and these are summarised below.

**Directors**

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving the Company’s policies and strategies. It receives and reviews on a timely basis financial and operating information appropriate to being able to discharge its duties. Directors are free to seek any further information they consider necessary. All directors submit themselves for re-election every three years by rotation in accordance with the Articles of Association. Given the size of the Company it is not considered appropriate that there should be a separate nomination committee. It is the view of the Board that the appointment of new directors should be a matter for consideration by the Board as a whole. All appointments to the Board are subject to confirmation by shareholders at the following AGM.

**Relations with Shareholders**

The Company values the views of its shareholders and recognises their interest in the Company’s strategy and performance. The Board is available to discuss current events with its institutional and private shareholders and positively encourages attendance at General Meetings.

**Audit Committee**

The Company has established an audit committee comprised of the non-executive director and the Chairman. It is responsible for making recommendations to the Board on the appointment of auditors and the audit fee, is responsible for ensuring that the financial performance of the Company is properly monitored and reported on and receives and reviews reports from management and the auditors relating to the interim report, the annual report and accounts and the internal control systems of the Company.

**REPORT OF THE DIRECTORS** *(continued)*  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**Remuneration Committee**

The Company has established a remuneration committee comprised of the non-executive director and the Chairman. It is responsible for the review and recommendation of the scale and structure of remuneration for key management personnel, including any bonus arrangements or the award of share options. Details of the directors' emoluments are set out in the financial statements. However, there is no separate Report of the Remuneration Committee. It is the Company's policy that the remuneration of directors should be commensurate with services provided by them to the Company.

**Internal Financial Control and Risk Management**

The directors are responsible for the Company's system of internal financial control and also for identifying the major business risks faced by the Company. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. In fulfilling these responsibilities, the Board has reviewed the effectiveness of the system of internal financial control. The directors have established procedures for planning, budgeting and for monitoring, on a regular basis, the performance of the Company and for determining the appropriate course of action to manage any major business risks. The Board has considered the need for an internal audit function but has decided the size of the Company does not justify it at present. This decision will be reviewed annually.

**Supplier Payment Policy**

It is the Company's policy to agree terms of payment with all suppliers at the time of the transaction and to pay suppliers as and when they fall due for payment or alternatively to agree revised terms of payment. No distinction is made between different classes of suppliers. At the year end trade creditors amounted to 23 days (31 December 2008: 5 days).

**Political and charitable donations**

No political or charitable donations were made during the year.

**Auditors**

Sawin & Edwards have indicated their willingness to continue in office. A resolution to reappoint Sawin & Edwards for the ensuing year will be proposed at the 2010 Annual General Meeting.

By order of the board.

J Reynolds  
Company Secretary  
14 April 2010

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

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 elected to prepare the financial statements in accordance with International Financial Reporting Standards and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the Company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF UMC ENERGY PLC**

We have audited the Group and parent Company financial statements of UMC Energy Plc for the period ended 31 December 2009 which comprise the Consolidated Income Statement, the 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 Cash Flow Statements and the related notes numbered 1 to 31. 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.

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 Directors' Responsibility Statement set out on page 7 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the parent Company's affairs as at 31 December 2009 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and;
- have been prepared in accordance with 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.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

### UMC ENERGY 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's 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 of the information and explanations we require for our audit.

#### **Emphasis of matter**

##### **Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 to the financial statements concerning the Company's ability to continue as a going concern. The Group incurred a net loss of £686,097 during the year ended 31 December 2009 of which £34,540 is attributable to minority interests. As explained in note 2 the Company will require to raise additional funds through further debt or equity raisings in the next twelve months in order to meet its projected exploration and other expenditure. This indicates the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

##### **Significant uncertainty**

Without qualifying our opinion we also draw attention to the final paragraph of Note 12 to the financial statements. The Company's main activities are carried out by its major operating subsidiary Uramad SA which is located in Madagascar. This territory is currently experiencing political and economic uncertainty the ultimate outcome of which cannot be predicted. The Company's main activity is therefore at risk while this significant uncertainty exists.

Witold Sawin (Senior Statutory Auditor)  
For and on behalf of  
Sawin & Edwards  
Statutory Auditor

14 April 2010

15 Southampton Place  
London  
WC1A 2AJ

**CONSOLIDATED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
Administrative expenses		(543,699)	(652,535)
Other operating income	5	<u>-</u>	<u>8,829</u>
Loss from operations	6	(543,699)	(643,706)
Investment income	7	-	1,966
Finance costs	8	<u>(142,398)</u>	<u>(163,454)</u>
Loss before taxation		(686,097)	(805,194)
Income tax expense	10	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<u>(686,097)</u>	<u>(805,194)</u>
Attributable to:			
Equity holders of the parent		(651,557)	(726,309)
Minority interest		(34,540)	(78,885)
		<u>(686,097)</u>	<u>(805,194)</u>
<b>Loss per share (pence)</b>			
Basic	11	(0.87)	(2.36)
Diluted	11	(0.85)	(2.23)

The Company has taken advantage of section 408 of the Companies Act 2006 not to publish its own income statement.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2009

	<b>Year Ended 31 December 2009 £</b>	<b>Year Ended 31 December 2008 £</b>
<b>Loss for the year</b>	<u>(686,097)</u>	<u>(805,194)</u>
Foreign currency translation differences for foreign operations	<u>(421,005)</u>	<u>725,898</u>
<b>Other comprehensive (expense) / income for the year</b>	<u>(421,005)</u>	<u>725,898</u>
<b>Total comprehensive expense for the year</b>	<u>(1,107,102)</u>	<u>(79,296)</u>
Attributable to:		
Equity holders of the parent	(1,079,425)	(7,647)
Minority interest	(27,677)	(71,649)
<b>Total comprehensive expense for the year</b>	<u>(1,107,102)</u>	<u>(79,296)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Notes	31 December 2009	31 December 2008
<b>ASSETS</b>		£	£
<b>Non-current assets</b>			
Intangible assets	12	4,562,613	4,924,326
Property, plant and equipment	13	10,372	30,357
Taxation receivable	16	<u>249,995</u>	<u>290,243</u>
<b>Total non-current assets</b>		<u><u>4,822,980</u></u>	<u><u>5,244,926</u></u>
<b>Current assets</b>			
Taxation receivable	17	5,865	6,936
Trade and other receivables	18	30,780	28,744
Cash and cash equivalents	19	<u>18,733</u>	<u>23,971</u>
<b>Total current assets</b>		<u><u>55,378</u></u>	<u><u>59,651</u></u>
<b>TOTAL ASSETS</b>		<u><u>4,878,358</u></u>	<u><u>5,304,577</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans	20	402,620	1,035,626
Trade and other payables	21	<u>149,793</u>	<u>158,353</u>
<b>Total current liabilities</b>		<u><u>552,413</u></u>	<u><u>1,193,979</u></u>
<b>Non-current liabilities</b>			
Long term provision	15	<u>311,735</u>	<u>335,206</u>
<b>Total non-current liabilities</b>		<u><u>311,735</u></u>	<u><u>335,206</u></u>
<b>Total liabilities</b>		<u><u>864,148</u></u>	<u><u>1,529,185</u></u>
<b>Equity</b>			
Share capital	22	1,222,223	154,033
Share premium account	23	4,756,183	4,478,453
Share based payments reserve	24	385,270	385,270
Translation reserve	25	446,095	873,963
Accumulated loss		<u>(3,380,858)</u>	<u>(2,729,301)</u>
<b>Equity attributable to equity holders of the parent</b>		3,428,913	3,162,418
<b>Minority Interest</b>	26	<u>585,297</u>	<u>612,974</u>
<b>Total equity</b>		<u><u>4,014,210</u></u>	<u><u>3,775,392</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>4,878,358</u></u>	<u><u>5,304,577</u></u>

The financial statements were approved by the Board of directors on 14 April 2010 and signed on its behalf by:

C Kyriakou  
Chairman

## COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Notes	31 December 2009	31 December 2008
		£	£
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	-	1,586
Investments in group undertakings	14	2,651,818	2,651,818
Loan and receivables	15	<u>1,096,997</u>	<u>1,136,172</u>
<b>Total non-current assets</b>		<u>3,748,815</u>	<u>3,789,576</u>
<b>Current assets</b>			
Taxation receivable	17	5,865	6,936
Trade and other receivables	18	28,069	28,033
Cash and cash equivalents	19	<u>17,057</u>	<u>21,390</u>
<b>Total current assets</b>		<u>50,991</u>	<u>56,359</u>
<b>TOTAL ASSETS</b>		<u>3,799,806</u>	<u>3,845,935</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Loans	20	402,620	1,035,626
Trade and other payables	21	61,470	50,417
<b>Total current liabilities</b>		<u>464,090</u>	<u>1,086,043</u>
<b>Total liabilities</b>		<u>464,090</u>	<u>1,086,043</u>
<b>Equity</b>			
Share capital	22	1,222,223	154,033
Share premium account	23	4,756,183	4,478,453
Share based payments reserve	24	385,270	385,270
Accumulated loss		<u>(3,027,960)</u>	<u>(2,257,864)</u>
<b>Equity attributable to equity holders of the parent</b>		<u>3,335,716</u>	<u>2,759,892</u>
<b>Total equity</b>		<u>3,335,716</u>	<u>2,759,892</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,799,806</u>	<u>3,845,935</u>

The financial statements were approved by the Board of directors on 14 April 2010 and signed on its behalf by:

C Kyriakou  
Chairman

Company registration number: 05331770

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Share Based Payment Reserve £</b>	<b>Accumu- lated Loss £</b>	<b>Foreign Currency Translation Reserve £</b>	<b>Minority Interest £</b>	<b>Total £</b>
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 income / (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 STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share Capital £	Share Premium £	Share Based Payment Reserve £	Accumu- lated Loss £	Foreign Currency Translation Reserve £	Minority Interest £	Total £
1 January 2008	<u>1,540,333</u>	<u>4,478,453</u>	<u>1,156,591</u>	<u>(4,171,602)</u>	<u>155,301</u>	<u>684,623</u>	<u>3,843,699</u>
Total comprehensive income / (expense) for the year:							
Loss	-	-	-	(726,309)	-	(78,885)	(805,194)
Total other comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>718,662</u>	<u>7,236</u>	<u>725,898</u>
Total comprehensive income / (expense) for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(726,309)</u>	<u>718,662</u>	<u>(71,649)</u>	<u>(79,296)</u>
Transactions with owners:							
Share capital reduction	(1,386,300)	-	-	1,386,300	-	-	-
Total transactions with owners	<u>(1,386,300)</u>	<u>-</u>	<u>-</u>	<u>1,386,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Share based payment Reserve transfer	-	-	10,989	-	-	-	10,989
	-	-	(782,310)	782,310	-	-	-
31 December 2008	<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>

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Share Based Payment Reserve £</b>	<b>Accumu- lated Loss £</b>	<b>Total £</b>
1 January 2009	<u>154,033</u>	<u>4,478,453</u>	<u>385,270</u>	<u>(2,257,864)</u>	<u>2,759,892</u>
Total comprehensive income / (expense) for the year:					
Loss for the year	_____ -	_____ -	_____ -	<u>(770,096)</u>	<u>(770,096)</u>
Total comprehensive expense for the year	===== -	===== -	===== -	<u>(770,096)</u>	<u>(770,096)</u>
Transactions with owners:					
Share issue on capitalisation of loan	1,068,190	277,730	-	-	1,345,920
Total transactions with owners	<u>1,068,190</u>	<u>277,730</u>	_____ -	_____ -	<u>1,345,920</u>
31 December 2009	<u>1,222,223</u>	<u>4,756,183</u>	<u>385,270</u>	<u>(3,027,960)</u>	<u>3,335,716</u>

**COMPANY STATEMENT OF CHANGES IN EQUITY**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Share Capital £</b>	<b>Share Premium £</b>	<b>Share Based Payment Reserve £</b>	<b>Accumu- lated Loss £</b>	<b>Total £</b>
1 January 2008	<u>1,540,333</u>	<u>4,478,453</u>	<u>1,156,591</u>	<u>(4,112,650)</u>	<u>3,062,727</u>
Total comprehensive income / (expense) for the year:					
Loss for the year	-	-	-	<u>(313,824)</u>	<u>(313,824)</u>
Total comprehensive expense for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(313,824)</u>	<u>(313,824)</u>
Transactions with owners:					
Share capital reduction	<u>(1,386,300)</u>	-	-	1,386,300	-
Total transactions with owners	<u>(1,386,300)</u>	<u>-</u>	<u>-</u>	<u>1,386,300</u>	<u>-</u>
Share based payment	-	-	10,989	-	10,989
Reserve transfer	-	-	<u>(782,310)</u>	782,310	-
31 December 2008	<u>154,033</u>	<u>4,478,453</u>	<u>385,270</u>	<u>(2,257,864)</u>	<u>2,759,892</u>

**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
<b>Net cash outflow from operating activities</b>	27	(276,776)	(789,956)
<b>Investing activities</b>			
Investment income		-	1,966
Intangible assets additions		(60,205)	(301,340)
Property, plant and equipment acquired		-	(15,463)
Net cash outflow from investing activities		<u>(60,205)</u>	<u>(314,837)</u>
<b>Financing activities</b>			
Issue of equity share capital	22/27	-	-
Loans		466,999	978,019
Loan interest & charges		(135,256)	(104,901)
Decrease in bank overdraft		-	(3,630)
Net cash inflow from financing activities		<u>331,743</u>	<u>869,488</u>
<b>Net cash decrease in cash and cash equivalents</b>		(5,238)	(235,305)
Cash and cash equivalents at beginning of year		<u>23,971</u>	<u>259,276</u>
Cash and cash equivalents at end of year	19	<u>18,733</u>	<u>23,971</u>

**COMPANY CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	Year Ended 31 December 2009 £	Year Ended 31 December 2008 £
<b>Net cash outflow from operating activities</b>	27	(264,654)	(525,000)
<b>Investing activities</b>			
Investment income		-	1,966
Property, plant and equipment acquired		-	(1,903)
Loan investments		<u>(71,422)</u>	<u>(585,543)</u>
Net cash outflow from investing activities		<u>(71,422)</u>	<u>(585,480)</u>
<b>Financing activities</b>			
Issue of equity share capital	22/27	-	-
Loans		466,999	978,019
Loan interest & charges		(135,256)	(104,901)
Net cash inflow from financing activities		<u>331,743</u>	<u>873,118</u>
<b>Net cash decrease in cash and cash equivalents</b>		(4,333)	(237,362)
Cash and cash equivalents at beginning of year		<u>21,390</u>	<u>258,752</u>
Cash and cash equivalents at end of year	19	<u>17,057</u>	<u>21,390</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

**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.

The Board of directors has authorised the issue of these financial statements on the date of the statement as set out on page 6.

**2. Accounting policies**

**Basis of accounting**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The financial statements have been prepared on the historical cost basis except that certain financial instruments are accounted for at fair values. The principal accounting policies adopted are set out below.

**Standards applied**

The Group has adopted the following relevant standards which are effective for annual reporting periods beginning on or after 1 January 2009.

IFRS 2 (revised) Share-based payment vesting conditions and cancellations  
IFRS 8 Operating segments  
IAS 1 (revised and amended) Presentation of financial statements  
IAS 16 (amended) Property, plant and equipment  
IAS 19 (amended) Employee benefits  
IAS 23 (revised and amended) Borrowing costs  
IAS 27 (amended) Consolidated and separate financial statements  
IAS 28 (amended) Investments in associates  
IAS 32 (amended) Financial instruments - presentation  
IAS 36 (amended) Impairment of assets  
IAS 38 (amended) Intangible assets  
IAS 39 (amended) Financial instruments- recognition and measurement

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. Accounting policies *(continued)*

##### **Standards applied** *(continued)*

The adoption of these standards did not have a material impact on the Group and Company's financial position or performance. IAS 1 (revised) resulted in a change in the manner in which the statements are presented. IFRS 8 resulted in a change in accounting policy in that the Group determines and presents operating segments based on the information that is internally provided to the Board of Directors. Operating segments were previously determined and presented in accordance with IAS 14.

##### **New standards not applied**

The IASB has issued the following relevant standards which are not effective and have not been early adopted for these financial statements:

	Effective date
IFRS 3 (revised) Business combinations	1 July 2009
IAS 27 (amended) Consolidated and separate financial statements	1 July 2009

The directors do not anticipate that adoption of these standards will have a material impact on the Group and Company's financial position.

##### **Going Concern**

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Directors believe that it is appropriate to prepare the financial report on a going concern basis as they are confident that the Company will be able to raise additional funds through further debt or equity raisings when required. The Directors are of the opinion that the proposed debt or equity raising measures and the existing cash resources will provide sufficient funds to enable the Company to continue its operations for at least the next twelve months.

##### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. Accounting policies *(continued)*

##### **Basis of consolidation** *(continued)*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

##### **Minority interests**

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to minority interest in a subsidiary exceed the minority interests in the equity of that subsidiary, in which case, the losses are absorbed by the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

##### **Revenue recognition**

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Other operating income represents the amounts receivable for the provision of consultancy, management and office services provided in the normal course of business, net of VAT.

##### **Segmental reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board of Directors include items directly attributable to the segment as well as those that can be allocated on a reasonable basis.

##### **Long term provision**

A provision is recognised for future withholding tax payable on any remittances made from Madagascar on the loan investments made to the subsidiary Uramad SA.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. Accounting policies *(continued)*

##### **Foreign currencies**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the individual transactions. For practical reasons, a rate that approximates to the actual rate at the date of the transaction is often used. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period. On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

##### **Taxation**

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

##### **Deferred taxation**

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

No recognition has been made of the deferred tax asset arising in respect of current losses as the directors are of the opinion that this may not be realisable in the foreseeable future.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. Accounting policies *(continued)*

##### **Non-current intangible assets**

Non-current intangible assets have a finite life and are shown at cost less any provisions made in respect of impairment.

Costs relating to the acquisition, exploration and development of mining projects are capitalised under intangible assets. When it is determined that such costs will be recouped through successful development and exploitation or alternatively by sale of such interests acquired, the expenditure will be transferred to tangible assets and depreciated over the expected productive life of the asset. Whenever a project is considered no longer viable, the associated exploration expenditure is written off to the income statement.

##### **Impairment of tangible and intangible assets**

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated, in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is assessed by reference to the net present value of expected future cash flows of the relevant income generating unit or disposal value, if higher. If an asset is impaired, a provision is made to reduce the carrying amount to its estimated recoverable amount. An impairment loss is recognised as an expense immediately.

##### **Non-current asset investments**

Loan investments are shown at cost less provision for any permanent diminution in value. Loan investments are recognised as an asset when sums are advanced.

##### **Property, plant and equipment**

Equipment and furniture are shown at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method on the following basis:

Equipment 25% - 100%

Furniture 25% - 100%

##### **Financial instruments**

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

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. Accounting policies *(continued)*

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash held at bank and on short term deposits.

##### **Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **Trade payables**

Trade payables are not interest bearing and are stated at their nominal value.

##### **Trade receivables**

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

##### **Borrowing costs**

Borrowing costs on loans payable are recognised in the income statement in the period in which they are incurred.

##### **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received except where those proceeds appear to be less than the fair value of the equity instruments issued, in which case the equity instruments are recorded at fair value. The difference between the proceeds received and the fair value is reflected in the share based payments reserve.

The costs of issuing new equity are charged against the share premium account.

##### **Share based payments**

The Group has applied the requirements of IFRS 2 Share-based Payments.

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

Fair value is measured by use of a Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 2. Accounting policies *(continued)*

##### **Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

In the process of applying the Company's accounting policies above, management necessarily makes judgements and estimates that have a significant effect on the amounts recognised in the financial statements. Changes in the assumptions underlying the estimates could result in a significant impact to the financial statements. The most critical of these accounting judgement and estimation areas are as follows:

Exploration and evaluation expenditure has been incurred in respect of the Morondava uranium exploration project which has yet to reach a stage of development where a determination of the technical feasibility and commercial viability of the project can be assessed on a comprehensive basis. In these circumstances, the directors have used their experience to determine whether there is any indication that the asset has been impaired and have concluded that there are currently no such indications. The assets which have been recognised and not impaired as a result of this assessment are for the Group: intangible assets and taxation receivable; and for the Company: investment in group undertakings and loan investments.

#### 3. Income

An analysis of the Group's income is as follows:

	Year ended 31 December 2009	Year ended 31 December 2008
	£	£
Other operating income	-	8,829
Investment income	<u>-</u>	<u>1,966</u>
	<u>-</u>	<u>10,795</u>

#### 4. Segmental analysis

The Group has one reportable segment which is that of the investment directly and indirectly in, and operation of, mining exploration and development projects. The Group's operational activities are wholly focused in Madagascar. The Company's registered office is in London, UK. The Board of Directors review internal management reports at least monthly.

The Group has not yet commenced commercial mining production and has no turnover in the year.

Information regarding the results of the reportable segments is shown below. Performance is measured based on the segment profit before income tax as included in the internal management reports that are reviewed by the Board of Directors. There is no inter-segment pricing.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**4. Segmental analysis** *(continued)*

**Reportable segment**

	<b>Year Ended 31 December 2009</b>	<b>Year Ended 31 December 2008</b>
	£	£
External revenue	-	-
Financial income	-	1,966
Financial expenses	(142,398)	(163,454)
Depreciation and amortisation	11,238	(12,679)
Reportable segment loss	(686,097)	(805,194)
Segmental assets	4,878,358	5,304,577
Segmental liabilities	864,148	1,529,185
Additions to non-current assets	<u>60,205</u>	<u>316,803</u>

**Geographical segments**

In presenting information on the basis of geographical segments, segment assets are based on the geographical location of the assets.

	<b>Year Ended 31 December 2009</b>	<b>Year Ended 31 December 2008</b>
	£	£
<b>Non-current assets</b>		
United Kingdom	-	1,956
Madagascar	4,822,980	5,242,970
	<u>4,822,980</u>	<u>5,244,926</u>

The Group did not generate any revenue during the financial year ended 31 December 2009 (2008: £nil).

**5. Other operating income**

	<b>Year ended 31 December 2009</b>	<b>Year ended 31 December 2008</b>
	£	£
Provision of administration services	<u>-</u>	<u>8,829</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**6. Net loss from operations**

Net loss from operations is stated after charging:

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
Auditors remuneration:		
as auditors	23,726	30,415
as reporting accountants	10,974	10,625
tax compliance	500	500
Audit fee – other auditors	7,930	5,617
Foreign exchange losses	245,447	43,519
Depreciation	<u>11,238</u>	<u>12,679</u>

**7. Investment income**

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
Interest on bank deposits	<u>-</u>	<u>1,966</u>

**8. Finance costs**

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
Withholding tax	7,142	58,553
Loan charges and interest	135,256	104,901
	<u>142,398</u>	<u>163,454</u>

Under Madagascan law there is a 10% withholding tax on remittances abroad and a provision has been made for this tax on the amount owing to the Company from Uramad SA.

**9. Particulars of employees and directors**

The Group has no employees during the year or previous year.

The Group had 3 (31 December 2008: 10) directors during the year with aggregate emoluments in respect of qualifying services as follows:

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
Directors' fees	-	48,822
Amounts paid to third parties for the provision of services	<u>93,514</u>	<u>115,469</u>
	<u>93,514</u>	<u>164,291</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**10. Income tax expense**

<b>Group</b>	<b>Year ended 31 December 2009</b>	<b>Year ended 31 December 2008</b>
	<b>£</b>	<b>£</b>
Current tax:		
UK Corporation tax	-	-
Foreign tax	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Due to the tax allowable losses arising there is no charge to corporation tax.

Current tax reconciliation		
Loss for the year before taxation	<u>(686,097)</u>	<u>(805,194)</u>
Loss for the year multiplied by standard rate of UK corporation tax 28% (31 December 2008: 28%)	(192,107)	(225,454)
Effects of:		
Income / expenses not taxable / deductible for tax purposes	(70,560)	51,724
Accelerated capital allowances	-	(533)
Overseas losses	48,356	110,438
Increase in potential UK tax credits	<u>214,311</u>	<u>63,825</u>
Tax charge	<u>-</u>	<u>-</u>
Potential UK tax credits available multiplied by standard UK corporation tax 28% (31 December 2008: 28%)	<u>716,839</u>	<u>502,528</u>

No recognition has been made of the deferred tax asset in respect of the losses shown above as the directors are of the opinion that this may not be realisable in the foreseeable future.

**11. 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 £651,557 (31 December 2008: £726,309) by the weighted average number of shares in issue at the year end of 75,290,217 (31 December 2008: 30,806,668).

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 77,006,691 (31 December 2008: 32,523,142).

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**12. Intangible assets -Group**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>£</b>	<b>£</b>
<b>Development expenditure</b>		
<b>Cost</b>		
Balance brought forward	1,551,844	1,346,380
Additions	<u>27,045</u>	<u>205,464</u>
Balance carried forward	<u>1,578,889</u>	<u>1,551,844</u>
<b>Exploration licences</b>		
Balance brought forward (at fair value)	4,013,202	3,917,326
Additions at cost	<u>33,160</u>	<u>95,876</u>
Balance carried forward	<u>4,046,362</u>	<u>4,013,202</u>
<b>Impairment</b>		
Balance brought forward	1,366,338	1,366,338
Balance carried forward	<u>1,366,338</u>	<u>1,366,338</u>
<b>Exchange movements</b>		
Balance brought forward	725,618	52,301
Movement in year	<u>(421,918)</u>	<u>673,317</u>
Balance carried forward	<u>303,700</u>	<u>725,618</u>
<b>Total</b>	<u>4,562,613</u>	<u>4,924,326</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 in 2007, an impairment adjustment of £1,366,338 was recognised 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 and does not expect to undertake any material exploration activities in Madagascar whilst this period of uncertainty prevails. 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 no impairment adjustment is required in the current year (31 December 2008: £nil).

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**13. Property, plant and equipment**

<b>Equipment and furniture</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>				
Balance brought forward	53,590	1,903	28,754	-
Additions	-	-	15,463	1,903
Disposals	(5,903)	-	-	-
Exchange movement	(7,173)	-	9,373	-
Balance carried forward	<u>40,514</u>	<u>1,903</u>	<u>53,590</u>	<u>1,903</u>
<b>Depreciation</b>				
Balance brought forward	23,233	317	7,959	-
Charge for the year	11,238	1,586	12,679	317
Disposals	(1,148)	-	-	-
Exchange movement	(3,181)	-	2,595	-
Balance carried forward	<u>30,142</u>	<u>1,903</u>	<u>23,233</u>	<u>317</u>
<b>Net book value</b>	<u>10,372</u>	<u>-</u>	<u>30,357</u>	<u>1,586</u>

**14. Investment in group undertakings**

<b>Company</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
<b>Subsidiary undertakings</b>	<b>£</b>	<b>£</b>
Balance brought forward	<u>2,651,818</u>	<u>2,651,818</u>
Balance carried forward	<u>2,651,818</u>	<u>2,651,818</u>

<b>Subsidiary Undertaking</b>	<b>Country of incorporation</b>	<b>Holding</b>	<b>Proportion of voting shares held</b>	<b>Nature of Business</b>
Uramad UK Ltd	UK	Ordinary shares	100%	Holding company
Uramad SA	Madagascar	Ordinary shares	80%	Uranium exploration and mining

Uramad UK Limited holds 80% of the issued share capital of Uramad SA, a Malagasy company which holds uranium exploration licences in Madagascar.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**15. Loan investment  
Company**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
<b>Cost</b>		
Balance brought forward	2,837,716	1,873,272
Amounts advanced	71,422	585,543
Exchange movement	(134,068)	378,901
Balance carried forward	<u>2,775,070</u>	<u>2,837,716</u>
<b>Impairment</b>		
Balance brought forward	1,366,338	1,366,338
Balance carried forward	<u>1,366,338</u>	<u>1,366,338</u>
<b>Withholding tax provision</b>		
Balance brought forward	335,206	187,327
Charge	7,142	58,553
Exchange movement	(30,613)	89,326
Balance carried forward	<u>311,735</u>	<u>335,206</u>
<b>Net book value</b>	<u>1,096,997</u>	<u>1,136,172</u>

The loan investment relates to amounts advanced to Uramad SA, an 80% subsidiary of the Company. The loan is interest free, unsecured and has no fixed terms of repayment. The Directors have considered whether an adjustment is required to reflect the fair value of this receivable by discounting likely future cash flows. As the repayments are linked to successful commercial exploitation of the licences held (see note 12) the directors are of the opinion that it would be impractical to predict when these events might occur. The receivable is therefore shown at historical cost.

The provision relates to a 10% withholding tax which is chargeable on remittances made abroad from Madagascar. The provision relates to the withholding tax that will be payable on repayment by Uramad SA of the loan amount advanced to it by the Company.

**16. Taxation receivable – non-current  
Group**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
Value added tax – Madagascar	<u>249,995</u>	<u>290,243</u>

The value added tax will be recoverable upon commencement of production of the mining project in Madagascar.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**17. Taxation receivable – current**

	<b>Group 31 December 2009 £</b>	<b>Company 31 December 2009 £</b>	<b>Group 31 December 2008 £</b>	<b>Company 31 December 2008 £</b>
Value added tax – UK	<u>5,865</u>	<u>5,865</u>	<u>6,936</u>	<u>6,936</u>

**18. Trade and other receivables – current**

	<b>Group 31 December 2009 £</b>	<b>Company 31 December 2009 £</b>	<b>Group 31 December 2008 £</b>	<b>Company 31 December 2008 £</b>
Other receivables	2,711	-	711	-
Prepayments and accrued income	<u>28,069</u>	<u>28,069</u>	<u>28,033</u>	<u>28,033</u>
	<u>30,780</u>	<u>28,069</u>	<u>28,744</u>	<u>28,033</u>

**19. Cash and cash equivalents**

	<b>Group 31 December 2009 £</b>	<b>Company 31 December 2009 £</b>	<b>Group 31 December 2008 £</b>	<b>Company 31 December 2008 £</b>
Cash at bank and in hand	<u>18,733</u>	<u>17,057</u>	<u>23,971</u>	<u>21,390</u>

**20. Loans**

<b>Company and Group</b>	<b>31 December 2009 £</b>	<b>31 December 2008 £</b>
Balance brought forward	1,035,626	-
Amounts advanced	331,743	873,118
Loan interest and charges	135,256	104,901
Capitalisation of loan	(1,345,920)	-
Exchange movement	245,915	57,607
Balance carried forward	<u>402,620</u>	<u>1,035,626</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**20. Loans** *(continued)*

In February 2008 the Company secured an A\$0.5 million (£224,000 as translated at 1 February 2008) loan facility from Natasa Mining Limited (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 UK Limited and is repayable within 60 days following a demand by Natasa. The facility bears a draw down fee of 3% of funds drawn.

In October 2009, the Company repaid A\$2,400,000 (£1,345,920) of the loan amount through the issue of 213,638,095 ordinary £0.005 shares at a premium of £0.0013 per share to Natasa.

**21. Trade and other payables**

	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade payables	24,313	22,779	12,651	10,750
Other payables	86,789	-	99,666	-
Accruals	<u>38,691</u>	<u>38,691</u>	<u>46,036</u>	<u>39,667</u>
	<u>149,793</u>	<u>61,470</u>	<u>158,353</u>	<u>50,417</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**22. Called up share capital**  
**Company and Group**  
**Authorised**

	<b>31 December 2009 Number</b>	<b>31 December 2009 £</b>	<b>31 December 2008 Number</b>	<b>31 December 2008 £</b>
Ordinary shares of £0.005 (2008: £0.005) each	<u>1,722,739,998</u>	<u>8,613,670</u>	<u>1,722,739,998</u>	<u>8,613,670</u>
Allotted and fully paid	<u>244,444,763</u>	<u>1,222,223</u>	<u>30,806,668</u>	<u>154,033</u>

In October 2009, the Company issued 213,638,095 ordinary £0.005 shares at a premium of £0.0013 per share in respect of the capitalisation of A\$2,400,000 (£1,345,920) of the loan amount from Natasa Mining Limited (see note 20).

The Company has one class of ordinary shares which carry no right to fixed income.

Share options over ordinary shares in existence at 31 December 2009 are as follows:

<b>Number</b>	<b>Exercise price</b>	<b>Expiry date</b>
800,000	30p per share	2 August 2010*
100,000	30p per share	2 August 2010
155,000	30p per share	31 August 2011*
200,000	50p per share	31 August 2011*
153,408	30p per share	22 December 2011
308,066	3.88p per share	31 October 2013

\* Or 90 days after the option holder ceases to be engaged by the Company if earlier.

**23. Share premium account**  
**Company and Group**

	<b>31 December 2009 £</b>	<b>31 December 2008 £</b>
Balance brought forward	4,478,453	4,478,453
Premium arising on issue of equity shares	277,730	-
Balance carried forward	<u>4,756,183</u>	<u>4,478,453</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**24. Share based payment reserve**

**Company and Group**

	<b>31 December 2009</b>	<b>31 December 2008</b>
	£	£
Balance brought forward	385,270	1,156,591
Options issued to directors / professional advisors and charged to the income statement	-	10,989
Transfer to accumulated loss	-	<u>(782,310)</u>
Balance carried forward	<u>385,270</u>	<u>385,270</u>

The share based payment charge relates to share options granted to directors, staff and certain professional advisors.

The share options vested on grant and are capable of being exercised at any time between the date of grant and the expiry date, subject to that, unless exercised, these share options expire within 90 days of the grantee ceasing to be an executive / consultant of the Company.

Movement on share options was as follows:

	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>No of options</b>	<b>No of options</b>
Options at beginning of year	1,716,474	4,073,408
Options granted	-	308,066
Options lapsed	-	(2,665,000)
Options at end of year	<u>1,716,474</u>	<u>1,716,474</u>
Options exercisable at year	<u>1,716,474</u>	<u>1,716,474</u>

Weighted average exercise prices were as follows:

	<b>31 December 2009</b>	<b>31 December 2008</b>
Options at beginning of year	28p	43p
Options granted	-	4p
Options lapsed	-	48p
Options exercised	-	-
Options at end of year	28p	28p
Options exercisable at year end	<u>28p</u>	<u>28p</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**24. Share based payment reserve** *(continued)*

	<b>31 December 2009</b>	<b>31 December 2008</b>
Weighted average remaining contracted life of options outstanding at the year end	<u>1.5 years</u>	<u>2.5 years</u>
	<b>31 December 2009</b>	<b>31 December 2008</b>
Exercise prices of options outstanding at the year end	<b>No of options</b>	<b>No of options</b>
Exercise price per share		
3.88p	308,066	308,066
30p	1,208,408	1,208,408
50p	200,000	200,000
	<u>1,716,474</u>	<u>1,716,474</u>
	<b>31 December 2009</b>	<b>31 December 2008</b>
Weighted average fair value of options granted in year	<u>-</u>	<u>4p</u>

The option pricing model used in calculating the fair value of options granted was the Black Scholes model.

Inputs in the model for share options granted during the year were as follows:

Weighted average share price	-	4p
Weighted average exercise price	-	4p
Average expected volatility	-	151%
Average option life	-	5 years
Average risk free rate	-	4.5%
Expected dividends	-	Nil

Expected volatility was determined by calculating the actual volatility of the Company's share price over the period from December 2006 up to the grant date of the option.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

<b>25. Translation reserve</b>		
<b>Group</b>	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	£	£
Balance brought forward	873,963	155,301
Translation difference arising on consolidation	<u>(427,868)</u>	<u>718,662</u>
Balance carried forward	<u>446,095</u>	<u>873,963</u>

**26. Minority interest**

The minority interest is in relation to a 20% share in Uramad SA.

	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	£	£
Share of net assets in Uramad SA	<u>585,297</u>	<u>612,974</u>

**27. Cash flows from operating activities**

<b>Group</b>	<b>31 December</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	£	£
Net loss from operations	(543,699)	(643,706)
Adjustments for:		
Share based payments	-	10,989
Translation and currency movements	220,207	192,736
Depreciation	11,238	12,679
Loss on disposal of fixed assets	4,755	-
Operating cash flows before movements in working capital	<u>307,499</u>	<u>(427,302)</u>
Decrease / (increase) in trade and other receivables	39,283	(69,263)
Decrease in trade and other payables	<u>(8,560)</u>	<u>(293,391)</u>
Net cash outflow from operating activities	<u>(276,776)</u>	<u>(789,956)</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**27. Cash flows from operating activities** *(continued)*

<b>Company</b>	<b>31 December 2009</b>	<b>31 December 2008</b>
	<b>£</b>	<b>£</b>
Net loss from operations	(627,698)	(152,337)
Adjustments for:		
Share based payments	-	10,989
Translation and currency movements	349,370	(231,967)
Depreciation	1,586	317
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(276,742)	(372,998)
Decrease / (increase) in trade and other receivables	1,035	(21,357)
Increase / (decrease) in trade and other payables	<u>11,053</u>	<u>(130,645)</u>
Net cash outflow from operating activities	<u>(264,654)</u>	<u>(525,000)</u>

**Non cash transaction**

On 16 October 2009, the Company and Natasa Mining Limited agreed to capitalise A\$2.4 million (£1,345,920) of the loan amount drawn. This was done by allotting 213,638,095 new £0.005 ordinary shares at a price of £0.063 per share to Natasa Mining Limited.

**28. Controlling party**

The Company is a subsidiary of Natasa Mining Limited, an Australian company which owns 83.5% of the Company. There is no ultimate controlling party of Natasa Mining Limited which is the ultimate parent company of the Company.

**29. Related party transactions**

C Kyriakou and J Reynolds are directors of Natasa Mining Limited (Natasa), an Australian company and as of 16 October 2009 the parent company of UMC Energy Plc.

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 UK Limited and is repayable within 60 days following a demand by Natasa. The facility bears a draw down fee of 3% of funds drawn.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**29. Related party transactions** *(continued)*

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 2009, the Company had, net of the capitalised amount, borrowed A\$718,195 (£402,620) (2008: A\$2,170,033 (£1,035,626)) under these facilities. This amount includes interest and charges of A\$520,262 (£240,157) (2008: A\$230,116 (£104,901)).

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 £1,792 (31 December 2008: £7,129) of which £nil (31 December 2008: £1,126) is outstanding at the year end.

The Company was charged £36,000 (31 December 2008: £36,000) by Resource Capital Partners Inc for the provision of the consultancy services of C Kyriakou.

The Company was charged £43,722 (31 December 2008: £25,492) by J Reynolds for the provision of accounting and administration services of which £3,929 (31 December 2008: £3,114) is outstanding at the year end.

The Company was charged £12,000 (31 December 2008: £3,000) 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 and details of its subsidiaries are set out in note 14.

During the year the Company made additional advances to its subsidiary Uramad SA of £71,422 (31 December 2008: £585,543) and at the year end Uramad SA owed the Company £2,775,071 (31 December 2008: £2,837,716).

The Company provided support services and staff to Uramad SA for £7,680 (31 December 2008: £1,328).

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### **30. Post balance sheet events**

Since 1 January 2010, the Company has advanced a further US\$7,845 (£5,046) to Uramad SA, for use on uranium exploration activities.

Since 1 January 2010, the Company has borrowed a further A\$113,140 (£64,883) from Natasa Mining Limited, for working capital.

#### **31. Financial instruments**

The Company and Group's financial instruments comprise cash and cash equivalents, loans payable, loan investments and financial assets and various items such as trade receivables, trade payables, accruals and prepayments that arise directly from its operations.

The main purpose of these financial instruments is to finance the Group's operations.

The Board regularly reviews and agrees policies for managing the level of risk arising from the Group's financial instruments. These are summarised below:

##### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company and Group, and arises principally from the consolidated entity's taxation receivables from government agencies. For the Company it arises mainly from receivables due from its subsidiary Uramad SA which, except for impairment adjustments recognised, is considered by the directors to be recoverable in full.

The carrying amounts of the financial assets recognised in the balance sheet best represents the Company and Group's maximum exposure to credit risk at the reporting date. In respect of these financial assets and the credit risk embodied within them, the Company and Group holds no collateral as security and there are no other significant credit enhancements in respect of these assets. The credit quality of all financial assets that are neither past due nor impaired is appropriate and is consistently monitored in order to identify any potential adverse changes in credit quality. There are no financial assets that have had renegotiated terms that would otherwise, without that renegotiation, have been past due or impaired.

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**31. Financial instruments** *(continued)*

**Liquidity risk**

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

The Group's policy throughout the year has been to ensure that it has adequate liquidity to meet its liabilities when due by careful management of its working capital.

The following are the contractual maturities of financial liabilities:

<b>Group</b>	<b>Carrying</b>	<b>Cash flows</b>	<b>3 months</b>	<b>Greater than</b>
<b>31 December 2009</b>	<b>amount</b>		<b>or less</b>	<b>one year</b>
	£	£	£	£
Trade and other payables	149,793	149,793	149,793	-
Loans payable	402,620	402,620	402,620	-
Withholding tax provision	<u>311,735</u>	<u>311,735</u>	<u>-</u>	<u>311,735</u>
	<u>864,148</u>	<u>864,148</u>	<u>552,413</u>	<u>311,735</u>
<b>Group</b>	<b>Carrying</b>	<b>Cash</b>	<b>3 months</b>	<b>Greater than</b>
<b>31 December 2008</b>	<b>amount</b>	<b>flows</b>	<b>or less</b>	<b>one year</b>
	£	£	£	£
Trade and other payables	158,353	158,353	158,353	-
Loans payable	1,035,626	1,035,626	1,035,626	-
Withholding tax provision	335,206	335,206	-	335,206
	<u>1,529,185</u>	<u>1,529,185</u>	<u>1,193,979</u>	<u>335,206</u>
<b>Company</b>	<b>Carrying</b>	<b>Cash</b>	<b>3 months</b>	<b>Greater than</b>
<b>31 December 2009</b>	<b>amount</b>	<b>flows</b>	<b>or less</b>	<b>one year</b>
	£	£	£	£
Trade and other payables	61,470	61,470	61,470	-
Loans payable	<u>402,620</u>	<u>402,620</u>	<u>402,620</u>	-
	<u>464,090</u>	<u>464,090</u>	<u>464,090</u>	-
<b>Company</b>	<b>Carrying</b>	<b>Cash</b>	<b>3 months</b>	<b>Greater than</b>
<b>31 December 2008</b>	<b>amount</b>	<b>flows</b>	<b>or less</b>	<b>one year</b>
	£	£	£	£
Trade and other payables	50,417	50,417	50,417	-
Loans payable	<u>1,035,626</u>	<u>1,035,626</u>	<u>1,035,626</u>	-
	<u>1,086,043</u>	<u>1,086,043</u>	<u>1,086,043</u>	-

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**31. Financial instruments** *(continued)*

**Market risk**

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Company's and Group's income or value of its holdings in financial instruments.

**Commodity price risk**

The principal activity of the Company and the Group is the development of a uranium mining property in Madagascar and the principal market risk facing the Group is an adverse movement in the commodity price of uranium.

Any long term adverse movement in this price would affect the commercial viability of the project and hence the value of the loan investments in the Company and of the Group as a whole.

**Foreign currency risk** – The Group undertakes transactions principally in Sterling, Australian Dollars and US Dollars. While the Group continually monitors its exposure to movements in currency rates, it does not utilise hedging instruments to protect against currency risks. The main currency exposure risk to the Company in relation to its financial assets is to its US Dollar loan investments made to its subsidiary and which are repayable in US Dollars. The main currency exposure risk to the Group in relation to its financial liabilities is to its Australian Dollar loan payables which are repayable in Australian Dollars.

Sensitivity analysis for foreign exchange risk to Group

The following analysis illustrates the effect that specific changes could have had on the Group's income and equity for Australian Dollar to Sterling exchange movements. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed in the following table, which therefore should not be considered a projection of likely future events and losses.

	<b>Group 10% weakening of GBP</b>		<b>Group 10% strengthening of GBP</b>	
	<u>Impact on Equity</u> £	<u>Impact on Income /Reserves</u> £	<u>Impact on Equity</u> £	<u>Impact on Income /Reserves</u> £
<b>At 31.12.2009</b>				
Australian Dollar	<u>(40,262)</u>	<u>(40,262)</u>	<u>40,262</u>	<u>40,262</u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**31. Financial instruments** *(continued)*

**Interest rate risk** – The Group utilises cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements. The rates are reviewed regularly and the best rate obtained in the context of the Group’s needs.

**Extent and nature of financial instruments**

The financial assets and liabilities held by the Company and Group at the year end are shown below. The directors consider that the carrying amounts approximates to their fair value.

<b>Group</b>	<b>31 December 2009</b>	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>31 December 2008</b>
	£	£	£	£
<b>Assets</b>	<b>Carrying amount</b>	<b>Net fair value</b>	<b>Carrying amount</b>	<b>Net fair value</b>
Taxation receivable	255,860	255,860	297,179	297,179
Trade and other receivables	30,780	30,780	28,744	28,744
Cash at bank and in hand	<u>18,733</u>	<u>18,733</u>	<u>23,971</u>	<u>23,971</u>
<b>Total</b>	<u><b>305,373</b></u>	<u><b>305,373</b></u>	<u><b>349,894</b></u>	<u><b>349,894</b></u>
	<b>31 December 2009</b>	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>31 December 2008</b>
	£	£	£	£
<b>Liabilities</b>	<b>Carrying amount</b>	<b>Net fair value</b>	<b>Carrying amount</b>	<b>Net fair Value</b>
Trade and other payables	149,793	149,793	158,353	158,353
Loans payable	402,620	402,620	1,035,626	1,035,626
Withholding tax provision	<u>311,735</u>	<u>311,735</u>	<u>335,206</u>	<u>335,206</u>
	<u><b>864,148</b></u>	<u><b>864,148</b></u>	<u><b>1,529,185</b></u>	<u><b>1,529,185</b></u>
<b>Company</b>	<b>31 December 2009</b>	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>31 December 2008</b>
	£	£	£	£
<b>Assets</b>	<b>Carrying amount</b>	<b>Net fair value</b>	<b>Carrying amount</b>	<b>Net fair Value</b>
Loan investments	1,096,997	1,096,997	1,136,172	1,136,172
Taxation receivable	5,865	5,865	6,936	6,936
Trade and other receivables	28,069	28,069	28,033	28,033
Cash at bank and in hand	<u>17,057</u>	<u>17,057</u>	<u>21,390</u>	<u>21,390</u>
<b>Total</b>	<u><b>1,147,988</b></u>	<u><b>1,147,988</b></u>	<u><b>1,192,531</b></u>	<u><b>1,192,531</b></u>

**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**31. Financial instruments** *(continued)*

**Extent and nature of financial instruments** *(continued)*

	<b>31 December 2009</b>	<b>31 December 2009</b>	<b>31 December 2008</b>	<b>31 December 2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Liabilities</b>	<b>Carrying amount</b>	<b>Net fair value</b>	<b>Carrying amount</b>	<b>Net fair value</b>
Trade and other payables	61,470	61,470	50,417	50,417
Loans payable	402,620	402,620	1,035,626	1,035,626
	<u>464,090</u>	<u>464,090</u>	<u>1,086,043</u>	<u>1,086,043</u>

**Collateral**

The loans payable of £402,620 are secured by a negative pledge over the Company's equity interest in Uramad UK Limited and are repayable within 60 days following a demand by Natasa Mining Limited (see note 20).

**Capital Management**

The Company's capital consists wholly of ordinary shares. There are no other categories of shares in issue and the Company does not use any other financial instruments as capital substitutes or quasi capital. The Company manages its issued capital by considering future capital requirements of the Group which are largely dictated by the exploration programme of its subsidiary, Uramad SA, operating in Madagascar and the head office overhead costs of the Company in London. The Company's board of directors as a whole manages the capital by considering the need to raise further capital to meet the above costs on a rolling 12 month basis so as to enable the accounts to be prepared on a going concern basis but without unnecessary dilution of existing shareholder interests. The Board always places a priority on maximising the return to existing shareholders before raising further capital.

There are no externally imposed capital requirements on the Company.

Details of the ordinary share capital are set out in note 22.