8 May 2008

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

Financial Statements for the period ended 31 December 2007

CHAIRMAN'S STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2007

To say that the 2007 year has been a frustrating one for the UMC Energy board would be something of an understatement, as our anticipated improving knowledge from field work aimed at prospective uranium targets in our exploration leases delivered few tangible results and as a result the Company has written the carrying value of the project down by £1,366,338, being the amount expended over the year. The lack of results was mainly due to poor in-country support and performance from a number of service providers used in Madagascar. What was achieved however was a confirmation of elevated uranium levels around a previously identified radiometric anomaly, which will be the focus of an extensive drilling program in the coming field season.

2007 has been an expensive learning exercise for us – both in terms of lost exploration momentum and funds expended – however the experience has clearly defined for us what is essential to undertake effective exploration activities in developing Africa and many initiatives resulting from that learning have been well advanced.

The major initiative by your board was the appointment of a resident experienced exploration manager, with a sound command of the French language. Attempting to manage the exploration remotely on a part-time basis, without French language skills, making infrequent flying visits has been shown to be totally unworkable, even for a very experienced senior mining executive.

Dr J. Wontka, our recently appointed exploration manager, has years of exploration experience in francophone African countries, and from his previous working in Madagascar has contacts at senior levels within the Bureau of Minerals, which will no doubt facilitate our 2008 exploration efforts.

The other major initiative has been a total review of our exploration holdings in the Folakara and Mackay districts. This review resulted in a major rationalization of land holdings. The objective in doing this was around having a smaller number of better defined radiometric anomalies which will be the focus of the 2008 and ongoing field exploration work.

Utilizing a calibrated down-hole logger, and by importing the right sort of drilling equipment for the relatively shallow friable sandstone layers being explored, your board is optimistic that we will make good progress in the coming field season towards defining the distribution of elevated uranium levels around our currently identified most prospective anomaly.

During the current year, Mike Smith resigned from the board and I would like to thank him on behalf of the board for his contribution to the Company. Also during the year Allan Taylor was appointed as an alternate director for Ken Bates, and I look forward to Allan's ongoing contributions.

Bob Cleary
Chairman

REPORT OF THE DIRECTORS

FOR THE PERIOD ENDED 31 DECEMBER 2007

The directors present their report with the audited Group financial statements for the period ended 31 December 2007.

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 period 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 period, the Group expended £1,488,299 on project related activities.

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 are as follows:

- The ability to raise sufficient funds to continue 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.

Results and dividends
The loss for the period / year on ordinary activities before tax amounted to £2,385,184 (31 January 2007: £934,161). The directors do not recommend the payment of a dividend.

Share capital
Details of the share capital are given in note 24 to the financial statements.

Events since the balance sheet date
In February 2008 the Company secured an A$0.5 million (£224,000 as translated at 1 February 2008) loan facility from Investika Ltd. The loan bears interest at 15% per annum on funds drawn, is unsecured and is repayable in August 2008 or immediately upon UMC Energy raising further debt or equity funding. The facility bears a facility fee of A$15,000 (£6,729). In March 2008 the Company secured a further loan facility from Investika 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 Ltd and is repayable within 60 days following a demand by Investika. The facility bears a draw down fee of 3% of funds drawn.

Financial assets and liabilities
See note 34 to the financial statements.

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

			5p Ordinary shares	
	Appointed	**Resigned**	**At 31 December 2007**	**At date of appointment/ 1 February 2007**
R Cleary			-	-
G Bujtor			-	-
C Kyriakou*			6,485,000	3,800,000
M Smith		20 March 2008	-	-
K Bates			-	-
W McKnight			-	-
G Whiddon	23 February 2007		-	-
A Taylor	18 October 2007		10,000	10,000

* C Kyriakou is a director of Investika Ltd (a substantial shareholder). C Kyriakou's family trust holds shares and executive share options in Investika Ltd. The shares owned by Investika Ltd in the Company's share capital have been included in C Kyriakou's interests.

During the period the following options were granted to the directors:

	Date Granted	**Number**	**Exercise Price**	**Expiry Date**
G Whiddon	23 February 2007	500,000	30p	28 February 2010*
G Whiddon	23 February 2007	500,000	60p	28 February 2010*
G Whiddon	23 February 2007	500,000	90p	28 February 2010*

Options held by directors at 31 December 2007 are as follows:

	Number	Exercise Price	Expiry Date
R Cleary	300,000	30p	2 August 2010*
R Cleary	200,000	50p	31 August 2011*
G Bujtor	300,000	30p	2 August 2010*
C Kyriakou	300,000	30p	2 August 2010*
K Bates	300,000	30p	31 August 2011*
W McKnight	200,000	30p	31 August 2011*
M Smith	300,000	30p	31 August 2011*
G Whiddon	500,000	30p	28 February 2010*
G Whiddon	500,000	60p	28 February 2010*
G Whiddon	500,000	90p	28 February 2010*

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

Substantial shareholdings

On 31 December 2007 the following shareholders held 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares	Percentage issued Ordinary Shares
Cline Mining Corporation	12,272,667	39.84%
Investika Limited	6,285,000	20.40%
Rab Energy Fund Limited	1,000,000	3.25%

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 period 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 meets frequently and 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 directors. 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.

Remuneration Committee
The Company has established a remuneration committee comprised of the non-executive directors. 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 period end trade creditors amounted to 46 days (31 January 2007: 70 days).

Political and charitable donations
No political or charitable donations were made during the period.

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 2008 Annual General Meeting.

By order of the board.

J Reynolds
Company Secretary
8 May 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD ENDED 31 DECEMBER 2007

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 proper 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 1985. 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 234ZA of the Companies Act 1985) 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 2007 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes numbered 1 to 36. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We report to you whether in our opinion the information given in the Directors' Report is consistent with the Financial Statements.

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

Basis of audit opinion

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

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

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Group and the parent Company's affairs as at 31 December 2007 and of the Group's loss for the period then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

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 £2,385,184 during the period ended 31 December 2007. 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 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.

Sawin & Edwards
Chartered Accountants
& Registered Auditors

15 Southampton Place
London
WC1A 2AJ

8 May 2008

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2007

	Notes	Period 1 February 2007 to 31 December 2007 £	Year Ended 31 January 2007 £
Administrative expenses		(957,458)	(913,425)
Exceptional costs	5	(1,366,338)	(75,019)
Other operating income	6	19,742	9,392
Loss from operations	7	(2,304,054)	(979,052)
Investment income	8	55,504	95,584
Finance costs	9	(136,634)	(50,693)
Loss before taxation		(2,385,184)	(934,161)
Income tax expense	11	-	-
Loss for the period / year		(2,385,184)	(934,161)
Attributable to:			
Equity holders of the parent		(2,404,028)	(936,672)
Minority interest		18,844	2,511
		(2,385,184)	(934,161)
Loss per share (pence)			
Basic	12	(7.81)	(4.73)
Diluted	12	(6.90)	(1.84)

The Company has taken advantage of section 230 of the Companies Act 1985 not to publish its own income statement.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	31 December 2007	31 January 2007
ASSETS		**£**	**£**
Non-current assets			
Intangible assets	13	3,949,669	3,775,407
Property, plant and equipment	14	20,795	21,282
Taxation receivable	17	233,483	57,278
Total non-current assets		4,203,947	3,853,967
Current assets			
Taxation receivable	18	5,587	2,586
Trade and other receivables	19	17,590	9,689
Cash and cash equivalents	20	259,276	1,865,222
Total current assets		282,453	1,877,497
TOTAL ASSETS		4,486,400	5,731,464
EQUITY AND LIABILITIES			
Current liabilities			
Taxation payable	21	5	22,931
Short term borrowings	22	3,630	-
Trade and other payables	23	451,739	120,004
Total current liabilities		455,374	142,935
Non-current liabilities			
Long term provision	16	187,327	50,693
Total non-current liabilities		187,327	50,693
Total liabilities		642,701	193,628
Equity			
Share capital	24	1,540,333	1,534,083
Share premium account	25	4,478,453	4,447,203
Share based payments reserve	26	1,156,591	916,590
Translation reserve	27	155,301	(48)
Accumulated loss		(4,171,602)	(2,025,458)
Equity attributable to equity holders of the parent		3,159,076	4,872,370
Minority Interest	36	684,623	665,466
Total equity		3,843,699	5,537,836
TOTAL EQUITY AND LIABILITIES		4,486,400	5,731,464

The financial statements were approved by the Board of directors on 8 May 2008 and signed on its behalf by:

RA Cleary
Chairman

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	31 December 2007 £	31 January 2007 £
ASSETS			
Non-current assets			
Investments in group undertakings	15	2,651,818	2,651,818
Loan and receivables	16	319,607	456,241
Total non-current assets		2,971,425	3,108,059
Current assets			
Taxation receivable	18	5,587	2,586
Trade and other receivables	19	8,025	-
Cash and cash equivalents	20	258,752	1,842,377
Total current assets		272,364	1,844,963
TOTAL ASSETS		3,243,789	4,953,022
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables	23	181,062	90,696
Total current liabilities		181,062	90,696
Total liabilities		181,062	90,696
Equity			
Share capital	24	1,540,333	1,534,083
Share premium account	25	4,478,453	4,447,203
Share based payments reserve	26	1,156,591	916,590
Accumulated loss		(4,112,650)	(2,035,550)
Equity attributable to equity holders of the parent		3,062,727	4,862,326
Total equity		3,062,727	4,862,326
TOTAL EQUITY AND LIABILITIES		3,243,789	4,953,022

The financial statements were approved by the Board of directors on 8 May 2008 and signed on its behalf by:

RA Cleary
Chairman

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2007

	Share Capital £	Share Premium £	Share based Payment Reserve £	Accumu-lated Loss £	Foreign Currency Translation Reserve £	Total £
Group						
Balance at 1 February 2007	1,534,083	4,447,203	916,590	(2,025,458)	(48)	4,872,370
Share issue	6,250	31,250	-	-	-	37,500
Loss for the period	-	-	-	(2,404,028)	-	(2,404,028)
Share based payment	-	-	497,885	-	-	497,885
Reserve transfer	-	-	(257,884)	257,884	-	-
Movement on currency reserve	-	-	-	-	155,349	155,349
Balance at 31 December 2007	1,540,333	4,478,453	1,156,591	(4,171,602)	155,301	3,159,076

	Share Capital £	Share Premium £	Share based Payment Reserve £	Accumu-lated Loss £	Total £
Company					
Balance at 1 February 2007	1,534,083	4,447,203	916,590	(2,035,550)	4,862,326
Share issue	6,250	31,250	-	-	37,500
Loss for the period	-	-	-	(2,334,984)	(2,334,984)
Share based payment	-	-	497,885	-	497,885
Reserve transfer	-	-	(257,884)	257,884	-
Balance at 31 December 2007	1,540,333	4,478,453	1,156,591	(4,112,650)	3,062,727

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2007

	Share Capital £	Share Premium £	Share based Payment Reserve £	Accumu-lated Loss £	Foreign Currency Translation Reserve £	Total £
Group						
Balance at 1 February 2006	920,450	2,422,213	591,771	(1,088,786)	-	2,845,648
Share issue	613,633	2,024,990	-	-	-	2,638,623
Loss for the period	-	-	-	(936,672)	-	(936,672)
Share based payment	-	-	324,819	-	-	324,819
Movement on currency reserve	-	-	-	-	(48)	(48)
Balance at 31 January 2007	1,534,083	4,447,203	916,590	(2,025,458)	(48)	4,872,370

	Share Capital £	Share Premium £	Share based Payment Reserve £	Accumu-lated Loss £	Total £
Company					
Balance at 1 February 2006	920,450	2,422,213	591,771	(1,088,786)	2,845,648
Share issue	613,633	2,024,990	-	-	2,638,623
Loss for the period	-	-	-	(946,764)	(946,764)
Share based payment	-	-	324,819	-	324,819
Balance at 31 January 2007	1,534,083	4,447,203	916,590	(2,035,550)	4,862,326

CONSOLIDATED CASHFLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2007

	Notes	Period 1 February 2007 to 31 December 2007 £	Year Ended 31 January 2007 £
Net cash outflow from operating activities	28	(210,638)	(125,658)
Investing activities			
Investment income		55,504	95,584
Intangible assets additions		(1,488,299)	(474,356)
Property, plant and equipment acquired		(3,643)	(21,756)
Net cash outflow from investing activities		(1,436,438)	(400,528)
Financing activities			
Issue of equity share capital	24	37,500	-
Increase in bank overdraft		3,630	-
Net cash inflow from financing activities		41,130	-
Net cash decrease in cash and cash equivalents		(1,605,946)	(526,186)
Cash and cash equivalents at beginning of period / year		1,865,222	2,391,408
Cash and cash equivalents at end of period / year	20	259,276	1,865,222

COMPANY CASHFLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2007

	Notes	Period 1 February 2007 to 31 December 2007 £	Year Ended 31 January 2007 £
Net cash outflow from operating activities	28	(310,256)	(111,162)
Investing activities			
Investment income		55,469	82,260
Subsidiary undertaking acquired	29	-	-
Loan investments		(1,366,338)	(506,934)
Net cash outflow from investing activities		(1,310,869)	(424,674)
Financing activities			
Issue of equity share capital	24	37,500	-
Stamp duty	29	-	(13,195)
Net cash inflow/ (outflow) from financing activities		37,500	(13,195)
Net cash decrease in cash and cash equivalents		(1,583,625)	(549,031)
Cash and cash equivalents at beginning of period / year		1,842,377	2,391,408
Cash and cash equivalents at end of period / year	20	258,752	1,842,377

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2007

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 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) from which the Group operates.

The Board of directors has authorised the issue of these financial statements on the date of the statement as set out on page 13.

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.

The financial year end of the Company has been changed from 31 January 2008 to 31 December 2007 to ensure a co-terminus year end date with its subsidiary undertaking Uramad SA and as such the comparative figures as shown in the financial statements are not comparable with the current period figures.

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 profit and loss in the period of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interests of the parent.

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.

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.

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.

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 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 net profit or loss 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.

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.

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 for 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.

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.

Non-current intangible assets – Exploration expenditure
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.

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%
Furniture 25%

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.

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.

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 the 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.

3. Revenue

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

	11 months ended 31 December 2007	Year ended 31 January 2007
	£	£
Other operating income	19,742	9,392
Investment income	55,504	95,584
	75,246	104,976

4. Segmental analysis

The Group's operational activities are wholly focused in Madagascar. The Company's registered office is in London, UK.

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

Segmental information on a geographical basis is set out below:

	11 months ended 31 December 2007		
	UK	Madagascar	Total
	£	£	£
Loss for the period	(968,646)	(1,416,538)	(2,385,184)
Depreciation	-	6,326	6,326
Impairment to intangible fixed assets	-	1,366,338	1,366,338
Total assets	272,364	4,214,036	4,486,400
Total liabilities	368,389	274,312	642,701
Intangible assets – additions	-	1,488,299	1,488,299
Tangible assets – additions	-	3,643	3,643

	Year ended 31 January 2007		
	UK	**Madagascar**	**Total**
	£	**£**	**£**
(Loss) / profit for the year	(946,716)	12,555	(934,161)
Depreciation	-	1,481	1,481
Total assets	1,844,963	3,886,501	5,731,464
Total liabilities	141,389	52,239	193,628
Intangible assets – additions	-	3,775,407	3,775,407
Tangible assets – additions	-	22,763	22,763

5. Exceptional items

	11 months ended 31 December 2007	Year ended 31 January 2007
	£	**£**
Project costs – write downs	1,366,338	75,019

Following an impairment review, an impairment adjustment of £1,366,338 (31 January 2007: £nil) was recognised in relation to the Morondava uranium project.

The Company had examined opportunities to acquire uranium and oil/gas projects in Kazakhstan. Following extensive negotiations, the Company was unable to conclude any acquisitions. The total cost incurred in relation to these activities was £nil (31 January 2007: £75,019).

6. Other operating income

	11 months ended 31 December 2007	Year ended 31 January 2007
	£	**£**
Provision of administration services	19,742	9,392

7. Net loss from operations

Net loss from operations is stated after charging:

	11 months ended 31 December 2007 £	Year ended 31 January 2007 £
Auditors remuneration:		
as auditors	23,000	26,000
as reporting accountants	8,970	27,896
tax compliance	500	1,500
Audit fee – other auditors	3,610	3,000
Impairment to intangible fixed assets	1,366,338	-
Depreciation	6,326	1,481

8. Investment income

	11 months ended 31 December 2007 £	Year ended 31 January 2007 £
Interest on bank deposits	55,504	95,584

9. Finance costs

Company and Group

	11 months ended 31 December 2007 £	Year ended 31 January 2007 £
Withholding tax	136,634	50,693

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

10. Particulars of employees and directors

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

The Group had 8 (31 January 2007: 6) directors during the period with aggregate emoluments in respect of qualifying services as follows:

	11 months ended 31 December 2007 £	Year ended 31 January 2007 £
Directors' fees	11,000	26,112
Amounts paid to third parties for the provision of services	190,348	123,233
Share based payments	484,945	286,993
	686,293	436,338
	No.	**No.**
Number of directors who exercised share options during the period	-	-

11. Income tax expense

Group	11 months ended 31 December 2007 £	Year ended 31 January 2007 £
Current tax:		
UK Corporation tax	-	-
Foreign tax	-	-
	-	-

Due to the taxable losses arising there is no charge to corporation tax

Current tax reconciliation		
Loss for the period/year before taxation	(2,385,184)	(934,161)
Loss for the period/year multiplied by standard rate of UK corporation tax 30% (31 January 2007: 30%)	(715,555)	(280,248)
Effects of:		
Expenses not deductible for tax purposes	604,394	99,410
Overseas profits	(28,266)	(3,765)
Increase in potential tax credits	139,427	184,603
Tax charge	-	-
Potential UK tax credits available multiplied by standard UK corporation tax 30% (31 January 2007: 30%)	470,038	330,611

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.

12. Loss per share

Loss per share has been calculated by dividing the loss for the period/year after taxation attributable to the equity holders of the parent company of £2,404,028 (31 January 2007: £936,672) by the weighted average number of shares in issue at the period end of 30,792,821 (31 January 2007: 19,787,575).

Diluted loss per share has been calculated using the weighted average number of shares in issue at the period end, diluted for the effect of share options and warrants in existence at the period end of 34,866,229 (31 January 2007: 31,185,150).

13. Intangible assets

Group

Development expenditure	**31 December 2007** **£**	**31 January 2007** **£**
Balance brought forward	18,556	-
Additions	1,327,824	18,556
Impairment adjustment	(1,366,338)	-
Exchange movement	52,301	-
Balance carried forward	32,343	18,556

Following an impairment review, an impairment adjustment of £1,366,338 (31 January 2007: £nil) was recognised in relation to the Morondava uranium project.

Group

Exploration licences	**31 December 2007** **£**	**31 January 2007** **£**
Balance brought forward (at fair value)	3,756,851	-
Additions at cost	160,475	3,756,851
Balance carried forward	3,917,326	3,756,851
Total	3,949,669	3,775,407

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.

14. Property, plant and equipment

Group

Equipment and furniture

	31 December 2007 **£**	**31 January 2007** **£**
Cost		
Balance brought forward	22,763	-
Additions	3,643	22,763
Exchange movement	2,348	-
Balance carried forward	28,754	22,763
Depreciation		
Balance brought forward	1,481	-
Charge for the period	6,326	1,481
Exchange movement	152	-
Balance carried forward	7,959	1,481
Net book value	20,795	21,282

15. Investment in group undertakings

Company

Subsidiary undertakings	**31 December 2007**	**31 January 2007**
	£	**£**
Balance brought forward	2,651,818	-
Additions	-	2,651,818
Balance carried forward	2,651,818	2,651,818

Subsidiary Undertaking	**Country of incorporation**	**Holding**	**Proportion of voting shares held**	**Nature of Business**
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.

16. Loan investment

Company

	31 December 2007	**31 January 2007**
	£	**£**
Cost		
Balance brought forward	506,934	-
Amounts advanced	1,366,338	506,934
Impairment provision	(1,366,338)	-
Balance carried forward	506,934	506,934
Withholding tax provision		
Balance brought forward	50,693	-
Amounts advanced	136,634	50,693
Balance carried forward	187,327	50,693
Net book value	319,607	456,241

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 13) 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. Following an impairment review, an impairment adjustment of £1,366,338 (31 January 2007: £nil) was recognised.

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.

17. Taxation receivable – non-current

Group	31 December 2007 £	31 January 2007 £
Value added tax – Madagascar	233,483	57,278

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

18. Taxation receivable – current

	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 January 2007 £	Company 31 January 2007 £
Value added tax – UK	5,587	5,587	2,586	2,586

19. Trade and other receivables – current

	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 January 2007 £	Company 31 January 2007 £
Other receivables	9,564	-	9,689	-
Prepayments and accrued income	8,026	8,025	-	-
	17,590	8,025	9,689	-

20. Cash and cash equivalents

	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 January 2007 £	Company 31 January 2007 £
Cash at bank and in hand	259,276	258,752	1,865,222	1,842,377

The carrying amount of these approximates to their fair values.

21. Taxation payable – current

	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 January 2007 £	Company 31 January 2007 £
Income tax	5	-	25	-
Value added tax	-	-	22,906	-
	5	-	22,931	-

22. Short term borrowings

	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 January 2007 £	Company 31 January 2007 £
Bank overdraft	3,630	-	-	-

The bank overdraft is payable on demand.

23. Trade and other payables

	Group 31 December 2007 £	Company 31 December 2007 £	Group 31 January 2007 £	Company 31 January 2007 £
Trade payables	346,043	78,567	42,161	12,853
Accruals	105,696	102,495	77,843	77,843
	451,739	181,062	120,004	90,696

24. Called up share capital
Company and Group
Authorised

	31 December 2007 Number	31 December 2007 £	31 January 2007 Number	31 January 2007 £
Ordinary shares of 5p each	200,000,000	10,000,000	200,000,000	10,000,000
Allotted and fully paid	30,806,668	1,540,333	30,681,668	1,534,083

In March 2007, upon the exercise of share options, the Company issued 125,000 ordinary 5p shares at a price of 30p per share, for a total consideration of £37,500.

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 2007 are as follows:

Number	Exercise price	Expiry date
500,000	30p per share	28 February 2010*
500,000	60p per share	28 February 2010*
500,000	90p per share	28 February 2010*
1,100,000	30p per share	2 August 2010*
100,000	30p per share	2 August 2010
50,000	90p per share	31 December 2010*
970,000	30p per share	31 August 2011*
200,000	50p per share	31 August 2011*
153,408	30p per share	22 December 2011

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

25. Share premium account

Company and Group	31 December 2007 £	31 January 2007 £
Balance brought forward	4,447,203	2,422,213
Premium arising on issue of equity shares	31,250	2,024,990
Balance carried forwards	4,478,453	4,447,203

26. Share based payment reserve

Company and Group	31 December 2007 £	31 January 2007 £
Balance brought forward	916,590	**591,771**
Options issued to directors / professional advisors and charged to the income statement	497,885	324,819
Transfer to accumulated loss	(257,884)	-
Balance carried forward	1,156,591	916,590

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:

	31 December 2007 No of options	31 January 2007 No of options
Options at beginning of period/year	2,648,408	2,625,000
Options granted	1,550,000	1,323,408
Options lapsed	-	(1,300,000)
Options exercised	(125,000)	-
Options at end of period/year	4,073,408	2,648,408
Options exercisable at period/year end	4,073,408	2,648,408

Weighted average exercise prices were as follows:	31 December 2007	31 January 2007
Options at beginning of period/year	32p	35p
Options granted	61p	33p
Options lapsed	-	39p
Options exercised	30p	-
Options at end of period/year	43p	32p
Options exercisable at period/year end	43p	32p

	31 December 2007	31 January 2007
Weighted average share price at date of exercise for options exercised during the period/year	40p	-

	31 December 2007	31 January 2007
Weighted average remaining contracted life of options outstanding at the period/year end	2.8 years	4 years

	31 December 2007	31 January 2007
Exercise prices of options outstanding at the period/year end		
Exercise price per share	**No of options**	**No of options**
30p	2,823,408	2,448,408
50p	200,000	200,000
60p	500,000	-
90p	550,000	-
	4,073,408	2,648,408

	31 December 2007	31 January 2007
Weighted average fair value of options granted in period/year	32p	25p

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 period/year were as follows:

Weighted average share price	41p	28p
Weighted average exercise price	61p	33p
Average expected volatility	148%	146%
Average option life	3.1 years	4.8 years
Average risk free rate	5.25%	4.75%
Expected dividends	Nil	Nil

Expected volatility was determined by calculating the actual volatility of the Company's share price over the period from September 2005 up to the grant date of the option.

27. Translation reserve

Group	31 December 2007 £	31 January 2007 £
Balance brought forward	(48)	-
Translation difference arising on consolidation	155,349	(48)
Balance carried forward	155,301	(48)

28. Cash flows from operating activities

Group	31 December 2007 £	31 January 2007 £
Net loss from operations	(2,304,054)	(979,052)
Adjustments for:		
Share based payments	497,885	324,819
Impairment to intangible fixed assets	1,366,338	-
Translation and currency movements	155,663	(48)
Translation movement on tangible and intangible assets	(54,498)	-
Depreciation	6,326	474
Operating cash flows before movements in working capital	(332,340)	(653,807)
(Increase)/ decrease in trade and other receivables	(187,106)	557,752
Increase /(decrease) in trade and other payables	308,808	(29,603)
Net cash outflow from operating activities	(210,638)	(125,658)

Company	31 December 2007 £	31 January 2007 £
Net loss from operations	(2,253,819)	(978,331)
Adjustments for:		
Loan investment impairment	1,366,338	-
Share based payments	497,885	324,819
Operating cash flows before movements in working capital	(389,596)	(653,512)
(Increase) / decrease in trade and other receivables	(11,026)	624,192
Increase/(decrease) in trade and other payables	90,366	(81,842)
Net cash outflow from operating activities	(310,256)	(111,162)

29. Non cash transaction

Of the purchase consideration of the subsidiary undertaking of £2,651,818 paid in the year ended 31 January 2007, £2,638,623 was settled by the issue of ordinary shares in the Company, the remainder being stamp duty of £13,195 which was settled in cash. (See note 35 for acquisition of subsidiary undertakings).

30. Controlling party

There is no ultimate controlling party of the Company

31. Related party transactions

R Cleary and C Kyriakou are directors of Investika Ltd, an Australian company and a shareholder in UMC Energy Plc.

Investika Ltd paid expenses and provided management services to the Company at a cost of £nil (31 January 2007: £2,512) of which £nil (31 January 2007: £nil) is outstanding at the period end.

G Bujtor, R Cleary and C Kyriakou are directors of Toledo Mining Corporation Plc. Toledo Mining Corporation Plc provided support services and staff to the Company at a cost of £56,944 (31 January 2007: £74,730) of which £6,082 (31 January 2007: £6,084) is outstanding at the period end. The Company provided support services and staff to Toledo Mining Corporation Plc for £11,145 (31 January 2007: £4,696).

C Kyriakou is a director of, and G Bujtor and M Smith were directors of, Belitung Zinc Corporation Plc. Belitung Zinc Corporation Plc provided support services and staff to the Company at a cost of £4,932 (31 January 2007: £2,348). The Company provided support staff and services to Belitung Zinc Corporation Plc for £4,299 (31 January 2007: £2,348).

C Kyriakou is a director of, and R Cleary and M Smith were directors of, Tarquin Resources plc. Tarquin Resources Plc provided support services and staff to the Company at a cost of £3,699 (31 January 2007: £8,277). The Company provided support services and staff to Tarquin Resources Plc for £4,299 (31 January 2007: £2,348).

Capma Pty Limited, a company in which C Kyriakou has an interest, paid expenses on behalf of the Company amounting to £72,173 (31 January 2007: £66,468) of which £21,413 (31 January 2007: £nil) is outstanding at the period end.

The Company was charged £33,000 (31 January 2007: £39,000) by Resource Capital Partners Inc for the provision of the consultancy services of C Kyriakou.

The Company was charged £39,998 (31 January 2007: £35,602) by Accomplishments Pty Limited for the provision of the services of R Cleary of which £18,333 (31 January 2007: £18,000) was for services as director and £21,655 (31 January 2007: £17,602) was for consultancy services. At the period end the Company owed £14,000 (31 January 2007: £nil) to Accomplishments Pty Limited.

The Company was charged £nil (31 January 2007: £8,000) by Match Number Limited for the provision of services of M Roberts as director.

The Company was charged £nil (31 January 2007: £30,500) by Sarita Investments Services Corporation Limited for the provision of consultancy services of J Schoonbrood.

The Company was charged £nil (31 January 2007: £10,031) by Resource & Project Commercialisation Pty Limited for the provision of consultancy services of G Bujtor.

The Company was charged £75,014 (31 January 2007: £26,112) by Sedgefield Pty Ltd for the provision of consultancy services of M Smith, of which £46,495 (31 January 2007: £26,112) is outstanding at the period end.

The Company was charged £11,000 (31 January 2007:£1,000) by Avventura Commercial Corporation for the provision of services of K Bates as director of which £12,000 (31 January 2007: £1,000) is outstanding at the period end.

W McKnight charged the Company £11,000 (31 January 2007: £1,000) for the provision of services as director.

The Company was charged £31,336 (31 January 2007: £nil) by S C P Lagral, £24,000 for the provision of consultancy services of G Whiddon and £7,336 for reimbursed expenses.

The parent company of the group is UMC Energy Plc and details of its subsidiaries are set out in note 15.

During the period the Company made additional advances to its subsidiary Uramad SA of £1,366,338 (31 January 2007: £506,934) and at the period end Uramad SA owed the Company £1,873,272 (31 January 2007: £506,934). Following an impairment review, an impairment adjustment of £1,366,338 (31 January 2007: £nil) was recognised. (See note 16).

The Company issued share options to directors. The fair value of these options, £484,945 (31 January 2007:£286,993) has been charged to the income statement and is also reflected in the share based payments reserve in the balance sheet.

Bernard Furth was a director of Uramad SA and a shareholder in the following companies: Assistance Et Logistique Miniere (ALM Sarl), Zircon Mining Corporation (ZMC Sarl) and Forex Sarl. During the period Uramad SA was charged £867,649 by ALM Sarl for services rendered and at 31 December 2007 owed £190,232. At 31 December 2007 ZMC Sarl owed Uramad SA £5,706 in respect of a payment made on its behalf by Uramad SA. During the period Uramad SA was charged £260,067 by Forex Sarl for services rendered and at 31 December 2007 owed £9,034.

32. Commitments

The Company has no commitments at the period end. At 31 January 2007 the Company had undertaken to fund at least US$1 million of exploration expenditure on the permit areas held by Uramad SA.

33. Post balance sheet events

In February 2008 the Company secured an A$0.5 million (£224,000 as translated at 1 February 2008) loan facility from Investika Ltd. The loan bears interest at 15% per annum on funds drawn, is unsecured and is repayable in August 2008 or immediately upon UMC Energy raising further debt or equity funding. The facility bears a facility fee of A$15,000 (£6,729).

In March 2008 the Company secured a further loan facility from Investika Ltd 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 Ltd and is repayable within 60 days following a demand by Investika. The facility bears a draw down fee of 3% of funds drawn.

34. Financial instruments

The Company and Group's financial instruments comprise cash and cash equivalents, 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.

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 period 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:

Group **31 December 2007**	**Carrying amount**	**Cash flows**	**3 months or less**	**Greater than one year**
	£	**£**	**£**	**£**
Trade and other payables	451,739	451,739	451,739	-
Tax liabilities	5	5	5	-
Short term borrowings	3,630	3,630	3,630	-
Withholding tax provision	187,327	187,327	-	187,327
	642,701	642,701	455,374	187,327

Group **31 January 2007**	**Carrying amount**	**Cash flows**	**3 months or less**	**Greater than one year**
	£	**£**	**£**	**£**
Trade and other payables	120,004	120,004	120,004	-
Tax liabilities	22,931	22,931	22,931	-
Withholding tax provision	50,693	50,693	-	50,693
	193,628	193,628	142,935	50,693

Company 31 December 2007	Carrying amount £	Cash flows £	3 months or less £	Greater than one year £
Trade and other payables	181,062	181,062	181,062	-

Company 31 January 2007	Carrying amount £	Cash flows £	3 months or less £	Greater than one year £
Trade and other payables	90,696	90,696	90,696	-

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 it's 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 the Group as a whole.

Foreign currency risk – The Group undertakes transactions principally in Sterling 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 is in relation to the US Dollar loan investments which are repayable in US Dollars.

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 period end are shown below together with their fair values:

Group	31 December 2007 £	31 December 2007 £	31 January 2007 £	31 January 2007 £
Assets	**Carrying amount**	**Net fair value**	**Carrying amount**	**Net fair value**
Taxation receivable	239,070	239,070	59,864	59,864
Trade and other receivables	17,590	17,590	9,689	9,689
Short-term deposits	200,000	200,000	1,800,000	1,800,000
Cash at bank and in hand	59,276	59,276	65,222	65,222
Total	515,936	515,936	1,934,775	1,934,775

Liabilities	31 December 2007 £ Carrying amount	31 December 2007 £ Net fair value	31 January 2007 £ Carrying amount	31 January 2007 £ Net fair value
Trade and other payables	451,739	451,739	120,004	120,004
Tax liabilities	5	5	22,931	22,931
Short term borrowings	3,630	3,630	-	-
Withholding tax provision	187,327	187,327	50,693	50,693
	642,701	642,701	193,628	193,628

Extent and nature of financial instruments *(continued)*

Company Assets	31 December 2007 £ Carrying amount	31 December 2007 £ Net fair value	31 January 2007 £ Carrying amount	31 January 2007 £ Net fair value
Loan investments	319,607	319,607	456,241	456,241
Taxation receivable	5,587	5,587	2,586	2,586
Trade and other receivables	8,025	8,025	-	-
Short-term deposits	200,000	200,000	1,800,000	1,800,000
Cash at bank and in hand	58,752	58,752	42,377	42,377
Total	591,971	591,971	2,301,204	2,301,204

Liabilities	31 December 2007 £ Carrying amount	31 December 2007 £ Net fair value	31 January 2007 £ Carrying amount	31 January 2007 £ Net fair value
Trade and other payables	181,062	181,062	90,696	90,696

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 place 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 24.

35. Acquisition of subsidiary undertakings

During the year ended 31 January 2007 the Company acquired, under a share purchase agreement with Cline Mining Corporation, the entire issued share capital of Uramad UK Limited which owns 80% of the issued share capital of Uramad SA, a company incorporated in Madagascar and which holds uranium exploration permits in Madagascar.

The consideration for the acquisition was settled by the issue of 12,272,667 ordinary 5p shares in the Company to Cline Mining Corporation at a price of 21.5p per share for a total consideration of £2,638,623.

Assets and liabilities acquired at fair value	**£**
Property, plant and equipment	22,162
Intangible assets	3,756,851
Trade and other receivables	49,692
Cash and cash equivalents	709
	3,829,414
Liabilities	
Trade and other payables	153,146
Loan advances payable	361,495
	514,641
Net assets	3,314,773
80% acquired	2,651,818
Consideration	
Issue of ordinary shares	2,638,623
Stamp duty	13,195
	2,651,818

36. Minority Interest

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

	31 December 2007 £	**31 January 2007 £**
Share of net assets in Uramad SA	684,623	665,466

-End of Financial Statements-

The two loan facilities from Investika Ltd referred to in Note 33 “Post Balance Sheet Events” to the Financial Statements constitute related party transactions under Rule 13 of the AIM Rules for Companies as R Cleary and C Kyriakou are directors of Investika Ltd. Investika Ltd is also a substantial shareholder in UMC Energy.

The directors of UMC Energy (with the exception of R Cleary and C Kyriakou) consider, having

consulted with the Company's Nominated Adviser, that in all the circumstances, the two loan facilities from Investika Ltd are fair and reasonable insofar as the Company's shareholders are concerned.

-Ends-

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