Baobab Resources plc

Interim Results for the 6 Months Ended 31 December 2012

Baobab Resources plc ("Baobab" or the "Company"), the iron ore, base and precious metals explorer with a portfolio of exploration projects in Mozambique, is pleased to announce its Interim Results for the six months ended 31 December 2012.

The 31 December 2012 Interim Financial Report is available on the Company's website www.baobabresources.com. Extracts from these financial statements are set out below.

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BAOBAB RESOURCES PLC
INTERIM RESULTS FOR THE 6 MONTHS ENDED
31 DECEMBER 2012

DIRECTORS' REPORT

PROJECT OVERVIEW

Baobab continues to strengthen and expand its strategic position in Mozambique. Work completed during the reporting period has focused on completing the Pre-Feasibility Study ('PFS') at the Tete pig iron and ferro-vanadium project.

TETE PIG IRON / VANADIUM / TITANIUM PROJECT

The project is located in the Tete province of Mozambique, a country richly endowed with both mineral and gas resources. The province hosts some of the largest undeveloped coal reserves remaining on Earth. Furthermore, with estimates pointing towards the area having the potential to produce up to 20% of the world's seaborne coking coal within the next decade, this is fast-tracking to become a mining and industrial hub of global significance.

The International Finance Corporation (IFC), hold a 15% participatory interest in the project with Baobab owning the remaining 85%. The Company announced on 6 February 2012 that the IFC has supported the 2012 pre-feasibility study through a pro-rata contribution of approximately US$1.9m.

Since commencing exploration in 2008, the Company has defined a 725Mt global resource inventory (573Mt inferred and 152Mt indicated, estimated and classified under the guidelines of the JORC (2004) Code), 550Mt of which underlies the very compact 2.5km^2 footprint of the Tenge/Ruoni prospect (Presented in Table 1).

Table 1
Tete Iron Ore Project
Summarised Grade Tonnage Report
Whole Rock Grade Estimates Derived by Ordinary Kriging
***15% Lower Cutoff Grade Applied   **No Lower Grade Cutoff Applied**
Resource Classification Based on JORC Code (2004) Guidelines

AREA	Resource Classification	Tonnage (Mt)	Fe (%)	V_2O_5 (%)	TiO_2 (%)	SiO_2 (%)	Al_2O_3 (%)	P (%)	LOI (%)	CaO (%)	K_2O (%)	MgO (%)	MnO (%)	S (%)
Ruoni North*	Indicated	79.76	37.07	0.42	13.77	15.63	9.46	0.005	-1.77	2.2	0.19	4.92	0.22	0.19
	Inferred	28.82	37.99	0.42	14.28	14.42	9.27	0.004	-1.87	2.06	0.19	4.68	0.21	0.23
	Total	108.58	37.31	0.42	13.9	15.31	9.41	0.005	-1.8	2.16	0.19	4.86	0.22	0.2
Tenge*	Indicated	72.58	37.68	0.41	13.93	14.9	9.59	0.008	-1.69	2.31	0.22	4.19	0.21	0.21
	Inferred	120.3	37.57	0.41	14.03	15	9.55	0.008	-1.1	2.15	0.2	3.89	0.21	0.18
	Total	192.88	37.61	0.41	13.99	14.97	9.56	0.008	-1.32	2.21	0.21	4	0.21	0.19
Ruoni South*	Inferred	76.82	33.66	0.37	12.55	18.71	10.59	0.006	-1.06	3.07	0.3	4.73	0.21	0.22
Ruoni Flats*	Inferred	172.45	35.63	0.4	12.93	16.86	10.16	0.006	-1.36	2.62	0.25	4.65	0.2	0.28
Chitongue Grande**	Inferred	60.9	24.9	0.2	9.6	29.4	12	0.003	-0.2	4.8	0.7	4.6	0.2	0.3
South Zone**	Inferred	113	27.5	0.2	10.1	25.9	8	0.29	-0.7	5.2	0.3	6.9	0.3	0.3
Total Indicated		152.34	37.4	0.4	13.8	15.3	9.5	0.006	-1.7	2.3	0.2	4.6	0.2	0.2
Total Inferred		572.29	33.1	0.3	12.3	19.7	9.8	0.1	-1.0	3.3	0.3	4.9	0.2	0.3
Grand Total		724.63	34.0	0.4	12.6	18.8	9.7	0.1	-1.2	3.1	0.3	4.9	0.2	0.2

Immediately south of, and sharing the Company's licence boundaries, are c.15Bt of coking and thermal coal resources being brought into production by two of the world's largest mining companies, Rio Tinto and Vale, along with tier one steel producers, Tata Steel, Nippon Steel, Jindal Steel and POSCO. Other operators in the area include AIM listed companies Beacon Hill Resources plc, Ncondezi Coal Company plc and Eurasian Natural Resources Corporation plc ("ENRC").

The Tete province is also home to southern Africa's largest source of hydro-electric power, the 2,075 megawatt Cahora Bassa dam. Additional hydro-power schemes, currently in the advanced planning stages, will see power production more than double once implemented. Thermal power production is also likely in the near future.

The Project stands to benefit from the significant infrastructure investments already being made in the region. The rail corridors linking the Tete province with the coast are rapidly being refurbished and expanded, as are the ports of Beira and Nacala. The Company is confident that it will be able to secure allocation well in advance of estimated production time lines.

It is the project's strategic access to the requisite iron and steel making commodities of iron ore, coal, power and water that differentiates Baobab's project from any other in Africa, if not globally, and presents an unique opportunity to add substantial value on site through the mine-mouth smelting of a high value pig iron product.

Pig iron is classified as a raw material derived from the intermediate smelting of iron ore. It is used alongside scrap iron in electric arc furnaces ("EAFs") to generate crude and finished steel products. The global consumption of pig iron is estimated at c.70Mtpa (including the domestic Chinese market), complementing a c.350Mt annual consumption of scrap iron.

Due to its consistent chemical composition and density, pig iron is considered a superior product and typically trades at a premium to scrap iron. Pig iron prices vary between markets with North America typically reporting the lowest prices and Asia, in particular China, reporting the highest. Current pricing ranges from $425/t to $500/t.

The market fundamentals for pig iron are robust and supported to a large extent by the on-going development of the BRIC (Brazil, Russia, India and China) economies as well as sub-Saharan Africa where regional demand for construction steel continues to grow on the back of rapid urbanisation and the commissioning of large scale infrastructure projects such as Mozambique's emerging offshore gas industry. Other key drivers to the continued growth of the pig iron sector include the maturing of China's scrap iron market and a general decline in the quality of scrap iron elsewhere in the world.

The Company commissioned a detailed Pre-Feasibility Study ("PFS") work programme in January 2012, the results of which were announced to the market on 28 March 2013. The PFS assessed a base-case of 1Mtpa pig iron production over a minimum 37-year mine life and was completed by a leading group of internationally respected consulting firms and individuals including Coffey Mining Limited, John Clout and Associates, ProMet Engineers, SNC Lavalin, Coffey Environment and Ferrum Consultants. Equipment suppliers were also involved in the design and costing of the pyro-metallurgical flow sheets. Analysis was largely completed at the Amdel, ALS Chemex and CSIRO laboratories in Australia. The Study has been completed to a PFS-level of accuracy and is based on a number of process engineering initiatives including raw materials analysis, bench scale test work and the process comparison with similar, existing pig iron production plants.

The PFS indicates that there is the potential to establish an economically viable operation at the Tete Project. The production of pig iron was evaluated using tried and tested beneficiation, reduction and smelting technologies, which are well established in similar commercial operations worldwide, including South Africa and New Zealand. The base case scenario of 1 million tonnes per annum ('Mtpa') pig iron production estimates a capital expenditure of US$1.14bn and delivers strong project economics, with pre-tax NPV_{10} of USD1.3bn, a mine life of some 37 years and a payback period of 4-5 years. A summary of the base case model is presented in Table 2.

The Government of Mozambique offers various investment incentives for major industrial projects, with more favourable taxation terms for projects that add a significant amount of value in-country, create local employment and are export orientated. For instance, BHP Billiton's Mozal aluminium smelter and Kenmare's Moma mineral sands project have both been granted Industrial Free Zone ("IFZ") status which makes them exempt from corporation tax, import duties, export duties and Value Added Tax while requiring payment of a 1% turnover tax. The completion of the PFS now enables the Company to enter into discussions with the Government of Mozambique as to the structure of the tax regime for the Tete Project. It is for these reasons that the Company has not presented 'after tax' figures.

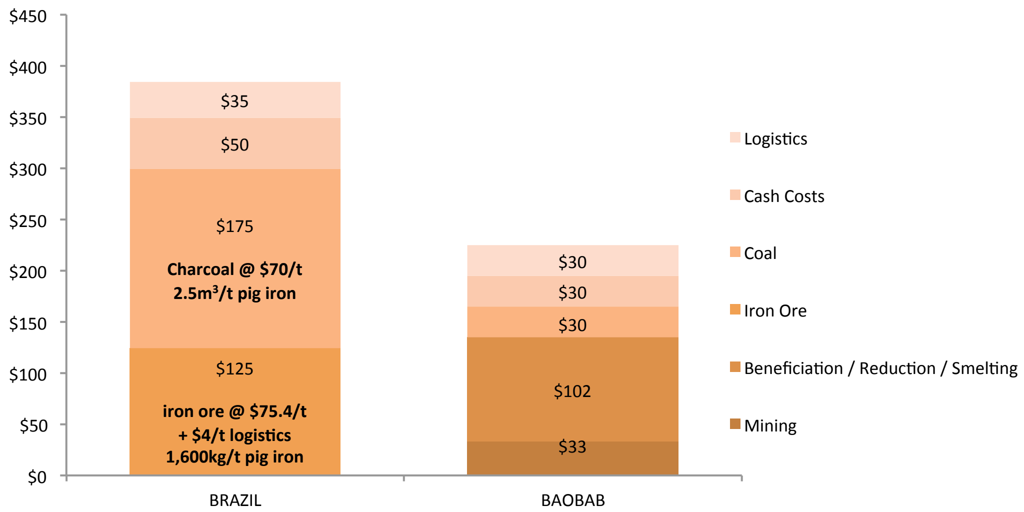
Table 2 Summary - Base Case Model - 1Mtpa		
NPV @ 10% (Pre - Tax)	**US$M**	**1,261**
EBITDA (LOM)	**US$M**	**10,376**
EBITDA (Avg. p.a, steady state)	**US$M p.a**	**280**
1Mtpa with 37 years LOM	**Unit**	**Value**
Key Parameters		
Resource Base	Mt	117
Life Of Mine	Years	37
Pig Iron production (LOM)	Mt	37
FerroVanadium Production (LOM)	Kt	119
Royalty [(1)]	%	3%
Commodity Prices		
Pig Iron	US$/t	450
Ferro-vanadium	US$/t	25,000
Unit Operating Costs (FOB)		
Pig Iron (Pre Credit)	US$/t pig iron	225
Ferro-vanadium	US$/t pig iron	4,652
Pig Iron (Post Credit)	US$/t pig iron	159
Capital Expenditure		
Upfront Capex - Pig Iron Plant	US$M	1,010
Upfront Capex - FerroVanadium Plant	US$M	133
Total Upfront Capex	US$M	1,143
Sustaining Capital - First 5 years[(2)]	%	2.5%
Sustaining Capital > 5Years[(2)]		5.0%

(1) Model assumes 5 year grace period from start of production
(2) Calculated on mechanical equipment cost (c. 40% of upfront Capex)

The pyro-metallurgical test work completed during the PFS not only provided physical and empirical evidence that a high-quality, low-impurity pig iron could be generated through the direct reduction and smelting of concentrates derived from the Project's iron ore, but also demonstrated the viability of the locally produced middling by-product coal as an agent in the reduction process. Please refer to the RNS announcement dated 4 March 2013 for further details.

As this middling coal is essentially a waste by-product, the Company will be able to negotiate a very competitive mine-gate rate which is one of the key drivers, along with the ability to co-generate a significant power credit and a very low stripping ratio averaging just 0.4 over the first c.10 years of mining, that establishes the Tete project as potentially one of the lowest cost pig iron producers globally. The PFS estimate of a pre-credits free on board ('FOB') cost of production of US$225/t pig iron is considered to be very competitive, particularly when compared to the estimated FOB operating cost ('opex') of $385/t of Brazilian operations (Figure 1). Operations in Russia and the Ukraine are thought to have similar production costs to Brazil, while domestic Chinese operating costs are thought to be substantially higher.

Figure 1: FOB opex comparison (pre-credits)



The mineralisation at Tete includes significant amounts of vanadium which will be extracted as a vanadium slag during the smelting process. Further refining of the vanadium slag results in the production of ferro-vanadium alloy, currently sold at price levels of around US$25,000/t. The operating cost to upgrading the vanadium slag to ferro-vanadium alloy is US$4,650/t, less than a third of the operating cost of a dedicated ferro-vanadium production plant. At 1Mtpa pig iron production, the operation would co-produce c.3,000tpa ferro-vanadium alloy, delivering by-product revenues in the order of US$75m (gross) per annum.

Titanium is successfully separated from the iron during the smelting process and recovered as a titanium slag by-product grading approximately 30% TiO_2. The slag is likely to be of commercial use only as a low cost material for road construction or as an extender in the cement industry and has limited impact on the financial model.

The PFS modelled 1Mtpa pig iron production over a 37-year mine life which resulted in the development of 110Mt, just 15% of the total 725Mt resource, clearly highlighting the opportunity for increased production scenarios. The modular character of the plant equipment supports a staged development model, thereby limiting initial financial exposure. Scoping-level assessments of 2Mtpa and 4Mtpa operations are on-going.

MUANDE MAGNETITE / PHOSPHATE JOINT VENTURE

The Company announced on 15 November 2010 the signing of a Joint Venture (the 'Joint Venture') with North River Resources plc ('North River') in relation to North River's Muande project (the 'Muande Project') in the Tete province of Mozambique. The Muande Project comprises two exploration licences covering an area of 338km² located approximately 25km northwest of the provincial capital of Tete and contiguous with Baobab's Tete project. The Joint Venture is structured such that Baobab may earn an increasing participatory interest in the Project of up to 90% through funding three prescribed stages. Stage 1 is all but complete; earning Baobab a 60% holding in the Project and the Company has entered discussions with North River as to their interest in participating pro-rata for Stage 2.

The Monte Muande magnetite/phosphate deposit is located 25km to the northwest of the provincial capital of Tete. The international highway to Zambia passes within 3km of the project. The deposit is hosted in a carbonatite and was explored during the 1980s by the Geological Institute of Belgrade ("GIB"). GIB completed two phases of vertical diamond drilling between 1983 and 1985 totalling 5,570m, 2,960m of which falls within the Joint Venture area. The Institute also completed more than 10km of trenching and bench-scale metallurgical test work.

Using the GIB data sets in conjunction with more recent soil geochemistry and aeromagnetic surveys completed by Omegacorp, consultants Coffey Mining calculated an Exploration Target of 200Mt to 250Mt to an average depth of c.40m below surface. Coffey also carried out a high level review of the GIB metallurgical data which indicated that a magnetite concentrate containing 67% Fe could be generated via a process of coarse grinding and magnetic separation, followed by regrinding and a flotation circuit to recover a phosphate rock concentrate containing 36% P_2O_5. Total magnetite and apatite recoveries of 92% and 70% respectively were recorded. Please refer to the Company's RNS announcement dated 19 September 2011 for additional details.

During the latter half of 2011, Baobab completed a c.2,000m diamond drilling at Monte Muande. The programme comprised 10 angled drill holes sited along a staggered traverse transecting the central portion of the deposit. Drilling intersected broad zones of shallowly dipping magnetite and apatite (a phosphate mineral) mineralisation.

Due to the disseminated nature of the apatite mineralisation, the entire length of each drill hole was sampled and analysed. The average head grade of all sampled material reported 10% Fe and 3% P_2O_5. Significant intercepts of the magnetite rich zones were presented in the Company's RNS announcement dated 10 April 2012. The average head grade of all Muande significant intercepts is 21% Fe with the Davis Tube Recovery (DTR) magnetic concentrate grades reporting a weighted average of 69% Fe at a mass recovery of 26% (representing a total iron yield of 87%). Deleterious elements are generally very low in the DTR concentrate with the exception of sulphur (S) and titanium (TiO_2); additional test work is currently underway to determine the best magnetic strength conditions to optimise the concentrate quality.

The magnetite intercepts generally reported an enrichment of phosphate compared to background values with an average head grade of 4% P_2O_5. The Phosphate was further upgraded to a calculated weighted average of 5.5% (ranging up to 8.8%) in the non-magnetic reject component of the DTR process. A bench-scale apatite recovery test work programme is being prepared to determine the potential quality and recovery rates of a phosphate rock concentrate.

A total of 76 vertical trench samples have been collected from various locations across the Monte Muande deposit. The sampling programme was designed as a first-pass test of the eluvial horizon (in situ remnant soil and weathered bedrock) overlying the deposit which may represent a potential source direct shipping ore (DSO) requiring little or no beneficiation. Following a preliminary phase sizing and analysis, a more comprehensive auger programme covering the surface extent of the eluvials in the Monte Muande area was completed during the second half of 2012. Screening and analysis of the auger samples is complete and analysis is underway.

MUNDONGUARA COPPER / NICKEL / GOLD PROJECT

During 2008 the Company announced a JORC Inferred Mineral Resource Estimate on the 1km long mine portion of the Mundonguara Project of 3.1Mt @ 1.4% copper, 0.11g/t gold, 2.1g/t silver. This resource estimate, in conjunction with a soil geochemical survey, geophysical interpretation, trenching and RC drilling results indicate that the Mundonguara System is significantly larger than previously recognized, with mineralization remaining open at depth and along strike.

A large footprint nickel in soil anomaly, supported by Induced Polarity (IP) geophysics, has been defined over a strike length of c.3km immediately south of the mine. Nickel analysis in drill, channel and trench sampling has recorded significant intercepts of up to 0.72% Ni.

Baobab commenced diamond drilling during July 2011. The programme concluded during September 2011 with 10 drill holes completed for an aggregate total of 1,800m. The drilling targeted the nickel in soil anomalies and associated IP chargeability responses. Analysis of the drill samples returned results of limited interest and the Company is seeking a Joint Venture partner to further develop the asset.

CHANGARA BASE METAL & MANGANESE PROJECT

The Changara project comprises four exploration licences covering an area of 525km2 located approximately 100km southwest of the Provincial capital of Tete and flanking Zimbabwe’s north-eastern border. The national power grid passes within 15km of the project’s eastern boundary.

The licences are underlain by lower Proterozic rocks of the Rushinga Group which flank the north-eastern margin of the Zimbabwe Craton. Although the area has experienced limited historical exploration, it is considered highly prospective for SedEx / Broken Hill Type polymetallic base and precious metal and manganese mineralisation and hosts numerous occurrences of zinc, lead, manganese, iron ore, fluorite, copper and silver.

On 28 November 2012, the Company announced that it had entered into a joint venture with Metals of Africa, an ASX listed exploration company that holds eight exploration licences, known collectively as the Rio Mazoe Project, which are contiguous with Baobab’s Changara Project. The company has a strong technical management team resident in Mozambique and has commenced a 4,500m drilling programme assessing two high priority lead/zinc/silver targets within the Rio Mazoe Project.

During the reporting period, Metals of Africa have completed preliminary geological and geochemical surveys over the higher priority base metal targets in the Joint Venture area.

OUTLOOK

Work during the reporting period has focused almost exclusively on the completion of the Tete project Pre-Feasibility Study. The results of the PFS provide independent confirmation of the Project's viability, and more importantly, its compelling economics. The completion of the PFS marks another significant milestone on the Company's way to becoming not only the first iron producer in Mozambique, but also one of the lowest cost producers of pig iron globally. In addition, to be able to do this using tried and tested technology and modular plant equipment keeps the Project as straight-forward as possible whilst limiting initial financial exposure. In short, this PFS confirms the Company's objectives at Tete of adding value on-site, maximising margin and minimising risk.

While waiting for the PFS results to be finalised and with funding in place, the Board elected to maintain forward momentum and work has already commenced on the Project's Definitive Feasibility Study ("DFS"). Time critical components of the DFS, such as measured drilling at Tenge and base line environmental studies, are well underway.

The Company recognises that, to ensure project success and thereby maximise shareholder value, the development and implementation of a corporate road-map is of parallel importance to the Project's technical development. To which end, the Company is nearing the conclusion of a selection process to identify a corporate advisor who will be mandated to assist Baobab to evaluate and determine its financing and corporate options with relation to the Tete Project.

In July 2012, the Company welcomed to the register and the Board the AMED fund through a £4m cornerstone investment. In January 2013 AMED converted their warrants, generating £3m and further demonstrating their unparalleled support. The partnership with AMED brings significant financial and technical backing that will be instrumental to the continued growth of the Company post-PFS.

Ben James
Managing Director

Maputo, Mozambique

28 March 2013

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by Managing Director Ben James (BSc). Mr James is a Member of the Australasian Institute of Mining and Metallurgy, is a Competent Person as defined in the Australasian Code for Reporting of exploration results and Mineral Resources and Ore Reserves, and consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 31 DECEMBER 2012

	Consolidated 6 Months Ended 31 Dec 12 (Unaudited) GBP	Consolidated 6 Months Ended 31 Dec 11 (Unaudited) GBP	Consolidated Year Ended 30 June 12 (Audited) GBP
Continuing operations			
Exploration expenses	(3,175,226)	(4,040,654)	(6,139,225)
Administrative expenses	(1,020,023)	(579,893)	(1,204,999)
Loss from operations before tax	(4,195,249)	(4,620,547)	(7,344,224)
Interest received	49,207	113,443	131,236
Loss before tax	(4,146,042)	(4,507,104)	(7,212,988)
Income tax expense	-	-	-
Loss for the period attributable to equity holders	(4,146,042)	(4,507,104)	(7,212,988)
Other comprehensive income			
Foreign currency translation differences	(101,105)	(273,085)	294,864
Other comprehensive income for the period, net of tax	(101,105)	(273,085)	294,864
Total comprehensive loss for the period attributable to equity holders	(4,247,147)	(4,780,189)	(7,507,852)
Loss per share (basic and diluted)	(1.89)	(2.40)	(3.70)
Total number of shares on issue	264,637,900	189,012,900	214,137,900
Weighted average number of shares	219,163,585	187,855,796	194,740,297

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2012

	Consolidated 31 Dec 12 (Unaudited) GBP	Consolidated 31 Dec 11 (Unaudited) GBP	Consolidated 30 June 12 (Audited) GBP
Non-current assets			
Property, plant & equipment	226,495	191,946	149,133
Loans	154,675	67,375	154,675
Total non-current assets	381,170	259,321	303,808
Current assets			
Trade and other receivables	29,316	5,555	26,355
Cash and cash equivalents	1,099,902	469,036	1,178,959
Total current assets	1,129,218	474,591	1,205,314
Total assets	1,510,388	733,912	1,509,122
Equity attributable to the equity holders of the parent			
Share capital	2,646,378	1,890,128	2,141,378
Share premium	19,307,742	13,369,951	15,842,742
Reserves – options and warrants	2,535,874	2,557,413	2,203,023
Reserves – foreign currency translation	87,916	210,800	189,021
Accumulated loss	(24,065,665)	(17,634,555)	(19,916,472)
Total equity	512,245	393,737	459,692
Current liabilities			
Trade and other payables	998,143	340,175	1,049,430
Total liabilities	998,143	340,175	1,049,430
Total equity and liabilities	1,510,388	733,912	1,509,122

CONSOLIDATED CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2012

	Consolidated 6 Months Ended 31 Dec 12 (Unaudited) GBP	Consolidated 6 Months Ended 31 Dec 11 (Unaudited) GBP	Consolidated Year Ended 30 June 12 (Audited) GBP
Cash flows from operating activities			
Net loss for the period	(4,146,042)	(4,507,104)	(7,212,989)
Movement in trade and other receivables	(3,565)	(1,391)	(94,898)
Depreciation	43,229	41,278	82,733
Movement in trade and other payables	(44,308)	(734,968)	(19,182)
Exchange difference	12,637	(10,479)	57,144
Share based payments	329,700	111,247	111,247
Net cash used in operating activities	(3,808,349)	(5,101,417)	(7,075,945)
Cash flows from investing activities			
Acquisition of property, plant and equipment	(124,805)	(48,321)	(48,793)
Net cash flows used in investing activities	(124,805)	(48,321)	(48,793)
Cash flows from financing activities			
Proceeds from issues of shares	4,050,000	192,500	3,130,150
Share issue costs	(80,000)	-	(144,033)
Net cash flows from financing activities	3,970,000	192,500	2,986,117
Net increase/(decrease) in cash and cash equivalents	36,846	(4,957,238)	(4,138,621)
Cash and cash equivalents at beginning of the period	1,178,959	5,707,844	5,707,844
Exchange differences	(115,903)	(281,570)	(390,264)
Cash and cash equivalents at end of the period	1,099,902	469,036	1,178,959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
NOTES TO THE INTERIM FINANCIAL REPORT

	Share Capital	Share Premium	Warrants & Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	£	£	£	£	£	£
Balance at 1 July 2011	1,876,378	13,191,201	2,446,166	483,885	(13,127,450)	4,870,180
Loss for the year					(7,212,988)	(7,212,988)
	-	-	-	-		
Foreign exchange translation differences				(294,864)	-	(294,864)
Total other comprehensive loss	-	-	-	(294,864)	-	(294,864)
Total comprehensive loss for the year	-	-	-	(294,864)	(7,212,988)	(7,507,852)
Shares issued	265,000	2,865,150	-	-	-	3,130,150
Share issue expenses	-	(213,609)	-	-	-	(213,609)
Share based payments	-	-	180,823	-	-	180,823
Share options and warrants exercised/forfeited	-	-	(423,966)	-	423,966	-
Balance at 30 June 2012	2,141,378	15,842,742	2,203,023	189,021	(19,916,472)	459,692

	Share Capital	Share Premium	Warrants & Option Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	£	£	£	£	£	£
Balance at 1 July 2012	2,141,378	15,842,742	2,203,023	189,021	(19,916,472)	459,692
Loss for the year	-	-	-	-	(4,146,042)	(4,146,042)
Foreign exchange translation differences	-	-	-	(101,105)	-	(101,105)
Total other comprehensive loss	-	-	-	(101,105)	-	(101,105)
Total comprehensive loss for the year	-	-	-	(101,105)	(4,146,042)	(4,247,147)
Shares issued	505,000	3,545,000	-	-	-	4,050,000
Share issue expenses	-	(80,000)	-	-	-	(80,000)
Share based payments	-	-	329,700	-	-	329,700
Share options and warrants exercised/forfeited	-	-	3,151	-	(3,151)	-
Balance at 31 December 2012	2,646,378	19,307,742	2,535,874	87,916	(24,065,665)	512,245

Note 1 ACCOUNTING POLICIES

The interim statements of the Company for the period ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is primarily involved in the acquisition and development of mineral resource assets.

The financial information contained in this interim report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. No statutory accounts for the period have been delivered to the Registrar of Companies. The financial information contained in this interim report has not been reviewed or audited by the auditor.

The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial information are the same as those described in the Company's audited consolidated financial statements and notes thereto for the year ended 30 June 2012. The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union.

These interim consolidated financial statements should be read in conjunction with the Company's audited financial statements and notes for the year ended 30 June 2012.

Note 2 SUBSEQUENT EVENTS

In January 2013, the Company has raised further funds, drawing down £1,023,000 of its £17,000,000 Equity Line Facility with Duchess Opportunity Cayman Fund Ltd. A total of 7,135,526 Ordinary Shares were issued and allotted at 15.25 pence per share as a result of the drawdown.

Also during January and February 2013, the Company issued and allotted a total of 27,540,000 Ordinary Shares upon the exercise of 1,150,000 warrants at a price of £0.12 per warrant, 1,390,000 warrants at a price of £0.09 per warrant and 25,000,000 warrants at a price of £0.12 per warrant. The total funds raised from these exercises amounted to £3,263,100.

The Company has 299,313,426 fully paid ordinary shares on issue following the issue of these shares.

Note 3 DIVIDENDS

No interim dividend is being paid or proposed.

Note 4 LOSS PER SHARE

Loss per share has been calculated on the weighted average number of Ordinary Shares in issue.