Alexander Mining plc

Interim Report and Accounts 2009

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Alexander Mining – an AIM listed mining and mineral processing technology company with strong technical management, allied to financial markets' expertise and experience.

The Company's objective is to become a low cost, highly profitable and diversified mining company.

This will be achieved by the commercialisation of its new proprietary mineral processing technologies, encompassing third party user agreements, and the acquisition of amenable advanced projects and producing operations.

Highlights

Agreement with RPT Resources to develop mining projects with MetaLeach's proprietary leaching technologies.

Several multinational companies are assessing the Company's leaching technologies. Included in the above are companies which have significant interests in the African copper belt (Zambia and the Democratic Republic of the Congo) and Southern Africa. This is becoming a focus as a result of advances made in using AmmLeach® to process copper/cobalt ores.

A notable amount of activity with other mid and small size mining companies continues, including involvement in distressed mining situations where Alexander's leaching technology could make a significant difference to the economic prospects of these situations.

Filing of AmmLeach® supplementary patents as research and development work progresses.

> Based upon recent testwork the potential applicability of AmmLeach® has expanded to include some nickel laterites, with the potential for significant cost savings compared to conventional nickel processing methods.

> The Company is in negotiations about the possible cash sale of its Leon asset in Argentina, which may or may not lead to a transaction.

> Cash position totalling £4.18 million at the end of June, with net cash outflow in the period significantly reduced due to closure of the Argentina operations and other cost cutting measures.

> The strong recovery in financial markets has been reflected in a sharp rally for metals' prices and a much improved outlook for the global mining industry.

Chairman's statement

I am pleased to report on Alexander Mining plc's interim results for the six months ended 30 June 2009.

Matt Sutcliffe
Executive Chairman

MetaLeach Limited
During the period, the Company has continued to devote its efforts to the commercialisation of its proprietary MetaLeach® mineral processing technologies. It is gratifying to report that we have made significant progress.

Firstly, the major effort in the global licensing of our technology with mining companies and which is aimed at generating a long term royalty stream has made excellent progress. In the course of these activities, confidentiality agreements have been signed with both majors and juniors. In particular, the Company has had significant interest from companies active or interested in the African copper belt (Zambia and the Democratic Republic of the Congo). This is due to the nature of the region's prevailing mineralogy, which is especially suited to AmmLeach®, and important advances made in using AmmLeach® to process copper/cobalt ores.

Secondly, the consultancy agreement with RPT Resources ("RPT"), announced on 27 August 2009, to develop mining projects with MetaLeach's proprietary leaching technologies is an excellent way of accelerating the commercialisation of our leaching technology for mutual benefit. It will allow the Company to participate in any future profits and gains via significant equity stakes in suitable properties/projects but with a negligible cost to Alexander. The Company has identified many attractive opportunities in different regions of the world suitable for acquiring direct equity interests in copper and zinc properties and development projects. In turn, RPT brings its valuable financial resources and equity capital markets experience to this exercise and we are already presenting properties, with excellent prospects, for their consideration.

Under the agreement, Alexander will be paid a consultancy fee of US$300,000 per annum for information regarding potential mineral properties which may be suitable for the use of MetaLeach's proprietary leaching technologies. RPT can select properties for acquisition and will be responsible for funding initial acquisition costs and the development of a selected property through to commercial production. MetaLeach will provide RPT with technical/testwork services on its normal commercial terms in relation to the application of the leaching technologies to each selected property. MetaLeach will provide a licence for the use of its leaching technologies on the selected property to enable the property to be developed and for commercial production to proceed. RPT and MetaLeach will share profits and gains from a selected property, after crediting RPT with all acquisition and subsequent development costs, in the ratio of 80 per cent. and 20 per cent. respectively.

As a result of our research and development activities the Company has filed important AmmLeach® supplementary patents. The Company is advancing discussions with third parties on collaboration to progress the HyperLeach® technology at a minimal cost. An additional opportunity for AmmLeach® has arisen with recent research and development testwork on its applicability for processing some nickel laterites, with the potential for significant cost savings compared to conventional nickel processing methods.

Financial Review

The Company's cash balance at 30 June was £4.18m, with net expenditure in the period reducing from £2.6m in 2008 to £0.7m in 2009. This reduction in expenditure results from the focussing of the Group's activities on the MetaLeach technologies, which is a significantly lower cost business than the cash intensive mineral exploration activities previously undertaken.

In Argentina, following the effective closure of our operations, we have realised income for the period from the sale of assets of £86,000. In addition, our costs have fallen to a nominal level, albeit consistent with keeping our licences in good order. Separately, the Company is in negotiations about the possible cash sale of its Leon asset, which may or may not lead to a transaction.

Within administration, costs have been reduced wherever possible, such as the decision to prepare only electronic copies of the 2009 interim report, in order that the Group's cash balance can be focused on the commercialisation of the proprietary MetaLeach® mineral processing technologies.

Outlook

Since the end of the first quarter of the year, world financial markets have rallied strongly, including base metal prices, especially copper, as China adds to its strategic stockpiles. Notwithstanding the serious problems remaining in most Western World economies, the Company believes that the outlook for the international mining industry has greatly improved since the beginning of the year. Accordingly, it is in this environment, together with the excellent progress made to date, and the Company's sound financial health, that we are confident about Alexander's prospects and we look forward to reporting in due course.

Finally, as always, I would like to thank the Company's shareholders for their continuing support and our employees, directors, consultants and advisors for their dedicated hard work.

Matt Sutcliffe
Executive Chairman

29 September 2009

Consolidated income statement

For the six months ended 30 June 2009

	Six months ended 30 June 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Continuing operations			
Revenue	**95**	–	12
Cost of sales	**(13)**	–	–
Gross profit	**82**	–	12
Administrative expenses	**(558)**	(897)	(1,618)
Exploration and evaluation expenses	**(134)**	(1,118)	(10,575)
Research and development expenses	**(167)**	(344)	(597)
Operating loss	**(777)**	(2,359)	(12,778)
Profit on disposal of fixed assets	**84**	–	22
Exchange gain on liquidation of subsidiaries	**–**	–	20
Impairment of available for sale financial assets	**–**	–	(68)
Investment income	**20**	198	749
Finance costs	**(79)**	–	–
Loss before taxation	**(752)**	(2,161)	(12,055)
Income tax expense	**–**	–	–
Loss for the period attributable to equity holders of the parent	**(752)**	(2,161)	(12,055)
Basic and diluted loss per share (pence)	**(0.56)p**	(1.61)p	(8.96)p

Consolidated statement of other comprehensive income

For the six months ended 30 June 2009

	Six months ended 30 June 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Loss for the period	**(752)**	(2,161)	(12,055)
Other comprehensive income			
Exchange difference on translation of foreign operations	**(30)**	(18)	1,746
Gain/(loss) on available for sale investments	**19**	(24)	(22)
Total comprehensive income for the period attributable to equity holders of the parent	**(763)**	(2,203)	(10,331)

Consolidated balance sheet

As at 30 June 2009

	As at 30 June 2009 £'000	As at 30 June 2008 £'000	As at 31 December 2008 £'000
Assets			
Property, plant & equipment	**1**	132	3
Intangible fixed assets	**–**	7,179	–
Available for sale investments	**51**	98	32
Total non-current assets	**52**	7,409	35
Other receivables and prepayments	**156**	172	144
Cash and cash equivalents	**4,175**	5,809	4,986
Total current assets	**4,331**	5,981	5,130
Total assets	**4,383**	13,390	5,165
Equity			
Issued share capital	**13,453**	13,453	13,453
Share premium	**11,850**	11,850	11,850
Merger reserve	**(2,487)**	(2,487)	(2,487)
Share option reserve	**695**	918	703
Translation reserve	**1,359**	(375)	1,389
Fair value reserve	**19**	(2)	–
Retained losses	**(20,753)**	(10,413)	(20,048)
Total equity	**4,136**	12,944	4,860
Liabilities			
Current liabilities			
Trade and other payables	**194**	405	211
Provisions	**6**	–	38
	200	405	249
Non-current liabilities			
Provisions	**47**	41	56
Total liabilities	**247**	446	305
Total equity and liabilities	**4,383**	13,390	5,165

Consolidated statement of cash flows

For the six months ended 30 June 2009

	Six months ended 30 June 2009 £'000	Six months ended 30 June 2008 £'000	Year ended 31 December 2008 £'000
Cash flows from operating activity			
Operating loss	**(777)**	(2,359)	(12,778)
Depreciation and amortisation charge	**–**	9	15
Impairment of property, plant and equipment	**–**	–	92
Increase in other receivables and prepayments	**(6)**	(21)	(7)
Decrease in trade and other payables	**(58)**	(298)	(329)
Share option charge	**39**	31	75
Intangible fixed assets written-off or provided for	**–**	742	10,250
Net cash outflow from operating activities	**(802)**	(1,896)	(2,682)
Cash flows from investing activities			
Interest received	**14**	161	254
Interest paid	**–**	–	–
Acquisition of property, plant and equipment	**–**	(7)	(7)
Acquisition of intangible assets	**–**	(911)	(1,650)
Proceeds from sale of property, plant and equipment	**86**	–	40
Net cash inflow/(outflow) from investing activities	**100**	(757)	(1,363)
Net decrease in cash and cash equivalents	**(702)**	(2,653)	(4,045)
Cash and cash equivalents at beginning of period	**4,986**	8,442	8,442
Exchange differences	**(109)**	20	589
Cash and cash equivalents at end of period	**4,175**	5,809	4,986

Consolidated statement of changes in equity

For the six months ended 30 June 2009

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Translation reserve £'000	Fair value reserve £'000	Retained earnings £'000	Total equity £'000
At 1 January 2008	**13,453**	**11,850**	**(2,487)**	**1,005**	**(357)**	**22**	**(8,370)**	**15,116**
Retained loss for the period	–	–	–	–	–	–	(2,161)	(2,161)
Exchange difference on translating foreign operations	–	–	–	–	(18)	–	–	(18)
Valuation losses on available for sale investments	–	–	–	–	–	(24)	–	(24)
Total comprehensive income for the period attributable to equity holders of the parent	–	–	–	–	(18)	(24)	(2,161)	(2,203)
Share option costs	–	–	–	31	–	–	–	31
Share options cancelled in period	–	–	–	(118)	–	–	118	–
At 30 June 2008	**13,453**	**11,850**	**(2,487)**	**918**	**(375)**	**(2)**	**(10,413)**	**12,944**
Retained loss for the period	–	–	–	–	–	–	(9,894)	(9,984)
Exchange difference on translating foreign operations	–	–	–	–	1,784	–	–	1,784
Exchange difference recognised in income statement in period	–	–	–	–	(20)	–	–	(20)
Impairment of available for sale investments recognised in income statement in period	–	–	–	–	–	2	–	2
Total comprehensive income for the period attributable to equity holders of the parent	–	–	–	–	1,764	2	(9,894)	(8,128)
Share option costs	–	–	–	44	–	–	–	44
Share options cancelled in period	–	–	–	(259)	–	–	259	–
At 31 December 2008	**13,453**	**11,850**	**(2,487)**	**703**	**1,389**	**–**	**(20,048)**	**4,860**
Retained loss for the period	–	–	–	–	–	–	(752)	(752)
Exchange difference on translating foreign operations	–	–	–	–	(30)	–	–	(30)
Valuation gains on available for sale investments	–	–	–	–	–	19	–	19
Total comprehensive income for the period attributable to equity holders of the parent	–	–	–	–	(30)	19	(752)	(763)
Share option costs	–	–	–	39	–	–	–	39
Share options cancelled in period	–	–	–	(47)	–	–	47	–
At 30 June 2009	**13,453**	**11,850**	**(2,487)**	**695**	**1,359**	**19**	**(20,753)**	**4,136**

Notes to the interim financial statements

For the six months ended 30 June 2009

1. Basis of preparation

The interim financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and implemented in the UK. The accounting policies, methods of computation and presentation used in the preparation of the interim financial information are the same as those used in the Group's audited financial statements for the year ended 31 December 2008 except for IAS 1 – Presentation of financial statements (revised), the adoption of which is mandatory for 2009. This new standard relates to presentation only.

The financial information in this statement does not constitute full statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information for the six months ended 30 June 2009 and 30 June 2008 is unaudited. The comparative figures for the year ended 31 December 2008 were derived from the Group's audited financial statements for that period as filed with the Registrar of Companies. It does not constitute the financial statements for that period. Those accounts received an unqualified audit report which did not contain any statement under sections 237(2) or (3) of the Companies Act 1985.

2. Loss per share

The calculation of loss per share is based on a loss of £752,000 for the period ended 30 June 2009 (30 June 2008: £2,161,000; 31 December 2008: £12,055,000) and the weighted average number of shares in issue in the period to 30 June 2009 of 134,534,667 (30 June 2008 and 31 December 2008: 134,534,667). There is no difference between the diluted loss per share and the loss per share presented.

At 30 June 2009 there were 11,708,333 (30 June 2008: 13,858,333; 31 December 2008: 12,208,333) share options in issue that could have a potentially dilutive effect on the basic earnings per share in the future.

3. Post balance sheet events

i. On 15th July 2009 the Company cancelled 4,358,333 share options with exercise prices ranging from 17.25p to 30p per share and replaced these with the same number of new share options with an exercise price of 10p per share. At the same time an additional 1,816,667 share options with an exercise price of 10p per share were granted and on 14th August 2009 2,750,000 share options with an exercise price of 30p per share lapsed. Following these changes there are 10,775,000 share options in issue that could have a potentially dilutive effect on the basic earnings per share in the future.

ii. On 27th August 2009 the Company issued 500,000 new ordinary shares of 10p each to settle a liability of £50,000. Following Admission of these shares to trading on AIM the enlarged issued share capital of the Company comprises 135,034,667 ordinary shares of 10p each.

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