Alexander Mining plc

Revolutionising the hydrometallurgical extraction of base metals at the mine for the global mining industry

Alexander Mining plc is an AIM quoted mineral processing technology company with a reputation for strong technical management, allied with financial markets expertise. Its core asset is its intellectual property:

Metaleach™

MetaLeach® is our wholly owned subsidiary and will revolutionise the extraction processes for many base metals deposits by reducing costs, enhancing operating margins and increasing production.

See page 5 for more information.

Ammleach®

Our core technology has major economic, technical and environmental benefits. Unlike some new technologies, it requires no special purpose built equipment. The proprietary ammonia process selectively extracts base metals from ores under ambient temperature and pressure conditions.

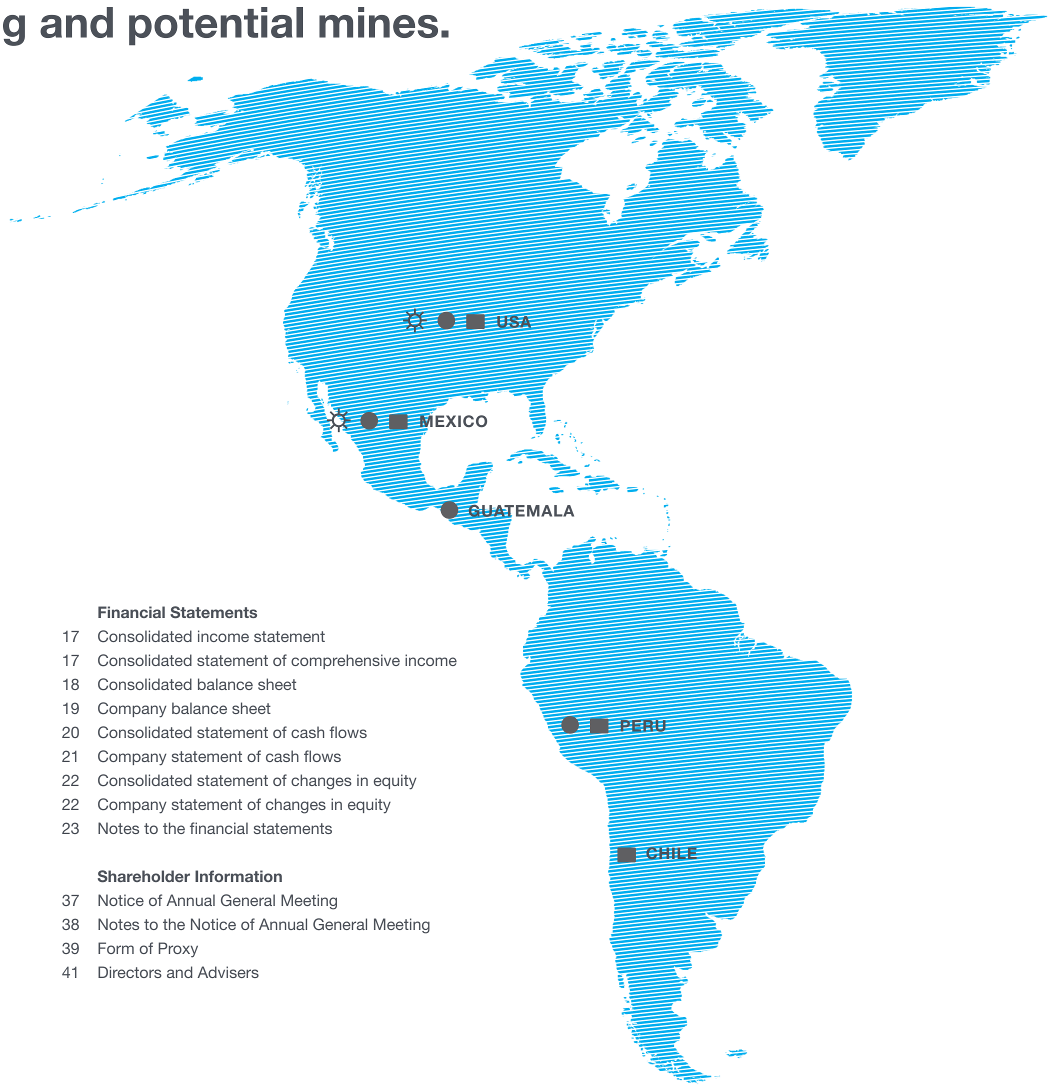
See page 6 for more information.

Hyperleach™

A proprietary process which utilises chlorine based chemistry for the extraction of metals, especially copper, zinc, nickel, cobalt, molybdenum and rhenium from sulphide ore deposits and concentrates.

See page 8 for more information.

Alexander has made important progress towards the commercialisation of its proprietary AmmLeach® mineral processing technology. The scope for major operating and capital cost savings using our technology is of great interest for use at existing and potential mines.



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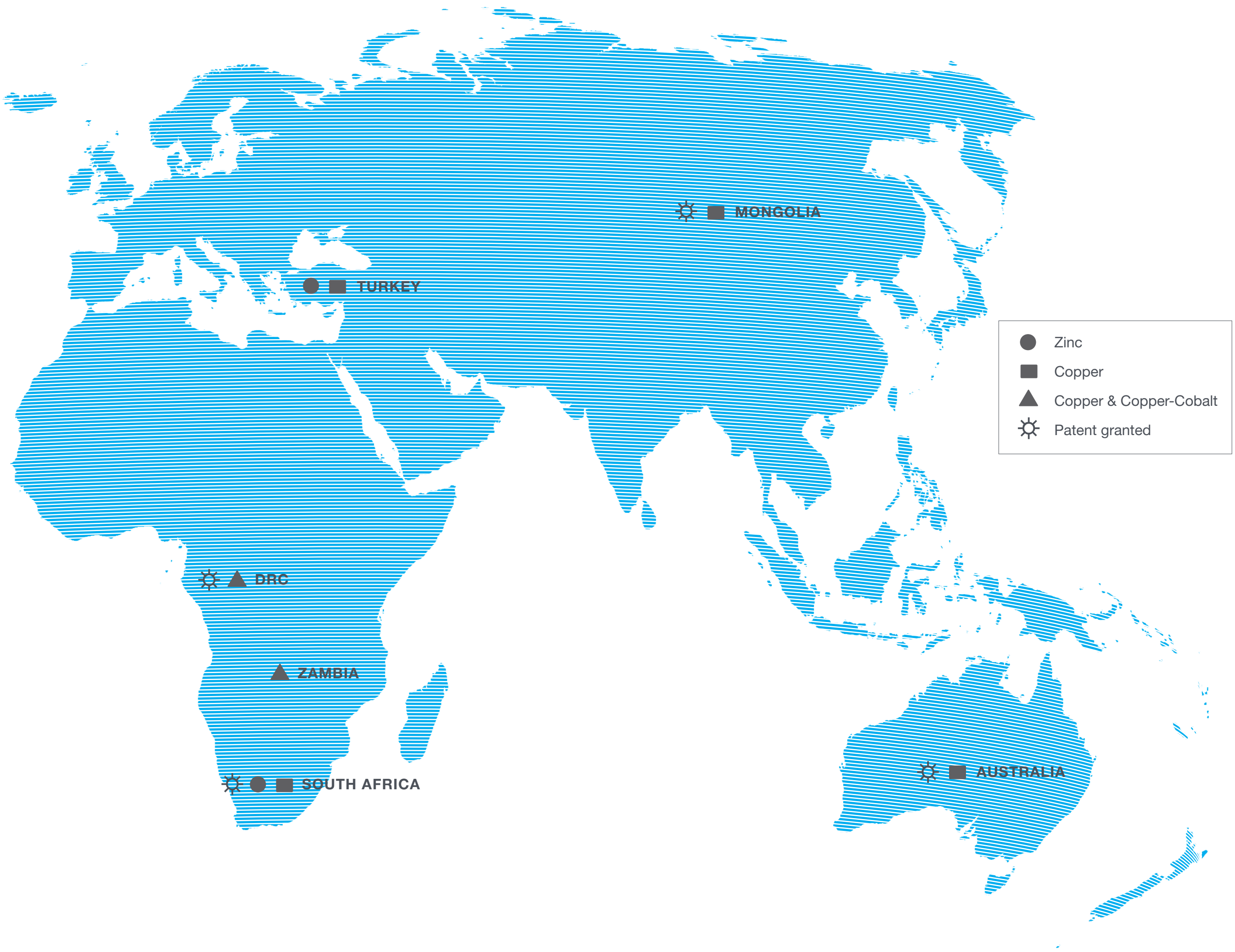
2012 Highlights

→ **Important patents granted** for our intellectual property, encompassing a growing number of important mining countries and base metals

→ **Notable progress towards commercialisation**

→ **Good progress with Metalvalue** on DRC and zinc recycling opportunities

→ **Established excellent foothold in Turkey**, a country with significant potential for Alexander's leaching technologies



Chairman's Statement

Since my statement last year, Alexander has made important progress towards the commercialisation of its proprietary AmmLeach® mineral processing technology.

With the mining industry's reinvigorated focus and in this 'age of austerity', on costs and return on capital employed, we have found that the scope for major operating and capital cost savings using our technology is of great interest for existing and potential mines. Miners are now concentrating on wringing the most out of their resources, largely as a result of forceful pressure from investors unhappy with project and mine costs blow-outs and disastrous acquisitions at the top of the market.

In mid-2012, in partnership with MC Process Pty Ltd of South Africa, we announced the successful commissioning of an AmmLeach® copper/cobalt demonstration plant in South Africa. This was the first AmmLeach® plant in the world with two circuits going through to copper and cobalt cathode metal. Moreover, this was a major improvement when compared with the majority of Democratic Republic of Congo's ('DRC') cobalt, which is currently produced as a concentrate requiring further processing outside of the DRC.

This success formed the background to achieving the notable progress towards commercialisation last year. This included the Leaching Technology Licence Agreement ('November 2012 Agreement') signed with Metalvalue Limited ('Metalvalue'). We have worked with Metalvalue to progress the establishment of a commercial AmmLeach® copper/cobalt processing plant in the DRC, and to investigate the development of a European plant for the recovery of zinc from electric arc furnace dust ('EAFD'). Regarding the DRC and EAFD Projects, Metalvalue is actively investigating the next steps, with Alexander's technical involvement, including financing and establishing dedicated pilot plant(s).

Further to this excellent technical progress, a new agreement with Metalvalue Capital Holdings ('MCH') (to which Metalvalue is the technical consultant and is the investment vehicle managed by Metalvalue Advisors SA) was signed, along the terms of the November 2012 Agreement, which has been terminated. This is to reflect the closer understanding of the optimal way to advance projects in the future. A major outcome of the revised agreement for Alexander is a doubled gross sales royalty and, given Alexander's recently completed equity financing, the benefit of minimised equity dilution.

We are devoting considerable attention to Turkey, a country with significant potential for Alexander's proprietary leaching technologies. This initiative is supported by the appointment of Alan Clegg to the Alexander board (see below) who is a resident of Turkey and where he is especially well connected. We have reported favourable AmmLeach® amenability testwork results for the recovery of zinc from samples provided by Red Crescent Resources Limited ('RCR') from its Hakkari Zinc Project in far south-east Turkey. Importantly, the samples were of a zinc oxide mineralisation type which occurs in several other locations in the country.

As a result of initial favourable interest, we have also decided to investigate opportunities with German universities, or similar R&D establishments. The Board hopes that this could see potential involvement in joint ventures for improvements to and research and development of our intellectual property ('IP'), leading to the establishment of a pilot plant(s) in Germany.

In Australia, we hope that the opportunity with Altona Mining Limited to investigate the use of AmmLeach® technology for copper recovery at its Roseby Project will progress to the next stage.

We have also had favourable AmmLeach® amenability testwork results for base metals projects in North Africa and Zambia. Both are areas of the world holding attractive potential for commercial adoption.

Underwriting our leaching technology IP is our portfolio of patents, both granted and pending. The former having grown significantly during the last year. We expect regular news flow about our suite of patent applications as they progress through the various stages of the patenting process.

Finances

We announced in March that Alexander had raised £751,000 gross through a placing of new ordinary shares to institutional and other investors, and to certain directors and officers of the Company. We welcome the significant and strategically important new shareholders the placing brought, including those from Turkey, as well as experienced technology investors in Germany and Switzerland. Subsequent to the revised agreement with Metalvalue, we have also received from it a subscription of £200,000 for Alexander shares. Our current cash position, coupled with expectations for additional consultancy and testwork revenue, is a sound working capital position from which to grow the Company.

Outlook

Although the health of the world economy can hardly be said to be in the pink, equity markets have enjoyed an excellent start to 2013. Hopes are high that healthy world economic growth is within sight. Mining companies have battled these headwinds of economic uncertainty satisfactorily. However, there now seems to be an industry acceptance, based on investors' demands, that improving margins and a proper return on capital are paramount. During the period of my review, base metals' prices have been volatile and range bound, albeit weakening recently. As I said in my opening remarks, this is an environment which suits the commercialisation of our technology given its potential significant impact on many base metals mine economics. With the progress and initiatives announced to date and those foreseeable, I am highly confident in Alexander's future.

I am delighted that Alan Clegg has recently joined the board. Alan has outstanding global mining industry experience, including extensive worldwide involvement with feasibility studies and mine development, which will be a major asset for the Company.

Finally, I would like to express my appreciation for the continued hard work and dedication of Alexander's employees, consultants and directors.

M. I. Sutcliffe

Matt Sutcliffe
Executive Chairman

22 May 2013

CEO’s Review of Activities

In Alexander’s investor relations’ corporate presentation, the opening slide has the following rhetorical question: *Metal resources are finite, how do we supply a growing world population with base metals – build new mines; get more from existing mines?* The question is never more apposite. Mining companies face a barrage of risks throughout the mining cycle, from discovery, mining, through to closure. As highlighted in the Chairman’s statement, the mining industry is concentrating on wringing the most out of its core, albeit wasting, asset – ore reserves. We are excited by the outstanding opportunity that this represents for our innovative mineral processing technology.

Our efforts over the last year have continued towards the objective of securing commercial adoption of our AmmLeach® technology. Good progress has been made. The priority has been to secure agreements with third parties that will eventually lead to the establishment of pilot plants to demonstrate AmmLeach® recovering the three most prospective metals of copper, cobalt and zinc. This would be the precursor to a decision to commit to using the AmmLeach® process in new mines on commercial terms to be agreed.

Alexander has adopted a flexible dual approach to the commercialisation of its technology. We will consider either issuing a licence in exchange for royalties, cash fees or minority equity interests in projects. As a result, we have had, and continue to have, discussions with the gamut of companies in the mining industry about using the Company's leaching technology, principally for copper, copper/cobalt and zinc.

I am pleased to report on the Company’s progress opposite.

Metalvalue Licence Agreement

Alexander announced that it had signed a *Leaching Technology Licence Agreement* with Metalvalue Limited ('Metalvalue') last year (the 'November 2012 Agreement'). Since then, the relationship with Metalvalue has been most fruitful and seen a significant advancement towards the commercial adoption of our breakthrough leaching technology for several substantial opportunities. Further to this excellent technical progress, in more detail below, a new agreement with Metalvalue Capital Holdings and Alexander has been signed. This has resulted in a notably improved agreement, reflecting a closer understanding of the optimal way to advance projects in the future. A significant outcome is a doubled gross sales royalty of 2.0% and, given Alexander's recently completed equity financing, the benefit of minimised equity dilution. The full details of the new agreement were set out in the announcement of mid May, including a finance facility for a potential pilot plant in Australia.

→ MetaLeach®

MetaLeach Limited is Alexander's subsidiary for the commercialisation of its proprietary hydrometallurgical mineral processing technologies. These technologies have the potential to revolutionise the extraction processes for many base metal deposits, reducing costs, and/or improving recoveries, and hence enhancing operating margins at the mine site. Being capable of producing metal on-site greatly enhances the mine gate economics compared to conventional concentrators. In addition, in many cases the technologies will enable the treatment of base metals deposits which hitherto have not been possible to treat. The technologies are especially suitable for high-acid-consuming carbonate hosted ores.

MetaLeach® owns the intellectual property to two ambient temperature, ambient pressure hydrometallurgical technologies, namely AmmLeach® (patents pending) and HyperLeach® (patents pending). These technologies are environmentally friendly, cost effective processes for the extraction of base metals from amenable ore deposits and concentrates allowing the production of high value products at the mine site (i.e. metal powder or sheets). These technologies were developed as a result of the Company's work at its former Leon copper project in Argentina and subsequent research and development undertaken by MetaLeach's consultant, Dr. Nicholas Welham.

Democratic Republic of the Congo

In order to investigate the feasibility of an AmmLeach® toll treatment plant to produce copper and cobalt, serving small scale miners on the Copperbelt, we collaborated with Johannesburg based MC Process (Pty) Ltd to establish a small scale demonstration plant at its premises in South Africa.

The demonstration plant was successfully commissioned and produced its first copper and cobalt cathode metal in early 2012. This was the first AmmLeach® plant in the world with two circuits through to copper and cobalt cathode metal, compared with the majority of DRC cobalt currently produced as a concentrate which requires further processing outside the DRC.

We were delighted with the results obtained as they were material in securing interest and support from Metalvalue to establish the first commercial scale AmmLeach® treatment plant in the DRC.

The DRC hosts world class copper deposits and also currently supplies over half of the world's annual cobalt mine production. Alexander believes that its AmmLeach® process offers a clear competitive advantage for the production of copper and cobalt through to metal cathode in the DRC from high-acid-consuming carbonate copper ores. In addition, the DRC Government has emphasised its intent to see as much value added in country from its mineral wealth by announcing a ban on the export of metal concentrates. This is where we see a major opportunity for our leaching technology as it enables the mine owner to produce metal at the mine.

Metalvalue is actively investigating, with Alexander's technical involvement and in conjunction with support from a leading commodity trading company, the use of a suitable existing plant in the DRC. This has entailed site visits and detailed analysis. Metalvalue hopes to progress detailed negotiations for a plant to produce initially copper cathode metal and also to secure a major supply of ore feed to the plant.

→ Commercialisation of AmmLeach®

The following metal ores are particular targets for the commercialisation of the AmmLeach® process:

- Copper and copper/cobalt oxide deposits
- Zinc oxide deposits
- Nickel laterite (saprolite) deposits
- Gold/copper oxide and silver/zinc oxide (alkali leaching)
- Molybdenum oxides

Geographic diversification is offered as the countries with the most prospective geology for hosting high acid consuming copper (Cu) and zinc (Zn) oxides are Chile (Cu), Peru (Zn), Mexico (Zn), Central America (Zn), USA (Cu), Democratic Republic of the Congo (Cu, Cu/Co), Zambia (Cu), Turkey (Zn, Cu) and Australia (Cu).

CEO's Review of Activities continued

The AmmLeach® Process

The AmmLeach® process (patents granted and pending) is a proprietary process for the extraction of base metals, especially copper, zinc, nickel and cobalt from ore deposits and concentrates. The process utilises ammonia based chemistry to selectively extract metals from ores under ambient temperature and pressure conditions. The target ores will typically be high acid consuming. AmmLeach® is a viable alternative to acid leach processes as it is far more selective for valuable metals whilst rejecting unwanted metals. This selectivity offers a considerable number of technical and economic benefits through simplification of the flowsheet.

The technology consists of the same three major stages as acid processes i.e. leaching, solvent extraction (SX) and electrowinning (EW). The leaching occurs in two steps, an ore specific pre-treatment which converts the metals into a soluble form and the main leaching step. Metals can be directly electrowon using industry standard unit operations. Unlike some new technologies, no special equipment is needed. The AmmLeach® process can directly replace acid leaching in an existing operation.

AmmLeach® technology is suitable for both low grade heap leaching and higher grade tank leaching. Polymetallic deposits can be readily handled using standard solvent extraction and solution purification techniques.

The difference from acid leaching is that the leaching is conducted in moderately alkaline solution with ammonia present to selectively leach base metals. The use of alkaline conditions allows the use of AmmLeach® on high carbonate ores where acid consumption would be prohibitive.

The AmmLeach® process has an extremely high selectivity for the target metal over iron, aluminium and manganese, which are insoluble under AmmLeach® conditions. There are also no potential problems due to jarosite or gypsum precipitation reducing permeability in the heap or scaling problems in the solvent extraction plant. Additionally, ammonia, unlike acid, doesn't react with aluminosilicates and ferrosilicates, whose products can cause drainage and permeability problems in heaps.

Compared with previous ammoniacal processes, almost any ore mineralogy can be treated as the whole AmmLeach® process is tailored to individual ore bodies and consequently has substantially lower ammonia losses. In theory, all the ammonia can be recovered, however in practice small losses do occur.

Decommissioning of the heap is extremely simple and the potential for acid mine drainage is virtually eliminated. After final leaching the heap is simply washed to recover ammonia and then left to revegetate, with the residual ammonia acting as a fertiliser.

The alkaline residue allows immediate application of cyanide leaching of gold and silver in ores where there is an economic precious metal content after removal of high cyanide consuming metals such as copper.

Turkey

We have taken a strong interest in the potential for our technology in Turkey. The country has one of the fastest growing economies in the world and yet, despite highly prospective geology, has very modest domestic base metals production which meets a small fraction of its needs. The government is highly supportive of addressing the matter and, in turn, the Company has already investigated several interesting opportunities. These efforts have been bolstered by Alan Clegg recently joining the Alexander board. Alan is a mining engineer, a resident of Turkey and has considerable mining experience both in production and project development.

During the year, we reported favourable AmmLeach® amenability testwork results for the recovery of zinc from samples provided by Red Crescent Resources Limited ('RCR') from its Hakkari Zinc Project in far south-east Turkey. The samples were of a type of common zinc oxide/non sulphide mineralisation that occurs in other parts of Turkey (and the world).

The Hakkari testwork showed that zinc recoveries of at least 80% should be possible once the pre-treatment and leaching conditions are optimised. The completion of these amenability tests has shown that AmmLeach® could be used for leaching zinc from the Hakkari ore to produce either zinc metal or an intermediate zinc oxide product. The findings of this testwork and recommended next steps were reported to RCR for their consideration.

Turkey is the world's largest importer of iron scrap which is all recycled to produce steel. As a result the country produces over 300,000 tonnes per annum of electric arc furnace dust ('EAFD') as a waste product. Although some EAFD is being recycled in Waelz kilns, a large quantity still poses a serious environmental problem with high disposal costs, and the current technologies do not offer satisfactory solutions.

In conjunction with Metalvalue, we have investigated the feasibility of an efficient and environmentally friendly solution using our leaching technology for treating EAFD to recover its zinc content. Preliminary testwork has shown highly encouraging results, and the next steps on developing a pilot plant are being considered.

Australia

Metalvalue has agreed in principle to make available to Alexander a loan facility for co-financing a pilot plant in Australia to demonstrate AmmLeach®. The conditions pertaining to this loan facility, if Alexander elects to draw it down, were set out in an announcement made in mid May 2013.

The pilot plant will have a nominal throughput of 1tpd of ore (e.g. copper or copper/cobalt) and with the capability to produce up to ~10kg/day of each cathode metal. This plant will complement the previous successful AmmLeach® pilot plant work the Company carried out for copper in Argentina and, more recently, for copper and cobalt in South Africa. The pilot plant will be suitable for testing large samples from around the world as part of the Company's AmmLeach® commercialisation activities. The pilot plant will be capable of operation in both agitated and heap leach configurations and, with minor modification, capable of use for HyperLeach® too.

Also in Australia, AmmLeach® amenability testwork yielded favourable results for the recovery of copper from samples provided by Altona Mining Limited from its Blackard deposit, forming part of the Roseby Project in northwest Queensland, Australia.

→ Zinc

The vast majority (~95%) of world zinc metal production uses smelting to recover and refine zinc metal out of zinc-containing feed material such as zinc concentrates or zinc oxides. Development of a new hydrometallurgical process route for zinc oxides has the potential to simplify zinc refining.

MetaLeach® has developed a novel (patents applied for) process for the solvent extraction of zinc from ammoniacal solutions. Testwork has shown that zinc can be efficiently extracted using commercially available reagents in a single stage and stripped with acid solutions, with better efficiency and greater selectivity than has previously been reported.

A wide range of different oxide zinc mineralogies can potentially be treated by AmmLeach®, including those with significant hemimorphite content which presently can only be treated using acid. In AmmLeach® solutions, the leaching can be extremely rapid provided the conditions are appropriately matched to the ore. The acid route requires ore containing >10% zinc to be economically viable. The co dissolution of silica and iron in the acid results in a very complex flow sheet.

Recent work on Electric Arc Furnace Dust (EAFD) has been extremely encouraging with zinc recoveries of >80% producing solutions of >40g/L zinc with low impurities. The market for zinc oxide is large and this can be produced directly from the leach solution.

Germany

The Company has signed a Corporate and Investor Relations Consultancy Agreement with General Research of Munich, which builds on a strong level of interest already generated for our technology. The purpose of the agreement is to build an investor relations programme around General Research's contacts in Europe, especially in Germany. Importantly, it is also designed to investigate the opportunities with German universities, or similar R&D establishments, for potential interest in joint ventures with the Company for improvements to and research and development of our intellectual property leading to the establishment of a pilot plant(s) in Germany.

Zambia

The highly prospective central African Copperbelt straddles the DRC and Zambia and we have made initial investigation into opportunities in the latter. This has included conducting some AmmLeach® amenability testwork, with encouraging results.

Other regions

Metalvalue's contacts with mine owners and copper processors in south-east Asia have allowed Alexander to present its solutions using AmmLeach® to enable securing direct copper cathode take-off. Metalvalue expects to progress these projects in 2013.

In North Africa testwork on a zinc opportunity was undertaken, again with very encouraging results.

→ Copper

Copper is the world's most important base metal by value and its price is a bellwether of world industrial production. Approximately 20% of global mined copper production is produced from oxide ores using solvent extraction-electrowinning (SX-EW) hydrometallurgy. The Company believes that its leaching technology has the potential to increase significantly the share of global copper produced using hydrometallurgical processes. Hydrometallurgically recovered copper is much more attractive to mine owners than the production of concentrates from sulphide ores as it results in the production of high value cathodes at the mine. When sold these realise almost 100% of the copper content, compared to concentrates where owners may receive as little as 60% of the copper value.

A scoping study indicated that it is possible to convert an acid heap leach operation directly to an AmmLeach® with minimal capital expenditure.

CEO's Review of Activities continued

Business Risks

Inherent risk diversification is offered both geographically and by metal. When compared with conventional exploration-driven mining companies, the business risks differ markedly. The stages at which MetaLeach® technology is of interest to a potential user is from the project feasibility study stage, through to existing mining operations. As such, the inherent technical risks of the mining industry in discovering a potential new mine do not apply as a deposit has already been found. Further business risks are referred to in the Directors' Report under Risk Management on page 12.

Intellectual Property

MetaLeach® has a portfolio of Australian and international patents and patent applications to protect its technologies and data. The strategy for protection is the development of unique intellectual property and patenting key aspects of its AmmLeach® and HyperLeach® inventions in a number of countries. This strategy has been implemented through our patent attorneys, and is designed to allow the Company to protect the commercialisation of its technologies in key countries of interest.

As well as the importance of being granted patents in Australia, it is noteworthy that we have been granted in the USA a patent for a *Method for Ammoniacal Leaching*, which is the overarching AmmLeach® patent in our intellectual property portfolio. Along with Australia, the USA is a leading country for patent applications and is noted for its rigorous process in determining the granting of patents. This patent encompasses all possible application in the AmmLeach® patent family.

Patent applications achieving the successful granting of a patent continue at a steady pace and are tabulated below.

→ HyperLeach® process

The HyperLeach® process (patents granted and pending), although less advanced, has significant potential. HyperLeach® is a proprietary process developed by MetaLeach® for the extraction of metals, especially copper, zinc, nickel, cobalt, molybdenum and rhenium from sulphide ore deposits and concentrates. The process utilises chlorine based chemistry to solubilise metals from ores under ambient temperature and pressure conditions. The HyperLeach® process can be operated as either heap leach or tank leach.

Great promise has been shown on molybdenum–rhenium sulphide ores with low reagent consumption making heap leaching of such ores economically feasible for the first time. Preliminary tank leaching of flotation tailings has also been conducted with considerable success.

Low grade nickel sulphide ores have also shown great promise with high metal recoveries being achieved during agitated leaches. Preliminary work has indicated that heap leaching may be possible for some ores. This allows the treatment of ores which are too low grade to process via the conventional, grind, float and smelt route.

HyperLeach® can be used as a pre-treatment for AmmLeach® to provide the best of both processes. HyperLeach® solubilises and mobilises target metals from sulphides with AmmLeach® leaching the target metals selectively. This combination allows processing of a whole ore body from the oxide cap through the transition zone to the sulphide basement.

MetaLeach Limited Granted Patents

TITLE	METALS/ORES	COUNTRIES
Method for Ammoniacal Leaching	General	USA, DRC & South Africa
Method for Leaching Cobalt from Oxidised Cobalt Ores	Co	Australia & South Africa
Method for Leaching of a Copper-containing Ore	Cu	Australia
Method for Extracting Zinc from Aqueous Ammoniacal Solutions	Zn	Australia, USA & Mexico
Method for Leaching Zinc from a Zinc Ore	Zn	Australia
Method of Oxidative Leaching of Sulfide Ores and/or Concentrates	Sulphide	Australia, South Africa & Mongolia
Method of Oxidative Leaching of Molybdenum – Rhenium Sulfide Ores and/or Concentrates	Mo, Re – sulphide	Australia
Method of Leaching of Copper and Molybdenum	Cu, Mo	Australia

Directors

Matt Sutcliffe *Executive Chairman*

Matt Sutcliffe graduated from the University of Nottingham in 1990 with a PhD in mining engineering. He is also a chartered engineer and worked as a mining engineer in underground nickel mines from 1990 to 1994 with Inco Limited, within its Manitoba division. He has additional experience in operating gold and coal mines gained whilst working with Gencor and British Coal.

For 10 years before founding the Company, he worked in the City of London as a mining analyst and corporate financier specialising in the resources sector. During this time he was a mining analyst at T Hoare & Co, head of mining at Williams de Broë and a director of corporate finance at Evolution Beeson Gregory (now Evolution Securities). At Evolution Beeson Gregory, he advised a large number of public natural resources companies, as well as arranging a number of equity listings for junior and mid-tier mining and oil and gas companies on AIM. During this time, he was recognised as one of the industry pioneers for listing mining companies on AIM.

Martin Rosser *Chief Executive Officer*

Martin Rosser is a chartered mining engineer who has 31 years' practical industry and financial markets experience since graduating with a degree in mining engineering from the Camborne School of Mines in 1981.

Initially, he spent five years working as a mining engineer in Australia, both on underground and surface gold mines, including time with Western Mining Corporation at Central Norseman. In 1987, he returned to the UK and worked as a mining analyst with two City stockbrokers.

He then joined the natural resources industry specialist firm of David Williamson Associates Limited in 1989 as a founder employee, and subsequently Managing Director. During this time, until joining Alexander in June 2005, he provided extensive corporate finance advisory and arranger services to the firm's worldwide natural resources industry clients.

From 2002, until its takeover by Lonmin plc in January 2007, he was a non-executive director of TSX listed AfriOre Limited.

Roger Davey *Non-Executive Director*

Roger Davey is a chartered mining engineer and a graduate of the Camborne School of Mines, with over 30 years' experience in the mining industry. For 13 years, until the end of 2010, he was an Assistant Director and the Senior Mining Engineer at N M Rothschild (London) in the Mining and Metals project finance team, where he had responsibility for the assessment of the technical risks associated with project loans. Mr Davey was appointed to the board of Alexander in August 2006.

Prior to this, his experience covered the financing, development and operation of both underground and surface mining operations in gold and base metals at senior management and director level in South America, Africa and the United Kingdom. This includes, from 1994-1997, being the General Manager of Minorco (AngloGold) subsidiaries in Argentina, where he was responsible for the development of the US$270m Cerro Vanguardia gold-silver mine.

Emil Morfett *Non-Executive Director*

Emil Morfett, who joined the board in 2007, has over 30 years' of relevant, experience, with eight years in the mining industry and twenty years in mining finance. He graduated with a B.Sc. in geology from the University of London and worked for Rio Tinto in Saudi Arabia. As a mature student, he completed an M.Sc. in mineral exploration at Queens University, Ontario, Canada.

He then worked in Johannesburg for Goldfields of South Africa. In 1987, he moved to London to work as a mining analyst. In 1993 he became the Global Head of Mining Research at Bank Paribas and left in 1997 to become Vice President and Head of Mining Research for J P Morgan in London.

In 2001, he founded his own consulting business (Millstone Grit Limited, of which he is Managing Director), providing both equity and debt focused mining research and strategic advice. He continues to provide independent, bespoke research and financial analysis of mining companies and projects to select hedge funds, merchant banks and mining companies.

James Bunyan *Non-Executive Director*

James Bunyan, who joined the board in April 2005, holds an MBA from Warwick University and a BSc in Biochemistry from Heriot-Watt. He specialises in corporate development with international business development across a broad range of industrial and commercial sectors worldwide.

He has proven business skills in strategic business planning, mergers, acquisitions, disposals, turnarounds and fundraising, with particular experience in mining. He was for five years a director of Tiberon Minerals Ltd, which developed the Nui Phao deposit in Vietnam from an exploration concept to one of the largest tungsten polymetallic deposits in the world.

Alan Clegg *Non-Executive Director*

Alan Clegg is a mining engineer with British and South African citizenship and is a resident of Turkey. He has over 35 years' experience gained from working in mining and minerals projects in more than 160 countries. This has been as team leader or a member of teams that have completed feasibility studies and/or constructed over sixty mining and mineral projects with a combined value in excess of US$8bn over the last twenty years. He was a founder, Executive Manager and Chief Consulting Engineer of the Mining Engineering Consulting group within the TWP Holdings Ltd practice, a major provider of engineering design, procurement, construction management and asset services largely within the mining sector. The TWP Holdings group was recently acquired and is now part of the Worley Parsons Group, one of the leading global providers of technical, project and operational support services to the mining and energy sectors.

He is a registered Professional Mining Engineer (Pr.Eng), a registered Professional Construction Project Manager (Pr.CPM) and a registered Project Management Professional (PMP). He has professional Fellowship status with the South African Institute of Mining & Metallurgy (FSAIMM) and the Institute of Quarrying (FIOQ).

Corporate and social responsibility

The Group's core values are:

- To be a good corporate citizen, demonstrating integrity in each business and community in which we operate
- To be open and honest in all our dealings, while respecting commercial and personal confidentiality
- To be objective, consistent and fair with all our stakeholders
- To respect the dignity and wellbeing of all our stakeholders and all those with whom we are involved
- To operate professionally in a performance-orientated culture and be committed to continuous improvement

Our Stakeholders

We are committed to developing mutually beneficial partnerships with our stakeholders throughout the life cycle of our activities and operations. Our principal stakeholders include our shareholders; employees, their families, and employee representatives; the communities in which we operate; our business partners and local and national governments.

Environmental Policy

The Group is aware of the potential impact that its operations may have on the environment. It will ensure that all of its activities and operations have the minimum environmental impact possible.

The Group intends to meet or exceed international standards of excellence with regard to environmental matters. Our operations and activities will be in compliance with applicable laws and regulations. We will adopt and adhere to standards that are protective of both human health and the environment. For our operations we will develop and implement closure and reclamation plans that provide for long-term environmental stability and suitable post-mining beneficial land-uses at all relevant sites.

Each employee (including contractors) will be held accountable for ensuring that those employees, equipment, facilities and resources within their area of responsibility are managed to comply with this policy and to minimise environmental risk.

Ethical Policy

The Group is committed to comply with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders. Where laws and regulations are non-existent or inadequate, we will maintain the highest reasonable standards appropriate. We will in an accurate, timely and verifiable manner, consistently disclose material information about the Group and its performance. This will be readily understandable by appropriate regulators, our stakeholders and the public.

The Group complies and will continue to comply to the fullest extent with current and future anti-bribery legislation.

We will endeavour to ensure that no employee acts in a manner that would in any way contravene these principles. The Group will take the appropriate disciplinary action concerning any contravention.

Community Policy

The Group's aim is to have a positive impact on the people, cultures and communities in which it operates. It will be respectful of local and indigenous people, their values, traditions, culture and the environment. The Group will also strive to ensure that surrounding communities are informed of, and where possible, involved in, developments which affect them, throughout the life cycle of our operations. It will undertake social investment initiatives in the areas of need where we can make a practical and meaningful contribution.

Labour Policy

The Group is committed to upholding fundamental human rights and, accordingly, we seek to ensure the implementation of fair employment practices. The Group will also commit to creating workplaces free of harassment and unfair discrimination.

Health and Safety Policy

The Group is committed to complying with all relevant occupational health and safety laws, regulations and standards. In the absence thereof, standards reflecting best practice will be adopted.

Corporate governance

Code of best practice
The listing rules of the Financial Conduct Authority incorporate the UK Corporate Governance Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. The Board intends that, so far as is relevant for a group of its size and stage of development, it will comply with the UK Corporate Governance Code. The Board has established appropriately constituted Audit and Remuneration Committees with formally delegated responsibilities.

The Board of Directors
The Board of Directors currently comprises six members, including two executive directors and four non-executive directors. The Board has a wealth of both corporate finance and mining experience, from exploration, development and through to production. The structure of the Board ensures that no one individual or group dominates the decision making process.

Board meetings are held regularly to provide effective leadership and overall management of the Group's affairs through the schedule of matters reserved for Board decisions. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of financial statements. All directors have access to the advice and services of the Company's solicitors and the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any director may take independent professional advice at the Company's expense in the furtherance of their duties.

The Audit Committee
The Audit Committee, which meets not less than twice a year, considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee, which comprises Mr E Morfett (Chairman) and Mr R Davey, receives reports from management and the external auditor to enable it to fulfil its responsibility for ensuring that the financial performance of the Group is properly monitored and reported on. In addition, it keeps under review the scope, cost and results of the external audit, and the independence and objectivity of the external auditor.

The Remuneration Committee
The Remuneration Committee, which meets when necessary, is responsible for making recommendations to the Board on directors' and senior executives' remuneration. The Committee comprises Mr R Davey (Chairman) and Mr J Bunyan. Non-executive directors' remuneration and conditions are considered and agreed by the Board.

Financial packages for executive directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract the equivalent experienced executive to join the Board from another company.

Internal Controls
The directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst the directors acknowledge that no internal control system can provide absolute assurance against material misstatement or loss, they have reviewed the controls that are in place and are taking the appropriate action to ensure that the systems continue to develop in accordance with the growth of the Group.

Relations with Shareholders
The Board attaches great importance to maintaining good relations with its shareholders. Extensive information about the Group's activities is included in the Annual Report and Accounts and Interim Reports, which are sent to all shareholders. Market sensitive information is regularly released to all shareholders concurrently in accordance with stock exchange rules. The Annual General Meeting provides an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company maintains a corporate website where information on the Group is regularly updated and all announcements are posted as they are released. The Company welcomes communication from both its private and institutional shareholders.

Share dealing
The Company has adopted a share dealing code for directors and relevant employees in accordance with the Rules of the AIM Market of the London Stock Exchange and will take proper steps to ensure compliance by the directors and those employees.

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2012.

Principal activities

The principal activity of the Group is the commercialisation of the Group's proprietary mineral processing technologies, either through licensing to third parties and/or the acquisition of equity stakes in amenable deposits.

Business Review

A review of the business and the future developments of the Group is set out on pages 4 to 8.

Results

The Group made a consolidated net loss for the year of £1,537,000 (2011: £193,000). The directors do not recommend the payment of a dividend (2011: nil).

Research and development

The Group, through its wholly owned subsidiary MetaLeach Limited, is involved in the ongoing research and development of its proprietary mineral processing technologies, AmmLeach® and HyperLeach®. Further details thereof are set out on pages 4 to 8.

Risk Management

The successful commercialisation of the Group's proprietary mineral processing technologies is subject to a number of risks, both in relation to third party licensing opportunities and the acquisition of equity interests in amenable deposits for the Group. In addition, like all businesses, the Group is exposed to financial risks. The Board adopts a prudent approach to minimise these risks as far as practicable, consistent with the corporate objectives of the Group. These risks are summarised below, together with the disclosures set out in note 18 to the Financial Statements.

Development risks

The Group's strategy to commercialise its proprietary leaching technologies, either through third party licensing agreements or direct equity interests in amenable deposits, is subject to specific technical risks relating to the technologies and wider technical risks relevant to the mining industry as a whole.

There is a risk that the Group will be unable to negotiate suitable licensing arrangements with third parties for the use of the leaching technologies. The Group may also be unable to negotiate the acquisition of equity interests in amenable deposits at commercially attractive prices, or finance the acquisition thereof.

The Group's proprietary leaching technologies have not yet been applied on an industrial scale. The results of testwork performed to date, both in the laboratory and at pilot plant scale, may not be reproducible at an industrial scale in an economically efficient manner.

The Group mitigates the developmental risk for the commercialisation of the technologies by holding discussions with a wide range of companies representing a number of target projects and mines with a diversification of both metals and countries.

Loss of key personnel from the Group

The commercialisation of the Group's leaching technologies is dependent upon the continuing application of skills provided by highly qualified and experienced employees and consultants. There is a risk that the Group's management, employees and consultants will be targeted by competitors. The loss of key employees and consultants may adversely affect the ability of the Group to achieve its objectives. The Group mitigates this risk by ensuring that all key employees and consultants are rewarded appropriately and participate in the Group's share option scheme, further details of which are set out in note 20 to the Financial Statements.

Intellectual property risk

The Group's success depends in part on its ability to obtain and maintain protection for its intellectual property, so that it can ensure that royalties or licence fees are payable for the use of its proprietary leaching technologies. The Group has applied for patents covering its leaching technologies. Although some have been granted, there is a risk that other patents may not be granted and the Group may not be able to exclude competitors from developing similar technologies.

However, the Group actively manages its intellectual property rights portfolio, which includes significant proprietary know-how in addition to the patent pending innovations. When dealing with potential clients, the Group ensures that confidentiality agreements are signed acknowledging the full range of the Group's intellectual property. In addition, contracts are in place with all relevant employees, consultants, contractors and advisers to ensure that all intellectual property rights arising in the course of their work on behalf of the Group vest with the Group, and that such intellectual property can only be used for the benefit of the Group.

Environmental risk

The Group is subject to environmental regulations at its remaining property in Peru. A breach of such regulations may result in the imposition of fines, penalties and other adverse effects on activities.

Currency exchange risk

The Group reports its financial results in Sterling, while a proportion of the Group's costs and revenues are incurred in US Dollars, Australian Dollars, New Zealand Dollars or the Peruvian Nuevo Soles. Accordingly, movements in the Sterling exchange rate with these currencies could have a detrimental effect on the Group's results or financial condition.

Liquidity risk

The Group has to date relied upon shareholder funding of its activities. Development of mineral properties, the acquisition of new opportunities, or the recovery of royalty/licensing income from third party assets, may be dependent upon the Group's ability to obtain further financing through joint ventures, equity or debt financing or other means. Although the Group has been successful in the past in obtaining equity financing, there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Credit risk

The Group has no material credit risk at the date of this report. At 31 December 2012, the remaining instalment payments of £101,000 for the sale of its subsidiary, Alexander Gold Group, were secured by mortgage security over properties of the buyers. Those remaining payments were settled in full on 28 February 2013.

Commodity price risk

The Group's proprietary leaching technologies have the potential to reduce costs and enhance margins at the mine site. The level of interest from mining companies in commercialisation of the Group's proprietary leaching technologies may be affected, for better or worse, by future movements in global metal prices.

Going concern

Based on a review of the Group's budgets and cash flow forecasts, the directors have identified that if current and near-term corporate development opportunities are unsuccessful in providing adequate funding then the Company will need to raise finance within the next twelve months in order to continue its operations and to meet its commitments.

In common with many mining, exploration and intellectual property development companies, the Company needs to raise finance for its activities in discrete tranches to finance its activities for limited periods. The Directors are confident that the Company currently has a range of corporate development opportunities which could include significant funding outcomes and moreover that, if necessary, any further funding can be raised as and when required. On this basis, they have concluded that it is appropriate to draw up the financial statements on the going concern basis. However, there can be no certainty that either development opportunities or alternative funding will be secured in the necessary timescales and this indicates the existence of a material uncertainty that may cast significant doubt on the ability of the company and the group to continue as a going concern. The financial statements do not include any adjustments, particularly in respect of fixed assets, investments, receivables and provisions for winding up which could be necessary if the Company and Group ceased to be a going concern.

Directors

The directors of the Company who held office during the year and their beneficial interests in the shares of the Company at the year-end were as follows:

	Shares held at 31 December 2012 Number	Shares held at 31 December 2011 Number
M L Sutcliffe Executive Chairman	**10,906,000**	10,906,000
M L Rosser Chief Executive Officer	**-**	-
J S Bunyan Non-Executive Deputy Chairman	**-**	-
R O Davey Non-Executive	**-**	-
E M Morfett Non-Executive	**200,000**	-
	11,106,000	10,906,000

In accordance with the Company's Articles of Association, Mr M L Sutcliffe and Mr R O Davey will retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Subsequent to the year-end, Mr A M Clegg was elected as a non-executive director on 21 February 2013. Mr Clegg, having been elected since the previous Annual General Meeting, will retire at the Annual General Meeting in accordance with Article 88.1 of the Company's Articles of Association and, being eligible, will offer himself for re-election.

Other than their service contracts, no director has a material interest in a contract with the Company. Details of directors' remuneration are set out in note 6 to the financial statements.

During the year, directors' and officers' liability insurance was maintained for directors and other officers of the Group as permitted by the Companies Act 2006.

Directors' report continued

The directors' interests in share options are as follows:

	Options held at 31 December 2012	Current exercise price	Date of grant	First date of exercise	Final date of exercise
M L Sutcliffe	1,000,000	10p	23 Mar 2005	23 Mar 2007	22 Mar 2015
M L Sutcliffe	150,000	10p	15 July 2009	15 July 2010	14 July 2019
M L Rosser	500,000	10p	31 May 2005	31 May 2007	30 May 2015
M L Rosser	250,000	10p	1 Aug 2006	1 Aug 2008	31 Jul 2016
M L Rosser	500,000	10p	20 Dec 2007	20 Dec 2009	19 Dec 2017
M L Rosser	1,000,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018
M L Rosser	150,000	10p	15 July 2009	15 July 2010	14 July 2019
J S Bunyan	250,000	10p	23 Mar 2005	23 Mar 2007	22 Mar 2015
J S Bunyan	250,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018
J S Bunyan	150,000	10p	15 July 2009	15 July 2010	14 July 2019
R O Davey	250,000	10p	1 Aug 2006	1 Aug 2008	31 Jul 2016
R O Davey	250,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018
R O Davey	150,000	10p	15 July 2009	15 July 2010	14 July 2019
E M Morfett	250,000	10p	28 Nov 2007	28 Nov 2009	27 Nov 2017
E M Morfett	250,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018
E M Morfett	150,000	10p	15 July 2009	15 July 2010	14 July 2019
Total	5,500,000				

No options held by directors were exercised or lapsed during the period.

Substantial shareholders
Details of the Company's substantial shareholders are set out on the Company's website at www.alexandermining.com.

Payment of suppliers
The Group's policy on the payment of suppliers is to settle the terms of the payments with those suppliers when agreeing the terms of each transaction, ensure that those suppliers are made aware of the terms of payment and abide by the terms of payment.

At the year-end there were 25 days' (2011: 20 days) purchases in Group trade payables.

Political and charitable contributions
The Group has made no political or charitable donations in the year (2011: nil).

Share capital and share options
Details of the share capital of the Company at 31 December 2012 are set out in note 16 to the financial statements. Details of the share options outstanding at 31 December 2012 are set out in note 20 to the financial statements.

Stock Exchanges
The Company's shares are quoted on the AIM market of the London Stock Exchange (symbol AXM). The Company's share quotation on the TSX Venture Exchange (symbol AXD) was voluntarily terminated on 10 January 2013.

Annual General Meeting
The Notice convening the Company's Annual General Meeting, to be held on 20 June 2013, is set out on pages 37 to 39 of this report. Full details of the resolutions proposed at that meeting may be found in the Notice.

Corporate governance statement
A report on corporate governance and compliance with provisions of the UK Corporate Governance Code is set out on page 11.

Provision of information to auditor
In the case of each of the directors who are directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

Auditor
PKF (UK) LLP have merged their business into BDO LLP and accordingly have signed their auditor's report in the name of the merged firm. A resolution to re-appoint BDO LLP as auditor of the company will be put to the Annual General Meeting.

Statement of Directors' Responsibilities

The directors are responsible for preparing the directors' 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 group and company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

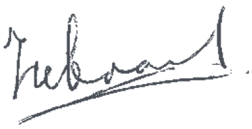
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Website publication

The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By Order of the Board



Terence Cross
Company Secretary

22 May 2013

Independent Auditor's Report to the Members of Alexander Mining Plc

We have audited the financial statements of Alexander Mining plc for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statements of cash flows, the consolidated and company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2a to the group financial statements the group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.

Emphasis of matter - going concern

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 2(a) to the financial statements concerning the requirement of the company to raise further finance within the next twelve months in order to continue its operations and to meet its commitments. If the company is unable to secure such additional funding, this may have a consequential impact on the company's and the group's ability to continue as a going concern.

The outcome of any corporate developments or fundraising cannot presently be determined, and no adjustments to asset carrying values that may be necessary should the company be unsuccessful have been recognised in the financial statements. These conditions, along with the other matters explained in note 2(a) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's and the group's ability to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Jason Homewood (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

22 May 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number 0C305127).

Consolidated income statement

For the year ended 31 December 2012

	notes	2012 £'000	2011 £'000
Continuing operations			
Revenue		**29**	20
Cost of sales		**-**	-
Gross profit		**29**	20
Administrative expenses		**(1,140)**	(1,386)
Research and development expenses		**(459)**	(464)
Operating loss	4	**(1,570)**	(1,830)
Finance income	7	**50**	150
Finance cost	8	**(17)**	-
Loss before taxation		**(1,537)**	(1,680)
Income tax expense	9	**-**	-
Loss for the year from continuing operations		**(1,537)**	(1,680)
Profit for the year from discontinued operations	13	**-**	1,487
Loss for the year		**(1,537)**	(193)
Basic and diluted (loss)/profit per share (pence):			
from continuing operations	10	**(1.13)p**	(1.24)p
from continuing and discontinued operations	10	**(1.13)p**	(0.14)p
from discontinued operations	10	**-**	1.10p

All components of profit or loss for the year are attributable to equity holders of the parent.

Consolidated statement of comprehensive income

For the year ended 31 December 2012

	notes	2012 £'000	2011 £'000
Loss for the year		**(1,537)**	(193)
Other comprehensive income:			
Exchange differences realised on disposal of subsidiary		-	(1,403)
Total comprehensive loss for the year attributable to equity holders of the parent		**(1,537)**	(1,596)

Consolidated balance sheet

As at 31 December 2012

	notes	2012 £'000	2011 £'000
Assets			
Property, plant and equipment	11	**16**	29
Total non-current assets		**16**	29
Trade and other receivables	14	**169**	661
Cash and cash equivalents	15	**519**	1,257
Total current assets		**688**	1,918
Total assets		**704**	1,947
Equity attributable to owners of the parent			
Issued share capital	16	**13,606**	13,599
Share premium	16	**12,043**	11,850
Share option reserve	16	**558**	535
Translation reserve	16	**(60)**	(60)
Accumulated losses		**(25,637)**	(24,100)
Total equity		**510**	1,824
Liabilities			
Current liabilities			
Trade and other payables	17	**194**	123
Total current liabilities		**194**	123
Total liabilities		**194**	123
Total equity and liabilities		**704**	1,947

These financial statements were approved by the Board of Directors and authorised for issue on 22 May 2013 and were signed on their behalf by:

M L Rosser
Director

Company balance sheet

As at 31 December 2012

Company number 5357433 in England and Wales

	notes	2012 £'000	2011 £'000
Assets			
Property, plant and equipment	11	**16**	29
Total non-current assets		**16**	29
Trade and other receivables	14	**154**	646
Cash and cash equivalents	15	**518**	1,256
Total current assets		**672**	1,902
Total assets		**688**	1,931
Equity attributable to owners of the parent			
Issued share capital	16	**13,606**	13,599
Share premium	16	**12,043**	11,850
Share option reserve	16	**558**	535
Accumulated losses	16	**(25,631)**	(24,163)
Total equity		**576**	1,821
Liabilities			
Trade and other payables	17	**112**	110
Total current liabilities		**112**	110
Total liabilities		**112**	110
Total equity and liabilities		**688**	1,931

These financial statements were approved by the Board of Directors and authorised for issue on 22 May 2013 and were signed on their behalf by:

M L Rosser
Director

Consolidated statement of cash flows

For the year ended 31 December 2012

	notes	2012 £'000	2011 £'000
Cash flows from operating activities			
Operating loss – continuing operations		(1,570)	(1,830)
Depreciation and amortisation charge		13	8
Decrease in trade and other receivables		60	60
Increase / (decrease) in trade and other payables		71	(229)
Expenses settled through issue of equity		-	50
Share option charge		23	37
Net cash outflow from operating activities		(1,403)	(1,904)
Cash flows from investing activities			
Interest received		17	5
Acquisition of property, plant and equipment		-	(37)
Proceeds from sale of subsidiary		465	736
Net cash inflow from investing activities		482	704
Cash flows from financing activities			
Proceeds from the issue of share capital		200	-
Net cash inflow from financing activities		200	-
Net decrease in cash and cash equivalents		(721)	(1,200)
Cash and cash equivalents at beginning of period		1,257	2,454
Exchange differences		(17)	3
Cash and cash equivalents at end of period	15	519	1,257

Company statement of cash flows

For the year ended 31 December 2012

	notes	2012 £'000	2011 £'000
Cash flows from operating activities			
Operating loss		(921)	(1,176)
Depreciation and amortisation charge		13	8
Decrease / (increase) in trade and other receivables		60	(44)
Increase / (decrease) in trade and other payables		2	(164)
Shares issued in payment of expenses		-	50
Share option charge		23	37
Inter-company recharges		(10)	(10)
Net cash outflow from operating activities		(833)	(1,299)
Cash flows from investing activities			
Amounts remitted to subsidiary companies		(570)	(607)
Interest received		17	5
Proceeds from sale of subsidiary		465	833
Acquisition of property, plant and equipment		-	(37)
Net cash (outflow) / inflow from investing activities		(88)	194
Cash flows from financing activities			
Proceeds from the issue of share capital		200	-
Net cash inflow from financing activities		200	-
Net decrease in cash and cash equivalents		(721)	(1,105)
Cash and cash equivalents at beginning of period		1,256	2,356
Exchange differences		(17)	5
Cash and cash equivalents at end of period	15	518	1,256

Consolidated statement of changes in equity

For the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Translation reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2011	**13,549**	**11,850**	**(2,487)**	**563**	**1,343**	**(21,485)**	**3,333**
Accumulated loss for period	-	-	-	-	-	(193)	(193)
Realisation of foreign exchange gains upon sale of subsidiary	-	-	-	-	(1,403)	-	(1,403)
Total comprehensive income for the period attributable to equity holders of the parent	-	-	-	-	(1,403)	(193)	(1,596)
Share option costs	-	-	-	37	-	-	37
Share options cancelled	-	-	-	(65)	-	65	-
Transfer from merger reserve	-	-	2,487	-	-	(2,487)	-
Shares issued	50	-	-	-	-	-	50
At 31 December 2011	**13,599**	**11,850**	**-**	**535**	**(60)**	**(24,100)**	**1,824**
Accumulated loss for period	-	-	-	-	-	(1,537)	(1,537)
Total comprehensive income for the period attributable to equity holders of the parent	-	-	-	-		(1,537)	(1,537)
Share option costs	-	-	-	23	-	-	23
Shares issued	7	193	-	-	-	-	200
At 31 December 2012	**13,606**	**12,043**	**-**	**558**	**(60)**	**(25,637)**	**510**

Company statement of changes in equity

For the year ended 31 December 2012

	Share capital £'000	Share premium £'000	Share option reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2011	**13,549**	**11,850**	**563**	**(22,672)**	**3,290**
Accumulated loss for period	-	-	-	(1,556)	(1,556)
Total comprehensive income for the period attributable to equity holders of the parent	-	-	-	(1,556)	(1,556)
Share option costs	-	-	37	-	37
Share options cancelled	-	-	(65)	65	-
Shares issued	50	-		-	50
At 31 December 2011	**13,599**	**11,850**	**535**	**(24,163)**	**1,821**
Accumulated loss for period	-	-	-	(1,468)	(1,468)
Total comprehensive income for the period attributable to equity holders of the parent	-	-	-	(1,468)	(1,468)
Share option costs	-	-	23	-	23
Shares issued	7	193	-	-	200
At 31 December 2012	**13,606**	**12,043**	**558**	**(25,631)**	**576**

Notes to the financial statements

For the year ended 31 December 2012

1 General Information

Alexander Mining plc (the 'Company') is a public limited company incorporated and domiciled in England and its shares are traded on the AIM Market of the London Stock Exchange. The Company's share quotation on the TSX Venture Exchange (symbol AXD) was voluntarily terminated on 10 January 2013. Alexander Mining plc is a holding company of a group of companies (the 'Group'), the principal activities of which are the commercialisation of the Group's proprietary mineral processing technologies, either through licensing to third parties and/or the acquisition of equity stakes in amenable deposits.

These consolidated financial statements were approved for issue by the Board of Directors on 22 May 2013.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') in force at the reporting date and their interpretations issued by the International Accounting Standards Board ('IASB') as adopted for use within the European Union and with IFRS and their interpretations issued by the IASB.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements, are disclosed in note 2 (o).

A separate income statement for the parent company has not been presented, as permitted by section 408 of the Companies Act 2006.

The financial statements are prepared in accordance with IFRS and interpretations in force at the reporting date. The Company has not adopted any standards or interpretations in advance of the required implementation dates.

Going Concern

Based on a review of the Group's budgets and cash flow forecasts, the directors have identified that if current and near-term corporate development opportunities are unsuccessful in providing adequate funding then the Company will need to raise finance within the next twelve months in order to continue its operations and to meet its commitments.

In common with many mining, exploration and intellectual property development companies, the Company needs to raise finance for its activities in discrete tranches to finance its activities for limited periods. The Directors are confident that the Company currently has a range of corporate development opportunities which could include significant funding outcomes and moreover that, if necessary, any further funding can be raised as and when required. On this basis, they have concluded that it is appropriate to draw up the financial statements on the going concern basis. However, there can be no certainty that either development opportunities or alternative funding will be secured in the necessary timescales and this indicates the existence of a material uncertainty that may cast significant doubt on the ability of the company and the group to continue as a going concern. The financial statements do not include any adjustments, particularly in respect of fixed assets, investments, receivables and provisions for winding up which could be necessary if the Company and Group ceased to be a going concern.

Standards, Amendments and Interpretations issued but not yet effective

No Standards and Interpretations that have been issued but are not yet effective, and that are available for early application, have been applied by the group in these financial statements. There are no Standards or Interpretations issued, but not yet effective, which are expected to have a material effect on the financial statements in the future.

b) Basis of consolidation

i) Subsidiaries

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 recognised 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.

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

ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

iii) Business combinations

Business combinations made prior to 1 January 2006 were accounted for in accordance with the relevant UK GAAP at the time. The transitional requirements of IFRS 1 allowed prospective application for all business combinations subsequent to the transition date (1 January 2006). Accordingly such combinations were not re-stated in accordance with that standard. Reserve amounts resulting from such transactions were released in 2011 when the related subsidiary companies were disposed of.

For subsequent business combinations, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill, which is subsequently

Notes to the financial statements continued

tested for impairment rather than amortised. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

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

c) Foreign currency

The Company's functional and presentational currency is Sterling rounded to the nearest thousand and is the currency of the primary economic environment in which the Company operates.

i) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

ii) Financial statements of foreign operations

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a Sterling functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising are recognised in other comprehensive income through the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the operation is disposed of.

iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are recognised in other comprehensive income through the Group's translation reserve. They are released into the income statement upon disposal of the foreign operation.

d) Property, plant and equipment

i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see note 2e) below).

ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

iii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item of property, plant and equipment. Land is not depreciated. The estimated useful lives of all other categories of assets are three years.

The residual value is assessed annually. Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the income statement.

e) Impairment

i) Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable the asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

ii) Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the period.

f) Financial instruments

i) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

ii) Trade and other receivables

Trade and other receivables are not interest bearing and are stated at amortised cost.

iii) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

iv) Trade and other payables

Trade and other payables are not interest bearing and are stated at amortised cost.

g) Share based payment transactions

Directors, senior executives and consultants of the Group have been granted options to subscribe for ordinary shares. All options are equity settled. The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted, at date of grant, and this is expensed on a straight line basis over the estimated vesting period. This estimate is determined using an appropriate valuation model considering the effects of the vesting conditions, expected exercise period and the payment of dividends by the Company.

Shares issued in settlement of expenses are recognised at the fair value of the services received.

h) Operating lease payments

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

i) Share capital
The Company's ordinary shares are classified as equity.

j) Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

k) Revenue
Revenue comprises the fair value of the consideration received or receivable for the provision of services to or from external customers (net of value-added tax and other sales taxes).

Sale of testwork services
The group sells services to other mining companies. These services are generally provided on fixed-price contracts, with contract terms usually less than one year. Revenue is recognised under the percentage-of-completion method, based on the services performed to date as a percentage of the total services to be performed.

Royalty income
Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

l) Research and development costs
Research costs are recognised in the income statement as an expense as incurred. Development costs are recognised in the income statement as an expense as incurred unless the development project meets specific criteria for deferral and amortisation. No development costs have been deferred to date because there is insufficient information at the balance sheet date to quantify the expected future economic benefits from the proprietary leaching technologies.

m) Taxation
The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary 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 or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

n) Segment information
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Chief Operating Decision Maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

o) Critical accounting estimates and judgements
The preparation of financial statements under the principles of IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about such judgements and estimates is contained in the accounting policies and/or the notes to the financial statements and the key areas are summarised below. The area of judgement that has the most significant effect on the amounts recognised in the financial statements is:

• Estimation of share based payment costs – notes 2(g) and 21.

3 Segmental information

The following information is given about the Group's reportable segments:

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segment based on the reports reviewed by the Board.

The Board considers that, since the sale of Argentina Gold Group Limited during 2011, there remains only one operating segment. This incorporates similar activities and services, namely Head Office, including the development and management of intellectual property rights. The results and assets of Peruvian operations are deemed to be immaterial and are included within the remaining single segment. The analysis has been prepared on the basis that prevailed and was reported to the Board until 31 December 2012.

As the group is in the early stages of developing and licensing a new product, the Board assesses the performance of the business based on the segment's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), and overall loss before tax.

The Head Office and Intellectual Property segment recognises all costs and revenues. This segment is not further sub-divided to different geographical regions due to its knowledge and services being offered to a broad geographical spread of clients, often indirectly through multinational groups.

As the company has only a single activity and there is also only one geographical segment, the disclosures for this segment have already been given in these financial statements.

Notes to the financial statements continued

4 Operating loss

Operating loss is stated after charging/(crediting):

	2012 £'000	2011 £'000
Depreciation	13	8
Exchange loss/(gain) on foreign currency	17	(3)
Operating lease expense	33	33
Share option charge (note 20)	23	37
Shares issued in payment of expenses	-	50
Research and development expenses	459	464

5 Auditor's remuneration

	2012 £'000	2011 £'000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	19	19
Tax services	3	5
	22	24

6 Staff costs and directors' emoluments

Directors' remuneration is set out below:	Annual salary £'000	Fees £'000	Other benefits £'000	Total £'000
2012				
M L Sutcliffe	191	-	7	198
M L Rosser	127	-	2	129
R O Davey	-	25	-	25
J S Bunyan	-	40	1	41
E M Morfett	-	25	-	25
	318	90	10	418
2011				
M L Sutcliffe	186	-	6	192
M L Rosser	125	-	2	127
R O Davey	-	25		25
J S Bunyan	-	40	1	41
E M Morfett	-	25		25
	311	90	9	410

The aggregate staff costs for the year were as follows:	2012 £'000	2011 £'000
Directors' remuneration	418	410
Other staff wages and salaries	296	248
Social security costs	26	28
Share based payments	23	37
	763	723

On average, excluding non-executive directors, the group employed 3 technical staff members (2011: 3) and 2 administration staff (2011: 2).

7 Finance income

	2012 £'000	2011 £'000
Unwinding of discount on other receivables	33	142
Interest on short term bank deposits	1	5
Interest on receivable from sale of subsidiary	16	-
Exchange differences on foreign currency	-	3
	50	150

8 Finance cost

	2012 £'000	2011 £'000
Exchange differences on foreign currency	(17)	-

9 Income taxes

No liability to income taxes arises in the period.

The current tax charge for the period differs from the credit resulting from the loss before tax at the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £'000	2011 £'000
Loss before tax	(1,538)	(1,680)
Current tax at 24.5% (2011: 26%)	(377)	(437)
Effects of:		
Expenses not deductible for tax purposes	162	120
Qualifying depreciation in excess of capital allowances on which no deferred tax has been provided	2	-
Unrelieved tax losses arising in the period	213	317
Income tax expense	-	-

	2012 £'000	2011 £'000
Unrecognised deferred tax assets		
Cumulative tax losses	1,448	1,569
Unrelieved exploration expenditure arising in overseas subsidiaries	165	165
Accelerated capital allowances	5	4
Unrecognised deferred tax asset at end of period	1,618	1,738

Deferred tax assets carried forward have not been recognised in the accounts because there is currently insufficient evidence of the timing of suitable future taxable profits against which they can be recovered.

Notes to the financial statements continued

10 Loss per share

The calculation of loss per share is based on the weighted average number of shares in issue in the year to 31 December 2012 of 136,205,121 (31 December 2011: 135,797,501) and computed on the respective profit and loss figures as follows:

	2012		2011	
	£'000	Per share	£'000	Per share
(Loss) - continuing operations	**(1,537)**	**(1.13)p**	(1,680)	(1.24)p
(Loss) - continuing and discontinued operations	**(1,537)**	**(1.13)p**	(193)	(0.14)p
Profit - discontinued operations	**-**	**-**	1,487	1.10 p

There is no difference between the diluted loss per share and the basic loss per share presented. Share options granted to employees could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the period presented.

11 Property, plant and equipment

Company and Group	Office equipment and furniture £'000	Leasehold improvements £'000	Motor vehicles £'000	Total £'000
Cost				
As at 1 January 2011	45	35	-	80
Additions	2	-	35	37
Disposals	(10)	-	-	(10)
As at 31 December 2011	37	35	35	107
As at 31 December 2012	**37**	**35**	**35**	**107**
Depreciation				
As at 1 January 2011	(45)	(35)	-	(80)
Charged in year	(1)	-	(7)	(8)
Disposals	10	-	-	10
As at 31 December 2011	(36)	(35)	(7)	(78)
Charged in year	-	-	(13)	(13)
As at 31 December 2012	**(36)**	**(35)**	**(20)**	**(91)**
Net book value				
As at 31 December 2012	**1**	**-**	**15**	**16**
As at 31 December 2011	1	-	28	29
As at 1 January 2011	-	-	-	-

12 Investments

	Group		Company	
	2012	2011	**2012**	2011
	£'000	£'000	**£'000**	£'000
Subsidiary undertakings (a)	**-**	-	**-**	-

(a) Company subsidiary undertakings

As at 31 December 2012, the Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

Name	Holding	Business Activity	Country of Incorporation
MetaLeach Limited	100%	Leaching technology development	British Virgin Islands
Molinetes (BVI) Limited	100%	Investment holding	British Virgin Islands
Compania Minera Molinetes SAC[1]	100%	Exploration	Peru
Alexander Mining Katanga s.p.r.l.	100%	Dormant	Democratic Republic of Congo
Alexander Mining Technologies Limited	100%	Dormant	British Virgin Islands

[1] Owned by Molinetes (BVI) Limited.

The Company's subsidiary, Alexander Gold Group Limited, was sold on 28 February 2011 – see note 13 for further details.

13 Discontinued operations

On 28 February 2011, the Company completed, as planned, the sale of its entire interest in its subsidiary, Alexander Gold Group Limited, for the sum of US$2,200,000. US$400,000 was received on execution of the legally binding sale and purchase agreement and 18 monthly payments of US$100,000 each became due, commencing in March 2011.

Final payment of the consideration receivable was completed on 28 February 2013.

A net profit for the year attributed to the discontinued business amounted to Nil (2011: £1,487,000), comprised as follows:

	2012	2011
	£'000	£'000
Gain on disposal of discontinued operation	**-**	84
Realisation of translation reserve transferred to Income Statement on disposal of the subsidiary (IAS 21)	**-**	1,403
Profit for the year on discontinued operation	**-**	1,487

Other comprehensive income relating to the disposal group
The cumulative amount transferred to translation reserve in respect of the disposal group amounted to a credit of £1,403,000 at 31 December 2010. This translation reserve was realised by its transfer to the Income Statement on disposal of the subsidiary during the year ended 31 December 2011.

Notes to the financial statements continued

14 Trade and other receivables

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Current assets				
Trade receivables	15	15	-	-
Other receivables	127	595	127	595
Other taxes and social security	2	4	2	4
Prepayments and accrued income	25	47	25	47
	169	661	154	646

Other receivables includes £101,000 (2011: £534,000) in respect of the remaining instalments due from the sale of the Company's subsidiary, Alexander Gold Group Limited. The remaining instalments of £101,000 were paid by 28 February 2013. Amounts due to the Company from its subsidiary companies have been fully provided for as detailed in note 23.

15 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short term deposits. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash on hand and demand deposits	519	1,257	518	1,256

16 Share capital

	2012	2011
Issued and fully paid ordinary shares with a nominal value of 0.1p (2011: 10.0p)		
Number of shares	142,653,209	135,986,542
Nominal value (£)	142,654	13,598,654
Issued and fully paid deferred shares with a nominal value of 9.9p		
Number of shares	135,986,542	-
Nominal value (£)	13,462,667	-

Details of share options issued during the year and outstanding at 31 December 2012 are set out in note 20.

On 14 June 2012, at a General Meeting of the Company, shareholders approved capital restructure proposals whereby each of the existing issued shares of 10p each in the capital of the Company were subdivided and converted into one new ordinary share of 0.1p and one deferred share of 9.9p.

The new ordinary shares have the same rights and benefits of the previously existing ordinary shares. Each fully paid ordinary share carries one vote per share and the right to dividends. The number of new ordinary shares in issue following the capital re-organisation was unchanged from the number of existing ordinary shares in issue immediately prior to the capital re-organisation.

The deferred shares will not be admitted to trading on AIM, have only very limited rights on a return of capital and are effectively valueless and non-transferable. The Directors consider that the deferred shares have no effect on the respective economic interests of the shareholders. No share certificates have been issued for the deferred shares.

All Authorised Capital limitations were removed by way of the adoption of New Articles of Association at the General Meeting of the Company held on 14 June 2012.

Changes in issued Share Capital and Share Premium:
For the year ended 31 December 2012

Ordinary shares	Number of shares	Share Capital £'000	Share premium £'000	Total £'000
Balance as at 1 January 2012	135,986,542	13,599	11,850	25,449
Transfer to deferred share capital on 14 June 2012	-	(13,463)	-	(13,463)
Shares issued for cash - 17 December 2012	6,666,667	7	193	200
Balance at 31 December 2012	142,653,209	143	12,043	12,186

All of the above shares were issued to finance the ordinary activities of the Group.

Deferred shares	Number of deferred shares	Deferred share capital £'000
Balance at 1 January 2012	-	-
Transfer from ordinary share capital on 14 June 2012	135,986,542	13,463
Balance at 31 December 2012	135,986,542	13,463

Capital and reserves
The Consolidated and Company statements of changes in equity are set out on page 22 of this report.

- A merger reserve at 31 December 2010 arose from the Company's acquisition of Alexander Gold Group Limited on 22 March 2005. The merger reserve balance was transferred to accumulated losses upon the sale of Alexander Gold Group on 28 February 2011.

- The share option reserve includes a credit based on the fair value of share options issued since 7 November 2002 that had not vested by 1 January 2006. Details of share options outstanding at 31 December 2012 are set out in note 20.

- The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that do not have a Sterling functional currency. That part of the reserve that related to the operations of Alexander Gold Group Limited was transferred to the Income Statement upon the sale of that subsidiary on 28 February 2011.

The Company has taken advantage of the exemption permitted by Section 408 of the Companies Act 2006 and has not presented its own income statement.

17 Trade and other payables

	Group		Company	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
Trade payables	**26**	36	**26**	36
Other taxes and social security	**22**	9	**22**	9
Accruals and deferred income	**146**	78	**64**	65
	194	123	**112**	110

Accruals and deferred income includes £83,000 (2011: nil) owed to directors of the Company (see note 23)

Notes to the financial statements continued

18 Financial risk management

The Group's and Company's principal financial assets comprise cash and cash equivalents, trade receivables and other receivables. In addition, the Company's financial assets include amounts due from subsidiaries. The Group's and Company's financial liabilities comprise: trade payables; other payables; and accrued expenses.

All of the Group's and Company's financial liabilities are measured at amortised cost. The Group's and Company's financial assets are classified as loans and receivables.

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate financial risks. The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk and foreign currency risk, each of which is discussed below. All non-routine transactions require Board approval. During 2012 the Group has not used derivative financial instruments.

The Board consider that the risk components detailed below apply to both Group and Company. Financial risks are managed at Group rather than Company level.

Credit risk

Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party. The Company's primary exposure is to credit risk on the debtor of £101,000 (2011 £534,000) referred to in note 14, in respect of the sale of its subsidiary, Alexander Gold Group Limited. The Group is further exposed to credit risk on its cash and cash equivalents as set out in note 15, with additional risk attached to other receivables set out in note 14. Credit risk is managed by ensuring that surplus funds are deposited only with well-established financial institutions of high quality credit standing. The majority of receivables risk is mitigated by the holding of mortgage charges over fixed properties to secure payment of the £101,000 receivable due from the buyers of the Group's Argentinean subsidiary.

At 31 December 2012 the Group had no significant trade receivables. The Group's focus on commercialising its technologies may result in significant trade receivables during 2013, the credit risk on which will be managed by assessing the credit quality of each customer, taking into account its financial position and any other relevant factors.

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group reports its financial results in Sterling and is therefore exposed to foreign currency risk as a result of financial assets, future transactions and investments in foreign companies denominated in currencies other than Sterling.

Exchange gains and losses on financial assets or future transactions are recognised directly in profit or loss. A proportion of the Group's costs are incurred in US Dollars, Australian Dollars, New Zealand Dollars, Euros and Peruvian Nuevo Soles. Accordingly, movements in the Sterling exchange rate against these currencies could have a detrimental effect on the Group's results and financial condition.

Foreign exchange risk is managed by maintaining some cash deposits in currencies other than Sterling. The table below shows the currency profiles of cash and cash equivalents:

	2012 £'000	2011 £'000
Sterling	232	515
US Dollars	244	662
Australian Dollars	35	78
New Zealand Dollars	8	2
	519	1,257

The table below shows an analysis of net monetary assets and liabilities by the Sterling functional currency of the Group:

2012	Total £'000
Balances denominated in	
Sterling	**169**
US Dollars	**360**
Australian Dollars	**(10)**
New Zealand Dollars	**(49)**
Other currencies	**(2)**
	468

2011	Total £'000
Balances denominated in	
Sterling	496
US Dollars	1,224
Australian Dollars	72
New Zealand Dollars	2
Other currencies	1
	1,795

Commodity price risk
Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues may be determined by reference to market prices of metals.

In addition to any new projects acquired by the Group, future revenue streams may include royalties from the development of third party assets. The Group's revenue from such royalty streams will be dependent on future commodity prices, both in terms of the absolute value of the royalty and the commodity price required for the successful economic development of such assets.

Liquidity risk
Liquidity risk relates to the ability of the Group to meet future obligations and financial liabilities. The Group monitors its risk to a shortage of funds using cash flow models, which consider existing financial assets, liabilities and projected cash inflows and outflows from operations.

The table below sets out the maturity profile of financial liabilities at 31 December.

	Group		Company	
	2012 £'000	2011 £'000	**2012 £'000**	2011 £'000
Due in less than one month	**83**	84	**59**	71
Due between one and three months	**31**	6	**31**	6
Due between three months and one year	**81**	24	**23**	24
	195	114	**113**	101

To date the Group has relied upon shareholder funding of its activities. Development of intellectual property, the acquisition of new opportunities, or the recovery of royalty income from third party assets, may be dependent upon the Group's ability to obtain further financing through joint ventures, equity or debt financing, corporate developments or other means. Although the Group has been successful in the past in obtaining equity financing there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of such financing will be favourable.

Based on a review of the Group's budgets and cash flow forecasts, the directors have identified that the Company needs to raise finance within the next twelve months in order to continue its operations and to meet its commitments.

Notes to the financial statements continued

18 Financial risk management continued

In common with many mining, exploration and intellectual property development companies, the Company needs to raise finance for its activities in discrete tranches to finance its activities for limited periods. The Directors are confident that the Company currently has a range of corporate development opportunities which could include significant funding outcomes and moreover that, if necessary, any further funding can be raised as and when required.

Interest rate risk profile of financial assets
Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Interest bearing assets comprise cash and cash equivalents. It is the Group's policy to settle trade payables within the credit terms allowed and the Group does not therefore incur interest on overdue balances.

At 31 December 2012 the Group had Sterling denominated short term deposits which attracted interest as follows:

	2012		2011	
	Deposit £'000	Interest rate	Deposit £'000	Interest rate
Sterling deposits	2	0.50%	311	0.50%

The value of the Group's assets at 31 December 2012 and the result for the period would not be materially affected by changes in interest rates.

Fair values of financial assets and liabilities
It is the directors' opinion that the carrying values of the Group's and the Company's financial assets and liabilities as at 31 December 2012 and 31 December 2011 are not materially different from their fair values. They have therefore not been shown separately.

19 Capital management

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, and develop its activities to provide returns for shareholders and benefits for other stakeholders.

The Group's capital structure comprises all components of equity (i.e. ordinary share capital, share premium, retained earnings and other reserves). At 31 December 2012 the Group had no debt. When considering the future capital requirements of the Group and the potential to fund specific project development via debt the directors consider the risk characteristics of all of the underlying assets in assessing the optimal capital structure.

20 Share based payments

The Group operates an Executive Share Option Plan, under which directors, senior executives and consultants have been granted options to subscribe for ordinary shares. All options are share settled. The number and weighted average exercise prices of share options are as follows:

	2012		2011	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	10.1p	10,175,000	10.1p	9,975,000
Granted during the period	-	-	10.0p	1,250,000
Cancelled during the period	-	-	10.0p	(1,050,000)
Outstanding at the end of the period	10.1p	10,175,000	10.1p	10,175,000
Exercisable at the end of the period	10.1p	9,308,332	10.1p	7,861,665

Share options outstanding at 31 December 2012 had a weighted average exercise price of 10.1 pence (2011: 10.1 pence) and a weighted average contractual life of 5.4 years (2011: 6.4 years). To date no share options have been exercised. There are no market based vesting conditions attaching to any share options outstanding at 31 December 2012.

At 31 December 2012 the total number of options over ordinary shares outstanding was as follows:

Exercise period	Number	Weighted average exercise price
Vested:		
Exercisable until 2015	2,250,000	10.0p
Exercisable until 2016	525,000	10.0p
Exercisable until 2017	750,000	10.0p
Exercisable until 2018	2,300,000	10.0p
Exercisable until 2019	2,750,000	10.0p
Exercisable until 2020	316,666	12.3p
Exercisable until 2021	416,666	10.0p
Exercisable at the period end	9,308,332	10.1p
Not yet vested:		
Exercisable between 2013 and 2020	33,334	13.5p
Exercisable between 2013 and 2021	833,334	10.0p
	10,175,000	10.1p

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted. This estimate is based on a Black-Scholes model which is considered most appropriate considering the effects of the vesting conditions, expected exercise period and the payment of dividends by the Company.

21 Commitments

Future commitments for the Group under non-cancellable operating leases are as follows:

	2012 £'000	2011 £'000
Payable within one year	**31**	33
Payable between one and two years	**37**	-
	68	33

The Group does not sub-lease any of its leased premises. Payments under operating leases recognised in operating loss in the period are set out in note 4.

22 Contingent liabilities

There were no contingent liabilities at 31 December 2012 or 31 December 2011.

Notes to the financial statements continued

23 Related parties

The Group's investments in subsidiaries have been disclosed in note 12.

During the period, Alexander Mining plc entered into the following transactions with other group companies:

	Sale of goods and services		Amounts owed by group companies			
	2012 £'000	2011 £'000	At 1 January 2012 £'000	Increase in period £'000	Provisions in period £'000	At 31 December 2012 £'000
Molinetes BVI Limited	-	-	-	4	(4)	-
MetaLeach Limited	10	10	-	576	(576)	-
	10	10	-	580	(580)	-

Amounts owed by related parties are unsecured, interest-free, and have no fixed terms of repayment. The balances will be settled in cash. No guarantees have been given or received.

Details of directors' emoluments are set out in note 6. Compensation for key management personnel was as follows:

	2012 £'000	2011 £'000
Short-term employee benefits	675	617
National Insurance contributions	23	25
Other benefits	10	9
Share-based payments	18	35
	726	686

During the period, Metaleach Limited paid £29,000 (2011: £15,000) to consulting metallurgist Dr Katherine Mallat in respect of AmmLeach® testwork supervision. Dr Mallat is the spouse of Garry Johnston, a senior Group employee.

During the period Alexander Mining plc received £12,000 (2011: £3,000) from Equest Limited in respect of office services provided to Global Oil Shale Limited. Mr Matthew Sutcliffe is a director of both Alexander Mining plc and Global Oil Shale Limited.

At 31 December 2012, the following amounts were owed to directors of the company in respect of deferred payments of directors' fees. These amounts are included in Trade and Other Payables (note 17):

Mr M L Sutcliffe	£58,000 (2011: nil)
Mr M L Rosser	£25,000 (2011: nil)

24 Post balance sheet events

On 10 January 2013 the Company voluntarily terminated its listing and share quotation on the TSX Venture Exchange.

On 28 January 2013 the Company issued 416,842 new ordinary 0.1p shares, at 4.75p per share, in payment for £19,800 of expenses.

On 2 April 2013 the Company issued for cash 18,775,000 new ordinary 0.1p shares at 4.0p per share, raising £751,000, for general working capital purposes.

On 16 May 2013 the Company issued for cash 6,666,667 new ordinary 0.1p shares at 3.0p per share, raising £200,000, for general working capital purposes.

On 16 May 2013 the Company issued 618,000 new ordinary 0.1p shares in payment of expenses.

Notice of Annual General Meeting

(incorporated and registered in England and Wales under number 5357433)

Notice is hereby given that the Annual General Meeting of Alexander Mining plc will be held at the offices of Northland Capital Partners Limited, 60 Gresham Street, London EC2V 7BB, at 10:30am on Thursday 20th June 2013 in order to consider and, if thought fit, pass resolutions 1 to 6 as ordinary resolutions and resolution 7 as a special resolution:

Ordinary Resolutions

1 To receive, consider and adopt the Directors' Report and Accounts for the year ended 31st December 2012, together with the Auditor's report thereon.

2 To re-elect as a director Mr M L Sutcliffe who retires by rotation in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

3 To re-elect as a director Mr R O Davey who retires by rotation in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

4 To re-elect as a director Mr A M Clegg who, having been elected since the previous Annual General Meeting, retires in accordance with Article 88.1 of the Company's Articles of Association and who, being eligible, offers himself for re-election.

5 To re-appoint BDO LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP, as auditors of the Company and to authorise the Directors to determine their remuneration.

6 That the Directors be generally and unconditionally authorised pursuant to Section 551 of the Companies Act 2006 (the '2006 Act') to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ('Rights') up to an aggregate nominal amount of £100,000 provided that this authority shall, unless previously revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this resolution or (if earlier) 12 months from the date of passing this resolution, but so that the directors may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority hereby conferred had not expired.

This authority is in substitution for all previous authorities conferred on the Directors in accordance with Section 80 of the Companies Act 1985, or Section 551 of the 2006 Act.

Special Resolution

7 That, subject to the passing of Resolution 6, the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 6 or by way of a sale of treasury shares, as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

7.1 the allotment of equity securities in connection with an offer by way of a rights issue:

7.1.1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

7.1.2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

7.2 the allotment (otherwise than pursuant to paragraph 7.1 above) of equity securities up to an aggregate nominal amount of £100,000.

The power granted by this resolution will unless renewed, varied or revoked by the Company, expire at the conclusion of the next Annual General Meeting of the Company following the date of the passing of this resolution or (if earlier) 12 months from the date of passing this resolution, save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the 2006 Act did not apply, but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

The Board of Alexander Mining plc recommends that shareholders vote in favour of all the proposed resolutions.

Members or their appointed Proxies are entitled to ask questions of the Board at the Annual General Meeting. The Board will answer any such questions unless (i) to do so would interfere unduly with the conduct of the meeting or involve the disclosure of confidential information; or (ii) the answer has already been given on the Company's website; or (iii) to answer such questions is contrary to the Company's best interest or the good order of the meeting.

By order of the Board

T A Cross
Company Secretary

22 May 2013

Registered Office
1st Floor, 35 Piccadilly, London, W1J 0DW

Notes to the Notice of Annual General Meeting

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting, using the attached Form of Proxy. A proxy need not also be a member. If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member. If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Mon - Fri). Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting should the member so decide.

2. To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be completed and returned so as to reach: (i) the Company's Registrars in accordance with the reply paid details or (ii) by hand to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof.

3. A corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in respect of the same shares.

4. The Company, pursuant to resolution 41(1) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 6:00p.m. on 18th June 2013 (or, if the meeting is adjourned, at 6:00p.m. on the day two days prior to the adjourned meeting) be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast). Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

5. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable obligation under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any member holding 3% or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of those voting rights and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.

6. The following documents will be available for inspection during normal business hours on any week day at the Company's registered office up until the date of the Annual General Meeting and at the place of the meeting from 30 minutes before the start of the meeting on 20th June 2013 until the end of the meeting:

   i) a copy of the Memorandum and Articles of Association of the Company;

   ii) the contracts of service and letters of appointment between the Company or its subsidiary undertakings and its Directors.

7. To appoint proxies or give/amend an instruction to an appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID: RA10) by 6:00pm on 18th June 2013 and time of receipt will be taken as the time (as determined by the timestamp applied by the CREST Applications Host) that the issuer's agent is able to retrieve the message. CREST Personal Members or other CREST Sponsored Members, and CREST Members who have appointed voting service providers, should refer to their sponsor/voting service provider for advice on appointing proxies via CREST. Regulation 35 of the Uncertificated Securities Regulations 2001 will apply to all proxy appointments sent by CREST. For information on CREST procedures and system timings, please refer to the CREST Manual.

Form of Proxy

Proxy Form for use by holders of ordinary shares at the Annual General Meeting (the 'AGM') to be held on Thursday 20th June 2013.

Alexander Mining plc
(the 'Company')

Please read the Notice of the Meeting and the accompanying explanatory notes to this Proxy Form carefully before completing this Proxy Form.

I/We

(BLOCK CAPITALS PLEASE)

of

being a member/members of Alexander Mining plc, appoint the Chairman of the AGM or (see Explanatory Note 2)

*

as my/our proxy to exercise all or any of my/our rights to attend, speak and vote in respect of my/our voting entitlement on my/our behalf as indicated below at the AGM and at any adjournment thereof (see Explanatory Notes 3, 4 and 5).

☐ Please tick here if this proxy appointment is one of multiple appointments being made.

* For the appointment of more than one proxy, please refer to Explanatory Note 4 Please clearly mark the boxes below to instruct your proxy how to vote.

Signature
(see Explanatory Note 6)

Date

RESOLUTIONS	For	Against	Vote withheld	Discretionary
ORDINARY RESOLUTIONS				
1 Adoption of Report and Accounts				
2 Re-election of Mr M L Sutcliffe				
3 Re-election of Mr R O Davey				
4 Re-election of Mr A M Clegg				
5 Re-appointment of BDO LLP				
6 Authority to allot new shares				
SPECIAL RESOLUTION				
7 Dis-application of pre-emption rights				

Explanatory Notes to the Proxy Form:

1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the AGM on your behalf. You should appoint a proxy using the procedure set out in these Explanatory Notes.

2 A proxy need not be a member of the Company but must attend the meeting to represent you. If you wish to appoint as a proxy a person other than the Chairman of the AGM, please delete the words "the Chairman of the AGM" and insert the full name of the other person in the box provided on this Proxy Form. If you sign and return this Proxy Form with no name inserted in the box, the Chairman of the AGM will be deemed to be your proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this Proxy Form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

3 The completion and return of this Proxy Form will not prevent you from attending in person and voting at the AGM should you subsequently decide to do so. However, if you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

4 You are entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please use a photocopy of this form or contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am – 5.30pm Mon - Fri). Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

5 If you wish your proxy to cast all of your votes for or against a resolution you should insert an "X" in the appropriate box. If you wish your proxy to cast only certain votes for and certain votes against, insert the relevant number of shares in the appropriate box. The "Vote Withheld" option is provided to enable you to instruct your proxy to abstain from voting on a particular resolution. A "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of the votes "For" or "Against" a resolution. The "Discretionary" option is provided to enable you to give discretion to your proxy to vote or abstain from voting on a particular resolution as he or she thinks fit. In the absence of instructions, your proxy may vote or abstain from voting as he or she thinks fit on the specified resolutions and, unless instructed otherwise, may also vote or abstain from voting as he or she thinks fit on any other business (including on a motion to amend a resolution, to propose a new resolution or to adjourn the AGM) which may properly come before the AGM.

6 This Proxy Form must be signed by the member or his/her attorney. Where the member is a corporation, the Proxy Form must be executed under its common seal or signed by a duly authorised representative of the corporation, stating their capacity (e.g. director, secretary). In the case of joint holders, any one holder may sign this Proxy Form. The vote of the senior joint holder (whether in person or by proxy) will be taken to the exclusion of all others, seniority being determined by the order in which the names stand in the register of members in respect of the joint holding.

7 To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notarially certified copy of such authority) must be completed and returned so as to reach (i) the Company's Registrars in accordance with the reply paid details, (ii) or by hand to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, not less than 48 hours before the time appointed for the meeting.

8 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the AGM and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at 6pm. on the day which is two days before the day of the AGM or adjourned meeting. Changes to entries on the register of members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

9 All alterations made to this Proxy Form must be initialled by the signatory.

10 If you submit more than one valid proxy appointment in respect of the same share or shares, the appointment received last before the latest time for the receipt of proxies will take precedence. If the Company is unable to determine which was received last, none of the proxy appointments in respect of that share or shares shall be valid.

11 Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

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Business Reply
Licence Number
RSBH - UXKS - LRBC

1

PXS
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Second fold

First fold

Directors and Advisers

Company Secretary
T A Cross

Directors
M L Sutcliffe
M L Rosser
J S Bunyan
A M Clegg
R O Davey
E M Morfett

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
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HD8 0LA

Auditor
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Farringdon Place
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Nominated Adviser and Broker
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