

Alexander Mining plc

– an AIM quoted mining and mineral processing technology company with a reputation for strong technical management, allied with financial markets’ expertise and experience.

The Company’s activities are directed towards the objective of becoming a low cost, highly profitable and diversified mining technology company.

This will be achieved from the commercialisation of its proprietary mineral processing technologies, partnerships in producing mines and the acquisition of equity positions in advanced projects.

More than two years ago, Alexander Mining initiated the process to transform the Company, creating a new focus on growth by building a mining technology company using its innovative and proprietary mineral processing technology.

With major global applications for high acid consuming copper and zinc oxide deposits, our technology offers the potential to revolutionise the extraction processes for many base metal deposits.

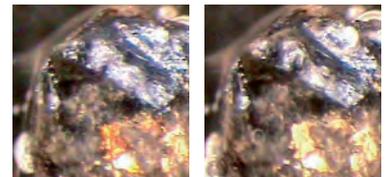
We believe that the greatest potential for technical innovation in the mining industry is in mineral processing.

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Highlights

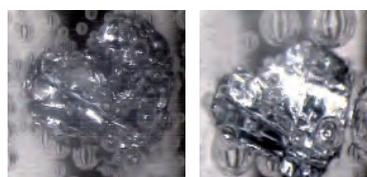
- > Excellent progress made towards the commercialisation of our proprietary MetaLeach® technology
- > Industry interest from a number of multinational mining companies in using technology in exchange for royalties and/or licence fees
- > Independent expert's report shows significant capital and operating cost savings using AmmLeach®
- > Agreement with RPT Resources for the development of mining projects
- > Sharp improvement in the past year for the fortunes of the mining industry as metals prices recovered strongly
- > Healthy cash position of £3.54m at 31 December 2009, with significantly reduced costs and growing testwork revenue

An independent technical expert's report commissioned by Alexander Mining showed substantial capital and operating cost savings for a typical copper/cobalt mine using AmmLeach®:



The report examined the potential capital and operating cost savings for building and running a typical 50,000 & 100,000 tonnes per annum (tpa) copper/cobalt mine in the Democratic Republic of Congo.

Martin Rosser, CEO said: "The report clearly shows that...there should be substantial capital and operating cost savings by using Alexander's AmmLeach® technology."



"the savings range from around 30% for capital and 43% per annum for operating costs, amply illustrating the major potential commercial value of our AmmLeach® technology..."

Chairman's statement

The significant improvement in the mining industry's prospects, after the nadir in global stock markets of over a year ago, has greatly reinforced the healthy and ongoing interest shown by mining companies in our technology.

The past year has been one of significant achievement for Alexander Mining. Through our wholly owned MetaLeach Limited ("MetaLeach®") subsidiary, the progress made in moving towards the commercialisation of our proprietary leaching technologies, especially AmmLeach®, has been excellent.

A dual approach has been adopted. Firstly, we look to develop a system of global licensing of our technology to generate a long term royalty stream from mining companies, and secondly, leverage into direct project interests where our technology may be applicable. The significant improvement in the mining industry's prospects, after the nadir in global stock markets of over a year ago, has greatly reinforced the healthy and ongoing interest shown by mining companies in our technology.

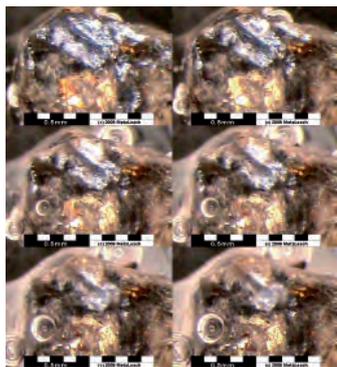
At our Research and Development facility run by Dr. Nicholas Welham at the University of Ballarat in Australia, we have been busy conducting AmmLeach® amenability testwork for a wide range of samples provided by clients. The samples cover a broad variety of minerals and geographical spread. A particular focus has been the African copper belt (Zambia and the Democratic Republic of the Congo - "DRC"). This is as a result of advances made in using AmmLeach® to process copper/cobalt oxide ores. The DRC hosts some of the world's largest undeveloped copper/cobalt deposits, many of which are ideally suited to our AmmLeach® process. This work has led to further AmmLeach® family patents being applied for in the relevant countries, notably the DRC.

More recently, industry recognition of the major commercial value of our technology has been demonstrated. The Company has been approached by a number of multinational mining companies which have a commercial interest in production using our AmmLeach® technology under licence. In addition, one company recently made an indicative, non-binding proposal to purchase the Company's AmmLeach® technology, on an outright basis, for its global operations.

In response, the Company commissioned an independent technical expert, David Lunt of Sterling Process Engineering in Western Australia, to examine the potential capital and operating cost savings for a typical copper and cobalt mine in the DRC using AmmLeach®, compared with the conventional method using sulphuric acid.

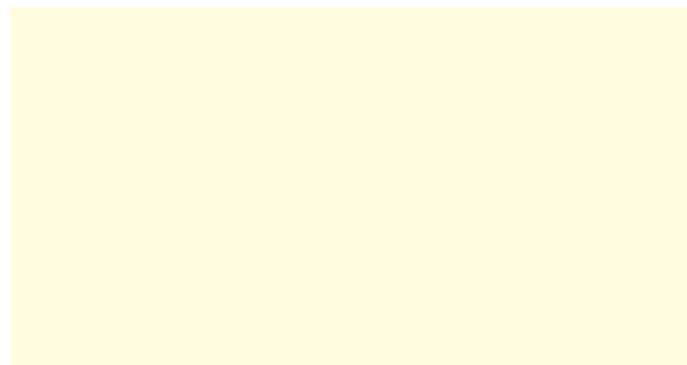
The report's findings, which are reported more fully in the Business Review section, clearly show that the potential cost savings for building and running a mine should be substantial. For example, in a study of one medium sized copper mine, the savings were estimated to be around 30% for capital and around 43%, for operating costs, amply illustrating the major potential commercial value of our AmmLeach® technology for the copper industry alone. Although the flow sheet and equipment for both process options is identical in many areas, the major part of the differential is due to the fact that instead of an expensive acid plant, the AmmLeach® option uses a much lower capital cost ammonia plant and the cobalt circuit is much simpler and cheaper.

Regarding the second route to the commercialisation of our technology, namely the acquisition of direct equity interests in copper and zinc properties and development projects, we have identified many attractive opportunities in different regions of the world. To enable us to capitalise on these opportunities, in August we announced that MetaLeach® had signed a twelve months commercial agreement with Canadian mining company



Alexander Mining, through its wholly owned subsidiary MetaLeach[®] is solely focused on the commercialisation of its proprietary mineral processing technologies.

Time lapse videomicroscopy of selected minerals may be used to optimise processing methods and practice.



Matt Sutcliffe
Executive Chairman

RPT Resources Ltd. The agreement is to develop jointly mining projects identified by Alexander using MetaLeach[®]'s proprietary leaching technologies. It is an excellent way of accelerating the commercialisation of our leaching technology for mutual benefit. It allows us to participate in any future profits and gains via a significant equity stake in suitable properties/projects funded by RPT. Several opportunities have been presented to RPT and taken to the next stage of evaluation.

Based upon recent testwork, the potential applicability of AmmLeach[®] has expanded to include some nickel laterites. Further development of HyperLeach[®] has continued more slowly due to the emphasis on AmmLeach[®]. A most exciting recent development is a process combining the strengths of HyperLeach[®] and AmmLeach[®] aimed at the heap leaching of molybdenum/rhenium ores. This has the potential to dramatically change the global molybdenum market by providing a low cost process route for otherwise uneconomic ores.

We have reported our intentions to try and find a cash buyer for our Leon copper project in Argentina, where costs were provided for in the previous financial year. We are currently in negotiations with an interested party.

Regardless of the outcome of the potential sale, the Group had a comfortable cash position of £3.54m at the end of 2009.

Outlook

The health of the global mining industry compared to a year ago has improved considerably. Demand for base metals, especially from China and other growing economies, has been strong. This has given the mining sector a significant confidence boost as metals prices have recovered sharply, which in turn is good for our commercialisation efforts. Our cash position is healthy and we have a tight rein on costs. Test work should continue to provide a valuable revenue stream as well as adding to our considerable intellectual know-how. The Company is confident that it will be able to convert the strong interest shown in its technology into licence and royalty fee income for the benefit of its shareholders.

Finally, I would like to thank the Company's employees, consultants and directors for their much appreciated role in the Company's success during the last year.

Matt Sutcliffe
Executive Chairman

6 May 2010

Business review

Industry recognition of the major value of our technology has been demonstrated, the Company having been approached by a number of multinational mining companies which have a commercial interest in using our AmmLeach® technology under licence.

Independent researchers forecast that demand for the main base metals, including copper and zinc, will double in the next 15-20 years... Where is it all going to come from?

Introduction

I am pleased to report on Alexander's business activities for the past year. In my comments a year ago, I ventured the opinion that the pain being experienced in the mining industry at that time would translate into a sharp recovery in the industry's fortunes in due course. Whilst obviously pleased at its prescience, the speed of the recovery seen has been a welcome surprise.

This backdrop has assisted in making the past year one of significant progress for our MetaLeach® business on several fronts. Continued valuable work has been done on testwork for a variety of companies active in different parts of the world on a wide range of deposits. Moreover, this has generated significant revenue to offset against our running costs.

METALEACH LIMITED

MetaLeach Limited is a wholly owned subsidiary of Alexander Mining plc, and was formed in 2007 to enable the commercialisation of its proprietary hydrometallurgical mineral processing technologies. These technologies have the potential to revolutionise the extraction processes for many base metals deposits by reducing costs, and hence enhancing operating margins, at the mine site.

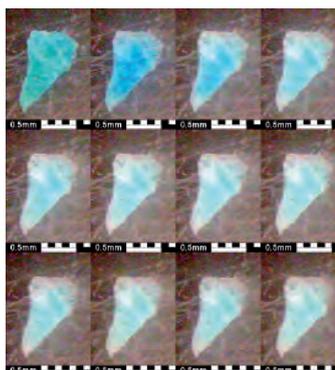
MetaLeach® owns the intellectual property to two ambient temperature, ambient pressure, hydrometallurgical technologies, namely AmmLeach® (patents pending) and HyperLeach® (patents pending). These technologies are environmentally friendly, cost effective processes for the extraction of base metals from 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 created as a result of the Company's work at its Leon copper project in Argentina and subsequent research and development undertaken by the Company and its consultant Dr. Nicholas Welham.

Commercialisation of AmmLeach®

The following metals are particular targets for the AmmLeach® process:

- copper and copper/cobalt in carbonate and weathered oxide deposits;
- zinc (and cadmium) in mixed oxide deposits;
- nickel and cobalt in lateritic deposits;
- gold, silver and copper in leached porphyries;
- pre-treatment of gold ores with high cyanide-soluble-copper levels;
- polymetallic base metal deposits, especially uranium; and
- leaching of base metals from roaster concentrates.

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 (Cu & Zn), USA (Cu), Democratic Republic of the Congo (Cu, Cu/Co), Zambia (Cu, Cu/Co) and Australia (Cu).



Time lapse videomicroscopy of copper mineral malachite ($\text{CuCO}_3 \cdot \text{Cu}(\text{OH})_2$) over a period of three hours, shows the dissolution using AmmLeach®.

Metaleach®



MetaLeach Limited, our wholly owned subsidiary company continues to develop and commercialise our proprietary new mineral processing technologies.



Martin Rosser
Chief Executive Officer

Of these, the copper process has already been demonstrated at pilot plant scale for heap leaching, for which a more comprehensive description can be found below, and at bench scale for agitated leaching. The cobalt (or copper and cobalt oxide ore) process has been bench scale tested successfully for both heap and agitated leaching.

Further development of the zinc process has led to a new solvent extraction process for zinc from ammoniacal solutions, for which patents are pending. This patent application is for the recovery of zinc from ores which do not require pre-treatment before ammoniacal leaching. A patent covering a process allowing selective leaching of zinc from sideritic zinc ores has also been applied for.

The nickel process is still under development but early trials on a wide variety of ores show promise.

Because of the tailored pre-treatment step, almost any ore type is amenable to the AmmLeach® process. Thus far, it has been demonstrated on predominantly oxide ores but some sulphides have also been shown to leach after appropriate pre-treatment. This advance allows the treatment of mixed oxide-sulphide ores which are often present in the transition from weathered to un-weathered ore. As a project proceeds, the AmmLeach® process can be modified to cope with the changing mineralogy from oxide to sulphide without substantial capital expenditure.

Polymetallic ores can also be processed by AmmLeach®, with separation achieved using solvent extraction to separate metals and produce multiple revenue streams. The minimisation of ammonia transfer allows these metals to be recovered directly from their strip solution by precipitation, crystallisation or electrowinning.

The alkaline conditions used in the AmmLeach® process allow precious metals to be recovered from the base metal depleted heap using a secondary

leach step. The heap can simply be washed to recover ammonia and subjected to standard alkaline cyanidation to recover gold and silver.

Work is currently underway to incorporate precious metal recovery within the AmmLeach® process. Preliminary work on the leaching of cyanide consuming metals prior to precious metal leaching with cyanide looks highly promising.

Potential licensing/royalties

Several multinational, major, intermediate and junior companies have assessed/are assessing the Company's leaching technology, principally for copper, copper/cobalt and zinc.

Although testwork and commercial discussions relating to these companies are subject to confidentiality agreements, included are companies which have significant interests in the African copper belt (Zambia and the DRC), Southern Africa, Australia, South America and North America. The DRC is becoming a focus as a result of advances made in using AmmLeach® to process copper/cobalt ores and, in turn, the country's fabulous endowment in the two metals. A notable amount of activity also pertains to problem processing situations where MetaLeach®'s leaching technology could make a significant difference to the economic prospects.

The important initial stage to potential commercialisation involves amenability testing of third party ore samples. This testwork is carried out at the research and development facility at the University of Ballarat in Australia, supervised by our consultant Dr Nicholas Welham, and also at commercial laboratories.

As mentioned in the Chairman's statement, industry recognition of the major commercial value of our technology has been shown by one company making an indicative, non-binding proposal to purchase the Company's AmmLeach® technology, on an outright basis, for its global operations. Consideration of and negotiations about this proposal are ongoing.

Business review

Several multinational, major, intermediate and junior companies have assessed or are assessing the Company's leaching technology, principally for copper, copper/cobalt and zinc.

Many attractive opportunities in different regions of the world suitable for acquiring direct equity interests in copper and zinc properties and development projects have been identified.

Potential project interests

The Company sees a significant opportunity to enhance the potential value of its technology by identifying and securing, where possible, equity interests in its own right in amenable deposits in exchange for the use of the technology.

Many attractive opportunities in different regions of the world suitable for acquiring direct equity interests in copper and zinc properties and development projects have been identified.

In order to investigate and capitalise on these opportunities, in August last year MetaLeach® signed a twelve months commercial agreement with RPT Resources Ltd. ("RPT", listed on the TSX Venture Exchange). The agreement allows the Company to participate in any future profits and gains via a significant equity stake in suitable properties/projects but with a negligible cost. RPT brings valuable financial resources and equity capital markets experience to this exercise.

Under the agreement, which can be extended by mutual agreement after twelve months, MetaLeach® will provide RPT with information regarding potential mineral properties which may be suitable for the use of MetaLeach®'s proprietary leaching technologies (in particular its AmmLeach® process), and which could be instrumental in the financially viable development of the properties.

RPT will be entitled to select one or more properties in which it wishes to acquire an interest and it will be responsible for funding the initial acquisition costs. RPT will also fund, or be responsible for procuring funding for, the development of a selected property through to commercial production.

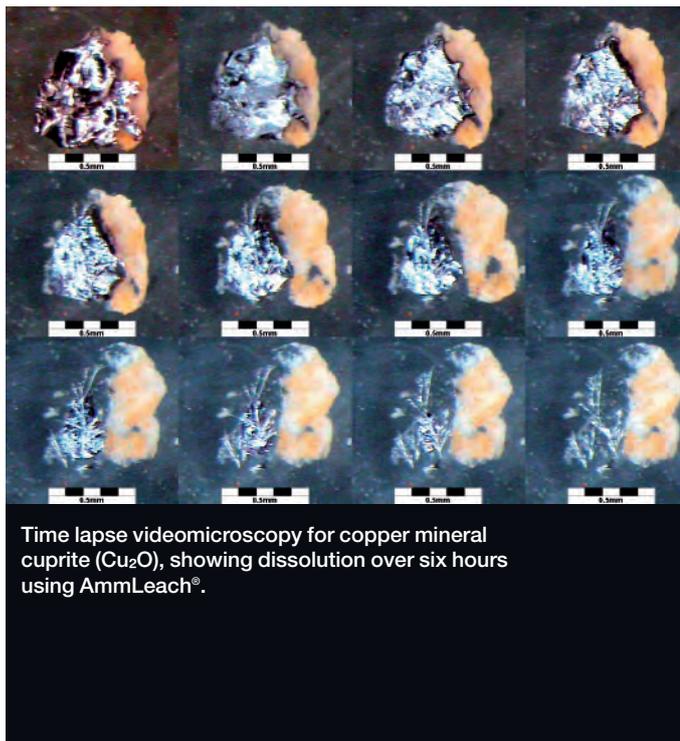
MetaLeach® will assist in the negotiations for the acquisition of an interest in the potential properties. Until RPT has had an opportunity to review the suitability of each of the potential properties, MetaLeach® agrees not to provide any information with respect to that potential property to any other company, individual or other entities. In the event that a potential property is not selected for acquisition by RPT within three months, then MetaLeach® shall be free to provide details to other parties. MetaLeach® is obligated to provide information regarding at least three properties in each of the first and second six months periods of the agreement.

In consideration for the property identification service, RPT will pay MetaLeach® a consultancy fee of US\$300,000 per annum, of which the first US\$150,000 was paid on signature of the formal agreement and the balance payable in equal monthly instalments commencing six months thereafter.

MetaLeach® will provide RPT with technical assistance services, including conducting testwork, in relation to the application of the leaching technologies to each selected property, on MetaLeach®'s normal commercial terms. In addition, MetaLeach® will provide a licence for the use of its leaching technologies on the selected property at no cost to RPT to enable the property to be developed and for commercial production to proceed. The no-cost licence entitlement shall continue in force only if RPT and MetaLeach® together own the entire interest in the selected property.

In consideration for the above, RPT and MetaLeach® will share profits from a selected property in the ratio 80% and 20% respectively. Profits and gains will be shared after crediting RPT with all acquisition costs. RPT and MetaLeach® will be diluted proportionately by external investors in any selected property.

Since the agreement was signed, several opportunities have been presented to RPT and taken to the next stage of evaluation.



Comparison of AmmLeach® with acid heap leaching of copper

| Parameter | Acid | AmmLeach® |
|-------------------------------|---|--|
| Mineralogy | Oxides, carbonates, silicates, some sulphides | Almost any - dependent upon pretreatment stage |
| Selectivity | Low: iron, manganese, calcium and silica are likely problems | High: no iron, manganese, calcium or silica dissolution |
| Rate of extraction | Limited by acid strength and diffusion | Ammonia concentration in leach solution matched to leaching rate |
| Recovery | 80% of leachable metal typical | >80% in 130 days |
| Heap lifetime | 55 – 480 days | ~80 – 130 days |
| Sulphate precipitation | Reduced permeability in heap, break down of clays and plant scaling due to precipitation of gypsum and jarosite | Calcium and iron solubilities too low for precipitation, also low sulphate levels in leach solution |
| Leachant consumption | Depends upon carbonate content but 30 to over 100kg/t reported for operating heaps | Depends on concentration used but range of 3-5kg/t is reasonable |
| Safety | Large volumes of concentrated acid required | Gaseous ammonia main hazard, on-demand systems using hydrolysis of urea to minimise transport risks |
| Precious metals | Heap to be neutralised before cyanidation | Neutralisation not required, potential for simultaneous recovery using thiosulphate or sequential leaching using cyanide |
| Mine closure | Heap requires washing, neutralisation and long term monitoring to avoid acid mine drainage (AMD) | Heap can be washed and left, residual ammonia acts as fertiliser for vegetation regrowth, minimal likelihood of AMD |

The AmmLeach® Process

The AmmLeach® process (patents pending) is a proprietary process developed by MetaLeach® 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, although AmmLeach® is also 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 flow sheet.

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, which uses recycled raffinate from the solvent extraction stage. Solvent extraction is used to separate and concentrate the metals, whilst also changing from ammoniacal media to acid sulphate media from which metals can be directly electrowon using industry standard unit operations. One of the key benefits of the AmmLeach® process is that, unlike some new technologies, it requires no special purpose built equipment. 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; the choice is dictated by the grade and deposit economics. 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 and manganese, which are insoluble under AmmLeach® conditions. Calcium solubility is also significantly suppressed by the presence of carbonate and extremely low sulphate levels in the leaching solutions. These features ensure that there are no potential problems due to jarosite or gypsum precipitation reducing permeability in the heap or scaling problems in the solvent extraction plant. Additionally, silica is also insoluble in the AmmLeach® process, removing problems associated with formation of unfilterable precipitates within an acid leach plant during pH adjustment and the need to handle high viscosity solutions. 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 pre-treatment step is specific to each ore body. The whole AmmLeach® process is tailored to individual ore bodies and consequently has substantially lower ammonia losses than earlier processes. In theory, all the ammonia can be recovered, however in practice small losses do occur.

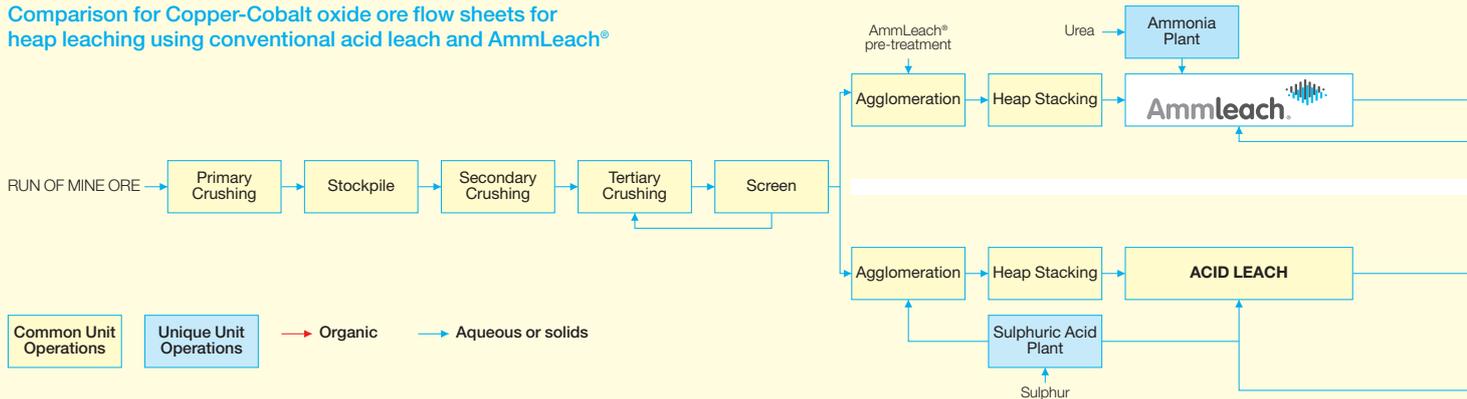
Decommissioning of the heap is extremely simple as no neutralisation is necessary and the potential for acid mine drainage is virtually eliminated. After final leaching the heap is simply washed to recover ammonia and then left to revegetate, with the residual ammonia acting as a fertiliser.

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.

Business review

The AmmLeach® process has the potential to reduce costs significantly at the mine site for a wide variety of copper projects.

Comparison for Copper-Cobalt oxide ore flow sheets for heap leaching using conventional acid leach and AmmLeach®



Copper

Copper is the world's most important base metal by value and its price is a bellwether of world industrial production. Global mined copper production is around 18Mtpa, valued at over US\$135bn at current prices, approximately a quarter of which is produced from oxide ores using 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 up to 40% less.

The capability of tailoring the rate of recovery is an important feature of the AmmLeach® process and allows the plant to operate more flexibly with the rate of leaching matched to the operating capacity of the solvent extraction plant.

Zinc

Global mined zinc production is around 11Mtpa, valued at US\$24bn at current prices. 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 pending) process for the solvent extraction of zinc from ammoniacal solutions. Test work 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.

The general flow sheet for the zinc process is straightforward and consists of leaching, purification and recovery stages. The nature of the leach stage depends upon a number of factors, notably the grade of ore and leaching kinetics. High grade, fast leaching ore would be readily accommodated by an agitated tank leach, whilst low grade, slow leaching ores would be better suited to heap leaching. Depending upon the product desired, there may be no need for a solution purification stage, further simplifying the overall process flow sheet.

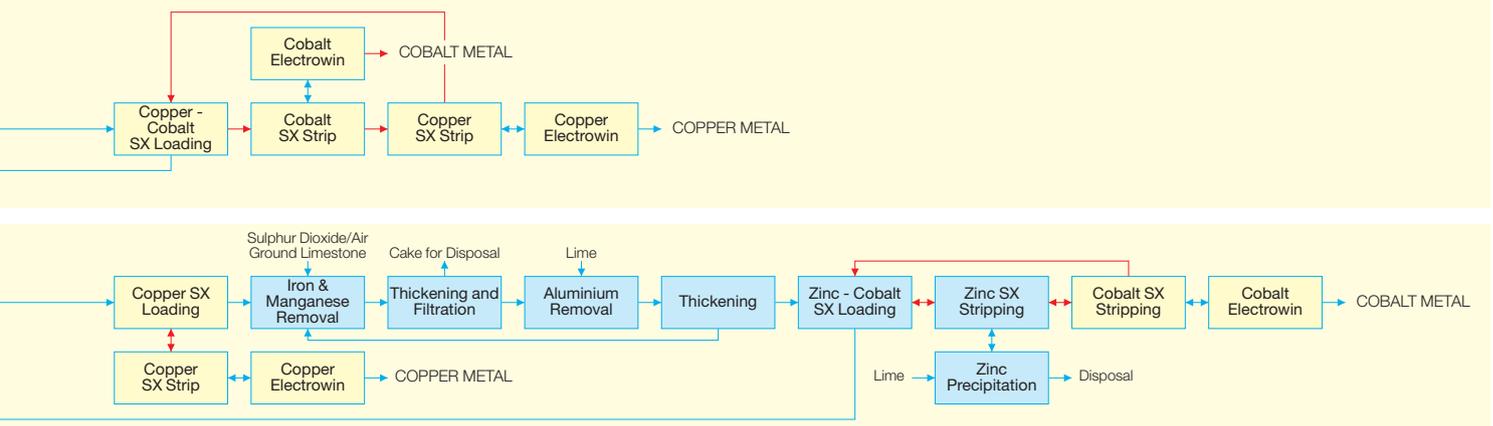
A wide range of different zinc oxide mineralogies can potentially be treated by AmmLeach®, including those with significant hemimorphite content which presently can only be treated using acid. The acid route requires ore containing >10% zinc to be economically viable as the process can be extremely inefficient. The co-dissolution of silica and iron in the acid results in a very complex flow sheet, as typified by that used at the Skorpion mine in Namibia.

In AmmLeach® solutions, the leaching can be extremely rapid provided the conditions are appropriately matched to the ore. Testwork shows rapid leaching and high recoveries for several different zinc oxide ores pre-treated according to the mineralogy. The head grades ranged from 5.2 to 19% zinc and the mineralogy ranged from pure smithsonite to predominantly hemimorphite. The highest solution tenor achieved was >100g/L and higher tenors should be achieved with further optimisation.

The tenor of the zinc in the leaching solution also determines the subsequent options for purification and recovery. Ideally, the solution would be of sufficiently high tenor to go directly to a recovery stage and this may well be the case for high grade, fast leaching ores. There are several options for recovery and the selection of the particular method is likely to be site dependent.

Capital and operating cost savings for the AmmLeach® process can be major, particularly for high acid consuming ore bodies in remote locations with long transport distances.

Moreover, in ores where cobalt is a valuable by/co-product (eg DRC and Zambia), AmmLeach® offers additional significant capital and operating cost savings.



Copper process economics

An analysis of the economics of the AmmLeach® process compared with conventional acid leaching for high acid consuming copper ores is dependent upon a multitude of parameters specific to the mineralogy of the deposit and its location. Suffice it to say that the capital and operating cost savings can be major, particularly for high acid consuming ore bodies located in remote locations with long transport distances. This is because the safe supply of sulphuric acid is logistically difficult and expensive as the transport costs of bulk chemicals in-country to site can be as much again as, or more than, the port landed cost.

In many instances, economics will dictate that the mine will have to build an expensive sulphur burning sulphuric acid plant for the supply of acid. In addition, to regulate supply variations and for acid plant maintenance, acid storage tanks for around one month's consumption, whether the mine makes its own or buys in acid, will be required, significantly adding to the capital cost. As well as a substantial capital cost saving, this is where AmmLeach® has a major operating cost advantage too, due to the order of magnitude difference in reagent consumption per tonne of ore processed.

For example, for even a moderately high acid consuming ore, ten to fifteen times as much acid (e.g. 50kg/t) as ammonia will be consumed. This is due to the fundamental difference between the two leaching processes in that whereas acid is consumed by gangue minerals during leaching, ammonia is not. The reagent is recycled and only relatively small losses of ammonia need to be made up.

Capital cost comparisons for the AmmLeach® technology and conventional acid leaching assume that certain aspects are common to both leach systems, hence any comparison is limited to the process plant itself.

Typically for copper only oxide ores, process plant capital costs for AmmLeach® and acid heap leach operations of the same size are similar as, excluding reagent production and storage/handling costs on site,

essentially the same equipment is used for both processes. However, importantly, where economics dictate that sulphuric acid is made on site, there can be a major differential associated with reagents and, in particular, the differential costs of ammonia and sulphuric acid.

The AmmLeach® process can achieve much higher copper solution concentrations in the pregnant leach solution (PLS) than are typically seen in acid plants. Typical copper concentrations for an acid leaching operation are of the order of 1-2g copper (Cu)/L compared to PLS concentrations for the AmmLeach® process of 6-12g Cu/L. This, coupled to the much greater copper transfer between aqueous and organic, allows the efficient handling of high copper tenors in PLS (in acid plants this would necessitate larger volume mixer-settlers due to the higher volume of PLS and lower transfer between aqueous and organic phases); i.e. more metal produced per unit capacity of plant than in a corresponding acid leach-SX-EW plant.

Moreover, in ores where cobalt is a valuable by/co-product (e.g. DRC and Zambia), AmmLeach® offers additional significant capital and operating cost savings. This is because, as shown in the flow sheet above, in the case of the acid leach circuit the cobalt recovery circuit is much more complex in that the main leach solubilises a range of metals. The raffinate bleed will therefore contain unextracted copper, iron (both ferrous and ferric), manganese, zinc and aluminium. Other species may also be present and these will need to be examined and potentially dealt with as well. Such metals include nickel and cadmium. For the production of metal a multiplicity of unit operations are required ahead of cobalt metal production.

In the case of the alkaline leach circuit, the requirements for purification ahead of final cobalt recovery are much less complex. The leach itself is highly selective for copper and cobalt since not all metals will produce amines. In this respect there is negligible iron and manganese present in the liquor. A number of possibilities exist for recovery of cobalt from the ammoniacal solution.

Business review

In order to assess AmmLeach®'s potential commercial value, the Company commissioned an independent technical expert's report, prepared by David Lunt of Sterling Process Engineering in Western Australia.

Independent Technical Expert's Report

Substantial capital and operating cost savings for a typical Copper/Cobalt mine in the DRC using AmmLeach®

| Case | Ore head grade | | Production rate copper tpa | Capital cost savings | Annual operating cost savings |
|-------------------|----------------|----------|----------------------------|----------------------|-------------------------------|
| | Copper % | Cobalt % | | | |
| Heap Leaching | 2 | 0.2 | 50,000 | 30% | 42% |
| Agitated Leaching | 3 | 0.4 | 100,000 | 29% | 43% |

Independent analysis of AmmLeach® copper process

In order to have an assessment of the technology's potential commercial value, the Company commissioned an independent technical expert's report. This was prepared by David Lunt of Sterling Process Engineering in Western Australia, to examine the potential capital and operating cost savings for a typical copper and cobalt mine in the DRC using AmmLeach®, compared with the conventional method using sulphuric acid. The DRC was chosen as it is a part of the world particularly suited by geology, the quality and scale of its ore deposits, and logistics to the AmmLeach® technology.

David Lunt has worldwide experience in the design of metal extraction projects for base metals, particularly for copper/cobalt in the DRC, and has published numerous papers in this field. His background includes a long association with GRD Minproc, where he most recently held the position of Chief Technical Officer for 10 years until 2005, when he established his own consultancy firm.

The report examined the potential capital and operating cost savings for building and running a typical 50,000 & 100,000 tpa copper (plus cobalt) mine in the DRC processing carbonate hosted oxide ore (with 100kg/t of ore acid consumption) using AmmLeach®, compared with the conventional method using sulphuric acid.

The report clearly shows that under the two scenarios used of heap leaching and agitated leaching, there should be substantial capital and operating cost savings by using AmmLeach® technology. For example, the savings range from US\$94-177m for capital and US\$29-51m per annum for operating costs. In the context of this comparison, the reagent consumptions drive the capital and operating cost differential, along with the much simpler and lower cost cobalt process circuit.

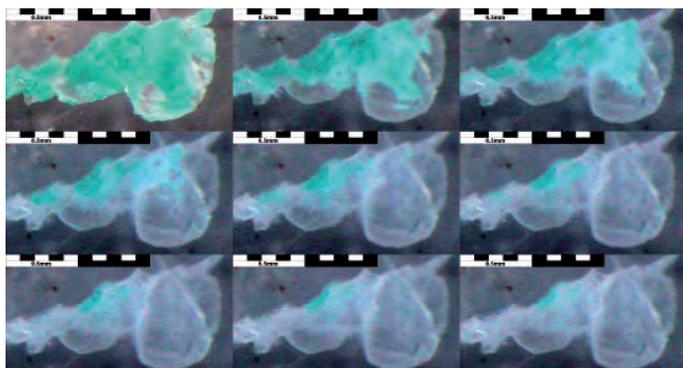
In the heap leaching case, certain aspects of the project were assumed to be common to both leach systems, i.e. recoveries (as testwork recently undertaken by AmmLeach® has shown the recoveries from the two leach regimes to be similar, i.e. 85% and 80% for copper and cobalt respectively), mining, mine infrastructure, mine waste disposal, process plant residue disposal, project buildings (administration, laboratories, workshop, warehouse etc), site access roads, the power transmission line and the water supply line.

For the agitated leach case, the assumptions were similar to those used in the heap leaching case, except that recoveries (based on testwork recently undertaken by AmmLeach®) for copper and cobalt of 95% and 90% respectively were used.

Aside from the very substantial capital and operating cost savings, AmmLeach® has several major advantages over conventional acid leaching technology, specifically:

- much simpler process circuits because of the low level of impurities in the leach solutions, and hence lower capital cost to clean up; and
- much less complex cobalt winning circuits.

The substantial potential cost savings should, in turn, lead to much lower cut-off grades, particularly for heap leach projects. Current cut-off grades in the DRC using AmmLeach® and heap leaching should drop to less than 1% copper (agitated leaches are currently around 2% copper cut-off) resulting in a substantial increase in reserves.



Dissolution of copper mineral pseudomalochite, $(\text{Cu}_2[\text{PO}_4]_2(\text{OH})_2)$ from Zambia, in AmmLeach®

Aside from the very substantial capital and cost savings, AmmLeach® has several major advantages over conventional acid leaching technology.

- Much simpler process circuits because of the low level of impurities in the leach solutions, and hence lower capital to clean up.
- Much less complex cobalt winning circuits.

The HyperLeach® Process

The HyperLeach® process (patents pending) 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.

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.

HyperLeach® can be used as a pretreatment for AmmLeach® to provide the best of both processes. HyperLeach® would solubilise and mobilise target metals from sulphides and AmmLeach® would leach 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.

Argentina

In 2008 we provided for all costs associated with the Leon project and we maintain legal ownership of the core Leon project licences. We have stated that we hope to be able to sell the project for cash and, at the time of writing, we are in negotiations with an interested party.

Peru

The Molinetes gold property is in the district of Las Lomas, approximately 120km east of the city of Piura, the regional capital of Piura Province in north-west Peru. The concession covers an area of circa 800 hectares. Although expenditure has been written off, the Group maintains legal ownership of the underlying licences, at minimal cost. We remain open to any interest shown by third parties in the property.

FINANCIAL

The change of the Group's focus, towards development and protection of its intellectual property and commercialisation of its leaching technologies, has led to a marked reduction in operating losses.

The Group made a net loss of £1.5m in 2009, compared to the loss of £12.1m in 2008. The reduced loss is due mainly to non-recurrence of significant exploration and development costs and associated provisions incurred during 2008.

Expenditure on research and development has reduced in 2009, after the earlier drive towards process improvement and protection of the Group's intellectual property through patent applications. A tight rein has been kept on administrative expenses, leading to a reduction of 7% in these costs.

Revenue generated by test-work programmes and consultancy agreements has increased significantly from the £12,000 in 2008 to £220,000 in 2009.

The Group held cash and deposits of £3.54m at 31 December 2009.

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 16.

Directors and Advisers



| | | |
|--|--|---|
| | | Matthew Sutcliffe Chairman |
| Martin Rosser Chief Executive Officer | James Bunyan Non-executive Director | Roger Davey Non-executive Director |
| Emil Morfett Non-executive Director | | |



Company Secretary

T A Cross

Directors

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

Company Registration No

5357433

Registered Office

1st Floor 35 Piccadilly
London W1J 0DW
United Kingdom

Registrars

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

Nominated Adviser and Broker

Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street,
London EC2Y 9AR

Auditors

PKF (UK) LLP
Farringdon Place
20 Farringdon Road
London EC1M 3AP

Matthew Sutcliffe
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 also 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 Broe 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. Whilst at both Williams de Broe and Evolution Beeson Gregory, 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 28 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 as Shaft Superintendent at Central Norseman.

In 1987, he returned to the UK and worked as a mining analyst with two City stockbrokers before he joined the FSA authorised and regulated natural resources industry specialist firm of David Williamson Associates Limited in 1989 as a founder employee and then executive director.

During this time, until joining Alexander in June 2005, he developed extensive worldwide mining industry contacts in the course of providing corporate finance, mining analysis and investor relations services to the firm's clients seeking exposure to European investment institutions.

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

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.

Mr Bunyan has proven business skills in strategic business planning, mergers, acquisitions, disposals, turnarounds and fundraising, with particular experience in mining. Mr Bunyan 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.

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. He is presently an Assistant Director and the Senior Mining Engineer at N M Rothschild (London) in the Mining and Metals project finance team, where for the last ten years he has had responsibility for the assessment of the technical risks associated with current and prospective 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 November 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, first as a geologist and then a valuator in the mineral economics department. In 1987, he moved to London to work as a mining analyst for Laurence Prust Stockbrokers and subsequently, in 1988, Smith New Court. 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. During this period he was involved in many major mining transactions with a variety of responsibilities.

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.

He is currently a non-executive director of Greystar Resources Limited, a Toronto Stock Exchange and AIM listed exploration and development company with a multi-million ounce, world-class gold deposit in Colombia.

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 incur 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. 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 & 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 Services Authority incorporate the Combined 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 company of its size and stage of development, it will comply with the Combined 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 five members, two executive directors and three 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 J Bunyan (Chairman) and Mr R Davey, receives reports from management and external auditors 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 auditors.

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 AIM Rules 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 2009.

Principal activities

The principal activities of the Group 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.

Business Review

A review of the business and the future developments of the Group is set out on pages 4 to 11.

Results

The Group made a consolidated net loss for the year of £1,536,000 (2008: £12,055,000). The directors do not recommend the payment of a dividend (2008: 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 in the Business Review on pages 4 to 11.

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 20 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 22 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. There is a risk that such 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 properties in Argentina and 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 are incurred in US Dollars, Euros, Australian Dollars, New Zealand Dollars, Argentinean Pesos and 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/licencing 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.

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 flows, the directors are satisfied that the Group has sufficient cash resources to continue its operations and to meet its commitments for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

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 are as follows:

| | | Shares held at 31 December 2009 Number | Shares held at 31 December 2008 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 | – | – |
| | | 10,906,000 | 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, offer themselves 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.

The directors' interests in share options are as follows:

| | Options held at 31 December 2009 | Current exercise price (pence) | 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.

On 15 July 2009, all options with exercise prices greater than 10p per share were cancelled and re-issued with a revised price of 10p per share.

Directors' report

Substantial shareholders

Details of the Company's substantial shareholders are set out on the Company's web-site 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 23 days' (2008: 11 days) purchases in Group trade payables.

Political and charitable contributions

The Group has made no political or charitable donations in the year (2008: nil).

Share capital and share options

Details of the share capital of the Company at 31 December 2009 are set out in note 16 to the financial statements. Details of the share options outstanding at 31 December 2009 are set out in note 22 to the financial statements.

Annual General Meeting

The Notice convening the Company's Annual General Meeting, to be held on 10 June 2010, is set out in pages 41 to 42 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 Combined Code is set out on page 15.

Provision of information to auditors

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 auditors are unaware; and
- Each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of the information.

Auditors

PKF (UK) LLP has confirmed its willingness to continue in office, and a resolution concerning its re-appointment and remuneration will be proposed at the Annual General Meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have also elected to prepare the Company financial statements in accordance with those standards. 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 Company and the Group, and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union; 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 proper 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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

By Order of the Board



Terence Cross
Company Secretary
6 May 2010

Independent auditors' report to the members of Alexander Mining plc

We have audited the financial statements of Alexander Mining plc for the year ended 31 December 2009 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement 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 (IFRS) 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Scope of the audit

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

Opinion 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 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union 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.

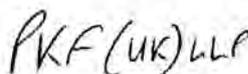
Opinion on other matter prescribed by the Companies Act 2006

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.



Patrick Potter

(Senior statutory auditor)
for and on behalf of PKF (UK) LLP,
Statutory auditors
London, UK
6 May 2010

Consolidated income statement

For the year ended 31 December 2009

| | Notes | 2009 £'000 | 2008 (Restated) £'000 |
|---|-------|----------------|-----------------------------|
| Continuing operations | | | |
| Revenue | | 220 | 12 |
| Cost of sales | | (19) | – |
| Gross profit | | | |
| Administrative expenses | | (1,512) | (1,618) |
| Exploration and development expenses | | (112) | (10,575) |
| Research and development expenses | | (251) | (597) |
| Profit on disposal of property, plant and equipment | | 93 | 22 |
| Exchange gain on liquidation of subsidiaries | | – | 20 |
| Operating loss | 4 | (1,581) | (12,736) |
| Impairment of available for sale financial assets | 13b | – | (68) |
| Reversal of previously recognised impairment charge | 13b | 68 | – |
| Investment income | 7 | 34 | 749 |
| Finance costs | 8 | (57) | – |
| Loss before taxation | | (1,536) | (12,055) |
| Income tax expense | 9 | – | – |
| Loss for the year attributable to equity holders of the parent | | (1,536) | (12,055) |
| Basic and diluted loss per share (pence) | 10 | (1.14)p | (8.96)p |

Consolidated statement of comprehensive income

For the year ended 31 December 2009

| | 2009 £'000 | 2008 £'000 |
|---|----------------|---------------|
| Loss for the year | (1,536) | (12,055) |
| Other comprehensive income: | | |
| Exchange differences on translation of foreign operations | (41) | 1,746 |
| Gain/(loss) on available for sale investments | 102 | (22) |
| Total comprehensive loss for the year attributable to equity holders of the parent | (1,475) | (10,331) |

Consolidated balance sheet

As at 31 December 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|--|-------|---------------|---------------|
| Assets | | | |
| Property, plant & equipment | 11 | 1 | 3 |
| Available for sale investments | 13 | 202 | 32 |
| Total non-current assets | | 203 | 35 |
| Trade and other receivables | 14 | 127 | 144 |
| Cash and cash equivalents | 15 | 3,540 | 4,986 |
| Total current assets | | 3,667 | 5,130 |
| Total assets | | 3,870 | 5,165 |
| Equity attributable to owners of the parent | | | |
| Issued share capital | 16 | 13,549 | 13,453 |
| Share premium | 17 | 11,850 | 11,850 |
| Merger reserve | 17 | (2,487) | (2,487) |
| Share option reserve | 17 | 515 | 703 |
| Translation reserve | 17 | 1,348 | 1,389 |
| Fair value reserve | 17 | 102 | – |
| Accumulated losses | 17 | (21,279) | (20,048) |
| Total equity | | 3,598 | 4,860 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 18 | 219 | 211 |
| Provisions | 19 | – | 38 |
| | | 219 | 249 |
| Non-current liabilities | | | |
| Provisions | 19 | 53 | 56 |
| Total liabilities | | 272 | 305 |
| Total equity and liabilities | | 3,870 | 5,165 |

These financial statements were approved by the Board of Directors and authorised for issue on 6 May 2010 and were signed on their behalf by:

M L Rosser
Director

Company balance sheet

(Company number 5357433 in England and Wales)

As at 31 December 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|--|-------|---------------|---------------|
| Assets | | | |
| Available for sale investments | 13 | 202 | 32 |
| Total non-current assets | | 202 | 32 |
| Trade and other receivables | 14 | 97 | 82 |
| Cash and cash equivalents | 15 | 3,388 | 4,804 |
| Total current assets | | 3,485 | 4,886 |
| Total assets | | 3,687 | 4,918 |
| Equity attributable to owners of the parent | | | |
| Issued share capital | 16 | 13,549 | 13,453 |
| Share premium | 17 | 11,850 | 11,850 |
| Share option reserve | 17 | 515 | 703 |
| Fair value reserve | 17 | 102 | – |
| Accumulated losses | 17 | (22,423) | (21,201) |
| Total equity | | 3,593 | 4,805 |
| Liabilities | | | |
| Trade and other payables | 18 | 94 | 113 |
| Total current liabilities | | 94 | 113 |
| Total equity and liabilities | | 3,687 | 4,918 |

These financial statements were approved by the Board of Directors and authorised for issue on 6 May 2010 and were signed on their behalf by:

M L Rosser
Director

Consolidated statement of cash flows

For the year ended 31 December 2009

| | Notes | 2009 £'000 | 2008 (Restated) £'000 |
|--|-------|----------------|-----------------------------|
| Cash flows from operating activities | | | |
| Operating loss | | (1,581) | (12,736) |
| Depreciation and amortisation charge | | 2 | 15 |
| Impairment of property, plant and equipment | | - | 92 |
| Decrease/(increase) in trade and other receivables | | 17 | (7) |
| Decrease in trade and other payables | | (33) | (329) |
| Shares issued in payment of expenses | | 96 | - |
| Share option charge | | 117 | 75 |
| Intangible assets written-off or provided for | | - | 10,250 |
| Profit on disposal of property, plant and equipment | | (93) | (22) |
| Exchange gain on liquidation of subsidiaries | | - | (20) |
| Net cash outflow from operating activities | | (1,475) | (2,682) |
| Cash flows from investing activities | | | |
| Interest received | | 34 | 254 |
| Acquisition of property, plant and equipment | | - | (7) |
| Acquisition of intangible assets | | - | (1,650) |
| Proceeds from sale of property, plant and equipment | | 93 | 40 |
| Net cash inflow/(outflow) from investing activities | | 127 | (1,363) |
| Net decrease in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of period | | 4,986 | 8,442 |
| Exchange differences | | (98) | 589 |
| Cash and cash equivalents at end of period | 15 | 3,540 | 4,986 |

Company statement of cash flows

For the year ended 31 December 2009

| | Notes | 2009 £'000 | 2008 £'000 |
|--|-------|----------------|----------------|
| Cash flows from operating activities | | | |
| Operating loss | | (1,333) | (4,253) |
| Depreciation and amortisation charge | | - | 1 |
| (Increase)/decrease in trade and other receivables | | (15) | 2 |
| Decrease in trade and other payables | | (19) | (90) |
| Shares issued in payment of expenses | | 96 | - |
| Share option charge | | 117 | 75 |
| Intangible assets written-off or provided for | | - | 51 |
| Inter-company recharges | | (4) | (9) |
| Provision against inter-company debt | | - | 2,840 |
| Net cash outflow from operating activities | | (1,158) | (1,383) |
| Cash flows from investing activities | | | |
| Amounts remitted to subsidiary companies | | (210) | (2,578) |
| Interest received | | 33 | 250 |
| Acquisition of property, plant and equipment | | - | - |
| Acquisition of intangible assets | | - | (102) |
| Net cash outflow from investing activities | | (177) | (2,430) |
| Net decrease in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of period | | 4,804 | 8,107 |
| Exchange differences | | (81) | 510 |
| Cash and cash equivalents at end of period | 15 | 3,388 | 4,804 |

Consolidated statement of changes in equity

For the year ended 31 December 2009

| | Share capital £'000 | Share premium £'000 | Merger reserve £'000 | Share option reserve £'000 | Translation reserve £'000 | Fair value reserve £'000 | Accumulated losses £'000 | Total equity £'000 |
|--|------------------------|------------------------|-------------------------|-------------------------------|------------------------------|-----------------------------|-----------------------------|-----------------------|
| At 1 January 2008 | 13,453 | 11,850 | (2,487) | 1,005 | (357) | 22 | (8,370) | 15,116 |
| Accumulated loss for period | - | - | - | - | - | - | (12,055) | (12,055) |
| Exchange difference on translating foreign operations | - | - | - | - | 1,766 | - | - | 1,766 |
| Exchange differences recognised in income statement in period | - | - | - | - | (20) | - | - | (20) |
| Valuation losses on available for sale investments | - | - | - | - | - | (22) | - | (22) |
| Total comprehensive income for the period attributable to equity holders of the parent | - | - | - | - | 1,746 | (22) | (12,055) | (10,331) |
| Share option costs | - | - | - | 75 | - | - | - | 75 |
| Share options cancelled | - | - | - | (377) | - | - | 377 | - |
| At 31 December 2008 | 13,453 | 11,850 | (2,487) | 703 | 1,389 | - | (20,048) | 4,860 |
| Accumulated loss for period | - | - | - | - | - | - | (1,536) | (1,536) |
| Exchange difference on translating foreign operations | - | - | - | - | (41) | - | - | (41) |
| Valuation gains on available for sale investments | - | - | - | - | - | 102 | - | 102 |
| Total comprehensive income for the period attributable to equity holders of the parent | - | - | - | - | (41) | 102 | (1,536) | (1,475) |
| Share option costs | - | - | - | 117 | - | - | - | 117 |
| Share options cancelled | - | - | - | (305) | - | - | 305 | - |
| Shares issued | 96 | - | - | - | - | - | - | 96 |
| At 31 December 2009 | 13,549 | 11,850 | (2,487) | 515 | 1,348 | 102 | (21,279) | 3,598 |

Company statement of changes in equity

For the year ended 31 December 2009

| | Share capital £'000 | Share premium £'000 | Share option reserve £'000 | Fair value reserve £'000 | Accumulated losses £'000 | Total equity £'000 |
|---|------------------------|------------------------|----------------------------------|-----------------------------------|--------------------------------|--------------------------|
| At 1 January 2008 | 13,453 | 11,850 | 1,005 | 22 | (11,214) | 15,116 |
| Accumulated loss for period | - | - | - | - | (10,364) | (10,364) |
| Valuation losses on available for sale investments | - | - | - | (22) | - | (22) |
| Total comprehensive income for the period attributable to equity holders of the parent | - | - | - | (22) | (10,364) | (10,386) |
| Share option costs | - | - | 75 | - | - | 75 |
| Share options cancelled | - | - | (377) | - | 377 | - |
| At 31 December 2008 | 13,453 | 11,850 | 703 | - | (21,201) | 4,805 |
| Accumulated loss for period | - | - | - | - | (1,527) | (1,663) |
| Valuation gains on available for sale investments | - | - | - | 102 | - | 102 |
| Total comprehensive income for the period attributable to equity holders of the parent | - | - | - | 102 | (1,527) | (1,425) |
| Share option costs | - | - | 117 | - | - | 117 |
| Share options cancelled | - | - | (305) | - | 305 | - |
| Shares issued | 96 | - | - | - | - | 96 |
| At 31 December 2009 | 13,549 | 11,850 | 515 | 102 | (22,423) | 3,593 |

Notes to the financial statements

For the year ended 31 December 2009

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 London Stock Exchange plc. 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 6 May 2010.

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

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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(p).

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.

Standards, Amendments and Interpretations Effective in 2009

- IFRS 8 Operating Segments (effective 1 January 2009) replaces the segmental reporting requirements of IAS 14 Segment Reporting. The key change is to align the determination of segments in the financial statements with that used by management in their resource allocation decisions.
- IAS 1 (revised), 'Presentation of financial statements' (effective 1 January 2009). An amendment to IAS 1 Presentation of Financial Statements released in September 2007 redefines the primary statements and expands on certain disclosures within these.
- IFRS 2 (amendment), 'Share-based payment' (effective 1 January 2009) deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions.

The above amendments do not have a material impact on the Group or Company's financial statements.

Standards, Amendments and Interpretations to Existing Standards that are not yet Effective and have not been Adopted Early by the Group

It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the Group's earnings or shareholders' funds. The following standard which has not yet become effective is expected to impact on the measurement of amounts included in the consolidated financial statements:

- A revision to IFRS 3 will bring changes to the accounting for goodwill, the cost of business combinations and the accounting for business combinations achieved in stages. The revision is effective for periods commencing on or after 1 July 2009.

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. 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 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 Group 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 classified as equity and transferred to 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 taken to the translation reserve. They are released into the income statement upon disposal of the foreign operation.

d) Intangible fixed assets**Deferred exploration and evaluation costs**

All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred. Costs associated with large scale early stage exploration activity to identify specific targets for detailed exploration and evaluation work are recognised in the income statement as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the ore reserves on a unit of production basis.

The recoverability of deferred exploration and evaluation costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Group to obtain the necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposal thereof.

e) 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 2(f) 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.

f) Impairment

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.

Impairment reviews for deferred exploration and evaluation costs are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise but typically when one of the following circumstances apply:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in metal prices that render the project uneconomic; and
- variations in the exchange rate for the currency of operation.

g) Financial instruments**i) Investments**

Equity financial instruments held by the Group are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised directly in equity, except for impairment losses. When these investments are sold the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

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.

h) Share based payment transactions

The Group has applied the requirements of IFRS 2 (share based payments), in accordance with the transitional provisions, to all equity instruments granted after 7 November 2002 which had not vested at 1 January 2006. Directors, senior executives and consultants of the Group have been granted options to subscribe for ordinary shares. All options are share 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.

i) Operating lease payments

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

j) Share capital

The Company's ordinary shares are classified as equity.

k) 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.

l) 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 testwork 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.

Notes to the financial statements

For the year ended 31 December 2009

m) 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.

n) 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.

o) 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.

p) 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. Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

- Impairment of exploration and evaluation costs - notes 2(d), 2(f) and 12.
- Estimation of share based payment costs - notes 2(h) and 22.
- Estimation of provisions for environmental rehabilitation at the Group's project sites - notes 2(k) and 19.
- Treatment of research and development expenses – notes 2(m) and 4.

3. Analysis of 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 segments based on the reports reviewed by the Board.

The Board considers the business has two reportable segments. They are those which incorporate similar activities and services, namely Head Office, including the development and management of intellectual property rights, and the management of Argentinean and Peruvian exploration assets.

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 each segment's Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA), and overall loss before tax.

For the purpose of measuring segmental profits and losses, the Argentinean and Peruvian segment bears only those direct costs incurred by or on behalf of the Argentinean and Peru Branches and their holding company. No head office cost allocations are made to this segment. The Head Office and Intellectual Property segment recognises all other costs and revenues. The Head Office and Intellectual Property 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.

3. Analysis of segmental information (continued)

| | Head Office and Intellectual Property | | Argentina and Peru | | Total | |
|--|--|---------------|-----------------------|---------------|---------------|---------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| External segment revenues | 220 | 12 | – | – | 220 | 12 |
| Internal segment revenues | – | – | – | – | – | – |
| Total segment revenues | 220 | 12 | – | – | 220 | 12 |
| EBITDA | (1,282) | (1,563) | (169) | (10,425) | (1,451) | (11,988) |
| Interest revenue | 34 | 234 | – | 4 | 34 | 238 |
| Depreciation and amortisation | – | (1) | (2) | (137) | (2) | (138) |
| Impairment charges | – | – | – | (92) | – | (92) |
| Loss before tax | (1,248) | (1,330) | (171) | (10,650) | (1,419) | (11,980) |
| Reconciliations | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| (i) Group revenues | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total revenues for reportable segments | 220 | 12 | – | – | 220 | 12 |
| Group's revenues | 220 | 12 | – | – | 220 | 12 |
| (ii) Group loss before tax | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Loss before tax for trading segments | (1,248) | (1,330) | (171) | (10,650) | (1,419) | (11,980) |
| Share option charges | (117) | (75) | – | – | (117) | (75) |
| Loss before tax | (1,365) | (1,405) | (171) | (11,165) | (1,536) | (12,055) |
| (iii) Group assets | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Assets not allocated for internal reporting: | | | | | | |
| Non-current assets | 203 | 32 | – | 3 | 203 | 35 |
| Group other receivables | 106 | 803 | 21 | 61 | 127 | 144 |
| Group cash and cash equivalents | 3,388 | 4,804 | 152 | 182 | 3,540 | 4,986 |
| Group total assets | 3,697 | 4,919 | 173 | 246 | 3,870 | 5,165 |
| (iv) Major customers | | | 2009 £'000 | 2009 £'000 | 2008 £'000 | 2008 £'000 |
| Customer 1 | | | 63 | 29% | – | – |
| Customer 2 | | | 61 | 28% | – | – |
| Customer 3 | | | 31 | 14% | – | – |
| Customer 4 | | | – | – | 7 | 57% |
| | | | 155 | 71% | 7 | 57% |

The above revenues are all attributable to the Head Office and Intellectual Property segment. They derive from sales of consultancy services and mineral processing test-work services, all related to the Group's intellectual property.

Notes to the financial statements

For the year ended 31 December 2009

4. Operating loss

Operating loss is stated after charging:

| | The Group | |
|--|---------------|---------------|
| | 2009 £'000 | 2008 £'000 |
| Depreciation ¹ | 2 | 15 |
| Impairment of property, plant and equipment | – | 92 |
| Operating lease expense | 63 | 157 |
| Share option charge (see note 22) | 117 | 75 |
| Shares issued in payment of expenses (note 16) | 96 | – |
| Research and development expenses | 251 | 597 |
| Exploration costs provided for and written-off | – | 10,250 |
| Other exploration expenditure | 112 | 325 |
| Profit on disposal of property, plant and equipment ² | (93) | (22) |
| Exchange gain on liquidation of subsidiaries ² | – | (20) |

¹In addition to the above depreciation expensed in the income statement, nil (2008: £123,000) was capitalised within intangible assets.

²These amounts have been reviewed by the directors and are now considered to more accurately relate to the operating activities of the group. They have therefore been reclassified as operating costs in the comparative period. The income statement and statement of cash flows have also been restated to reflect this treatment.

5. Auditors' remuneration

| | The Group | |
|--|---------------|---------------|
| | 2009 £'000 | 2008 £'000 |
| Fees payable to the Group's auditor for the audit of the Group's annual financial statements | 20 | 25 |
| Fees payable to the Group's auditor and its associates for other services: | | |
| The audit of the Group's subsidiaries pursuant to legislation | 6 | 8 |
| Other services pursuant to legislation | 2 | 8 |
| Tax services | 23 | 8 |
| Other services | – | 2 |
| | 51 | 51 |

6. Directors emoluments

Directors' remuneration is set out below:

| | Annual salary £'000 | Fees £'000 | Other benefits £'000 | Total £'000 |
|---------------|---------------------------|---------------|----------------------------|----------------|
| 2009 | | | | |
| M L Sutcliffe | 154 | – | 9 | 163 |
| M L Rosser | 122 | – | – | 122 |
| R O Davey | – | 25 | – | 25 |
| J S Bunyan | – | 33 | – | 33 |
| E M Morfett | – | 25 | – | 25 |
| | 276 | 83 | 16 | 368 |
| 2008 | | | | |
| M L Sutcliffe | 148 | – | 16 | 164 |
| M L Rosser | 122 | – | – | 122 |
| R O Davey | – | 25 | – | 25 |
| J S Bunyan | – | 30 | – | 30 |
| E M Morfett | – | 25 | – | 25 |
| | 270 | 80 | 16 | 366 |

Notes to the financial statements

For the year ended 31 December 2009

11. Property, plant & equipment

The Group

| | Office equipment and furniture £'000 | Leasehold improvements £'000 | Motor vehicles £'000 | Exploration equipment £'000 | Total £'000 |
|-------------------------------|---|------------------------------------|----------------------------|-----------------------------------|----------------|
| Cost | | | | | |
| As at 1 January 2008 | 133 | 45 | 35 | 400 | 613 |
| Exchange differences | 33 | 3 | 13 | 154 | 203 |
| Additions | 1 | 3 | – | 3 | 7 |
| Disposals | (27) | (14) | – | (74) | (115) |
| As at 31 December 2008 | 140 | 37 | 48 | 483 | 708 |
| Exchange differences | – | – | – | – | – |
| Additions | – | – | – | – | – |
| Disposals | (93) | (2) | (48) | (483) | (626) |
| As at 31 December 2009 | 47 | 35 | – | – | 82 |
| Depreciation | | | | | |
| As at 1 January 2008 | (94) | (38) | (30) | (273) | (435) |
| Exchange differences | (18) | (2) | (12) | (105) | (137) |
| Charged in year | (34) | (3) | (6) | (95) | (138) |
| Impairment charges | (12) | (1) | – | (79) | (92) |
| Disposals | 20 | 7 | – | 70 | 97 |
| As at 31 December 2008 | (138) | (37) | (48) | (482) | (705) |
| Exchange differences | – | – | – | – | – |
| Charged in year | (1) | – | – | (1) | (2) |
| Disposals | 93 | 2 | 48 | 483 | 626 |
| As at 31 December 2009 | (46) | (35) | – | – | (81) |
| Net book value | | | | | |
| As at 31 December 2009 | 1 | – | – | – | 1 |
| As at 31 December 2008 | 2 | – | – | 1 | 3 |
| As at 1 January 2008 | 39 | 7 | 5 | 127 | 178 |

The Company

| | Leasehold improvements £'000 | Office equipment and furniture £'000 | Total £'000 |
|---|------------------------------------|---|----------------|
| Cost | | | |
| As at 1 January 2008 and 1 January 2009 | 35 | 45 | 80 |
| Additions | – | – | – |
| As at 31 December 2009 | 35 | 45 | 80 |
| Depreciation | | | |
| As at 1 January 2008 | (35) | (44) | (79) |
| Charged in year | – | (1) | (1) |
| As at 31 December 2008 | (35) | (45) | (80) |
| Charged in year | – | – | – |
| As at 31 December 2009 | (35) | (45) | (80) |
| Net book value | | | |
| As at 31 December 2009 | – | – | – |
| As at 31 December 2008 | – | – | – |
| As at 1 January 2008 | – | 1 | 1 |

12. Intangible fixed assets

The Group

| | 2009 £'000 | 2008 £'000 |
|-----------------------------------|---------------|---------------|
| Deferred exploration costs | | |
| At beginning of period | – | 6,857 |
| Additions | – | 1,773 |
| Provision ¹ | – | (9,201) |
| Written-off ² | – | (1,049) |
| Exchange difference | – | 1,620 |
| At end of period | – | – |

¹Due to the continuing uncertainty about the fiscal regime for mining companies in Argentina, together with the significant fall in base metal prices in the second half of 2008, the Company decided to reduce significantly the scale of its expenditure in Argentina, suspend all project work and not proceed to the mine development decision stage. As a result, a full provision was made for all previously capitalised deferred exploration costs at the Group's Leon project in Argentina.

²Exploration work has been halted at the Group's other exploration properties in Argentina and the majority of the underlying licences are being allowed to lapse as they fall due for renewal. Initial exploration work has not commenced at the Group's Molinetes prospect in Peru. Accordingly, all costs associated with these prospects were written-off during 2008.

The Company

| | 2009 £'000 | 2008 £'000 |
|-------------------------------------|---------------|---------------|
| Cost and net book value | | |
| At beginning of period | – | 39 |
| Additions | – | 102 |
| Provision | – | (18) |
| Written-off | – | (33) |
| Transfer to subsidiary ¹ | – | (90) |
| At end of period | – | – |

¹Prior to the decision to make a full provision against costs capitalised at the Group's projects in Argentina, deferred exploration costs at the Group's Leon project were recharged to Alexander Gold Group Limited under an inter-company service agreement during 2008.

13. Investments

| | The Group | | The Company | |
|------------------------------------|---------------|---------------|---------------|---------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Subsidiary undertakings (a) | – | – | – | – |
| Available for sale investments (b) | 202 | 32 | 202 | 32 |
| | 202 | 32 | 202 | 32 |

(a) Company subsidiary undertakings

As at 31 December 2009, the Group owned interests in the following subsidiary undertakings, which are included in the consolidated financial statements:

| Name | Holding | Business Activity | Country of Incorporation |
|--|---------|---------------------------------|--------------------------|
| Alexander Gold Group Limited ¹ | 100% | Exploration | British Virgin Islands |
| MetaLeach Limited | 100% | Leaching technology development | British Virgin Islands |
| Molinetes (BVI) Limited | 100% | Investment holding | British Virgin Islands |
| Compania Minera Molinetes SAC ² | 100% | Exploration | Peru |

¹Operates a branch in Argentina. During 2008 a provision of £6,786,800 was made against the cost of the investment in this subsidiary in the parent company financial statements.

²Owned by Molinetes (BVI) Limited.

Notes to the financial statements

For the year ended 31 December 2009

13. Investments (continued)

(b) Available for sale investments

During 2005, the Company acquired an interest in 1,165,000 ordinary shares of AU\$0.20 each in Mariana Resources Limited, a company registered in New South Wales, Australia, for a total cost of £99,957. Mariana Resources Limited's shares are traded on the AIM Market of London Stock Exchange plc.

The closing mid market share price at 31 December 2009 was 17.35 pence. The resultant increase in value of the investment during 2009 amounted to £170,090, £67,920 of which represents a reversal of a prior period impairment loss and has been taken to the income statement, the remaining £102,170 gain has been credited to the fair value reserve. The Company's investment in Mariana Resources Limited represents 0.9% of the issued share capital of that company.

The closing mid market share price at 31 December 2008 was 2.75 pence. Due to the significant fall in value of the investment in 2008, the directors considered that the asset was impaired and, accordingly, impairment losses totalling £67,920 were recognised in the income statement in 2008.

14. Trade and other receivables

| | The Group | | The Company | |
|---------------------------------------|---------------|---------------|---------------|---------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Non-current assets | | | | |
| Amounts due from subsidiary companies | – | – | – | – |
| Current assets | | | | |
| Trade receivables | 8 | – | – | – |
| Other receivables | 78 | 82 | 58 | 35 |
| Other taxes and social security | 1 | 4 | 1 | 1 |
| Prepayments and accrued income | 40 | 58 | 38 | 46 |
| | 127 | 144 | 97 | 82 |

Amounts due to the Company from its subsidiary companies have been fully provided for as detailed in Note 25.

15. Cash and cash equivalents

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

| | The Group | | The Company | |
|----------------------------------|---------------|---------------|---------------|---------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Cash on hand and demand deposits | 1,414 | 4,986 | 1,262 | 4,804 |
| Short term fixed term deposits | 2,126 | – | 2,126 | – |
| | 3,540 | 4,986 | 3,388 | 4,804 |

16. Share capital

| | 2009 Number | 2009 £'000 | 2008 Number | 2008 £'000 |
|---|----------------|---------------|----------------|---------------|
| Authorised | | | | |
| Ordinary shares of 10p each | 240,000,000 | 24,000 | 240,000,000 | 24,000 |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of 10p each | 135,486,542 | 13,549 | 134,534,667 | 13,453 |

Details of share options issued during the year and outstanding at 31 December 2009 are set out in note 22.

16. Share capital (continued)

Changes in issued Share Capital and Share Premium:

For the year ended 31 December 2009

| | Number of shares | Nominal value £ | Share Premium £ | Total £'000 |
|--|---------------------|--------------------|--------------------|----------------|
| At 31 December 2008 – | | | | |
| Ordinary shares of 10p each | 134,534,667 | 13,453,467 | 11,849,590 | 25,303,857 |
| Shares issued at 10p each – in settlement of expenses, on 26 August 2009 | 500,000 | 50,000 | – | 50,000 |
| Shares issued at 10p each – in settlement of expenses, on 9 December 2009 | 451,875 | 45,187 | – | 45,187 |
| At 31 December 2009 – | | | | |
| Ordinary shares of 10p each | 135,486,542 | 13,548,654 | 11,849,590 | 25,398,244 |

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

Shares issued in settlement of expenses have been recognised at the fair value of the services received

17. Capital and reserves

The Consolidated and Company statements of changes in equity are set out on pages 24 and 25 of this report.

- The merger reserve arose from the Company's acquisition of Alexander Gold Group Limited on 22 March 2005. As permitted by IFRS 1 this acquisition has not been restated under the terms of IFRS 3 and was accounted for in accordance with the merger accounting principles of UK GAAP.
- The share option reserve includes an expense 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 issued during the period and outstanding at 31 December 2009 are set out in note 22.
- 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.
- The fair value reserve comprises the fair value adjustment on the revaluation of the Company's available for sale investment, being the shareholding in Mariana Resources Limited (see note 13(b)). The increase in value of the investment during 2009 amounted to £170,090, £67,920 of which represents a reversal of a prior period impairment loss and has been taken to the income statement, the remaining £102,170 gain has been credited to the fair value reserve.

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.

18. Trade and other payables

| | The Group | | The Company | |
|---------------------------------|---------------|---------------|---------------|---------------|
| | 2009 £'000 | 2008 £'000 | 2009 £'000 | 2008 £'000 |
| Trade payables | 49 | 68 | 48 | 56 |
| Other payables | 68 | 59 | – | 2 |
| Other taxes and social security | 9 | 32 | 9 | 19 |
| Accruals and deferred income | 93 | 52 | 37 | 36 |
| | 219 | 211 | 94 | 113 |

Notes to the financial statements

For the year ended 31 December 2009

19. Provisions

| | Environmental £'000 | Closure £'000 | Total £'000 |
|--------------------------------|------------------------|------------------|----------------|
| At 1 January 2009 | 60 | 34 | 94 |
| Exchange difference | (7) | – | (7) |
| Utilised in period | – | (34) | (34) |
| Provided in year | – | – | – |
| At 31 December 2009 | 53 | – | 53 |
| Payable after more than 1 year | 53 | – | 53 |
| At 31 December 2009 | 53 | – | 53 |

- The environmental provision represents the directors' estimate of the current rehabilitation costs for the Group's Leon project site in Argentina. The timing, extent and cost of rehabilitation is uncertain. The Group is currently maintaining minimum necessary security, infrastructure and access at the project site, together with its ownership rights of the project licences, consistent with attracting possible third party interest in purchase of the property. During this period the Group has a commitment to ongoing water and soil monitoring at the project site. Accordingly, the majority of the provision has been classified as a non-current provision on the basis that statutory site rehabilitation will not take place in 2010.
- The 2008 closure provision represented anticipated redundancy costs for Argentinean employees who were informed during 2008 of the decision to cease operations. The provision was utilised in the first half of 2009. No further liability exists for redundancy costs.

20. Financial risk management

The Group's and Company's principal financial assets comprise cash and cash equivalents, trade receivables, other receivables and available for sale financial assets. 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. With the exception of available for sale financial assets, which are recorded at fair value, all of 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 2009 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 Group is exposed to credit risk primarily on its cash and cash equivalents as set out in note 15, with lesser 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.

At 31 December 2009 the Group had no significant trade receivables. The Group's focus on commercialising its technologies may result in significant trade receivables during 2010, 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, Argentinean Pesos 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.

20. Financial risk management (continued)

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:

| | 2009 £'000 | 2008 £'000 |
|---------------------|---------------|---------------|
| Sterling | 2,794 | 4,074 |
| US Dollars | 614 | 758 |
| Australian Dollars | 58 | 38 |
| New Zealand Dollars | 48 | – |
| Euros | 9 | 17 |
| Argentinean Pesos | 17 | 99 |
| | 3,540 | 4,986 |

The Group has assets located in Argentina (which is considered to have a US Dollar functional currency) and Peru (which is considered to have a Peruvian Nuevo Soles functional currency). Exchange gains and losses resulting from currency fluctuations on such assets are recognised directly in equity within the translation reserve. At 31 December 2009, movements in the Sterling: US dollar and Sterling: Peruvian Nuevo Soles exchange rates do not have a material effect on the Group's balance sheet. The Group does not hedge its exposure to investments in foreign companies denominated in currencies other than Sterling.

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

| 2009 | Sterling £'000 | US Dollars £'000 | Peruvian Nuevo Soles £'000 | Total £'000 |
|--------------------------------|-------------------|---------------------|----------------------------------|----------------|
| Balances denominated in | | | | |
| Sterling | 2,784 | – | – | 2,784 |
| US Dollars | 532 | (6) | 5 | 531 |
| Australian Dollars | 53 | – | – | 53 |
| New Zealand Dollars | 35 | – | – | 35 |
| Argentinean Pesos | – | 32 | – | 32 |
| Other currencies | 12 | – | 1 | 13 |
| | 3,416 | 26 | 6 | 3,448 |
| 2008 | | | | |
| Balances denominated in | | | | |
| Sterling | 4,070 | – | – | 4,070 |
| US Dollars | 684 | – | 21 | 705 |
| Argentinean Pesos | – | 111 | – | 111 |
| Other currencies | 31 | – | 2 | 33 |
| | 4,785 | 111 | 23 | 4,919 |

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.

The Group manages commodity price risk by considering the impact of fluctuations in commodity prices on the value of the Group's intellectual property and the potential value of third party assets on which the Group is negotiating future royalty agreements.

Notes to the financial statements

For the year ended 31 December 2009

20. Financial risk management (continued)

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

| | 2009 £'000 | 2008 £'000 |
|---------------------------------------|---------------|---------------|
| Due in less than one month | 83 | 112 |
| Due between one and three months | 41 | 7 |
| Due between three months and one year | 95 | 92 |
| | 219 | 211 |

To date the Group has relied upon shareholder funding of its activities. Development of mineral properties, 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 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 flows, the directors are satisfied that the Group has sufficient cash resources to continue its operations and to meet its commitments for the foreseeable future. The accounts have therefore been prepared on a going concern basis.

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 2009 the Group had Sterling and US dollar denominated cash balances and short term deposits which attracted interest as follows:

| | 2009 Deposit £'000 | Interest rate | 2008 Deposit £'000 | Interest rate |
|--------------------|--------------------------|------------------|--------------------------|------------------|
| Sterling deposits | 2,126 | 0.50% | 4,004 | 1.25% |
| US Dollar deposits | 48 | 0.73% | 57 | 1.65% |

The value of the Group's assets at 31 December 2009 and the result for the period would not be materially affected by changes in interest rates.

Price risk

Investments by the Group in available for sale financial assets expose the Group to price risk. The directors do not consider this risk to be material as the Group does not have a significant portfolio of available for sale financial assets.

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 2008 and 31 December 2009 are not materially different from their fair values. They have therefore not been shown separately.

21. 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 2009 the Group has 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.

22. Share based payments

The Group operates an Executive Share Option Plan, under which directors, senior executives, key employees 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:

| | 2009 | | 2008 | |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Outstanding at the beginning of the period | 21.7p | 12,208,333 | 29.1p | 12,908,333 |
| Granted during the period | 10.0p | 1,816,667 | 10.0p | 4,650,000 |
| Expired during the period | – | – | 30.0p | (500,000) |
| Cancelled during the period | 26.5p | (3,933,335) | 29.3p | (4,850,000) |
| Outstanding at the end of the period | 10.0p | 10,091,665 | 21.7p | 12,208,333 |
| Exercisable at the end of the period | 10.0p | 5,302,773 | 30.0p | 6,608,333 |

On 15 July 2009, all options outstanding with exercise prices in excess of 10p per share were cancelled and re-issued with an exercise price of 10p per share. This has been treated as a modification to existing share based payment arrangements in accordance with IFRS 2. In addition, 1,816,667 new options were also granted at this time with an exercise price of 10p per share.

Share options outstanding at 31 December 2009 had a weighted average exercise price of ten pence (2008: 21.7 pence) and a weighted average contractual life of 7.2 years (2008: 7.8 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 2009.

At 31 December 2009 the total number of options over ordinary shares outstanding was as follows:

| Exercise period | Number | Weighted average exercise price |
|-----------------------------------|------------|---------------------------------|
| Exercisable until 2015 | 5,583,333 | 10.0p |
| Exercisable until 2016 | 775,000 | 10.0p |
| Exercisable until 2017 | 1,000,000 | 10.0p |
| Exercisable until 2018 | 944,440 | 10.0p |
| Exercisable at the period end | 5,302,773 | 10.0p |
| Exercisable between 2010 and 2018 | 944,440 | 10.0p |
| Exercisable between 2011 and 2018 | 3,844,452 | 10.0p |
| | 10,091,665 | 10.0p |

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.

The following inputs were used in the calculation of the fair value of the share options granted during the period:

| Date of Grant | 12 June 2009 |
|----------------------------------|--------------|
| Fair value (p) ¹ | 3.6p |
| Share price (p) | 5.5p |
| Exercise price (p) | 10.0p |
| Expected volatility ² | 112% |
| Option life | 4 years |
| Expected dividends | 0.0% |
| Risk-free rate of return | 0.5% |

¹The fair value of additional options awarded on 15 July 2009 was 3.6p per share. The incremental unit value arising from re-pricing of earlier options varied between individual options, which existed with varying fair values attributed at the time of their original award. The incremental fair value arising from the re-pricing was £39,000 and, as these options vested on the date of granting, this incremental fair-value amount has been fully expensed in 2009.

²Volatility for options granted or re-priced was estimated based on the Company's daily closing share price during the 12 months prior to the issue or re-pricing of the share options.

Notes to the financial statements

For the year ended 31 December 2009

23. Commitments

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

| | 2009 £'000 | 2008 £'000 |
|------------------------------------|---------------|---------------|
| Payable within one year | 24 | 67 |
| Payable between two and five years | – | 25 |
| | 24 | 92 |

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

24. Contingent liabilities

There were no contingent liabilities at 31 December 2009 or 31 December 2008.

25. Related parties

The Group's investments in subsidiaries have been disclosed in note 13.

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 | | | |
|--------------------------|----------------------------|---------------|----------------------------------|--------------------------------|----------------------------------|------------------------------------|
| | 2009 £'000 | 2008 £'000 | At 1 January 2009 £'000 | Increase in period £'000 | Provisions in period £'000 | At 31 December 2009 £'000 |
| Alexander Gold Group Ltd | 4 | 99 | – | 203 | (203) | – |
| MetaLeach Ltd | – | – | – | 9 | (9) | – |
| | 4 | 99 | – | 212 | (212) | – |

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 is as follows:

| | 2009 £'000 | 2008 £'000 |
|------------------------------|---------------|---------------|
| Short-term employee benefits | 465 | 561 |
| Other benefits | 9 | 16 |
| Share-based payments | 116 | 72 |
| | 590 | 649 |

Alexander Mining plc Notice of Annual General Meeting

(incorporated 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 East India Club, 16 St James's Square, London, SW1Y 4LH at 10.30am on Thursday 10th June 2010 in order to consider and, if thought fit, pass resolutions 1 to 5 as ordinary resolutions and resolution 6 as a special resolution:

Ordinary Resolutions

- 1 To receive, consider and adopt the Directors' Report and Accounts for the year ended 31st December 2009, 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-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP, as auditors of the Company and to authorise the Directors to determine their remuneration.
- 5 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 £6,000,000 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

- 6 That, subject to the passing of Resolution 5, 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 5 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:

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

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

6.1.2 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

6.2 the allotment (otherwise than pursuant to paragraph 6.1 above) of equity securities up to an aggregate nominal amount of £4,500,000.

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 web-site; 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

6 May 2010

Registered Office:

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

Notice of Annual General Meeting

For the year ended 31 December 2009

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 10.30am on 8th June 2010 (or, if the meeting is adjourned, at 10.30am 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 10th June 2010 until the end of the meeting:
 - i) a copy of the Memorandum and Articles of Association of the Company; and
 - 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 10.30am on 8th June 2010 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.

Alexander Mining plc Form of Proxy

(the Company)

Proxy Form for use by holders of ordinary shares at the Annual General Meeting (the "AGM") to be held on Thursday 10th June 2010. 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.

| Resolutions | For | Against | Vote withheld | Discretionary |
|---|-----|---------|---------------|---------------|
| Ordinary Business | | | | |
| 1 Adoption of Report and Accounts | | | | |
| 2 Re-election of Mr M L Sutcliffe | | | | |
| 3 Re-election of Mr R O Davey | | | | |
| 4 Re-appointment of PKF (UK) LLP | | | | |
| 5 Authority to allot new shares | | | | |
| Special Business | | | | |
| 6 Dis-application of pre-emption rights | | | | |

| | |
|------------------------------------|------|
| Signature (see Explanatory Note 6) | Date |
| | |

Explanatory Notes to the Proxy Form:

- 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.
- 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).
- 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.
- 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.
- 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.
- 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.
- To be valid, the Form of Proxy and any power of attorney or other authority under which it is signed (or a notorially 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.
- 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.
- All alterations made to this Proxy Form must be initialled by the signatory.
- 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.
- 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.

Second fold

Business Reply Plus
Licence Number
RSBH-UXKS-LRBC



PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

First fold

Third fold
and tuck in flap opposite

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