

THE ASSOCIATION

The Mining Association of the United Kingdom was incorporated on 13 August 1946 as a company limited by guarantee and not having a share capital, under the name of British Overseas Mining Association. In November 1966 it changed its name to Overseas Mining Association and in 1976 the name was changed to its present style on the merging with the United Kingdom Metal Mining Association.

The Association was established to promote and foster the interests of the industry of the mining of metals and minerals in any part of the world and the corporations, companies, firms and persons engaged or interested in the industry or in industries ancillary to or allied with the metals and minerals industry.

THE MINERALS INDUSTRY AND THE UNITED KINGDOM

The UK minerals industry is important to the national economy. Domestic mineral production represents 2.8 per cent of GVA and is worth £25.4 billion and 0.2 per cent of employment. The industry therefore makes a significant contribution to the UK economy, having one of the most favourable ratios of wealth creation and value added to numbers employed.

The minerals interests of the United Kingdom include:

Domestic mineral production - including hydrocarbons, construction minerals, industrial minerals and metal ores.

Overseas mineral production - by groups with their headquarters and management in the UK. These include major listed companies, such as Anglo-American, Rio Tinto, Lafarge and Hanson. In addition, foreign mining companies such as BHP Billiton and Xstrata have offices in the UK.

The London Metal Exchange - which earns some £250 million annually for the UK.

The British Geological Survey - which undertakes survey work in the UK and overseas and also publishes pre-eminent statistical works such as World Mineral Statistics and the UK Minerals Yearbook.

Schools of Mines - and education and research generally.

Mining equipment manufacturers

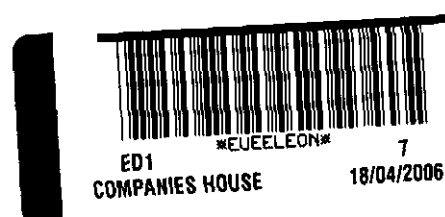
Mining and other technical consultancies

Mining journalism

Mining Project finance teams

The UK is largely self-sufficient in many of the industrial and construction minerals produced and indeed, certain minerals have major export markets, such as china clay, ball clay and potash.

In addition to its interests in mineral production, the UK is a major consumer of minerals: many mineral products are the raw materials for other industries where further value is added, and further employment facilitated.



OFFICIALS AND ADMINISTRATION

President S Reece

Vice-President Dr P Holmes

Elected Councillors G Clarke
P Hurley
P Huxtable (Honorary Treasurer)
J B Lott
Dr D Maynard
S P C Stewart

Auditors Dains
St John's Court
Wiltell Road
Lichfield
Staffordshire
WS14 9DS

Secretary R A Fenton
78 Copt Heath Drive
Knowle
Solihull
B93 9PB

Registered Office 78 Copt Heath Drive
Knowle
Solihull
B93 9PB

Company Number 417114

8 March 2006

NOTICE OF MEETING

The Sixtieth Annual General Meeting of the Mining Association of the United Kingdom will be held at the Cabinet War Rooms, Clive Steps, King Charles Street, London SW1A 2AQ at 12.00 noon on Monday 3 April 2006 for the following business:

1. To consider the accounts of the Association and the reports of the Council and auditors for the year ended 31 December 2005
2. To elect members of Council for the ensuing year.
3. To fix rates of membership subscriptions.
4. To re-appoint Dains as Auditors.

Should any member company wish to appoint a proxy to attend and, on a poll, to vote in its stead, the instrument, in the usual common form, must be deposited with the Secretary of the Association not less than 24 hours before the meeting. No person shall act as a proxy unless he is entitled to be present and vote at the meeting.

A corporation may vote by its company representative appointed in terms of Article 8 or by its representative appointed pursuant to Section 375 of the Companies Act 1985.

By Order of the Council



R A Fenton

Secretary

78 Copt Heath Drive
Knowle
Solihull
B93 9PB

8 March 2006

REPORT OF THE COUNCIL

The Council submits its annual report and audited accounts for the year ended 31 December 2005

Consultation with government and other authorities in the UK and the EU remains the prime task of the Association as the representative body of the Industrial Mineral mining industry of the United Kingdom.

ENVIRONMENT

Environmental issues continued to occupy most of the efforts of the Association during 2005. Final agreement was reached between the Member States and the European Parliament on the proposed Mine Waste Directive in December 2005 and it will be transposed in to UK legislation in 2008. The Association is of the opinion, that as a result of the dialogue between the industry and the Member States and also with the European Parliament, the best result for the industry has been achieved. This exercise has shown the benefit of having a close two way dialogue between the industry and Government departments on legislative issues.

Although not formally adopted a common position on the proposed Groundwater Directive had been agreed by the Member States by the end of 2005. It is expected to go to the European Parliament in the second quarter of 2006. The Association is of the opinion that the common position is workable. However there are still reservations over the inclusion of Chloride & Sulphate and how background concentration levels will be dealt with.

Members of the Association have a good environmental record and the Association takes a pro-active stance on environmental issues. The Association now produces annual environmental statistics. The figures below represent the UK underground operating members.

	2003	2004	2005
No. of reportable incidents - Dam Leakage	0	0	0
Discharge to Water	1	0	0
Discharge to Air	2	0	0
Discharge to Ground	1	0	0
Noise	0	0	1
No. of formal actions by the Environment Agency	1	0	0
No. of prosecutions by the Environment Agency	0	0	0

HEALTH & SAFETY

The European Commission finally agreed to remove the proposed Occupational Exposure Level for NO from the second list of indicative occupational exposure level values.

DG Employment and Social Affairs of the European Commission have set up a number of Social Dialogue Committees. These are tripartite committees comprising of the European Commission, Industry and Trade Unions. The Social Dialogue Committee Mining (now Extractive Industry) during 2005 was discussing the setting up of a voluntary agreement for the good handling and use of respirable crystalline silica. One of the reasons for a voluntary agreement is to avoid crystalline silica from being included in the carcinogens directive

REPORT OF THE COUNCIL (contd.)

In the UK the Association continued to work closely with the Health and Safety Executive and is represented by Dr P Holmes on the Safety and Health in Mines Advisory Board. Over a number of years, the Association has taken a pro-active position and this continues to benefit the industry. In addition the Association has two representatives on the Mining Industry Committee.

The UK underground operating members of the Association report their safety as a lost time accident frequency rate based on the number of accidents (defined as more than 3 consecutive days off work) per 100,000 man-hours worked. The results for the calendar years 2001, 2002, 2003 and 2004 are:

	2002	2003	2004	2005
Fatalities	0	0	0	0
Frequency rate	0	0	0	0
Reportable accidents	23	40	29	30
Frequency rate	0.89	1.73	1.29	1.29

MEMBERSHIP OF THE ASSOCIATION

There were no resignations from membership during 2005. However, we were pleased to welcome Camborne School of Mines and the National Coal Mining Museum for England as members.

COUNCIL

Mr S Reece and Dr P Holmes, were re-elected President and Vice President respectively at the Council Meeting held immediately following the Annual General Meeting.

Mr S Reece and Mr S P C Stewart retire at the forthcoming Annual General Meeting in accordance with Article 40 of the Articles of Association. In addition, Mr J B Lott who was appointed after the last Annual General Meeting, also retires at the forthcoming AGM; they are all eligible and offer themselves for re-election

REPORT OF THE COUNCIL (contd.)

ACCOUNTS AND FINANCE

The audited accounts of the Association are summarised as follows:

£

The result for the year ended 31 December 2005 was a loss of (6,104)

and to which is added the surplus on the Income and Expenditure Account
as at 31 December 2004 of 31,133

leaving a balance on the Income and Expenditure Account at 31 December 2005 25,029

SUBSCRIPTION RATES

The Council proposes that the following will be the subscription rates for the year to 31 December 2006.

Class A UK-based major mineral companies	£3,500.00
Class B Overseas-based major mineral companies	£3,500.00
Class C Significant mineral companies and major consultancies	£2,500.00
Class D1 Small mineral companies	£1,000.00
Class D2 Exploration, consultancies, research & other organisations	£750.00
Class E Tourist and University Mines	£250.00
Personal members	£50.00

AUDITORS

Dains have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted to the Annual General Meeting.

By Order of the Council



R A Fenton

Secretary

8 March 2006

**STATEMENT OF THE RESPONSIBILITIES OF MEMBERS OF COUNCIL
IN RESPECT OF THE ACCOUNTS**

Company law requires the directors (in this case the members of Council of the Association) to prepare financial statements for each financial year, which give a true and fair view of the state of the affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements, the members of Council are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business;
- ensure that applicable accounting standards are followed.

The members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
THE MINING ASSOCIATION OF THE UNITED KINGDOM**

We have audited the financial statements of The Mining Association of the United Kingdom on pages 9 to 11 for the year ended 31 December 2005. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the association's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the association's members that matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members of Council and auditors

As described in the Statement of Members of Council Responsibilities on page 7 the members of Council are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

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

We read the report of the Council and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

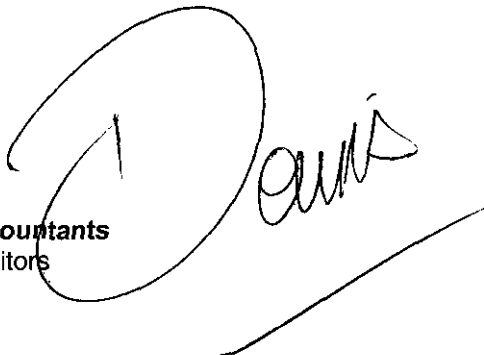
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error.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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practices, of the state of affairs of the Association at 31 December 2005 and of its surplus for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Dains

Chartered Accountants
Registered Auditors

A large, stylized handwritten signature in black ink, appearing to read 'Dains', is written over the printed name and title. A long horizontal line is drawn below the signature.

Date: 8 March 2006

St Johns' Court, Wiltell Road
Lichfield
Staffordshire
WS14 9DS

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2005**

	2005 £	2004 £
INCOME		
Members' subscriptions (note 2)	<u>23,135</u>	<u>21,324</u>
LESS OPERATING COSTS		
Membership of other bodies and associated costs	6,858	4,641
Technical services provided	21,000	21,000
Audit Fee	350	805
General office expenses	<u>1,545</u>	<u>1,846</u>
	<u>29,753</u>	<u>28,292</u>
NET OPERATING SURPLUS/ (DEFICIT) ON ORDINARY ACTIVITIES	(6,618)	(6,968)
OTHER INCOME		
Interest receivable	<u>514</u>	<u>557</u>
NET OPERATING SURPLUS/ (DEFICIT) BEFORE TAXATION	(6,104)	(6,411)
TAXATION (note 3)	—	—
SURPLUS/ (DEFICIT) OF INCOME OVER EXPENDITURE FOR THE PERIOD	(6,104)	(6,411)
BALANCE BROUGHT FORWARD 1 JANUARY 2005	<u>31,133</u>	<u>37,544</u>
BALANCE CARRIED FORWARD 31 DECEMBER 2005	<u>25,029</u>	<u>31,133</u>

There are no recognised gains or losses other than those stated in the income and expenditure account above. All items dealt with in the income and expenditure account, relate to continuing operations.

The notes on page 11 form part of these accounts.

**BALANCE SHEET
AT 31 DECEMBER 2005**

	2005	2004
	£	£
CURRENT ASSETS		
Prepayments and Accrued Income	2,504	4,513
Balance at bank:		
Current account	4,087	6,368
Deposit account	<u>20,844</u>	<u>26,330</u>
	<u>24,931</u>	<u>32,698</u>
	27,435	37,211
CREDITORS - amounts falling due within one year		
Accruals and Deferred Income	2,406	6,078
Tax		
NET CURRENT ASSETS	<u>25,029</u>	<u>31,133</u>
CAPITAL AND RESERVES		
Income and Expenditure account	<u>25,029</u>	<u>31,133</u>



S Reece, President



P L Huxtable, Honorary Treasurer

8 March 2006

The notes on page 11 form part of these accounts.

NOTES TO THE ACCOUNTS

1. **ACCOUNTING POLICIES**

The accounts are prepared under the historical cost convention, in accordance with applicable UK accounting standards.

2. **INCOME**

	2005 £	2004 £
Members' subscriptions	<u>23,135</u>	<u>21,324</u>

Annual subscriptions for the year ended 31 December 2005 were paid by members at the various rates approved at the Annual General Meeting held on 21 April 2005. A total of 18 members contributed. Each member has a single vote at any General Meeting.

3. **TAXATION**

	2005 £	2004 £
Corporation tax charge on profit for year		
Prior year taxation refund	-	-

4. **EMPLOYEES**

There are no employees and no remuneration was paid to the members of Council.

MEMBERS AT 31 DECEMBER 2005

Areas of Operations and Mining Interests

Anglesey Mining plc	North Wales	Development of Copper, lead and zinc mine
Anglo American plc	U.K., Europe, Canada, U.S.A., South America, SE Asia	Copper, gold, zinc, silver, nickel, niobium, potash, rock salt, industrial minerals
Baseresult Ltd	U.K.	Development of Tin mine
Cleveland Potash Limited	U.K.	Producers of potash and rock salt
Camborne School of Mines	Education of Mining & Mineral Engineers etc.	
British Gypsum Limited	U.K.	Gypsum and plaster based products
Glebe Mines Ltd	U.K.	Fluorspar
Huxtable, P.L.	Personal Member	
IMC Group Holdings Ltd	U.K., Europe, U.S.A., Australia	An international group of geological, mining, engineering, economic, energy and environmental consultants to the mining, minerals and energy industries.
Inco Europe Limited	U.K. and overseas	Nickel, copper and precious metals
Institute of Materials, Minerals and Mining	An international professional body for the industry	
Irish Salt Mining and Exploration Co Ltd	Northern Ireland	Rock salt
M.I. Drilling Fluids (UK)	U.K.	Barytes production
Mineral Industry Research Organisation	A contract research and information organisation serving the metals and minerals industry of Europe	
National Coal Mining Museum of England	A museum to provide the unique opportunity for people to go underground.	
Rio Tinto plc	Australasia, Canada, Southern Africa, U.S.A., U.K., Europe and South America	Copper, gold, iron ore, aluminium, lead, zinc, silver, tin, coal, uranium, borates, titanium dioxide, diamonds, talc, salt and vermiculite
Salt Union Ltd	U.K.	Rock salt and evaporated salt products
United Kingdom Nirex Ltd	U.K.	Provision of safe, environmentally sound and publicly acceptable options for the long-term management of radioactive materials in the United Kingdom
Wallace, B.L.	Personal Member	
Wardell Armstrong	U.K., U.S.A., South America, Southern Africa	Consultants in mining engineering, geology, engineering geology and the environmental aspects of mineral development; also Crown Mineral Agent and mineral agent to the Church Commissioners.