

Central African Mining & Exploration Company plc

REPORT AND FINANCIAL STATEMENTS

Year ended 31 March 2005



Central African Mining & Exploration Company plc

DIRECTORS AND ADVISERS

DIRECTORS

Philippe Edmonds MA (Cantab)
Andrew Groves
Russell Grant B.Sc (Hons) (Royal School of Mines)
Rehman Hassim
John Anthony B.Com, LIB (Hons) MBA

Chairman
Managing Director and Chief Executive
Operations Director
Non-Executive Director
Non-Executive Director

SECRETARY

Philip Enoch MA (Oxon)

REGISTERED OFFICE

Millennium Bridge House
2 Lambeth Hill
London EC4V 4AJ

NOMINATED ADVISER

Seymour Pierce Limited
Bucklersbury House
3 Queen Victoria Street
London EC4N 8EL

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

SOLICITORS

Salans
Millennium Bridge House
2 Lambeth Hill
London EC4V 4AJ

BROKER

Seymour Pierce Ellis Limited
Talisman House
Jubilee Walk
Three Bridges
Crawley
West Sussex RH10 1LQ

BANKERS

National Westminster Bank plc
North London Corporate Business Centre
PO Box 6333
2/3 Upper Street
London N1 0QE

REGISTRARS

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Central African Mining & Exploration Company plc

CHAIRMAN'S STATEMENT

It gives me great pleasure to report on the excellent progress we have made since I last updated shareholders on developments at CAMEC. We have invested much time and energy in establishing and developing our strategy to build a portfolio of exploration, operational and development projects to generate value and achieve our objective of becoming a primary investor in Central and Southern Africa.

We have shifted our emphasis and we are now identifying more substantial projects that require significant funding for advancement. To develop these and create value we have initiated a three pronged approach.

The first is the investment in significant operational projects that we can develop with fixed budgets, which will generate cash over a relatively short time frame. To this end we have re focussed geographically to the regions that provide the greatest opportunity. We are therefore currently concentrating in the Democratic Republic of the Congo ('DRC') and Mozambique and have curtailed our operations in Namibia.

In the DRC, we are constructing a metallurgical complex where a cobalt carbonate concentrate plant and an electric arc furnace capable of processing both copper and tin are under construction, and in Mozambique we are hoping to acquire a tantalum operation and production facility. We have also been looking at diversifying away from the purely mineral resource sector into activities such as agriculture and property development which we believe have a significant role to play in the development of emerging African nations. As such in Mozambique we are developing an agricultural buying, milling and trading operation, which will both generate cash flow and solidify our presence within the country.

The second approach is the advancement of mineral specific projects, which either remain within CAMEC, are joint ventured with a major partner or are floated off as independent entities following initial valuation. A prime example of this style of value creation is African Platinum Plc (previously called Southern African Resources Plc). Here we identified and secured an asset in South Africa and conducted preliminary evaluation work through CAMEC. Following positive conclusions we floated the project on AIM as a separate vehicle and raised development finance, while maintaining a significant stake. As development progressed we assembled an experienced Board to manage growth and eventually relinquished control. CAMEC has subsequently crystallised value by selling its shareholding. It is the intention of the Board to replicate this process with our coal project in Mozambique, where we have assembled a number of exploration licences.

Finally, the third method of creating value is the establishment of stand alone vehicles that allow governments and communities to inject assets and attract outside investment, thereby allowing them to maintain a degree of control over their indigenous assets. A prime example of this is White Nile Limited, where the new government of Southern Sudan retain a 48% stake after the recent placing by that company. CAMEC has provided advice, access to institutional investment and significant funding from its own reserves. This structure of allowing governments to crystallise value from their assets at an early stage has been well received and the Company is currently talking to a number of parties who have expressed interest in replicating the White Nile model.

Funding

During the period under review we raised £3,650,000 through the placing of 36,500,000 shares at 10p per share to institutional and other shareholders. Post year-end we raised an additional £10,750,000 before expenses through the placing of 107,500,000 new ordinary shares at 10p per share with UK and international institutions and directors of the Company. The funds raised will be used to build on the Company's initial successes in resource development, expand its investment portfolio and significantly increase its activities in Central and Southern Africa.

The Board

In March this year, Russell Grant was elevated to take a full executive role on the board. With 28 years technical and commercial experience in the metals industry, Russell is ideally qualified to lead the development of our increasing portfolio of African assets. He has been on the advisory board of CAMEC since its inception in 2001 and is looking forward to moving into an executive role. With our operations expanding rapidly, Russell will strengthen the team, help us increase revenue from our production and trading operations and ensure that we maximise the value of our widening asset base in Central and Southern Africa.

Central African Mining & Exploration Company plc

CHAIRMAN'S STATEMENT

Results

It gives me great pleasure to report a pre-tax profit of £2.5 million (2004: £1.7 million). The main contributor to profits was £5.9 million from the realisation of our shareholding in African Platinum Plc. However, due to our strategy shift to focus primarily on larger projects that offer greater return on capital, we feel it appropriate to write down £2.6 million of value attributed to our Goantagab Tin Prospect in Namibia. This will remain in our project portfolio and we will look to generate value from it either by selling the prospect or joint venturing it if the opportunity arises.

2005 has been a year of creating a foundation to build an operational base for the production of cash flow and profit. Operational turnover will improve significantly going forward once all our facilities and projects are fully operational. Importantly, we are well capitalised with a current cash at bank position of £14.5 million.

Conclusion

We have been able to identify projects through our connections in the region and our team of industry professionals. We now have a reputation of being able to both deliver on our promises and raise finance quickly as a result of the backing we receive from institutions in the UK, Europe and the United States.

As I have highlighted our emphasis has shifted to more high value projects which are currently focused primarily in the DRC and Mozambique. Additionally, we maintain a presence in Zimbabwe hoping for an amelioration in the political situation and we are also looking at a number of opportunities in other African countries, which will increase our sphere of activities. In particular we are looking at another oil project in West Africa which we hope to progress shortly.

In summary, I believe we now have a strong foundation from which to build CAMEC into a primary investor in Central and Southern Africa. With its dedicated team, expanding network of contacts, proven track record of delivering on its promises and a healthy cash position, CAMEC is looking forward to the future with confidence.

Phil Edmonds
Chairman
29 September 2005



Central African Mining & Exploration Company plc

OPERATIONS REVIEW

We have an active policy of identifying opportunities that with the right funding will generate cash flow for the Company going forward. Typically these are projects that are located in areas where we have the support of local partners and/or governments.

Our major project funding is in a metallurgical processing complex in Kambove, 30km west of Likasi in the Democratic Republic of the Congo ('DRC'), an area regarded as the world's richest copper cobalt region. By creating a processing and production facility there, the Company has the ability to generate cash flow and build on its regional presence.

The first facility at the metallurgical processing complex is a cobalt carbonate plant, which following commissioning in October is expected to start production in mid-December 2005. The initial design capacity is targeted at 120 tonnes of cobalt per month, with the potential to raise this to 240 tonnes per month. CAMEC has assembled an experienced team to manage the plant and off take negotiations are being completed, with first shipments targeted for January 2006. Production costs are expected to be in the region of US\$4 per pound of cobalt contained and revenue from these operations is expected to fully impact our results next year.

The second facility is an electric arc furnace primarily for the production of blister copper. The furnace, forecast to cost in the region of US\$5 million, will be adjacent to the Company's cobalt processing plant whose commissioning is scheduled for February 2006. The copper furnace, which also has a dual capability to produce tin, is expected to be operational by the end of the first quarter 2006 and producing 235 tonnes of copper per month.

To solidify our position in the DRC and to develop projects, we have partnered with Enterprise Swanepoel SARL, a mining and civil engineering contractor. Swanepoel has over 75 years in the country, particularly in the south where it has a 25 year relationship with Gecamines, the state-controlled mining company, and understands the politics and economy of the region.

The JV agreement involved the establishment of a 70%-30% vehicle, Casmin SPRL between CAMEC and Enterprise Swanepoel SARL. It will develop and manage a number of opportunities in the DRC centred on cobalt, tin and copper.

Through this JV, we are examining a zinc and germanium tailings processing project, which originates from the UMK zinc operation near Kolwezi in southern DRC. We have gained an option to participate based on financing and process development. The tailings are currently estimated to contain one million tonnes grading 20% zinc, 200 ppm silver and 500 g/t Germanium (1-2%). Mining consultants Mintek are conducting a metallurgical process study which will further quantify the potential of the project. Once this is completed CAMEC will make a decision on whether or not to proceed by mid 2006.

Due to our current activity levels we are being introduced to other resource projects that we can advance operationally. We are considering a number of these projects which we will announce to the market if they are developed.

In Mozambique, we are also diversifying from our activities within the resource sector. We have established D.E.C.A, an agriculture trading and processing operation, which involves the purchase from growers and the collection, drying and milling of maize, groundnuts and beans. We have improved local transport infrastructure, constructed collection depots and bought a fleet of trucks to implement the operation. Once collected, the produce will be branded and distributed in Mozambique from our operational hub at Chimoio. We expect D.E.C.A. to contribute significantly to revenues and Group profitability once the bedding in process has passed. Furthermore, we are looking at property development opportunities both in the major cities and on the coast, as we feel capital values will increase as the country develops.

Exploration Review

CAMEC holds a number of exploration licence areas which are at various stages of development. In Mozambique the primary focus is on coal, gold and tantalite, in the DRC cobalt, copper and gold and in Zimbabwe tantalite, gold and tin. We have a high quality team of geologists and consultants who evaluate our projects and allocate development funding on a project by project basis.

Central African Mining & Exploration Company plc

OPERATIONS REVIEW

In Mozambique we have acquired 10 licences to carry out coal exploration. The licences total over 300,000 hectares of the Zambezi Coal Basin in the Tete Province. The land package awarded to the Company makes CAMEC the single largest holder of licences both in the Zambezi Coal Basin and in Mozambique. The coal licences were targeted by CAMEC's geologists as being in prime areas for coal exploration. The Zambezi Coal Basin is considered one of the world's last and largest unexplored coal provinces with both coking and thermal coal potential. Importantly for future development, Mozambique is a fast growing economy with political stability and modern mineral legislation.

Also in Mozambique we have secured a number of other exploration licences, predominantly in the Zambezia and Sofala Provinces. The main exploration and production focus is on tantalite and gold although all minerals are being examined. The Company also has a five-year national commercial buying and exporting licence for gold and silver which it is utilising to encourage local production and generate cash for the Company.

At Muda River in the gold-rich Nhamatando District of the Sofala Province we control a 540 sq km exploration licence area issued by the Mozambique Ministerio dos Recursos Minerais e Energia. To develop the potential of the region, which was initially identified through extensive artisanal activities, an exploration programme has been initiated. The main objective is to assess secondary deposits, alluvial and elluvial, by bulk sampling and processing through a sampling plant to delineate volumes suitable for a processing plant. If successful, we will then implement a longer-term large mine strategy using conventional exploration involving geological/geochemical methods and drilling.

In the DRC we have significant exploration licences at Moba, Mitwaba and Lodja. At Moba we have nine contiguous licence areas covering 3,250 sq km primarily in the Lufuka River Valley in the Tanganyika district of Katanga, where exploration is focused on copper, cobalt and gold. Gold occurrences have been identified in the Archaen Muhila complex at Mutotolwa where a 3km quartz vein grading between 7.5-32 g/t has been identified, at Kalimingela, where a 2km quartz vein grading between 5-24 g/t has been identified, and at Mount Kalema where bulk grades of 6.3 g/t in continuous mineralization are being uncovered. Additionally the Lufuka Valley may be an extension of the Mine Series found in the Copper Belt.

At Mitwaba, we hold a further 36 contiguous areas covering 5,000 sq km in the Haut-Katanga region of the Katanga Province where the focus is on tin, tantalum and gold. Additionally at Lodja we have 16 contiguous licence areas covering 4,871 sq km in the Sankuru District in the Kasai Oriental Province. The area is known for artisanal diamond mining activities from alluvial deposits in the Lukenie and Lubefu Rivers and initial exploration is focused on diamonds.

Other interests

We currently have significant interests in two AIM listed companies - White Nile Limited and Central African Gold Plc.

Our 15.2 million shares in White Nile Limited have a carrying value of £10.7m (based on 70.5p mid share price at close of play on 21.09.05). White Nile Limited listed on AIM in February 2005 having raised £9 million (US\$ 17.20 million) through a placing with institutional investors. A deal with the Government of Southern Sudan was secured concerning an oil concession known as Block Ba in South Sudan. The transaction gave Nile Petroleum Corporation, the national oil company owned by the new Government of South Sudan, 50% of White Nile Limited in return for a 60% interest in oil concession Block Ba.

An independent oil consultant was appointed to carry out initial ground surveys and Terra Seis Geophysical will conduct a seismic survey targeting 2,000 km of the more prospective areas of the block.

Central African Mining & Exploration Company plc

OPERATIONS REVIEW

CAMEC has invested both management time and finance in White Nile Limited in order to develop its assets and contribute to the future success of the company. In June, White Nile Limited raised an additional £7 million from existing shareholders and new institutional investors for exploration and general working capital purposes.

We also hold 20 million shares in Central African Gold Plc which has a carrying value of £0.6m (based on 3.13p mid share price at close of play on 21.09.05). Its major asset is a 53% stake in Golden Tau Mining Limited an Australian-based mining company, whose strategy is centred on identifying gold deposits in Archaean Greenstone belts in southern Africa. Golden Tau, through its Botswana registered subsidiary, owns the exploration rights over 872 sq km of the Kraaipan Greenstone Belt in southern Botswana. The licences, granted by Botswana's Department of Mineral and Energy, cover all precious metals though the Company will primarily concentrate its activities on gold exploration.

The Kraaipan Greenstone Belt is directly along strike from significant gold deposits in South Africa, including the well-known Goldridge deposit, which has over four million ounces of gold to 150 metres depth.

The management is also looking at a number of other significant opportunities within Africa which it hopes to secure in the near future.

Central African Mining & Exploration Company plc

DIRECTORS' REPORT

The directors submit their report and the financial statements of Central African Mining & Exploration Company plc for the year ended 31 March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the group during the year was that of a fully integrated exploration, mining and trading group focused on Central and Southern Africa.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

This is dealt with in the Chairman's statement and the Operations review.

DIVIDENDS

The directors do not recommend a dividend for the year.

DIRECTORS

The following directors have held office during the year:

AS Groves
PH Edmonds
R Hassim
R Grant
JG Anthony
MR Wilson (resigned 26 August 2004)

DIRECTORS' INTERESTS IN SHARES, OPTIONS AND WARRANTS

Directors' interests in the shares of the company, including family interests, were as follows:

	<i>Ordinary shares of 0.1p each</i>	
	31.3.05	01.04.04
AS Groves	27,644,331	27,578,105
PH Edmonds	41,144,331	41,144,331
R Hassim	-	-
R Grant	10,000,000	10,000,000
JG Anthony	700,000	700,000

Central African Mining & Exploration Company plc

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES, OPTIONS AND WARRANTS (*continued*)

Directors' interests in share options of the company, including family interests, as at 31 March 2005 were as follows:

	Date of grant	Number of shares	Exercise Price	Option exercise period
AS Groves	30 July 2001	2,000,000	5p	30 July 2002 to 31 December 2005
	18 January 2002	2,000,000	1p	30 July 2002 to 31 December 2005
PH Edmonds	30 July 2001	2,000,000	5p	30 July 2002 to 31 December 2005
	18 January 2002	2,000,000	1p	30 July 2002 to 31 December 2005
R Hassim	30 July 2001	1,000,000	5p	30 July 2002 to 31 December 2005
	18 January 2002	1,000,000	1p	30 July 2002 to 31 December 2005
R Grant	30 July 2001	2,000,000	5p	30 July 2002 to 31 December 2005
	18 January 2002	2,000,000	1p	30 July 2002 to 31 December 2005
J Anthony	30 July 2001	1,000,000	5p	30 July 2002 to 31 December 2005
	18 January 2002	1,000,000	1p	30 July 2002 to 31 December 2005

Directors' interests in share warrants of the company, including family interests, as at 31 March 2005 were as follows:

	Date of grant	Number of shares	Exercise Price	Option exercise period
R Hassim	18 January 2002	1,000,000	0.1p	1 January 2003 to 31 December 2005
R Grant	26 July 2001	5,000,000	5p	26 July 2002 to 31 December 2005
	18 January 2002	5,000,000	1p	26 July 2002 to 31 December 2005

No share options or share warrants were granted, exercised or waived during the year.

Since 1 April 2005, AS Groves and PH Edmonds each acquired a further 2,978,233 ordinary shares of 0.1p each and R Grant acquired a further 2,978,234 ordinary shares of 0.1p each as part of the share placing by the company referred to below.

There have been no other changes in directors' share interests, options or warrants between 1 April 2005 and 21 September 2005.

The market price of the shares at 1 April 2004 and 31 March 2005 was £0.09 and £0.12 respectively and the average during the year ended 31 March 2005 was £0.06.

Central African Mining & Exploration Company plc

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDINGS

Other than the directors' interests shown above, the company has been notified of the following substantial interests as at 21 September 2005.

	Number of ordinary shares of 0.1p each	Percentage of issued share capital
Bruce Rowan	92,538,133	15.60
Southern Africa Growth Area Investments Limited	29,541,800	4.98
Capital Research and Management Co	20,680,000	3.49
Africa Growth Area Investments Limited	20,541,600	3.46
Rubicon Master Fund	20,000,000	3.37

CREDITOR PAYMENT POLICY

The company policy, which is also applied by the group, is to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the term agreed with the supplier at the time of the supply or otherwise 30 days from receipt of the relevant invoice. Trade creditor days based on creditors at 31 March 2005 were 30 days (31 March 2004: 17 days).

POST BALANCE SHEET EVENTS

In July and August 2005, the company placed 107,500,000 ordinary shares of 0.1p each at 10p raising gross cash proceeds of £10,750,000. These funds will be used for capital projects and to significantly increase the company's activities in Central and Southern Africa.

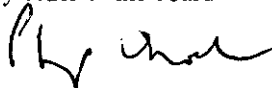
On 12 August 2005, the company issued 2,000,000 ordinary shares of 0.1p each at 1p and 2,000,000 ordinary shares of 0.1p each at 5p raising gross cash proceeds of £120,000 as a result of the exercise of warrants.

On 11 August 2005 the company entered into a loan agreement with Entreprises Swanepoel SARL ("Swanepoel") whereby the company extended a facility of US\$850,000 to Swanepoel, repayable after two years. Under the terms of this loan agreement Swanepoel agreed to procure the transfer within 12 months of a copper cobalt concession acceptable to the company to Casmin SPRL, the company's 70% subsidiary. This obligation is secured by a charge over 20% of the issued share capital of Casmin SPRL. The \$850,000 facility, together with \$400,000 indebtedness of Swanepoel to the company which arose in respect of a \$300,000 performance guarantee that the company issued for the benefit of Swanepoel, are secured by a charge over 30% of the issued share capital of Casmin SPRL.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



PM Enoch
Company Secretary

29 September 2005

Central African Mining & Exploration Company plc

CORPORATE GOVERNANCE STATEMENT

The Board of Directors are accountable to the company's shareholders for good corporate governance and the directors support the Combined Code as far as it is appropriate to the Group's stage of development.

Set out below is a summary of how at 31 March 2005, the company was dealing with corporate governance issues.

The Board of Directors

The Company is led and controlled by a Board comprising three executive directors and two non-executive directors.

There are no matters specifically reserved to the Board for its decision, although board meetings are held on a regular basis and effectively no decision of any consequence is made, other than by the directors. All directors participate in the key areas of decision-making, including the appointment of new directors, although there is no separate Nomination Committee due to the current size of the Board.

The Board receives timely information on all material aspects about the Group to enable it to discharge its duties.

There is no agreed formal procedure for the directors to take independent professional advice at the Group's expense.

All directors submit themselves for re-election at the Annual General Meeting at regular intervals. There are no specific terms of appointment for non-executive directors.

Directors' Remuneration

The Company has not yet established a Remuneration Committee.

The Chairman and Chief Executive are responsible for consideration and approval of the terms of service, remuneration, bonuses, share options and other benefits of the other directors and they, in turn, are responsible for theirs. All decisions are made after giving due consideration to the size and nature of the business and the importance of retaining and motivating management.

PH Edmonds and AS Groves both have service contracts with the company. These can be terminated by the company on twelve months' notice and by the employee on six months' notice.

There are no formal bonus schemes in force.

Details of the remuneration of each director are set out in note 6 to the financial statements.

Accountability and Audit

The Company has not yet established an Audit Committee. The Chairman and Chief Executive are responsible for reviewing the scope and results of the audit, its cost effectiveness and the independence and objectivity of the auditors. A formal statement of independence is received from the external auditor each year.

Relations with Shareholders

The Chairman is the Company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, private investors are given the opportunity to question the Board.

Internal Control

The Board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

Central African Mining & Exploration Company plc

CORPORATE GOVERNANCE STATEMENT

The key procedures that have been established and which are designed to provide effective control are as follows:

Management Structure – The Board meets regularly to discuss all issues affecting the group.

Investment Appraisal – The Group has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the year and no weakness in internal financial control has resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

The Group recognises that it is constructing and purchasing assets in certain African countries where there is no fully developed system of insurance. The Group is taking steps to ensure that there is sufficient insurance cover for these assets where such insurance can be obtained at commercially acceptable rates of premium.

The Board considers that in light of the control environment described above, there is no current requirement for a separate internal audit function.

Going Concern

Having made appropriate enquires and having examined the major areas which could affect the Group's financial position, the directors are satisfied that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they consider it appropriate to adopt the going concern basis in preparing the financial statements.

Central African Mining & Exploration Company plc

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CENTRAL AFRICAN MINING & EXPLORATION COMPANY PLC

We have audited the financial statements on pages 14 to 33.

This report is made solely to the company'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 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, the Operations Review, the Directors' Report and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2005 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

29 September 2005

Central African Mining & Exploration Company plc
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2005

	Note:	2005 £	2004 £
TURNOVER	1	805,075	2,857,205
Cost of sales		(400,690)	(2,600,038)
GROSS PROFIT		<u>404,385</u>	<u>257,167</u>
Net operating expenses	2	(1,328,410)	(1,049,130)
Impairment of development costs	9	(2,605,800)	-
OPERATING LOSS		<u>(3,529,825)</u>	<u>(791,963)</u>
Share of losses of associated undertakings	11	(396)	(48,536)
Profit on disposal of investment	11	5,893,504	2,547,106
Interest receivable	3	138,664	22,233
Interest payable and similar charges	4	-	(7,553)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>2,501,947</u>	<u>1,721,287</u>
Taxation	7	-	(566,190)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	<u>2,501,947</u>	<u>1,155,097</u>
EARNINGS PER SHARE			
Basic earnings per share	8	0.557p	0.313p
Diluted earnings per share	8	0.525p	0.307p

The operating loss for the year arises from the group's continuing operations.

Central African Mining & Exploration Company plc
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2005

	2005 £	2004 £
Profit for the financial year	2,501,947	1,155,097
Exchange rate adjustments	49,415	(19,134)
Hyper inflation adjustment	49,999	-
Total recognised gains and losses for the year	<u>2,601,361</u>	<u>1,135,963</u>

Central African Mining & Exploration Company plc

CONSOLIDATED BALANCE SHEET

31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible assets	9	863,442	2,720,567
Tangible assets	10	2,532,952	325,406
Investments	11	1,230,576	794,949
		<u>4,626,970</u>	<u>3,840,922</u>
CURRENT ASSETS			
Stocks	12	1,085,638	44,902
Debtors	13	750,842	412,374
Cash at bank and in hand		9,931,459	5,638,831
		<u>11,767,939</u>	<u>6,096,107</u>
CREDITORS: Amounts falling due within one year	14	(1,432,140)	(1,054,905)
NET CURRENT ASSETS		<u>10,335,799</u>	<u>5,041,202</u>
NET ASSETS		<u>14,962,769</u>	<u>8,882,124</u>
CAPITAL AND RESERVES			
Called up share capital	16	481,711	442,440
Share premium account	17	10,416,899	6,976,886
Merger reserve		(199,000)	(199,000)
Profit and loss account	18	4,263,159	1,661,798
SHAREHOLDERS' FUNDS	19	<u>14,962,769</u>	<u>8,882,124</u>

Approved by the board on 29 September 2005

PH Edmonds Director



Central African Mining & Exploration Company plc
 COMPANY BALANCE SHEET
 31 March 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible assets	9	-	98,228
Tangible assets	10	50,567	56,162
Investments	11	1,249,680	3,489,507
		<u>1,300,247</u>	<u>3,643,897</u>
CURRENT ASSETS			
Stocks	12	923,851	14,794
Debtors	13	4,379,493	1,278,884
Cash at bank and in hand		9,508,251	5,633,457
		<u>14,811,595</u>	<u>6,927,135</u>
CREDITORS: Amounts falling due within one year	14	(945,860)	(1,019,408)
NET CURRENT ASSETS		<u>13,865,735</u>	<u>5,907,727</u>
NET ASSETS		<u>15,165,982</u>	<u>9,551,624</u>
CAPITAL AND RESERVES			
Called up share capital	16	481,711	442,440
Share premium account	17	10,416,899	6,976,886
Profit and loss account	18	4,267,372	2,132,298
EQUITY SHAREHOLDERS' FUNDS	19	<u>15,165,982</u>	<u>9,551,624</u>

Approved by the board on 29 September 2005

PH Edmonds Director



Central African Mining & Exploration Company plc
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2005

	Notes	2005 £	2004 £
Cash outflow from operating activities	20a	(1,721,345)	(611,278)
Returns on investments and servicing of finance	20b	138,664	14,680
Capital expenditure and financial investment	20b	2,396,025	2,460,778
CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING		813,344	1,864,180
Management of liquid resources	20b	(3,000,000)	(5,000,000)
Financing	20b	3,479,284	3,528,087
INCREASE IN CASH IN THE PERIOD		1,292,628	392,267

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2005 £	2004 £
Increase in cash in the period	1,292,628	392,267
Cash outflow from increase in liquid resources	3,000,000	5,000,000
MOVEMENT IN NET FUNDS IN THE YEAR	4,292,628	5,392,267
NET FUNDS AT 1 APRIL 2004	5,624,362	232,095
NET FUNDS AT 31 MARCH 2005	2i 9,916,990	5,624,362

Central African Mining & Exploration Company plc

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Central African Mining & Exploration Company plc and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised as goodwill.

ASSOCIATED UNDERTAKINGS

Undertakings in which the group has a participating interest of not less than 20% in the voting capital and over which it exerts significant influence are defined as associated undertakings. The financial statements include the appropriate share of the results and reserves of these undertakings, up to the date of disposal where relevant, based on audited financial statements to 31 March.

STOCKS

Stocks are valued at the lower of cost and net realisable value.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. *Exchange differences arising are dealt with through reserves.*

In countries in which a very high rate of inflation exists, the Group adjusts the local currency financial statements to reflect current price levels before the translation process is undertaken and includes any gain or loss in the net monetary position through the profit and loss account.

INTANGIBLE FIXED ASSETS

All costs relating to the acquisition, exploration and development incurred by the Company and Group on its mineral properties are carried as intangible assets until such time as it is determined that there are commercially exploitable reserves at which time such costs will be transferred to tangible fixed assets to be amortised over the expected productive life of the asset. The directors periodically review the intangible assets for impairment and where a project is abandoned or is considered not to be economically viable, the related costs are written off.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life as follows:-

Plant and machinery	20-25% straight line
Motor vehicles	14-20% straight line
Office furniture and equipment	17-50% straight line
Assets in course of construction	Nil

Mining equipment and plant is depreciated over the shorter of its useful economic life or the life of the mine.

Central African Mining & Exploration Company plc

ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to profit and loss on a straight line basis over the lease term.

INVESTMENTS

Investments are stated at cost. Provision is made for any impairment in the value of investments.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation were all derived from its principal activity. The geographical analysis of turnover is as follows:

	2005 £	2004 £
Zambia	106,331	2,239,532
South Africa	447,782	588,033
Zimbabwe	163,885	29,640
United Kingdom	87,077	-
	<u>805,075</u>	<u>2,857,205</u>

2 NET OPERATING EXPENSES

	2005 £	2004 £
Head office overheads	813,372	758,783
Pre-production costs and overseas overheads	515,038	290,347
	<u>1,328,410</u>	<u>1,049,130</u>

3 INTEREST RECEIVABLE

	2005 £	2004 £
Bank interest receivable	138,664	22,233

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2005 £	2004 £
Other interest	-	7,553

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2005 £	2004 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets	163,891	118,786
Operating lease rentals:		
Land and buildings	55,000	6,226
Foreign exchange profits	(94,224)	-
UK Auditors' remuneration - audit	18,025	15,000
- tax compliance	3,000	2,000
- tax advice	2,000	3,085
Overseas Auditors' remuneration - audit	5,041	7,576

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

6 EMPLOYEES

The average monthly number of employees employed by the group during the year was 8 (2004: 6).

	2005 £	2004 £
Staff costs:		
Wages and salaries	75,808	20,990
Social security costs	8,312	1,649
	<u>84,120</u>	<u>22,639</u>

	2005 £	2004 £
DIRECTORS' REMUNERATION		
Amounts paid for directors' services	<u>66,000</u>	<u>63,476</u>
Highest paid director:		
AS Groves	<u>33,000</u>	<u>28,500</u>
Other directors:		
PH Edmonds	<u>24,000</u>	<u>24,000</u>
M Wilson	-	10,976
R Grant	<u>9,000</u>	-

No director accrued any retirement benefits during the year.

7 TAXATION

	2005 £	2004 £
Current tax:		
UK corporation tax on profits of the period	<u>-</u>	<u>566,190</u>
Factors affecting tax charge for period:		
Profit on ordinary activities before tax	<u>2,501,947</u>	<u>1,721,287</u>
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	<u>750,584</u>	<u>516,386</u>
Effects of:		
Expenses not deductible for tax purposes	853,123	48,699
Expenses not deductible for tax purposes/(income not taxable)	(1,768,051)	(78,683)
Unrelieved tax losses carried forward	173,002	87,284
Depreciation in excess of capital allowances	794	(7,496)
Utilisation of tax losses brought forward	<u>(9,452)</u>	<u>-</u>
Tax charge for period	<u>-</u>	<u>566,190</u>

The Group's and Company's unrelieved tax losses carried forward of £804,162 (2004: £227,489) and £535,539 (2004: £227,489) respectively have not been recognised as a deferred tax asset, as there is currently insufficient evidence that the asset will be recoverable in the foreseeable future.

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

8 EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated by reference to the group profit after taxation and the weighted average number of shares in issue during the year of 449,191,799 (2004: 368,609,380).

Diluted earnings per share is calculated by reference to the group profit after taxation and on a weighted average number of shares of 476,991,660 (2004: 376,575,767). The number of shares used to calculate diluted earnings per share is as follows:

	2005 No. of shares	2004 No of Shares
Weighted average number of shares	449,191,799	368,609,380
Dilutive effect of options and warrants	27,799,861	7,966,387
	<u>476,991,660</u>	<u>376,575,767</u>

9 INTANGIBLE FIXED ASSETS

	Development costs £
GROUP	
Cost	
1 April 2004	2,720,567
Exchange rate adjustment	3,204
Additions	745,471
31 March 2005	<u>3,469,242</u>
Provision for diminution in value	
1 April 2004	-
Impairment	2,605,800
31 March 2005	<u>2,605,800</u>
Net book value	
31 March 2005	<u>863,442</u>
31 March 2004	<u>2,720,567</u>
	£
COMPANY	
Cost	
1 April 2004	98,228
Transfer to subsidiary undertakings	(98,228)
31 March 2005	<u>-</u>

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

10 TANGIBLE FIXED ASSETS

	Assets in course of construction £	Motor Vehicles £	Plant & Machinery £	Office Furniture & Equipment £	Total £
GROUP					
Cost					
1 April 2004	-	205,492	281,061	23,565	510,118
Exchange rate adjustment	-	3,568	4,255	108	7,931
Hyper inflation adjustment	-	34,733	13,516	1,750	49,999
Additions	1,069,200	579,048	590,331	83,535	2,322,114
Disposals	-	(4,787)	-	-	(4,787)
31 March 2005	1,069,200	818,054	889,163	108,958	2,885,375
Depreciation					
1 April 2004	-	65,944	112,264	6,504	184,712
Exchange rate adjustment	-	1,493	3,695	(994)	4,194
Charged in the year	-	69,027	85,525	9,339	163,891
Disposals	-	(374)	-	-	(374)
31 March 2005	-	136,090	201,484	14,849	352,423
Net book value 31 March 2005	1,069,200	681,964	687,679	94,109	2,532,952
31 March 2004	-	139,548	168,797	17,061	325,406
COMPANY					
Cost					
1 April 2004		28,337	34,284	16,100	78,721
Additions		4,959	5,022	5,162	15,143
31 March 2005		33,296	39,306	21,262	93,864
Depreciation					
1 April 2004		5,667	12,682	4,210	22,559
Charged in the year		6,659	9,827	4,252	20,738
31 March 2005		12,326	22,509	8,462	43,297
Net book value 31 March 2005		20,970	16,797	12,800	50,567
31 March 2004		22,670	21,602	11,890	56,162

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

11 INVESTMENTS

GROUP	Shares in unlisted associated undertaking £	Listed investments £	Total £
Cost/net book value			
1 April 2004	24,949	770,000	794,949
Additions – White Nile Limited	-	1,005,000	1,005,000
Disposals	-	(570,000)	(570,000)
Share of loss	(396)	-	(396)
Exchange rate adjustment	1,023	-	1,023
31 March 2005	25,576	1,205,000	1,230,576
The net book value at 31 March 2005 of the associated undertaking is made up as follows:			
Share of fixed assets	64,482	-	64,482
Share of current assets	430	-	430
Share of liabilities			
- due within one year	(2,251)	-	(2,251)
- due after more than one year	(37,085)	-	(37,085)
Share of net assets	25,576		25,576

The shares in unlisted associated undertaking investment represents the group's 50% interest in the ordinary share capital of Earth Centre Investments (Pty) Limited, a company incorporated in Namibia.

COMPANY	Shares in subsidiary undertakings £	Listed investments £	Total £
Cost			
1 April 2004	2,719,507	770,000	3,489,507
Additions	24,173	1,005,000	1,029,173
Disposals	-	(570,000)	(570,000)
31 March 2005	2,743,680	1,205,000	3,948,680
Provision for diminution in value			
1 April 2004	-	-	-
Charged in the year	2,699,000	-	2,699,000
31 March 2005	2,699,000	-	2,699,000
Net book value			
31 March 2005	44,680	1,205,000	1,249,680
31 March 2004	2,719,507	770,000	3,489,507

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

11 INVESTMENTS (continued)

Listed investments represent the following:

	Cost 01.04.04	Additions £	Disposals £	Cost 31.03.05	Market value 31.03.05
African Platinum Plc	570,000	-	(570,000)	-	
Central African Gold Plc	200,000	-	-	200,000	1,200,000
White Nile Limited (see below)	-	1,005,000	-	1,005,000	20,550,000*
	<u>770,000</u>	<u>1,005,000</u>	<u>(570,000)</u>	<u>1,205,000</u>	<u>21,750,000</u>

The disposal of the African Platinum Plc shares generated a group profit of £5,893,504.

*White Nile Limited

The shares were suspended at the year end. The market value pre suspension was £20,550,000. The market value post suspension was £18,975,000. The market value on 21 September 2005 was £10,716,000.

At 31 March 2005, the company held more than 20 per cent of the equity of the following principal undertakings:

	Class of Holding	Proportion Held	Country of Incorporation	Nature of business
DIRECT				
Subsidiary undertakings				
Central African Tantalum Limited ("CAT")	Ordinary	100%	England and Wales	Holding Company
Albaca Mining Company (Pty) Limited ("Albaca")	Ordinary	51%	Namibia	Namibian Mining Company
Goantagab Tin and Tantalum Company (Pty) Limited ("Goantagab")	Ordinary	75%	Namibia	Namibian Mining Company
Stanberry Investments (Private) Limited ("Stanberry")	Ordinary	90%	Zimbabwe	Zimbabwe Mineral Trading and Mining Company
Camec Congo SPRL ("Congo")	Ordinary	100%	Congo	Mineral exploration
Exploracoes Mineiras de Mocambique Ltda ("Exploracoes")	Ordinary	99%	Mozambique	Mineral trading
Katanga Investment Limited	Ordinary	100%	British Virgin Isles	Holding company
Camecsa (Proprietary) Limited	Ordinary	100%	South Africa	Mining and exploration
Central African Mining and Exploration Co Nigeria Limited	Ordinary	99%	Nigeria	Mining and exploration
INDIRECT:				
Camec Namibia (Pty) Limited	Ordinary	100%	Namibia	Namibian Mining Company
Casmin SPRL ("Casmin")	Ordinary	70%	Congo	Cobalt carbonate plant
Desenvolvimento E Comercializacao Agricola Limited	Ordinary	50%	Mozambique	Agriculture Investment
Carvaio de Maravia, Lda	Ordinary	75%	Mozambique	Mining and exploration
Magmas de Mocambique, Lda	Ordinary	99%	Mozambique	Mining and exploration
Khurula Limitado	Ordinary	99%	Mozambique	Property Investment
Indirect: Associated undertaking				
Earth Centre Investments (Pty) Limited	Ordinary	50%	Namibia	Property Investment

The company has provided finance in respect of 100% of the losses of Albaca, Goantagab and Stanberry, notwithstanding the existence of minority interests in those companies. Accordingly, the results of these companies have been consolidated in full.

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

12	STOCKS	2005 £	Group 2004 £	2005 £	Company 2004 £
	Goods for resale	1,085,638	44,902	923,851	14,794
13	DEBTORS	2005 £	Group 2004 £	2005 £	Company 2004 £
	Due within one year:				
	Trade debtors	114,739	80,138	50,963	78,218
	Other debtors	618,491	295,001	599,482	292,741
	Prepayments and accrued income	17,612	37,235	17,612	37,235
		750,842	412,374	668,057	408,194
	Due in more than one year:				
	Amounts owed by group undertakings	-	-	3,711,436	870,690
		750,842	412,374	4,379,493	1,278,884
14	CREDITORS: Amounts falling due within one year	2005 £	Group 2004 £	2005 £	Company 2004 £
	Loan	14,469	14,469	14,469	14,469
	Trade creditors	452,961	180,338	75,498	174,825
	Directors' loan accounts	-	7,383	-	8,383
	Corporation tax	566,190	566,190	566,190	566,190
	Other creditors	89,827	247,515	-	216,531
	Accruals and deferred income	308,693	39,010	289,703	39,010
		1,432,140	1,054,905	945,860	1,019,408
15	CONTINGENT LIABILITY				
	The group has provided a guarantee amounting to £31,811 to First National Bank of Namibia Limited in order to secure loan funding of Earth Centre Investment (Pty) Limited.				
	The group has provided a performance guarantee amounting to US\$300,000 for the benefit of Tanswansea SPRL and, indirectly, Enterprises Swanepoel SARL, being the minority shareholder of the group's subsidiary Casmin SPRL, in favour of Union de Banques Congolaises.				
16	SHARE CAPITAL			Group and Company 2005 £	2004 £
	Authorised:				
	1,000,000,000 ordinary shares of 0.1p each			1,000,000	1,000,000
	Allotted, issued and fully paid:				
	481,710,635 (2004: 442,439,802) ordinary shares of 0.1p each			481,711	442,440

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

16 SHARE CAPITAL (*continued*)

On 13 May 2004 the company issued 2,770,833 ordinary shares of 0.1p each at 1p, raising gross cash proceeds of £27,708 as a result of the exercise of Warrants.

On 17 February 2005, the company issued 36,500,000 Ordinary shares of 0.1p each at 10p, raising gross cash proceeds of £3,650,000 to provide additional working capital and funding for capital projects.

Share options and warrants

At 31 March 2005, the following share options over ordinary shares of the Company had been granted and not exercised:

Date of grant	Number of shares	Exercise Price	Option Exercise Period
30 July 2001	8,650,000	5p	30 July 2002 to 31 December 2005
18 January 2002	8,650,000	1p	30 July 2002 to 31 December 2005
23 May 2003	7,500,000	2p	23 May 2005 to 22 May 2010
23 October 2003	10,000,000	4p	23 October 2005 to 22 October 2010

At 31 March 2005, the following warrants over ordinary shares of the Company had been granted and not exercised:

Date of grant	Number of shares	Exercise Price	Warrant Exercise Period
26 July 2001	9,500,000	5p	26 July 2002 to 31 December 2005
18 January 2002	9,500,000	1p	26 July 2002 to 31 December 2005
18 January 2002	1,700,000	0.1p	1 January 2003 to 31 December 2005
7 March 2002	2,729,167	1p	1 March 2003 to 31 December 2005

On 1 July 2005 the exercise period of those share options and warrants which were due to expire on 29 July 2005 was extended to 31 December 2005.

17 SHARE PREMIUM ACCOUNT

	Group and Company 2005 £	2004 £
1 April 2004	6,976,886	3,553,170
Premium on shares issued during the period	3,638,438	3,622,379
Share issue costs	(198,425)	(198,663)
31 March 2005	<u>10,416,899</u>	<u>6,976,886</u>

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

18	PROFIT AND LOSS ACCOUNT	2005 £	Group 2004 £	2005 £	Company 2004 £
	1 April 2004	1,661,798	525,835	2,132,298	802,290
	Profit for the financial period	2,501,947	1,155,097	2,135,074	1,330,008
	Exchange rate adjustments	49,415	(19,134)	-	-
	Hyper inflation adjustment	49,999	-	-	-
	31 March 2005	<u>4,263,159</u>	<u>1,661,798</u>	<u>4,267,372</u>	<u>2,132,298</u>

In accordance with s230 of the Companies Act 1985, Central African Mining & Exploration Company plc has not presented its own profit and loss account.

19	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2005 £	Group 2004 £	2005 £	Company 2004 £
	Profit for the financial period	2,501,947	1,155,097	2,135,074	1,330,008
	Issue of shares during the period	3,677,709	3,726,750	3,677,709	3,726,750
	Issue costs	(198,425)	(198,663)	(198,425)	(198,663)
	Exchange rate adjustments	49,415	(19,134)	-	-
	Hyper inflation adjustment	49,999	-	-	-
	Net addition to shareholders' funds	<u>6,080,645</u>	<u>4,664,050</u>	<u>5,614,358</u>	<u>4,858,095</u>
	Opening shareholders' funds	8,882,124	4,218,074	9,551,624	4,693,529
	Closing shareholders' funds	<u>14,962,769</u>	<u>8,882,124</u>	<u>15,165,982</u>	<u>9,551,624</u>

20	CASH FLOWS	2005 £	2004 £
a	Reconciliation of operating loss to net cash outflow from operating activities		
	Operating loss	(3,529,825)	(791,963)
	Impairment of development costs	2,605,800	-
	Depreciation	163,891	118,786
	Profit on sale of tangible fixed assets	(693)	-
	(Increase)/decrease in stocks	(1,040,736)	6,580
	Increase in debtors	(338,468)	(280,934)
	Increase in creditors	377,235	366,981
	Exchange rate adjustments	41,451	(30,728)
	Net cash outflow from operating activities	<u>(1,721,345)</u>	<u>(611,278)</u>

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

20	CASH FLOWS (continued)			
b	Analysis of cash flows for headings netted in the cash flow	2005	2004	
		£	£	
	Returns on investments and servicing of finance			
	Interest received	138,664	22,233	
	Interest paid	-	(7,553)	
	Net cash inflow from returns on investments and servicing of finance	<u>138,664</u>	<u>14,680</u>	
	Capital expenditure and financial investment			
	Purchase of intangible fixed assets	(745,471)	(103,705)	
	Purchase of tangible fixed assets	(2,322,114)	(208,567)	
	Purchase of investments	(1,005,000)	(200,000)	
	Sale of tangible fixed assets	5,106	-	
	Sale of investments	6,463,504	2,973,050	
	Net cash inflow from capital expenditure and financial investment	<u>2,396,025</u>	<u>2,460,778</u>	
	Management of liquid resources			
	Increase in cash deposited on short term deposit	(3,000,000)	(5,000,000)	
	Net cash outflow from management of liquid resources	<u>(3,000,000)</u>	<u>(5,000,000)</u>	
	Financing			
	Proceeds from issue of share capital	3,677,709	3,726,750	
	Share issue costs	(198,425)	(198,663)	
	Net cash inflow from financing	<u>3,479,284</u>	<u>3,528,087</u>	
c	Analysis of net funds	At 1 April 2004 £	Cash- flow £	At 31 March 2005 £
	Cash at bank and in hand	638,831	1,292,628	1,931,459
	Cash on deposit	5,000,000	3,000,000	8,000,000
	Other loan	(14,469)	-	(14,469)
	Total	<u>5,624,362</u>	<u>4,292,628</u>	<u>9,916,990</u>

21 RELATED PARTY TRANSACTIONS

Russell Grant, a director of the Company, is the Managing Director of Meldform Metals Limited ("Meldform"). Meldform continued to provide finance to the company during the year of £14,469 (2004: £Nil) and the amount outstanding at 31 March 2005 was £14,469 (2004: £14,469).

Russell Grant, a director of the Company, is a director of Eversden Consulting Limited ("Eversden"). Eversden supplied cobalt stock to the company during the year of £881,351 (2004: £Nil) and the amount held in stock at 31 March 2005 was £881,351 (2004: £Nil).

Central African Mining & Exploration Company plc, Central African Gold plc and White Nile Limited have common directors. During the year the company made certain payments on behalf of White Nile Limited of £217,074. As at 31 December 2005, White Nile Limited owed the company £217,074. This balance was settled post year end.

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

21 RELATED PARTY TRANSACTIONS (continued)

During the year the company's subsidiary Exploracoex had certain payments made on its behalf by Central African Gold plc of £41,246. As at 31 March 2005 Exploracoex owed £41,246 to Central African Gold plc.

22 CAPITAL COMMITMENTS

	2005 £	Group 2004 £	2005 £	Company 2004 £
Capital expenditure contracted for but not provided in the financial statements	2,143,633	-	-	-

23 POST BALANCE SHEET EVENTS

In July and August 2005, the company placed 107,500,000 ordinary shares of 0.1p each at 10p raising gross cash proceeds of £10,750,000. These funds will be used for capital projects and to significantly increase the company's activities in Central and Southern Africa.

On 12 August 2005, the company issued 2,000,000 ordinary shares of 0.1p each at 1p and 2,000,000 ordinary shares of 0.1p each at 5p raising gross cash proceeds of £120,000 as a result of the exercise of warrants.

On 11 August 2005 the company entered into a loan agreement with Entreprises Swanepoel SARL ("Swanepoel") whereby the company extended a facility of US\$850,000 to Swanepoel, repayable after two years. Under the terms of this loan agreement Swanepoel agreed to procure the transfer within 12 months of a copper cobalt concession acceptable to the company to Casmin SPRL, the company's 70% subsidiary. This obligation is secured by a charge over 20% of the issued share capital of Casmin SPRL. The \$850,000 facility, together with \$400,000 indebtedness of Swanepoel to the company which arose in respect of a \$300,000 performance guarantee that the company issued for the benefit of Swanepoel, are secured by a charge over 30% of the issued share capital of Casmin SPRL.

24 FINANCIAL INSTRUMENTS

The group's financial instruments comprise cash. The group has various other financial instruments, such as trade debtors and trade creditors, that arise directly from its operations which have not been included in the following disclosures.

The main risks arising from the group's financial instruments are foreign exchange risks, interest rate risks and liquidity risk. The policies for managing these risks are regularly reviewed and agreed by the Board.

It is, and has been throughout the period under review, the group's policy that no trading in financial instruments should be undertaken.

Foreign exchange risk

The functional currencies of the Group are Sterling, US dollars, Namibian dollars, Mozambique Meticals, South African Rand and Zimbabwe dollars. The Group's foreign subsidiaries are denominated in foreign currencies. The Group does not hedge against the effects of movement in exchange rates. The risks are monitored by the Board on a regular basis.

Interest rate risk

The group's policy on interest rate management is agreed at Board level and is reviewed on an ongoing basis.

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

24 FINANCIAL INSTRUMENTS (*continued*)

Interest rate profile of financial assets

The interest rate risk profile of the Group's financial assets as at 31 March 2005 was:

	Fixed rate £	Floating Rate £	2005 Total £	2004 Total £
Sterling	8,000,000	162,613	8,162,613	5,551,091
US Dollars	-	1,686,292	1,686,292	82,365
Namibian dollars	-	7,152	7,152	5,375
South African rand	-	34,820	34,820	-
Zimbabwe dollars	-	6,450	6,450	-
Mozambique Meticaïs	-	34,132	34,132	-
	<u>8,000,000</u>	<u>1,931,459</u>	<u>9,931,459</u>	<u>5,638,831</u>
Of which:				
Cash at bank and in hand	8,000,000	1,931,459	9,931,459	5,638,831
	<u>8,000,000</u>	<u>1,931,459</u>	<u>9,931,459</u>	<u>5,638,831</u>

The fixed rate sterling deposit at 31 March 2005 is a short term deposit and earns interest at 4.62%. The average interest rate earned on fixed deposits during the year was 4.23%. The average period for which fixed rate sterling deposits were placed was 1.36 weeks.

Floating rate instant access deposits in Sterling earn interest at prevailing bank rates.

Interest rate profile of financial liabilities

The interest rate risk of the Group's financial liabilities as at 31 March 2005 was:

	Fixed rate £	Floating rate £	Non- interest bearing £	2005 Total £	2004 Total £
Other loan – Sterling	-	14,469	-	14,469	14,469
Sterling liabilities	<u>-</u>	<u>14,469</u>	<u>-</u>	<u>14,469</u>	<u>14,469</u>

The other loan is non interest bearing.

The company has no other committed borrowing facilities.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities, other than short-term creditors, at 31 March 2005 was as follows:

	Other loan £	Bank overdraft £	2005 Total £	2004 Total £
Within one year	14,469	-	14,469	14,469

Central African Mining & Exploration Company plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2005

24 FINANCIAL INSTRUMENTS (*continued*)

Liquidity risk

It is the group's policy to finance its business by means of internally generated funds supported by the group's bankers and external share capital. Facilities are regularly reviewed by the Board.

Fair value

There is no material difference between the fair value of borrowings and other financial instruments and their book value at the balance sheet date.

25 COMMITMENTS UNDER OPERATING LEASES

As at 31 March 2005 the group and company had annual commitments under operating leases in respect of land and buildings as follows:

	2005 £	2004 £
Operating leases which expire:		
Within one year	-	-
In two to five years	60,542	55,000
After five years	-	-
	<u>60,542</u>	<u>55,000</u>