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Alexander Mining plc

Annual Report and Accounts 2008

Contents

Alexander Mining plc

Alexander Mining – 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 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.

Highlights

More than eighteen months ago, Alexander Mining initiated the process to transform the Company, creating a new focus on growth by building a mining 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.

> Growing interest in proprietary MetaLeach technology as mining companies look to cut costs

> MetaLeach is in discussion with a number of companies, of which a significant and growing number have committed to revenue generating testwork programmes

> Third parties to use technology in exchange for royalties, licence fees or minority project interests

> Healthy cash position of £4.9m at 31 December 2008, equivalent to 3.7p per share, with significantly reduced costs

Chairman's statement

We continue to explore the many opportunities that exist to build a highly profitable and diversified mining company centred on our processing technologies.

Matt Sutcliffe
Executive Chairman

In my statement last year, I stressed that the most important development for Alexander had been the creation of its wholly owned subsidiary, MetaLeach Limited. I am pleased to report that the subsequent transformation of the Company's business to focus solely on MetaLeach has seen notable and growing success. Moreover, this has been achieved against the difficult backdrop of the global economic crisis.

MetaLeach was formed for the commercialisation of Alexander's innovative and exciting proprietary mineral processing technologies. These technologies are focused on hydrometallurgical leaching processes that give a greater economic return to the mine owner.

Making comments on the state of the global economy and its impact on the mining sector may seem superfluous. However, ironically, there has been a silver lining for the MetaLeach business. With the precipitous fall in base metals prices during the last year, especially from mid-2008, the deleterious impact on operating margins has forced companies to cut costs wherever possible. The halcyon days of large margins and accompanying financial complacency have gone. In this environment, MetaLeach has found that the scope for major operating and capital cost savings for existing and potential mines is of even greater interest.

All of our work has centred on our most advanced processing technology, the AmmLeach® ammonia based process, initially developed at our Leon project in Argentina. It is especially suited to the leaching and selective extraction of metals from high acid consuming copper and zinc oxide ores. Our efforts have been devoted to forming a database of companies with suitable deposits and mines worldwide that are probable candidates and a direct marketing campaign to those companies about using the process. As a result, we have secured keen interest from a number of parties, which has led to amenability testwork programmes conducted by MetaLeach and, importantly, our first revenues.

To date, we have eleven revenue generating testwork agreements signed with parties, including multinational mining groups, as well as intermediate and junior companies. The stated commercialisation objective of increasing this revenue stream is well under way, with the ultimate aim of securing future royalties/licence payments in attractive base metals projects and/or mines. The other major commercialisation opportunity for the Company is in the acquisition of equity stakes in attractive base metals deposits, either as free carried interests from assigning rights to use the technology, or, on a prudent basis, via other means. It is important to stress that, from a MetaLeach perspective, the aforementioned silver lining also embraces the valuation of mineral deposits. From the exaggerated asset prices of recent times, there has been a dramatic collapse to what one can, as a 'buyer', call bargain basement prices. This has greatly enhanced the leverage that we can subsequently enjoy through equity in base metals deposits amenable to MetaLeach technologies.

At our Leon copper project in Argentina, our caution, expressed over a year ago, about the fiscal regime for foreign mining company investment has been shown to be well founded. Naturally, overarching this situation has been the parlous state of the global economy and the damaging impact on the base metal mining sector's profitability, and the scant or non availability of project financing. Hence, our decision during the year to cut all expenditure in Argentina to a nominal level necessary to maintain legal ownership of the core Leon project licences has been fortuitous as, at current and foreseeable copper prices, the project is uneconomic. This has included the cessation of all exploration and the relinquishment of the bulk of our exploration properties in Argentina.

During 2008, significant effort was made to find a partner or outright buyer for Leon, especially one with the benefit of provincial and/or national connections. Although interest was received, and several site visits held, the concurrent sharp fall in the copper price and the deteriorating world financial crisis unfortunately saw this interest diminish.

Accordingly, all costs associated with the Leon project have been provided for at 31st December 2008. In the event of a significant appreciation in the copper price, together with an improvement in the fiscal regime in Argentina, we will endeavour to sell the project to a new investor, and also create a royalty and/or free carried interest from the use of the AmmLeach® process. Importantly, the costs incurred at Leon include the bulk of the research and development costs for the AmmLeach® process and although all costs have been provided for in the year, we are continuing to enjoy the benefit of this expenditure.

In these difficult times, the continued prudent management of our cash is paramount and, having implemented various cost cutting measures, we will keep our expenditure to a level commensurate with that necessary to grow the Company. Importantly, over and above the requisite general administration costs needed to maintain an AIM quoted company, the costs of running our MetaLeach business are modest. Moreover, growing testwork revenues will provide a valuable contribution to costs.

Outlook

Alexander is better placed than most in the junior sector of the mining industry. We still have a healthy cash position, significantly reduced costs, an innovative revenue generating technology business, and opportunities to leverage into equity positions in attractive mining assets. Whilst global economic recovery may be some time ahead, the Company will continue to work hard to grow and reap the rewards as the commercialisation of its technology continues.

As always, I would like to thank the Company's employees and directors for their highly valued contribution to the Company's success during the last year.

Matt Sutcliffe
Executive Chairman

22 April 2009

It has been a most challenging year for the mining sector. There are now huge economic pressures on the industry to lower costs.

Our new technology presents a major commercial opportunity to increase the cash flow from base metals production. We aim to harness this opportunity through a system of global licensing of our technology generating a long term royalty stream. We also plan to identify and secure interests in development projects where our process will significantly enhance cash flows.

Business review

Introduction

Looking back over the last year, one is reminded of the apposite Chinese curse of living in interesting times. Those taxpayers around the world set to bear the cost of the destructive excesses of bankers, the failure of regulators and hubris of politicians may well have something far stronger and unprintable to say to the guilty parties! Notwithstanding, I am pleased to give this review of Alexander's activities for the past year as, against the background of truly dreadful world economic news, it has been one of transformation for the Company coupled with notable success.

In last year's review, I highlighted the Company's good fortune and the exciting potential in establishing its MetaLeach business. Subsequently, Alexander has transformed its business plan to one wholly focused on the commercialisation of MetaLeach.

Although the mining industry, excluding the gold sector, has, along with almost all other major business sectors, suffered badly, it is at least historically more familiar than most with managing downturns in economic cycles. Whilst this does not diminish the damaging impact, it does mean that the concertina in base metals prices during the second half of 2008 has rapidly led to enforced cut backs in existing marginal supply and future supply by shutting mines and halting project development. Exploration spending has been cut savagely. Whilst this is no cause for satisfaction, in our opinion the pain being experienced now will translate into a sharp recovery in the industry's fortunes in due course.

As has been mentioned in the Chairman's statement, our dual commercialisation efforts of seeking royalty/licence revenues and/or equity exposure to amenable deposits have benefitted from the turmoil. This is because of the potential that MetaLeach has for large capital and operating cost savings at a significant number of base metals mines/deposits, and the fact that deposit asset valuations have collapsed dramatically. Therein the Company has a major window of opportunity.

MetaLeach Limited

MetaLeach Limited is a wholly owned subsidiary of Alexander Mining plc, 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 hydrometallurgical technologies, namely AmmLeach® (patents pending) and HyperLeach®, which 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.

The AmmLeach® process utilises ammonia-based chemistry under ambient (i.e. atmospheric pressure and temperature) conditions to selectively extract base metals (especially copper and zinc, but also nickel and cobalt). 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 and offers a considerable number of technical and economic benefits.

The HyperLeach® process utilises a chlorine based oxidant for the extraction of base metals (especially nickel, copper, zinc and cobalt) from sulphide ores and concentrates. In light of the current economic downturn and falling metal prices, particularly nickel, the Company has decided to suspend work on its HyperLeach® technology and focus on its AmmLeach® technology. The Company is negotiating with several hydrometallurgical research groups with the aim of entering into a collaborative agreement to progress the HyperLeach® technology at a minimal cost.

Commercialisation

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

- Copper 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.

Of these, the copper (Cu) process has already been demonstrated at pilot plant scale. The zinc (Zn) process has been trialled successfully on a bench scale and larger scale test work is planned for mid 2009. The cobalt (Co) process has been tested with favourable results. The nickel (Ni) process is still under development but early experiments show promise. During the year, the Company devoted a major effort in marketing its processing technologies to potential users. A global database encompassing producers, developers and advanced explorers of all sizes was created and is continuously updated. Inherent risk diversification is offered both geographically and by metal. The countries with the most prospective geology for hosting high acid consuming ores are Chile (Cu), Peru (Zn), Mexico (Zn), USA (Cu), Democratic Republic of the Congo (Cu, Co), Zambia (Cu, Co) and Australia (Cu, Co, Ni).

Through our mineral processing technologies company, MetaLeach Limited, we have gained significant new commercial potential, along with metals and geographic diversification.

Martin Rosser
Chief Executive Officer

We were delighted with the successful launch of our innovative processing technology AmmLeach®. The advantages of AmmLeach® have been demonstrated through a pilot plant on a high acid consuming copper oxide ore body at the Company's Leon project. We are actively progressing partnerships with owners of high acid consuming copper and zinc oxide deposits.

Business review

Ores / Concentrates

Reagents

Waste products disposal

Metal Extraction

Metal Purification

Impurities

Metal Recovery

Water and reagent recycle

Metal products to market

General hydrometallurgical metal recovery flowsheet

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.

The major initial commercialisation stage involves amenability testing of third party client ore samples. Initially, it was necessary for this testwork to be conducted by an independent laboratory with MetaLeach staff providing technical oversight and interpretation. However, the Company is building up its own testwork capabilities as the work load increases and this will escalate revenues significantly. To date, eleven revenue generating agreements have been signed. This work covers both existing mines and development projects.

AmmLeach® advantages

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% typical
Heap lifetime	55 – 480 days	~80 – 130 days typically
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 precipation, 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 hydrolisis of urea 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

Metaleach.

MetaLeach Limited is our wholly owned subsidiary company formed to commercialise our proprietary new mineral processing technologies, AmmLeach® and HyperLeach®, with the potential to revolutionise the extraction processes for many base metal deposits.

In addition, the Company intends to maximise the potential 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. This has become a more attractive proposition as the valuations afforded to base metals' deposits, especially for zinc, have fallen to historic lows.

The AmmLeach® Process

The AmmLeach® process is a proprietary ammonia based process for the selective extraction of base metals from amenable ore deposits and concentrates. The technology consists of the same three major stages as conventional sulphuric 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 (the portion of an original liquid that remains after other components have been dissolved by a solvent) 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.

The AmmLeach® process has many advantages compared to conventional acid leaching. The primary difference from acid leaching is that the leaching is conducted in a moderately alkaline solution, which allows the use of AmmLeach® on high carbonate ores where acid consumption would be prohibitive.

One of the key advantages 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.

Other benefits are that 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 SX plant. 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. Thus far, it has been demonstrated on predominantly oxide ores but 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 unweathered 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 solutions by precipitation, crystallisation or electrowinning.

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. 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 Applications

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$72bn (at 31st March 2009), 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.

In several deposits, cobalt is often present with copper mineralisation, especially in the African copper-belt. The Company has successfully completed testwork which shows that the AmmLeach® process is able to extract the cobalt at the same time as the copper. This opens up a significant number of potential applications for new, existing and old deposits.

Ammleach.

AmmLeach® is a proprietary ammonia-based process for the selective leaching and extraction of base metals from high acid consuming and complex ores under ambient temperature and pressure conditions.

Hyperleach.

Hyperleach® is a proprietary ambient temperature and pressure process for the leaching and selective extraction of base metals from sulphide ores and concentrates.

Business review

Process economics
The AmmLeach® process has the potential to reduce costs significantly at the mine site for a wide variety of copper projects. Absolute operating costs are dependent upon several variables, but a significant portion of the operating costs of any acid leaching operation is the cost of the sulphuric acid consumed. For the AmmLeach® process nearly all the ammonia reagent is recycled, with reagent consumption typically ~3kg/t of ore processed, an order of magnitude lower than even the most efficient acid leaching operations.

The higher the acid consumption of the ore, the bigger the cost differential compared to the lower cost AmmLeach® process. This is largely determined by the order of magnitude difference in reagent consumption - for typically high acid consuming ores sulphuric acid consumption per tonne of ore is over 40kg, compared to average ammonia consumption of only ~3kg/t.

Processing plant capital costs for AmmLeach® are similar to acid heap leach operations of similar size as essentially the same equipment is used for both processes. Capital costs associated with the handling and supply of the reagent are dependent upon the mine location and the form of generation/supply.

For many acid users, especially in remote locations, the safe supply of sulphuric acid is logistically difficult and prohibitively expensive. For example, the transport costs of sulphuric acid can be as much again as the delivered cost of acid to a port. In many instances, economics will dictate that the mine will have to build a sulphur burning sulphuric acid plant for the supply of acid, which is a significant capital cost. In addition, to regulate supply variations, 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.

For AmmLeach®, the supply of ammonia can be either from ammonia gas where circumstances are favourable or, as is more likely for more remote locations, by using urea, which is available safely and readily in dry granular form as a fertiliser. In fact, this is the preferred way to transport ammonia fertilizer around the world. At the mine site a thermal hydrolysis plant that converts urea into ammonia would be built, the main operating cost for such a plant being electricity. Capital costs for a sulphur burning acid plant for an average acid consuming (~35kg/t of ore) copper oxide ore mine producing circa 50,000tpa copper are some four times those of a urea hydrolysis ammonia plant.

Zinc
Global mined zinc production is around 12Mtpa, valued at over US$15bn (at 31st March 2009). The vast majority (~95%) of world zinc metal production uses smelting to recover and refine zinc metal out of zinc-containing feed material such as zinc concentrates or zinc oxides. Development of a new hydrometallurgical process route for zinc oxides has the potential to simplify zinc refining.

MetaLeach has developed a novel (patents applied for) process for the solvent extraction of zinc from ammoniacal solutions. 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 oxide zinc mineralogies can be treated by AmmLeach®, including those with significant hemimorphite content which presently can only be treated using acid. The co-dissolution of silica and iron in the acid gives a very complex flow sheet. Although this AmmLeach® application is at an earlier stage of development than copper processing, the acid route requires ore containing >10% zinc to be economically viable, so for lower grade zinc oxide deposits of this type the benefits of the AmmLeach® process are absolute.

Argentina
Essentially, our activities in Argentina have now ceased. In early 2008, we announced that, following the change of national government in October 2007, a totally unexpected export tax on mining revenue was to be imposed and that this decision had seriously damaged investors' country and investment risk assessment and mine economics. As a result, we said that it would be a prerequisite of the project financing and development decision that there was complete clarity and confidence in the prevailing fiscal regime for mining companies.

It was also mentioned that the Company would take a pragmatic view on its options for the scale, and associated financing requirements, of a mine at Leon. Although our efforts in the middle of the year to find a partner or buyer for Leon met with some interest, it was not possible to consummate anything as the collapsing copper price impinged directly on the project's net present value. Leon is now uneconomic at current and foreseeable copper prices. All project related activities, other than statutory requirements, ceased during the year. The pilot plant site and associated buildings have been largely decommissioned. A significant defrayment of closure costs has been covered by equipment sales, although the pilot plant is still owned and has been relocated to a safe storage site.

Accordingly, we have provided for all costs associated with the Leon project as at 31st December 2008 in the financial statements. It is our intention to maintain legal ownership of the core Leon project licences so that in the event of a significant appreciation in the copper price, together with any improvement in the fiscal regime in Argentina, we have the ability to try and sell the project to a new investor, and also create a royalty from the use of the AmmLeach® technology.

The Company took a decision in 2008 to close the exploration department and allow the majority of the exploration licences to lapse. The core Leon project licences have been kept, as well as one small part of the Rachaite property. As a result of our final cost cutting measures, in 2009 we have closed our office in Salta and made redundant all but one of the workforce.

Peru

The Molinetes 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. Before any exploration can be carried out, a 'social licence to operate' agreement has to be reached with the local community. Although an initial agreement was reached, subsequent changes amongst the community meant that further negotiations were necessary.

During 2008, the Company approached a number of companies experienced in working in the region that would allow them to manage the project successfully. However, it has not been possible to attract a joint venture partner under the current market conditions. Although the geological potential of the project is considered to be high, the project is speculative due to the early stage of the exploration work (with no drilling conducted to date) coupled with the sensitive nature of local community relations.

Accordingly, as the Group has now changed its business focus, at 31st December 2008 it has written-off all expenditure incurred to date, albeit that almost no expenditure was incurred in 2008 against the project. The Group intends to maintain legal ownership of the underlying licences, at minimal cost.

Financial

The change in focus for the Group, to a business plan wholly centred on the commercialisation of the MetaLeach technologies, is reflected in the 2008 financial statements.

The Group made a consolidated net loss of £12.1m in 2008, with the income statement dominated by the provision of £9.2m against the Group's Leon project in Argentina, which includes £1.6m of exchange differences. Importantly, a significant amount of this expenditure was incurred on the metallurgical testwork that gave rise to the AmmLeach® process. As such, the Group is still enjoying the benefit of this expenditure and, as commercialisation gathers pace, it is looking to generate a significant long term return on this expenditure, even if this is no longer reflected on the Group's balance sheet.

The curtailment of the Group's activities in Argentina significantly reduced the Group's cash expenditure rate in the second half of the year, with net cash expenditure in 2008 totalling £4.0m, of which £2.7m was included in the unaudited interim financial statements. Whilst the year-end cash balance, totalling almost £5m, has benefited from one-off exchange gains resulting from the strengthening of the US dollar, the most significant impact in the year has been the successful cost cutting undertaken by the Group. This is evident within both the exploration segment and the administrative expenditure incurred.

Expenditure on the Group's research and development activities has increased to £597,000 in 2008 as the Group's capabilities have been expanded. This is still a modest amount, off-set by some initial revenues generated from supervision and management of testwork programmes carried out for clients by third party laboratories in 2008. The recently increased capacity of the Group to carry out such testwork in-house should lead to a significant increase in such revenues in the current financial year.

MetaLeach – the opportunity

Focused on commercialisation and revenue generation via a dual approach

> MetaLeach Limited is in discussion with a large number of companies, of which a significant and growing number have committed to testwork programmes

> Third parties to use technology in exchange for royalties, licence fees or minority project interests

> Identify and secure direct equity interests in amenable base metal deposits

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

P Gardner

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 Suttcliffe 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 27 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 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 29 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 explorer preparing for the feasibility study on a 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 make sure 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.

The Board ordinarily meets on a monthly basis, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. 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 2008.

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 9.

Results
The Group made a consolidated net loss for the year of £12,055,000 (2007: £3,492,000). The directors do not recommend the payment of a dividend (2007: 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 8.

Risk Management
The successful commercialisation of the Group's proprietary mineral processing technologies is subject to a number of risks, both in relation to third party licensing opportunities and the acquisition of equity interests in amenable deposits for the Group. In addition, like all businesses, the Group is exposed to financial risks. The Board adopts a prudent approach to minimise these risks as far as practicable, consistent with the corporate objective 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.

Mining industry statistics show that only a small proportion of the properties that are explored are ultimately developed into producing mines. The successful licensing of the Group's technology to third parties, or utilisation of the technologies on operations in which the Group holds an equity interest, is dependent upon the development of operating mines which are subject to a number of risks which are outside the control of the Group. The economics of developing and operating mines are affected by many factors, including commodity prices, capital and operating costs, geological, mining and mineral processing, government regulations, importing and exporting of minerals and environmental regulations.

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, 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 to date 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.

Commodity price risk
The Group's proprietary leaching technologies have the potential to reduce costs, and enhance margins, at the mine site. Accordingly, the current weakness in global base metals prices has increased interest in the technologies from third parties. Future movements in global metal prices may have a material effect on negotiations with third parties in respect of licensing agreements for the Group's proprietary leaching technologies.

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 2008 Number	Shares held at 31 December 2007 Number
M L Sutcliffe	Executive Chairman	**10,906,000**	10,906,000
M L Rosser	Chief Executive Officer	**–**	–
J S Bunyan	Non-Executive	**–**	–
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 Rosser will retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-election.

Other than their service contracts, no director has a material interest in a contract with the Company. Details of directors' remuneration is 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 2008	Exercise price (pence)	Date of grant	First date of exercise	Final date of exercise
M L Sutcliffe	1,000,000	30p	23 Mar 2005	23 Mar 2007	22 Mar 2015
M L Rosser	500,000	30p	31 May 2005	31 May 2007	30 May 2015
M L Rosser	250,000	30p	1 Aug 2006	1 Aug 2008	31 Jul 2016
M L Rosser	500,000	17.25p	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
J S Bunyan	250,000	30p	23 Mar 2005	23 Mar 2007	22 Mar 2015
J S Bunyan	250,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018
R O Davey	250,000	30p	1 Aug 2006	1 Aug 2008	31 Jul 2016
R O Davey	250,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018
E M Morfett	250,000	20.5p	28 Nov 2007	28 Nov 2009	27 Nov 2017
E M Morfett	250,000	10p	12 Jun 2008	12 Jun 2009	11 Jun 2018

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

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 11 days' (2007: 10 days') purchases in Group trade creditors.

Political and charitable contributions
The Group has made no political or charitable donations in the year (2007: nil).

Share capital and share options
Details of the share capital of the Company at 31 December 2008 are set out in note 16 to the financial statements. Details of the share options outstanding at 31 December 2008 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 3rd June 2009, is set out in a separate notice issued to shareholders together with this report. Full details of the resolutions proposed at that meeting may be found in the Notice.

Extraordinary General Meeting
As detailed in the Financial Statements, the Company's net assets currently represent less than half of its called up share capital. In such circumstances, section 142 of the Companies Act 1985 obliges the directors of the Company to convene an Extraordinary General Meeting in order to consider whether any, and if so what, steps should be taken to deal with the situation. An Extraordinary General Meeting of the Company is proposed to be held on 3rd June 2009 to comply with this statutory requirement.

The Notice convening the Extraordinary General Meeting is set out in the separate notice issued to shareholders together with this report.

Corporate governance statement
A report on corporate governance and compliance with provisions of the Combined Code is set out on page 13.

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 have confirmed their willingness to continue in office, and a resolution concerning their re-appointment and remuneration will be proposed at the next 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, prepared the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the Company financial statements in accordance with those standards.

The financial statements are required to 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;
- 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 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 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.

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

P. Cl

Peter Gardner
Company Secretary
22 April 2009

Independent auditors' report to the members of Alexander Mining plc

We have audited the Group and parent company financial statements (the "financial statements") of Alexander Mining plc for the year ended 31 December 2008 which comprise: the consolidated income statement; the consolidated and company balance sheets, cash flow statements, and statements of recognised income and expense; and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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 opinions 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 International Financial Reporting Standards ("IFRS") as adopted by the European Union 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 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 have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information in the directors' report includes that specific information presented in the business review that is cross-referenced from the business review section of the directors' report.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the directors' report, the chairman's statement, the business review and the statement on corporate and social responsibility. 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 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations 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 Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 December 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

PKF (UK) LLP

PKF (UK) LLP
Registered Auditors
London, UK
22 April 2009

Consolidated income statement

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Continuing operations			
Revenue		12	–
Cost of sales		–	–
Gross profit		12	–
Administrative expenses		(1,618)	(2,122)
Exploration and development expenses		(10,575)	(1,351)
Research and development expenses		(597)	(410)
Operating loss	4	(12,778)	(3,883)
Profit on disposal of fixed assets		22	–
Exchange gain on liquidation of subsidiaries	13a	20	–
Impairment of available for sale financial assets	13b	(68)	–
Investment income	7	749	593
Finance costs	8	–	(144)
Loss before tax		(12,055)	(3,434)
Income tax expense	9	–	(58)
Loss for the year attributable to equity holders of the parent		(12,055)	(3,492)
Basic and diluted loss per share (pence)	10	(8.96)p	(2.60)p

Consolidated balance sheet

As at 31 December 2008

	Notes	2008 £'000	2007 £'000
Assets			
Property, plant & equipment	11	3	178
Intangible fixed assets	12	–	6,857
Available for sale investments	13	32	122
Total non-current assets		35	7,157
Other receivables and prepayments	14	144	153
Cash and cash equivalents	15	4,986	8,442
Total current assets		5,130	8,595
Total assets		5,165	15,752
Equity			
Issued share capital	16	13,453	13,453
Share premium	17	11,850	11,850
Merger reserve	17	(2,487)	(2,487)
Share option reserve	17	703	1,005
Translation reserve	17	1,389	(357)
Fair value reserve	17	–	22
Retained losses	17	(20,048)	(8,370)
Total equity		4,860	15,116
Liabilities			
Current liabilities			
Trade and other payables	18	211	597
Provisions	19	38	–
		249	597
Non-current liabilities			
Provisions	19	56	39
Total Liabilities		305	636
Total equity and liabilities		5,165	15,752

These financial statements were approved by the Board of Directors and authorised for issue on 22 April 2009 and were signed on their behalf by:

Martin Rosser

M L Rosser
Director

Company balance sheet

As at 31 December 2008

	Notes	2008 £'000	2007 £'000
Assets			
Property, plant & equipment	11	–	1
Intangible fixed assets	12	–	39
Investments in subsidiaries	13	–	6,787
Available for sale investments	13	32	122
Long term receivables	14	–	164
Total non-current assets		32	7,113
Other receivables and prepayments	14	82	99
Cash and cash equivalents	15	4,804	8,107
Total current assets		4,886	8,206
Total assets		4,918	15,319
Equity			
Issued share capital	16	13,453	13,453
Share premium	17	11,850	11,850
Share option reserve	17	703	1,005
Fair value reserve	17	–	22
Retained losses	17	(21,201)	(11,214)
Total equity		4,805	15,116
Liabilities			
Trade and other payables	18	113	203
Total current liabilities		113	203
Total equity and liabilities		4,918	15,319

These financial statements were approved by the Board of Directors and authorised for issue on 22 April 2009 and were signed on their behalf by:

Martin Rosser

M L Rosser
Director

Consolidated cash flow statement

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Cash flows from operating activities			
Operating loss		(12,778)	(3,883)
Depreciation and amortisation charge		15	51
Impairment of property, plant and equipment		92	–
Increase in other receivables and prepayments		(7)	(20)
(Decrease)/increase in trade and other payables		(329)	228
Share option charge		75	172
Intangible fixed assets written-off or provided for		10,250	1,351
Income taxes paid		–	(75)
Net cash outflow from operating activities		(2,682)	(2,176)
Cash flows from investing activities			
Interest received		254	682
Interest paid		–	(19)
Acquisition of property, plant and equipment		(7)	(238)
Proceeds from sale of property, plant and equipment		40	–
Acquisition of intangible fixed assets		(1,650)	(3,768)
Net cash outflow from investing activities		(1,363)	(3,343)
Net decrease in cash and cash equivalents		(4,045)	(5,519)
Cash and cash equivalents at beginning of period		8,442	13,998
Exchange differences		589	(37)
Cash and cash equivalents at end of period	15	4,986	8,442

Consolidated statement of recognised income and expense

For the year ended 31 December 2008

	2008 £'000	2007 £'000
Exchange differences on translation of foreign operations	1,746	42
Impairment of available for sale investments	(22)	(29)
Amounts recognised directly in equity	1,724	13
Loss for the period	(12,055)	(3,492)
Total recognised income and expense for the period	(10,331)	(3,479)

All recognised income and expense is attributable to the equity holders of the parent.

Company cash flow statement

For the year ended 31 December 2008

	Notes	2008 £'000	2007 £'000
Cash flows from operating activities			
Operating loss		(4,253)	(9,134)
Depreciation and amortisation charge		1	27
Decrease in other receivables and prepayments		2	4
(Decrease)/increase in trade and other payables		(90)	32
Share option charge		75	172
Intangible fixed assets written-off or provided for		51	10
Inter-company recharges		(9)	(91)
Provision against inter-company debt		2,840	7,489
Net cash outflow from operating activities		(1,383)	(1,491)
Cash flows from investing activities			
Increase in loans to subsidiaries		(2,578)	(4,248)
Interest received		250	666
Acquisition of property, plant and equipment		–	(1)
Acquisition of intangible fixed assets		(102)	(87)
Net cash outflow from investing activities		(2,430)	(3,670)
Net decrease in cash and cash equivalents		(3,813)	(5,161)
Cash and cash equivalents at beginning of period		8,107	13,363
Exchange differences		510	(95)
Cash and cash equivalents at end of period	15	4,804	8,107

Company statement of recognised income and expense

For the year ended 31 December 2008

	2008 £'000	2007 £'000
Impairment of available for sale investments	(22)	(29)
Amounts recognised directly in equity	(22)	(29)
Loss for the period	(10,364)	(8,653)
Total recognised income and expense for the period	(10,386)	(8,682)

Notes to the financial statements

For the year ended 31 December 2008

1. General information

Alexander Mining plc (the "Company") is a public limited company incorporated and domiciled in England and its shares are quoted 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 22 April 2009.

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 1985 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 230(4) of the Companies Act 1985.

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. There has been no significant impact on the consolidated financial statements from new standards or interpretations effective in 2008.

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 standards which have not yet become effective are expected to impact on the disclosures included in the consolidated financial statements:

- IFRS 8 Operating Segments 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. IFRS 8 replaces IAS 14 from 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. The amendment is effective for periods commencing on or after 1 January 2009.
- 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 overleaf) and impairment losses (see note 2(f) overleaf).

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For the year ended 31 December 2008

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 an 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 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 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.

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 reporting
A segment is a component of the Group distinguishable by economic activity (business segment), or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments.

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:

- Capitalisation and 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 Group is organised into two main operating divisions: exploration for base and precious metals mining projects; and commercialisation of mineral processing technology. These divisions are the basis on which the Group reports its primary segment information.

The Group's operating divisions operate in three principal geographical areas: South America; Europe; and the rest of the world.

Business segments	Mineral processing		Exploration		Unallocated		Total	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
Income	**12**	–	**–**	–	**–**	–	**12**	–
Administrative expenses	**(64)**	(4)	**(459)**	(566)	**(1,095)**	(1,552)	**(1,618)**	(2,122)
Exploration and development expenses	**–**	–	**(10,575)**	(1,351)	**–**	–	**(10,575)**	(1,351)
Research and development expenses	**(597)**	(410)	**–**	–	**–**	–	**(597)**	(410)
Segment result	**(649)**	(414)	**(11,034)**	(1,917)	**(1,095)**	(1,552)	**(12,778)**	(3,883)
Profit on disposal of fixed assets							**22**	–
Exchange gain on liquidation of subsidiaries							**20**	–
Investment income							**749**	593
Impairment of available for sale financial assets							**(68)**	–
Finance costs							**–**	(144)
Income taxes							**–**	(58)
Loss for the year							(12,055)	(3,492)
Other information								
Segment assets	**8**	–	**174**	7,034	**4,983**	8,718	**5,165**	15,752
Segment liabilities	**(89)**	(14)	**(139)**	(372)	**(77)**	(250)	**(305)**	(636)
Capital expenditure	**–**	–	**1,780**	4,206	**–**	1	**1,780**	4,207
Depreciation	**–**	–	**(137)**	(176)	**(1)**	(27)	**(138)**	(203)
Other non-cash expenditure	**–**	–	**–**	–	**(75)**	(172)	**(75)**	(172)
Impairment	**–**	–	**(10,342)**	(1,351)	**–**	–	**(10,342)**	(1,351)

Geographical segments	Revenue		Segment assets		Capital expenditure		Loss for the period	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000	**2008 £'000**	2007 £'000
South America	**–**	–	**174**	7,197	**1,780**	4,206	**(11,343)**	(1,508)
Europe	**–**	–	**4,917**	8,550	**–**	1	**(521)**	(1,255)
Rest of the World	**12**	–	**74**	5	**–**	–	**(191)**	(729)
	12	–	**5,165**	15,752	**1,780**	4,207	**(12,055)**	(3,492)

4. Operating loss

Operating loss is stated after charging:

	The Group	
	2008 £'000	2007 £'000
Depreciation[1]	**15**	51
Impairment of tangible fixed assets	**92**	–
Operating lease expense	**157**	92
Share based payments (see note 22)	**75**	172
Research and development expenses	**597**	410
Exploration costs provided for and written-off	**10,250**	1,351
Other exploration expenditure	**325**	–

[1]In addition to the above depreciation expensed in the income statement, an amount of £123,000 (2007: £152,000) was capitalised within intangible fixed assets (deferred exploration costs).

Notes to the financial statements

For the year ended 31 December 2008

5. Auditors' remuneration

	The Group	
	2008 £'000	2007 £'000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	25	31
Fees payable to the Group's auditor and its associates for other services:		
The audit of the Group's subsidiaries pursuant to legislation	8	12
Other services pursuant to legislation	8	12
Tax services	8	15
Other services	2	2
	51	72

6. Directors and employees

Staff costs during the period were as follows:

	The Group		The Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Directors' emoluments	366	394	366	394
Other staff wages and salaries	807	909	238	321
Social security costs	226	240	64	62
Share based payments	75	172	75	172
	1,474	1,715	743	949

Included within Group staff costs above are £343,000 of other staff wages and salaries, which have been capitalised within exploration costs (2007: £306,000) and subsequently provided for at 31 December 2008.

The Group does not contribute towards pension schemes either in the UK or overseas.

The average number of employees (including executive directors) during the period was:

	The Group		The Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Technical	29	49	3	5
Administration	8	10	4	4
	37	59	7	9

6. Directors and employees (continued)

Directors' remuneration is set out below:

	Annual salary £'000	Fees £'000	Other benefits £'000	Total £'000
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
2007				
M L Sutcliffe	143	–	21	164
M L Rosser	98	–	–	98
R O Davey	–	25	–	25
J S Bunyan	–	30	–	30
E M Morfett	–	2	–	2
G V Lewis (resigned 1 Oct 2007)	–	25	–	25
D R Norwood (resigned 1 Oct 2007)	–	25	–	25
J W Ashcroft (resigned 1 Oct 2007)	–	25	–	25
	241	132	21	394

7. Investment income

	2008 £'000	2007 £'000
Interest on short term bank deposits	238	593
Exchange differences on foreign currency cash balances	511	–
	749	593

8. Finance costs

	2008 £'000	2007 £'000
Interest on bank overdraft	–	19
Exchange differences on foreign currency cash balances	–	125
	–	144

Notes to the financial statements

For the year ended 31 December 2008

9. Income taxes

No liability to income taxes arises in the period.

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

	2008 £'000	2007 £'000
Loss before tax	(12,055)	(3,434)
Current tax at 28% (2007: 30%)	(3,375)	(1,030)
Effects of:		
Expenses not deductible for tax purposes	649	213
Income not taxable	–	(8)
Qualifying depreciation in excess of capital allowances	(82)	(2)
Tax losses utilised in period	(11)	–
Unrelieved tax losses arising in the period	614	827
Unrelieved exploration expenditure arising in overseas subsidiaries	2,205	–
Minimum income tax charge arising in overseas subsidiary[1]	–	(58)
Income tax expense	–	(58)

[1]Argentinean income tax charge based on net asset value.

Unrecognised deferred tax assets

	2008 £'000	2007 £'000
Cumulative tax losses	2,310	1,326
Unrelieved exploration expenditure arising in overseas subsidiaries	2,807	–
Accelerated capital allowances	4	4
Unrecognised deferred tax asset at end of period	5,121	1,330

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

10. Loss per share

The calculation of loss per share is based on a loss of £12,055,000 for the year ended 31 December 2008 (31 December 2007: loss of £3,492,000) and the weighted average number of shares in issue in the year to 31 December 2008 of 134,534,667 (31 December 2007: 134,534,667).

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

11. Property, plant & equipment

The Group

	Office equipment and furniture £'000	Leasehold improvements £'000	Motor vehicles £'000	Exploration equipment £'000	Total £'000
Cost					
As at 1 January 2007	97	35	35	234	401
Exchange differences	(5)	–	–	(11)	(16)
Additions	42	10	–	177	229
Disposals	(1)	–	–	–	(1)
As at 31 December 2007	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
Depreciation					
As at 1 January 2007	(50)	(23)	(19)	(142)	(234)
Exchange differences	–	–	–	2	2
Charged in year	(44)	(15)	(11)	(133)	(203)
As at 31 December 2007	(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)
Net book value					
As at 31 December 2008	2	–	–	1	3
As at 31 December 2007	39	7	5	127	178
As at 1 January 2007	47	12	16	92	167

The Company

	Leasehold improvements £'000	Office equipment and furniture £'000	Total £'000
Cost			
As at 1 January 2007	44	35	79
Additions	1	–	1
As at 31 December 2007 and 31 December 2008	45	35	80
Depreciation			
As at 1 January 2007	(29)	(23)	(52)
Charged in year	(15)	(12)	(27)
As at 31 December 2007	(44)	(35)	(79)
Charged in year	(1)	–	(1)
As at 31 December 2008	(45)	(35)	(80)
Net book value			
As at 31 December 2008	–	–	–
As at 31 December 2007	1	–	1
As at 1 January 2007	15	12	27

Notes to the financial statements

For the year ended 31 December 2008

12. Intangible fixed assets

The Group

	2008 £'000	2007 £'000
Deferred exploration costs		
At beginning of period	6,857	4,260
Additions	1,773	3,978
Provision[1]	(9,201)	(35)
Written-off[2]	(1,049)	(1,316)
Exchange difference	1,620	(30)
At end of period	–	6,857

[1]Due 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 has been made for all capitalised deferred exploration costs at the Group's Leon project in Argentina during 2008.

[2]Exploration 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 yet commenced at the Group's Molinetes prospect in Peru. Accordingly, all costs associated with these prospects have been written-off during 2008.

The Company

	2008 £'000	2007 £'000
Cost and net book value		
At beginning of period	39	31
Additions	102	87
Provision	(18)	–
Written-off	(33)	(10)
Transfer to subsidiary[1]	(90)	(69)
At end of period	–	39

[1]Prior 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	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Subsidiary undertakings (a)	–	–	–	6,787
Available for sale investments (b)	32	122	32	122
	32	122	32	6,909

(a) Company subsidiary undertakings

As at 31 December 2008, 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

[1]Operates a branch in Argentina. During 2008 a full provision was made against the cost of the investment in this subsidiary in the parent company financial statements. This represents the entire movement for the year.

[2]owned by Molinetes (BVI) Limited.

During 2008 Compania Minera Sulcha SAC, a wholly owned subsidiary of Alexander Gold Group Limited, was liquidated. Exchange gains totalling £20,000 previously recognised in the translation reserve have been recognised in the income statement in the year.

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 quoted on the AIM Market of London Stock Exchange plc.

The closing mid market share price at 31 December 2008 was 2.75 pence (31 December 2007: 10.5 pence). Due to the significant fall in value of the investment in 2008 the directors consider that the asset is impaired and, accordingly, impairment losses totalling £67,920 have been recognised in the income statement in 2008. The Company's investment in Mariana Resources Limited represents 1.7% of the issued share capital of that company.

14. Other receivables and prepayments

	The Group		The Company	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Non-current assets				
Amounts due from subsidiary companies	–	-	–	164
Current assets				
Other debtors	**82**	49	**35**	28
Other taxes and social security	**4**	12	**1**	6
Prepayments and accrued income	**58**	92	**46**	65
	144	153	**82**	99

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	
	2008 £'000	2007 £'000	**2008 £'000**	2007 £'000
Cash on hand and demand deposits	**4,986**	5,564	**4,804**	5,229
Short term fixed term deposits	**-**	2,878	**-**	2,878
	4,986	8,442	**4,804**	8,107

16. Share capital

	2008 Number	**2008 £'000**	2007 Number	2007 £'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	**134,534,667**	**13,453**	134,534,667	13,453

During the year no ordinary shares were issued. Details of share options issued during the year and outstanding at 31 December 2008 are set out in note 22.

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For the year ended 31 December 2008

17. Capital and reserves

The Group

	Share capital £'000	Share premium £'000	Merger reserve £'000	Share option reserve £'000	Translation reserve £'000	Fair value reserve £'000	Retained earnings £'000	**Total equity £'000**
At 1 January 2007	13,453	11,850	(2,487)	833	(399)	51	(4,878)	**18,423**
Retained loss for period	–	–	–	–	–	–	(3,492)	**(3,492)**
Exchange difference on translating foreign operations	–	–	–	–	42	–	–	**42**
Valuation losses on available for sale investments	–	–	–	–	–	(29)	–	**(29)**
Share option costs	–	–	–	172	–	–	–	**172**
At 31 December 2007	**13,453**	**11,850**	**(2,487)**	**1,005**	**(357)**	**22**	**(8,370)**	**15,116**
Retained loss for period	–	–	–	–	–	–	(12,055)	**(12,055)**
Exchange difference on translating foreign operations	–	–	–	–	1,766	–	–	**1,766**
Exchange difference recognised in income statement in year	–	–	–	–	(20)	–	–	**(20)**
Valuation losses on available for sale investments	–	–	–	–	–	(22)	–	**(22)**
Share option costs	–	–	–	75	–	–	–	**75**
Share options cancelled in year	–	–	–	(377)	–	–	377	**–**
At 31 December 2008	**13,453**	**11,850**	**(2,487)**	**703**	**1,389**	**–**	**(20,048)**	**4,860**

- 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 2008 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)). Due to the significant fall in value of the investment in 2008 the directors consider that the asset is impaired. Accordingly the impairment losses in 2008 have been recognised in the income statement.

The Company

	Share capital £'000	Share premium £'000	Share option reserve £'000	Fair value reserve £'000	Retained earnings £'000	**Total equity £'000**
At 1 January 2007	13,453	11,850	883	51	(2,561)	**23,626**
Retained loss for period	–	–	–	–	(8,653)	**(8,653)**
Valuation losses on available for sale investments	–	–	–	(29)	–	**(29)**
Share option costs	–	–	172	–	–	**172**
At 31 December 2007	**13,453**	**11,850**	**1,005**	**22**	**(11,214)**	**15,116**
Retained loss for period	–	–	–	–	(10,364)	**(10,364)**
Valuation losses on available for sale investments	–	–	–	(22)	–	**(22)**
Share option costs	–	–	75	–	–	**75**
Share options cancelled in year	–	–	(377)	–	377	**–**
At 31 December 2008	**13,453**	**11,850**	**703**	**–**	**(21,201)**	**4,805**

The Company has taken advantage of the exemption permitted by Section 230 of the Companies Act 1985 and has not presented its own income statement.

18. Trade and other payables

	The Group		The Company	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade payables	68	121	56	100
Other payables	59	28	2	6
Other taxes and social security	32	55	19	20
Accruals and deferred income	52	393	36	77
	211	597	113	203

19. Provisions

	Environmental £'000	Closure £'000	Total £'000
At 1 January 2008	39	–	39
Exchange difference	16	–	16
Utilised in period	(13)	–	(13)
Provided in year	18	34	52
At 31 December 2008	**60**	**34**	**94**
Payable within 1 year	4	34	38
Payable after more than 1 year	56	–	56
At 31 December 2008	60	34	94

- 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 its interest in attracting possible third party investment for mine development if the copper price recovers. 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 2009. Amounts relating to monitoring costs expected to be incurred in 2009 have been classified as current liabilities.

- The cessation of activities in Argentina has led to a significant reduction in employee numbers in Argentina. The closure provision represents the anticipated redundancy costs for Argentinean employees who were informed of the decision to cease operations in 2008. The provision is expected to be fully utilised in the first half of 2009.

20. Financial risk management

The Group's principal financial assets comprise: cash and cash equivalents; 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 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 2008 the Group has not used derivative financial instruments.

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 2008 the Group has no significant trade receivables. The Group's focus on commercialising its technologies may result in significant trade receivables during 2009, 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 – the Group is exposed to foreign currency risk as a result of financial assets, future transactions and investments in foreign companies denominated in currencies other than Sterling.

Notes to the financial statements

For the year ended 31 December 2008

20. Financial risk management (continued)

Exchange gains and loss 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, Euros, Argentinean Pesos and Peruvian Nuevo Soles. Accordingly, movements in the Sterling exchange rate with the US Dollar, Australian Dollar, Euro, Argentinean Peso or Peruvian Nuevo Sol could have a detrimental effect on the Group's results and financial condition.

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

	2008 £'000	2007 £'000
Sterling	4,074	4,895
US Dollars	758	3,431
Australian Dollars	38	–
Euros	17	1
Argentinean Pesos	99	99
Peruvian Nuevo Soles	–	16
	4,986	8,442

The Group has assets located in Argentina (which are considered to have a US Dollar functional currency) and Peru (which are 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 2008, 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:

2008	Sterling £'000	US Dollars £'000	Peruvian Nuevo Soles £'000	Total £'000
Balances denominated in				
Sterling	4,070	–	–	4,070
US Dollars	684	–	21	705
Argentinean Pesos	–	111	–	111
Peruvian Nuevo Soles	–	–	–	–
Other currencies	31	–	2	33
	4,785	111	23	4,919

2007	Sterling £'000	US Dollars £'000	Peruvian Nuevo Soles £'000	Total £'000
Balances denominated in				
Sterling	4,840	–	–	4,840
US Dollars	3,359	(132)	4	3,231
Argentinean Pesos	–	(56)	–	(56)
Peruvian Nuevo Soles	–	–	16	16
Other currencies	(33)	–	–	(33)
	8,166	(188)	20	7,998

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. Whilst the Group has no current intention to develop its existing mineral projects and has therefore provided for these in full, fluctuations in metal prices will affect the viability of future projects.

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 projects and the potential value of third party assets on which the Group is negotiating future royalty agreements. On development of any mineral properties, the Group will consider entering into forward sales contracts for the project off-take in order to protect future earnings.

At 31 December 2008 a 10% movement in the market price of copper will have no impact on the Group's assets or result for the period.

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 2008:

	£'000
Due in less than one month	112
Due between one and three months	7
Due between three months and one year	92
	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 2008 the Group has Sterling and US dollar denominated cash balances and short term deposits which attract interest as follows:

	Deposit £'000	Interest rate
US dollar deposits	57	1.65%
Sterling deposits	4,004	1.25%

The value of the Group's assets at 31 December 2008 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

The Group has performed a review of the financial assets and liabilities as at 31 December 2008 and has concluded that the fair value of those assets and liabilities is not materially different to book value.

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 2008 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.

Notes to the financial statements

For the year ended 31 December 2008

22. Share based payments

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

	2008		2007	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	**29.1p**	**12,908,333**	30.0p	11,058,333
Granted during the period	**10.0p**	**4,650,000**	25.8p	2,700,000
Expired during the period	**30.0p**	**(500,000)**	N/A	–
Cancelled during the period	**29.3p**	**(4,850,000)**	30.0p	(850,000)
Outstanding at the end of the period	**21.7p**	**12,208,333**	29.1p	12,908,333
Exercisable at the end of the period	**30.0p**	**6,608,333**	30.0p	8,433,333

Share options outstanding at 31 December 2008 had a weighted average exercise price of 21.7 pence (2007: 29.1 pence) and a weighted average contractual life of 7.8 years (2007: 7.2 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 2008.

At 31 December 2008 the total number of options over ordinary shares outstanding was as follows:

Exercise period	Number	Weighted average exercise price
Exercisable until 2015	5,833,333	30.0p
Exercisable until 2016	775,000	30.0p
Exercisable at the period end	6,608,333	30.0p
Exercisable between 2009 and 2017	1,000,000	21.3p
Exercisable between 2009 and 2018	1,033,333	10.0p
Exercisable between 2010 and 2018	1,033,333	10.0p
Exercisable between 2011 and 2018	1,033,334	10.0p
Exercisable until 2018 subject to vesting conditions[1]	1,500,000	10.0p
	12,208,333	21.7p

[1]500,000 share options exercisable on each of the following conditions:

- Following a successful pilot plant demonstration for the extraction of zinc from a zinc deposit or resource using a MetaLeach proprietary leaching technology.
- Following a successful pilot plant demonstration for the extraction of nickel from a nickel deposit or resource using a MetaLeach proprietary leaching technology.
- Following a successful pilot plant demonstration for the extraction of molybdenum, copper or platinum group metals from a molybdenum, copper sulphide or platinum group metals deposit or resource using a MetaLeach proprietary leaching technology.

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 2008
Fair value (p)	2.8p
Share price (p)	6.4p
Exercise price (p)	10.0p
Expected volatility[1]	46.4%
Option life	7 years
Expected dividends	0.0%
Risk-free rate of return	5.0%

[1]Volatility for options granted was estimated based on the Company's daily closing share price during the 12 months prior to the issue of the share option.

23. Commitments

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

	2008 £'000	2007 £'000
Payable within one year	67	99
Payable from two and five years	25	20
	92	119

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.

In addition, the Group has entered into agreements in respect of exploration projects in Argentina under which payments fall due as follows:

Payments falling due	Option payments US$'000
Within one year	87

Under these agreements the Group earns an equity interest in the project under certain milestone payments. However, the Group does not have any obligation to make payments under these agreements and can withdraw from these projects without any further ongoing obligations at any time.

24. Contingent liabilities

There were no contingent liabilities at 31 December 2008 or 31 December 2007.

25. Related parties

The Group's investments in subsidiaries have been disclosed in note 13. The Group is controlled by Alexander Mining plc, which is also the Group's ultimate parent company. The Group has no ultimate controlling company.

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

	Sale of goods		Amounts owed by group companies			
	2008 £'000	2007 £'000	At 1 January 2008 £'000	Increase in period £'000	Provisions in period £'000	At 31 December 2008 £'000
Alexander Gold Group Ltd	99	160	91	2,511	(2,602)	–
MetaLeach Ltd	–	–	35	159	(194)	–
CIA Minera Molinetes SAC	–	–	38	–	(38)	–
CIA Minera Sulcha SAC[1]	–	–	–	6	(6)	–
	99	160	164	2,676	(2,840)	–

[1]Compania Minera Sulcha SAC has been liquidated during 2008.

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:

	2008 £'000	2007 £'000
Short-term employee benefits	561	618
Other benefits	16	21
Share-based payments	72	111
	649	750

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Alexander Mining plc

Alexander Mining plc
1st Floor 35 Piccadilly
London W1J 0DW
United Kingdom
T: +44 (0) 20 7292 1300
F: +44 (0) 20 7292 1313

www.alexandermining.com
admin@alexandermining.com