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Alexander Mining plc

Annual Report and Accounts 2009

Alexander Mining plc

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

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

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

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

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

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

Highlights

- Excellent progress made towards the commercialisation of our proprietary MetaLeach® technology
- Industry interest from a number of multinational mining companies in using technology in exchange for royalties and/or licence fees
- Independent expert's report shows significant capital and operating cost savings using AmmLeach®
- Agreement with RPT Resources for the development of mining projects
- Sharp improvement in the past year for the fortunes of the mining industry as metals prices recovered strongly
- Healthy cash position of £3 54m at 31 December 2009, with significantly reduced costs and growing testwork revenue

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

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

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

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

Chairman's statement

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

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

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

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

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

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

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

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

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

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

Matt Sutcliffe
Executive Chairman

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

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

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

Regardless of the outcome of the potential sale, the Group had a comfortable cash postition of £3 54m at the end of 2009

Outlook

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

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

Matt Sutcliffe
Executive Chairman

6 May 2010

Business review

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

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

Introduction

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

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

METALEACH LIMITED

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

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

Commercialisation of AmmLeach®

The following metals are particular targets for the AmmLeach® process

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

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

Time lapse videomicroscopy of copper mineral malachite ($CuCO_3.Cu(OH)_2$) over a period of three hours, shows the dissolution using AmmLeach®

Metaleach®

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

Martin Rosser
Chief Executive Officer

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

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

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

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

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

The alkaline conditions used in the AmmLeach® process allow precious metals to be recovered from the base metal depleted heap using a secondary leach step The heap can simply be washed to recover ammonia and subjected to standard alkaline cyanidation to recover gold and silver

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

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

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

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

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

Business review

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

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

Potential project interests

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

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

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

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

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

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

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

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

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

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

Time lapse videomicroscopy for copper mineral cuprite (Cu_2O), showing dissolution over six hours using AmmLeach®

Comparison of AmmLeach® with acid heap leaching of copper

Parameter	Acid	AmmLeach®
Mineralogy	Oxides carbonates, silicates, some sulphides	Almost any - dependent upon pretreatment stage
Selectivity	Low iron manganese calcium and silica are likely problems	High no iron, manganese, calcium or silica dissolution
Rate of extraction	Limited by acid strength and diffusion	Ammonia concentration in leach solution matched to leaching rate
Recovery	80% of leachable metal typical	>80% in 130 days
Heap lifetime	55 – 480 days	~80 – 130 days
Sulphate precipitation	Reduced permeability in heap, break down of clays and plant scaling due to precipitation of gypsum and jarosite	Calcium and iron solubilities too low for 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 hydrolysis of urea to minimise transport risks
Precious metals	Heap to be neutralised before cyanidation	Neutralisation not required potential for simultaneous recovery using thiosulphate or sequential leaching using cyanide
Mine closure	Heap requires washing, neutralisation and long term monitoring to avoid acid mine drainage (AMD)	Heap can be washed and left, residual ammonia acts as fertiliser for vegetation regrowth, minimal likelihood of AMD

The AmmLeach® Process

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

The technology consists of the same three major stages as acid processes i e leaching, solvent extraction (SX) and electrowinning (EW) The leaching occurs in two steps, an ore specific pre-treatment which converts the metals into a soluble form and the main leaching step, which uses recycled raffinate from the solvent extraction stage Solvent extraction is used to separate and concentrate the metals, whilst also changing from ammoniacal media to acid sulphate media from which metals can be directly electrowon using industry standard unit operations One of the key benefits of the AmmLeach® process is that, unlike some new technologies, it requires no special purpose built equipment The AmmLeach® process can directly replace acid leaching in an existing operation

AmmLeach® technology is suitable for both low grade heap leaching and higher grade tank leaching, the choice is dictated by the grade and deposit economics Polymetallic deposits can be readily handled using standard solvent extraction and solution purification techniques

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

The AmmLeach® process has an extremely high selectivity for the target metal over iron and manganese, which are insoluble under AmmLeach® conditions Calcium solubility is also significantly suppressed by the presence of carbonate and extremely low sulphate levels in the leaching solutions These features ensure that there are no potential problems due to jarosite or gypsum precipitation reducing permeability in the heap or scaling problems in the solvent extraction plant Additionally, silica is also insoluble in the AmmLeach® process, removing problems associated with formation of unfilterable precipitates within an acid leach plant during pH adjustment and the need to handle high viscosity solutions Ammonia, unlike acid, doesn't react with aluminosilicates and ferrosilicates, whose products can cause drainage and permeability problems in heaps

Compared with previous ammoniacal processes, almost any ore mineralogy can be treated as the pre-treatment step is specific to each ore body The whole AmmLeach® process is tailored to individual ore bodies and consequently has substantially lower ammonia losses than earlier processes In theory, all the ammonia can be recovered, however in practice small losses do occur

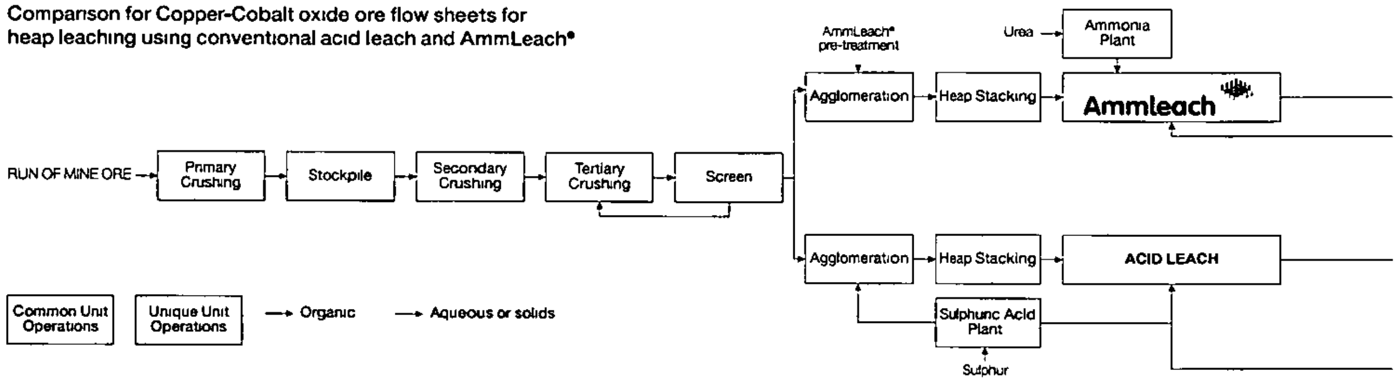
Decommissioning of the heap is extremely simple as no neutralisation is necessary and the potential for acid mine drainage is virtually eliminated After final leaching the heap is simply washed to recover ammonia and then left to revegetate, with the residual ammonia acting as a fertiliser

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

Business review

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

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



Copper

Copper is the world's most important base metal by value and its price is a bellwether of world industrial production Global mined copper production is around 18Mtpa, valued at over US$135bn at current prices, approximately a quarter of which is produced from oxide ores using hydrometallurgy The Company believes that its leaching technology has the potential to increase significantly the share of global copper produced using hydrometallurgical processes Hydrometallurgically recovered copper is much more attractive to mine owners than the production of concentrates from sulphide ores as it results in the production of high value cathodes at the mine When sold these realise almost 100% of the copper content, compared to concentrates where owners may receive up to 40% less

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

Zinc

Global mined zinc production is around 11Mtpa, valued at US$24bn at current prices The vast majority (~95%) of world zinc metal production uses smelting to recover and refine zinc metal out of zinc-containing feed material such as zinc concentrates or zinc oxides Development of a new hydrometallurgical process route for zinc oxides has the potential to simplify zinc refining

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

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

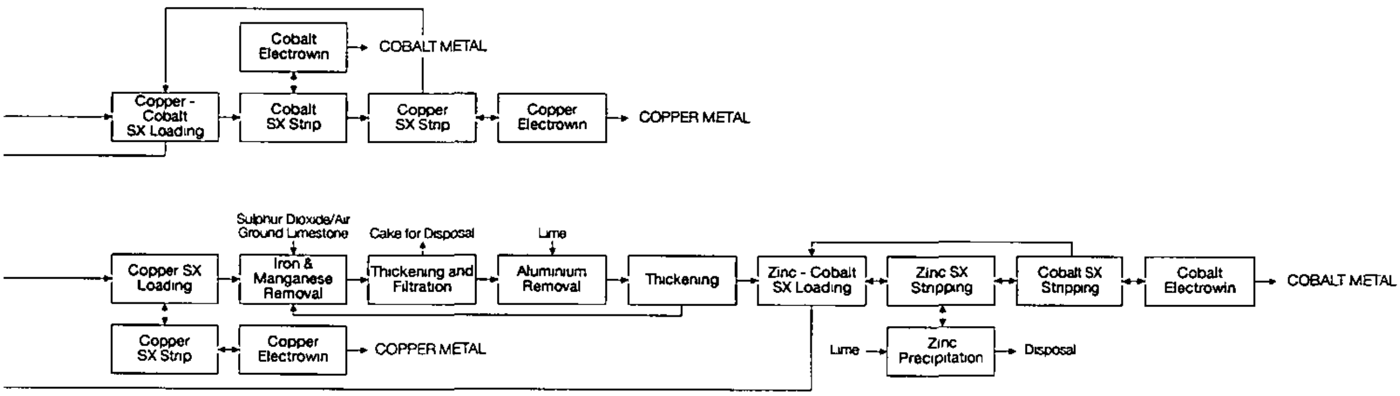
A wide range of different zinc oxide mineralogies can potentially be treated by AmmLeach®, including those with significant hemimorphite content which presently can only be treated using acid The acid route requires ore containing >10% zinc to be economically viable as the process can be extremely inefficient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

In AmmLeach® solutions, the leaching can be extremely rapid provided the conditions are appropriately matched to the ore Testwork shows rapid leaching and high recoveries for several different zinc oxide ores pre-treated according to the mineralogy The head grades ranged from 5 2 to 19% zinc and the mineralogy ranged from pure smithsonite to predominantly hemimorphite The highest solution tenor achieved was >100g/L and higher tenors should be achieved with further optimisation

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

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

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



Copper process economics

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

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

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

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

Typically for copper only oxide ores, process plant capital costs for AmmLeach® and acid heap leach operations of the same size are similar as, excluding reagent production and storage/handling costs on site, essentially the same equipment is used for both processes However, importantly, where economics dictate that sulphuric acid is made on site, there can be a major differential associated with reagents and, in particular, the differential costs of ammonia and sulphuric acid

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

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

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

Business review

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

Independent Technical Expert's Report
Substantial capital and operating cost savings for a typical Copper/Cobalt mine in the DRC using AmmLeach®

Case	Ore head grade		Production rate copper	Capital cost	Annual operating
	Copper %	Cobalt %	tpa	savings	cost savings
Heap Leaching	2	0 2	50 000	30%	42%
Agitated Leaching	3	0 4	100 000	29%	43%

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

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

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

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

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

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

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

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

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

Dissolution of copper mineral pseudomalochite, ($Cu_5[PO_4]_2(OH)_4$]) from Zambia, in AmmLeach®

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

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

The HyperLeach® Process
The HyperLeach® process (patents pending) is a proprietary process developed by MetaLeach® for the extraction of metals, especially copper, zinc, nickel, cobalt, molybdenum and rhenium from sulphide ore deposits and concentrates The process utilises chlorine based chemistry to solubilise metals from ores under ambient temperature and pressure conditions

Great promise has been shown on molybdenum – rhenium sulphide ores with low reagent consumption making heap leaching of such ores economically feasible for the first time

HyperLeach® can be used as a pretreatment for AmmLeach® to provide the best of both processes HyperLeach® would solubilise and mobilise target metals from sulphides and AmmLeach® would leach the target metals selectively This combination allows processing of a whole ore body from the oxide cap through the transition zone to the sulphide basement

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

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

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

The Group made a net loss of £1 5m in 2009, compared to the loss of £12 1m in 2008 The reduced loss is due mainly to non-recurrence of significant exploration and development costs and associated provisions incurred during 2008

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

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

The Group held cash and deposits of £3 54m at 31 December 2009

Business Risks
Inherent risk diversification is offered both geographically and by metal When compared with conventional exploration-driven mining companies, the business risks differ markedly The stages at which MetaLeach technology is of interest to a potential user is from the project feasibility study stage, through to existing mining operations As such, the inherent technical risks of the mining industry in discovering a potential new mine do not apply as a deposit has already been found Further business risks are referred to in the Directors' Report under Risk Management on page 16

Directors and Advisers

Matthew Sutcliffe
Chairman

Martin Rosser
Chief Executive Officer

James Bunyan
Non-executive Director

Roger Davey
Non-executive Director

Emil Morfett
Non-executive Director

Company Secretary
T A Cross

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

Company Registration No
5357433

Registered Office
1st Floor 35 Piccadilly
London W1J 0DW
United Kingdom

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

Nominated Adviser and Broker
Arbuthnot Securities Limited
Arbuthnot House
20 Ropemaker Street,
London EC2Y 9AR

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

Matthew Sutcliffe
Chairman

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

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

Martin Rosser
Chief Executive Officer

Martin Rosser is a chartered mining engineer who has 28 years' practical industry and financial markets experience since graduating with a degree in mining engineering from the Camborne School of Mines in 1981

Initially, he spent five years working as a mining engineer in Australia, both on underground and surface gold mines, including time with Western Mining Corporation as Shaft Superintendent at Central Norseman

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

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

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

James Bunyan
Non-executive Director

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

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

Roger Davey
Non-executive Director

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

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

Emil Morfett
Non-executive Director

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

He then worked in Johannesburg for Goldfields of South Africa, first as a geologist and then a valuator in the mineral economics department In 1987, he moved to London to work as a mining analyst for Laurence Prust Stockbrokers and subsequently, in 1988, Smith New Court In 1993 he became the Global Head of Mining Research at Bank Paribas and left in 1997 to become Vice President and Head of Mining Research for J P Morgan in London During this period he was involved in many major mining transactions with a variety of responsibilities

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

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

Corporate and social responsibility

The Group's core values are

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

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

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

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

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

Ethical Policy
The Group is committed to comply with all laws, regulations, standards and international conventions which apply to our businesses and to our relationships with our stakeholders Where laws and regulations are non-existent or inadequate, we will maintain the highest reasonable standards appropriate We will in an accurate, timely and verifiable manner, consistently disclose material information about the Group and its performance This will be readily understandable by appropriate regulators, our stakeholders and the public We will endeavour to ensure that no employee acts in a manner that would in any way contravene these principles The Group will take the appropriate disciplinary action concerning any contravention

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

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

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

Corporate governance

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

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

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

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

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

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

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

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

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

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2009

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

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

Results
The Group made a consolidated net loss for the year of £1,536,000 (2008 £12,055,000) The directors do not recommend the payment of a dividend (2008 nil)

Research and development
The Group, through its wholly owned subsidiary MetaLeach Limited, is involved in the ongoing research and development of its proprietary mineral processing technologies, AmmLeach® and HyperLeach® Further details thereof are set out in the Business Review on pages 4 to 11

Risk Management
The successful commercialisation of the Group's proprietary mineral processing technologies is subject to a number of risks, both in relation to third party licensing opportunities and the acquisition of equity interests in amenable deposits for the Group In addition, like all businesses, the Group is exposed to financial risks The Board adopts a prudent approach to minimise these risks as far as practicable, consistent with the corporate objectives of the Group These risks are summarised below, together with the disclosures set out in Note 20 to the Financial Statements

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

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

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

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

Loss of key personnel from the Group
The commercialisation of the Group's leaching technologies is dependent upon the continuing application of skills provided by highly qualified and experienced employees and consultants There is a risk that the Group's management, employees and consultants will be targeted by competitors The loss of key employees and consultants may adversely affect the ability of the Group to achieve its objectives

The Group mitigates this risk by ensuring that all key employees and consultants are rewarded appropriately and participate in the Group's share option scheme, further details of which are set out in note 22 to the Financial Statements

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

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

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

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

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

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

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

Directors

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

		Shares held at 31 December 2009 Number	Shares held at 31 December 2008 Number
M L Sutcliffe	Executive Chairman	**10,906,000**	10,906,000
M L Rosser	Chief Executive Officer	–	–
J S Bunyan	Non-Executive Deputy Chairman	–	–
R O Davey	Non-Executive	–	–
E M Morfett	Non-Executive	–	–
		10,906,000	10,906,000

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

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

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

The directors' interests in share options are as follows

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

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

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

Directors' report

Substantial shareholders
Details of the Company's substantial shareholders are set out on the Company's web-site at www alexandermining com

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

At the year-end there were 23 days' (2008 11 days) purchases in Group trade payables

Political and charitable contributions
The Group has made no political or charitable donations in the year (2008 nil)

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

Annual General Meeting
The Notice convening the Company's Annual General Meeting, to be held on 10 June 2010 is set out in pages 41 to 42 of this report Full details of the resolutions proposed at that meeting may be found in the Notice

Corporate governance statement
A report on corporate governance and compliance with provisions of the Combined Code is set out on page 15

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

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

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

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have, as required by the AIM Rules of the London Stock Exchange, elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have also elected to prepare the Company financial statements in accordance with those standards Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group, and of the profit or loss of the Group for that period In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether the financial statements have been prepared in accordance with IFRS as adopted by the European Union and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

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

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

By Order of the Board

Terence Cross
Company Secretary
6 May 2010

Independent auditors' report to the members of Alexander Mining plc

We have audited the financial statements of Alexander Mining plc for the year ended 31 December 2009 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of cash flows, the consolidated and company statements of changes in equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006

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

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

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

Opinion on financial statements
In our opinion
- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's loss for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union,
- the parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if in our opinion
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

PKF(UK) LLP

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

Consolidated income statement

For the year ended 31 December 2009

	Notes	2009 £'000	2008 (Restated) £'000
Continuing operations			
Revenue		**220**	12
Cost of sales		**(19)**	–
Gross profit		**201**	12
Administrative expenses		**(1,512)**	(1,618)
Exploration and development expenses		**(112)**	(10,575)
Research and development expenses		**(251)**	(597)
Profit on disposal of property, plant and equipment		**93**	22
Exchange gain on liquidation of subsidiaries		**–**	20
Operating loss	4	**(1,581)**	(12,736)
Impairment of available for sale financial assets	13b	**–**	(68)
Reversal of previously recognised impairment charge	13b	**68**	–
Investment income	7	**34**	749
Finance costs	8	**(57)**	–
Loss before taxation		**(1,536)**	(12,055)
Income tax expense	9	**–**	–
Loss for the year attributable to equity holders of the parent		**(1,536)**	(12,055)
Basic and diluted loss per share (pence)	10	**(1 14)p**	(8 96)p

Consolidated statement of comprehensive income

For the year ended 31 December 2009

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

Consolidated balance sheet

As at 31 December 2009

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

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

Martin Rosser

M L Rosser
Director

Company balance sheet

(Company number 5357433 in England and Wales)

As at 31 December 2009

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

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

Martin Rosser

M L Rosser
Director

Consolidated statement of cash flows

For the year ended 31 December 2009

	Notes	2009 £'000	2008 (Restated) £'000
Cash flows from operating activities			
Operating loss		(1,581)	(12,736)
Depreciation and amortisation charge		2	15
Impairment of property, plant and equipment		–	92
Decrease/(increase) in trade and other receivables		17	(7)
Decrease in trade and other payables		(33)	(329)
Shares issued in payment of expenses		96	–
Share option charge		117	75
Intangible assets written-off or provided for		–	10 250
Profit on disposal of property, plant and equipment		(93)	(22)
Exchange gain on liquidation of subsidiaries		–	(20)
Net cash outflow from operating activities		(1,475)	(2 682)
Cash flows from investing activities			
Interest received		34	254
Acquisition of property, plant and equipment		–	(7)
Acquisition of intangible assets		–	(1,650)
Proceeds from sale of property, plant and equipment		93	40
Net cash inflow/(outflow) from investing activities		127	(1,363)
Net decrease in cash and cash equivalents		(1,348)	(4,045)
Cash and cash equivalents at beginning of period		4,986	8,442
Exchange differences		(98)	589a
Cash and cash equivalents at end of period	15	3,540	4,986

Company statement of cash flows

For the year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Cash flows from operating activities			
Operating loss		(1,333)	(4 253)
Depreciation and amortisation charge		–	1
(Increase)/decrease in trade and other receivables		(15)	2
Decrease in trade and other payables		(19)	(90)
Shares issued in payment of expenses		96	–
Share option charge		117	75
Intangible assets written-off or provided for		–	51
Inter-company recharges		(4)	(9)
Provision against inter-company debt		–	2,840
Net cash outflow from operating activities		(1,158)	(1,383)
Cash flows from investing activities			
Amounts remitted to subsidiary companies		(210)	(2,578)
Interest received		33	250
Acquisition of property, plant and equipment		–	–
Acquisition of intangible assets		–	(102)
Net cash outflow from investing activities		(177)	(2,430)
Net decrease in cash and cash equivalents		(1,335)	(3,813)
Cash and cash equivalents at beginning of period		4,804	8,107
Exchange differences		(81)	510
Cash and cash equivalents at end of period	15	3,388	4,804

Consolidated statement of changes in equity

For the year ended 31 December 2009

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

Company statement of changes in equity

For the year ended 31 December 2009

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

Notes to the financial statements

For the year ended 31 December 2009

1 General information

Alexander Mining plc (the "Company") is a public limited company incorporated and domiciled in England and its shares are traded on the AIM Market of London Stock Exchange plc Alexander Mining plc is a holding company of a group of companies (the "Group"), the principal activities of which are the commercialisation of the Group's proprietary mineral processing technologies, either through licensing to third parties and/or the acquisition of equity stakes in amenable deposits

These consolidated financial statements were approved for issue by the Board of Directors on 6 May 2010

2 Summary of significant accounting policies

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

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

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

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

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

Standards, Amendments and Interpretations Effective in 2009

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

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

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

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

b) Basis of consolidation
i) Subsidiaries
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities

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

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

iii) Business combinations
Business combinations made prior to 1 January 2006 were accounted for in accordance with the relevant UK GAAP at the time The transitional requirements of IFRS 1 allowed prospective application for all business combinations subsequent to the transition date (1 January 2006) Accordingly such combinations were not re-stated in accordance with that standard For subsequent business combinations, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition

Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill, which is subsequently tested for impairment rather than amortised If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in the income statement

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

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

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

ii) Financial statements of foreign operations
On consolidation, the assets and liabilities of the Group's overseas operations that do not have a Sterling functional currency are translated at exchange rates prevailing at the balance sheet date Income and expense items are translated at the average exchange rate for the period Exchange differences arising are classified as equity and transferred to the Group's translation reserve Such translation differences are recognised in the income statement in the period in which the operation is disposed of

iii) Net investment in foreign operations
Exchange differences arising from the translation of the net investment in foreign operations are taken to the translation reserve They are released into the income statement upon disposal of the foreign operation

d) Intangible fixed assets

Deferred exploration and evaluation costs

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

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

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

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

e) Property, plant and equipment

i) Owned assets

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

ii) Subsequent costs

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

iii) Depreciation

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

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

f) Impairment

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

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

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

g) Financial instruments

i) Investments

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

ii) Trade and other receivables

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

iii) Cash and cash equivalents

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

iv) Trade and other payables

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

h) Share based payment transactions

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

The fair value of services received in return for share options granted is measured by reference to the fair value of the share options granted, at date of grant, and this is expensed on a straight line basis over the estimated vesting period This estimate is determined using an appropriate valuation model considering the effects of the vesting conditions, expected exercise period and the payment of dividends by the Company

i) Operating lease payments

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

j) Share capital

The Company's ordinary shares are classified as equity

k) Provisions

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

l) Revenue

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

Sale of testwork services

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

Royalty income

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

Notes to the financial statements

For the year ended 31 December 2009

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

n) Taxation
The charge for taxation is based on the profit or loss for the year and takes into account deferred tax Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet method

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

o) Segment information
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker
The Chief Operating Decision Maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors

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

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

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

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

3 Analysis of segmental information

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

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

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

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

For the purpose of measuring segmental profits and losses, the Argentinean and Peruvian segment bears only those direct costs incurred by or on behalf of the Argentinean and Peru Branches and their holding company No head office cost allocations are made to this segment The Head Office and Intellectual Property segment recognises all other costs and revenues The Head Office and Intellectual Property segment is not further sub-divided to different geographical regions due to its knowledge and services being offered to a broad geographical spread of clients, often indirectly through multinational groups

3 Analysis of segmental information (continued)

	Head Office and Intellectual Property		Argentina and Peru		Total	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
External segment revenues	**220**	12	**-**	–	**220**	12
Internal segment revenues	**-**	–	**-**	–	**-**	–
Total segment revenues	**220**	12	**-**	–	**220**	12
EBITDA	**(1,282)**	(1,563)	**(169)**	(10,425)	**(1,451)**	(11,988)
Interest revenue	**34**	234	**-**	4	**34**	238
Depreciation and amortisation	**-**	(1)	**(2)**	(137)	**(2)**	(138)
Impairment charges	**-**	–	**-**	(92)	**-**	(92)
Loss before tax	**(1,248)**	(1,330)	**(171)**	(10,650)	**(1,419)**	(11,980)

Reconciliations (i) Group revenues	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Total revenues for reportable segments	**220**	12	**-**	–	**220**	12
Group's revenues	**220**	12	**-**	–	**220**	12

(ii) Group loss before tax	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Loss before tax for trading segments	**(1,248)**	(1,330)	**(171)**	(10,650)	**(1,419)**	(11,980)
Share option charges	**(117)**	(75)	**-**	–	**(117)**	(75)
Loss before tax	**(1,365)**	(1,405)	**(171)**	(11,165)	**(1,536)**	(12,055)

(iii) Group assets	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000	**2009 £'000**	2008 £'000
Assets not allocated for internal reporting						
Non-current asets	**203**	32	**-**	3	**203**	35
Group other receivables	**106**	803	**21**	61	**127**	144
Group cash and cash equivalents	**3,388**	4,804	**152**	182	**3,540**	4,986
Group total assets	**3,697**	4,919	**173**	246	**3,870**	5,165

(iv) Major customers	**2009 £'000**	**2009 £'000**	2008 £'000	2008 £'000
During the year three customers (2008 - one customer) each accounted for more than 10% of the Group's revenues, as follows				
Customer 1	**63**	**29%**	–	–
Customer 2	**61**	**28%**	–	–
Customer 3	**31**	**14%**	–	–
Customer 4	**-**	**-**	7	57%
	155	**71%**	7	57%

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

Notes to the financial statements

For the year ended 31 December 2009

4 Operating loss

Operating loss is stated after charging

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

[1]In addition to the above depreciation expensed in the income statement, nil (2008 £123,000) was capitalised within intangible assets
[2]These amounts have been reviewed by the directors and are now considered to more accurately relate to the operating activities of the group They have therefore been reclassified as operating costs in the comparative period The income statement and statement of cash flows have also been restated to reflect this treatment

5 Auditors' remuneration

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

6 Directors emoluments

Directors' remuneration is set out below

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

7 Investment income

	2009 £'000	2008 £'000
Interest on short term bank deposits	34	238
Exchange differences on foreign currency cash balances	–	511
	34	749

8 Finance costs

	2009 £'000	2008 £'000
Interest on bank overdraft	–	–
Exchange differences on foreign currency cash balances	(57)	–
	(57)	–

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

	2009 £'000	2008 £'000
Loss before tax	(1,536)	(12,055)
Current tax at 28% (2008 28%)	(430)	(3,375)
Effects of		
Expenses not deductible for tax purposes	69	649
Qualifying depreciation in excess of capital allowances on which no deferred tax has been provided	30	(82)
Tax losses utilised in period	–	(11)
Unrelieved tax losses arising in the period	386	614
Unrelieved exploration expenditure arising in overseas subsidiaries	(55)	2,205
Income tax expense	–	–

Unrecognised deferred tax assets

	2009 £'000	2008 £'000
Cumulative tax losses	2,472	2,310
Unrelieved exploration expenditure arising in overseas subsidiaries	2,283	2,807
Accelerated capital allowances	4	4
Unrecognised deferred tax asset at end of period	4,759	5,121

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 £1,536,000 for the year ended 31 December 2009 (31 December 2008 loss of £12,055,000) and the weighted average number of shares in issue in the year to 31 December 2009 of 134,735,876 (31 December 2008 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

Notes to the financial statements

For the year ended 31 December 2009

11 Property, plant & equipment

The Group

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

The Company

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

12 Intangible fixed assets

The Group

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

[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 was made for all previously capitalised deferred exploration costs at the Group's Leon project in Argentina

[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 commenced at the Group's Molinetes prospect in Peru Accordingly, all costs associated with these prospects were written-off during 2008

The Company

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

[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	
	2009 £'000	2008 £'000	**2009 £'000**	2008 £'000
Subsidiary undertakings (a)	–	–	–	–
Available for sale investments (b)	**202**	32	**202**	32
	202	32	**202**	32

(a) Company subsidiary undertakings

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

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

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

[2]Owned by Molinetes (BVI) Limited

Notes to the financial statements

For the year ended 31 December 2009

13 Investments (continued)

(b) Available for sale investments

During 2005, the Company acquired an interest in 1,165,000 ordinary shares of AUS0 20 each in Mariana Resources Limited, a company registered in New South Wales, Australia, for a total cost of £99,957 Mariana Resources Limited's shares are traded on the AIM Market of London Stock Exchange plc

The closing mid market share price at 31 December 2009 was 17 35 pence The resultant increase in value of the investment during 2009 amounted to £170,090, £67,920 of which represents a reversal of a prior period impairment loss and has been taken to the income statement, the remaining £102,170 gain has been credited to the fair value reserve The Company's investment in Mariana Resources Limited represents 0 9% of the issued share capital of that company

The closing mid market share price at 31 December 2008 was 2 75 pence Due to the significant fall in value of the investment in 2008, the directors considered that the asset was impaired and, accordingly, impairment losses totalling £67,920 were recognised in the income statement in 2008

14 Trade and other receivables

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

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

15 Cash and cash equivalents

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

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

16 Share capital

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

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

16 Share capital (continued)

Changes in issued Share Capital and Share Premium
For the year ended 31 December 2009

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

All of the above shares were issued to finance the ordinary activities of the Group
Shares issued in settlement of expenses have been recognised at the fair value of the services received

17 Capital and reserves

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

- The merger reserve arose from the Company's acquisition of Alexander Gold Group Limited on 22 March 2005 As permitted by IFRS 1 this acquisition has not been restated under the terms of IFRS 3 and was accounted for in accordance with the merger accounting principles of UK GAAP
- The share option reserve includes an expense based on the fair value of share options issued since 7 November 2002 that had not vested by 1 January 2006 Details of share options issued during the period and outstanding at 31 December 2009 are set out in note 22
- The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that do not have a Sterling functional currency
- The fair value reserve comprises the fair value adjustment on the revaluation of the Company's available for sale investment, being the shareholding in Mariana Resources Limited (see note 13(b) The increase in value of the investment during 2009 amounted to £170,090, £67,920 of which represents a reversal of a prior period impairment loss and has been taken to the income statement the remaining £102,170 gain has been credited to the fair value reserve

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

18 Trade and other payables

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

Notes to the financial statements

For the year ended 31 December 2009

19 Provisions

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

- The environmental provision represents the directors' estimate of the current rehabilitation costs for the Group's Leon project site in Argentina The timing, extent and cost of rehabilitation is uncertain The Group is currently maintaining minimum necessary security, infrastructure and access at the project site, together with its ownership rights of the project licences, consistent with attracting possible third party interest in purchase of the property During this period the Group has a commitment to ongoing water and soil monitoring at the project site Accordingly, the majority of the provision has been classified as a non-current provision on the basis that statutory site rehabilitation will not take place in 2010

- The 2008 closure provision represented anticipated redundancy costs for Argentinean employees who were informed during 2008 of the decision to cease operations The provision was utilised in the first half of 2009 No further liability exists for redundancy costs

20 Financial risk management

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

All of the Group's and Company's financial liabilities are measured at amortised cost With the exception of available for sale financial assets, which are recorded at fair value, all of the Group s and Company's financial assets are classified as loans and receivables

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate financial risks The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk and foreign currency risk, each of which is discussed below All non-routine transactions require Board approval During 2009 the Group has not used derivative financial instruments

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

Credit risk
Credit risk refers to the risk that the Group's financial assets will be impaired by the default of a third party The Group is exposed to credit risk primarily on its cash and cash equivalents as set out in note 15, with lesser risk attached to other receivables set out in note 14 Credit risk is managed by ensuring that surplus funds are deposited only with well-established financial institutions of high quality credit standing

At 31 December 2009 the Group had no significant trade receivables The Group's focus on commercialising its technologies may result in significant trade receivables during 2010, the credit risk on which will be managed by assessing the credit quality of each customer, taking into account its financial position and any other relevant factors

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

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

20 Financial risk management (continued)

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

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

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

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

2009	Sterling £'000	US Dollars £'000	Peruvian Nuevo Soles £'000	Total £'000
Balances denominated in				
Sterling	2,784	–	–	**2,784**
US Dollars	532	(6)	5	**531**
Australian Dollars	53	–	–	**53**
New Zealand Dollars	35	–	–	**35**
Argentinean Pesos	–	32	–	**32**
Other currencies	12	–	1	**13**
	3,416	26	6	**3,448**

2008	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**
Other currencies	31	–	2	**33**
	4,785	111	23	**4,919**

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

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

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

Notes to the financial statements

For the year ended 31 December 2009

20 Financial risk management (continued)

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

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

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

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

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

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

At 31 December 2009 the Group had Sterling and US dollar denominated cash balances and short term deposits which attracted interest as follows

	2009 Deposit £'000	Interest rate	2008 Deposit £'000	Interest rate
Sterling deposits	**2,126**	**0 50%**	4,004	1 25%
US Dollar deposits	**48**	**0 73%**	57	1 65%

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

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

Fair values of financial assets and liabilities
It is the directors' opinion that the carrying values of the Group's and the Company's financial assets and liabilities as at 31 December 2008 and 31 December 2009 are not materially different from their fair values They have therefore not been shown separately

21 Capital management

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

The Group's capital structure comprises all components of equity (i e ordinary share capital, share premium, retained earnings and other reserves) At 31 December 2009 the Group has no debt When considering the future capital requirements of the Group and the potential to fund specific project development via debt the directors consider the risk characteristics of all of the underlying assets in assessing the optimal capital structure

22 Share based payments

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

	2009		2008	
	Weighted average exercise price	**Number of options**	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	**21 7p**	**12,208,333**	29 1p	12,908,333
Granted during the period	**10 0p**	**1,816,667**	10 0p	4,650,000
Expired during the period	**–**	**–**	30 0p	(500,000)
Cancelled during the period	**26 5p**	**(3,933,335)**	29 3p	(4,850,000)
Outstanding at the end of the period	**10 0p**	**10,091,665**	21 7p	12,208,333
Exercisable at the end of the period	**10 0p**	**5,302,773**	30 0p	6,608,333

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

Share options outstanding at 31 December 2009 had a weighted average exercise price of ten pence (2008 21 7 pence) and a weighted average contractual life of 7 2 years (2008 7 8 years) To date no share options have been exercised There are no market based vesting conditions attaching to any share options outstanding at 31 December 2009

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

Exercise period	Number	Weighted average exercise price
Exercisable until 2015	5,583,333	10 0p
Exercisable until 2016	775,000	10 0p
Exercisable until 2017	1,000,000	10 0p
Exercisable until 2018	944,440	10 0p
Exercisable at the period end	5,302,773	10 0p
Exercisable between 2010 and 2018	944,440	10 0p
Exercisable between 2011 and 2018	3,844,452	10 0p
	10,091,665	10 0p

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

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

Date of Grant	12 June 2009
Fair value (p)[1]	3 6p
Share price (p)	5 5p
Exercise price (p)	10 0p
Expected volatility[2]	112%
Option life	4 years
Expected dividends	0 0%
Risk-free rate of return	0 5%

[1]The fair value of additional options awarded on 15 July 2009 was 3 6p per share The incremental unit value arising from re-pricing of earlier options varied between individual options, which existed with varying fair values attributed at the time of their original award The incremental fair value arising from the re-pricing was £39,000 and, as these options vested on the date of granting, this incremental fair-value amount has been fully expensed in 2009

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

Notes to the financial statements

For the year ended 31 December 2009

23 Commitments

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

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

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

24 Contingent liabilities

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

25 Related parties

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

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

	Sale of goods and services		Amounts owed by group companies			
	2009 £'000	2008 £'000	**At 1 January 2009 £'000**	Increase in period £'000	Provisions in period £'000	**At 31 December 2009 £'000**
Alexander Gold Group Ltd	**4**	99	**–**	203	(203)	**–**
MetaLeach Ltd	**–**	–	**–**	9	(9)	**–**
	4	99	**–**	212	(212)	**–**

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

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

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

Alexander Mining plc Notice of Annual General Meeting

(incorporated in England and Wales under number 5357433)

Notice is hereby given that the Annual General Meeting of Alexander Mining plc will be held at the East India Club, 16 St James's Square, London, SW1Y 4LH at 10 30am on Thursday 10th June 2010 in order to consider and, if thought fit, pass resolutions 1 to 5 as ordinary resolutions and resolution 6 as a special resolution

Ordinary Resolutions

1 To receive, consider and adopt the Directors' Report and Accounts for the year ended 31st December 2009, together with the Auditor s report thereon
2 To re-elect as a director Mr M L Sutcliffe who retires by rotation in accordance with Article 93 of the Company's Articles of Association and who, being eligible, offers himself for re-election
3 To re-elect as a director Mr R O Davey who retires by rotation in accordance with Article 93 of the Company's Articles of Association and who, being eligible offers himself for re-election
4 To re-appoint PKF (UK) LLP of Farringdon Place, 20 Farringdon Road, London EC1M 3AP, as auditors of the Company and to authorise the Directors to determine their remuneration

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

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

Special Resolution

6 That, subject to the passing of Resolution 5, the Directors be given the general power to allot equity securities (as defined by Section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 5 or by way of a sale of treasury shares as if Section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to

6 1 the allotment of equity securities in connection with an offer by way of a rights issue

6 1 1 to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings, and
6 1 2 to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, and

6 2 the allotment (otherwise than pursuant to paragraph 6 1 above) of equity securities up to an aggregate nominal amount of £4,500,000

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

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

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

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

By order of the Board

T A Cross
Company Secretary
6 May 2010
Registered Office
1st Floor, 35 Piccadilly, London, W1J 0DW

Notice of Annual General Meeting

For the year ended 31 December 2009

Notes to the Notice of Annual General Meeting

1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to exercise all or any of the member's rights to attend, speak and vote at the meeting, using the attached Form of Proxy A proxy need not also be a member If a member appoints more than one proxy to attend the meeting, each proxy must be appointed to exercise the rights attached to a different share or shares held by the member If a member wishes to appoint more than one proxy and so requires additional proxy forms, the member should contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8 30am – 5 30pm Mon - Fri) Completion and return of a Form of Proxy will not preclude a member from attending and voting at the meeting should the member so decide

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

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

4 The Company, pursuant to resolution 41(1) of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at 10 30am on 8th June 2010 (or, if the meeting is adjourned, at 10 30am on the day two days prior to the adjourned meeting) be entitled to attend and vote at the Annual General Meeting (and for the purpose of determining the number of votes a member may cast) Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend and vote at the meeting

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

6 The following documents will be available for inspection during normal business hours on any week day at the Company's registered office up until the date of the Annual General Meeting and at the place of the meeting from 30 minutes before the start of the meeting on 10th June 2010 until the end of the meeting

i) a copy of the Memorandum and Articles of Association of the Company, and
ii) the contracts of service and letters of appointment between the Company or its subsidiary undertakings and its Directors

7 To appoint proxies or give/amend an instruction to an appointed proxy via the CREST system, the CREST message must be received by the issuer's agent (ID RA10) by 10 30am on 8th June 2010 and time of receipt will be taken as the time (as determined by the timestamp applied by the CREST Applications Host) that the issuer's agent is able to retrieve the message CREST Personal Members or other CREST Sponsored Members, and CREST Members who have appointed voting service providers, should refer to their sponsor/voting service provider for advice on appointing proxies via CREST Regulation 35 of the Uncertificated Securities Regulations 2001 will apply to all proxy appointments sent by CREST For information on CREST procedures and system timings, please refer to the CREST Manual

Alexander Mining plc Form of Proxy

(the Company)

Proxy Form for use by holders of ordinary shares at the Annual General Meeting (the "AGM") to be held on Thursday 10th June 2010
Please read the Notice of the Meeting and the accompanying explanatory notes to this Proxy Form carefully before completing this Proxy Form

I/We (block capitals please)

of

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

	*

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

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

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

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

Signature (see Explanatory Note 6)	Date

Explanatory Notes to the Proxy Form

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

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

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

4 You are entitled to appoint more than one proxy provided that each proxy is appointed to exercise rights attached to a different share or shares held by you You may not appoint more than one proxy to exercise rights attached to any one share To appoint more than one proxy please use a photocopy of this form or contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras lines are open 8 30am – 5 30pm Mon - Fri) Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy Please also indicate by ticking the box provided, if the proxy instruction is one of multiple instructions being given All forms must be signed and should be returned together in the same envelope

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

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

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

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

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

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

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

Second fold

Business Reply Plus
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PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

First fold

Third fold
and tuck in flap opposite

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