Platinum Mining Corporation of India PLC

Report and Accounts
For 17 months ended
31 December 2007

Registered Number 05391897

CONTENTS

CHAIRMAN'S STATEMENT

The financial period under review comprises the seventeen-month period from 1August 2006 to 31 December 2007 This change in our reporting year end was announced in April 2007 to bring our accounting period in line with that of SUN Group, of which we form part As you will be aware, PMCI was acquired by SPI Partners Limited, a subsidiary of SUN Group, in December 2006

Results

There has been little operational activity in this period, and no revenue has accrued. The only source of income has been interest from the Group's cash balances amounting to some £686,000 At 31 December 2007, the cash position of the Group was £9.29 million Administrative expenses in the period were approximately £1 9 million, of which £0 44 million was for legal and financial advice in relation to the takeover by SPI Partners Limited, and a further £0 2 million was for legal advice over the re-negotiation of contracts in India

India

On 8 August 2007, PMCI announced that the Indian federal authorities had ordered a suspension of mining activities at the Boula mine, because they asserted that the mine lay in a designated wildlife zone

PMCI's joint venture partner, Ferro Alloys Corporation Limited ("FACOR"), has disputed this and the matter is currently sub-judice with the Honourable Court of Anandpur in the state of Orissa The court has granted the status-quo order and has permitted FACOR to continue mining operations without hindrance, and FACOR has continued to mine Chromite FACOR is diligently pursuing the case and PMCI is engaged in an on-going dialogue with FACOR to understand and monitor the situation Based on its assessment of the position, PMCI is optimistic that a court decision in favour of FACOR may be reached However, in the event the court rules against FACOR, there can be no assurance that PMCI will be able to derive value from the Boula mine, the Company's principal asset The Board have reviewed the carrying value of assets in the Group balance sheet relating to Boula amounting to £0.7 million (comprising intangible fixed assets of £0 3 million, equipment of £0.2 million and a prepayment to FACOR of £0 2 million) and have concluded it is appropriate to carry this forward in light of expectations of a favourable outcome The situation will be kept under review by the Board

As a result of the ongoing court process, the sampling and exploration programme for platinum, which had been planned to commence following entering into the New Contracts (referred to below), has been deferred pending a successful resolution between FACOR and the Indian federal authorities

The New Contracts refer to contracts intended to replace the Joint Operating Agreement ("JOA") between FACOR and PMCI's 70%-owned subsidiary Boula Platinum Mining Private Limited ("BPM") dated 5 February 2005 The Joint Venture Agreement between FACOR, PMCI and BPM is the primary agreement setting out the terms of the joint venture in relation to the Boula mine, and remains in full force and effect. Both parties have agreed to suspend negotiations, which were at an advanced stage, over the New Contracts until there has been a resolution of the dispute in relation to the wildlife zone.

CHAIRMAN'S STATEMENT *(Continued)*

The Board

It was announced on 16 January 2008 that Keith Rumble had accepted the Board's invitation to become a non-executive director He brings enormous experience in the platinum sector and as Chief Executive Officer of SUN Mining will help to drive the Company's development in the platinum industry Two Directors have retired from the Board Vijay Tandon joined the Board in June 2006 at a difficult time in the Company's development, and his steadfast and practical advice has been of great benefit to the Company ever since and the Board wishes him well in pursuing his future business interests Sheldon Kirkpatrick, who joined the Board in February 2007 following SUN's takeover, has also decided to step-down from the Board The Company is seeking to appoint another independent non-executive director

Recent Developments

PMCI announced on 19 October 2007 it had entered into an agreement, subject to completion of due diligence and necessary Government approvals, to acquire 20% of the share capital of Majormatic167 (Proprietary) Limited ("Majormatic") for US$1 million with the right to increase its interest to 51% by investing a further US$3 5 million Majormatic has been granted the prospecting rights over the Naboom Platinum Deposit in South Africa Government approvals were received in November and the Company has completed its due diligence The Company is now providing funding to Majormatic for its drilling campaign and once it has funded US$1 million, it will complete the acquisition of its 20% interest, provided the suspensive conditions of the agreement have been met (the prime suspensive condition being for the vendor to hold an Extraordinary General Meeting as noted in more detail in the Business Review below) Should these conditions not be met, all of PMCI's funding will be re-imbursed The drilling campaign at Naboom commenced in January 2008 and is expected to be completed at the end of March 2008 Preliminary results will be made known as soon as available

Outlook

The setback at Boula is disappointing, especially as the Company was close to concluding the contract negotiations but it is determined to maintain the right to mine at Boula In the meantime, however, PMCI is looking at other opportunities in platinum and related sectors With the Group's strong cash resources and the backing of SUN Mining, the Company is well positioned to take advantage of such opportunities

Philip Adeane

Chairman

26 February 2008

BUSINESS REVIEW

Financial Results

The Group's operating loss for the 17 month period to end December 2007 was £1,856,682 (re-stated 12 months to 31 July 2006 £1,594,872). During this period, the group generated no revenue, but earned interest income of £686,177 (12 months to 31 July 2006 £474,458), reducing the overall loss for the period to £1,147,788 (re-stated 12 months to 31 July 2006 £1,113,712)

As at 31 December 2007, the Group's net assets totalled £9,994,715 (31 July 2006 £11,090,043) which primarily comprised a cash balance of £9,295,728 (31 July 2006 £10,455,942)

Cash Management

PMCI Group operates through Sterling bank accounts held by PMCI (UK) Ltd Indian Rupee bank accounts are maintained at our Indian subsidiaries and money is transferred to them as required to cover operating expenditure and hence the Group maintains central control over the Group's cash resources Sterling deposits are held in an interest bearing bank account on either a monthly or fortnightly term depending upon the need for cash resources

Operations

As explained in the Chairman's Statement, it was not possible to make any progress at Boula during the period under review To begin with, the Joint Operating Agreement with FACOR was being renegotiated Negotiations were at an advanced stage when in June 2007 the Department of Forestry in India decreed that the mine site at Boula, where mining operations have taken place for more than 30 years, lay within a designated wildlife zone and that mining operations should cease FACOR, who hold the mining licence, have protested against this decision to the courts and they have been able to achieve a stay of execution of the order PMCI is closely monitoring the situation and is liaising with FACOR as to the way forward PMCI is optimistic that a satisfactory conclusion will be reached, but there can be no assurance of this The Board have reviewed the carrying value of assets in the Group balance sheet in respect of Boula amounting to £0 7 million (comprising intangible fixed assets of £0 3 million, equipment of £0 2 million and a prepayment to FACOR of £0 2 million) and have concluded it is appropriate to carry this forward in the light of expectations of a favourable outcome

As a result of this order from the Department of Forestry, the sampling and exploration programme which had been planned to commence following conclusion of the contract negotiations has been deferred

In October 2007, it was announced that PMCI had entered into an agreement, subject to completion of due diligence and necessary Government approvals, to acquire a 20% stake in Majormatic 167 (Proprietary) Limited ("Majormatic") for US$1 million, which is being reinvested in an exploration programme at the Naboom Platinum Deposit in South Africa Government approvals have now been received After careful due diligence, the vendors have agreed to suspensive conditions to ensure compliance with correct procedures If these conditions are not met, the agreement provides for the reimbursement of all of PMCI's funding

BUSINESS REVIEW *(Continued)*

The prime suspensive condition is that the vendor, Daros Proprietary Ltd ("Daros") procure an Extraordinary General Meeting of shareholders in Centurion Gold Holdings Inc , ("Centurion") a company incorporated in Florida This EGM must pass a resolution to approve the transfer of shares in Majormatic from Centurion to Daros Should results from the Naboom exploration programme be sufficiently promising, the share subscription agreement allows for PMCI to invest a further US$3 5 million to acquire at total of 51% in Majormatic Drilling has commenced and the current exploration phase should be completed by the end of March 2008

Strategy and Prospects

The Company intends to continue its discussions with FACOR, offering any assistance it can, to enable a satisfactory outcome at Boula Based on the Company's assessment of the position, PMCI is optimistic that a court decision in favour of FACOR will be reached If this is the outcome, PMCI will conclude its contract negotiations with FACOR over the replacement of the Joint Operating Agreement Once this is signed, the sampling and exploration programme originally envisaged at Boula will commence

In South Africa, exploration at Naboom commenced in January and the first phase of drilling should be completed by the end of March 2008 Providing the results from this are satisfactory, PMCI has the right to subscribe for further shares in Majormatic167 (Proprietary) Limited for a sum of US$3 5 million, thereby taking its holding to 51%

BOARD OF DIRECTORS

***Philip Adeane**, Non-Executive Chairman, age 75*

Philip joined PMCI as its Non-Executive Chairman in June 2006

From 1982 to March 2005, he was Managing Director of Antofagasta plc, the FTSE-100 listed copper mining company During this period, Antofagasta developed various mines, including Los Pelambres, from the exploration stage through to feasibility, financing, mine construction and production He now retains the role of Senior Adviser to Antofagasta Plc He has also been a director of several mining companies with a focus on gold and precious metals across Central and West Africa

Philip is a member of the Audit and Remuneration Committees

***Dr Jeffrey O'Leary**, Non-Executive Director, age 62*

Jeff joined the Board in July 2006 and is the group's most senior technical expert

A Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer, he holds a BSc in Mining Geology and a PhD in Geostatistics from the Royal School of Mines in London He has substantial mining experience, including as RTZ Plc's Chief Mine Geologist and Geostatistician and joint author of its mine valuation software After joining HSBC in 1984, he was involved in a wide variety of mining transactions, including the first debt/equity swap in the mining industry He is currently a director of a number of other mining companies

Jeffrey chairs the Board's Technical and Audit Committees and sits on the Remuneration Committee

***Keith Rumble**, Non-Executive Director, age 53*

Keith joined the Board in January 2008

Keith has over 30 years experience in the mining industry Prior to SUN, he was CEO of Impala Platinum for six years Before that, he was an executive at various subsidiaries of Rio Tinto Keith has an MSC in geochemistry from Rhodes University and attended the Executive Programme at Stanford Graduate Business School

Sandeep Kamat, Non-Executive Director, age 45

Sandeep joined the Board in February 2007

Sandeep is Managing Director of SUN Group in London responsible for the co-ordination of Group activities Prior to SUN he was head of leveraged finance for GE Capital in Europe, with a staff of 160, asset portfolio of $4 billion and lending volume of $7 billion Sandeep has an MBA from Wharton and an MS in Electrical Engineering from Virginia Tech

He chairs the Remuneration Committee and is a member of the Audit Committee

BOARD OF DIRECTORS *(Continued)*

***Vaidyanathan Sivakumar**, Non-Executive Director, age 44*

Sivakumar joined the Board in February 2007

Sivakumar is an Executive Director of SUN Group in India, responsible for overseeing SUN's investment activities there He also worked in SUN's Moscow office as Head of Research for 5 years Sivakumar received an MBA from the Indian Institute of Management and a BSC in Engineering from the Indian Institute of Technology

He is a member of the Technical Committee

***Vijay Tandon**, Non-Executive Director, age 40*

Vijay was elected to the Board in June 2006 and resigned from the Board 16 January 2008

Currently a corporate finance adviser with Carbon Capital Ltd, Vijay has recently held positions with Saga Petroleum in Oslo and Marathon Oil International in London He holds an MBA from the Rotterdam School of Management and an MSc from the Royal School of Mines

***Sheldon Kirkpatrick,** Non-Executive Director, age 44*

Sheldon Kirkpatrick joined the Board in February 2007 and resigned from the Board 16 January 2008

Sheldon is Senior Vice President of SUN Mining responsible for business development in Russia, India and Central Asia He has been with SUN Group for 12 years Prior to SUN, he was an attaché at the US embassy in Moscow Sheldon has a diploma in Jurisprudence from the University of California at Berkeley.

DIRECTORS' REPORT

The directors present their directors' report and financial statements for the 17 month period ended 31 December 2007

Principal activity

The principal activity of the Group is the evaluation, development and future extraction of platinum group metals

Going concern

The Group currently has sufficient funds for its planned exploration activities, but it will need to raise finance for its future mine development At present, the Directors consider that the Group has more than sufficient funding to cover its exploration work and hence adoption of the going concern assumption is deemed appropriate

Business review and future developments

Following the UK's adoption of the European Union's "Accounts Modernisation Directive", the Group is required to prepare an enhanced Business Review, the purpose of which is to show how the Group assesses and manages risks and uncertainties and adopts appropriate policies and targets The Business Review is presented on pages 5 to 6 and, together with the Chairman's Statement, on pages 3 to 4 includes information about the Group's business and performance during the period and an indication of future prospects and should be read as part of this Report

Principal risks and uncertainties

The Group operates in uncertain environments which can result in increased risks and delays The risks that the Group faces are common to most mining operations Some of the key risks are given below

<u>Commodity prices</u> - Market prices for Platinum Group Metals are volatile and the Group has no control over them If these prices are to drop significantly, the economic prospects of any given project in which the Group is interested could be severely impacted

<u>Exploration Risk</u> - There can be no guarantee that PMCI's exploration activities will be successful The Group does its utmost to ensure that exploration targets are selected carefully but the very nature of exploration implies that there is a possibility of limited success

<u>Environmental Regulations</u> - Environmental regulations concerning exploration and development of mining properties are becoming increasingly severe This imposes additional costs and delays which are difficult to quantify Furthermore there is no assurance that environmental approval for any particular project will be granted or that new and more stringent regulations will not be imposed

DIRECTORS' REPORT *(Continued)*

Financing - Development of any of the Group's projects into a mine will depend upon the Group's ability to raise sufficient financing There is no assurance that the Group will be successful in obtaining the financing required In some cases this may lead to inviting other partners into the project, or in extreme cases, to the project being abandoned

Currencies - The market price for platinum group metals is denominated in US dollars whereas the reporting currency for the Group is Sterling Any significant weakening of the US dollar will have an adverse effect on the Group's reported results

Specific risks at Boula - The main risk at Boula surrounds the legal challenge to mining activities at Boula, the conclusion of satisfactory negotiations over the New Contracts and the transfer of the mining lease from FACOR to the joint venture company

Specific risks at Naboom - The main risk surrounds the completion by the vendors of the suspensive conditions, especially the passing of a resolution at an Extraordinary General Meeting of shareholders of Centurion Gold Holdings Inc, confirming the transfer of a shareholding in Majormatic to the vendors

Other significant risks - Metallurgy, severe weather, changes in taxation, changes in the rules on repatriation of profits and political risks

Development and Performance of the Business

The information that fulfils the requirements of this part of the Business Review can be found in the Chairman's Statement on pages 3 to 4 which is incorporated in this Report by reference

Key Performance Indicators

The legislation requires the Board to lay down relevant Key Performance Indicators (KPIs) which given the Company's limited activities in the period are focussed on exploration success, shareholder return, and cash investment return

The Key Performance indicators for the following are as follows

Financial KPIs

Shareholder return = Share price performance
Exploration success = Discovery and evaluation of reserves of Platinum Group Metals
Cash investment return = Interest receivable from the Group's cash resources

DIRECTORS' REPORT *(Continued)*

Proposed dividend

The Directors do not recommend the payment of a dividend (2006 £nil)

Changes in share capital

There have been no changes to authorised and issued share capital of the Company during the year

Supplier payment policy

The Group does not follow any specific external code or standard on payment terms Instead, responsibility for determining payment terms is delegated to the individual companies within the Group which take into account local market and industry practice As a Group, the policy for determining payment terms is either to agree terms of payment at the start of a binding contract or to ensure that the supplier is aware of the individual company's usual payment terms Payment is made in accordance with contractual and other legal obligations, and reflects local market practices

At the end of the period, there were 6 8 days (2006 13 5 days) in trade creditors

DIRECTORS' REPORT *(continued)*

Directors and directors' interests

The Directors who held office during the period are set out as follows

Philip Adeane	Appointed 16 June 2006	
Jeffrey O'Leary	Appointed 29 July 2006	
Sandeep Kamat	Appointed 28 February 2007	
Vaidyanthan Sivakumar	Appointed 28 February 2007	
Vijay Tandon	Retired 16 January 2008	
Sheldon Kirkpatrick	Appointed 28 February 2007	Retired 16 January 2008
Malcolm Groat	Retired 3 May 2007	
Umesh Sahdev	Retired 3 May 2007	

Subsequent to the period end, Keith Rumble was appointed to the Board on 16 January 2008

Shares

The directors who held office at the end of the financial period had the following interests in the ordinary shares of the Company according to the register of directors' interests

	At 31 December 2007	At 31 July 2006
Philip Adeane	**1,120,000**	700,000

Philip Adeane purchased 420,000 ordinary shares of the Company on 29 May 2007 at a price of 13 00 pence per share, taking his total holding to 0 64% of the outstanding shares in issue

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of group companies

DIRECTORS' REPORT *(continued)*

Directors and directors' interests (continued)

According to the register of directors' interests, no rights to subscribe for shares in or debentures of group companies were granted to any of the directors or their immediate families, or exercised by them, during the period except as indicated below

Share options	At 31 July 2006	Granted	Exercised	Lapsed	At 31 Dec 2007	Exercise price	Exercise expiry date
Richard Healey	1,170,909	-	-	(1,170,909)	-	22 pence	31 October 2007
Malcolm Groat	3,161,455	-	-	(3,161,455)	-	22 pence	30 April 2007
Umesh Sahdev	351,273	-	-	(351,273)	-	22 pence	31 August 2007
Robert Weinberg	585,455	-	-	(585,455)	-	22 pence	2 December 2006
Patrick Gorman	585,455	-	-	(585,455)	-	22 pence	2 December 2006

As part of their severance packages, amendments were made to shorten the share option exercise expiry date for Richard Healey, Robert Weinberg and Patrick Gorman as detailed in the table The above column for exercise expiry date has been adjusted according to these amendments

The directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Major shareholdings

	Number of shares held at 31 December 2007	% of all shares 31 December 2007
SPI Partners Limited*	171,836,003	97 82

* State Street Nominees held shares on behalf of SPI Partners Limited.

SPI Partners Limited held less than 3% of total shareholdings as at 31 July 2006

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any disclosable political or charitable donations or incurred any disclosable political expenditure during the period (2006 £nil)

DIRECTORS' REPORT *(continued)*

International Financial Reporting Standards

The Group will prepare its consolidated financial statements for the year ending 31 December 2008 in accordance with International Financial Reporting Standards (IFRS) that have been endorsed by the European Union AIM rules require conversion to IFRS for accounting periods beginning on or after 1 January 2007 for AIM quoted companies and as such the transition date for the Group will be 1 January 2008 and the first reporting period under IFRS will be for the six months ended 30 June 2008

The adoption of the relevant standards is expected to have a minimal impact on the reported losses and net assets of the Company but will result in a significant change in the level of disclosure required. The introduction of IFRS 6 may alter the classification of assets but the carrying values are likely to remain unchanged The Company is currently assessing the full impact of adopting IFRS on its results and Financial Statements

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc and to authorise Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting

By order of the Board

Charles Zorab
Company Secretary
26 February 2008

42 Queen Anne's Gate
London SW1H 9AP

CORPORATE GOVERNANCE

The Directors are aware of the Combined Code applicable to listed companies The Board is accountable to the Company's shareholders for good governance and this statement describes how the relevant principles of corporate governance are applied to the Group

As a company which is quoted on AIM, the Company is not required to comply with the Combined Code However, all of the Directors view Corporate Governance as important and have taken the following steps to seek to comply with its spirit and with its main provisions as far as is practicable having regard to the size of the Group

Board structure and Committees

The Board is now wholly comprised of Non-Executive Directors, of whom two are independent The Board meets regularly throughout the year and meets additionally as issues arise which require its attention

The following were Directors of the Company and attended the following number of meetings during the 17 month period ended 31 December 2007

		Board	Nominations Committee	Audit Committee	Remuneration Committee	Technical Committee
Philip Adeane	Non-executive Chairman	23	2	1	2	1
Malcolm Groat*	Finance Director	15	-	1	-	-
Umesh Sahdev *	Operations Director	15	-	-	-	-
Vijay Tandon	Non-executive Director	21	2	-	1	2
Jeffrey O'Leary	Non-executive Director	11	1	2	2	1
Sandeep Kamat#	Non-executive Director	5	1	2	1	-
Sheldon Kirkpatrick#	Non-executive Director	2	-	-	-	-
Vaidyanathan Sivakumar#	Non-executive Director	5	1	-	-	1

appointed during the period
* resigned during the period

The board suspended its Committees in late February 2006 due to certain changes at Board level over an extended period as previously reported The Committees were re-instituted in September 2006, and have operated normally since then

Biographies of the Directors are set out on pages 7 and 8 of this Report

CORPORATE GOVERNANCE *(continued)*

Board structure and Committees (continued)

The Chairman convenes Board meetings and ensures that all Directors are properly briefed in a timely manner The Directors are responsible for formulating, reviewing and approving the Group's strategy, budgets, major items of capital expenditure and senior personnel appointments

There is an agreed procedure for the Directors to take independent professional advice at the Company's expense, to have access to the Company Secretary and to receive appropriate training where necessary

All members of the Board are non-executive directors Given the size of the Board, all directors participate on the Nominations Committee to appoint new Directors on merit All Directors are required to retire by rotation every three years, being able to offer themselves for re-election if eligible The Company also has in place an Audit Committee, a Remuneration Committee and a Technical Committee

The Audit Committee currently comprises Jeffrey O'Leary (Chairman), Sandeep Kamat and Philip Adeane It normally meets at least twice a year and is responsible for ensuring that the financial performance of the Group is properly reported on and monitored It liaises with the auditors and reviews the reports from the auditors relating to the accounts and internal control systems

The Remuneration Committee currently comprises Sandeep Kamat (Chairman), Philip Adeane and Jeffrey O'Leary No Director may participate in discussions or decisions of the committee directly affecting their own remuneration The Committee reviews the performance of the non-Executive Directors and sets the scale and structure of their remuneration with due regard to the interests of the Company and the Group's performance

The Technical Committee currently comprises Jeffrey O'Leary (Chairman) and Vaidyanathan Sivakumar This Committee reviews periodically, and advises upon, the technical framework and practices operated by management

Directors' Remuneration Policy

The policy on directors' remuneration is that the overall remuneration package should be sufficiently competitive to attract and retain individuals of a quality capable of achieving the Group's objectives Remuneration policy is designed such that individuals are remunerated on a basis that is appropriate to their position, experience and value to the Company The Remuneration Committee determines the contract terms, basic salary, and other remuneration for each of the executive directors' including share options and compensation payments

Remuneration package

A key element of the remuneration package is awards made under the Share Option Plan ("Option Plan"), and the Non-Executives' Share Option Plan which are directly linked to improvements in the Company's share price over the three year vesting period, thereby ensuring alignment with shareholders' objectives

CORPORATE GOVERNANCE *(continued)*

The details of individual components of the remuneration package and service and employment contracts are discussed below

The details of Directors' remuneration are disclosed in Note 4

Basic salary and benefits

The policy is to review salary and benefits annually against competitive market data and analysis, provided by independent consultants, and adjust accordingly

Share options

The Company's policy on the granting of share options under the Option Plan is to make such awards as are necessary to recruit and retain executives Details of option awards made under the Option Plan and the previous option arrangements are detailed on Note 17

Pensions

The Company did not operate a pension scheme for executive directors for the period ended 31 December 2007

Fees

The fees for the non-executive directors are determined by the Board having taken independent expert advice on appropriate levels and are reviewed on an annual basis

Service Contracts

The service and employment contracts of the executive directors are not of a fixed duration and therefore have no unexpired terms, but continuation in office as a director, is subject to re-election by shareholders as required under the Company's Articles of Association and in accordance with the provisions of the Combined Code The Company's policy is for executive directors to have service and employment contracts with provision for termination of no longer than 3 months notice

The non-executive directors do not have service contracts Letters of Appointment provide for termination of the appointment with one months notice by either party.

There are currently no executive directors and therefore no service contracts

Relations with Shareholders

The Directors regard communication with Shareholders as important and the Annual Report and the unaudited Interim Report are seen as an important means of communication Press releases are also issued during the year concerning matters of interest and key developments

The Company's website (www pmciplc com) carries useful current information about the Company and its subsidiaries

CORPORATE GOVERNANCE *(continued)*

Internal Controls

The Board takes seriously its responsibility for establishing and maintaining adequate financial controls in the Group and for setting and policing high standards of personal integrity amongst employees who might be in a position to make material mis-statement or cause loss

Operating financial procedures are reviewed on a regular basis, as are compliance matters, and the Board sees its work in this area as an ongoing process of identifying and managing the significant risks faced by the Group The principal risks and uncertainties are discussed on page 9 to 10 of the Business Review

Going Concern

After making enquiries, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, the Directors continue to adopt the Going Concern basis in preparing the financial statements

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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 applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

The directors are also responsible for preparing the Directors' Report in compliance with applicable law and regulations

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

KPMG Audit Plc
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Platinum Mining Corporation of India PLC

We have audited the group and parent company financial statements (the "financial statements") of Platinum Mining Corporation of India PLC for the 17 month period ended 31 December 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Reconciliations of Movements in Shareholders' Funds and the related notes These financial statements have been prepared under the accounting policies set out therein

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 19

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Independent auditors' report to the members of Platinum Mining Corporation of India PLC *(continued)*

Basis of audit opinion

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

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

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2007 and of the group's loss for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

26 February 2008

Consolidated Profit and Loss Account
for the 17 months ended 31 December 2007

	Note	17 months to 31 December 2007 £	Re-stated 12 months to 31 July 2006 £
Administrative expenses		**(1,856,682)**	(1,594,872)
Operating loss	*2*	**(1,856,682)**	(1,594,872)
Other interest receivable and similar income	*2,6*	**686,177**	474 458
Loss on ordinary activities before taxation	*3,4,5*	**(1,170,505)**	(1,120,414)
Tax on loss on ordinary activities	*7*	**-**	-
Loss on ordinary activities after taxation		**(1,170,505)**	(1,120,414)
Minority interests	*19*	**22,717**	6,702
Loss for the financial period		**(1,147,788)**	(1,113,712)
		pence	pence
Basic and diluted loss per ordinary share	*8*	**(0 7)**	(0 6)

The results for the current and prior period arose on continuing operations

There is no difference between the historical cost profits and losses and the results as presented above

The notes on pages 27 to 45 form part of the financial statements

Consolidated Balance Sheet
at 31 December 2007

	Note	**As at 31 December 2007 £**	As at 31 July 2006 £
Fixed assets			
Intangible assets	*1,9*	**282,020**	260,364
Tangible assets	*1,10*	**189,248**	197,409
		471,268	457,773
Current assets			
Debtors (including £250,450 (2006 £268,350) due after more than 1 year)	*1,13*	**397,305**	431,327
Cash at bank and in hand		**9,295,728**	10,455,942
		9,693,033	10,887,269
Creditors amounts falling due within one year	*14*	**(160,445)**	(246,711)
Net current assets		**9,532,588**	10,640 558
Total assets less current liabilities		**10,003,856**	11,098,331
Creditors amounts falling due after more than one year	*15*	**(9,141)**	(8,288)
Net assets	*2*	**9,994,715**	11,090,043
Capital and reserves			
Called up share capital	*17*	**79,036**	79,036
Share premium account	*18*	**12,153,129**	12,153,129
Merger reserve	*18*	**1,014,980**	1,014,980
Profit and loss account	*18*	**(3,229,997)**	(2,136,737)
Shareholders' funds - equity		**10,017,148**	11,110,408
Minority interests - equity	*19*	**(22,433)**	(20,365)
		9,994,715	11,090,043

The notes on pages 27 to 45 form part of the financial statements

These financial statements were approved by the Board of Directors on 26 February 2008 and were signed on its behalf by:

Sandeep Kamat
Director

Company Balance Sheet
at 31 December 2007

	Note	**As at 31 December 2007 £**	As at 31 July 2006 £
Fixed assets			
Investments	*11*	**50,400**	50,400
Current assets			
Debtors	*13*	**12,383,472**	12,460,623
Creditors amounts falling due within one year	*14*	**(10,000)**	(10,950)
Net current assets		**12,373,472**	12,449 673
Net assets		**12,423,872**	12,500,073
Capital and reserves			
Called up share capital	*17*	**79,036**	79,036
Share premium account	*18*	**12,153,129**	12,153 129
Profit and loss account	*18*	**191,707**	267,908
Shareholders' funds		**12,423,872**	12,500,073

The notes on pages 27 to 45 form part of the financial statements

These financial statements were approved by the Board of Directors on 26 February 2008 and were signed on its behalf by

Sandeep Kamat
Director

Consolidated Cash Flow Statement
for the 17 months ended 31 December 2007

	Note	17 months to 31 December 2007 £	Re-stated 12 months to 31 July 2006 £
Reconciliation of operating loss to net cash flow from operating activities			
Operating loss		**(1,856,682)**	(1,594,872)
Depreciation charges		**37,700**	28,382
Loss on disposal of fixed assets		**4,129**	11,550
Foreign exchange loss		**10,494**	26,560
Decrease in debtors		**34,022**	67,095
(Decrease) in creditors		**(85,413)**	(247,195)
Fair value of share based payments		**5,186**	107,183
Net cash outflow from operating activities		**(1,850,564)**	(1 601,297)
Cash flow statement			
Cash flow from operating activities		**(1,850,564)**	(1,601,297)
Returns on investments and servicing of finance			
Interest received		**698,668**	474,458
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(20,496)**	(211,119)
Investment in intangible assets		**-**	(196,784)
Proceeds from sale of fixed assets		**4,294**	-
Cash outflow before financing		**(1,168,098)**	(1,534,742)
Financing			
Share issue costs		**-**	(56,591)
(Decrease) in cash in the period		**(1,168,098)**	(1,591,333)
Reconciliation of net cash flow to movement in net funds	*22*		
(Decrease) in cash in the period		**(1,168,098)**	(1,591,333)
Change in net debt resulting from cash flows		**(1,168,098)**	(1,591,333)
Exchange movement		**7,884**	(7,340)
Movement in net debt in the period		**(1,160,214)**	(1,598,673)
Net funds at the start of the period		**10,455,942**	12,054,615
Net funds at the end of the period		**9,295,728**	10,455,942

Consolidated Statement of Total Recognised Gains and Losses
for the 17 months ended 31 December 2007

	17 months to 31 December 2007 £	Re-stated 12 months to 31 July 2006 £
Loss for the financial period	**(1,147,788)**	(1,113,712)
Net exchange differences on the retranslation of net investments and related borrowings	**49,342**	12,104
Total recognised gains and losses relating to the financial period	**(1,098,446)**	(1,101,608)

Reconciliation of Movements in Shareholders' Funds
for the 17 months ended 31 December 2007

	Company		Group	
				Re-stated
	2007	2006	**2007**	2006
	£	£	**£**	£
(Loss) / profit for the financial period	**(81,387)**	70,601	**(1,147,788)**	(1 113,712)
Other recognised gains and losses relating to the period (net)	-	-	**49,342**	12,104
Share issue costs	-	(56,591)	-	(56,591)
Fair value of share based payments	**5,186**	107,183	**5,186**	107,183
Net (reduction in) / addition to shareholders' funds / (deficit)	**(76,201)**	121,193	**(1,093,260)**	(1,051,016)
Opening shareholders' funds	**12,500,073**	12,378,880	**11,110,408**	12 161,424
Closing shareholders' funds	**12,423,872**	12,500,073	**10,017,148**	11,110,408

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS20 'Share based payments'– for periods starting on or after 1 January 2006
- FRS23 'The effects of changes in foreign exchange rates' – for periods starting on or after 1 January 2006
- FRS24 'Financial reporting in hyperinflationary economies' - for periods starting on or after 1 January 2006
- FRS26 'Financial instruments measurement' – for periods starting on or after 1 January 2006
- FRS29 'Financial instruments disclosures' – for periods starting on or after 1 January 2007 (adopted early)

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption

The Company has adopted FRS 20 Share-based Payments, under which an expense is recognised in the profit and loss account for share based payments, calculated based on the fair value at the date of grant using the Black Scholes pricing model The adoption of FRS 20 has given rise to a charge of £5,186 for the 17 month period ended 31 December 2007 Prior year comparatives have been restated, resulting in an additional expense of £107,183 for the 12 months ended 31 July 2006 There is no overall impact on the Group's net assets with a corresponding credit booked in the Company's profit and loss reserve

FRS 23, FRS 24, FRS 26, and FRS 29 do not have any impact on the Company's loss and net assets either in the current financial period, or retrospectively.

Basis of preparation

The financial statements have been prepared in accordance with applicable laws and accounting standards generally accepted in the United Kingdom, and under the historical cost accounting rules

The Company changed its financial period end to 31 December As such the financial statements are presented for the 17 month period to 31 December 2007

In light of the suspension of mining activities at Boula the Board have reviewed the carrying value of assets on the Group balance sheet relating to Boula amounting to £0 7 million (comprising intangible fixed assets of £0 3million, equipment of £0 2 million and a long-term prepayment to FACOR of £0 2million) and have concluded it is appropriate to carry this forward in the light of expectations of a favourable outcome

Notes *(continued)*

1 Accounting policies *(continued)*

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 December 2007 Unless otherwise stated the acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

An associate is an undertaking in which the group has a long term interest, usually from 20% to 50% of the equity voting rights, and over which it exercises significant influence A joint venture is an undertaking in which the group has a long-term interest and over which it exercises joint control The group's share of the profits less losses of associates and of joint ventures is included in the consolidated profit and loss account and its interest in their net assets, other than goodwill, is included in investments in the consolidated balance sheet

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less any provision for impairment

Intangible fixed assets and amortisation

Deferred exploration costs

All directly related expenditure associated with mineral exploration and investments are capitalised on a project-by-project basis, pending determination of the feasibility of the project Costs incurred include appropriate technical and administrative expenses but not general overheads If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the commercial ore reserves on a unit of production basis Where a project is relinquished, abandoned, or is considered to be of no further commercial value to the Group, the related costs are written off

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

Deferred exploration costs are not amortised

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Computer and office equipment	-	20% to 25% per annum
Motor vehicles	-	33% per annum
Plant and machinery	-	25% per annum

Notes *(continued)*

1 Accounting policies *(continued)*

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

The assets and liabilities of the overseas subsidiary undertakings are translated into the reporting currency at the closing exchange rates Profit and loss accounts of such undertakings are translated into the reporting currency at the average rates of exchange during the year Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Leases

Rentals paid on operating leases are charged to the consolidated profit and loss account on a straight line basis over the period of the lease term

Post-retirement benefits

The company does not operate any form of pension scheme

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand

Financial instruments

The Group does not at present use derivative financial instruments for any hedging activities and maintains cash and loans in multiple currencies to reduce currency risk

Notes *(continued)*

1 Accounting policies *(continued)*

Share based payments

The share option programme allows Directors and certain eligible employees to acquire shares of the Company The fair value of options granted after 1 August 2006 and those not yet vested is recognised as an employee expense with a corresponding increase in equity The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where variations are due only to share prices not achieving the threshold for vetting

Notes *(continued)*

2 Segmental information

All the Group's activities are related to the investment in and exploration for platinum group metals There was no turnover in the period

By geographical area of operation	**17 months to 31 December 2007 £**	Re-stated 12 months to 31 July 2006 £
India	**(169,960)**	(56,550)
UK	**(1,686,722)**	(1,538,322)
Operating loss	**(1,856,682)**	(1,594,872)
UK	**686,177**	474 458
Interest income	**686,177**	474,458
India	**489,307**	(102,524)
UK	**9,505,408**	11,192,567
Net assets	**9,994,715**	11,090,043

Notes *(continued)*

3 Notes to the profit and loss account

	2007	2006
	£	£
Loss on ordinary activities before taxation is stated after charging		
Depreciation on tangible fixed assets – owned	**37,700**	28,382
Loss on disposal of tangible fixed assets	**4,129**	11,550
Hire of other assets – rentals payable under operating leases	-	-

Auditors' remuneration

	2007	2006
Amounts receivable by the auditors and its associates	**£**	£
Audit of these financial statements - Group	**46,125**	49 160
- Company	**5,000**	5 000
Audit of financial statements of subsidiaries pursuant to legislation	**4,259**	-
Other services pursuant to legislation	**6,250**	15,000
Other services related to tax	**6,500**	62,100
	68,134	131,260

4 Remuneration of directors

The remuneration of the directors who held office during the period is as follows

	Salary, fees and benefits in kind	Compensation for loss of office	**17 months to 31 December 2007 Total**	12 months to 31 July 2006 Total
	£	£	**£**	£
Philip Adeane	99,167	-	**99,167**	8,795
Malcolm Groat	112,815	17 335	**130,150**	122,136
Jeff O'Leary	28,487	-	**28,487**	-
Robert Weinberg	-	-	-	58,751
Umesh Sahdev	82,500	8,750	**91,250**	50,000
Patrick Gorman	-	-	-	34,270
Alan Kingsley	-	-	-	14,833
Richard Healey	-	-	-	149,167
Vijay Tandon*	37,333	-	**37,333**	3,282
Sandeep Kamat	-	-	-	-
Vaidyanathan Sivakumar	-	-	-	-
Sheldon Kirkpatrick	-	-	-	-
Total	360,302	26 085	**386,387**	441,234

* Includes an amount of £9,000 paid to Vijay Tandon for additional services performed by him on behalf of the Company

Notes *(continued)*

4 Remuneration of directors *(continued)*

Share option charges recorded in the profit and loss account amounted to £5,186 (2006 £107,183) in respect of share options held by Malcolm Groat, Umesh Sahdev, Robert Weinberg and Patrick Gorman.

All directors benefited from qualifying third party indemnity provisions

5 Staff numbers and costs

The average number of persons employed by the Group (including executive directors) during the period, analysed by category, was as follows

	Number of employees	
	17 months to 31 December 2007	12 months to 31 July 2006
Directors	**2**	5
Administration	**10**	12
	12	17

The aggregate payroll costs of these persons were as follows

	2007	2006
	£	£
Wages and salaries	**385,213**	489,097
Social security costs	**47,006**	53 408
	432,219	542,505

6 Other interest receivable and similar income

	2007	2006
	£	£
Bank interest	**686,177**	474,458

Notes *(continued)*

7 Taxation

Analysis of charge in period

	17 months to 31 December 2007 £	12 months to 31 July 2006 £
UK corporation tax		
Current tax on charge for the period	-	-
Foreign tax		
Current tax on charge for the period	-	-
Tax on loss on ordinary activities	-	-

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK (2007 30%, 2006 30%) The differences are explained below

	2007 £	Re-stated 2006 £
Current tax reconciliation		
Loss on ordinary activities before tax	(1,170,505)	(1,120,414)
Current tax at 30% (2006 30%)	(351,151)	(336 124)
Effects of		
Expenses not deductible for tax purposes	69,329	34,068
Depreciation for the period in excess of capital allowances	11,310	8,515
Tax losses carried forward	270,512	293,541
Total current tax charge (see above)	-	-

Factors that may affect future current and total tax charges

The unrecognised deferred tax asset (note 16) may affect the future current and total tax charges if the realisability of the deferred tax asset is considered likely in future periods

Notes *(continued)*

8 Loss per share

The calculation of loss per ordinary share, is based on losses of £1,147,788 (re-stated 2006 £1,113,712) and the weighted average number of ordinary shares outstanding of 175,636,364 (2006 175,636,364) There is no difference between the diluted loss per share and the basic loss per share presented as the share options are anti-dilutive

9 Intangible fixed assets

	Group 2007 Deferred exploration costs	Group 2006 Deferred exploration costs
	£	£
Cost		
At beginning of period	260 364	-
Transfer from tangible fixed assets (note 10)	-	72,189
Exchange adjustments	21,656	(8,609)
Additions	-	196,784
At end of period	282 020	260,364
Net book value		
At end of period	**282,020**	260,364

Deferred exploration and evaluation costs relate to activities at the Boula mine and are primarily personnel costs directly related to mining activities The mining lease in respect of the Boula mine is held by the joint venture partner Ferro Alloys Corporation ("FACOR") and under the terms of the joint venture agreement, FACOR have undertaken to transfer the mining lease to Boula Platinum Mining Private Limited (Please refer to Basis of Preparation in Note 1 to the Accounts on page 27 covering risks and the Board's view on the recoverability of these assets)

Notes *(continued)*

10 Tangible fixed assets

Group	Computer and office equipment £	Motor vehicles £	Plant and machinery £	**Total** £
Cost				
At beginning of period	28,994	44,412	152,490	225,896
Exchange adjustments	1,840	4,441	15,696	21,977
Additions	6 595	-	13,901	20,496
Disposals	(7,642)	-	(4,294)	(11,936)
At end of period	29,787	48 853	177,793	256,433
Depreciation				
At beginning of period	(9,619)	(17 476)	(1 392)	(28,487)
Exchange adjustments	(1,145)	(3,051)	(315)	(4 511)
Charge for the period	(13,963)	(21,086)	(2,651)	(37,700)
Disposals	3,513	-	-	3 513
At 31 December 2007	**(21,214)**	**(41,613)**	**(4,358)**	**(67,185)**
Net book value				
At 31 December 2007	**8,573**	**7,240**	**173,435**	**189,248**
At 31 July 2006	19,375	26,936	151,098	197,409

Notes *(continued)*

11 Fixed asset investments

Company	Shares in Company undertakings £
Cost	
At beginning and end of period	50,400
Net book value	
At 31 December 2007	50,400
At 31 July 2006	50,400

The investment is stated at cost and relates to shares held in PMCI (UK) Limited. The Directors are satisfied that the carrying value is supported by the current market value of PMCI (UK) Limited

12 Subsidiary undertakings

The undertakings in which the company's interest at the year end is more than 20% are as follows

Subsidiary undertakings	**Country of incorporation**	**Principal activity**	**Class and percentage of shares held** Group	Company
Planet Metals India Private Limited	India	Exploration	99 96% ordinary shares	
Boula Platinum Mining Private Limited	India	Exploration	70 00% ordinary shares	
PMCI (UK) Limited	UK	Head Office		100 00% ordinary shares
*Sarplat Investments Limited	UK	Investments	100 00% ordinary shares	
**Indoplats Holding Limited	Jersey	Investments	100 00% ordinary shares	

* Incorporated 30 August 2007

** Incorporated 12 July 2007

Boula Platinum Mining Private Limited is accounted for as a 100% subsidiary undertaking for the purposes of group consolidation due to the management and control structure of the subsidiary

Notes *(continued)*

13 Debtors

	Company		Group	
	2007	2006	**2007**	2006
	£	£	**£**	£
Amounts owed by group undertaking	**12,380,637**	12,433,139	**-**	-
Other debtors (including £250,450 (2006 £268,350) due after more than 1 year)	**-**	12,491	**383,513**	346,981
Prepayments	**2,835**	14,993	**13,792**	84 346
	12,383,472	12,460,623	**397,305**	431,327

Amounts owed by group undertaking is a receivable due from PMCI (UK) Limited of £9,212,000 (2006 £10,180,096) which is subject to interest rates based on bank deposit rates and a non-interest bearing loan repayable on demand of £3,168,637 (2006 £2,253,043)

Other debtors in the Group include a long-term receivable from FACOR, who has agreed to provide BPM with such assistance as the parties may from time to time decide For the provision of such assistance, BPM paid to FACOR an assistance fee of US$500,000 on 31 March 2005 The receivable will be offset against royalties payable in-line with ore production Under an agreement signed by both parties on 5 February 2005 this receivable is fully recoverable if no government approval for the mine plan is received Please refer to note 1 Basis of Preparation on page 27 covering risks and the Board's views on the recoverability of these assets

An amount of £26,473 included in other debtors of the Group is a receivable from a previous director, relating to income tax and National Insurance contributions paid on his behalf

14 Creditors: amounts falling due within one year

	Company		Group	
	2007	2006	**2007**	2006
	£	£	**£**	£
Trade creditors	**-**	-	**74,870**	84,114
Taxation and social security	**-**	-	**5,000**	38,168
Other creditors	**-**	-	**112**	5,479
Accruals	**10,000**	10,950	**80,463**	118,950
	10,000	10,950	**160,445**	246 711

Notes *(continued)*

15 Creditors: amounts falling due after more than one year

	Group	
	2007	2006
	£	£
Amounts owed to Ferro Alloys Corporation	**9,141**	8,288

16 Deferred taxation

The elements of unrecognised deferred taxation are as follows

	Group	
	2007	2006
	£	£
Difference between accumulated depreciation and capital allowances	**4,641**	10,944
Tax losses	**719,398**	633,292
Unrecognised deferred tax asset	**724,039**	644 236

No deferred tax asset has been recognised for tax losses and the difference between accumulated depreciation and capital allowances as the recovery of the deferred tax asset is not considered likely in the foreseeable future

Notes *(continued)*

17 Called up share capital

	2007	2006
	£	£
Authorised		
Equity 300,000,000 Ordinary shares of £0 00045 each	**135,000**	135,000
Allotted, called up and fully paid		
Equity 175,636,364 Ordinary shares (2006 175,636,364) of £0 00045 each	**79,036**	79 036

Share options

The Company established a Share Option Plan in 2005 under which options may be granted over ordinary shares, at the discretion of the Remuneration Committee, to selected directors or employees of the Group The Company also established the Non-Executives' Share Option Plan under which options may be granted over ordinary shares to selected non-executive directors of the Company

At any time, the aggregate number of ordinary shares which can be issued by way of options granted under the Share Option Plan and the Non-Executives' Share Option Plan and the number of ordinary shares issuable under such outstanding options or awards in a rolling 10 year period may not exceed that number of ordinary shares which is equal to 10% of the Company's issued share capital at that time

Grant of options

Options to acquire ordinary shares may be granted by the Remuneration Committee to any director of the Company or any nominated subsidiary of the Company (a "Participating Company") who devotes not less than 25 hours per week to the business of the Company or the Group or any employee of the Company or a Participating Company provided such director or employee is not within 6 months of retirement and provided such employee devotes substantially the whole of their working time to the business of the Company or the Group

Options will normally only be granted in the period commencing on the fourth dealing day next following the date of the announcement of the Company's annual or interim results, and ending 42 days after such date

No payment is required for the grant of an option and options are non-transferable Until options are exercised, option holders have no voting or other rights in respect of the shares under option, and shares issued pursuant to the Share Option Plan rank pari passu in all respects with the shares already then in issue except that they do not rank for rights attaching to shares by reference to a record date falling prior to the date of issue

Acquisition price

The exercise price is determined by the Remuneration Committee in the case of an option to acquire shares by subscription The exercise price may be not less than the higher of the nominal value of an ordinary share in the Company and the market value of an ordinary share Whilst the Company is listed on the London Stock Exchange or on AIM or on any other recognised investment exchange, market value shall be taken as the average of the mid-market price for the 3 dealing days immediately preceding the date of grant

Notes *(continued)*

17 Called up share capital *(continued)*

Option pricing

The estimated fair value of options which fall under FRS 20 used in the Black Scholes model were based on the following input parameters

Date of grant	Estimated fair value	Share price at grant date	Exercise price (Normal Value)	Expected volatility	Expected life	Risk free rate	Expected dividends
19 April 2005	£0 12	£0 22	£0 22	60 0%	5 years	4 70%	0 00

The expected volatility is based upon the volatility for similar listed entities, as no historic price volatility was available at the time of granting the options which coincided with the Company's listing in April 2005

Share options are granted under service conditions on page 40 Such conditions are not taken into account in the grant date fair value measurement of the services received There are no market conditions associated with the share option grants

The total expenses recognised for the period arising from share based payments are as follows

	17 months to 31 December 2007	12 months to 31 July 2006
	£	£
Equity settled share based payments	**5,186**	107,183

Exercise of options

Options may be exercised at any time between the third and tenth anniversaries of their date of grant provided that any exercise conditions to which they are subject have been fulfilled and that the option holder is an employee or director of the Company or any other company in the Group at the time of exercise

Directors' share options

The table below shows the number of share options held at 31 December 2007 under the Company's share options schemes

	At 31 July 2006	Granted	Exercised	Lapsed	**At 31 December 2007**	Exercise price	Exercise expiry date
Richard Healey	1,170,909	-	-	(1,170,909)	-	22 pence	31 October 2007
Malcolm Groat	3,161,455	-	-	(3,161,455)	-	22 pence	30 April 2007
Umesh Sahdev	351,273	-	-	(351,273)	-	22 pence	31 August 2007
Robert Weinberg	585,455	-	-	(585,455)	-	22 pence	2 December 2006
Patrick Gorman	585,455	-	-	(585,455)		22 pence	2 December 2006
	5,854,547	-	-	(5,854,547)	-		

As part of their severance packages, amendments were made to shorten the share option exercise expiry date for Richard Healey, Robert Weinberg and Patrick Gorman At 31 December 2007, 4,390,909 warrants granted on 19 April 2005 in favour of WH Ireland, the Group's Nominated Adviser, were unexercised. The exercise price of these warrants is 22 pence and the exercise period ends on 18 April 2008

Notes *(continued)*

18 Reserves

	Merger reserve	Share premium account	Profit and loss account: Translation reserves	Profit and loss account: Retained earnings / (losses)	Profit and loss account: Total
	£	£	£	£	£
Group					
At beginning of the period (re-stated)	1,014,980	12,153,129	7,801	(2,144,538)	(2 136,737)
Loss for the period	-	-	-	(1,147,788)	(1,147,788)
Currency translation	-	-	49,342	-	49,342
Share issue costs	-		-	-	-
Share-based payment	-	-	-	5,186	5,186
At end of period	**1,014,980**	**12,153,129**	57,143	(3,287,140)	**(3,229,997)**
Company		£		£	£
At beginning of the period (re-stated)		12,153,129		267,908	267,908
Loss for the year		-		(81,387)	(81,387)
Share issue costs				-	-
Share-based payments				5,186	5,186
At end of year		**12,153,129**		191,707	**191,707**

The merger reserve as at 31 December 2007 relates to the Group reorganisation undertaken in 2005

As permitted by section 230(4) of the Companies Act 1985, the profit and loss account of the Company has not been separately presented in these financial statements The Company's loss for the financial period was £81,387 (2006 re-stated profit £70,601)

19 Minority interests

	2007	2006
	£	£
At beginning of the period	**(20,365)**	(12,376)
Minority interest in loss for the period	**(22,717)**	(6,702)
Minority interest in translation reserve	**20,649**	(1 287)
At end of the period	**(22,433)**	(20,365)

At 31 December 2007 an amount of £82 (2006 £44) relates to Planet Metals India Private Limited where 0 04% of the shares are held by two non-related shareholders.

At 31 December 2007 an amount of £22,351 (2006 £20,321) relates to Boula Platinum Mining Private Limited in which 30% of the shares are held by FACOR Under the terms of the joint venture agreement, the funds that PMCI (UK) Limited is obliged to invest in the project are to be invested as preference shares on a basis that ensures that FACOR's 30% equity stake is not diluted

Notes *(continued)*

20 Financial instruments

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 risks The main risks for which such instruments may be appropriate are interest rate risk, liquidity risk, foreign currency risk and commodity price risk each of which is discussed below Throughout the period ending 31 December 2007 no trading in commodity contracts was undertaken

In accordance with FRS29, short term debtors and creditors are excluded from the numerical disclosures with the exception of currency risk disclosures

Currency risk

The Group has potential currency exposures in respect of items denominated in foreign currencies comprising

- transactional exposure in respect of operating costs and capital expenditure incurred in currencies other than the functional currency of operations and in respect of certain exchange control restrictions which require funds to be maintained in currencies other than the functional currency of operations, and
- translational exposures in respect of investments in overseas operations which have functional currencies other than £ Sterling Currency risk in respect of non-functional currency expenditure is reviewed by the board

The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than the Sterling (£) Foreign exchange differences on retranslation of such assets and liabilities are taken to the profit and loss account

	2007	2006
	£	£
Indian Rupees	**175,274**	208,064

Interest rate risk

The Group has no bank borrowings at present It maintains modest cash balances for operational purposes in current accounts and the remainder of the funds raised from share issues and not yet committed to operational requirements is currently invested in mainstream sterling bank deposits with either monthly or two weekly deposit periods according to the need for cash resources

Liquidity risk

The Group raises funds as required in accordance with board strategy and budgeted operational requirements looking at least twelve months ahead. When funds are sought, the Group balances the costs and benefits of equity and debt financing When funds are received they are deposited with banks of high standing Funds are provided to local sites monthly, based on the sites' forecast expenditure

Commodity risk

The Group is not currently exposed to movements in the price of metals The Group has not engaged in any hedges or instruments to mitigate any such risk.

Notes *(continued)*

21 Commitments

(a) PMCI (UK) Limited has undertaken in the Joint Venture and Shareholders' Agreement with FACOR to invest up to US$40 million (or up to US$50 million if the board of directors of BPM determine that a smelter should be constructed at the Boula Mine) in BPM to cover the expenditure required for the development of the Boula Mine and any advance assistance payments

However, on 8 August 2007, PMCI announced that the Indian federal authorities had ordered a suspension of mining activities at the Boula mine, because they asserted that the mine lay in a designated wildlife zone (Please refer to Business Review on Page 5 for more information) Given the current dispute at Boula the Group may not be required to honour this commitment

(b) Under a subscription agreement signed on 30 January 2008, a wholly owned subsidiary of the Group – Sarplat Investments Limited ("Sarplat") has agreed to subscribe for 20% of the shares in Majormatic 167 Proprietary Limited ("Majormatic") for a sum of US$ 1 million This will be paid in the form of drilling expenses funded by Sarplat, with any remaining balance in cash Furthermore, Sarplat, at its option, may subscribe for a maximum of 51% of the shares of Majormatic by investing a further US$3 5 million

22 Analysis of net funds

	At 31 July 2006	Cash flow	Exchange movement	**At 31 December 2007**
	£	£	£	**£**
Cash in hand at bank	10,455,942	(1,168,098)	7,884	**9,295,728**
Total	10,455,942	(1,168,098)	7,884	**9,295,728**

Notes *(continued)*

23 Post balance sheet events

In October 2007 it was announced that the Group had, via a wholly-owned subsidiary Indoplats Holding Limited, entered into an agreement to become a shareholder in Majormatic 167 (Proprietary) Limited ("Majormatic") For commercial reasons, the contractual party to this agreement was changed to Sarplat Investments Limited ("Sarplat") and on 30 January 2008, Sarplat, a wholly-owned subsidiary of the Group, signed a Subscription Agreement and an Interim Funding and Pledge Agreement concerning its investment in the Naboom Platinum Project This commits the Group to subscribing for shares in Majormatic up to a level of 20% in return for an investment of US$1 million This investment will pay for a drilling programme which commenced in January this year. The Subscription Agreement also provides that Sarplat may, at its option, increase its stake to 51% of Majormatic in return for a further investment of US$ 3 5million

The Interim Funding and Pledge Agreement contains certain suspensive conditions which, if not met, provide for the re-imbursement of all of PMCI's funding The prime suspensive condition is that the vendor, Daros Proprietary Limited ("Daros") procure an Extraordinary General Meeting of shareholders in Centurion Gold Holdings Inc , ("Centurion") a company incorporated in Florida This EGM must pass a resolution to approve the transfer of shares in Majormatic from Centurion to Daros

24 Related party disclosures

On 29 May 2007, Philip Adeane purchased 420,000 ordinary shares of the Company at a price of 13 pence, giving him a total holding of 1,120,000 ordinary shares equivalent to 0 64% of the outstanding shares in issue

Transactions between PMCI group subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note

25 Ultimate parent company and parent undertaking of larger group

The immediate parent company of the Group is SPI Partners Ltd, a company incorporated in Jersey which is a subsidiary of the SPR Limited, the ultimate parent company which is incorporated in Jersey

CORPORATE INFORMATION

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