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REGISTERED NUMBER 05101822 (ENGLAND AND WALES)

REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2007 FOR
RAMBLER METALS AND MINING PLC

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RAMBLER METALS AND MINING PLC

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RAMBLER METALS AND MINING PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 31 JULY 2007

| | |
|-------------------|--|
| Directors | D H W Dobson B Hinchcliffe S Neamonitis B F Dalton J A Baker L D Goodman J M Roberts |
| Secretary | L Little |
| Registered office | Salatin House 19 Cedar Road Sutton Surrey SM2 5DA |
| Registered number | 5101822 (England and Wales) |
| Auditors | PKF (UK) LLP 20 Farringdon Road London EC1M 3AP |

RAMBLER METALS AND MINING PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 JULY 2007

We are pleased to report results on the year ended ending 31 July 2007

Our Company was incorporated as Fortress Metals and Mining plc on 14 April 2004, changed its name to Rambler Metals and Mining plc on 17 March 2005. The Company's Ordinary Shares were admitted for trading on the London AIM market on 8 April 2005 under the symbol "RMM" and were listed on the TSX Venture Exchange on 7 February 2007 under the symbol "RAB"

The principal activity of the Company is carrying out development and exploration on the Rambler Property a mineral exploration property located on Newfoundland and Labrador's Baie Verte Peninsula

OPERATIONAL HIGHLIGHTS

Exploration Drilling

Surface exploration drilling activity continued with a total of 17,052 metres drilled in financial year 2007 compared to 14,200 metres drilled for the same period in 2006. The diamond drilling continues to intersect mineralization with several new high grade areas being discovered, namely the 1807 zone and Upper Ming Footwall Zone. In preparation of proceeding underground the company awarded a new underground delineation drilling contract of 20,000 metres in July 2007

During the coming year, the Company will drill off the mineralized zones with holes on 50 metre centres so that a NI 43-101 compliant reserve/ resource can be published. Our exploration programme will continue and, now that our first diamond drill is on site, an underground delineation drilling programme will start in November 2007

Mine Dewatering

On 12 June 2007 a waste water treatment plant was commissioned and dewatering activities started on 16 June 2007. As at 31 July 2007 35 million US gallons of water had been pumped out of the mine with the water level receding to 180 Level. As at 25 October 2007 99 million US gallons had been pumped with the water level now situated on the 830 Level. The ground conditions are good requiring no rehabilitation work to date. As the water level recedes, air, water and electrical infrastructure is being restored which will allow mining operations to be restarted more quickly and cost efficiently than competing projects

Current estimates based on volumetric calculations show around 150 million US gallons of water still have to be pumped out of the Mine. Currently, management estimate that the dewatering exercise will be completed by March 2008

Initiated Scoping Studies

As of 31 July 2007 the company was in negotiations with several Engineering companies to enter into a contract to conduct an Engineering scoping study and later a pre-feasibility study. On 1 September 2007 a contract was entered with SRK Consulting, Toronto to conduct a scoping study for the Mine

Increased headcount an investment in resources to expedite re-opening activities

In April 2007 twenty four employees were hired to operate the waste water treatment plant, dewater and restore services to the mine and maintain equipment. This brought the total headcount to 33 employees

RAMBLER METALS AND MINING PLC

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

Financial Highlights

The Consolidated loss after taxation of the Group in respect of the year ended 31 July 2007 amounted to £669,229 (a loss per share of 1.6p) versus a loss of £110,703 for the eleven month period to 31 July 2006 (a loss per share of 0.3p)

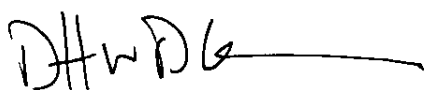
The Company's only source of income during the period was bank interest which amounted to £148,793

The net assets of the company amounted to £13,221,540 as at the end of the year. This includes intangible assets amounting to £5,941,947. Intangible assets consist of accumulated deferred exploration expenditures in the copper and gold property in Newfoundland and Labrador. The Company's policy is to capitalise these costs pending determination of the feasibility of the project.

On 23 May 2007 the Company completed a private placement to raise \$14 million before expenses. This was the first fund raising since April 2005 when the Company raised £8 million and listed on the AIM market. The directors have approved a plan that will necessitate a further financing to be carried out before 31 July 2008.

The increase seen over the last year in precious and base metal prices continues and has led to great demand for people and equipment in the exploration and mining industry. We have been able to attract an excellent team of people in a very competitive labour market. My thanks to our employees, officers and directors of the Company for the progress which has been made during the year and I am optimistic that the 2008 fiscal year will see further encouraging developments.

DHW Dobson
Chairman



25 October 2007

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007

The following management's discussion and analysis ("MD&A") of Rambler Metals & Mining plc (the "parent company") and its subsidiaries (the "Group" or "Rambler") contains forward-looking statements that involve numerous risks and uncertainties. Our actual results could differ materially from those discussed in such forward-looking statements as a result of these risks and uncertainties, including those set forth in this MD&A.

The following discussion provides information that management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. This discussion should be read in conjunction with our audited financial statements for the year ended 31 July 2007 and the related notes thereto. These consolidated statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

This MD&A, which has been prepared as of 25 October 2007, is intended to supplement and complement our audited consolidated financial statements and notes thereto for the year ended 31 July 2007 prepared in accordance with International Financial Reporting Standards (IFRS). The functional reporting currency in all instances is British Pounds.

OUR BUSINESS & OPERATIONS REVIEW

The parent company was incorporated as Fortress Metals and Mining plc on 14 April 2004, changed its name to Rambler Metals and Mining plc on 17 March 2005. The parent company's Ordinary Shares were admitted for trading on the London AIM market on 8 April 2005 under the symbol "RMM" and were listed on the TSX Venture Exchange on 7 February 2007 under the symbol "RAB".

The principal activity of the Group is carrying out development and exploration on the Rambler Property, a mineral exploration property located on Newfoundland and Labrador's Baie Verte Peninsula.

Operational highlights include:

- **Exploration Drilling-** surface exploration drilling activity continued with a total of 17,052 metres drilled in financial year 2007 compared to 14,200 metres drilled for the same period in 2006. The diamond drilling continues to intersect mineralization with several new high grade areas being discovered, namely the 1807 zone and Upper Ming Footwall Zone where strong grades of copper at multiple zones of over 5% have been found. In preparation of proceeding underground the Group awarded a new underground delineation drilling contract of 20,000 metres in July 2007.
- **Mine Dewatering-** on 12 June 2007 a waste water treatment plant was commissioned and dewatering activities started on 16 June 2007. As at 31 July 2007 35 million US gallons of water had been pumped out of the mine with the water level receding to 180 Level. As at 25 October 2007 99 million US gallons had been pumped with the water level now situated on the 830 Level. The ground conditions are good requiring no rehabilitation work to date. As the water level recedes, air, water and electrical infrastructure is being which will allow mining operations to be restarted more quickly and cost efficiently than competing projects.
- **Initiated Scoping Studies-** as of 31 July 2007 the Group was in negotiations with several engineering companies to enter into a contract to conduct an engineering scoping study and later a pre-feasibility study. On 1 September 2007 a contract was entered with SRK Consulting, Toronto to conduct a scoping study for the mine.
- **Increased headcount and investment in resources to expedite re-opening activities-** in April 2007 twenty four employees were hired to operate the waste water treatment plant, dewater and restore services to the mine and maintain equipment. This brought the total headcount to 33 employees as of 31 July 2007 compared to 6 at the same time in 2006.

The Group's directors have a range of experience in the natural resource and mining sector that includes, exploration, mining and marketing, as well as experience in the legal and corporate finance areas.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

SELECTED FINANCIAL INFORMATION

The following selected financial information has been derived from the consolidated financial statements of the Group for the periods indicated and should be read in conjunction with such statements and notes thereto. Note that, for the first time, the Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS)

| Selected Annual Financial Information All amounts in £, except shares and per share figures | 12 months ended 31 July 2007 | 11 months ended 31 July 2006 | 12 months ended 30 August 2005 |
|--|------------------------------------|------------------------------------|--------------------------------------|
| Revenue | - | - | - |
| Administrative Expenses | 861,114 | 291,312 | 135,056 |
| Bank Interest Receivable | 148,793 | 199,599 | 103,743 |
| Net (loss) | (669,229) | (110,703) | (31,313) |
| Per share (basic and diluted) | (1 6p) | (0 3p) | (0 2p) |
| Cash Flow (used) for operating activities | (638,246) | (279,862) | (159,302) |
| Cash Flow (used) for investing activities | (4,748,642) | (1,090,040) | (474,664) |
| Cash Flow from financing activities | 6,241,769 | - | 7,444,925 |
| Net increase (decrease) in cash | 854,881 | (1,369,902) | 6,735,894 |
| Cash & Cash Equivalents at end of period | 6,590,372 | 5,499,008 | 6,905,920 |
| Total Assets | 14,872,939 | 8,509,660 | 8,154,988 |
| Total Liabilities | 1,651,399 | 854,173 | 429,032 |
| Working Capital | 5,749,937 | 4,876,067 | 6,726,821 |
| Weighted average number of shares outstanding | 41,939,754 | 40,030,000 | 13,579,000 |

Review of periods ending 31 July 2007 and 31 July 2006

The Group's only source of income since incorporation has been bank deposit interest

The Group reported a net loss for the year ending 31 July 2007 of £669,229 which is an increase of £558,526 from the eleven month period ending 31 July 2006. The loss per share increased from 0 3p to 1 6p between periods. Losses were higher as administration expenses increased £569,802 to £861,114. Staff costs were the primary driver for this change increasing £650,768 to £750,089 of which £345,750 was treated as revenue expense and £404,339 was capitalised as it related directly to the Group's ongoing exploration and mine development activities. Interest income was £50,806 lower at £148,793 as a result of lower cash balances for the first three quarters of the year.

Cash flows used for operating activities increased by £358,384 substantially as a result of increased operating losses and funding required for working capital as a consequence of the general increased level of activity. Cash flows used for investing activities also increased by £3,658,602 primarily as a result of a more aggressive exploration programme and cash flows from financing activities were £6,241,769 following a private placement.

Total assets include accumulated deferred exploration expenditures which increased £3,047,669 to £5,941,947. This increase was substantially funded from cash deposits and an increase in creditors.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

SELECTED FINANCIAL INFORMATION (CONTINUED)

Review of the quarter ending 31 July 2007

Compared to the third quarter

- Administrative expenses were £63,970 lower at £158,591 as a result of the one-off costs associated with the TSX-V listing and costs associated with completing the private placement
- Cash and Cash equivalents increased £4,413,954 to £6,590,372 on completion of the private placement, intangible assets increased £1,215,956 to £5,941,947 as the Group continues to invest in exploration and property, plant and equipment increased £1,078,419 to £2,137,086 as a consequence of mine rehabilitation and dewatering activities

SUMMARY OF QUARTERLY RESULTS

As only the quarterly financial statements for the interim period ended 31 October 2006 (first quarter of 2007) were prepared by the Group prior to the parent company becoming a reporting issuer in the provinces of British Columbia and Alberta, the Company is not presently required under applicable Canadian securities law to provide any additional quarterly results other than as provided below

Quarterly Results (all amounts in British Pounds except per share figures)

| | 4th Quarter | 3rd Quarter | 2nd Quarter | 1st Quarter |
|---|----------------|----------------|----------------|----------------|
| Fiscal 2007 | | | | |
| Revenue | - | - | - | - |
| Net Loss | (87,557) | (191,441) | (339,517) | (50,714) |
| Earnings (Loss) per share-Basic & diluted | (0 14) | (0 48) | (0 85) | (0 13) |

Net losses for the first three quarters of 2007 are stated in accordance UK GAAP

An increase in administrative expenses as well as one-off costs associated with pursuing a secondary listing for the shares of the parent company and completing a fund raising are key factors behind the increase in net losses for the second and third quarters. Options were also granted during the second quarter resulting in a share based payment expense of £119,714

OUTLOOK

The Group continues to

- Drill off the mineralized zones with holes on 50 metre centres so that a NI 43-101 compliant reserve/resource can be published in fiscal 2008
- Pursue an aggressive exploration programme and, now that our first diamond drill is on site, to start an underground delineation drilling programme in November 2007
- Dewater the mine - current estimates based on volumetric calculations show around 150 million US gallons of water still have to be pumped out of the mine. Currently, management estimates that the dewatering exercise will be completed by March 2008
- Make good progress with underground mining, mill and environmental scoping studies
- Recruit high quality personnel and invest in plant and equipment to support mine rehabilitation activities

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date, the Group has relied on shareholder funding to finance its operations. With finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure. Success will depend largely upon the outcome of ongoing and future exploration and evaluation programmes.

The majority of the Group's expenses are incurred in Canadian Dollars. The Group's principal exchange rate risk is therefore related to movements between the Canadian Dollar and the British Pound. The Group's cash resources are held in British Pounds and Canadian dollars. The Group has a downside risk to any strengthening of the Canadian Dollar as this would increase expenses in British Pound terms. Any weakening of the Canadian Dollar would however result in the reduction of expenses in British Pound terms and preserve cash resources. Additionally, any such movements would affect the Consolidated Balance Sheet when the net assets of the Canadian subsidiary are translated into British Pounds.

Cash balances in Canadian Dollars are kept under constant review and surplus funds are held on deposit on the most advantageous terms of deposit available up to three month's maximum duration. Floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent prime rate. Fixed rate financial assets are cash held on fixed term deposit.

Cash and short terms deposits (expressed in British Pounds) were as follows

| At 31 July 2007 Currency | Fixed Rate Assets | Floating Rate Assets | Total |
|-----------------------------|-------------------|----------------------|-----------|
| British Pound | 980,000 | 19,389 | 999,389 |
| Canadian Dollars | - | 5,590,983 | 5,590,983 |
| Total | 980,000 | 5,610,372 | 6,590,372 |

| At 31 July 2006 Currency | Fixed Rate Assets | Floating Rate Assets | Total |
|-----------------------------|-------------------|----------------------|-----------|
| British Pound | 2,850,071 | 17,176 | 2,867,247 |
| Canadian Dollars | 2,591,989 | 39,772 | 2,631,761 |
| Total | 5,442,060 | 56,948 | 5,499,008 |

The Group also entered into leases for mining and other equipment. At 31 July 2007, the Group has outstanding obligations, including interest, relating to these leases of £829,646.

The Group utilised £638,246 (2006 £279,862) to finance operating cash flows during the year. This material increase was primarily a result of increased operating losses on higher costs discussed above.

Cash outflows from investing activities increased to £4,748,642 (2006 £1,090,040) as a result of a £2,051,800 increase in evaluation and exploration activities as well as a £138,797 final payment which was made to acquire the option over the Ming Property (51190 Newfoundland & Labrador Inc.).

Cash inflows from financing activities were £6,241,769 (2006 £nil) following a private placement in the third quarter which raised \$14 million.

Interest received reduced in line with lower cash balances on deposit during the first three quarters of the year. Average interest rates were 4.15% and 3.47% on British Pound and Canadian Dollar deposits respectively (2006 3.94%, 3.85%).

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION (CONTINUED)

Cash and cash equivalents at the end of the period of £6,590,372 and management believes that the Group has sufficient flexibility to manage expenditure to fund operations for the next 12 months
At 23 October 2007, the Company had £5.4 million in cash

Commitments

As at 31 July 2007 capital commitments included

| All commitments in Canadian Dollars | | \$ |
|-------------------------------------|--|-----------|
| 10,000 metre drill programme | | 2,000,000 |
| Mine Rescue Equipment | | 250,000 |
| TOTAL | | 2,250,000 |

Financial Instruments

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk. There are no perceived credit risks as the Group has no trade receivables and there were no derivative instruments outstanding at 31 July 2007.

Related Party Transactions

The parent company has a related party relationship with its subsidiary, and with its directors and executive officers. Directors of the parent company and their immediate relatives control 20% of the voting shares of the parent company. Brian Dalton and John Baker, directors of the company are also directors of Altius Resources Inc ("Altius"), a 24% shareholder in the parent company.

A total of £68,234 (2006 £57,637) was paid to key management personnel during the year. Additionally, according to the terms of a service contract dated 7 March 2005, Altius continues to provide certain and limited services to the Group. All costs are recharged to Rambler and Altius receives a 7% management fee on all expenditures. This arrangement was entered into as Rambler had limited exploration staff and Altius, being the previous owner of the Rambler property, had personnel with the necessary knowledge and experience to conduct the exploration programs and this arrangement is now being wound down. The Group was invoiced £920,367 in the year ended 31 July 2007 (2006 £1,814,109) by Altius and at the end of the year, Altius were owed £nil (31 July 2006 £542,230).

The following expenses/reimbursements were payable to directors at 31 July 2007

S Neamonitis £2,940 (31 July 2006 £14,407)

B Hinchcliffe £2,313 (31 July 2006 £1,504)

The following consultancy fees were payable at 31 July 2007

Altius Mineral Corporation for the consultancy services of

J Baker & B Dalton £18,700 (31 July 2006 £5,500)

These balances were all accrued at the period end

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Going Concern

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on the copper price, its ability to fund its development and exploration programs, and to manage and generate positive cash flows from operations in the future. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

In common with many exploration companies, the Group raises finance for its exploration and appraisal activities in discrete tranches. The directors have approved a plan that will necessitate further financing to be carried out before 31 July 2008. The directors are confident that a fundraising can be successfully completed before 31 July 2008 and have therefore concluded that the Group is a going concern.

Impairment Assessments of Development Projects and Exploration Properties

The carrying value of assets are reviewed and tested when events or changes in circumstances suggest that the carrying amount may not be recoverable. A comparison of the carrying value of the assets of the mine or project is compared to the expected future cash flows associated with the project. Expected future cash flows are based on a probability-weighted approach applied to potential outcomes and a reduction of assets is made to fair value as a charge to earnings if the discounted expected future cash flows are less than the carrying amount. Fair value is estimated by discounting the expected future cash flows using a discount factor that reflects the risk free rate of interest for a term consistent with the period of expected cash flows.

Stock Based Compensation

In the 2007 fiscal years, the parent company granted a number of individuals employee stock options. The number of share options being granted is considered by the directors to be consistent with companies of a similar size and profile to Rambler. The parent company is likely to grant individuals employee stock options again in the future. The Group calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost.

MI 52-109 COMPLIANCE

Disclosure Controls and Procedures

The Chief Executive Officer and Chief Financial Officer evaluated the effectiveness of the Group's disclosure controls and procedures as at the financial year ended 31 July 2007. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at 31 July 2007 to provide reasonable assurance that material information relating to the Group would be made known to them by others within the Group.

Internal controls over financial reporting

As at 31 July 2007, the Chief Executive Officer and Chief Financial Officer evaluated the design of the Group's internal controls over financial reporting. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design of internal control over financial reporting was effective as at 31 July 2007 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 July 2007

| IFRS /Amendment | Title | Application date of standard | Application date for Group |
|------------------------|--|-------------------------------------|-----------------------------------|
| IAS 1 amendment | Capital disclosures | 1 January 2007 | 1 August 2007 |
| IFRS 7 | Financial instruments disclosures | 1 January 2007 | 1 August 2007 |
| IFRS 8 | Operating segments | 1 January 2009 | 1 August 2009 |
| IAS 23 amendment | Borrowing costs | 1 January 2009 | 1 August 2009 |
| IFRIC 10 | Interim financial reporting and impairment | 1 November 2006 | 1 August 2007 |
| IFRIC 11 | IFRS 2—Group and treasury share transactions | 1 March 2007 | 1 August 2007 |
| IFRIC 12 | Service concession arrangements | 1 January 2008 | 1 August 2008 |

Management have reviewed the impact of the above standards and have determined that they do not result in any changes to accounting policies

OUTSTANDING SHARE DATA

As at the date of this MD&A the following securities are outstanding

| | |
|----------------------|-------------------|
| Ordinary Shares | 49,700,000 |
| Warrants | 4,675,000 |
| Compensation options | 478,200 |
| Options | 505,000 |
| Total | <u>55,358,200</u> |

Further information

Additional information relating to the Group is on SEDAR at www.sedar.com and on the Group's web site at www.ramblermines.com

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

FORWARD-LOOKING INFORMATION

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the future financial or operating performance of the Group, its subsidiaries and its projects, exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining exploration, environmental risks, title disputes or claims and limitations of insurance coverage. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the parent company and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties, the actual results of current exploration activities, conclusions of economic evaluations, fluctuations in the relative value of United States dollars, Canadian dollars and British Pounds, changes in planned parameters as plans continue to be refined, future prices of metals and commodities, possible variations of ore grade or recovery rates, failure of equipment, accidents and other risks of the mining exploration industry, political instability, insurrection or war, delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. Although the Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this MD&A and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

RISK FACTORS

An investment in Rambler should be considered highly speculative due to its present stage of development, the nature of its operations and certain other factors. An investment in Rambler's securities should only be made by persons who can afford the total loss of their investment. The risk factors which should be taken into account in assessing Rambler's activities and an investment in securities of Rambler include, but are not limited to, those set out below. Should any one or more of these risks occur, it could have a material adverse effect on the value of securities of Rambler and the business, prospects, assets, financial position or operating results of Rambler, any one of which may have a significant adverse effect on the price or value of any securities of Rambler.

The risks noted below do not necessarily comprise all those faced by Rambler and are not intended to be presented in any assumed order of likelihood or magnitude of consequences.

Dependence on a Single Property

Rambler's activities are focused primarily on the Rambler Property. Any adverse changes or developments affecting this property would have a material and adverse effect on Rambler's business, financial condition, results of operations and prospects.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

RISK FACTORS (CONTINUED)

Success of Current and Future Exploration Cannot be Assured

The exploration and development of mineral deposits involves significant financial risks over a prolonged period of time, which even a combination of careful evaluation, experience and knowledge cannot eliminate. While discovery of a mineral structure may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditure may be required to establish mineral reserves by drilling and to construct mining and processing facilities at a site. It is impossible to ensure that exploration will ever result in the discovery of an economically viable mineral deposit or in a profitable commercial mining operation.

Liquidity and Investment Risk

The share prices of publicly quoted companies can be volatile. The price of shares is dependent upon a number of factors some of which are general or market or sector specific and others that are specific to the Group.

Although the Ordinary Shares are traded on AIM and TSX-V, this should not be taken as implying that there will be a liquid market for them. An investment in the Ordinary Shares may be difficult to realize. Accordingly, each prospective investor should view his purchase of the Ordinary Shares as a long-term investment and should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time.

The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

The directors, their associates and Altius control approximately 45% of the Group's share capital. As a result, these shareholders will be able to exercise significant influence or control over matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions.

Copper Price Volatility

Rambler's revenues, if any, are expected to be derived from the extraction and sale of copper concentrate. The price of copper has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond Rambler's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. In recent years the price of copper has been affected by changes in the worldwide balance of copper supply and demand, largely resulting from economic growth and political conditions in China and other major developing economies. While this demand has resulted in higher prices for copper in recent years, if Chinese economic growth slows, it could result in lower demand for copper. The effect of these factors on the price of copper cannot be accurately predicted. Any material decrease in the prevailing price of copper for any significant period of time would have an adverse and material impact on the economic evaluations contained in this MD&A and on Rambler's results of operations and financial condition.

Exploration, Mining and Processing Licences

The Group's proposed exploration, mining and processing activities are dependent upon the grant of appropriate licences, concessions, leases, permits and regulatory consents, which may be withdrawn or made subject to limitations. There is no guarantee that, upon completion of any exploration a mining licence or lease will be granted with respect to exploration territory. There can be no assurance that any exploration licence will be renewed or if so, on what terms.

These licences place a range of past, current and future obligations on the Group. In some cases there could be adverse consequences for breach of these obligations, ranging from penalties to, in extreme cases, suspension or termination of the relevant licence or related contract.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

RISK FACTORS (CONTINUED)

Short Operating History

The Group does not have a long established trading record. The Group is at an early stage of development and success will depend upon its ability to manage the exploration of the Rambler Property and to identify and take advantage of further opportunities that may arise.

The Group has not earned profits to date and there is no assurance that it will do so in the future.

The Group plans to explore and develop its properties through the use of third party contractors and consultants. However, there can be no assurance that it will be able to complete its exploration programmes on time or to budget, or that the current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of management to identify problems at an early stage could have an adverse impact on the Group's financial performance.

Dependence on Key Personnel

The Group relies on a limited number of key directors and personnel. However, there is no assurance that the Group will be able to retain such key directors and personnel. If such personnel do not remain active in the Group's business, its operations could be adversely affected.

Dependence on Third Parties

The Group makes use of independent consultants and contractors in the development of its business and operations. Accordingly, the success of the Group's operations will be dependent upon the performance of services by such third parties, and failure to do so may seriously affect or prevent the Group from fulfilling its planned operational goals.

Acquisition Strategy

It is the intention of the Group to grow through the development of the Rambler Property and through acquisition. However, there can be no assurance that the Group will be able to successfully identify and acquire other base metal properties business beyond the Rambler Property.

Although it is the Group's intention to utilize the issuance of new Ordinary Shares to satisfy all or part of any consideration payable for acquisitions, prospective vendors may not be prepared to accept these shares.

The ability of the Group to make appropriate acquisitions is dependent upon suitable opportunities becoming available to the Group.

Additional Requirement for Capital

The Group will need to raise additional capital in due course to fund anticipated future operations. Future development of the Rambler Property, future acquisitions, base metal prices, environmental rehabilitation or restitution, revenues, taxes, capital expenditures and operating expenses and geological and processing successes are all factors which will have an impact on the amount of additional capital required.

Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Group. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interests in some or all of its properties, incur financial penalties and reduce or terminate its operations.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

RISK FACTORS (CONTINUED)

Geological Risks

Geological conditions can only be predicted with a certain degree of accuracy. Any base metal exploration programme entails risks relating to the location of economic orebodies and the development of appropriate metallurgical processes. While the Group has had the benefit of a review of the Rambler Property by a qualified independent geologist, no assurance can be given that any exploration programme on the Rambler Property or on any properties acquired by the Group will result in any new commercial mining operation or in the discovery of new resources.

Currency

Fluctuations in currency exchange rates may adversely affect the Group's financial position. Management has determined the British pound as the Group's reporting currency. Fluctuations in currency exchange rates, particularly equipment acquisition costs denominated in currencies other than British Pounds, may significantly impact the Group's financial position and results. The Group does not have in place a policy for managing or controlling foreign currency risks since, to date, the Group's primary activities have not resulted in material exposure to foreign currency risk.

Currency fluctuations may affect the cash flow that the Group hopes to realize from its operations, as minerals and base metals are sold and traded on the world markets in United States Dollars. The Group's anticipated costs will be incurred primarily in British Pounds sterling and Canadian Dollars.

Environmental Regulations

The Group is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. All phases of our development operations are subject to environmental regulations. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect our operations. Environmental hazards currently unknown to the Group, may exist on the properties in which interests are held and which may have been caused by previous or existing owners or operators of the properties.

The Group's operations are subject to environmental regulation inherent in the mineral exploration, mining and processing industry (including regular environmental impact assessments and permitting). Environmental legislation and permitting are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their directors and employees. Ineffective environmental management or accidental spillage of toxic materials could result in a significant environmental disaster resulting in large clean-up costs, potential fines or mine closure.

The Group is unable to predict the effect of additional environmental law and regulations which may be adopted in the future, and the cost of the Group's operations may be increased by changes in legislative requirements or increased legal liabilities within the jurisdictions in which the Group operates or will operate.

Lack of Earnings and Dividend Record

The Group has no earnings or dividend record. No dividends on Ordinary Shares have been paid since incorporation and the Group does not anticipate doing so for the foreseeable future. Payments of any dividends will be at the discretion of the Board of Directors after taking into account many factors, including the Group's financial condition and current and anticipated cash needs.

Uninsurable Losses

The Group as a participant in exploration and mining programmes, may become subject to liability for hazards that cannot be insured or against which it may elect not to be insured because of high premium costs.

RAMBLER METALS AND MINING PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2007

The Directors present their report with the audited financial statements of the Group for the year ended 31 July 2007

PRINCIPAL ACTIVITY

The principal activity of the Group is the development and exploration programme that the Group is carrying out at the Rambler copper and gold property in Baie Verte, Newfoundland, Canada. The principal activity of the Company is that of a holding company.

REVIEW OF BUSINESS

A review of the Group's business and prospects is set out in the Management's Discussion and Analysis.

FUTURE DEVELOPMENTS

The Group is looking forward to advancing its exploration programme on the Rambler property in the midst of exciting markets for base and precious metals. In common with many exploration companies, the Group raises finance for its exploration and appraisal activities in discrete tranches. Further funding is raised as and when required. When the Group's project moves to the development stage, specific financing will be required.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2007.

DIRECTORS

The directors during the period under review were:

J A Baker
B F Dalton
D H W Dobson
S Neamonitis
J M Roberts
L D Goodman
B Hinchcliffe

GROUP'S POLICY ON PAYMENT OF CREDITORS

It is the Group's policy to settle all amounts due to creditors in accordance with agreed terms of supply and market practice in the relevant country.

The Group's average creditor payment period at 31 July 2007 was 40 days (2006: 30 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable donations of £1,485 (2006: £4,750) to various charities in the Baie Verte area.

RAMBLER METALS AND MINING PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2007 (CONTINUED)

SUBSTANTIAL SHARE INTERESTS

At 17 October 2007 the parent company was aware of the following substantial share interests

| | Number of Ordinary Shares | % of Share Capital |
|-------------------------------|---------------------------|--------------------|
| Altius Resources Inc | 12,000,000 | 24.13% |
| CDS & Co | 10,042,405 | 20.20% |
| Zila Corporation | 6,499,999 | 13.07% |
| Vidacos Nominees Limited | 1,950,001 | 3.92% |
| Dresdner Kleinwort Securities | | |
| Nominees Ltd | 1,725,000 | 3.47% |
| Roy Nominees Ltd | 1,715,000 | 3.45% |

FINANCIAL INSTRUMENTS

The Group uses financial instruments comprising cash, liquid resources and items such as short-term debtors and creditors that arise from its operations. These financial instruments are the sole source of finance for the Group's operations. The principal risks relate to currency exposure and liquidity.

The Group's cash resources are held in Sterling and Canadian Dollars. The Group has a downside exposure to any strengthening of the Canadian Dollar as this would increase expenses in Sterling terms. Any weakening of the Canadian Dollar would however result in the reduction of the expenses in Sterling terms and preserve the Group's cash resources. In addition, any such movements would affect the Consolidated Balance Sheet when the net assets of the Canadian Subsidiary are translated into Sterling.

The policy in relation to the translation of foreign currency assets and liabilities is set out in note 2 'Accounting Policies Foreign Currencies' to the consolidated financial statements.

Cash balances in Canadian Dollars are kept under constant review.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as directors in order to make them aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, PKF (UK) LLP, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD


L. Little
Company Secretary
25 October 2007

RAMBLER METALS AND MINING PLC

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 elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. The financial statements are required to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

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

RAMBLER METALS AND MINING PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 JULY 2007

In formulating the Company's corporate governance procedures the Board of Directors takes due regard of the principles of good governance set out in the Revised Combined Code issued by the Financial Reporting Council in July 2003 (as appended to the Listing Rules of the Financial Services Authority) and the size and development of the Group. The Group also has regard to the Quoted Companies Alliance (QCA) Guidelines on Corporate Governance for AIM Companies.

The Board of Rambler Metals and Mining PLC is made up of one executive director and six non-executive directors. D H W Dobson is the senior non-executive director and S Neamonitis is the Company's Chief Executive. It is the Board's policy to maintain independence by having at least half of the Board comprising non-executive directors. The structure of the Board ensures that no one individual or group dominates the decision making process.

The Board ordinarily meets on a bi-monthly basis providing effective leadership and overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings. The Board also receives a summary financial report before each Board meeting. The Board delegates certain of its responsibilities to Board committees which have clearly defined terms of reference. Between the bi-monthly Board meetings, the executive director, the chief operating officer, the chief financial officer, two non-executive directors and key operations personnel meet on a regular basis to review and discuss progress.

All directors have access to the advice and services of 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 his duties.

The Audit Committee which meets not less than quarterly and considers the Group's financial reporting (including accounting policies) and internal financial controls, is chaired by J M Roberts, the other members being L Goodman and J A Baker. The committee receives reports from management and from the Group's auditors. The Group has in place a series of procedures and controls designed to identify and prevent the risk of loss. These procedures are formally documented and are reported on regularly. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by L Goodman and J M Roberts and J A Baker are the other committee members.

Remuneration of executive directors is established by reference to the remuneration of executives of equivalent status both in terms of time commitment, level of responsibility of the position and by reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages include performance related bonuses and the grant of share options.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with AIM and Toronto Stock Exchange-Venture market rules. The Company's principal communication is through the Annual General Meeting and through the annual report and accounts, quarterly and interim statements.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RAMBLER METALS AND MINING PLC

We have audited the group and parent company financial statements ('the financial statements') of Rambler Metals and Mining plc for the year ended 31 July 2007 which comprise the consolidated income statement and the consolidated and company balance sheets, cash flow statements and statements of recognised income and expense and the related notes. The financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRSs') as adopted by the European Union are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. The information in the directors' report includes that specific information presented in the Management's Discussion and Analysis that is cross referenced from the business review section of the directors' report.

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

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

Basis of audit opinion

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF RAMBLER METALS AND MINING PLC (CONTINUED)

Opinion

In our opinion

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 July 2007 and of its loss for the year then ended,
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 July 2007,
- 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

Separate opinion in relation to IFRSs

As explained in Note 2(a) to the group financial statements the group, in addition to complying with IFRSs as adopted by the European Union, has also complied with IFRSs as issued by the International Accounting Standards Board

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 July 2007 and of its loss for the year then ended

Emphasis of matter – adequacy of project finance and going concern

In forming our opinion, which is not qualified, we have considered the adequacy of disclosures made in note 1 to the financial statements concerning the requirement for the company to raise further funding to complete the evaluation and development of the Rambler mine. The current funding position, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company and the Group's ability to continue as a going concern. If the company is unable to secure such additional funding, this may have a consequential impact on the carrying value of the related assets and the investment of the parent company. The requirement for, or outcome of, any future fundraising cannot presently be determined, and no adjustments to asset carrying values that may be necessary should the company be unsuccessful have been recognised in the financial statements.

PKF (UK) LLP

PKF UK LLP
Registered Auditors
LONDON, UK
25 October 2007

RAMBLER METALS AND MINING PLC

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF RAMBLER METALS AND MINING PLC IN RESPECT OF COMPATIBILITY WITH CANADIAN GAAS

In accordance with the requirement contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards ("Canadian GAAS") and International Standards on Auditing (UK and Ireland)

We conducted our audit for the year ended 31 July 2007 in accordance with International Standards of Auditing (UK and Ireland). There are no material differences in the form or content of our audit report, except as noted below, as compared to an auditors' report prepared in accordance with Canadian GAAS and if this report were prepared in accordance with Canadian GAAS it would not contain a reservation.

An audit report issued in accordance with Canadian GAAS does not require the Emphasis of Matter paragraph that is included in the United Kingdom Independent Auditors' Report for the year ended 31 July 2007 given above. In all other respects, there are no material differences in the form and content of the above noted auditors' report.

PKF (UK) LLP

PKF (UK) LLP
London, UK
25 October 2007

RAMBLER METALS AND MINING PLC

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 July 2007

| | Note | Year to 31 07 07 £ | 11 months to 31 07 06 £ |
|-----------------------------|------|--------------------------|-------------------------------|
| Revenue | | - | - |
| Cost of sales | | - | - |
| Gross profit | | - | - |
| Administrative expenses | | (861,114) | (291,312) |
| Operating loss | 4 | (861,114) | (291,312) |
| Bank interest receivable | | 148,793 | 199,599 |
| Finance costs | | (4,296) | - |
| Net financing income | | 144,497 | 199,599 |
| Loss before tax | | (716,617) | (91,713) |
| Income tax (credit)/expense | 6 | (47,388) | 18,990 |
| Loss for the period | | (669,229) | (110,703) |

Earnings per share

| | Note | Year to 31 07 07 £ | 11 months to 31 07 06 £ |
|---|------|--------------------------|-------------------------------|
| Basic and diluted earnings per share (p) | 15 | (1 6p) | (0 3p) |

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the Year Ended 31 July 2007

| | Year to 31 07 07 | 11 months to 31 07 06 |
|--|---------------------|--------------------------|
| | £ | £ |
| Foreign exchange translation differences | (153,821) | 21,467 |
| Loss for the period | (669,229) | (110,703) |
| Total recognised income and expense for the period | <u>(823,050)</u> | <u>(89,236)</u> |

COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the Year Ended 31 July 2007

| | Year to 31 07 07 | 11 months to 31 07 06 |
|--|---------------------|--------------------------|
| | £ | £ |
| Loss for the period | (585,351) | (141,962) |
| Total recognised income and expense for the period | <u>(585,351)</u> | <u>(141,962)</u> |

RAMBLER METALS AND MINING PLC

BALANCE SHEETS

As at 31 July 2007

| | Note | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|---------------------------------------|------|--------------------|----------------------|--------------------|----------------------|
| Assets | | | | | |
| Property, plant and equipment | 8 | 2,137,086 | 2,544 | 2,884 | 1,138 |
| Intangible assets | 9 | 5,941,947 | - | 2,894,278 | - |
| Investments | 10 | - | 12,296,920 | - | 4,606,346 |
| Total non-current assets | | 8,079,033 | 12,299,464 | 2,897,162 | 4,607,484 |
| Trade and other receivables | 12 | 203,534 | 61,456 | 113,490 | 24,353 |
| Cash and cash equivalents | 13 | 6,590,372 | 1,010,995 | 5,499,008 | 2,867,247 |
| Total current assets | | 6,793,906 | 1,072,451 | 5,612,498 | 2,891,600 |
| Total assets | | 14,872,939 | 13,371,915 | 8,509,660 | 7,499,084 |
| Equity | | | | | |
| Issued capital | | 497,000 | 497,000 | 400,300 | 400,300 |
| Share premium | | 13,356,081 | 13,356,081 | 7,164,625 | 7,164,625 |
| Reserves | | 157,607 | - | 311,428 | - |
| Retained earnings | | (789,148) | (635,205) | (220,866) | (150,801) |
| Total equity | 14 | 13,221,540 | 13,217,876 | 7,655,487 | 7,414,124 |
| Liabilities | | | | | |
| Interest-bearing loans and borrowings | 17 | 539,271 | - | - | - |
| Deferred tax liabilities | 11 | 68,159 | - | 117,742 | - |
| Total non-current liabilities | | 607,430 | - | 117,742 | - |
| Interest-bearing loans and borrowings | 17 | 183,536 | - | - | - |
| Trade and other payables | 16 | 860,433 | 154,039 | 736,431 | 84,960 |
| Total current liabilities | | 1,043,969 | 154,039 | 736,431 | 84,960 |
| Total liabilities | | 1,651,399 | 154,039 | 854,173 | 84,960 |
| Total equity and liabilities | | 14,872,939 | 13,371,915 | 8,509,660 | 7,499,084 |

ON BEHALF OF THE BOARD

Director



Approved and authorised for issue by the Board on 25 October 2007

RAMBLER METALS AND MINING PLC

STATEMENTS OF CASH FLOWS

For the Year Ended 31 July 2007

| | Group Year to 31 07 07 £ | Company Year to 31 07 07 £ | Group 11 months to 31 07 06 £ | Company 11 months to 31 07 06 £ |
|--|-----------------------------------|-------------------------------------|--|--|
| Cash flows from operating activities | | | | |
| Operating loss | (861,114) | (679,195) | (291,312) | (264,790) |
| Depreciation | 3,187 | 719 | 361 | 142 |
| Share based payments | 100,947 | 100,947 | 18,767 | 18,767 |
| (Increase)/decrease in debtors | (109,229) | (37,970) | 30,485 | 43,319 |
| Increase/(decrease) in creditors | 232,259 | 69,079 | (38,163) | (32,358) |
| Cash generated from operations | (633,950) | (546,420) | (279,862) | (234,920) |
| Interest paid | (4,296) | - | - | - |
| Net cash from operating activities | (638,246) | (546,420) | (279,862) | (234,920) |
| Cash flows from investing activities | | | | |
| Interest received | 167,978 | 94,711 | 207,875 | 119,028 |
| Balance paid for acquisition of Rambler Metals & Mining (Canada) Limited | (138,797) | - | - | - |
| Investment in subsidiaries | - | (7,690,574) | - | (2,498,957) |
| Acquisition of evaluation and exploration assets | (3,346,470) | - | (1,294,670) | - |
| Acquisition of property, plant and equipment | (1,431,353) | (2,125) | (3,245) | (1,280) |
| Net cash from investing activities | (4,748,642) | (7,597,988) | (1,090,040) | (2,381,209) |
| Cash flows from financing activities | | | | |
| Proceeds from the issue of share capital | 6,726,376 | 6,726,376 | - | - |
| Payment of transaction costs | (438,220) | (438,220) | - | - |
| Capital element of finance lease payments | (46,387) | - | - | - |
| Net cash from financing activities | 6,241,769 | 6,288,156 | - | - |
| Net increase/(decrease) in cash and cash equivalents | 854,881 | (1,856,252) | (1,369,902) | (2,616,129) |
| Cash and cash equivalents at beginning of period | 5,499,008 | 2,867,247 | 6,905,920 | 5,483,376 |
| Effect of exchange rate fluctuations on cash held | 236,483 | - | (37,010) | - |
| Cash and cash equivalents at end of period | 6,590,372 | 1,010,995 | 5,499,008 | 2,867,247 |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Nature of operation and going concern

The principal activity of the Group is the development and exploration programme that the Group is carrying out at the Rambler copper and gold property in Baie Verte, Newfoundland, Canada

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on the copper price, its ability to fund its development and exploration programmes, and to manage and generate positive cash flows from operations in the future. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

In common with many exploration companies, the Group raises finance for its exploration and appraisal activities in discrete tranches. The directors have approved a plan that will necessitate further financing to be carried out before 31 July 2008. The directors are confident that a fundraising can be successfully completed before 31 July 2008 and have therefore concluded that the Group is a going concern.

2 Significant accounting policies

Rambler Metals and Mining Plc (the "Company") is a company registered in England and Wales. The consolidated financial statements of the Company for the year ended 31 July 2007 comprise the Company and its subsidiaries (together referred to as the "Group").

(a) Statement of compliance

The consolidated financial statements of Rambler Metals and Mining plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB"), which are the same as those adopted by the European Union and with the parts of the Companies Act 1985 applicable to companies reporting under IFRS.

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended 31 July 2007.

| IFRS /Amendment | Title | Nature of change to accounting policy | Application date of standard | Application date for Group |
|------------------|--|--|---------------------------------------|----------------------------|
| IAS 1 amendment | Capital disclosures | No change to accounting policy, therefore, no impact | 1 January 2007 | 1 August 2007 |
| IFRS 7 | Financial instruments disclosures | No change to accounting policy, therefore, no impact | 1 January 2007 | 1 August 2007 |
| IFRS 8 | Operating segments | No change to accounting policy, therefore, no impact | Supersedes IAS 14 from 1 January 2009 | 1 August 2009 |
| IAS 23 amendment | Borrowing costs | No change to accounting policy, therefore, no impact | 1 January 2009 | 1 August 2009 |
| IFRIC 10 | Interim financial reporting and impairment | No change to accounting policy, therefore, no impact | 1 November 2006 | 1 August 2007 |
| IFRIC 11 | IFRS 2—Group and treasury share transactions | No change to accounting policy, therefore, no impact | 1 March 2007 | 1 August 2007 |
| IFRIC 12 | Service concession arrangements | No change to accounting policy, therefore, no impact | 1 January 2008 | 1 August 2008 |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(b) Basis of preparation

The financial statements are presented in British pounds, rounded to the nearest pound. They are prepared on the historical cost basis.

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 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.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 21.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in preparing an opening IFRS balance sheet at 1 September 2005 for the purposes of the transition to IFRS.

The comparative figures are for an eleven month period and are not directly comparable.

The accounting policies have been applied consistently by Group entities.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(d) Foreign currency

(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 British pounds at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to British pounds at foreign exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to British pounds at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to British pounds at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

(iii) Net investment in foreign operations

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

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

(iii) 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 embodied 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.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(iv) Depreciation

Depreciation is charged to the income statement or capitalised as part of the exploration and evaluation costs where appropriate, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- | | |
|------------------------------------|--------------|
| • buildings | 10 years |
| • plant and equipment | 3 to 5 years |
| • motor vehicles | 3 years |
| • computer equipment | 3 years |
| • fixtures, fittings and equipment | 3 years |

(f) Intangible assets

(i) Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. In respect of business acquisitions that have occurred since 1 September 2005, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

In respect of acquisitions prior to this date, goodwill is included on the basis of its deemed cost, which represents the amount recorded under previous GAAP. The classification and accounting treatment of business combinations that occurred prior to 1 September 2005 has not been reconsidered in preparing the Group's opening IFRS balance sheet at 1 September 2005 (see note 22). Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (see accounting policy (i)).

Negative goodwill arising on an acquisition is recognised directly in the income statement.

(ii) Exploration and evaluation costs

These comprise costs directly incurred in exploration and evaluation as well as the cost of mineral licences. They are capitalised as intangible assets pending determination of the feasibility of the project. When the existence of economically recoverable reserves is established, the related intangible assets are transferred to property, plant and equipment and the exploration and evaluation costs are amortised on a depletion percentage basis. Where a project is abandoned or is determined not to be economically viable, the related costs are written off. The recoverability of deferred exploration and evaluation costs is dependent upon a number of factors common to the natural resource sector. These include the extent to which the Group can establish economically recoverable reserves on its properties, the ability of the Group to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(g) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy i)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Impairment

The carrying amounts of the Group's assets (except deferred exploration and evaluation costs (see accounting policy (f)(ii))) and deferred tax assets (see accounting policy 2(o)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 2(i)(i)).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(j) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(k) Trade and other payables

Trade and other payables are stated at cost.

(l) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Borrowing costs

Borrowing costs are recognised in the income statement.

(m) Equity settled share based payments

All share based payments are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are determined indirectly by reference to the fair value of the share options awarded. Their value is appraised at the grant dates and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to the profit and loss account in the balance sheet.

If vesting periods apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if the number of share options ultimately exercised is different to that estimated on vesting.

Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(n) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

3. Segment reporting

A segment is a component of the Group distinguishable by economic activity (business segment) or by its geographical location (geographical segment) which is subject to risks and returns that are different from those of other segments. The Group's only business segment is the exploration for, and development of, copper deposits. All the Group's activities are related to the exploration for, and development of, copper in Newfoundland, Canada with support provided from the UK. In presenting information on the basis of geographical segments, segment assets and the cost of acquiring them are based on the geographical location of the assets. Segment capital expenditure is the total cost incurred during the period to acquire segment assets and where the assets are located. There was no Group turnover during the period (2006: £nil).

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Segment reporting (continued)

| | 2007 | 2006 |
|--|------------|--------------|
| | £ | £ |
| Total assets | | |
| Canada | 13,797,156 | 5,616,060 |
| UK | 1,075,783 | 2,893,600 |
| Total | 14,872,939 | 8,509,660 |
| | Year to | 11 months to |
| | 31 07 07 | 31 07 06 |
| | £ | £ |
| Capital expenditure on deferred exploration and evaluation costs | | |
| Canada | 3,195,472 | 1,734,537 |
| UK | - | - |
| Total | 3,195,472 | 1,734,537 |
| Capital expenditure on property, plant and equipment | | |
| Canada | 2,252,389 | 1,964 |
| UK | 2,025 | 1,281 |
| Total | 2,254,414 | 3,245 |

4 Operating loss

The operating loss is after charging/(crediting)

| | Year to | 11 months to |
|--|----------|--------------|
| | 31 07 07 | 31 07 06 |
| | £ | £ |
| Depreciation – owned assets | 3,187 | 361 |
| Directors' emoluments (see note 20) | 68,234 | 57,367 |
| Auditors' remuneration: | | |
| Audit of these financial statements | 26,703 | 21,040 |
| Fees payable to the auditor for other services | | |
| Audit of accounts of associates of the Company pursuant to legislation | 2,750 | 2,500 |
| Other services pursuant to legislation | 21,430 | - |
| Other services related to tax | 12,165 | 8,358 |
| Other services relating to corporate finance | 38,486 | - |
| Other services | 3,900 | 1,060 |
| Operating lease rentals | 29,848 | 14,428 |
| Foreign exchange differences | (15,992) | 481 |

The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained. Included in other services relating to corporate finance is an amount of £11,325 which has been charged against the share premium account.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Personnel expenses

Salary costs

| | Group Year to 31 07 07 | Company Year to 31 07 07 | Group 11 months to 31 07 06 | Company 11 months to 31 07 06 |
|--|------------------------------|--------------------------------|-----------------------------------|-------------------------------------|
| | £ | £ | £ | £ |
| Wages and salaries | 599,367 | 143,233 | 78,835 | 78,835 |
| Share based payments | 100,947 | 24,925 | 18,767 | 18,767 |
| Compulsory social security contributions | 49,775 | 8,279 | 1,719 | 1,719 |
| | <u>750,089</u> | <u>176,437</u> | <u>99,321</u> | <u>99,321</u> |

Salary costs of £404,339 (2006 £nil) were capitalised as exploration and evaluation costs during the year

Number of employees

The average number of employees during the year was as follows

| | Group Year to 31 07 07 | Company Year to 31 07,07 | Group 11 months to 31 07 06 | Company 11 months to 31 07,06 |
|----------------------------|------------------------------|--------------------------------|--------------------------------------|-------------------------------------|
| Directors | 7 | 7 | 7 | 7 |
| Administration | 4 | 2 | - | - |
| Exploration and evaluation | 19 | - | - | - |
| | <u>30</u> | <u>9</u> | <u>7</u> | <u>7</u> |

During the year the Group granted share options to key personnel to purchase shares in the entity. The options are exercisable at the market price of the shares at the date of grant and vest immediately.

The number and weighted average exercise prices of share options are as follows

| | Weighted average exercise price 2007 | Number of options 2007 | Weighted average exercise price 2006 | Number of options 2006 |
|--|--|------------------------------|--|------------------------------|
| Outstanding at the beginning of the period | 32p | 100,000 | - | - |
| Granted during the period | 42.5p | 405,000 | 32p | 100,000 |
| Outstanding and exercisable at the end of the period | 40.4p | <u>505,000</u> | 32p | <u>100,000</u> |

The options outstanding at 31 July 2007 have an exercise price in the range of 32p to 42.5p and a weighted average remaining contractual life of 9 years (2006 10 years)

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Personnel expenses (continued)

Share-based payments

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value of share options and assumptions

| | 2007 | 2006 |
|--|----------------|---------------|
| | £ | £ |
| Fair value at measurement date | <u>100,947</u> | <u>18,767</u> |
| Share price | 42.5p | 32p |
| Exercise price | 42.5p | 32p |
| Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model) | 68.5% | 68.5% |
| Option life | 5 | 5 |
| Expected dividends | 0 | 0 |
| Risk-free interest rate (based on national government bonds) | 4.65% | 4.65% |

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There are no service or market conditions associated with the share option grants.

| | 2007 | 2006 |
|--|----------------|---------------|
| | £ | £ |
| Share options granted in 2006 | - | 18,767 |
| Share options granted in 2007 | <u>100,947</u> | - |
| Total expense recognised as employee costs | <u>100,947</u> | <u>18,767</u> |

6 Income tax (credit)/expense

Recognised in the income statement

| | Year to 31 07 07 | 11 months to 31 07 06 |
|---|---------------------|--------------------------|
| | £ | £ |
| Current tax expense | | |
| Current year | - | - |
| Deferred tax (credit)/expense | | |
| Origination and reversal of temporary differences | 182,232 | 18,990 |
| Benefit of tax losses recognised | <u>(229,620)</u> | - |
| Total income tax expense in income statement | <u>(47,388)</u> | <u>18,990</u> |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Income tax (credit)/expense (continued)

Reconciliation of effective tax rate

| | Year to 31 07 07 | 11 months to 31 07 06 |
|--|---------------------|--------------------------|
| | £ | £ |
| Loss before tax | <u>(716,617)</u> | <u>(91,713)</u> |
| Income tax using the domestic corporation tax rate of 30% | (214,985) | (27,514) |
| Effect of tax rates in foreign jurisdictions (rates increased) | (8,028) | 3,218 |
| Capital allowances in excess of depreciation | - | (149) |
| Non-deductible expenses | 81,047 | 6,267 |
| Effect of tax losses carried forward | <u>94,578</u> | <u>37,168</u> |
| | <u>(47,388)</u> | <u>18,990</u> |

7 Loss of parent company

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £585,351 (11 months ended 31 July 2006 £141,962)

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Property, plant and equipment - group

| | Land and buildings £ | Motor vehicles £ | Plant and equipment £ | Fixtures, fittings and equipment £ | Computer equipment £ | Total £ |
|---|----------------------------|------------------------|-----------------------------|---|----------------------------|------------|
| Cost | | | | | | |
| Balance at 1 September 2005 | - | - | - | - | - | - |
| Acquisitions | - | - | - | - | 3,245 | 3,245 |
| Balance at 31 July 2006 | - | - | - | - | 3,245 | 3,245 |
| Balance at 1 August 2006 | - | - | - | - | 3,245 | 3,245 |
| Acquisitions | 242,972 | 71,123 | 1,881,274 | 12,627 | 44,393 | 2,252,389 |
| Effect of movements in foreign exchange | (2,835) | (830) | (21,950) | (147) | (540) | (26,302) |
| Balance at 31 July 2007 | 240,137 | 70,293 | 1,859,324 | 12,480 | 47,098 | 2,229,332 |
| Depreciation and impairment losses | | | | | | |
| Balance at 1 September 2005 | - | - | - | - | - | - |
| Depreciation charge for the period | - | - | - | - | 361 | 361 |
| Balance at 31 July 2006 | - | - | - | - | 361 | 361 |
| Balance at 1 August 2006 | - | - | - | - | 361 | 361 |
| Depreciation charge for the year | 17,059 | 7,556 | 54,064 | 2,468 | 11,819 | 92,966 |
| Effect of movements in foreign exchange | (199) | (88) | (631) | (28) | (135) | (1,081) |
| Balance at 31 July 2007 | 16,860 | 7,468 | 53,433 | 2,440 | 12,045 | 92,246 |
| Carrying amounts | | | | | | |
| At 1 September 2005 | - | - | - | - | - | - |
| At 31 July 2006 | - | - | - | - | 2,884 | 2,884 |
| At 1 August 2006 | - | - | - | - | 2,884 | 2,884 |
| At 31 July 2007 | 223,277 | 62,825 | 1,805,891 | 10,040 | 35,053 | 2,137,086 |

Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements. At the end of each of the leases the Group has the option to purchase the equipment at a beneficial price. At 31 July 2007, the net carrying amount of leased plant and machinery was £746,812 (2006: £nil). The leased equipment secures lease obligations (see note 17).

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Property, plant and equipment - company

| | Computer equipment £ |
|---|----------------------------|
| Cost | |
| Balance at 1 September 2005 | - |
| Acquisitions | <u>1,280</u> |
| Balance at 31 July 2006 | <u>1,280</u> |
| Balance at 1 August 2006 | 1,280 |
| Acquisitions | <u>2,125</u> |
| Balance at 31 July 2007 | <u>3,405</u> |
| Depreciation and impairment losses | |
| Balance at 1 September 2005 | - |
| Depreciation charge for the period | <u>142</u> |
| Balance at 31 July 2006 | <u>142</u> |
| Balance at 1 August 2006 | 142 |
| Depreciation charge for the year | <u>719</u> |
| Balance at 31 July 2007 | <u>861</u> |
| Carrying amounts | |
| At 1 September 2005 | - |
| At 31 July 2006 | <u>1,138</u> |
| At 1 August 2006 | <u>1,138</u> |
| At 31 July 2007 | <u>2,544</u> |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Intangible assets - group

| | Exploration and evaluation costs £ |
|---|--|
| Cost | |
| Balance at 1 September 2005 | 1,096,817 |
| Acquisitions | 1,734,537 |
| Effect of movements in foreign exchange | 62,924 |
| Balance at 31 July 2006 | <u>2,894,278</u> |
| Balance at 1 August 2006 | 2,894,278 |
| Acquisitions | 3,195,472 |
| Effect of movements in foreign exchange | (147,803) |
| Balance at 31 July 2007 | <u>5,941,947</u> |
| Carrying amounts | |
| At 1 September 2005 | <u>1,096,817</u> |
| At 31 July 2006 | <u>2,894,278</u> |
| At 1 August 2006 | <u>2,894,278</u> |
| At 31 July 2007 | <u>5,941,947</u> |

Impairment tests for exploration and evaluation costs

The directors have assessed whether the exploration and evaluation costs have suffered any impairment by considering the probable reserves, resource estimates, future processing capacity, the forward market and longer term price estimates for Copper. The directors do not consider that the exploration and evaluation costs are impaired.

10. Investments - company

| | Investment in subsidiary £ | Loans £ | Total £ |
|-----------------------------|-------------------------------------|-------------------|-------------------|
| Cost | | | |
| Balance at 1 September 2005 | 240,000 | 1,867,389 | 2,107,389 |
| Advances | - | 2,498,957 | 2,498,957 |
| Balance at 31 July 2006 | <u>240,000</u> | <u>4,366,346</u> | <u>4,606,346</u> |
| Balance at 1 August 2006 | 240,000 | 4,366,346 | 4,606,346 |
| Advances | - | 7,690,574 | 7,690,574 |
| Balance at 31 July 2007 | <u>240,000</u> | <u>12,056,920</u> | <u>12,296,920</u> |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Investments – company (continued)

The company has interests in the following material subsidiary undertakings, which are included in the consolidated financial statements

| <i>Name</i> | <i>Class</i> | <i>Holding</i> | <i>Activity</i> | <i>Country of Incorporation</i> |
|--|--------------|-------------------|-----------------|---------------------------------|
| Rambler Mines Limited | Ordinary | 100% | Holding company | England |
| Rambler Metals and Mining Canada Limited | Common | 100% (indirectly) | Exploration | Canada |

The aggregate value of shares in subsidiary undertakings is stated at cost less any amounts provided for as deemed by the directors

The loans to the subsidiary undertakings are interest free

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following

| | Assets | | Liabilities | | Net | |
|---|-----------|-------|-------------|---------|-----------|---------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 |
| | £ | £ | £ | £ | £ | £ |
| Property, plant and equipment | - | - | 148,135 | 81 | 148,135 | 81 |
| Intangible assets | - | - | 147,190 | 117,892 | 147,190 | 117,892 |
| Tax value of loss carry-forwards recognised | (227,166) | (231) | - | - | (227,166) | (231) |
| Net tax (assets) / liabilities | (227,166) | (231) | 295,325 | 117,973 | 68,159 | 117,742 |

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items

| | 2007 | 2006 |
|----------------------------------|---------|--------|
| | £ | £ |
| Deductible temporary differences | (301) | (149) |
| UK tax losses | 121,884 | 27,306 |
| | 121,583 | 27,157 |

The tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11 Deferred tax assets and liabilities (continued)

Movement in temporary differences during the year

| | Balance 1 Sep 05 £ | Recogn- ised in income £ | Exchange difference £ | Balance 31 Jul 06 £ |
|----------------------------------|--------------------------|-----------------------------------|-----------------------------|---------------------------|
| Property, plant and equipment | - | 80 | 1 | 81 |
| Intangible assets | 97,910 | 18,910 | 1,072 | 117,892 |
| Tax value of loss carry-forwards | (228) | - | (3) | (231) |
| | <u>97,682</u> | <u>18,990</u> | <u>1,070</u> | <u>117,742</u> |

| | Balance 1 Aug 06 £ | Recogn- ised in income £ | Exchange difference £ | Balance 31 Jul 07 £ |
|----------------------------------|--------------------------|-----------------------------------|-----------------------------|---------------------------|
| Property, plant and equipment | 81 | 149,804 | (1,750) | 148,135 |
| Intangible assets | 117,892 | 32,428 | (3,130) | 147,190 |
| Tax value of loss carry-forwards | (231) | (229,620) | 2,685 | (227,166) |
| | <u>117,742</u> | <u>(47,388)</u> | <u>(2,195)</u> | <u>68,159</u> |

12 Trade and other receivables

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|--------------------------------|--------------------|----------------------|--------------------|----------------------|
| Other receivables | 5,834 | 5,406 | 10,404 | - |
| Sales taxes recoverable | 172,468 | 30,819 | 70,905 | - |
| Prepayments and accrued income | <u>25,232</u> | <u>25,231</u> | <u>32,181</u> | <u>24,353</u> |
| | <u>203,534</u> | <u>61,456</u> | <u>113,490</u> | <u>24,353</u> |

13 Cash and cash equivalents

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|--|--------------------|----------------------|--------------------|----------------------|
| Bank balances | 6,590,372 | 1,010,995 | 5,499,008 | 2,867,247 |
| Cash and cash equivalents in the statement of cash flows | <u>6,590,372</u> | <u>1,010,995</u> | <u>5,499,008</u> | <u>2,867,247</u> |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Capital and reserves

Reconciliation of movement in capital and reserves - group

Group

| | Share capital £ | Share premium £ | Accumulated losses £ | Translation reserve £ | Merger reserve £ | Total equity £ |
|-------------------------------------|-----------------------|-----------------------|----------------------------|-----------------------------|------------------------|-------------------|
| Balance at 1 September 2005 | 400,300 | 7,164,625 | (128,930) | 169,961 | 120,000 | 7,725,956 |
| Total recognised income and expense | - | - | (110,703) | 21,467 | - | (89,236) |
| Share-based payments | - | - | 18,767 | - | - | 18,767 |
| Balance at 31 July 2006 | 400,300 | 7,164,625 | (220,866) | 191,428 | 120,000 | 7,655,487 |
| Balance at 1 August 2006 | 400,300 | 7,164,625 | (220,866) | 191,428 | 120,000 | 7,655,487 |
| Total recognised income and expense | - | - | (669,229) | (153,821) | - | (823,050) |
| Share-based payments | - | 58,191 | 100,947 | - | - | 159,138 |
| Share issues | 96,700 | 6,629,676 | - | - | - | 6,726,376 |
| Costs of share issues | - | (496,411) | - | - | - | (496,411) |
| Balance at 31 July 2007 | 497,000 | 13,356,081 | (789,148) | 37,607 | 120,000 | 13,221,540 |

Merger reserve

The merger reserve arose from the acquisition of Rambler Mines Limited by Rambler Metals and Mining PLC. This acquisition was accounted for in accordance with the merger accounting principles set out in UK Financial Reporting Standard 6 and Schedule 4(A) of the Companies Act 1985 whereby the consolidated financial statements were presented as if the business previously carried out through Rambler Mines Limited had always been owned and controlled by the Company. The transition provisions of IFRS 1 allow all business combinations prior to 1 September 2005 to continue to be accounted for under the requirements of UK GAAP at that time. Accordingly this acquisition has not been re-stated in accordance with that standard.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of subsidiaries that have a different functional currency from the presentation currency. 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.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Capital and reserves (continued)

Reconciliation of movement in capital and reserves - company

| | Share capital £ | Share premium £ | Retained profits £ | Total £ |
|-----------------------------|-----------------------|-----------------------|--------------------------|------------|
| Balance at 1 September 2005 | 400,300 | 7,164,625 | (27,606) | 7,537,319 |
| Share-based payments | - | - | 18,767 | 18,767 |
| Loss for the period | - | - | (141,962) | (141,962) |
| Balance at 31 July 2006 | 400,300 | 7,164,625 | (150,801) | 7,414,124 |
| Balance at 1 August 2006 | 400,300 | 7,164,625 | (150,801) | 7,414,124 |
| Loss for the year | - | - | (585,351) | (585,351) |
| Share-based payments | - | 58,191 | 100,947 | 159,138 |
| Share issues | 96,700 | 6,629,676 | - | 6,726,376 |
| Costs of share issues | - | (496,411) | - | (496,411) |
| Balance at 31 July 2007 | 497,000 | 13,356,081 | (635,205) | 13,217,876 |

Share capital and share premium – group and company

| | <i>Number</i> |
|---|-------------------|
| In issue at 1 September 2005 and 31 July 2006 | <u>40,030,000</u> |
| In issue at 1 August 2006 | 40,030,000 |
| Issued for cash | <u>9,670,000</u> |
| In issue at 31 July 2007 | <u>49,700,000</u> |

At 31 July 2007, the authorised share capital comprised 1,000,000,000 ordinary shares of 1p each

During the year warrants to subscribe for 320,000 shares at 55p were exercised raising a total of £176,000

During the year ended 31 July 2007 the company received monies to subscribe for 9,350,000 units for Cdn \$1 50 each, raising a total of £6,133,265 net of expenses. Each unit comprises of one ordinary share of 1p and a one half of one Ordinary Share Purchase warrant. Each Ordinary Share purchase warrant entitles the holder to purchase one Ordinary Share at a price of Cdn \$2 00 until 23 May 2009.

At 31 July 2007, 4,675,000 warrants were outstanding

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Capital and reserves (continued)

Share-based payments

The company issued 478,200 compensation options on 23 May 2007 in connection with the raising of finance. Each option gives the holders the right to subscribe for one ordinary share of 1p each for Cdn \$1.50 each. The options are exercisable until 23 May 2008. The fair value of the issue of these options is £58,191. The fair value of services received in return for the compensation options granted is measured by reference to the fair value of the compensation options granted. This measure is used in the absence of information on the fair value of the services provided. The estimate of the fair value of the services received is measured using the Black-Scholes model based on the assumptions detailed in note 5 and a contractual life of the option of 1 year. This has not affected the income statement as the cost has been taken to the share premium account as a cost of issue.

Details of employee share options outstanding are set out in note 5.

15 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 July 2007 was based on the loss attributable to ordinary shareholders of £669,229 and a weighted average number of ordinary shares outstanding during the period ended 31 July 2007 of 41,939,754 calculated as follows:

Loss attributable to ordinary shareholders

| | Year to 31 07 07 | 11 months to 31 07 06 |
|--|---------------------|--------------------------|
| | £ | £ |
| Loss for the period | (669,229) | (110,703) |
| Loss attributable to ordinary shareholders | <u>(669,229)</u> | <u>(110,703)</u> |

Weighted average number of ordinary shares

| | Number |
|--|-------------------|
| At 1 September 2005 | <u>40,030,000</u> |
| At 31 July 2006 | <u>40,030,000</u> |
| At 1 August 2006 | 40,030,000 |
| Effect of shares issued during year | <u>1,909,754</u> |
| Weighted average number of ordinary shares at 31 July 2007 | <u>41,939,754</u> |

There is no difference between the basic and diluted loss per share. At 31 July 2007 there were 505,000 (2006: 100,000) share options, 478,200 (2006: nil) compensation options and 4,675,000 (2006: 320,000) share warrants in issue which may have a dilutive effect on the basic earnings or loss per share in the future.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Trade and other payables

| | Group 2007 £ | Company 2007 £ | Group 2006 £ | Company 2006 £ |
|----------------------------------|--------------------|----------------------|--------------------|----------------------|
| Trade payables | 645,809 | 26,335 | 559,172 | 29,945 |
| Amount due to group undertakings | - | - | - | 20,214 |
| Non trade payables | 24,881 | 781 | 141,273 | - |
| Accrued expenses | 189,743 | 126,923 | 35,986 | 34,801 |
| | <u>860,433</u> | <u>154,039</u> | <u>736,431</u> | <u>84,960</u> |

17 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 18.

| | 2007 £ | 2006 £ |
|--|----------------|-----------|
| Non-current liabilities | | |
| Finance lease liabilities | <u>539,271</u> | - |
| | <u>539,271</u> | - |
| Current liabilities | | |
| Current portion of finance lease liabilities | <u>183,536</u> | - |
| | <u>183,536</u> | - |

Finance lease liabilities

Finance lease liabilities are payable as follows

| | Minimum lease Payments 2007 £ | Interest 2007 £ | Principal 2007 £ | Minimum lease Payments 2006 £ | Interest 2006 £ | Principal 2006 £ |
|----------------------------|---|-----------------------|------------------------|---|-----------------------|------------------------|
| Less than one year | 224,135 | 40,599 | 183,536 | - | - | - |
| Between one and five years | 605,511 | 66,240 | 539,271 | - | - | - |
| | <u>829,646</u> | <u>106,839</u> | <u>722,807</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Under the terms of the lease agreements, no contingent rents are payable

18. Financial instruments

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk and liquidity risk each of which is discussed below. There is no perceived credit risk as the Group has no trade receivables. There were no derivative instruments outstanding at 31 July 2007.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial instruments (continued)

Foreign currency risk

The majority of the Group's expenses are incurred in the Canadian dollar. The Group's principal exchange rate exposure is therefore related to movements between the Canadian Dollar and Sterling. The Group's cash resources are held in Sterling and Canadian Dollars. The Group has a downside exposure to any strengthening of the Canadian Dollar as this would increase expenses in Sterling terms. This risk is mitigated by reviewing the holding of cash balances in Canadian Dollars. Any weakening of the Canadian Dollar would however result in the reduction of the expenses in Sterling terms and preserve the Group's cash resources. In addition, any such movements would affect the Consolidated Balance Sheet when the net assets of the Canadian Subsidiary are translated into Sterling.

The policy in relation to the translation of foreign currency assets and liabilities is set out in note 2, 'Accounting Policies Foreign Currencies' to the consolidated financial statements.

Liquidity risk

To date the Group has relied on shareholder funding to finance its operations. As the Group has finite cash resources and no material income, the liquidity risk is significant and is managed by controls over expenditure.

Interest rate risk

The Group's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Details of the Group's borrowings are described in note 17.

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. Fixed rate financial assets are cash held on fixed term deposit.

At the year end the cash and short term deposits were as follows

| | Fixed rate assets | Floating rate Assets | Total | Average period for which rates are fixed | Average interest rates for fixed rate assets |
|--------------------------|----------------------|----------------------------|------------------|---|--|
| | £ | £ | £ | Months | % |
| At 31 July 2007 | | | | | |
| Sterling | 980,000 | 19,389 | 999,389 | 1 | 4.65 |
| Canadian \$ | - | 5,590,983 | 5,590,983 | - | - |
| | <u>980,000</u> | <u>5,610,372</u> | <u>6,590,372</u> | | |
| At 31 July 2006 | | | | | |
| Sterling | 2,850,071 | 17,176 | 2,867,247 | 1 | 3.94 |
| Canadian \$ | 2,591,989 | 39,772 | 2,631,761 | 10 | 3.85 |
| | <u>5,442,060</u> | <u>56,948</u> | <u>5,499,008</u> | | |
| At 31 August 2005 | | | | | |
| Sterling | 5,460,000 | 27,131 | 5,487,131 | 3 | 4.07 |
| Canadian \$ | 1,405,272 | 13,517 | 1,418,789 | 2 | 2.46 |
| | <u>6,865,272</u> | <u>40,648</u> | <u>6,905,920</u> | | |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18 Financial instruments (continued)

Financial liabilities

At the year end the analysis of finance leases which were all due in Canadian Dollars and are at fixed interest rates was as follows

| | Fixed rate liabilities |
|--------------------------------|---------------------------|
| At 31 July 2007 | |
| | £ |
| Due within one year | 183,536 |
| Due within one to two years | 125,142 |
| Due within two to three years | 162,004 |
| Due within three to four years | 129,979 |
| Due within four to five years | <u>122,146</u> |
| | <u>722,807</u> |

There were no financial liabilities at 31 July 2006 nor at 31 August 2005

The average fixed interest rate for the finance leases outstanding at 31 July 2007 was 6.05%

Fair values

In the directors' opinion there is no material difference between the book value and fair value of any of the group's financial instruments

19 Capital and operating lease commitments

At 31 July 2007, the Group had the following capital commitments

| | 2007 £ | 2006 £ |
|----------------------------------|------------------|-----------|
| In respect of | | |
| Property, plant and equipment | 115,776 | - |
| Exploration and evaluation costs | <u>926,209</u> | <u>-</u> |
| | <u>1,051,985</u> | <u>-</u> |

At 31 July 2007 the company had the following operating lease commitments

| | 2007 £ | 2006 £ |
|----------------------------------|---------------|-----------|
| In respect of land and buildings | | |
| Payable within one year | <u>15,480</u> | <u>-</u> |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20 Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 10) and with its directors and executive officers

Transactions with key management personnel

Directors of the Company and their immediate relatives control 20% per cent of the voting shares of the Company

The directors' compensations were as follows

| | 2007 | 2006 |
|---|---------------|---------------|
| | £ | £ |
| Salary – executive | | |
| S Neamonitis | 17,000 | 20,835 |
| Fees – non-executive | | |
| D H W Dobson | - | (3,333) |
| J M Roberts | 8,000 | 7,333 |
| L D Goodman | 8,000 | 7,333 |
| B F Dalton | 3,267 | 1,283 |
| J A Baker | 3,267 | 1,283 |
| B D Hinchcliffe (includes additional fees of £20,700) | 28,700 | 22,633 |
| | <u>68,234</u> | <u>57,637</u> |

D H W Dobson waived his entitlement to director's fees for the current and preceding periods

In addition to their fees B F Dalton and J A Baker provide consultancy services through Altius Resources Inc ("Altius") (see below for details)

Other key management personnel compensations were as follows

| | 2007 | 2006 |
|----------------------|----------------|----------|
| | £ | £ |
| Salaries | 110,927 | - |
| Share based payments | 74,784 | - |
| | <u>185,711</u> | <u>-</u> |

Transactions with subsidiary undertakings

Details of loans advanced to subsidiary undertakings are included in note 10

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Related parties (continued)

Other related party transactions

Brian Dalton and John Baker, directors of the company are also directors of Altius Resources Inc ("Altius"), a 24% shareholder in the company. According to the terms of a service contract dated 7 March 2005, Altius continues to provide certain services to the company. All costs are recharged to Rambler and Altius receives a 7% management fee on all expenditures. The company has recruited its own team and as a result, this arrangement is now being wound down. The arrangement was entered into as Rambler had limited exploration staff and Altius, being the previous owner of the Rambler property, had personnel with the necessary knowledge and experience to conduct the exploration programs. The Group was invoiced £920,367 for the year ended 31 July 2007 (31 July 2006 £1,814,109) by Altius and at the end of the year, Altius were owed £nil (31 July 2006 £542,230).

The following expenses reimbursements were payable to directors at 31 July 2007

| | |
|---------------|-------------------------------|
| S Neamonitis | £2,940 (31 July 2006 £14,407) |
| B Hinchcliffe | £2,313 (31 July 2006 £1,504) |

Consultancy fees were payable to Altius Mineral Corporation for the year ended 31 July 2007 for the consultancy services of J Baker & B Dalton amounting to £18,700 (31 July 2006 £5,500).

These balances were all accrued at the period end

21 Critical accounting estimates and judgements

The details of the Group's accounting policies are presented in accordance with International Financial Reporting Standards as set out in Note 2 to the financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

Going Concern

The risks associated with going concern are explained in note 1.

Exploration and Evaluation Costs

The Group capitalises exploration and evaluation costs where management estimate that the costs will be recoverable from future copper production. These costs are deferred and will be depleted on a units-of-production basis over proven and probable reserves which should become accessible by the Group. Management's estimate of copper price, recoverability, proven and probable reserves and operating capital are subject to risk and uncertainties affecting the recoverability of the Group's investment in mineral properties. The Group assesses capitalised costs for recoverability on an annual basis or more frequently if changes in circumstances suggest possible impairment. Where information is available and conditions suggest impairment, estimated future net cash flows are calculated using estimated future prices, reserves and operating, capital and reclamation costs on an undiscounted basis. If the net carrying value of the property exceeds the estimated future net cash flows, the property will be written down to fair value.

Share-based payments

The Group calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost. The assumptions used in calculating the cost of share based payments are explained in note 5.

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Explanation of transition to IFRS

As stated in the significant accounting policies, these are the Group's first consolidated financial statements prepared in accordance with IFRS

The significant accounting policies have been applied in preparing the financial statements for the year ended 31 July 2007, the comparative information presented in these financial statements for the eleven months ended 31 July 2006 and in the preparation of an opening IFRS balance sheet at 1 September 2005 (the Group's date of transition)

In preparing its opening IFRS balance sheet, the Group has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to IFRS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables

IFRS1 exemptions

The Group has elected to apply the following exemptions from full retrospective application

- (a) **Business combinations** The Group has chosen not to restate business combinations prior to 1 September 2005 in accordance with IFRS3
- (b) **Fair value or revaluation as deemed cost** The Group has chosen not to restate items of property, plant and equipment to fair value at the transition date

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Explanation of transition to IFRS (continued)

Reconciliation of equity - Group

| | | Effect of | | | Effect of | | |
|--------------------------------------|-------------|------------------|-------------|-----------|--------------|-------------|-----------|
| | | Previous | transition | | Previous | transition | |
| | | GAAP | to IFRS | IFRS | GAAP | to IFRS | IFRS |
| <i>In pounds</i> | <i>Note</i> | 1 September 2005 | | | 31 July 2006 | | |
| Assets | | | | | | | |
| Property, plant and equipment | | - | | | 2,884 | - | 2884 |
| Intangible assets | | 1,096,817 | - | 1,096,817 | 2,894,278 | - | 2,894,278 |
| Total non-current assets | | 1,096,817 | - | 1,096,817 | 2,897,162 | - | 2,897,162 |
| Investments | c | 6,865,272 | (6,865,272) | - | 5,442,060 | (5,442,060) | - |
| Trade and other receivables | | 152,251 | | 152,251 | 113,490 | - | 113,490 |
| Cash and cash equivalents | c | 40,648 | 6,865,272 | 6,905,920 | 56,948 | 5,442,060 | 5,499,008 |
| Total current assets | | 7,058,171 | - | 7,058,171 | 5,612,498 | - | 5,612,498 |
| Total assets | | 8,154,988 | - | 8,154,988 | 8,509,660 | - | 8,509,660 |
| Equity | | | | | | | |
| Issued capital | | 400,300 | - | 400,300 | 400,300 | - | 400,300 |
| Share premium | | 7,164,625 | - | 7,164,625 | 7,164,625 | - | 7,164,625 |
| Merger reserve | | 120,000 | - | 120,000 | 120,000 | - | 120,000 |
| Translation reserve | a | - | 169,961 | 169,961 | - | 191,428 | 191,428 |
| Retained earnings | a,b | 138,713 | (267,643) | (128,930) | 88,304 | (309,170) | (220,866) |
| Total equity | | 7,823,638 | (97,682) | 7,725,956 | 7,773,229 | (117,742) | 7,655,487 |
| Liabilities | | | | | | | |
| Deferred tax liabilities | b | - | 97,682 | 97,682 | - | 117,742 | 117,742 |
| Total non-current liabilities | | | 97,682 | 97,682 | | 117,742 | 117,742 |
| Trade and other payables | | 331,350 | - | 331,350 | 736,431 | - | 736,431 |
| Total current liabilities | | 331,350 | - | 331,350 | 736,431 | - | 736,431 |
| Total liabilities | | 331,350 | 97,682 | 429,032 | 736,431 | 117,742 | 854,173 |
| Total equity and liabilities | | 8,154,988 | - | 8,154,988 | 8,509,660 | - | 8,509,660 |

- (a) Translation differences arising from the translation of investments in overseas subsidiaries have been transferred to a separate reserve

The effect is to increase the *translation reserve* by £169,961 at 1 September 2005 and to reduce the *retained profits* at 1 September 2005 by £169,961 and by £191,428 at 31 July 2006

- (b) A deferred tax liability has been recognised in respect of temporary differences arising in respect of exploration and evaluation costs included at fair value on acquisition

The effect is to increase the *deferred tax provision* by £97,682 at 1 September 2005 and £117,742 at 31 July 2006 and to reduce the *retained profits* at 1 September 2005 by £97,682 and to increase the loss for the year ended 31 July 2006 by £18,990

- (c) Certain deposits disclosed under investments under UK GAAP have been reclassified as cash at bank and in hand under IFRS

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Explanation of transition to IFRS (continued)

Reconciliation of equity (continued)

- d) The Group applied IFRS 2 to its share-based payment arrangements that had not vested at 1 September 2005. The Group has granted equity-settled share-based payments in 2006 and 2007.

The Group has accounted for equity-settled share-based payments for the first time in these financial statements.

The effect of accounting for equity-settled share-based payment transactions at fair value is to increase *administrative expenses* by £18,767 for the eleven months ended 31 July 2006. The adoption of IFRS 2 is equity-neutral for equity-settled transactions.

- (e) The effect of the above adjustments on retained earnings is as follows:

| | Note | 1 September 2005 £ | 31 July 2006 £ |
|---|------|--------------------------|----------------------|
| Reclassification of translation reserve | a | (169,961) | (191,428) |
| Deferred tax | b | (97,682) | (117,742) |
| Total adjustment to retained earnings | | <u>(267,643)</u> | <u>(309,170)</u> |

Reconciliation of equity - Company

| In pounds | Note | Effect of Previous transition GAAP to IFRS 1 September 2005 | | | Effect of Previous transition GAAP to IFRS 31 July 2006 | | |
|-------------------------------------|------|--|-------------|-----------|--|-------------|-----------|
| | | | | IFRS | | | IFRS |
| Assets | | | | | | | |
| Property, plant and equipment | | - | - | - | 1,138 | - | 1,138 |
| Investments | | 2,107,389 | - | 2,107,389 | 4,606,346 | - | 4,606,346 |
| Total non-current assets | | 2,107,389 | - | 2,107,389 | 4,607,484 | - | 4,607,484 |
| Investments | c | 5,460,000 | (5,460,000) | - | 2,850,071 | (2,850,071) | - |
| Trade and other receivables | | 63,872 | | 63,872 | 24,353 | - | 24,353 |
| Cash and cash equivalents | c | 23,376 | 5,460,000 | 5,483,376 | 17,176 | 2,850,071 | 2,867,247 |
| Total current assets | | 5,547,248 | - | 5,547,248 | 2,891,600 | - | 2,891,600 |
| Total assets | | 7,654,637 | - | 7,654,637 | 7,499,084 | - | 7,499,084 |
| Equity | | | | | | | |
| Issued capital | | 400,300 | - | 400,300 | 400,300 | - | 400,300 |
| Share premium | | 7,164,625 | - | 7,164,625 | 7,164,625 | - | 7,164,625 |
| Retained earnings | | (27,606) | - | (27,606) | (150,801) | - | (150,801) |
| Total equity | | 7,537,319 | - | 7,537,319 | 7,414,124 | - | 7,414,124 |
| Liabilities | | | | | | | |
| Trade and other payables | | 117,318 | - | 117,318 | 84,960 | - | 84,960 |
| Total current liabilities | | 117,318 | - | 117,318 | 84,960 | - | 84,960 |
| Total liabilities | | 117,318 | - | 117,318 | 84,960 | - | 84,960 |
| Total equity and liabilities | | 7,654,637 | - | 7,654,637 | 7,499,094 | - | 7,499,084 |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Explanation of transition to IFRS (continued)

Reconciliation of equity (continued)

Reconciliation of profit for 2006 - Group

| | Note | Previous GAAP £ | Effect of transition to IFRSs £ | IFRSs £ |
|---|------|-----------------------|--|------------|
| Revenue | | - | - | - |
| Cost of sales | | - | - | - |
| Gross profit | | - | - | - |
| Administrative expenses | d | (272,545) | (18,767) | (291,312) |
| Operating profit before financing costs | | (272,545) | (18,767) | (291,312) |
| Financial income | | 199,599 | - | 199,599 |
| Net financing costs | | 199,599 | - | 199,599 |
| Loss before tax | | (72,946) | (18,767) | (91,713) |
| Income tax expense | b | - | 18,990 | 18,990 |
| Profit for the period | | (72,946) | (37,757) | (110,703) |

Reconciliation of profit for 2006 - Company

| | Note | Previous GAAP £ | Effect of transition to IFRSs £ | IFRSs £ |
|---|------|-----------------------|--|------------|
| Revenue | | - | - | - |
| Cost of sales | | - | - | - |
| Gross profit | | - | - | - |
| Administrative expenses | d | (246,024) | (18,767) | (264,791) |
| Operating profit before financing costs | | (246,024) | (18,767) | (264,791) |
| Financial income | | 122,828 | - | 122,828 |
| Net financing costs | | 122,828 | - | 122,828 |
| Loss before tax | | (123,196) | (18,767) | (141,963) |
| Income tax expense | | - | - | - |
| Profit for the period | | (123,196) | (18,767) | (141,963) |

RAMBLER METALS AND MINING PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22 Explanation of transition to IFRS (continued)

Explanation of material adjustments to the cash flow statement for 2006

Group

Bank deposits of £5,442,060 that form an integral part of the Group's cash management were classified as financing cash flows under UK GAAP and are reclassified as cash and cash equivalents under IFRS. There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.

Company

Bank deposits of £2,850,071 that form an integral part of the Company's cash management were classified as financing cash flows under UK GAAP and are reclassified as cash and cash equivalents under IFRS. There are no other material differences between the cash flow statement presented under IFRS and the cash flow statement presented under UK GAAP.