

REGISTERED NUMBER: 05101822 (ENGLAND AND WALES)

REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2008 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 2008**

**Directors:** D H W Dobson  
G Ogilvie (appointed 3 March 2008)  
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 2008**

We are pleased to report the results for the year ended 31 July 2008.

Our parent Company was incorporated as Fortress Metals and Mining plc on 14 April 2004 and 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**

#### **Exploration Drilling**

Surface exploration drilling activity came to an end during the year with a total of 8,858 metres drilled compared to 17,052 metres drilled for the same period in 2007. The surface drills left the site in March 2008 at the end of a 10,000 metre contract. By November 2007 the first underground diamond drill was operational and it drilled 15,851 metres while a second underground diamond drill was mobilized in July 2008 and drilled 614 metres in financial year 2008. In total 25,323 combined surface and underground metres were drilled in financial year compared to 17,052 metres for the same period in 2007. Our successful exploration programme continues to intersect mineralization with a new Gold Zone being discovered while extensions to existing ore zones continue.

#### **NI43-101 Resource**

In June 2008 the Group released its first NI43-101 compliant resource for the Rambler property. In summary the resource estimated 13.1 MT of ore grading 1.77% Cu, 0.37 g/t Au and 2.64 g/t Ag based on cut off grades of 1% Cu for the massive sulphides and 1.25% Cu for the lower footwall zone using an NSR Model with US\$2.70 lb/Cu and US\$650/oz gold. This equates to 232,674 tonnes of contained Cu, 155,956 oz of contained Au and 1,113,573 oz of contained Ag.

#### **Mine Dewatering**

Dewatering activities started on 16 June 2007 and finished on 1 July 2008 with a total of 245 million US gallons pumped out of the mine. The ground conditions are good requiring virtually no rehabilitation work and as the water level receded, air, water and electrical infrastructure was installed into the mine to support further exploration activities and in advance of mine development.

#### **Pre-Production Development**

With the dewatering of the mine finishing in July 2008, the Group began developing out to the 1807 zone. The development is intended to provide exploration platforms to allow the expansion of the known resource of this zone which currently stands at 373,000 tonnes grading 4.3% Cu, 1.9g/t Au and 6.88 g/t Ag. These exploration platforms will later be used for production purposes.

#### **Initiated Scoping & Pre-Feasibility Studies**

On 1 September 2007 a contract was entered into with SRK Consulting, Toronto to conduct a scoping study for the mine. The scoping study was completed in April 2008 and, in summary, it concluded that 4,000 metric tonnes per day with a mine life in excess of 10 years was economically viable and feasible. In June 2008 the Group announced it would be advancing the project to a pre-feasibility level with the report expected late in the first calendar quarter of 2009.

#### **Increased headcount and investment in expertise to expedite re-opening activities**

The Group has made a number of further key operational appointments during the last year. The key positions filled included a human resource administrator, a mine planner and a financial controller. Shortly after year end, a general manager was also appointed bringing the total headcount as of 31 July 2008 to 42 people.

# RAMBLER METALS AND MINING PLC

## CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

### Financial Highlights

The Consolidated loss after taxation of the Group in respect of the year ended 31 July 2008 amounted to £734,805 (a loss per share of 1.4p) versus a loss of £669,229 for the year ended 31 July 2007 (a loss per share of 1.6p)

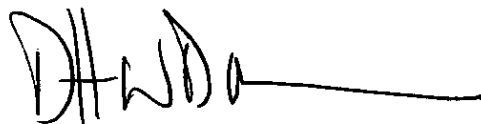
The Group's only source of income during the period was bank interest which amounted to £185,607.

The net assets of the Group amounted to £18,732,601 as at the end of the year. This includes intangible assets amounting to £12,125,573. Intangible assets consist of accumulated deferred exploration expenditures in the copper and gold property in Newfoundland and Labrador. The Group's policy is to capitalise these costs pending determination of the feasibility of the project.

On 23 May 2008 the parent Company completed a private placement to raise £5.8 million before expenses. The Directors have approved a plan that will necessitate a further financing to be carried out before 31 July 2009.

The Group has 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 Group for the progress which has been made during the year and I am optimistic that the 2009 fiscal year will see further encouraging developments.

DHW Dobson  
Chairman



21 October 2008

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008

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 2008 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 21 October 2008, is intended to supplement and complement our audited consolidated financial statements and notes thereto for the year ended 31 July 2008 prepared in accordance with IFRS. The presentation currency 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-** exploration drilling activity continued with a total of 6,347 metres drilled in the fourth quarter compared to 4,355 metres drilled in the same period in 2007. During fiscal 2008 a total of 25,323 metres was drilled compared to 17,052 metres for the same period in 2007. In March 2008, surface drills left the property on completion of a 10,000 metre drill contract and underground workings had been sufficiently dewatered to permit most of the drilling to take place from underground. The underground drilling has been taking place on 50 metre centres which will firstly move areas within the existing NI43-101 resource from the inferred category to an indicated category, secondly new additional resources will also be added. The Group is aiming to release an update to its NI43-101 compliant resource during Q1 of 2009. The exploration drilling program has also encountered a new high grade gold zone that is not currently in the published NI43-101. Further time and resources will be dedicated on these high grade gold and massive sulphide zones as the Group believes this represents a significant way to maximize the project economic returns and minimize exposures to potentially weaker commodity prices.
- **Mine Dewatering-** at 31 July 2008, 245 million US gallons of water had been pumped out of the mine with the water level receding to the 2600 Level. The mine was officially dewatered on 1 July 2008. Before starting the dewatering process, the Group estimated there was 200 million US gallons of water in the mine and the surrounding watershed and that the dewatering process would be complete by 31 March 2008. The 200 million US gallon milestone was reached on 28 March 2008, however, the watershed proved to be a larger than anticipated and consequently more water has been pumped than originally planned. This has not hindered the project however as the underground diamond drilling has still been able to continue. The ground conditions remain good while very little rehabilitation work has been required.
- With the conclusion of the mine dewatering in July 2008 the Group embarked upon a pre-production development phase focusing on high grade resources that could be mined during an initial start up and early production years. The main focus has been on the 1807 zone with pre-production development headings being driven out to the top and bottom of the known ore resource to see if the zone extends both up-plunge and down-plunge. Increased resources in these zones would further improve the project economics.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

#### OUR BUSINESS & OPERATIONS REVIEW (CONTINUED)

- On 30 April 2008 the Group released its first published NI43-101 Resource Estimate with the accompanying full technical report completed on 16 June 2008. The resource revealed measured:
  - Measured: 484,000 tonnes of ore @ 2.98% Cu, 2.28 g/t Au, 9.6 g/t Ag
  - Indicated: 9,576,000 tonnes of ore @ 1.78% Cu, 0.2 g/t Au, 1.75 g/t Ag
  - Inferred: 3,077,000 tonnes of ore @ 1.57% Cu, 0.58 g/t Au, 4.29 g/t Ag
  - Total: 13,137,000 tonnes of ore @ 1.77% Cu, 0.37 g/t Au, 2.64 g/t Ag

The orebody remains open at depth and on all sides.

- Scoping and Pre-feasibility Studies- on 1 September 2007, a contract was entered with SRK Consulting, Toronto to conduct a scoping study for the mine. The scoping study was completed in April 2008 using a non NI43-101 compliant resource estimate. The scoping study revealed that the mineralized zones were large enough to substantiate a 4,000 metric tonnes per day mine with a mine life in excess of 10 years. This information will now be further refined as the Group moves the project in pre-feasibility while utilizing the recently published NI43-101 resource estimate.
- Headcount – personnel in the fourth quarter of 2008 increased by 7 to 42 employees and the Group met its objectives of hiring key employees to continue the project to progress against plan and within budget.

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.

#### 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. The Group's financial statements have been prepared in accordance with IFRS.

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

### SELECTED FINANCIAL INFORMATION (CONTINUED)

Selected Annual Financial Information All amounts in £, except shares and per share figures	12 months ended 31 July 2008	12 months ended 31 July 2007	11 months ended 31 August 2006
Revenue	-	-	-
Administrative Expenses	948,769	861,114	291,312
Bank Interest Receivable	185,607	148,793	199,599
Net loss	(734,805)	(669,229)	(110,703)
Per share (basic and diluted)	(1.4p)	(1.6p)	(0.3p)
Cash Flow used for operating activities	(909,509)	(638,246)	(279,862)
Cash Flow used for investing activities	(5,886,095)	(4,748,642)	(1,090,040)
Cash Flow from financing activities	5,248,651	6,241,769	-
Net (decrease) increase in cash	(1,546,953)	854,881	(1,369,902)
Cash & Cash Equivalents at end of period	5,107,509	6,590,372	5,499,008
Total Assets	20,043,834	14,872,939	8,509,660
Total Liabilities	1,311,233	1,651,399	854,173
Working Capital	4,440,031	5,749,937	4,876,067
Weighted average number of shares outstanding	51,516,712	41,939,754	40,030,000

### Review of years ending 31 July 2008 and 31 July 2007

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 2008 of £734,805 which is an increase of £65,576 from the year ending 31 July 2007. The loss per share reduced to 1.4p from 1.6p between years due to the dilutive effect of shares issued during the year. Losses were higher as administrative expenses increased £87,655 to £948,769. Staff costs were the primary driver for this change increasing £940,498 to £1,690,587 of which £387,778 was treated as a revenue expense and £1,302,809 was capitalised as it related directly to the Group's ongoing exploration and mine development activities. Interest income was £36,814 higher at £185,607 as a result of higher cash balances.

Cash flows used for operating activities increased by £271,263 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 £1,137,453 to £5,886,095 primarily as a result of the ongoing exploration programme, mine dewatering and development activities. Cash flows from financing activities were £5,248,651 following a private placement.

Total assets include accumulated deferred exploration expenditures which increased £6,183,626 to £12,125,573. This increase was substantially funded from cash deposits.



## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

#### SELECTED FINANCIAL INFORMATION (CONTINUED)

##### Review of the quarter ending 31 July 2008

Compared to the third quarter:

- Administrative expenses were broadly unchanged at £236,526 compared with £238,876.
- Cash and Cash equivalents decreased £1,908,361 to £5,107,509 reflecting an increase in intangible assets of £1,291,567 to £12,125,573 as the Group continued to invest in exploration and property, plant and equipment used to support mine rehabilitation activity increased £105,151 to £2,621,367.

#### SUMMARY OF QUARTERLY RESULTS

As only the quarterly financial statements for the quarter ending 31 October 2006 were prepared by the Group prior to the parent Company becoming a reporting issuer in the provinces of British Columbia and Alberta, the Group 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)

	4 <sup>th</sup> Quarter	3rd Quarter	2nd Quarter	1st Quarter
<u>Fiscal 2008</u>				
Revenue	-	-	-	-
Net Loss	(131,375)	(229,757)	(238,377)	(135,296)
Loss per share basic & diluted (in pence)	(0.23)	(0.45)	(0.48)	(0.27)
<u>Fiscal 2007</u>				
Revenue	-	-	-	-
Net Loss	(87,557)	(191,441)	(339,517)	(50,714)
Loss per share basic & diluted (in pence)	(0.14)	(0.48)	(0.85)	(0.13)

Net losses for the first three quarters of 2007 are stated in accordance with UK GAAP which is consistent with the loss reported under IFRS.

Starting in the second quarter of Fiscal 2007, increasing administrative expenses associated with mine rehabilitation activities started driving up losses generally. One-off costs associated with pursuing a secondary listing for the shares of the parent Company and completing a fund raising were also key factors behind the increase in net losses for the second and third quarters of Fiscal 2007. Options were also granted during the second quarters of Fiscal 2007 and 2008 resulting in a share based payment expense. The reduction in losses for the fourth quarter of 2008 is due to a deferred tax credit of £70,303.

#### OUTLOOK

The Group continues to:

- Drill off the footwall zone with holes on 50 metre centres so that a NI43-101 compliant report update can be published in Q1 of 2009. Once the entire footwall has been drilled off on 50 metre centres, providing an indicated resource, in-fill drilling on 25 metre centres will follow to move the indicated resource up into the measured category.
- Continue to pursue an exploration programme on the 1807 Zone, Gold zone, Ming Massive Sulphide and unexplored areas on the property. A TITAN 24 geophysics survey was also completed shortly before year end and provided additional near surface targets which will be investigated further during the next year.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

#### OUTLOOK (CONTINUED)

- Progress with underground mining, mill and environmental pre-feasibility studies. In preparation for mining the Group will be acquiring further plant and equipment to support mine rehabilitation and pre-production activities.

#### 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, short terms deposits and Canadian Government Treasury Bills (expressed in British Pounds) were as follows:

At 31 July 2008 Currency	Fixed Rate Assets	Floating Rate Assets	Total
British Pound	1,200,000	98,387	1,298,387
Canadian Dollars	3,176,010	633,112	3,809,122
Total	4,376,010	731,499	5,107,509

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 2008, the Group had outstanding obligations, including interest, relating to leases of £591,037.

The Group utilised £909,509 (2007: £638,246) to finance operating cash flows during the year. This material increase was primarily a result of increased operating losses on higher costs discussed above.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

#### LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION (CONTINUED)

Cash outflows from investing activities increased to £5,886,095 (2007: £4,748,642) as a result of an increase in evaluation and exploration activities.

Cash inflows from financing activities were £5,248,651 (2007: £6,241,769) following a private placement in Q2 which raised £5.8 million.

Interest received increased in line with higher cash balances on deposit during the last quarter of the year. Average interest rates were 5.02% and 2.36% on British Pound and Canadian Dollar deposits respectively. (2007: 4.15%, 3.47%)

Cash and cash equivalents at the end of the period were £5,107,509 of which 62% was invested in Canadian Government Treasury Bills. Management believes that the Group has sufficient flexibility to manage expenditure to fund operations for the next 12 months.

At 20 October 2008, the Group has £3.5 million in cash and cash equivalents with the proportion invested in Canadian Government Treasury Bills remaining consistent with year end.

#### Commitments

As at 31 July 2008 capital commitments included:

All commitments in Canadian Dollars		\$
10,000 metre drill programme		512,000
Company house for staff		60,000
TOTAL		572,000

#### 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, credit risk and liquidity risk. With effect from July 2007, the Group has held the majority of its cash resources in Canadian Dollars given that the majority of the Group's outgoings are denominated in this currency. Starting in January 2008, the Directors and management started taking an increasingly cautious approach to treasury management by investing surplus funds in Canadian Government Treasury Bills. Management reviews holdings and investments in these Treasury Bills on a quarterly basis and, as far as possible, aligns funds becoming available with operating cash requirements of the business. The directors are of the opinion that the Group has taken a very risk averse approach to management of cash resources and is closely monitoring events and associated risks on a continuous basis. There were no derivative instruments outstanding at 31 July 2008.

#### Related Party Transactions

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

A total of £266,889 (2007: £68,234) was paid to key management personnel during the year. The Group was invoiced £8,379 in the year ended 31 July 2008 (2007: £920,367) by Altius under a service agreement that was terminated during the year.

The following expenses reimbursements were payable to directors at 31 July 2008:

S Neamonitis	£1,073 (31 July 2007: £2,940)
B Hinchcliffe	£1,312 (31 July 2007: £1,312)

## **RAMBLER METALS AND MINING PLC**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)**

The following consultancy fees were payable at 31 July 2008:  
Altius Mineral Corporation for the consultancy services of  
J Baker & B Dalton £4,400 (31 July 2007: £18,700)

These balances were all accrued at the period end.

#### **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 and management are currently evaluating a number of alternative ways of financing the project through to the production stage. These include various forms of debt financing, working in partnership with larger mining groups, evaluating closer collaboration with smelters and as a last resort, equity financing. Despite the turmoil in the world financial system, the directors remain confident that the necessary finance can be successfully raised before 31 July 2009 and have therefore concluded that the Group is a going concern.

##### **Impairment Assessment of Exploration Properties**

The Directors have assessed whether the exploration and evaluation costs have suffered any impairment by considering resource estimates, future processing capacity, the forward market and longer term price estimates for Copper. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's exploration and evaluation costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets.

##### **Stock Based Compensation**

In the 2008 fiscal year, 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.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

#### CHANGES IN ACCOUNTING POLICIES

The Group adopted the amendments in IAS1 – Presentation of Financial Statements and IFRS7 – Financial Instruments – Disclosures during the period.

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 2008:

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
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	Finance costs directly related to non-current assets will be capitalised	1 January 2009	1 August 2009
IFRS 3/IAS 27 revised	Business combinations/ consolidated and separate financial statements	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009
IFRS 2 amendment	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRIC 16	Hedges of a net investment in a foreign operation	No change to accounting policy, therefore, no impact	1 October 2008	1 August 2009

Management have reviewed the impact of the above standards and have concluded that they will not result in any material changes to reported results.

IFRIC's 12 to 15 have been issued but in the opinion of the Directors are not relevant to the operations of the Group.

#### OUTSTANDING SHARE DATA

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

Ordinary Shares	59,385,000
Warrants	4,675,000
Compensation options	478,200
Options	1,270,000
Total	65,808,200

#### Further information

Additional information relating to the Group is on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Group's web site at [www.ramblermines.com](http://www.ramblermines.com).

## **RAMBLER METALS AND MINING PLC**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2008 (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 2008 (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 2008 (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 2008 (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 2008**

The Directors present their report with the audited financial statements of the Group for the year ended 31 July 2008.

### **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 parent 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 during the coming year and progressing underground mining development, securing mill capacity and environmental pre-feasibility studies. 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 2008.

### **DIRECTORS**

The Directors during the period under review were:

J A Baker  
B F Dalton  
D H W Dobson  
S Neamonitis  
G Ogilvie (appointed 3 March 2008)  
J M Roberts  
L D Goodman  
B Hinchcliffe

### **POLICY ON PAYMENT OF CREDITORS**

It is the Group's and Company'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 2008 was 24 days (2007: 40 days). The Company's average creditor payment period at 31 July 2008 was 16 days (2007: 40 days).

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

During the year, the Group made charitable donations of £2,942 (2007: £1,485) to various charities in the Baie Verte area.

# RAMBLER METALS AND MINING PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2008 (CONTINUED)

### SUBSTANTIAL SHARE INTERESTS

At 20 October 2008 the parent Company was aware of the following substantial share interests:

	Number of Ordinary Shares	% of Share Capital
CDS & Co	12,575,422	22.30%
Altius Resources Inc.	12,000,000	20.21%
Zila Corporation	6,499,999	10.95%
HSBC Global Custody Nominee (UK) Limited	3,091,500	5.21%
Chase Nominees Limited	2,885,000	4.86%
Nortrust Nominees Limited	2,867,000	4.83%
The Bank of New York (Nominees) Limited	2,223,400	3.74%
Roy Nominees Limited	2,057,000	3.46%
Vidacos Nominees Limited	2,008,701	3.38%

### 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, credit risk and liquidity risk each of which is discussed in note 18 to the Financial Statements. There were no derivative instruments outstanding at 31 July 2008.

### 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 Group'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 Group's auditors are aware of that information.

### AUDITORS

The auditors, PKF (UK) LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

  
L. Little  
Company Secretary  
21 October 2008

## **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, as required by the AIM Rules of the London Stock Exchange, prepared the group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and have also elected to prepare the company financial statements in accordance with those standards. The financial statements are required to give a true and fair view of the state of affairs of the company and the group and of the 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 2008**

In formulating the Group'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 June 2006 (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 seven non-executive Directors. D H W Dobson is the senior non-executive director and G Ogilvie is the Group's President and 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 no less than quarterly 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 budgets and business plans, items of 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 Board meetings, the executive Director, the interim Chief Financial Officer and some of the non-executive directors 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 Group's expense in the furtherance of his duties.

The Audit Committee 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 meets at least once a year and is responsible for making decisions on directors' remuneration packages is chaired by L Goodman. 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 Group'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 2008 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 Report of the Directors includes that specific information presented in the Management's Discussion and Analysis that is cross referenced from the business review section of the Report of the Directors.

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 Report of the Directors, 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 2008 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 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors 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 2008 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 financing 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 financing 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  
21 October 2008

## 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 2008 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 2008 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  
21 October 2008



# RAMBLER METALS AND MINING PLC

## CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 July 2008

	Note	2008 £	2007 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(948,769)	(861,114)
Operating loss	4	(948,769)	(861,114)
Bank interest receivable		185,607	148,793
Finance costs		(41,946)	(4,296)
Net financing income		143,661	144,497
Loss before tax		(805,108)	(716,617)
Income tax credit	6	(70,303)	(47,388)
Loss for the period		(734,805)	(669,229)

### Loss per share

	Note	2008 £	2007 £
Basic and diluted loss per share (p)	15	(1.4p)	(1.6p)

## RAMBLER METALS AND MINING PLC

### CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the Year Ended 31 July 2008

	2008 £	2007 £
Foreign exchange translation differences	706,947	(153,821)
Loss for the period	(734,805)	(669,229)
Total recognised income and expense for the period	<u>(27,858)</u>	<u>(823,050)</u>

### COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the Year Ended 31 July 2008

	2008 £	2007 £
Loss for the period	(503,182)	(585,351)
Total recognised income and expense for the period	<u>(503,182)</u>	<u>(585,351)</u>

# RAMBLER METALS AND MINING PLC

## BALANCE SHEETS

As at 31 July 2008

	Note	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
<b>Assets</b>					
Property, plant and equipment	8	2,621,367	1,410	2,137,086	2,544
Intangible assets	9	12,125,573	-	5,941,947	-
Investments	10	-	16,904,669	-	12,296,920
<b>Total non-current assets</b>		<b>14,746,940</b>	<b>16,906,079</b>	<b>8,079,033</b>	<b>12,299,464</b>
Trade and other receivables	12	189,385	36,111	203,534	61,456
Cash and cash equivalents	13	5,107,509	1,310,153	6,590,372	1,010,995
<b>Total current assets</b>		<b>5,296,894</b>	<b>1,346,264</b>	<b>6,793,906</b>	<b>1,072,451</b>
<b>Total assets</b>		<b>20,043,834</b>	<b>18,252,343</b>	<b>14,872,939</b>	<b>13,371,915</b>
<b>Equity</b>					
Issued capital		593,850	593,850	497,000	497,000
Share premium		18,699,659	18,699,659	13,356,081	13,356,081
Reserves		864,554	-	157,607	-
Retained earnings		(1,425,462)	(1,136,526)	(789,148)	(635,205)
<b>Total equity</b>	14	<b>18,732,601</b>	<b>18,156,983</b>	<b>13,221,540</b>	<b>13,217,876</b>
<b>Liabilities</b>					
Interest-bearing loans and borrowings	17	454,370	-	539,271	-
Deferred tax liabilities	11	-	-	68,159	-
<b>Total non-current liabilities</b>		<b>454,370</b>	<b>-</b>	<b>607,430</b>	<b>-</b>
Interest-bearing loans and borrowings	17	136,667	-	183,536	-
Trade and other payables	16	720,196	95,360	860,433	154,039
<b>Total current liabilities</b>		<b>856,863</b>	<b>95,360</b>	<b>1,043,969</b>	<b>154,039</b>
<b>Total liabilities</b>		<b>1,311,233</b>	<b>95,360</b>	<b>1,651,399</b>	<b>154,039</b>
<b>Total equity and liabilities</b>		<b>20,043,834</b>	<b>18,252,343</b>	<b>14,872,939</b>	<b>13,371,915</b>

ON BEHALF OF THE BOARD:



Director

Approved and authorised for issue by the Board on 21 October 2008

# RAMBLER METALS AND MINING PLC

## STATEMENTS OF CASH FLOWS

For the Year Ended 31 July 2008

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
<b>Cash flows from operating activities</b>				
Operating loss	(948,769)	(557,731)	(861,114)	(679,195)
Depreciation	6,135	1,134	3,187	719
Share based payments	98,491	1,861	100,947	100,947
Decrease/(increase) in debtors	13,218	24,414	(109,229)	(37,970)
(Decrease)/increase in creditors	(36,638)	(58,680)	232,259	69,079
Cash utilised in operations	(867,563)	(589,002)	(633,950)	(546,420)
Interest paid	(41,946)	-	(4,296)	-
<b>Net cash from operating activities</b>	<b>(909,509)</b>	<b>(589,002)</b>	<b>(638,246)</b>	<b>(546,420)</b>
<b>Cash flows from investing activities</b>				
Interest received	186,538	55,481	167,978	94,711
Balance paid for acquisition of Rambler Metals & Mining (Canada) Limited	-	-	(138,797)	-
Investment in subsidiaries	-	(4,607,749)	-	(7,690,574)
Acquisition of evaluation and exploration assets	(4,934,892)	-	(3,346,470)	-
Acquisition of property, plant and equipment	(1,137,741)	-	(1,431,353)	(2,125)
<b>Net cash from investing activities</b>	<b>(5,886,095)</b>	<b>(4,552,268)</b>	<b>(4,748,642)</b>	<b>(7,597,988)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital	5,806,625	5,806,625	6,726,376	6,726,376
Payment of transaction costs	(366,197)	(366,197)	(438,220)	(438,220)
Capital element of finance lease payments	(191,777)	-	(46,387)	-
<b>Net cash from financing activities</b>	<b>5,248,651</b>	<b>5,440,428</b>	<b>6,241,769</b>	<b>6,288,156</b>
Net (decrease)/increase in cash and cash equivalents	(1,546,953)	299,158	854,881	(1,856,252)
Cash and cash equivalents at beginning of period	6,590,372	1,010,995	5,499,008	2,867,247
Effect of exchange rate fluctuations on cash held	64,090	-	236,483	-
<b>Cash and cash equivalents at end of period</b>	<b>5,107,509</b>	<b>1,310,153</b>	<b>6,590,372</b>	<b>1,010,995</b>

# 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 and management are currently evaluating a number of alternative ways for financing the project through to the production stage. These include various forms of debt financing, working in partnership with larger mining groups, evaluating closer collaboration with smelters and as a last resort, equity financing. Despite the recent turmoil in the world financial system, the directors remain confident that the necessary finance can be successfully raised before 31 July 2009 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 2008 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 their interpretations adopted by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with IFRS and their interpretations adopted by the IASB. They have also been prepared with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

The Group adopted the amendments in IAS1 – Presentation of Financial Statements and IFRS7 – Financial Instruments – Disclosures during the period. The application of IFRS 7 and IAS 1 (Amendment) in the year ended 31 July 2008 have not affected the balance sheets or consolidated income statement as the standards are concerned with disclosure only. 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 2008:

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
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	Finance costs directly related to exploration assets will be capitalised	1 January 2009	1 August 2009
IFRS 3/IAS 27 revised	Business combinations/ consolidated and separate financial statements	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009
IFRS 2 amendment	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRIC 16	Hedges of a net investment in a foreign operation	No change to accounting policy, therefore, no impact	1 October 2008	1 August 2009

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (a) Statement of compliance (continued)

Management have reviewed the impact of the above standards and have concluded that they will not result in any material changes to reported results.

IFRIC's 12 to 15 have been issued but in the opinion of the directors are not relevant to the operations of the Group.

#### (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.

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 to the functional currency 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 the functional currency 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 the functional currency 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	5 to 10 years
• plant and equipment	2 to 5 years
• motor vehicles	3 years
• computer equipment	3 years
• fixtures, fittings and equipment	3 years

The estimated useful lives of the assets are considered annually and restated as required.

#### (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.

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 (j)).

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.



# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (g) Investments

Investments are stated at their cost less impairment losses (see accounting policy j).

#### (h) Trade and other receivables

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

#### (i) 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.

#### (j) 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(j)(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)

#### **(k) 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.

#### **(l) Trade and other payables**

Trade and other payables are stated at amortised cost.

#### **(m) 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.

#### **(n) 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)

#### (o) 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.

### 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 (2007: £nil).

	2008	2007
	£	£
Total assets		
Canada	18,696,160	13,797,156
UK	1,347,674	1,075,783
Total	<u>20,043,834</u>	<u>14,872,939</u>

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Segment reporting (continued)

	2008 £	2007 £
Capital expenditure on deferred exploration and evaluation costs		
Canada	5,638,837	3,195,472
UK	-	-
Total	<u>5,638,837</u>	<u>3,195,472</u>
Capital expenditure on property, plant and equipment		
Canada	1,072,786	2,252,389
UK	-	-
Total	<u>1,072,786</u>	<u>2,252,389</u>
Result for the year		
Canada	(231,624)	(83,878)
UK	(503,181)	(585,351)
Total	<u>(734,805)</u>	<u>(669,229)</u>

### 4. Operating loss

The operating loss is after charging/(crediting):

	2008 £	2007 £
Depreciation – owned assets	6,135	3,187
Directors' emoluments (see note 20)	98,422	68,234
<b>Auditors' remuneration:</b>		
Audit of these financial statements	29,201	26,703
Fees payable to the auditor for other services:		
Audit of accounts of associates of the Company pursuant to legislation	3,000	2,750
Other services pursuant to legislation	-	21,430
Other services related to tax	42,675	12,165
Other services relating to corporate finance	2,000	38,486
Other services	2,900	3,900
Operating lease rentals	42,833	29,848
Foreign exchange differences	94	(15,992)

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 £nil (2007: £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 2008	Company 2008	Group 2007	Company 2007
	£	£	£	£
Wages and salaries	1,482,703	148,400	599,367	143,233
Share based payments	98,491	1,861	100,947	100,947
Compulsory social security contributions	109,393	12,468	49,775	8,279
	<u>1,690,587</u>	<u>162,729</u>	<u>750,089</u>	<u>252,459</u>

Salary costs of £1,302,809 (2007: £404,339) 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 2008	Company 2008	Group 2007	Company 2007
Directors	7	7	7	7
Administration	3	2	4	2
Exploration and evaluation	36	-	19	-
	<u>46</u>	<u>9</u>	<u>30</u>	<u>9</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 2008	Number of options 2008	Weighted average exercise price 2007	Number of options 2007
Outstanding at the beginning of the period	40.4p	505,000	32p	100,000
Granted during the period	52.9p	<u>765,000</u>	42.5p	<u>405,000</u>
Outstanding and exercisable at the end of the period	47.9p	<u>1,270,000</u>	40.4p	<u>505,000</u>

The options outstanding at 31 July 2008 have an exercise price in the range of 32p to 55p and a weighted average remaining contractual life of 8 years (2007: 9 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

	2008	2007
	£	£
<b>Fair value at measurement date</b>	<b>98,491</b>	<b>100,947</b>
Share price (weighted average)	47.9p	42.5p
Exercise price (weighted average)	47.9p	42.5p
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	63.2%	68.5%
Expected option life	5	5
Expected dividends	0	0
Risk-free interest rate (based on national government bonds)	4.30%	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.

	2008	2007
	£	£
Share options granted in 2007	-	100,947
Share options granted in 2008	98,491	-
<b>Total expense recognised as employee costs</b>	<b>98,491</b>	<b>100,947</b>

### 6. Income tax credit

#### Recognised in the income statement

	2008	2007
	£	£
<b>Current tax expense</b>		
Current year	-	-
Deferred tax credit		
Origination and reversal of temporary differences	210,094	182,232
Benefit of tax losses recognised	(270,589)	(229,620)
Effect of change in tax rates	(9,808)	-
<b>Total income tax credit in income statement</b>	<b>(70,303)</b>	<b>(47,388)</b>

## RAMBLER METALS AND MINING PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Income tax credit (continued)

##### Reconciliation of effective tax rate

	2008	2007
	£	£
Loss before tax	<u>(805,108)</u>	<u>(716,617)</u>
Income tax using the domestic corporation tax rate of 29.33% (2007: 30%)	(236,139)	(214,985)
Effect of tax rates in foreign jurisdictions (rates increased)	(6,731)	(8,028)
Non-deductible expenses	32,126	81,047
Effect of tax losses carried forward	146,402	94,578
Overprovision in previous years	<u>(5,961)</u>	<u>-</u>
	<u>(70,303)</u>	<u>(47,388)</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 £503,182 (2007: £585,351).

# 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 £
<b>Cost</b>						
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
Balance at 1 August 2007	240,137	70,293	1,859,324	12,480	47,098	2,229,332
Acquisitions	211,916	20,588	763,624	4,617	72,041	1,072,786
Effect of movements in foreign exchange	22,482	5,235	145,579	960	5,177	179,433
Balance at 31 July 2008	474,535	96,116	2,768,527	18,057	124,316	3,481,551
<b>Depreciation and impairment losses</b>						
Balance at 1 August 2006	-	-	-	-	361	361
Depreciation charge for the period	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
Balance at 1 August 2007	16,860	7,468	53,433	2,440	12,045	92,246
Depreciation charge for the year	104,504	14,356	592,750	4,667	21,791	738,068
Effect of movements in foreign exchange	4,489	951	22,723	310	1,397	29,870
Balance at 31 July 2008	125,853	22,775	668,906	7,417	35,233	860,184
<b>Carrying amounts</b>						
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
At 1 August 2007	223,277	62,825	1,805,891	10,040	35,053	2,137,086
At 31 July 2008	348,682	73,341	2,099,621	10,640	89,083	2,621,367

#### Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements. At the end of each lease the Group has the option to purchase the equipment at a beneficial price. At 31 July 2008, the net carrying amount of leased plant and machinery was £507,976 (2007: £746,812). 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 August 2006	1,280
Acquisitions	2,125
Balance at 31 July 2007	<u>3,405</u>
Balance at 1 August 2007	3,405
Acquisitions	-
Balance at 31 July 2008	<u>3,405</u>
Depreciation and impairment losses	
Balance at 1 August 2006	142
Depreciation charge for the period	719
Balance at 31 July 2007	<u>861</u>
Balance at 1 August 2007	861
Depreciation charge for the year	1,134
Balance at 31 July 2008	<u>1,995</u>
Carrying amounts	
At 1 August 2006	<u>1,138</u>
At 31 July 2007	<u>2,544</u>
At 1 August 2007	<u>2,544</u>
At 31 July 2008	<u>1,410</u>

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Intangible assets - group

	Exploration and evaluation Costs £
<b>Cost</b>	
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>
Balance at 1 August 2007	5,941,947
Acquisitions	5,638,837
Effect of movements in foreign exchange	544,789
Balance at 31 July 2008	<u>12,125,573</u>
<b>Carrying amounts</b>	
At 1 August 2006	<u>2,894,278</u>
At 31 July 2007	<u>5,941,947</u>
At 1 August 2007	<u>5,941,947</u>
At 31 July 2008	<u>12,125,573</u>

### Impairment tests for exploration and evaluation costs

The directors have assessed whether the exploration and evaluation costs have suffered any impairment by considering 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 £
<b>Cost</b>			
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>
Balance at 1 August 2007	240,000	12,056,920	12,296,920
Advances	-	4,607,749	4,607,749
Balance at 31 July 2008	<u>240,000</u>	<u>16,664,669</u>	<u>16,904,669</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 impairment as deemed necessary 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	
	2008	2007	2008	2007	2008	2007
	£	£	£	£	£	£
Property, plant and equipment	-	-	44,910	71,539	44,910	71,539
Intangible assets	-	-	375,537	147,190	375,537	147,190
Tax value of loss carry-forwards recognised	(420,447)	(150,570)	-	-	(420,447)	(150,570)
Net tax (assets) / liabilities	(420,447)	(150,570)	420,447	218,729	-	68,159

#### Unrecognised deferred tax assets

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

	2008	2007
	£	£
Deductible temporary differences	(74)	(301)
UK tax losses	246,174	121,884
Canadian tax losses	3,897	-
	<u>249,997</u>	<u>121,583</u>

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 Aug 06 £	Recogn- ised in income £	Effect of change in tax rate £	Exchange difference £	Balance 31 Jul 07 £
Property, plant and equipment	81	72,304	-	(846)	71,539
Intangible assets	117,892	32,428	-	(3,130)	147,190
Tax value of loss carry-forwards	(231)	(152,120)	-	1,781	(150,570)
	<u>117,742</u>	<u>(47,388)</u>	<u>-</u>	<u>(2,195)</u>	<u>68,159</u>

	Balance 1 Aug 07 £	Recogn- ised in income £	Effect of change in tax rate £	Exchange difference £	Balance 31 Jul 08 £
Property, plant and equipment	71,539	(20,976)	(9,316)	3,663	44,910
Intangible assets	147,190	231,070	(19,167)	16,444	375,537
Tax value of loss carry-forwards	(150,570)	(270,589)	18,675	(17,963)	(420,447)
	<u>68,159</u>	<u>(60,495)</u>	<u>(9,808)</u>	<u>2,144</u>	<u>-</u>

### 12. Trade and other receivables

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Other receivables	46,694	12,579	5,834	5,406
Sales taxes recoverable	110,146	8,197	172,468	30,819
Prepayments and accrued income	32,545	15,335	25,232	25,231
	<u>189,385</u>	<u>36,111</u>	<u>203,534</u>	<u>61,456</u>

### 13. Cash and cash equivalents

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Canadian Government Treasury Bills	3,176,010	-	-	-
Bank balances	1,931,499	1,310,153	6,590,372	1,010,995
Cash and cash equivalents in the statement of cash flows	<u>5,107,509</u>	<u>1,310,153</u>	<u>6,590,372</u>	<u>1,010,995</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 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
	-	(496,411)	-	-	-	(496,411)
Balance at 31 July 2007	497,000	13,356,081	(789,148)	37,607	120,000	13,221,540
Balance at 1 August 2007	497,000	13,356,081	(789,148)	37,607	120,000	13,221,540
Total recognised income and expense	-	-	(734,805)	706,947	-	(27,858)
Share-based payments	-	-	98,491	-	-	98,491
Share issues	96,850	5,709,775	-	-	-	5,806,625
Costs of share issues	-	(366,197)	-	-	-	(366,197)
Balance at 31 July 2008	593,850	18,699,659	(1,425,462)	744,554	120,000	18,732,601

#### 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 of disposal of the operation.

# 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 £	Accumulated losses £	Total £
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
Cost of share issues	-	(496,411)	-	(496,411)
Balance at 31 July 2007	497,000	13,356,081	(635,205)	13,217,876
Balance at 1 August 2007	497,000	13,356,081	(635,205)	13,217,876
Loss for the year	-	-	(503,182)	(503,182)
Share-based payments	-	-	1,861	1,861
Share issues	96,850	5,709,775	-	5,806,625
Costs of share issues	-	(366,197)	-	(366,197)
Balance at 31 July 2008	593,850	18,699,659	(1,136,526)	18,156,983

#### Share capital and share premium – group and company

	Number
In issue at 1 August 2006	40,030,000
Issued for cash	9,670,000
In issue at 31 July 2007	49,700,000
In issue at 1 August 2007	49,700,000
Issued for cash	9,685,000
In issue at 31 July 2008	59,385,000

At 31 July 2008, the authorised share capital comprised 1,000,000,000 ordinary shares of 1p each.

On 21 March 2008 the company received monies to subscribe for 25,000 shares for 42.5p each, raising £10,625 as the result of the exercise of an option.

On 23 May 2008 the company received monies to subscribe for 9,660,000 shares for 60p each, raising a total of £5,429,803 net of expenses.

At 31 July 2008, 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)

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of the shareholders. Given the nature of the Group's current activities the entity will remain dependent on a mixture of debt and equity funding in the short to medium term until such a time as the Group becomes self-financing from the commercial production of mineral resources.

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

### 15. Loss per share

#### Basic loss per share

The calculation of basic loss per share at 31 July 2008 was based on the loss attributable to ordinary shareholders of £734,805 and a weighted average number of ordinary shares outstanding during the period ended 31 July 2008 of 51,516,712 calculated as follows:

#### Loss attributable to ordinary shareholders

	2008	2007
	£	£
Loss for the period	(734,805)	(669,229)
Loss attributable to ordinary shareholders	<u>(734,805)</u>	<u>(669,229)</u>

#### Weighted average number of ordinary shares

	Number
At 1 August 2006	40,030,000
Effect of shares issued during the year	<u>1,909,754</u>
At 31 July 2007	<u>41,939,754</u>
At 1 August 2007	49,700,000
Effect of shares issued during year	<u>1,816,712</u>
Weighted average number of ordinary shares at 31 July 2008	<u>51,516,712</u>

There is no difference between the basic and diluted loss per share. At 31 July 2008 there were 1,270,000 (2007: 505,000) share options, 478,200 (2007: 478,200) compensation options and 4,675,000 (2007: 4,675,000) 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 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Trade payables	516,165	23,317	645,809	26,335
Non trade payables	67,498	27,417	24,881	781
Accrued expenses	136,533	44,626	189,743	126,923
	<u>720,196</u>	<u>95,360</u>	<u>860,433</u>	<u>154,039</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.

	2008 £	2007 £
Non-current liabilities		
Finance lease liabilities	454,370	539,271
	<u>454,370</u>	<u>539,271</u>
Current liabilities		
Current portion of finance lease liabilities	136,667	183,536
	<u>136,667</u>	<u>183,536</u>

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease Payments 2008 £			Minimum lease Payments 2007 £		
	Interest 2008 £	Principal 2008 £		Interest 2007 £	Principal 2007 £	
Less than one year	167,170	30,503	136,667	224,135	40,599	183,536
Between one and five years	494,536	40,166	454,370	605,511	66,240	539,271
	<u>661,706</u>	<u>70,669</u>	<u>591,037</u>	<u>829,646</u>	<u>106,839</u>	<u>722,807</u>

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

### 18. Financial risk management

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, credit risk and liquidity risk each of which is discussed below. There were no derivative instruments outstanding at 31 July 2008.

The classes of financial instruments are the same as the line items included on the face of the balance sheet and have been analysed in more detail in the notes to the accounts. All the group's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.



# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Financial risk management (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(d), 'Accounting Policies Foreign Currencies' to the consolidated financial statements.

As a result of the Group's main assets and its subsidiary being held in Canada which has a functional currency different to the presentational currency, the Group's balance sheet can be affected significantly by movements in the GB pound to the Canadian Dollar. The Group does not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with the Canadian subsidiary's assets and liabilities as the foreign currency gains or losses are recorded in the translation reserve.

Foreign currency risk sensitivity analysis showing a 10% weakening/strengthening of the Canadian Dollar against GB pounds with all other variable held constant:

	Equity	
	2008	2007
	£	£
10% weakening of Canadian Dollar	(1,589,116)	(1,118,164)
10% strengthening of Canadian Dollar	<u>1,748,249</u>	<u>1,229,980</u>

#### Liquidity risk

To date the Group has mainly relied on shareholder funding to finance its operations. As the Group has finite cash resources, no material income and the given the current turmoil in the world financial system, the liquidity risk is significant and is managed by controls over expenditure and cash resources. The liabilities of the parent company are due within one year. The parent company has adequate financial resources to meet the obligations existing at 31 July 2008.

#### Credit risk

With effect from July 2007, the Group has held the majority of its cash resources in Canadian Dollars given that the majority of the Group's outgoings are denominated in this currency. In January 2008, the directors and management started taking an increasingly cautious approach to treasury management by investing surplus funds in Canadian Government Treasury Bills. Management reviews holdings and investments in these Treasury Bills on a quarterly basis and, as far as possible, aligns funds becoming available with operating cash requirements of the business. As at 31 July 2008, 62% of the Group's cash resources were invested in Treasury Bills. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and closely monitors events and associated risks on a continuous basis. There is little perceived credit risk in respect of trade and other receivables (see note 12). The Group's maximum exposure to credit risk at 31 July 2008 was represented by receivables and cash resources.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Financial risk management (continued)

#### 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.

If the interest rate on deposits were to fluctuate by 1% there would be no material effect on the Group's reported result.

#### Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues will be derived based on contracts with customers at prices that will be determined by reference to market prices of copper at the delivery date.

#### 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	%
<b>At 31 July 2008</b>					
Sterling	1,200,000	98,387	1,298,387	1	5.02
Canadian \$	3,176,010	633,112	3,809,122	1	2.36
	<u>4,376,010</u>	<u>731,499</u>	<u>5,107,509</u>		
<b>At 31 July 2007</b>					
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>		
<b>At 31 July 2006</b>					
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>		

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Financial risk management (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

	2008	2007
	£	£
Due within one year	136,667	183,536
Due within one to two years	175,923	125,142
Due within two to three years	148,366	162,004
Due within three to four years	130,081	129,979
Due within four to five years	-	122,146
	<u>591,037</u>	<u>722,807</u>

The average fixed interest rate for the finance leases outstanding at 31 July 2008 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 2008, the Group had the following capital commitments:

	2008	2007
	£	£
In respect of:		
Property, plant and equipment	29,591	115,776
Exploration and evaluation costs	252,512	926,209
	<u>282,103</u>	<u>1,041,985</u>

At 31 July 2008 the company had the following operating lease commitments:

	2008	2007
	£	£
In respect of land and buildings		
Payable within one year	<u>16,260</u>	<u>15,480</u>

### 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.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Related parties (continued)

#### 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:

	2008	2007
	£	£
Salary – executive		
G Ogilvie (director from 3 March 2008)	42,022	-
S Neamonitis (became non-executive on 3 March 2008)	17,600	17,000
Fees – non-executive		
D H W Dobson	-	-
J M Roberts	8,000	8,000
L D Goodman	8,000	8,000
B F Dalton	1,400	3,267
J A Baker	1,400	3,267
B D Hinchcliffe (includes additional fees of £12,000 (2007: £20,700))	20,000	28,700
	<u>98,422</u>	<u>68,234</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).

Total key management personnel compensations were as follows:

	2008	2007
	£	£
Salaries	212,703	110,927
Share based payments	54,186	74,784
	<u>266,889</u>	<u>185,711</u>

#### Transactions with subsidiary undertakings

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

#### Other related party transactions

Brian Dalton and John Baker, directors of the company are also directors of Altius Resources Inc ("Altius"), a 20% shareholder in the company. The Group was invoiced £8,379 for the year ended 31 July 2008 (31 July 2007: £920,367) by Altius under a service agreement that was terminated during the year.

The following expenses reimbursements were payable to directors at 31 July 2008:

S Neamonitis	£1,073 (31 July 2007: £2,940)
B Hinchcliffe	£1,313 (31 July 2007: £2,313)

Consultancy fees were payable to Altius Mineral Corporation for the year ended 31 July 2008 for the consultancy services of J Baker & B Dalton amounting to £13,200 (31 July 2007: £18,700). These balances were all accrued at the period end.

## RAMBLER METALS AND MINING PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### **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 directors have assessed whether the exploration and evaluation costs have suffered any impairment by considering resource estimates, future processing capacity, the forward market and longer term price estimates for Copper. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's exploration and evaluation costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets.

#### **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.