

REGISTERED NUMBER: 05101822 (ENGLAND AND WALES)

REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2009 FOR  
RAMBLER METALS AND MINING PLC

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# RAMBLER METALS AND MINING PLC

## CONTENTS OF THE FINANCIAL STATEMENTS

	Page
Company Information	1
Chairman's Statement	2
Management's Discussion and Analysis	3
Report of the Directors	18
Statement of Directors' responsibilities	20
Corporate Governance	21
Independent Auditors' reports	22
Consolidated income statement	25
Consolidated statement of recognised income and expenses	26
Company statement of recognised income and expenses	26
Consolidated balance sheet	27
Company balance sheet	27
Consolidated statement of cash flows	28
Company statement of cash flows	28
Notes to the financial statements	29

# RAMBLER METALS AND MINING PLC

## COMPANY INFORMATION

FOR THE YEAR ENDED 31 JULY 2009

Directors: D H W Dobson  
G Ogilvie  
B Hinchcliffe  
S Neamonitis  
B F Dalton  
J A Baker  
L D Goodman  
J M Roberts  
J S Thomson (appointed 20 October 2008)

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 2009

We are pleased to report the results for the year ended 31 July 2009.

The principal activity of the Group is the development and exploration of the Rambler copper and gold property located on Newfoundland and Labrador's Baie Verte Peninsula.

The parent Company's Ordinary Shares were admitted to 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".

### OPERATIONAL HIGHLIGHTS

Key achievements during the year include:

- Underground development to provide platforms for exploration drilling as well as provide access for pre-production.
- Completion of a Titan geophysical survey producing positive results.
- The release of an updated NI 43-101 compliant resource estimated with combined measured and indicated resources equivalent to 80,823 tonnes of contained copper, 161,335 ounces of contained gold and 922,107 ounces of contained silver.
- Completion of an underground engineering study incorporating a mine plan, schedule and capital programme for the first seven years of the mine. This study formed the basis for the preparation of a business plan for the Group.

### FINANCIAL HIGHLIGHTS

The Consolidated loss after taxation of the Group in respect of the year ended 31 July 2009 amounted to £1,073,929 (a loss per share of 1.8p) versus a loss of £734,805 for the year ended 31 July 2008 (a loss per share of 1.4p)

The Group's only source of income during the period was bank interest which amounted to £43,137.

The net assets of the Group amounted to £20,241,608 as at the end of the year. This includes intangible assets amounting to £17,611,282. 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 as intangibles until the feasibility of the project is determined

On 29 September 2009, the Group announced the conditional placement of 27,500,000 Ordinary Shares at 20 pence each to raise approximately £5.5 million before expenses. The net proceeds of this fundraising has been used to fund the acquisition of the Nugget Pond Mill, associated engineering and ongoing working capital requirements. Subsequently, on 20 October 2009, during an Extraordinary General Meeting, the shareholders granted authority to the directors to issue up to 59,385,000 Ordinary Shares in order to allow the directors to (i) issue up to 27,500,000 Ordinary Shares for the private placement; and (ii) provide the directors with the flexibility to seek further finance. This financing will be adequate to carry the Group for the forthcoming 12 months.

Management has been successful in meeting key milestones and is well positioned to continue moving the project forward. 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 2010 fiscal year will see further encouraging developments.

DHW Dobson  
Chairman  
27 October 2009



# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009

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 2009 and the related notes thereto. These consolidated statements 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.

This MD&A, which has been prepared as of 27 October 2009, is intended to supplement and complement our audited consolidated financial statements and notes thereto for the year ended 31 July 2009 prepared in accordance with IFRS. The presentation currency is British Pounds.

### OUR BUSINESS & OPERATIONS REVIEW

The principal activity of the Group is the development and exploration of the Rambler copper and gold property located on Newfoundland and Labrador's Baie Verte Peninsula.

The parent Company's Ordinary Shares were admitted to 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".

Operational highlights include:

- The start of a pre-production development phase focusing on high grade resources that could be mined during an initial start up and early production years. A total of 531 metres of development was carried out during the period (2008: nil). The main focus was on the 1807 zone with development headings being driven out to the top and bottom of the known ore resource to establish if the zone extends both up-plunge and down-plunge.
- Cost Reduction Programme - on 7 January 2009, operations at the Ming Mine were scaled back in order to preserve working capital. As a result, all underground drilling and pre-development work was suspended and headcount was reduced from 41 employees to 23.
- Exploration Drilling - drilling continued with only one crew until 7 January 2009. During fiscal year 2009 a total of 5,642 metres was drilled (2008: 25,323 metres). During the first quarter, the manpower resource associated with drilling was reduced to one crew in order to preserve cash. Primary drilling was carried out on the newly discovered 1806 Zone.
- Positive results from a Titan geophysical survey completed over the Rambler Property during July and August, 2008 were received with 77 separate anomalies of varying significance being identified on the nine survey profiles. These results will narrow the Group's focus and benefit future exploration drilling plans.
- Metallurgical testing on the 1807 Zone was completed and included the following highlights:
  - The copper concentrate grade averaged 29.1%.
  - The average copper recovery was 92.4% with a range between 88.4% and 97%.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

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

- A defined precious metal recovery of 67.5% gold and 52.5% silver within the copper concentrate. Further metallurgical testing is planned to optimize the recovery of precious metals including any "free gold".
- Batch floatation residence time was between 15 and 20 minutes for each stage.
- The optimum reagent scheme was un-complex and common for base metal concentrators. All deleterious materials including zinc, lead, arsenic, bismuth and mercury were below maximum allowable values for a typical copper concentrate.
- Test results will allow for the design of a process concentrator that will optimize the recovery of copper and rejection of zinc.
- Standard waste management systems will be employed to assure environmental compliance.
- On 26 February 2009 the Company released an updated NI 43-101 Resource Estimate which showed:
  - Measured Resources: 1,151,000 tonnes of ore @ 2.14% copper, 2.40 g/t gold, 14.11 g/t silver, 0.78% Zinc
  - Indicated Resources: 2,500,000 tonnes of ore @ 2.25% copper, 0.9 g/t gold, 4.97 g/t silver, 0.21% Zinc
  - Inferred Resources: 1,498,000 tonnes of ore @ 1.72% copper, 2.05 g/t gold, 9.36 g/t silver, 0.63% Zinc
  - Total Resources (measured and indicated): 3,651,000 tonnes of ore @ 2.21% copper, 1.37 g/t gold, 7.86 g/t silver, 0.39% Zinc

This resource update was concluded using adjusted commodity price assumptions that better reflect the reality of the mining environment today i.e. US\$1.92 lb copper, US\$800 oz gold and US\$10 oz silver. Importantly the resource update increased in the higher grade gold rich massive sulphides when compared to the first resource estimate, which was issued in April 2008. This development improves the company's initial mining plan which targets areas of higher grade mineralization until commodity prices improve allowing the Company to then bulk mine the footwall deposit.

On 8 April 2009 the Company filed the NI 43-101 Technical Report.

- Underground Engineering Study - in May 2009 the Company's Underground Engineering was completed by CSI Mining and Engineering Inc. This study incorporates a mine plan and schedule, a capital program including recommended equipment and cost estimates for the first seven years of the mine where a high grade, low tonnage scenario is envisaged. This study formed the basis for the Business Plan and Economic Analysis to be used in any future fund raising by the Company.
- Headcount - personnel at the end of the fiscal year was 23 employees (2008: 45). This decrease was the result of the Cost Reduction Programme implemented in January 2009.

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

### SELECTED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the Group's consolidated financial statements.

Selected Annual Financial Information All amounts in £, except shares and per share figures	12 months ended 31 July 2009	12 months ended 31 July 2008	12 months ended 31 July 2007
Revenue	-	-	-
Administrative Expenses	1,088,439	948,769	861,114
Bank Interest Receivable	43,137	185,607	148,793
Net loss	(1,073,929)	(734,805)	(669,229)
Per share (basic and diluted)	(1.8p)	(1.4p)	(1.6p)
Cash Flow used for operating activities	(875,143)	(909,509)	(638,246)
Cash Flow used for investing activities	(3,365,319)	(5,886,095)	(4,748,642)
Cash Flow (used for)/provided from financing activities	(65,127)	5,248,651	6,241,769
Net (decrease) increase in cash	(4,305,589)	(1,546,953)	854,881
Cash & Cash Equivalents at end of period	1,168,727	5,107,509	6,590,372
Total Assets	21,111,161	20,043,834	14,872,939
Total Liabilities	869,553	1,311,233	1,651,399
Working Capital	835,740	4,440,031	5,749,937
Weighted average number of shares outstanding	59,385,000	51,516,712	41,939,754

### Review of years ending 31 July 2009 and 31 July 2008

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

The Group reported a net loss for the year ended 31 July 2009 of £1,073,929 which is an increase of £339,124 from the year ending 31 July 2008. As a consequence the loss per share increased to 1.8p from 1.4p. Losses were higher as administrative expenses increased £139,670 to £1,088,439. Administrative staff costs increased £181,728 to £627,281. These costs included the addition of two senior management positions in the first quarter of 2009, the General Manager and Financial Controller and an increase in share based payment charges of £36,476. Legal and professional fees reduced by £95,763 compared to fiscal 2008 due to one-off legal fees associated with investigating if the Company could take advantage of 'flow-through' financing rules in Canada and depreciation charges increased by £53,254 due to an increase in the value of fixed assets. Interest income was £142,470 lower at £43,137 as a result of lower cash balances and reductions in interest rates.

Cash flows used for operating activities reduced slightly by £34,366 to £875,143 also as a result of reduced level of cash operating losses. Cash flows used for investing activities decreased by £2,520,776 to £3,365,319 as a result of the cost reduction programme which resulted in the suspension of underground drilling and pre-development work. Cash flows (used for)/provided by financing activities decreased by £5,313,778 to £65,127 due to a placing during the quarter ended 30 April 2008.

Total assets which include accumulated deferred exploration expenditures which increased £1,067,327 to £21,111,161. This increase was funded from cash deposits.

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

### SELECTED FINANCIAL INFORMATION (CONTINUED)

#### Review of the quarter ending 31 July 2009 compared to the quarter ended 31 July 2008:

Selected Quarterly Financial Information All amounts in £, except shares and per share figures	3 months ended 31 July 2009	3 months ended 31 July 2008
Revenue	-	-
Administrative Expenses	253,335	236,526
Bank Interest Receivable	286	40,910
Net (loss)	(255,360)	(133,674)
Loss per share in pence (basic and diluted)	(0.43p)	(0.20p)
Cash Flow (used) for operating activities	(143,873)	(248,240)
Cash Flow (used) for investing activities	(473,114)	(1,445,842)
Cash Flow (used) for financing activities	(7,488)	(70,099)
Net (decrease) in cash	(624,475)	(1,764,181)

- Administrative expenses increased slightly by £16,909 to £253,335 mainly as a result of an increased share based payment charge of £13,953 arising from the grant of additional share options in November 2008.
- The Group recorded a loss of £255,360 for the quarter ended 31 July 2009, an increase of £121,686. Losses were higher mainly as a result of a reduction in deferred tax credits of £64,210 and bank deposit interest of £40,624.
- Cash flow used for operating activities reduced by £104,367 to £143,873 as a result of reduced cash operating losses and trade payables.
- Cash flow used for investing activities reduced by £972,728 as a result of the cost reduction programme reducing expenditure on evaluation and exploration by £670,259 and on related property, plant and equipment by £342,747.
- Cash flow used for financing activities reduced by £62,611 as a result of reduced finance lease repayments.
- Cash and Cash equivalents decreased £624,475 during the quarter, a reduction of £1,139,706 reflecting the suspension of underground drilling and pre-development work.

#### Compared to the third quarter 2009:

- Administrative expenses reduced slightly by £13,819 to £253,335.
- Cash and Cash equivalents decreased £652,920 to £1,168,727 reflecting an increase in intangible assets of £663,929 to £17,611,282 as the Group continued to invest in exploration activity during the quarter.



# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

### SELECTED FINANCIAL INFORMATION (CONTINUED)

#### SUMMARY OF QUARTERLY RESULTS

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

	4 <sup>th</sup> Quarter	3rd Quarter	2nd Quarter	1st Quarter
<u>Fiscal 2009</u>				
Revenue	-	-	-	-
Net loss	(255,360)	(273,148)	(332,879)	(212,542)
Loss per share basic & diluted (in pence)	(0.43)	(0.45)	(0.56)	(0.36)
<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)

In the second quarter of Fiscal 2008 administrative expenses increased as a result of a share based payment charge associated with the grant of share options. The reduction in losses for the fourth quarter of 2008 is due to a deferred tax credit of £70,303 and the increase in losses in the second quarter of 2009 is due to a reduction in bank interest received and an increase in administrative salaries together with the issue of additional share options. Losses for the third and fourth quarters of 2009 started to reduce as a result of a cost reduction programme implemented by the Company.

#### OUTLOOK

In the near future management expects to:

- Complete the detailed engineering and retrofit of the Nugget Pond mill, located 40 km from the Ming Mine to process base metal sulphides from the Mine.
- Prepare and submit documentation for Environmental approval.
- Finalise plans to resume exploration, pre-production development and construction and to bring the mine into production during fiscal 2011.

#### 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. 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.

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.

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

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

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 may 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.

Exchange rate fluctuations may adversely affect the Group's financial position and results. The following table details the Group's sensitivity to a 10% strengthening and weakening in the Canadian Dollar against the GB Pound. 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	2009	2008
	£	£
10% weakening of Canadian Dollar	(2,029,441)	(1,589,116)
10% strengthening of Canadian Dollar	2,254,933	1,748,249

#### 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. As at 31 July 2009, 81% of the Group's cash resources were invested in short term deposit. 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. The Group's maximum exposure to credit risk at 31 July 2009 was represented by receivables and cash resources.

#### 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.

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

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

At 31 July 2009	Fixed Rate	Floating	Total
Currency	Assets	Rate Assets	
British Pound	-	22,746	22,746
Canadian Dollars	951,171	194,810	1,145,981
Total	951,171	217,556	1,168,727

At 31 July 2008	Fixed Rate	Floating	Total
Currency	Assets	Rate Assets	
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

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

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

At 31 July 2009, the Group had outstanding obligations, including interest, relating to bank loans and leases of £586,790.

The Group utilised £875,143 (2008: £909,509) to finance operating cash flows during the year.

Cash flows used by investing activities decreased by £2,520,776 to £3,365,319 primarily as a result of the cost reduction programme which resulted in the suspension of underground drilling and pre-development work.

Cash flows (used for) provided by financing activities decreased by £5,313,778 to £65,127 due to a placing during the quarter ended 30 April 2008.

Interest received reduced in line with lower cash balances on deposit during the last quarter of the year. Average interest rates were 0.35% and 0.84% on British Pound and Canadian Dollar deposits respectively. (2008: 5.02%, 2.36%)

Management believes that the Group has sufficient flexibility to manage expenditure to fund operations for the next 12 months.

At 27 October 2009, the Group has £3.8 million in cash and cash equivalents [with the proportion invested in short term deposits remaining consistent with year end].

#### SUBSEQUENT EVENTS

On 9 September 2009, the company signed a sale and purchase agreement to acquire the Nugget Pond mill for Can\$ 3.5 million.

On 21 September 2009, the company signed a confidentiality agreement with Tenacity Gold Mining Company Ltd to evaluate the potential of developing the Deer Cove deposit. The deposit is located on the Baie Verte Peninsula of Newfoundland, just 50 kilometres from the Nugget Pond mill.

On 21 September 2009, the company announced it has entered into an option agreement with Seaside Realty Ltd (Seaside) to earn up to a 50% undivided interest in the Corkscrew/Big Bear Property, also located on the Baie Verte Peninsula. As outlined in the agreement Rambler will assume project management of the property for two years. During which time Rambler will be responsible for all geologic compilation and exploration management while Seaside will be responsible for all diamond drilling related costs.

On 29 September 2009, the Group announced the conditional placement of 27,500,000 Ordinary Shares at 20 pence each to raise approximately £5.5 million before expenses. Subsequently, on 20 October 2009, during an Extraordinary General Meeting, the shareholders granted authority to the directors to issue up to 59,385,000 Ordinary Shares in order to allow the directors to issue the shares for the private placement and to provide them with the flexibility to seek further finance. Some of the proceeds from this fundraising was used to complete the acquisition of the Nugget Pond mill on 27 October 2009. The remainder of the proceeds will be used to finance ongoing engineering projects and fund working capital requirements.

#### COMMITMENTS

As at 31 July 2009 capital commitments included:

	£
Pumps	25,738
TOTAL	25,738

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

### 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. The directors take a very risk averse approach to management of cash resources and continue to closely monitoring events and associated risks. There were no derivative instruments outstanding at 31 July 2009.

### 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 14% shareholder in the parent company.

A total of £269,409 (2008: £266,889) was paid to key management personnel during the year. Payments of fees to non-executive directors were suspended during the year in order to preserve cash. At 31 July 2009 fees of £22,267 remained outstanding (2008: £6,267)

The following expenses reimbursements were payable to directors at 31 July 2009:

S Neamonitis	£nil (31 July 2008: £1,073)
B Hinchcliffe	£nil (31 July 2008: £1,313)

Brian Dalton and John Baker, directors of the company are also directors of Altius Resources Inc ("Altius"), a 20% shareholder in the company.

Consultancy fees were payable to Altius Mineral Corporation for the year ended 31 July 2009 for the consultancy services of J Baker & B Dalton amounting to £13,200 (31 July 2008: £13,200). This balance was 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 and gold prices, 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. On 20 October 2009, during an Extraordinary General Meeting, the shareholders granted authority for the private placement of 27,500,000 Ordinary Shares at 20 pence each to raise approximately Pounds Sterling 5.5 million before expenses. The net proceeds of this fundraising has been used to fund the acquisition of the Nugget Pond mill referred to in the subsequent events section above, associated engineering and ongoing working capital requirements. In addition to this private placement, the Directors and management are currently evaluating a number of debt financing proposals in order to finance the project through into production. The Directors are confident the funds provided by closing of the private placement will be sufficient to maintain current operations for the forthcoming 12 months and therefore have concluded that the Group is a going concern.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

#### CRITICAL ACCOUNTING ESTIMATES AND POLICIES (CONTINUED)

##### Impairment Assessment of Exploration Properties

The Directors have assessed whether the exploration and evaluation costs have suffered any impairment by considering the Group's business plan which includes resource estimates, future processing capacity, the forward market and longer term price estimates for copper and gold. 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 2009 fiscal year, the parent company granted a number of individual's 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.

#### CHANGES IN ACCOUNTING POLICIES

There is no material impact or standards adopted in the year. In addition, there have been no standards issued but not yet effective that have been early adopted.

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 2009:

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
IAS 1 revised/amended	Presentation of financial statements	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 7 amendment	Statement of cash flows	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 16 amendment	Property, plant and equipment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 17 amendment	Leases	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 23 amendment	Borrowing costs	Finance costs directly related to non-current assets will be capitalised	1 January 2009	1 August 2009
IAS 27 amendment	Consolidated and separate financial statements	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 32 amendment	Financial instruments: Presentation	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 36 amendment	Impairment of assets	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 39 amendment	Financial instruments	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009

# RAMBLER METALS AND MINING PLC

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

### CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
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 1 amended	First time adoption of IFRS	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 2 amended	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 7 revised	Financial instruments: Disclosures	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 8	Operating segments	No change to accounting policy, therefore, no impact	Supersedes IAS 14 from 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
IFRIC 17	Distribution of non-cash assets to owners	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009
IFRIC 18	Transfers of assets from customers	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009

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

### OUTSTANDING SHARE DATA

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

Ordinary Shares	86,885,000
Compensation options	478,200
Options	3,313,000
Total	90,676,200

### 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 2009 (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 2009 (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 result in the discovery of new or further economically viable mineral deposits or in additional profitable commercial mining operations.

##### **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 24.8% 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 and Gold Price Volatility**

Rambler's revenues, if any, are expected to be derived from the extraction and sale of copper and gold concentrate. The prices of copper and gold have fluctuated widely, particularly in recent years, and are 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 and gold cannot be accurately predicted. Any material decrease in the prevailing price of copper in particular 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.



## **RAMBLER METALS AND MINING PLC**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)**

#### **RISK FACTORS (CONTINUED)**

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.

#### **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 2009 (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 ore bodies 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.

## RAMBLER METALS AND MINING PLC

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

#### RISK FACTORS (CONTINUED)

##### **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 2009

The Directors present their report with the audited financial statements of the Group for the year ended 31 July 2009.

### PRINCIPAL ACTIVITY

The principal activity of the Group is the development and exploration programme of 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 completing the detailed engineering and retrofit of the Nugget Pond mill, located 40 km from the Ming Mine to process base metal sulphides from the Mine and finalising its plans to resume exploration, pre-production development and construction and to bring the mine into production during 2010.

### DIVIDENDS

No dividends will be distributed for the year ended 31 July 2009.

### DIRECTORS

The Directors during the period under review were:

J A Baker  
B F Dalton  
D H W Dobson  
S Neamonitis  
G Ogilvie  
J M Roberts  
L D Goodman  
B Hinchcliffe  
J Thomson (appointed 20 October 2008)

### 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 2009 was 21 days (2008: 24 days). The Company's average creditor payment period at 31 July 2009 was 20 days (2008: 16 days).

### POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable donations of £52 (2008: £2,942) to a charity in the Baie Verte area.

# RAMBLER METALS AND MINING PLC

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2009 (CONTINUED)

### SUBSTANTIAL SHARE INTERESTS

At 27 October 2009 the parent Company was aware of the following substantial share interests:

	Number of Ordinary Shares	% of Share Capital
CDS & Co	14,348,422	16.51%
Altius Resources Inc.	12,000,000	13.81%
Zila Corporation	6,499,999	7.48%
SVM Asset Management	4,360,000	5.02%
Credit Suisse Client Nominees (UK) Limited	2,000,000	2.30%
Vidacos Nominees Limited	1,900,001	2.18%

### FINANCIAL INSTRUMENTS

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, interest rate risk, 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 2009.

### SUBSEQUENT EVENTS

Details of subsequent events are set out in the Management's Discussion and Analysis.

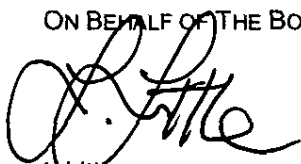
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's Auditors for the purposes of their audit and to establish that the Auditors are aware of that information. The Directors are not aware of any relevant audit information of which the Auditors are unaware.

### 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  
27 October 2009

# RAMBLER METALS AND MINING PLC

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

## RAMBLER METALS AND MINING PLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 JULY 2009

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 2008 (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 not 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 part-time 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 financial statements of Rambler Metals and Mining plc for the year ended 31 July 2009 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 reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

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

### **Scope of the audit**

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

### **Opinion on financial statements**

In our opinion;

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 July 2009 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Separate opinion in relation to IFRSs**

As explained in Note 2 to the group financial statements the group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the group financial statements comply with IFRSs as issued by the IASB.



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

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Emphasis of matter – availability of project finance**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the requirement of the company to raise further finance in relation to the continuing evaluation and development of the Rambler mine and ultimate production. 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 in the subsidiary undertaking. The 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

Nicole Kissun (Senior statutory auditor)  
for and on behalf of PKF (UK) LLP, Statutory auditors

London  
27 October 2009

## 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 2009 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 2009 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  
27 October 2009

# RAMBLER METALS AND MINING PLC

## CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 July 2009

	Note	2009 £	2008 £
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(1,088,439)	(948,769)
Operating loss	4	(1,088,439)	(948,769)
Bank interest receivable		43,137	185,607
Finance costs		(34,720)	(41,946)
Net financing income		8,417	143,661
Loss before tax		(1,080,022)	(805,108)
Income tax credit	6	6,093	70,303
Loss for the period		(1,073,929)	(734,805)

### Loss per share

	Note	2009 £	2008 £
Basic and diluted loss per share (p)	15	(1.8p)	(1.4p)

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the Year Ended 31 July 2009

	2009 £	2008 £
Foreign exchange translation differences	2,444,100	706,947
Loss for the period	(1,073,929)	(734,805)
Total recognised income and expense for the period	<u>1,370,171</u>	<u>(27,858)</u>

COMPANY STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the Year Ended 31 July 2009

	2009 £	2008 £
Loss for the period	(420,043)	(503,182)
Total recognised income and expense for the period	<u>(420,043)</u>	<u>(503,182)</u>

RAMBLER METALS AND MINING PLC (REGISTERED NUMBER: 05101822)

BALANCE SHEETS

As at 31 July 2009

	Note	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
<b>Assets</b>					
Property, plant and equipment	8	2,254,506	658	2,621,367	1,410
Intangible assets	9	17,611,282	-	12,125,573	-
Investments	10	-	17,811,784	-	16,904,669
<b>Total non-current assets</b>		<b>19,865,788</b>	<b>17,812,442</b>	<b>14,746,940</b>	<b>16,906,079</b>
Trade and other receivables	12	76,646	21,948	189,385	36,111
Cash and cash equivalents	13	1,168,727	22,746	5,107,509	1,310,153
<b>Total current assets</b>		<b>1,245,373</b>	<b>44,694</b>	<b>5,296,894</b>	<b>1,346,264</b>
<b>Total assets</b>		<b>21,111,161</b>	<b>17,857,136</b>	<b>20,043,834</b>	<b>18,252,343</b>
<b>Equity</b>					
Issued capital		593,850	593,850	593,850	593,850
Share premium		18,699,659	18,699,659	18,699,659	18,699,659
Merger reserve		120,000	-	120,000	-
Translation reserve		3,188,654	-	744,554	-
Accumulated losses		(2,360,551)	(1,534,523)	(1,425,441)	(1,136,521)
<b>Total equity</b>	14	<b>20,241,608</b>	<b>17,758,986</b>	<b>18,732,601</b>	<b>18,156,983</b>
<b>Liabilities</b>					
Interest-bearing loans and borrowings	17	459,920	-	454,370	-
<b>Total non-current liabilities</b>		<b>459,920</b>	<b>-</b>	<b>454,370</b>	<b>-</b>
Interest-bearing loans and borrowings	17	147,037	-	136,667	-
Trade and other payables	16	262,596	98,150	720,196	95,360
<b>Total current liabilities</b>		<b>409,633</b>	<b>98,150</b>	<b>856,863</b>	<b>95,360</b>
<b>Total liabilities</b>		<b>869,553</b>	<b>98,150</b>	<b>1,311,233</b>	<b>95,360</b>
<b>Total equity and liabilities</b>		<b>21,111,161</b>	<b>17,857,136</b>	<b>20,043,834</b>	<b>18,252,343</b>

ON BEHALF OF THE BOARD:

Director

Approved and authorised for issue by the Board on 27 October 2009



LESLIE GOODMAN

# RAMBLER METALS AND MINING PLC

## STATEMENTS OF CASH FLOWS

For the Year Ended 31 July 2009

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
<b>Cash flows from operating activities</b>				
Operating loss	(1,088,439)	(433,444)	(948,769)	(557,731)
Depreciation	59,389	1,016	6,135	1,134
Share based payments	134,967	18,177	98,491	1,861
Decrease in debtors	110,737	12,161	13,218	24,414
(Decrease)/increase in creditors	(63,170)	2,790	(36,638)	(58,680)
Cash utilised in operations	(846,516)	(399,300)	(867,563)	(589,002)
Interest paid	(34,720)	-	(41,946)	-
Tax received	6,093	-	-	-
<b>Net cash from operating activities</b>	<b>(875,143)</b>	<b>(399,300)</b>	<b>(909,509)</b>	<b>(589,002)</b>
<b>Cash flows from investing activities</b>				
Interest received	45,139	15,403	186,538	55,481
Loans to subsidiaries	-	(907,115)	-	(4,607,749)
Acquisition of evaluation and exploration assets	(2,957,207)	-	(4,934,892)	-
Acquisition of property, plant and equipment	(453,251)	(264)	(1,137,741)	-
<b>Net cash from investing activities</b>	<b>(3,365,319)</b>	<b>(891,976)</b>	<b>(5,886,095)</b>	<b>(5,886,095)</b>
<b>Cash flows from financing activities</b>				
Proceeds from the issue of share capital	-	-	5,806,625	5,806,625
Payment of transaction costs	-	-	(366,197)	(366,197)
Proceeds from issue of share options	3,869	3,869	-	-
Capital element of finance lease payments	(68,996)	-	(191,777)	-
<b>Net cash from financing activities</b>	<b>(65,127)</b>	<b>3,869</b>	<b>5,248,651</b>	<b>5,440,428</b>
Net (decrease)/increase in cash and cash equivalents	(4,305,589)	(1,287,407)	(1,546,953)	299,158
Cash and cash equivalents at beginning of period	5,107,509	1,310,153	6,590,372	1,010,995
Effect of exchange rate fluctuations on cash held	366,807	-	64,090	-
<b>Cash and cash equivalents at end of period</b>	<b>1,168,727</b>	<b>22,746</b>	<b>5,107,509</b>	<b>1,310,153</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 of 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 and gold prices, 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. On 29 September 2009, the Group announced the conditional placement of 27,500,000 Ordinary Shares at 20 pence each to raise approximately £5.5 million before expenses. Subsequently, on 20 October 2009, during an Extraordinary General Meeting, the shareholders granted authority to the directors to issue up to 59,385,000 Ordinary Shares in order to allow the directors to issue the shares for the private placement and to provide them with the flexibility to seek further finance. On 27 October 2009, some of the proceeds from this fundraising were used to complete the acquisition of the Nugget Pond mill referred to in the subsequent events note 21. The remainder of the proceeds will be used to finance ongoing engineering projects and fund working capital requirements. In addition to this private placement, the Directors and management are currently evaluating a number of debt financing proposals in order to finance the project through into production. The Directors are confident the funds provided by closing of the private placement will be sufficient to maintain current operations for the forthcoming 12 months and therefore have 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 2009 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. There are no material differences on application to the Group. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

There is no material impact or standards adopted in the year. In addition, there have been no standards issued but not yet effective that have been early adopted.

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 2009:

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
IAS 1 revised/amended	Presentation of financial statements	No change to accounting policy, therefore, no impact	1 January 2009	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)

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
IAS 7 amendment	Statement of cash flows	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 16 amendment	Property, plant and equipment	No change to accounting policy, therefore, no impact		
IAS 17 amendment	Leases	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IAS 23 amendment	Borrowing costs	Finance costs directly related to non-current assets will be capitalised	1 January 2009	1 August 2009
IAS 27 amendment	Consolidated and separate financial statements	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 32 amendment	Financial instruments: Presentation	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 36 amendment	Impairment of assets	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IAS 39 amendment	Financial instruments	No change to accounting policy, therefore, no impact	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 1 amended	First time adoption of IFRS	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 2 amended	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 7 revised	Financial instruments: Disclosures	No change to accounting policy, therefore, no impact	1 January 2009	1 August 2009
IFRS 8	Operating segments	No change to accounting policy, therefore, no impact	Supersedes IAS 14 from 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
IFRIC 17	Distribution of non-cash assets to owners	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009
IFRIC 18	Transfers of assets from customers	No change to accounting policy, therefore, no impact	1 July 2009	1 August 2009

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



# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (b) Basis of preparation

The financial statements are presented in British pounds, rounded to the nearest pound.

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 22.

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.

#### (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.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (d) Foreign currency (continued)

##### (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.

##### (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 and residual values of the assets are considered annually and restated as required.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (f) Intangible assets

##### (i) 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 and the availability of finance 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.

##### (ii) Impairment of exploration and evaluation costs

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

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

#### (g) 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)).

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.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (j) Impairment (continued)

##### (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 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.

#### (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.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Significant accounting policies (continued)

#### (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 accumulated losses 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.

#### (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 and gold deposits. All the Group's activities are related to the exploration for, and development of, copper and gold in Newfoundland, Canada with support provided from the UK. The business segment is the primary reporting format. In presenting

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3. Segment reporting (continued)

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 (2008: £nil).

	2009 £	2008 £
Total assets		
Canada	21,065,809	18,696,160
UK	45,352	1,347,674
Total	<u>21,111,161</u>	<u>20,043,834</u>
	2009 £	2008 £
Capital expenditure on deferred exploration and evaluation costs		
Canada	3,612,120	5,638,837
UK	-	-
Total	<u>3,612,120</u>	<u>5,638,837</u>
Capital expenditure on property, plant and equipment		
Canada	424,200	1,072,786
UK	264	-
Total	<u>424,464</u>	<u>1,072,786</u>
Result for the year		
Canada	(653,886)	(231,624)
UK	(420,043)	(503,181)
Total	<u>(1,073,929)</u>	<u>(734,805)</u>

### 4. Operating loss

The operating loss is after charging/(crediting):

	2009 £	2008 £
Depreciation – owned assets	59,389	6,135
Directors' emoluments (see note 20)	180,736	98,422
<b>Auditors' remuneration:</b>		
Audit of these financial statements	23,500	29,201
Fees payable to the auditor for other services:		
Audit of accounts of associates of the Company pursuant to legislation	2,500	3,000
Other services related to tax	9,150	42,675
Other services relating to corporate finance	-	2,000
Other services	1,250	2,900
Operating lease rentals	41,624	42,833
Foreign exchange differences	<u>(1,548)</u>	<u>94</u>

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Operating loss (continued)

The Audit Committee reviews the nature and extent of non-audit services to ensure that independence is maintained.

In addition to the depreciation charge shown above, depreciation of £987,982 (2008: £731,933) was capitalised within exploration and evaluation assets.

### 5. Personnel expenses

#### Salary costs

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Wages and salaries	1,369,857	142,400	1,482,703	148,400
Share based payments	134,967	18,177	98,491	1,861
Compulsory social security contributions	95,919	10,484	109,393	12,468
	<u>1,600,743</u>	<u>171,061</u>	<u>1,690,587</u>	<u>162,729</u>

Salary costs of £1,004,619 (2008: £1,302,809) 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 2009	Company 2009	Group 2008	Company 2008
Directors	8	8	7	7
Administration	6	2	3	2
Exploration and evaluation	26	-	36	-
	<u>40</u>	<u>10</u>	<u>46</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 2009	Number of options 2009	Weighted average exercise price 2008	Number of options 2008
Outstanding at the beginning of the period	47.9p	1,245,000	40.4p	505,000
Granted during the period	11.2p	2,121,000	52.9p	765,000
Exercised during the period	-	-	42.5p	(25,000)
Cancelled during the period	46.9p	(155,000)	-	-
Outstanding and exercisable at the end of the period	23.3p	<u>3,211,000</u>	47.9p	<u>1,245,000</u>

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Personnel expenses (continued)

#### Share-based payments

The options outstanding at 31 July 2009 have an exercise price in the range of 10p to 55p and a weighted average remaining contractual life of 9 years (2008: 8 years).

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	2009	2008
	£	£
<b>Fair value at measurement date</b>	<b>134,967</b>	<b>98,491</b>
Share price (weighted average)	23.3p	47.9p
Exercise price (weighted average)	23.3p	47.9p
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	65.3%	63.2%
Expected option life	5	5
Expected dividends	0	0
Risk-free interest rate (based on national government bonds)	4.30%	4.30%

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.

	2009	2008
	£	£
Share options granted in 2008	82,859	98,491
Share options granted in 2009	52,108	-
<b>Total expense recognised as employee costs</b>	<b>134,967</b>	<b>98,491</b>

### 6. Income tax credit

#### Recognised in the income statement

	2009	2008
	£	£
<b>Current tax expense</b>		
Current year	-	-
Deferred tax credit		
Origination and reversal of temporary differences	201,596	210,094
Benefit of tax losses recognised	(201,596)	(270,589)
Tax losses surrendered for tax credit	(6,093)	-
Effect of change in tax rates	-	(9,808)
<b>Total income tax credit in income statement</b>	<b>(6,093)</b>	<b>(70,303)</b>



# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 6. Income tax credit (continued)

#### Reconciliation of effective tax rate

	2009	2008
	£	£
Loss before tax	(1,080,022)	(805,108)
Income tax using the domestic corporation tax rate of 28% (2008: 29.33%)	(302,406)	(236,139)
Effect of tax rates in foreign jurisdictions (rates increased)	(6,600)	(6,731)
Non-deductible expenses	39,499	32,126
Effect of tax losses carried forward	263,414	146,402
Overprovision in previous years	-	(5,961)
	(6,093)	(70,303)

### 7. Loss of parent company

As permitted by section 408 of the Companies Act 2006, 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 £420,043 (2008: £503,182).

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8. Property, plant and equipment - group

	Land and I	Motor vehicl	Plant and	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£	£
Cost						
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
Balance at 1 August 2008	474,535	96,116	2,768,527	18,057	124,316	3,481,551
Acquisitions	37,313	37,297	212,444	9,034	128,376	424,464
Disposals	-	(77,479)	-	-	-	(77,479)
Effect of movements in foreign exchange	61,626	10,224	386,609	3,037	24,876	491,072
Balance at 31 July 2009	578,174	66,158	3,367,580	30,128	277,568	4,319,608
Depreciation and impairment losses						
Balance at 1 August 2007	16,860	7,468	53,433	2,440	12,045	92,246
Depreciation charge for the period	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
Balance at 1 August 2008	125,853	22,775	668,906	7,417	35,233	860,184
Depreciation charge for the year	141,000	11,871	823,023	8,570	62,907	1,047,371
On disposals	-	(26,448)	-	-	-	(26,448)
Effect of movements in foreign exchange	26,408	2,082	145,300	1,573	8,632	183,995
Balance at 31 July 2009	293,261	10,280	1,637,229	17,560	106,772	2,065,102
Carrying amounts						
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
At 1 August 2008	348,682	73,341	2,099,621	10,640	89,083	2,621,367
At 31 July 2009	284,913	55,878	1,730,351	12,568	170,796	2,254,506

#### 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 2009, the net carrying amount of leased plant and machinery was £280,931 (2008: £507,976). 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 2007	3,405
Acquisitions	-
Balance at 31 July 2008	<u>3,405</u>
Balance at 1 August 2008	3,405
Acquisitions	264
Balance at 31 July 2009	<u>3,669</u>
Depreciation and impairment losses	
Balance at 1 August 2007	861
Depreciation charge for the period	<u>1,134</u>
Balance at 31 July 2008	<u>1,995</u>
Balance at 1 August 2008	1,995
Depreciation charge for the year	<u>1,016</u>
Balance at 31 July 2009	<u>3,011</u>
Carrying amounts	
At 1 August 2007	<u>2,544</u>
At 31 July 2008	<u>1,410</u>
At 1 August 2008	<u>1,410</u>
At 31 July 2009	<u>658</u>

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 9. Intangible assets - group

	Exploration and evaluation Costs £
Cost	
Balance at 1 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>
Balance at 1 August 2008	12,125,573
Acquisitions	3,612,120
Effect of movements in foreign exchange	1,873,589
Balance at 31 July 2009	<u>17,611,282</u>
Carrying amounts	
At 1 August 2007	<u>5,941,947</u>
At 31 July 2008	<u>12,125,573</u>
At 1 August 2008	<u>12,125,573</u>
At 31 July 2009	<u>17,611,282</u>

### Consideration of impairment for exploration and evaluation costs

The directors have assessed whether there are any indicators of impairment in respect of exploration and evaluation costs. In making this assessment they have considered the Group's business plan which includes resource estimates, future processing capacity, the forward market and longer term price outlook for copper and gold. The directors do not consider that there are any indicators that exploration and evaluation costs are impaired at the year end.

### 10. Investments - company

	Investment in subsidiary £	Loans £	Total £
Cost			
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>
Balance at 1 August 2008	240,000	16,664,669	16,904,669
Advances	-	907,115	907,115
Balance at 31 July 2009	<u>240,000</u>	<u>17,571,784</u>	<u>17,811,784</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	
	2009	2008	2009	2008	2009	2008
	£	£	£	£	£	£
Property, plant and equipment	(44,111)	-	-	44,910	(44,111)	44,910
Intangible assets	-	-	697,563	375,537	697,563	375,537
Tax value of loss carry-forwards recognised	(653,452)	(420,447)	-	-	(653,452)	(420,447)
Net tax (assets) / liabilities	(697,563)	(420,447)	697,563	420,447	-	-

#### Unrecognised deferred tax assets

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

	2009	2008
	£	£
Deductible temporary differences	(103)	(74)
UK tax losses	348,615	246,174
Canadian tax losses	167,799	3,897
	<u>516,311</u>	<u>249,997</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 there from.

# 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 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)
	68,159	(60,495)	(9,808)	2,144	-

	Balance 1 Aug 08	Recogn- ised in income	Effect of change in tax rate	Exchange difference	Balance 31 Jul 09
	£	£	£	£	£
Property, plant and equipment	44,910	(85,200)	(3,872)	51	(44,111)
Intangible assets	375,537	286,796	(32,381)	67,611	697,563
Tax value of loss carry-forwards	(420,447)	(201,596)	36,253	(67,662)	(653,452)
	-	-	-	-	-

### 12. Trade and other receivables

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Other receivables	1,416	1,135	46,694	12,579
Sales taxes recoverable	23,575	2,782	110,146	8,197
Prepayments and accrued income	51,655	18,031	32,545	15,335
	76,646	21,948	189,385	36,111

### 13. Cash and cash equivalents

	Group 2009	Company 2009	Group 2008	Company 2008
	£	£	£	£
Canadian Government Treasury Bills	951,171	-	3,176,010	-
Bank balances	217,556	22,746	1,931,499	1,310,153
Cash and cash equivalents in the statement of cash flows	1,168,727	22,746	5,107,509	1,310,153

# 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 rese £	Total equity £
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
Balance at 1 August 2008	593,850	18,699,659	(1,425,462)	744,554	120,000	18,732,601
Total recognised income and expense	-	-	(1,073,929)	2,444,100	-	1,370,171
Share-based payments	-	-	138,836	-	-	138,836
Balance at 31 July 2009	593,850	18,699,659	(2,360,555)	3,188,654	120,000	20,241,608

#### 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 the Companies Act 1985, which continue under the Companies Act 2006, 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 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
Cost of share issues	-	(366,197)	-	(366,197)
Balance at 31 July 2008	<u>593,850</u>	<u>18,699,659</u>	<u>(1,136,526)</u>	<u>18,156,983</u>
Balance at 1 August 2008	593,850	18,699,659	(1,136,526)	18,156,983
Loss for the year	-	-	(420,043)	(420,043)
Share-based payments	-	-	22,046	22,046
Balance at 31 July 2009	<u>593,850</u>	<u>18,699,659</u>	<u>(1,534,523)</u>	<u>17,758,986</u>

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

	<i>Number</i>
In issue at 1 August 2007	49,700,000
Issued for cash	<u>9,685,000</u>
In issue at 31 July 2008	<u>59,385,000</u>
In issue at 1 August 2007	59,385,000
Issued for cash	-
In issue at 31 July 2009	<u>59,385,000</u>

At 31 July 2009, the authorised share capital comprised 1,000,000,000 ordinary shares of 1p each.

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.

Details of shares issued during the year ended 31 July 2008 are as follows:

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.



# 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 2009 was based on the loss attributable to ordinary shareholders of £1,073,929 and a weighted average number of ordinary shares outstanding during the period ended 31 July 2009 of 59,385,000 calculated as follows:

#### Loss attributable to ordinary shareholders

	2009	2008
	£	£
Loss for the period	(1,073,929)	(734,805)
Loss attributable to ordinary shareholders	<u>(1,073,929)</u>	<u>(734,805)</u>

#### Weighted average number of ordinary shares

	Number
At 1 August 2007	49,700,000
Effect of shares issued during the year	<u>1,816,712</u>
At 31 July 2008	<u>51,516,712</u>
In issue at 1 August 2008	59,385,000
Effect of shares issued during year	<u>-</u>
Weighted average number of ordinary shares at 31 July 2009	<u>59,385,000</u>

There is no difference between the basic and diluted loss per share. At 31 July 2009 there were 3,313,000 (2008: 1,270,000) share options, 478,200 (2008: 478,200) compensation options and nil (2008: 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 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade payables	28,801	4,602	516,165	23,317
Non trade payables	13,327	381	67,498	27,417
Accrued expenses	220,468	93,167	136,533	44,626
	<u>262,596</u>	<u>98,150</u>	<u>720,196</u>	<u>95,360</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.

	2009 £	2008 £
Non-current liabilities		
Bank loan	18,348	-
Finance lease liabilities	<u>441,572</u>	<u>454,370</u>
	<u>459,920</u>	<u>454,370</u>
Current liabilities		
Current portion of bank loan	1,818	-
Current portion of finance lease liabilities	<u>145,219</u>	<u>136,667</u>
	<u>147,037</u>	<u>136,667</u>

#### Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum le			Minimum le		
	2009 £	Interest 2009 £	Principal 2009 £	2008 £	Interest 2008 £	Principal 2008 £
Less than one year	187,074	41,855	145,219	167,170	30,503	136,667
Between one and five years	<u>464,947</u>	<u>23,375</u>	<u>441,572</u>	<u>494,536</u>	<u>40,166</u>	<u>454,370</u>
	<u>652,021</u>	<u>65,230</u>	<u>586,791</u>	<u>661,706</u>	<u>70,669</u>	<u>591,037</u>

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

### 18. Financial risk management

The Group's principal financial assets comprise: cash and cash equivalents and other receivables. In addition the Company's financial assets include amounts due from subsidiaries. The Group and Company's financial liabilities comprise: trade payables; other payables; and accrued expenses. The Group's financial liabilities also include interest bearing loans and borrowings.

All of the Group's and Company's financial liabilities are measured at amortised cost and their financial assets are classified as loans and receivables.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Financial risk management (continued)

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 2009.

#### 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.

Exchange rate fluctuations may adversely affect the Group's financial position and results. The following table details the Group's sensitivity to a 10% strengthening and weakening in the Canadian Dollar against the GB Pound. 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	2009	2008
	£	£
10% weakening of Canadian Dollar	(2,029,441)	(1,589,116)
10% strengthening of Canadian Dollar	<u>2,254,933</u>	<u>1,748,249</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 given the recent 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 2009.

The Group's and Company's trade payables, other payables and accrued expenses are generally due between one and three months and the Group's financial liabilities are due as follows:

## 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, hire purchase contracts and bank loans which were all due in Canadian Dollars and are at fixed interest rates was as follows:

##### Fixed rate liabilities

	2009	2008
	£	£
Due within one year	147,037	136,667
Due within one to two years	223,802	175,923
Due within two to three years	201,147	148,366
Due within three to four years	11,545	130,081
Due within four to five years	12,346	-
Due after five years	11,080	-
	<u>606,957</u>	<u>591,037</u>

The average fixed interest rate for the finance leases and hire purchase contracts outstanding at 31 July 2009 was 5.50%.

##### 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. As at 31 July 2009, 81% of the Group's cash resources were invested in a short term deposit. 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 2009 was represented by receivables and cash resources.

##### 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.

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 18. Financial risk management (continued)

#### 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
At 31 July 2009	£	£	£	Months	%
Sterling	-	22,746	22,746	-	-
Canadian \$	951,171	194,810	1,145,981	2	0.84
	<u>951,171</u>	<u>217,556</u>	<u>1,168,727</u>		
At 31 July 2008	£	£	£	Months	%
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>		

#### 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 2009, the Group had the following capital commitments:

	2009	2008
	£	£
In respect of:		
Property, plant and equipment	25,738	29,591
Exploration and evaluation costs	-	252,512
	<u>25,738</u>	<u>282,103</u>

At 31 July 2009 the company had the following operating lease commitments:

	2009	2008
	£	£
In respect of land and buildings		
Payable within one year	-	16,260
Other		
Payable within one year	8,892	-
Payable within one to two years	8,892	-
Payable within two to three years	2,224	-
	<u>20,008</u>	<u>-</u>

# RAMBLER METALS AND MINING PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 20. Related parties

#### Identity of related parties

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

#### Transactions with key management personnel

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

The directors' compensations were as follows:

	2009	2008
	£	£
Salary – executive		
G Ogilvie (director from 3 March 2008)	104,851	42,022
J Thomson (director from 20 October 2008)	46,685	-
S Neamonitis (became non-executive on 3 March 2008)	-	17,600
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	1,400
J A Baker	1,400	1,400
B D Hinchcliffe (includes additional fees of £2,400 (2007: £12,000))	10,400	20,000
	<u>180,736</u>	<u>98,422</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). The payment of fees to non-executive directors was suspended during the year in order to preserve cash. At 31 July 2009 fees of £22,267 (2008: £6,267) remained outstanding.

Total key management personnel compensations were as follows:

	2009	2008
	£	£
Salaries	215,251	212,703
Share based payments	54,158	54,186
	<u>269,409</u>	<u>266,889</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 14% shareholder in the company.

The following expenses reimbursements were payable to directors at 31 July 2009:

S Neamonitis	£nil (31 July 2008: £1,073)
B Hinchcliffe	£nil (31 July 2008: £1,313)

## RAMBLER METALS AND MINING PLC

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

#### 20. Related parties (continued)

##### Other related party transactions (continued)

Consultancy fees were payable to Altius Mineral Corporation for the year ended 31 July 2009 for the consultancy services of J Baker & B Dalton amounting to £13,200 (31 July 2008: £13,200).

This balance was accrued at the period end.

#### 21. Subsequent events

On 9 September 2009, the company signed a sale and purchase agreement to acquire the Nugget Pond mill for Can\$ 3.5 million.

On 21 September 2009, the company signed a confidentiality agreement with Tenacity Gold Mining Company Ltd to evaluate the potential of developing the Deer Cove deposit. The deposit is located on the Baie Verte Peninsula of Newfoundland, just 50 kilometres from the Nugget Pond mill.

On 21 September 2009, the company announced it has entered into an option agreement with Seaside Realty Ltd (Seaside) to earn up to a 50% undivided interest in the Corkscrew/Big Bear Property, also located on the Baie Verte Peninsula. As outlined in the agreement Rambler will assume project management of the property for two years. During which time Rambler will be responsible for all geologic compilation and exploration management while Seaside will be responsible for all diamond drilling related costs.

On 29 September 2009, the Group announced the conditional placement of 27,500,000 Ordinary Shares at 20 pence each to raise approximately £5.5 million before expenses. Subsequently, on 20 October 2009, during an Extraordinary General Meeting, the shareholders granted authority to the directors to issue up to 59,385,000 Ordinary Shares in order to allow the directors to issue the shares for the private placement and to provide them with the flexibility to seek further finance. Some of the proceeds from this fundraising was used to complete the acquisition of the Nugget Pond mill on 27 October 2009. The remainder of the proceeds will be used to finance ongoing engineering projects and fund working capital requirements.

#### 22. 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 there are any indicators of impairment in respect of exploration and evaluation costs. In making this assessment they have considered the Group's business plan which includes resource estimates, future processing capacity, the forward market and longer term price outlook for copper and gold. Resource estimates have been based on the most recently filed NI43-101 report and metal prices were conservatively set below current market consensus. 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

## RAMBLER METALS AND MINING PLC

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

#### 22. Critical accounting estimates and judgements (continued)

##### Exploration and Evaluation Costs (continued)

these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets. After consideration of the above factors, the directors do not consider that there are any indicators that exploration and evaluation costs are impaired at the year end.

##### 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.