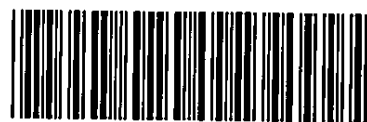


REGISTERED NUMBER 05101822 (ENGLAND AND WALES)

REPORT OF THE DIRECTORS AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2010 FOR
RAMBLER METALS AND MINING PLC

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RAMBLER METALS AND MINING PLC

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RAMBLER METALS AND MINING PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 31 JULY 2010

Directors	J A Baker B F Dalton D H W Dobson L D Goodman B Hinchcliffe S Neamonitis G Ogilvie J M Roberts J S Thomson
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 2010

We are pleased to report the results for the year ended 31 July 2010

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

The parent Company's Ordinary Shares trade on the London AIM market under the symbol "RMM" and on the TSX Venture Exchange under the symbol "RAB"

The presentational currency of the Group's financial statements is Canadian dollars (\$)

OPERATIONAL HIGHLIGHTS

Key achievements during the year include

- In October 2009, the Group announced the purchase of the Nugget Pond Mill from Crew Gold Corporation ("Crew") Under the terms of the agreement the mill was leased back to Crew until 30 June 2010
- In March 2010, the Company announced that the Group had entered into an agreement with Sandstorm Resources Ltd (TSX-V SSL) to sell a portion of the life-of-mine gold production from its Ming Copper-Gold Mine, located in Baie Verte, Newfoundland referred to as the "Gold Loan" Under the terms of the agreement, Sandstorm Resources Ltd will make staged upfront cash payments for the gold to the Group totalling US\$20 million of which US\$7 million had been received at the date of this statement
- In June 2010 the Company announced it had received final environmental approval and project release from the Federal Government and Government of Newfoundland and Labrador for its Ming Copper-Gold mine

FINANCIAL HIGHLIGHTS

The consolidated loss after taxation of the Group in respect of the year ended 31 July 2010 amounted to \$2,425,885 (a loss per share of \$0.029) versus a loss of \$2,048,467 for the year ended 31 July 2009 (a loss per share of \$0.034)

The Group's only source of income during the period was bank interest which amounted to \$18,627

The net assets of the Group amounted to \$46,823,427 as at the end of the year This included intangible assets of \$37,050,910 which consisted of accumulated deferred exploration expenditures on 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 and capital funding has been secured

On 21 October 2009, the Group placed 27,500,000 Ordinary Shares raising approximately \$8.9 million, after expenses The net proceeds of this fundraising were used to fund the acquisition of the Nugget Pond Mill, associated engineering and ongoing working capital requirements

On 31 March 2010 the Group placed a further 8,600,000 Ordinary Shares raising an additional \$4 million after expenses to provide additional working capital as the Group embarks on the construction phase required to bring its Ming copper-gold mine into production

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 look forward to the Mine being brought into production in 2011

DHW Dobson
Chairman
15 October 2010

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010

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 2010 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 15 October 2010, is intended to supplement and complement our audited consolidated financial statements and notes thereto for the year ended 31 July 2010 prepared in accordance with IFRS. The presentation currency is Canadian dollars. This is a change from previous MD&As which were presented in United Kingdom pounds sterling (GB pounds). Amounts previously reported in GB pounds have been translated at the closing exchange rate for balance sheet items and the average rate for income statement and cash flow items.

OUR BUSINESS & OPERATIONS REVIEW

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

The parent Company's Ordinary Shares trade on the London AIM market under the symbol "RMM" and the TSX Venture Exchange under the symbol "RAB".

Operational highlights include:

- On 21 October 2009 the Group placed 27,500,000 Ordinary Shares at \$0.346 (20 pence) each to raise approximately \$8.9 million net of expenses. Some of the proceeds from this fundraising were used to complete the acquisition of the Nugget Pond Facility in October 2009. The remainder of the proceeds were used to finance ongoing engineering projects and fund working capital requirements.
- On 27 October 2009 the Group announced that the purchase of the Nugget Pond Facility from Crew Gold Corporation ("Crew") has been completed and included arrangements for the lease back of the facility to Crew until 30 June 2010. Effective 1 July 2010 the facility reverted back to the Group at which time an environmental bond valued at \$1.4 million was secured with the Government of Newfoundland and Labrador.
- In January 2010 the Group announced it was starting to investigate the resource potential within the mining lease at the recently purchased Nugget Pond Mine. Highlights included:
 - Exploration target of 13,000 to 15,000 ounces of gold contained within 50,000 to 66,000 tonnes grading at 7 to 9 g/t gold
 - Low capital development and operating costs
 - Permitted mill and tailings impound
 - Crown pillar amenable to open pit mining methods

The Geology Department evaluated the resources in the Nugget Pond Crown Pillar and underground zone and the Engineering Department is now evaluating the resource from a mining perspective.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

OUR BUSINESS & OPERATIONS REVIEW (CONTINUED)

- In March 2010 the Company announced that the Group had entered into an agreement with Sandstorm Resources Ltd (TSX-V:SSL) to sell a portion of the life-of-mine gold production from its Ming Copper-Gold Mine, located in Baie Verte, Newfoundland referred to as the "Gold Loan"

Under the terms of the agreement Sandstorm Resources Ltd ("Sandstorm") will make staged upfront cash payments for the gold production from the Ming Copper-Gold Mine to the Group totalling US\$20 million. Payment milestones are as follows:

- US\$5 million available immediately and received on 10 March 2010,
- US\$2 million on completion of a NI43-101 feasibility study received on 8 September 2010, and
- US\$13 million when Rambler is awarded all permits required for the Ming mine to start production

For this, the Group has agreed to sell 25% of the first 175,000oz of payable gold and thereafter 12% of all subsequent payable gold for the balance of the period ending 40 years after the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year blocks at the option of Sandstorm Resources Ltd.

A 4.5% cash commission is payable with each payment received under the agreement.

- In March 2010 the Company announced the placement of 8.6 million shares at \$0.49 (32 pence) to raise \$4 million net of expenses. The funds were used to finance the advancement of ongoing engineering projects and to fund working capital requirements.
- In April 2010 the Company announced its intention to exercise its right to buyback 3% of the total 4.5% Net Smelter Return ("NSR") royalty held on the Ming property.
- In June 2010 the Company announced it had received final environmental approval and project release from the Federal Government and Government of Newfoundland and Labrador for its Ming Copper Gold mine.
- During the year, Mr Norman Williams was promoted to Chief Financial Officer and a number of other key appointments were made, specifically in the engineering department, to strengthen the management structure as the project moves towards entering production.
- Safety performance continued to be exemplary during the year with no accidents, injuries or incidents reported. There were no environmental incidents.

SELECTED FINANCIAL INFORMATION

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

Change of presentational currency

The Group's principal operations are based in Canada and there will be further significant expenditure associated with bringing the Group's Mine into production in 2011. As a result the Directors have changed the Group's presentational currency from GB pounds to Canadian dollars.

On the change of the Group's presentational currency, comparative figures previously reported in GB pounds were translated into Canadian dollars as follows:

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

SELECTED FINANCIAL INFORMATION (CONTINUED)

Change of presentational currency (continued)

- income and expenses were translated at the average exchange rate for the relevant period,
- assets and liabilities were translated at the closing exchange rate on the relevant balance sheet date, and
- equity items were translated at historical exchange rates

The exchange rates used were as follows

	2009 £1=CAD\$	2008 £1=CAD\$	2007 £1=CAD\$	2006 £1=CAD\$
Average rate	1 91	2 09	2 13	2 12
Closing rate	1 79	2 03	2 16	2 11

As a result of the change of the Group's presentational currency, a currency translation difference of \$419,757 was recognised in equity as at 31 July 2009 which represented the difference between the Group's assets and liabilities translated from GB pounds into Canadian dollars at the closing exchange rate on that date of £1 = \$1 79 and the equity items recognised in the consolidated financial statements that were translated from GB pounds to Canadian dollars at historical exchange rates

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

SELECTED FINANCIAL INFORMATION (CONTINUED)

Selected Annual Financial Information All amounts in \$,000, except shares and per share amounts	12 months ended 31 July 2010	12 months ended 31 July 2009	12 months ended 31 July 2008
Revenue	-	-	-
Administrative Expenses	2,320	2,076	1,986
Exploration expenses	91		
Bank Interest Receivable	19	82	389
Net loss	(2,426)	(2,048)	(1,538)
Per share (basic and diluted)	(0 029)	(0 034)	(0 0293)
Cash Flow used for operating activities	(2,107)	(1,670)	(1,904)
Cash Flow used for investing activities	(9,705)	(6,419)	(12,322)
Cash Flow (used for)/provided from financing activities	17,725	(124)	10,987,972
Net increase/(decrease) in cash	5,913	(8,213)	(3,239)
Cash & Cash Equivalents at end of period	8,000	2,089	10,356
Restricted cash	1,365	-	-
Total Assets	54,162	37,731	40,641
Total Liabilities	7,338	1,554	2,659
Working Capital	7,096	1,494	9,003
Weighted average number of shares outstanding	83,581,438	59,385,000	51,516,712

Review of years ending 31 July 2010 and 31 July 2009

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 2010 of \$2,425,885 which is an increase of \$377,418 from the year ending 31 July 2009. The loss per share decreased from \$0 034 to \$0 029. Losses were higher as administrative expenses increased \$243,385 to \$2,319,528 as follows:

- Administrative staff costs reduced by \$54,753 to \$1,141,755 due mainly to the strengthening of the Canadian dollar against the GB pound
- Recruitment costs of \$46,353 were incurred during the year compared with \$nil in 2009
- Legal and professional fees increased by \$54,353 compared to fiscal 2009 mainly as a result of costs incurred in connection with various financing opportunities
- Expenditure on public relations increased \$21,614 due to increased news flow as the company's development continues
- Depreciation charges increased by \$37,469 due to an increase in the value of fixed assets
- Office rental costs reduced by \$34,689 as a result of relocating the UK office
- Exchange losses increased \$149,754 due to unrealised losses arising on the translation of the US dollar denominated Gold Loan received from Sandstorm during the year

Interest income was \$63,654 lower at \$18,627 as a result of lower cash balances and reductions in interest rates

Cash flows used for operating activities increased by \$437,893 to \$2,107,185 as a result of increased cash operating losses. Cash flows used for investing activities increased by \$3,286,281 to \$9,705,459 as a result of an increase of \$3,790,446 in the acquisition of property, plant and equipment following the acquisition of Nugget Pond Mill for \$3,500,000, an increase of \$1,364,980 in restricted cash following the issue of a letter of credit in favour of the Government of Newfoundland and Labrador in respect of the reclamation and closure liability for

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

SELECTED FINANCIAL INFORMATION (CONTINUED)

the Nugget Pond Mill, offset by a reduction of \$1,936,618 in exploration and evaluation expenditure due to cash flow preservation resulting from the care and maintenance programme implemented in January 2009

Cash flows provided by/ (used for) financing activities increased by \$17,849,532 to \$17,725,306 due to proceeds from placings in October 2009 and March 2010 totalling \$12,843,029 and the receipt of the first instalment of the Gold Loan amounting to \$5,139,000 (US\$5 million)

Total assets which include accumulated deferred exploration expenditures which increased \$16,430,306 to \$54,161,651 This increase was funded from placings in October 2009 and March 2010

Review of the quarter ending 31 July 2010 compared to the quarter ended 31 July 2009

Selected Quarterly Financial Information All amounts in \$,000, except shares and per share amounts	3 months ended 31 July 2010	3 months ended 31 July 2009
Revenue	-	-
Administrative Expenses	672	480
Exploration expenses	13	-
Bank Interest Receivable	11	1
Net (loss)	(676)	(470)
Loss per share in pence (basic and diluted)	(0 008)	(0 008)
Cash Flow (used) for operating activities	(813)	(523)
Cash Flow (used) for investing activities	(3,479)	(902)
Cash Flow (used) for financing activities	(93)	(14)
Net (decrease) in cash	(3,952)	(1,191)

- Administrative expenses increased by \$192,258 to \$671,998 mainly as a result of an unrealised exchange loss of \$145,464 arising on the translation of the US dollar denominated Gold Loan received from Sandstorm Resources and an increased share based payment charge of \$30,668 arising from the grant of additional share options in May and July 2010
- The Group recorded a loss of \$676,388 for the fourth quarter, an increase of \$205,969 Losses were higher mainly as a result of increased administrative expenses and exploration expenses
- Cash flow used for operating activities increased by \$289,797 to \$813,260 as a result of increased cash operating losses and a reduction in current liabilities
- Cash flow used for investing activities increased by \$2,576,183 to \$3,478,624 reflecting increased expenditure on evaluation and exploration of \$379,188 related mainly to the feasibility study and on property, plant and equipment of \$842,269 comprising of equipment purchased for the expansion of the Nugget Pond mill and an increase of \$1,364,980 in restricted cash following the issue of a letter of credit in favour of the Newfoundland Provincial Government in respect of the reclamation and closure liability for the Nugget Pond Mill
- Cash flow used for financing activities increased by \$79,107 to \$93,390 as a result of increased capital repayments on finance and hire purchase agreements
- Overall, cash and cash equivalents decreased \$3,952,070 during the quarter compared with a decrease of \$902,441 during the three months ended 31 July 2009

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

SELECTED FINANCIAL INFORMATION (CONTINUED)

Compared to the third quarter 2010:

- Administrative expenses increased by \$42,338 to \$671,998 mainly as a result of the unrealised exchange loss of \$145,464 arising on the translation of the US dollar denominated Gold Loan offset by a reduction in legal costs of \$44,795, salaries and recruitment costs of \$14,999 and \$26,532 respectively
- Cash and Cash equivalents decreased \$3,952,070 to \$7,999,751 reflecting an increase in intangible and tangible assets to \$37,050,910 and \$7,814,362 respectively as the Group completed its feasibility study and started the expansion of the Nugget Pond Mill in preparation for the development of the Ming Mine

SUMMARY OF QUARTERLY RESULTS

(all amounts in \$,000 except loss per share)

	4 th Quarter	3rd Quarter	2nd Quarter	1st Quarter
<u>Fiscal 2010</u>				
Revenue	-	-	-	-
Net loss	(676)	(644)	(591)	(515)
Loss per share basic & diluted	(0 008)	(0 008)	(0 007)	(0 006)
<u>Fiscal 2009</u>				
Revenue	-	-	-	-
Net Loss	(470)	(520)	(631)	(427)
Loss per share basic & diluted	(0 008)	(0 009)	(0 010)	(0 007)

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 fall as a result of a cost reduction programme. Losses for the first quarter of 2010 increased slightly mainly as a result of the weakening of the GB Pound against the Canadian Dollar. Losses for the second quarter of 2010 further increased as a result of increased legal and professional charges in connection with financing options and the AGM. The continued weakening of the GB Pound against the Canadian Dollar resulted in a further increase in losses in the third quarter of 2010. Losses in the fourth quarter of 2010 increased as a result of an unrealised exchange loss offset by reductions in legal and professional charges and staff costs.

OUTLOOK

In the near future management expects to

- Commence retrofit work on the Nugget Pond Mill
- Start rehabilitation work in the Ming Mine Shaft, install a manway to act as a second means of egress, commence surface construction at the Minesite and order underground equipment
- Begin an active recruitment drive for key management positions and underground personnel for the Ming Mine
- Submit the Mine Development Plan to the Department of Natural Resources to receive permits to begin underground construction and development of port facilities

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

OUTLOOK (CONTINUED)

- Complete the geology determination at Nugget Pond and develop a detailed mine plan to exploit the resource

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Prior to Q3 2010 the Group had relied on shareholder funding to finance its operations. During Q3, 2010 the Group entered into a financing arrangement in US dollars. With finite cash resources and no material income, the liquidity risk is significant. This risk is managed by controls over expenditure and concentrating on achieving the payment milestones under the financing arrangement. Success will depend largely upon the outcome of ongoing and future exploration and development 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 time as the Group becomes self-financing from the commercial production of mineral resources.

Although the majority of the Group's expenses are incurred in the Canadian dollars approximately 30% of the Group's operating costs were incurred in GB pounds during Fiscal 2010. The Group's principal exchange rate exposure is related to movements between the Canadian dollar, US dollar and GB pound.

The Group's cash reserves are held in GB pounds and Canadian dollars. The Group has a downside exposure to any strengthening of the GB pound as this would increase expenses in Canadian dollar terms. This risk is mitigated by reviewing the holding of cash balances in GB pounds. Any weakening of the GB pound would however result in the reduction of the expenses in Canadian dollar 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 Parent company are translated into Canadian dollars.

Previously the Group's results had been presented in GB Pounds. Since the Group's main assets and its subsidiary are held in Canada which has a Canadian dollar functional currency, the Directors and management decided to change the presentational currency to Canadian dollars for Fiscal 2010. This significantly reduces the effect on the Group's balance sheet of movements in the GB pound to the Canadian dollar. The Group does not hedge its exposure of investments held in foreign currencies.

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 GB pound/US dollar against the Canadian dollar. 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	2010	2009
	\$'000	\$'000
10% strengthening of GB pound	53	33
10% weakening of GB pound	(47)	(30)
10% strengthening of US dollar	(515)	-
10% weakening of US dollar	468	-

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 2010, 85% of the Group's cash resources were invested in short dated term deposits and bankers acceptances. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and management and Directors monitor 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 2010 was represented by receivables and cash resources.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION (CONTINUED)

Interest rate risk

The Group's policy is to invest its surplus cash at the most advantageous rates available whilst respecting the risk averse strategy set by the Board

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

Cash and short dated term deposits and bankers acceptances (expressed in Canadian\$,000) were as follows

At 31 July 2010 Currency	Fixed Rate Assets	Floating Rate Assets	Total
British Pound	484	67	551
Canadian Dollars	6,351	1,098	7,449
Total	6,835	1,165	8,000

At 31 July 2009 Currency	Fixed Rate Assets	Floating Rate Assets	Total
British Pound	-	41	41
Canadian Dollars	1,700	348	2,048
Total	1,700	389	2,089

Interest rate risk has been eliminated on leases and bank loans by entering into fixed rate arrangements. The average fixed interest rate for the finance leases and hire purchase contracts outstanding at 31 July 2010 was 5.50%.

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.

The Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold. In estimating the cash flows the following table details the Group's sensitivity to a 10% increase and a 25% decrease in the price of gold. These percentages represent management's assessment of the reasonable possible exposure.

	Gross assets	
	2010	2009
	\$	\$
10% increase in the price of gold	(37,445)	-
25% decrease in the price of gold	105,693	-

Cash flows

The Group utilised \$2,107,185 (2009: \$1,669,292) to finance operating cash flows during the year.

Cash flows used for investing activities increased by \$3,286,281 to \$9,705,459 as a result of an increase of \$3,790,446 in the acquisition of property, plant and equipment following the acquisition of Nugget Pond Mill for \$3,500,000, an increase of \$1,364,980 in restricted cash following the issue of a letter of credit in favour of the Government of Newfoundland and Labrador in respect of the reclamation and closure liability for the Nugget

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

Cash flows (continued)

Pond Mill, offset by a reduction of \$1,936,618 in exploration and evaluation expenditure due to cash flow preservation resulting from the ongoing care and maintenance programme implemented in January 2009

Cash flows provided by/ (used for) financing activities increased by \$17,849,532 to \$17,725,306 due to placings in October 2009 and March 2010 and the receipt of the Gold Loan amounting \$5,139,000 (US\$ 5 million)

Interest received reduced in line with lower cash balances on deposit during the first three quarters of the year. Average interest rates were 0.25% and 0.35% on British Pound and Canadian Dollar deposits respectively (2009 0.35%, 0.84%)

Management continue to evaluate possible sources of finance to provide sufficient working capital for the forthcoming 12 months and are confident that such funds will be raised. At 15 October 2010, the Group has \$7.9 million in cash and cash equivalents with the proportion invested in short dated term deposits and bankers acceptances remaining consistent with year end.

SUBSEQUENT EVENTS

On 3 August 2010 the Group announced it had entered into a Toll Processing Agreement with Tenacity Gold Mining Co. Ltd ("Tenacity"). Tenacity will deliver ore for processing from its Deer Cove and Stog'er Tight Gold Mines to the Group's Nugget Pond Mill. This processing arrangement officially commenced on 1 September 2010.

On 10 August 2010 the Group received permission from the Government of Newfoundland and Labrador to proceed with retrofit construction at the Nugget Pond Mill and the Mine Shaft Manway at the Ming mine.

On 26 August 2010 the Group released its final Feasibility Study for the Ming Mine indicating pre-tax operating cash flow of US\$71.0 million, Net Present Value of US\$14.3 million discounted at 6%, payback of 1.5 years and an Internal Rate of Return of 23.7% over a 6 year Life of Mine. Initial capital costs were projected at US\$25.9 million with Sustaining Capital estimated at US\$27.9 million.

On 31 August 2010, following Sandstorm's review and acceptance of the Feasibility Study, the Group signed an amended agreement which provides for a higher percentage gold payment to Sandstorm in the first year and also adds protective measures for Sandstorm on the throughput rates at the Ming Mine. On 8 September 2010 the second payment of US\$2.0 million (CAD\$2.03 million after commission) was received by the Group.

COMMITMENTS AND LOANS

The Group has commitments totalling CAD\$1.24 million with various vendors relating to the purchase of equipment for the Nugget Pond Mill upgrade.

These commitments together with the ongoing evaluation and development of the mine will be partially financed from existing cash reserves from earlier equity fund raisings and cash provided under the terms of the Gold Loan agreement with Sandstorm Resources Ltd.

At 31 July 2010, the Group had outstanding obligations, including interest, relating to bank loans and leases of \$829,543 and an amount of \$5,149,566 under the Sandstorm financing agreement ('Gold Loan').

The bank loan is secured by way of a fixed charge over a property and is repayable in monthly instalments of \$384 over 12 years.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

COMMITMENTS AND LOANS (CONTINUED)

The bank loans and leases are repayable by fixed monthly instalments and are repayable as follows

	2010	2009
	\$	\$
Due within one year	387,877	262,795
Due within one to two years	374,104	399,995
Due within two to three years	22,144	359,504
Due within three to four years	23,797	20,634
Due within four to five years	5,214	22,066
Due after five years	16,407	19,802
	<u>829,543</u>	<u>1,084,796</u>

The leases are secured on the assets subject to those leases

The Gold Loan is repayable by the delivery of 25% of the first 175,000 oz of payable gold and thereafter 12% of all subsequent payable gold for the balance of the period ending 40 years after the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year blocks at the option of Sandstorm Resources Ltd

Under the terms of this agreement Sandstorm will make staged upfront cash payments for the gold to the Group totalling US\$20 million. Payment milestones are as follows

- US\$5 million available immediately and received on 10 March 2010,
- US\$2 million on completion of a NI43-101 feasibility study (subsequently received on 8 September 2010), and
- US\$13 million when Rambler is awarded all permits required for the Ming mine to start production (outstanding at the date of this report)

For this, the Group has agreed to sell 25% of the first 175,000oz of payable gold and thereafter 12% of all further payable gold up to 40 years, renewable in 10 year blocks

A 4.5% commission is payable with each payment received under the agreement

There are certain circumstances in which the gold loan may be repaid earlier than by the delivery of payable gold as follows

- (i) If within 18 months of 4 March 2010 (the date of the agreement) the Ming mine has not started producing gold any amounts advanced will become repayable on demand together with interest at a rate of 8% per annum
- (ii) If within 24 months of the date that gold is first produced, the Ming mine has not produced and sold a minimum of 24,000oz of payable gold then a portion of the US\$20 million will be repayable based on the shortfall of payable gold
- (iii) Within the first 36 months of Commercial production of gold any shortfall in payable gold below the following amounts will be required to be paid in cash
 - within the first 12 months – US\$3.6 million
 - within the second 12 months – US\$3.6 million
 - within the third 12 months – US\$3.1 million

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

COMMITMENTS AND LOANS (CONTINUED)

The Gold Loan is accounted for as a financial liability carried at amortised cost. In determining the effective interest rate implicit in the cash flows arising from the loan the cash flows are forecast at each quarter end based on management's best estimates of the time of delivery of payable gold, the total amount of gold expected to be produced over the mine life and the timing of that production.

Interest accrued of \$218,595 during the year has been capitalised and included in exploration and evaluation expenditure.

The Gold Loan is secured by a fixed and floating charge over the Group's assets.

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 monitor events and associated risks. There were no derivative instruments outstanding at 31 July 2010.

RELATED PARTY TRANSACTIONS

A total of \$503,969 (2009 \$513,884) 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 2010 fees of \$50,843 remained outstanding (2009 \$39,797).

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

Going Concern

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on the copper 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. In August 2010, the Group released its final NI43-101 Feasibility Study for the Ming Mine Copper Gold Project. This enabled the Group to draw down the second instalment of the Gold Loan (see commitments and loan section above) of US\$2 million. Under the Gold Loan agreement a further amount of US\$13 million will be available as soon as the permits to start production for the Ming mine have been awarded. The Directors and management continue to evaluate possible sources of finance to provide sufficient project finance and working capital for the forthcoming 12 months. Whilst they are confident that such funds will be raised and have therefore concluded that the Group is a going concern, there is no certainty that such funds will be available when needed.

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 2010 fiscal year, the parent company granted a number of individuals employee stock options. The number of share options being granted is considered by the directors to be consistent with companies of a similar size and profile to Rambler. The parent company is likely to grant individuals employee stock options again in the future. The Group calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost.

Gold Loan

The Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold (see note 18). The cash flows will be dependent on the production of gold and its selling price at the time of delivery which have been estimated in line with the mine plan, future prices of gold and reserve estimates. Management's estimates of these factors are subject to risk and uncertainties affecting the amount of the interest charge. Any changes to these estimates may result in a significantly different interest charge which would affect the carrying value of the exploration and evaluation costs and the corresponding Gold Loan liability.

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

CHANGES IN ACCOUNTING POLICIES

In the current year, the following new and revised standards have been adopted and have affected the disclosures presented in these financial statements

IAS1 (revised 2007) Presentation of Financial Statements

IAS1 has introduced a number of changes in the format and content of the financial statements. This resulted in the Company presenting a Statement of Comprehensive Income and a Statement of Changes in Equity. Previously the statements had been presented together in a Statement of Recognised Income and Expense.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard. Its adoption has not resulted in any changes to the classification of the Group's segments, however additional segmental disclosures have been included.

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments Disclosures)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

No standards issued but not yet effective have been adopted early.

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 2010.

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
Various	Annual Improvements to IFRSs	No change to accounting policy, therefore, no impact	Various	1 August 2010
IAS 24 revised	Related Party Disclosures	No change to accounting policy, therefore, no impact	1 January 2011	1 August 2011
IAS 32 amendment	Financial instruments Presentation	No change to accounting policy, therefore, no impact	1 February 2010	1 August 2010
IAS 39 amendment	Financial instruments	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 1 amended	First time adoption of IFRS	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 2 amended	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 9	Financial instruments Classification and Measurement	No change to accounting policy, therefore, no impact	1 January 2013	1 August 2013
IFRIC 19	Extinguishing financial liabilities with Equity Instruments	No change to accounting policy, therefore, no impact	1 July 2010	1 August 2010

RAMBLER METALS AND MINING PLC

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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	95,485,000
Options	3,952,000
Total	<u>99,437,000</u>

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.

Further information

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

RAMBLER METALS AND MINING PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2010

The Directors present their report with the audited financial statements of the Group for the year ended 31 July 2010

PRINCIPAL ACTIVITY

The principal activity of the Group is the development and exploration programme of the Ming Mine 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 starting retrofit work on the Nugget Pond Mill which will process base metal sulphides from the Mine. Plans are also being finalized to resume exploration activity and pre-production development which will result in the Mine being brought into production during 2011.

DIVIDENDS

No dividends will be distributed for the year ended 31 July 2010.

DIRECTORS

The Directors during the period under review were

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

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 2010 was 20 days (2009: 21 days). The Company's average creditor payment period at 31 July 2010 was 9 days (2009: 20 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable donations of \$2,355 (2009: \$99) to various charities in the Baie Verte Newfoundland area.

RAMBLER METALS AND MINING PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

SUBSTANTIAL SHARE INTERESTS

At 15 October 2010 the parent Company was aware of the following substantial share interests

	Number of Ordinary Shares	% of Share Capital
Altius Resources Inc	12,000,000	12.57%
CDS & Co	9,290,922	9.73%
Chase Nominees Limited	7,738,200	8.10%
Zila Corporation	6,499,999	6.81%
Hanover Nominees Limited	6,004,500	6.29%
The Bank of New York (Nominees) Limited	5,140,542	5.38%
Nortrust Nominees Limited	4,662,000	4.88%
HSBC Global Custody Nominee (UK) Limited	3,000,000	3.14%

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 20 to the Financial Statements. There were no derivative instruments outstanding at 31 July 2010.

SUBSEQUENT EVENTS

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

RISKS AND UNCERTAINTIES

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.

Mining risks

Mining operations are inherently risky. These operations are subject to all hazards and risks encountered in the exploration for, and development and production of underground ore, including formation pressures, seismic activity, rock bursts, fires, power outages, cave-ins, flooding, explosions and other conditions involved in the drilling and removal of material. Any of these events could result in serious damage to the mine and other infrastructure, damage to life or property, environmental damage and possible legal liability.

The Company's profitability will depend, in part, on the economic returns and actual costs of developing its mining projects, which may differ from the estimates made by the Company. Events such as delays in construction, commissioning, and technical difficulties may result in the Company's current or future project target dates being delayed or additional capital expenditure being incurred.

Copper and Gold Price Volatility

The Group'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 the Group's control including international, economic and political trends,

RAMBLER METALS AND MINING PLC

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 JULY 2010 (CONTINUED)

RISKS AND UNCERTAINTIES (CONTINUED)

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 the Group's results of operations and financial condition.

Additional Requirement for Capital

The Group will need to raise additional capital in due course to fund anticipated future development and ongoing operations. Future development of the Ming Mine, 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.

Uncertainty in the estimation of mineral resources and mineral reserves

The calculation of mineral reserves and mineral resources and related grades mined has a degree of uncertainty. Until such a time as the mineral reserves and mineral resources are actually mined and processed, the quantity of grades must be considered as estimates only. The mineral reserves estimates of the Company have been determined based on assumed metal prices, cut-off grades and costs that may prove to be inaccurate. Any material change in these variables, along with differences in actual metal recoveries when compared to laboratory test results, may affect the economic outcome of current and future projects.

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
15 October 2010

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, and
- 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 2010

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 no less than quarterly providing effective leadership and overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of budgets and business plans, items of major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings. The Board also receives a summary financial report before each Board meeting. The Board delegates certain of its responsibilities to Board committees which have clearly defined terms of reference. Between the Board meetings, the executive Director, the 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. It 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 2010 which comprise the consolidated income statement and the consolidated and company statements of comprehensive income, balance sheets, statements of changes in equity, statements of cash flows 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 Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 groups 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 2010 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)

Emphasis of matter – adequacy of project finance and going concern

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 Group's ability to continue as a going concern and the adequacy of project finance. The current funding position as explained in the note indicates the existence of a material uncertainty which may cast significant doubt about the Company and the Group's ability to continue as a going concern. If the company is unable to secure such additional funding, this may have a consequential impact on the carrying value of the related assets and the investments of the parent company. The outcome of any future fundraising cannot presently be determined, and no adjustments to asset carrying values that may be necessary should the company be unsuccessful have been recognised in the financial statements.

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



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

London, UK
15 October 2010

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 2010 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 2010 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
London, UK
15 October 2010

RAMBLER METALS AND MINING PLC

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 July 2010
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2010 \$	2009 \$
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(2,319,528)	(2,076,143)
Exploration expenses		(90,772)	-
Operating loss	4	(2,410,300)	(2,076,143)
Bank interest receivable		18,627	82,281
Finance costs		(64,721)	(66,228)
Net financing (expense)/income		(46,094)	16,053
Loss before tax		(2,456,394)	(2,060,090)
Income tax credit	6	30,509	11,623
Loss for the year and attributable to owners of the parent		(2,425,885)	(2,048,467)

Loss per share

	Note	2010 \$	2009 \$
Basic and diluted loss per share	16	(0.029)	(0.034)

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 July 2010
(EXPRESSED IN CANADIAN DOLLARS)

	2010 \$	2009 \$
Loss for the year	(2,425,885)	(2,048,467)
Exchange differences on translation of foreign operations (net of tax)	(24,741)	(5,700)
Other comprehensive loss for the year	(24,741)	(5,700)
Total comprehensive loss for the year and attributable to the owners of the parent	(2,450,626)	(2,054,167)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 July 2010

	2010 \$	2009 \$
Loss for the year	(715,870)	(801,211)
Exchange differences on translation into presentation currency	(3,426,740)	(4,316,381)
Other comprehensive loss for the year	(3,426,740)	(4,316,381)
Total comprehensive loss for the year	(4,142,610)	(5,117,592)

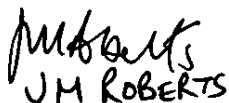
RAMBLER METALS AND MINING PLC

CONSOLIDATED BALANCE SHEET

As at 31 July 2010
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2010 \$	2009 \$	2008 \$
Assets				
Property, plant and equipment	8	7,461,137	4,029,411	5,315,164
Intangible assets	9	37,050,910	31,476,116	24,586,176
Total non-current assets		<u>44,512,047</u>	<u>35,505,527</u>	<u>29,901,340</u>
Trade and other receivables	12	284,873	136,987	384,003
Cash and cash equivalents	13	7,999,751	2,088,831	10,356,138
Restricted cash	14	1,364,980	-	-
Total current assets		<u>9,649,604</u>	<u>2,225,818</u>	<u>10,740,141</u>
Total assets		<u>54,161,651</u>	<u>37,731,345</u>	<u>40,641,481</u>
Equity				
Issued capital	15	1,862,613	1,255,060	1,255,060
Share premium		51,531,884	39,296,408	39,296,408
Merger reserve		214,472	214,472	214,472
Translation reserve		25,245	49,986	55,686
Accumulated losses		(6,810,787)	(4,638,707)	(2,838,842)
Total equity		<u>46,823,427</u>	<u>36,177,219</u>	<u>37,982,784</u>
Liabilities				
Interest-bearing loans and borrowings	18	5,591,232	822,001	921,296
Provision	19	558,739	-	-
Total non-current liabilities		<u>6,149,971</u>	<u>822,001</u>	<u>921,296</u>
Interest-bearing loans and borrowings	18	387,877	262,795	277,110
Trade and other payables	17	800,376	469,330	1,460,291
Total current liabilities		<u>1,188,253</u>	<u>732,125</u>	<u>1,737,401</u>
Total liabilities		<u>7,338,224</u>	<u>1,554,126</u>	<u>2,658,697</u>
Total equity and liabilities		<u>54,161,651</u>	<u>37,731,345</u>	<u>40,641,481</u>

ON BEHALF OF THE BOARD



Director

Approved and authorised for issue by the Board on 15 October 2010

RAMBLER METALS AND MINING PLC

COMPANY BALANCE SHEET

As at 31 July 2010
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2010 \$	2009 \$	2008 \$
Assets				
Property, plant and equipment	8	649	1,176	2,859
Investments	10	39,999,602	31,834,467	34,276,414
Total non-current assets		<u>40,000,251</u>	<u>31,835,643</u>	<u>34,279,273</u>
Trade and other receivables	12	68,266	39,227	73,220
Cash and cash equivalents	13	553,015	40,653	2,656,506
Total current assets		<u>621,281</u>	<u>79,880</u>	<u>2,729,726</u>
Total assets		<u>40,621,532</u>	<u>31,915,523</u>	<u>37,008,999</u>
Equity				
Issued capital		1,862,613	1,255,060	1,255,060
Share premium		51,531,884	39,296,408	39,296,408
Translation reserve		(9,075,740)	(5,649,000)	(1,332,619)
Accumulated losses		(3,845,055)	(3,162,365)	(2,403,206)
Total equity		<u>40,473,702</u>	<u>31,740,103</u>	<u>36,815,643</u>
Liabilities				
Trade and other payables	17	147,830	175,420	193,356
Total current liabilities		<u>147,830</u>	<u>175,420</u>	<u>193,356</u>
Total liabilities		<u>147,830</u>	<u>175,420</u>	<u>193,356</u>
Total equity and liabilities		<u>40,621,532</u>	<u>31,915,523</u>	<u>37,008,999</u>

ON BEHALF OF THE BOARD



Director JM ROBERTS

Approved and authorised for issue by the Board on 15 October 2010

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

Group

Balance at 1 August 2008	1,255,060	39,296,408	214,472	55,686	(2,838,842)	37,982,784
Comprehensive loss						
Loss for the year	-	-	-	-	(2,048,467)	(2,048,467)
Foreign exchange translation differences	-	-	-	(5,700)	-	(5,700)
Total other comprehensive loss	-	-	-	(5,700)	-	(5,700)
Total comprehensive loss for the year	-	-	-	(5,700)	(2,048,467)	(2,054,167)
Transactions with owners						
Share-based payments	-	-	-	-	248,602	248,602
Transactions with owners	-	-	-	-	248,602	248,602
Balance at 31 July 2009	1,255,060	39,296,408	214,472	49,986	(4,638,707)	36,177,219
Balance at 1 August 2009	1,255,060	39,296,408	214,472	49,986	(4,638,707)	36,177,219
Comprehensive loss						
Loss for the year	-	-	-	-	(2,425,885)	(2,425,885)
Foreign exchange translation differences	-	-	-	(24,741)	-	(24,741)
Total other comprehensive loss	-	-	-	(24,741)	-	(24,741)
Total comprehensive loss for the year	-	-	-	(24,741)	(2,425,885)	(2,450,626)
Transactions with owners						
Issue of share capital	607,553	13,127,835	-	-	-	13,735,388
Share issue expenses	-	(892,359)	-	-	-	(892,359)
Share-based payments	-	-	-	-	253,805	253,805
Transactions with owners	607,553	12,235,476	-	-	253,805	13,906,384
Balance at 31 July 2010	1,862,613	51,531,884	214,472	25,245	(6,810,787)	46,823,427

RAMBLER METALS AND MINING PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

Balance at 1 August 2008

Comprehensive loss

Loss for the year

Foreign exchange translation differences

Total other comprehensive loss

Total comprehensive loss for the year

Share-based payments

Balance at 31 July 2009

Balance at 1 August 2009

Comprehensive loss

Loss for the year

Foreign exchange translation differences

Total other comprehensive loss

Total comprehensive loss for the year

Issue of share capital

Share issue expenses

Share-based payments

Balance at 31 July 2010

Share capital \$	Share premium \$	Translation reserve \$	Accumulated losses \$	Total \$
1,255,060	39,296,408	(1,332,619)	(2,403,206)	36,815,643
-	-	-	(801,211)	(801,211)
-	-	(4,316,381)	-	(4,316,381)
-	-	(4,316,381)	-	(4,316,381)
-	-	(4,316,381)	(801,211)	(5,117,592)
-	-	-	42,052	42,052
1,255,060	39,296,408	(5,649,000)	(3,162,365)	31,740,103
1,255,060	39,296,408	(5,649,000)	(3,162,365)	31,740,103
-	-	-	(715,870)	(715,870)
-	-	(3,426,740)	-	(3,426,740)
-	-	(3,426,740)	-	(3,426,740)
-	-	(3,426,740)	(715,870)	(4,142,610)
607,553	13,127,835	-	-	13,735,388
-	(892,359)	-	-	(892,359)
-	-	-	33,180	33,180
1,862,613	51,531,884	(9,075,740)	(3,845,055)	40,473,702

RAMBLER METALS AND MINING PLC

STATEMENTS OF CASH FLOWS

For the Year Ended 31 July 2010
(EXPRESSED IN CANADIAN DOLLARS)

	Group 2010 \$	Company 2010 \$	Group 2009 \$	Company 2009 \$
Cash flows from operating activities				
Operating loss	(2,410,300)	(716,929)	(2,076,143)	(826,773)
Depreciation	150,751	961	113,282	1,938
Share based payments	247,076	26,449	257,442	34,672
(Increase)/decrease in debtors	(146,477)	(29,039)	211,225	23,196
Increase/(decrease) in creditors	85,977	(27,590)	(120,494)	5,322
Cash utilised in operations	(2,072,973)	(746,148)	(1,614,688)	(761,645)
Interest paid	(64,721)	-	(66,227)	-
Tax received	30,509	-	11,623	-
Net cash from operating activities	(2,107,185)	(746,148)	(1,669,292)	(761,645)
Cash flows from investing activities				
Interest received	18,627	1,060	86,100	29,380
Loans to subsidiaries	-	(11,567,136)	-	(1,730,277)
Purchase of bearer deposit note	(1,364,980)	-	-	-
Acquisition of evaluation and exploration assets	(3,704,106)	-	(5,640,724)	-
Acquisition of property, plant and equipment	(4,655,000)	(525)	(864,554)	(502)
Net cash from investing activities	(9,705,459)	(11,566,601)	(6,419,178)	(1,701,399)
Cash flows from financing activities				
Proceeds from the issue of share capital	13,735,388	13,735,388	-	-
Payment of transaction costs	(892,359)	(892,359)	-	-
Proceeds from issue of share options	6,731	6,731	7,380	7,380
Proceeds from Gold Loan (note 18)	5,139,000	-	-	-
Capital element of finance lease payments	(263,454)	-	(131,606)	-
Net cash from financing activities	17,725,306	12,849,760	(124,226)	7,380
Net increase/(decrease) in cash and cash equivalents	5,912,662	537,011	(8,212,696)	(2,455,664)
Cash and cash equivalents at beginning of period	2,088,831	40,653	10,356,138	2,656,506
Effect of exchange rate fluctuations on cash held	(1,742)	(24,649)	(54,611)	(160,189)
Cash and cash equivalents at end of period	7,999,751	553,015	2,088,831	40,653

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS

1 Nature of operation and going concern

The principal activity of the Group is the development and exploration programme of the Ming Mine 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. In August 2010, the Group released its final NI43-101 Feasibility Study for the Ming Mine Copper Gold Project. This enabled the Group to draw down the second instalment of the Gold Loan (see note 18) of US\$2 million. Under the Gold Loan agreement a further amount of US\$13 million will be available as soon as the permits to start production for the Ming mine have been awarded. The Directors and management continue to evaluate possible sources of finance to provide sufficient project finance and working capital for the forthcoming 12 months. Whilst they are confident that such funds will be raised and have therefore concluded that the Group is a going concern, there is no certainty that such funds will be available when needed.

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 2010 comprise the Company and its subsidiaries (together referred to as the "Group").

These financial statements are presented in Canadian dollars. Although the parent company has a functional currency of GB pounds the majority of the Group's operations are carried out by its operating subsidiary which has a functional currency of Canadian dollars. Foreign operations are included in accordance with the policies set out in note 2(d). At 31 July 2010 the closing rate of exchange of Canadian dollars to 1 GB pound was 1.61 (31 July 2009 1.79) and the average rate of exchange of Canadian dollars to 1 GB pound for the year was 1.70 (2009 1.91).

(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.

In the current year, the following new and revised standards have been adopted and have affected the disclosures presented in these financial statements:

IAS1 (revised 2007) Presentation of Financial Statements

IAS1 has introduced a number of changes in the format and content of the financial statements. This resulted in the Company presenting a Statement of Comprehensive Income and a Statement of Changes in Equity. Previously the statements had been presented together in a Statement of Recognised Income and Expense.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(a) Statement of compliance (continued)

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard. Its adoption has not resulted in any changes to the classification of the Group's segments.

Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments Disclosures)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

There have been no standards issued but not yet effective that have been adopted early.

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 2010.

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
Various	Annual Improvements to IFRSs	No change to accounting policy, therefore, no impact	Various	1 August 2010
IAS 24 revised	Related Party Disclosures	No change to accounting policy, therefore, no impact	1 January 2011	1 August 2011
IAS 32 amendment	Financial instruments Presentation	No change to accounting policy, therefore, no impact	1 February 2010	1 August 2010
IAS 39 amendment	Financial instruments	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 1 amended	First time adoption of IFRS	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 2 amended	Share-based payment	No change to accounting policy, therefore, no impact	1 January 2010	1 August 2010
IFRS 9	Financial instruments Classification and Measurement	No change to accounting policy, therefore, no impact	1 January 2013	1 August 2013
IFRIC 19	Extinguishing financial liabilities with Equity Instruments	No change to accounting policy, therefore, no impact	1 July 2010	1 August 2010

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 FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(b) Basis of preparation

The financial statements are presented in Canadian dollars, rounded to the nearest dollar

Change of presentational currency

The Group's principal operations are based in Canada and there will be further significant expenditure associated with bringing the Group's Mine into production in 2011. As a result the Directors have changed the Group's presentational currency from GB pounds to Canadian dollars.

The change of the Group's presentational currency has been accounted for in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

On the change of the Group's presentational currency, comparative figures previously reported in GB pounds were translated into Canadian dollars as follows:

- income and expenses were translated at the average exchange rate for the relevant period,
- assets and liabilities were translated at the closing exchange rate on the relevant balance sheet date, and
- equity items were translated at historical exchange rates.

The exchange rates used were as follows:

	2009 £1=CAD\$	2008 £1=CAD\$	2007 £1=CAD\$	2006 £1=CAD\$
Average rate	1 91	2 09	2 13	2 12
Closing rate	1 79	2 03	2 16	2 11

As a result of the change of the Group's presentational currency, a currency translation difference of \$419,757 was recognised in equity as at 31 July 2009 which represented the difference between the Group's assets and liabilities translated from GB pounds into Canadian dollars at the closing exchange rate on that date of £1 = \$1.79 and the equity items recognised in the consolidated financial statements that were translated from GB pounds to Canadian dollars at historical exchange rates.

The currency translation difference arose as follows:

	\$
Ordinary share capital	193,689
Share premium account	5,875,068
Retranslation of net assets from GB pounds to Canadian dollars	(5,649,000)
	<u>419,757</u>

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(b) Basis of preparation (continued)

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 24.

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 FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(d) Foreign currency

(ii) Translation into presentation currency

The assets and liabilities of the UK parent are translated to Canadian dollars at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of the parent company are translated to Canadian dollars 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 and 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 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.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

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

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted

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

(ii) Reversals of impairment

An impairment loss 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) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Financial liabilities include bank loans and the Gold Loan which are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis except where the difference between cost and redemption value qualifies to be capitalised as part of the cost of a qualifying asset.

(l) 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.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(m) Trade and other payables

Trade and other payables are stated at amortised cost

(n) 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 where they do not meet the criteria for capitalisation.

(o) 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.

(o) Equity settled share based payments (continued)

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

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

(p) 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 substantively 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. Operating segments

The Group has adopted IFRS 8 Operating Segments with effect from 1 August 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. Following the adoption of IFRS 8, the identification of the Group's reportable segments has not changed.

The Group's operations relate to the exploration for, and development of mineral deposits with support provided from the UK and as such the Group has only one segment.

Other geographical information

	2010			2009		
	UK	Canada	Consolidated	UK	Canada	Consolidated
	\$	\$	\$	\$	\$	\$
Segment revenue	-	-	-	-	-	-
Segment non-current assets	649	44,864,623	44,865,272	1,176	35,504,351	35,505,527

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Operating loss

The operating loss is after charging/(crediting)

	2010	2009
	\$	\$
Depreciation – owned assets	150,751	113,282
Directors' emoluments (see note 22)	348,468	344,745
Auditors' remuneration:		
Audit of these financial statements	44,217	44,825
Fees payable to the auditor for other services		
Audit of accounts of associates of the Company pursuant to legislation	-	4,768
Other services related to tax	17,248	17,453
Other services	5,638	2,384
Operating lease rentals	44,165	79,396
Foreign exchange differences	146,801	(2,953)

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 \$1,746,252 (2009 \$1,886,374) was capitalised within exploration and evaluation assets

5. Personnel expenses

Salary costs

	Group 2010	Group 2009
	\$	\$
Wages and salaries	2,095,834	2,612,934
Share based payments	247,076	257,442
Compulsory social security contributions	133,666	182,961
	<u>2,476,576</u>	<u>3,053,337</u>

Salary costs of \$1,345,965 (2009 \$1,916,261) 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 2010	Group 2009
Directors	9	8
Administration	6	6
Exploration and evaluation	19	26
	<u>34</u>	<u>40</u>

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

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. Personnel expenses (continued)

Share-based payments

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

	Weighted average exercise price 2010 \$	Number of options 2010	Weighted average exercise price 2009 \$	Number of options 2009
Outstanding at the beginning of the period	0.416	3,313,000	0.971	1,245,000
Granted during the period	0.500	704,000	0.214	2,223,000
Cancelled during the period	0.890	(65,000)	0.894	(155,000)
Outstanding and exercisable at the end of the period	0.467	<u>3,952,000</u>	0.416	<u>3,313,000</u>

The options outstanding at 31 July 2010 have an exercise price in the range of \$0.19 to \$1.10 and a weighted average remaining contractual life of 8 years (2009: 9 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	2010 \$	2009 \$
Fair value at measurement date	<u>208,500</u>	<u>280,530</u>
Share price (weighted average)	0.467	0.444
Exercise price (weighted average)	0.467	0.444
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	67.2%	65.3%
Expected option life	5	5
Expected dividends	0	0
Risk-free interest rate (based on national government bonds)	<u>3.98%</u>	<u>4.30%</u>

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 performance or market conditions associated with the share option grants.

	2010 \$	2009 \$
Share options granted in 2008	49,241	158,048
Share options granted in 2009	77,972	99,394
Share options granted in 2010	<u>119,863</u>	-
Total expense recognised as employee costs	<u>247,076</u>	<u>257,442</u>

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Income tax credit

Recognised in the income statement

	2010	2009
	\$	\$
Current tax expense		
Current year	-	-
	-	-
Deferred tax credit		
Origination and reversal of temporary differences	438,094	384,532
Benefit of tax losses recognised	(438,094)	(384,532)
Tax losses surrendered for tax credit	(30,509)	(11,623)
Total income tax credit in income statement	(30,509)	(11,623)

Reconciliation of effective tax rate

	2010	2009
	\$	\$
Loss before tax	(2,456,394)	(2,060,090)
Income tax using the domestic corporation tax rate of 28% (2009 28%)	(687,790)	(576,825)
Effect of tax rates in foreign jurisdictions (rates increased)	(17,405)	(12,589)
Non-deductible expenses	90,651	75,342
Capital allowances in excess of depreciation	(319,558)	(384,275)
Effect of tax losses carried forward	903,593	886,725
	(30,509)	(11,622)

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 \$715,870 (2009 \$801,211)

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Property, plant and equipment - group

	Land and buildings \$	Assets under construction \$	Motor vehicles \$	Plant and equipment \$	Fixtures, fittings and equipment \$	Computer equipment \$	Total \$
Cost							
Balance at 1 August 2008	962,181	-	194,888	5,613,548	36,613	252,067	7,059,297
Acquisitions	62,772	8,400	71,141	405,227	17,234	244,871	809,645
Disposals	-	-	(147,787)	-	-	-	(147,787)
Effect of movements in foreign exchange	-	-	-	-	-	(849)	(849)
Balance at 31 July 2009	1,024,953	8,400	118,242	6,018,775	53,847	496,089	7,720,306
Balance at 1 August 2009	1,024,953	8,400	118,242	6,018,775	53,847	496,089	7,720,306
Acquisitions	71,175	5,191,351	-	19,012	2,587	44,695	5,328,820
Effect of movements in foreign exchange	-	-	-	-	-	(662)	(662)
Balance at 31 July 2010	1,096,128	5,199,751	118,242	6,037,787	56,434	540,122	13,048,464
Depreciation and impairment losses							
Balance at 1 August 2008	255,183	-	46,179	1,356,293	15,039	71,439	1,744,133
Depreciation charge for the period	268,954	-	22,643	1,569,877	16,345	119,992	1,997,811
On disposals	-	-	(50,448)	-	-	-	(50,448)
Effect of movements in foreign exchange	-	-	-	-	-	(601)	(601)
Balance at 31 July 2009	524,137	-	18,374	2,926,170	31,384	190,830	3,690,895
Balance at 1 August 2009	524,137	-	18,374	2,926,170	31,384	190,830	3,690,895
Depreciation charge for the year	250,840	-	32,604	1,456,382	12,857	144,321	1,897,004
Effect of movements in foreign exchange	-	-	-	-	-	(572)	(572)
Balance at 31 July 2010	774,977	-	50,978	4,382,552	44,241	334,579	5,587,327
Carrying amounts							
At 1 August 2008	706,998	-	148,709	4,257,255	21,574	180,628	5,315,164
At 31 July 2009	500,816	8,400	99,868	3,092,605	22,463	305,259	4,029,411
At 1 August 2009	500,816	8,400	99,868	3,092,605	22,463	305,259	4,029,411
At 31 July 2010	321,151	5,199,751	67,264	1,655,235	12,193	205,543	7,461,137

Leased plant and machinery

The Group leases surface and underground 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 2010, the net carrying amount of leased plant and machinery was \$126,715 (2009 \$502,099). The leased equipment secures lease obligations (see note 18).

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. Property, plant and equipment - company

	Computer equipment \$
Cost	
Balance at 1 August 2008	6,904
Acquisitions	502
Effect of movements in foreign exchange	(849)
Balance at 31 July 2009	<u>6,557</u>
Balance at 1 August 2009	6,557
Acquisitions	525
Effect of movements in foreign exchange	(662)
Balance at 31 July 2010	<u>6,420</u>
Depreciation and impairment losses	
Balance at 1 August 2008	4,045
Depreciation charge for the period	1,940
Effect of movements in foreign exchange	(604)
Balance at 31 July 2009	<u>5,381</u>
Balance at 1 August 2009	5,381
Depreciation charge for the year	962
Effect of movements in foreign exchange	(572)
Balance at 31 July 2010	<u>5,771</u>
Carrying amounts	
At 1 August 2008	<u>2,859</u>
At 31 July 2009	<u>1,176</u>
At 1 August 2009	<u>1,176</u>
At 31 July 2010	<u>649</u>

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Intangible assets - group

	Exploration and evaluation Costs \$
Cost	
Balance at 1 August 2008	24,586,176
Acquisitions	6,889,940
Balance at 31 July 2009	<u>31,476,116</u>
Balance at 1 August 2009	31,476,116
Acquisitions	5,574,794
Balance at 31 July 2010	<u>37,050,910</u>
Carrying amounts	
At 1 August 2008	24,586,176
At 31 July 2009	<u>31,476,116</u>
At 1 August 2009	<u>31,476,116</u>
At 31 July 2010	<u>37,050,910</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 recent Feasibility Study as well as its opportunities economic model which includes resource estimates and conversion of its inferred resources, movement of 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 2008	486,631	33,789,783	34,276,414
Advances	-	1,730,277	1,730,277
Effect of movements in foreign exchange	(57,686)	(4,114,538)	(4,172,224)
Balance at 31 July 2009	<u>428,945</u>	<u>31,405,522</u>	<u>31,834,467</u>
Balance at 1 August 2009	428,945	31,405,522	31,834,467
Advances	-	11,567,136	11,567,136
Effect of movements in foreign exchange	(41,568)	(3,360,433)	(3,402,001)
Balance at 31 July 2010	<u>387,377</u>	<u>39,612,225</u>	<u>39,999,602</u>

RAMBLER METALS AND MINING PLC

NOTES TO THE 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	
	2010	2009	2010	2009	2010	2009
	\$	\$	\$	\$	\$	\$
Property, plant and equipment	(272,838)	(78,838)	-	-	(272,838)	(78,838)
Intangible assets	-	-	1,744,759	1,246,733	1,744,759	1,246,733
Tax value of loss carry-forwards recognised	(1,471,921)	(1,167,895)	-	-	(1,471,921)	(1,167,895)
Net tax (assets) / liabilities	(1,744,759)	(1,246,733)	1,744,759	1,246,733	-	-

Unrecognised deferred tax assets

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

	2010	2009
	\$	\$
Deductible temporary differences	334	(184)
UK tax losses	740,443	623,069
Canadian tax losses	707,580	299,902
Other Canadian tax credits	2,527,844	2,129,063
	<u>3,976,201</u>	<u>3,052,034</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 FINANCIAL STATEMENTS (CONTINUED)

11. Deferred tax assets and liabilities (continued)

Movement in recognised deferred tax assets and liabilities

	Balance 1 Aug 08	Recogn- ised in income	Effect of change in tax rate	Exchange difference	Balance 31 Jul 09
	\$	\$	\$	\$	\$
Property, plant and equipment	91,061	(162,285)	(7,375)	(239)	(78,838)
Intangible assets	761,450	546,275	(61,678)	686	1,246,733
Tax value of loss carry-forwards	(852,511)	(383,990)	69,053	(447)	(1,167,895)
	-	-	-	-	-

	Balance 1 Aug 09	Recogn- ised in income	Effect of change in tax rate	Exchange difference	Balance 31 Jul 10
	\$	\$	\$	\$	\$
Property, plant and equipment	(78,838)	(194,000)	-	-	(272,838)
Intangible assets	1,246,733	498,026	-	-	1,744,759
Tax value of loss carry-forwards	(1,167,895)	(304,026)	-	-	(1,471,921)
	-	-	-	-	-

12. Trade and other receivables

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
	\$	\$	\$	\$	\$	\$
Other receivables	22,004	2,531	94,678	1,251	2,029	25,506
Sales taxes recoverable	56,963	42,135	223,335	9,851	4,972	16,620
Prepayments and accrued income	205,906	92,321	65,990	57,164	32,226	31,094
	284,873	136,987	384,003	68,266	39,227	73,220

13. Cash and cash equivalents

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
	\$	\$	\$	\$	\$	\$
Short term deposits	6,860,562	1,699,999	6,439,773	484,221	-	-
Bank balances	1,139,189	388,831	3,916,365	68,794	40,653	2,656,506
Cash and cash equivalents in the statement of cash flows	7,999,751	2,088,831	10,356,138	553,015	40,653	2,656,506

14. Restricted cash

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
	\$	\$	\$	\$	\$	\$
Bearer deposit note	1,364,980	-	-	-	-	-

The group is required to hold a Letter of Credit in favour of the Government of Newfoundland and Labrador in respect of the reclamation and closure liability at the Nugget Pond Mill. The bearer deposit note matures on 5 July 2011 and has a nominal value of \$1,383,000 giving an effective yield of 1.32%.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. Capital and reserves

Share capital and share premium – group and company

	<i>Number</i>
In issue at 1 August 2008	59,385,000
Issued for cash	-
In issue at 31 July 2009	<u>59,835,000</u>
In issue at 1 August 2009	59,385,000
Issued for cash	<u>36,100,000</u>
In issue at 31 July 2010	<u>95,485,000</u>

At 31 July 2010, 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 2010 are as follows

On 21 October 2009 the company received monies to subscribe for 27,500,000 shares for \$0 346 each raising a total of \$8,866,724 net of expenses

On 31 March 2010 the company received monies to subscribe for 8,600,000 shares for \$0 491 each raising a total of \$3,976,305 net of expenses

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 transition to IFRS 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 the parent company which has 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 FINANCIAL STATEMENTS (CONTINUED)

15. 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.

16. Loss per share

Basic loss per share

The calculation of basic loss per share at 31 July 2010 was based on the loss attributable to ordinary shareholders of \$2,425,885 and a weighted average number of ordinary shares outstanding during the period ended 31 July 2010 of 83,581,438 calculated as follows:

Loss attributable to ordinary shareholders

	2010	2009
	\$	\$
Loss for the period	(2,425,885)	(2,048,467)
Loss attributable to ordinary shareholders	<u>(2,425,885)</u>	<u>(2,048,467)</u>

Weighted average number of ordinary shares

	Number
At 1 August 2008	59,385,000
Effect of shares issued during the year	-
At 31 July 2009	<u>59,385,000</u>
In issue at 1 August 2009	59,385,000
Effect of shares issued during year	<u>24,196,438</u>
Weighted average number of ordinary shares at 31 July 2010	<u>83,581,438</u>

There is no difference between the basic and diluted loss per share. At 31 July 2010 there were 3,952,000 (2009: 3,313,000) share options and nil (2009: 478,200) compensation options 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 FINANCIAL STATEMENTS (CONTINUED)

17. Trade and other payables

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
	\$	\$	\$	\$	\$	\$
Trade payables	437,836	51,475	1,046,592	12,491	8,225	47,278
Non trade payables	232,123	23,819	136,861	4,922	680	55,592
Accrued expenses	130,417	394,036	276,838	130,417	166,515	90,486
	<u>800,376</u>	<u>469,330</u>	<u>1,460,291</u>	<u>147,830</u>	<u>175,420</u>	<u>193,356</u>

18. 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 20.

	2010	2009	2008
	\$	\$	\$
Non-current liabilities			
Bank loan	29,408	32,793	-
Finance lease liabilities	412,258	789,208	921,296
Gold Loan	5,149,566	-	-
	<u>5,591,232</u>	<u>822,001</u>	<u>921,296</u>
Current liabilities			
Current portion of bank loan	3,250	3,250	-
Current portion of finance lease liabilities	384,627	259,545	277,110
	<u>387,877</u>	<u>262,795</u>	<u>277,110</u>

Finance lease liabilities

Finance lease liabilities are payable as follows

	Minimum lease Payments 2010	Interest 2010	Principal 2010	Minimum lease Payments 2009	Interest 2009	Principal 2009
	\$	\$	\$	\$	\$	\$
Less than one year	426,021	41,394	384,627	334,352	74,807	259,545
Between one and five years	427,343	15,585	412,258	830,986	41,777	789,208
	<u>853,364</u>	<u>56,979</u>	<u>796,885</u>	<u>1,165,338</u>	<u>116,584</u>	<u>1,048,754</u>

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

Gold Loan

During the year, the Group entered into an agreement ("Gold Loan") with Sandstorm Resources Ltd to sell a portion of the life-of-mine gold production from its Ming Mine

Under the terms of the agreement Sandstorm Resources Ltd will make staged upfront cash payments for the gold to the Group totalling US\$20 million. Payment milestones are as follows

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. Interest-bearing loans and borrowings (continued)

- US\$5 million available immediately and received on 10 March 2010,
- US\$2 million on completion of a NI43-101 feasibility study and received on 8 September 2010,
- US\$13 million when Rambler is awarded all permits required for the Ming mine to start production (outstanding at the date of these financial statements)

For this, the Group has agreed to sell 25% of the first 175,000oz of payable gold and thereafter 12% of all subsequent payable gold for the balance of the period ending 40 years after the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year blocks at the option of Sandstorm Resources Ltd.

A 4.5% cash commission is payable with each payment received under the agreement.

There are certain circumstances in which the gold loan may be repaid earlier than by the delivery of payable gold as follows:

- (i) If within 18 months of 4 March 2010 (the date of the agreement) the Ming mine has not started producing gold, any amounts advanced will become repayable on demand together with interest at a rate of 8% per annum.
- (ii) If within 24 months of the date that gold is first produced, the Ming mine has not produced and sold a minimum of 24,000oz of payable gold, then a portion of the US\$20 million will be repayable based on the shortfall of payable gold.
- (iii) Within the first 36 months of Commercial production of gold, any shortfall in payable gold below the following amounts will be required to be paid in cash:
 - within the first 12 months – US\$3.6 million
 - within the second 12 months – US\$3.6 million
 - within the third 12 months – US\$3.1 million

The Gold Loan is accounted for as a financial liability carried at amortised cost. In determining the effective interest rate implicit in the cash flows arising from the loan, the cash flows are forecast at each quarter end based on management's best estimates of the time of delivery of payable gold, the total amount of gold expected to be produced over the mine life and the timing of that production.

Interest accrued of \$218,595 during the year has been capitalised and included in exploration and evaluation expenditure.

19 Provisions

	2010	2009
	\$	\$
Reclamation and closure provision		
At 1 August 2009	-	-
Provision during the year	558,739	-
At 31 July 2010	558,739	-

The reclamation and closure provision has been made in respect of costs of land restoration and rehabilitation expected to be incurred at the end of the Nugget Pond Mill's useful life. The provision has been calculated based on the present value of the expected future cash flows associated with reclamation and closure activities as required by the Government of Newfoundland and Labrador. The provision relates to restoration of the mill site. The liability is secured by a letter of credit for \$1,364,980.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. 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.

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 2010.

Foreign currency risk

The Group's cash resources are held in GB pounds and Canadian Dollars and the Gold Loan is repayable in US dollars. The Group has a downside exposure to any strengthening of the GB pound as this would increase expenses in Canadian dollar terms. This risk is mitigated by reviewing the holding of cash balances in GB pounds. Any weakening of the GB pound would however result in the reduction of the expenses in Canadian dollar 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 Parent Company are translated into Canadian dollars. The Group has a downside exposure to any strengthening of the US dollar as this would increase the amount repayable on the Gold Loan in Canadian dollar terms. This risk, however, is relevant only should the Gold Loan be repaid in cash under terms set out in note 18. Repayment is envisaged in payable gold which is denominated in US dollars. Once the Mine is in production, this will mitigate this foreign currency risk.

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.

Previously the Group's results had been presented in GB pounds. Since the Group's main assets are held in Canada which has a Canadian dollar functional currency, Directors and management decided to change the presentational currency to Canadian dollars for Fiscal 2010. This significantly reduces the effect on the Group's balance sheet of 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 Parent company'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 GB pound against the Canadian/US Dollar. 10% represents management's assessment of the reasonable possible exposure.

	Equity	
	2010	2009
	\$	\$
10% strengthening of GB pound	52,679	33,458
10% weakening of GB pound	(47,408)	(30,416)
10% strengthening of US dollar	(514,956)	-
10% weakening of US dollar	468,143	-

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

Liquidity risk

Prior to Q3 2010 the Group had relied on shareholder funding to finance its operations. During Q3, 2010 the Group entered into a financing arrangement in US dollars (see note 18). With finite cash resources and no material income, the liquidity risk is significant. This risk is managed by controls over expenditure and concentrating on achieving the payment milestones under the financing arrangement. Success will depend largely upon the outcome of ongoing and future exploration and development 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 time as the Group becomes self-financing from the commercial production of mineral 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 2010.

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:

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	2010	2009
	\$	\$
Due within one year	387,877	262,795
Due within one to two years	374,104	399,995
Due within two to three years	22,144	359,504
Due within three to four years	23,797	20,634
Due within four to five years	5,214	22,066
Due after five years	16,407	19,802
	<u>829,543</u>	<u>1,084,796</u>

The average fixed interest rate for the finance leases and hire purchase contracts outstanding at 31 July 2010 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, 85% of the Group's cash resources were invested in short dated term deposits and bankers acceptances. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and management and Directors monitor 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 2010 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 months maximum duration. Details of the Group's borrowings are described in note 18.

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

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. Financial risk management (continued)

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 and gold at the delivery date.

As explained in note 24 the Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold. In estimating the cash flows the following table details the Group's sensitivity to a 10% increase and a 25% decrease in the price of gold. These percentages represent management's assessment of the reasonable possible exposure.

	Gross assets	
	2010	2009
	\$	\$
10% increase in the price of gold	(37,445)	-
25% decrease in the price of gold	105,693	-

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 2010					
	\$	\$	\$	Months	%
Sterling	484,221	66,718	550,939	1	0.25
Canadian \$	6,351,140	1,097,672	7,448,812	2	0.35
	<u>6,835,361</u>	<u>1,164,390</u>	<u>7,999,751</u>		
At 31 July 2009					
	\$	\$	\$	Months	%
Sterling	-	40,653	40,653	-	-
Canadian \$	1,699,999	348,178	2,048,177	2	0.84
	<u>1,699,999</u>	<u>388,831</u>	<u>2,088,831</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.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. Capital and operating lease commitments

The Group has commitments totalling CAD\$1 24 million (2009 \$46,000) with various vendors relating to the purchase of equipment for the Nugget Pond Mill upgrade

At 31 July 2010 the company had the following operating lease commitments

	2010	2009
	\$	\$
In respect of land and buildings		
Payable within one year	-	-
Other		
Payable within one year	15,892	15,892
Payable within one to two years	3,976	15,892
Payable within two to three years	-	3,976
	<u>19,868</u>	<u>35,760</u>

22 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

	2010	2009
	\$	\$
Salary – executive		
G Ogilvie	200,000	200,000
J Thomson (became non-executive on 2 May 2010)	76,530	89,049
Fees – non-executive		
D H W Dobson	-	-
S Neamonitis	13,605	15,260
J M Roberts	13,605	15,260
L D Goodman	13,605	15,260
B F Dalton	2,381	2,670
J A Baker	2,381	2,670
B D Hinchcliffe (includes additional fees of \$nil (2009 \$4,577))	13,605	19,837
J Thomson	12,755	-
	<u>348,467</u>	<u>360,006</u>

D H W Dobson waived his entitlement to director's fees for the current and preceding periods. The payment of fees to non-executive directors was suspended during the year in order to preserve cash. At 31 July 2010 fees of \$38,738 (2009 \$39,797) remained outstanding

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. Related parties (continued)

Brian Dalton and John Baker, directors of the company are also directors of Altius Resources Inc ("Altius"), a 13% shareholder in the company

Consultancy fees were payable to Altius Mineral Corporation for the year ended 31 July 2010 for the consultancy services of J Baker & B Dalton amounting to \$22,441 (31 July 2009 \$25,178) At 31 July 2010, consultancy fees of \$21,306 (2009 \$31,456) were outstanding

Share options held by directors were as follows

	At 31 07 10	At 31 07 09
	No	No
G Ogilvie ¹	1,100,000	1,100,000
J Thomson ²	400,000	400,000
D H W Dobson ³	45,000	45,000
S Neamonitis ³	45,000	45,000
J M Roberts ³	45,000	45,000
L D Goodman ³	45,000	45,000
B F Dalton ³	45,000	45,000
J A Baker ³	45,000	45,000
B D Hinchcliffe ³	45,000	45,000
	<u>1,815,000</u>	<u>1,815,000</u>

¹ 200,000 options at an exercise price of \$0.93 expiring on 7 December 2016, 150,000 options at an exercise price of \$1.10 expiring on 12 November 2017 and 750,000 options at an exercise price of \$0.19 expiring on 10 November 2018

² 100,000 options at an exercise price of \$0.93 expiring on 7 December 2016 and 300,000 options at an exercise price of \$0.19 expiring on 10 November 2018

³ options at an exercise price of \$0.19 expiring on 10 November 2018

Total key management personnel compensations were as follows

	2010	2009
	\$	\$
Salaries	382,212	410,580
Share based payments	<u>121,757</u>	<u>103,304</u>
	<u>503,969</u>	<u>513,884</u>

Transactions with subsidiary undertakings

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

23. Subsequent events

On 3 August 2010 the Group announced it had entered into a Toll Processing Agreement with Tenacity Gold Mining Co. Ltd ("Tenacity"). Tenacity will deliver ore for processing from its Deer Cove and Stog'er Tight Gold Mines to the Group's Nugget Pond Mill. This processing arrangement officially commenced on 1 September 2010.

On 10 August 2010 the Group received permission from the Government of Newfoundland and Labrador to proceed with retrofit construction at the Nugget Pond Mill and the Mine Shaft Manway at the Ming mine.

RAMBLER METALS AND MINING PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Subsequent events (continued)

On 26 August 2010 the Group released its final Feasibility Study for the Ming Mine indicating pre-tax operating cash flow of US\$71.0 million, Net Present Value of US\$14.3 million discounted at 6%, payback of 1.5 years and an Internal Rate of Return of 23.7% over a 6 year Life of Mine. Initial capital costs were projected at US\$25.5 million with Sustaining Capital estimated at US\$27.9 million.

On 31 August 2010, following Sandstorm's review and acceptance of the Feasibility Study, the Group signed an amended agreement which provides for a higher percentage gold payment to Sandstorm in the first year and also adds protective measures for Sandstorm on the throughput rates at the Ming Mine. On 8 September 2010 the second payment of US\$2.0 million (CAD\$2.03 million after commission) was received by the Group.

24. 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. 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. 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.

Gold Loan

The Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold (see note 18). The cash flows will be dependent on the production of gold and its selling price at the time of delivery which have been estimated in line with the mine plan, future prices of gold and reserve estimates. Management's estimates of these factors are subject to risk and uncertainties affecting the amount of the interest charge. Any changes to these estimates may result in a significantly different interest charge which would affect the carrying value of the exploration and evaluation costs and the corresponding Gold Loan liability.