Directors Report and Financial Statements
for the period ended 30 September 2005

Company number: 5131528

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Report of the Chairman

Dear Shareholder,

Overview

The period to 30 September 2005 has been a period of significant accomplishment for Serabi as the Company made tangible progress towards its goal of becoming a mid-tier gold producer. Serabi's admission to London's AIM market on 10 May, 2005 was the culmination of more than 5 years of private development by the Company's founders, institutional and private investors and employees. The benefits of becoming a public company combined with growing cash flow from the Palito mine now provides a strong foundation for continued success.

Operationally, we have seen continuous improvements at the Palito mine and work is ongoing to launch a programme of regional project evaluation. As an operation still under development, production at Palito showed significant improvements during the period. Third quarter production of 5,724 ounces gold equivalent was a 53% improvement over second quarter production of 3,747 ounces gold equivalent.

Palito Gold Mine

At our 100% owned Palito Gold Mine a significant amount of funds have been invested in projects designed to expand the rate of production, improve efficiencies and increase the overall resource. As of the date of writing, these investments were beginning to bear fruit, with daily underground mining production regularly achieving in excess of 400 tonnes, compared with less than 100 tonnes at the beginning of 2005.

Following an assessment of various alternatives at the end of the third quarter, the Board of Directors decided to introduce mechanised mining techniques into the operation, specifically longhole stoping with decline access. The first phase of the decline is now complete and extends to the 192 mRL. It will be developed further in line with production scheduling and cash flow generation. The introduction of longhole stoping is a major change that will result in a safer and more efficient operation at Palito and secure our future.

Exploration

Since 1999, the Company has established a dominant land position over attractive targets throughout the Tapajos region of Brazil of more than 100,000 hectares. Proceeds from the Company's IPO are being used to purchase drill rigs, train crews and begin testing projects throughout the Jardim do Ouro District and the broader Tapajos region. Results from this work programme are expected to become an important feature of the Company's development potential during 2006.

Step-out drilling from the Palito Main Zone thus far during the year has already resulted in the important new discovery of a series of high-grade gold veins, collectively termed the Compressor Lode. The significance of this discovery is two-fold. Firstly, it illustrates the potential for additional satellite orebodies parallel to the Palito Main Zone, within close proximity to the existing operation. Secondly, the Compressor Lode demonstrates the positive impact of being able to quickly bring such mineralisation into production. Production from the Compressor Lode commenced in early 2006. The potential to incorporate other similar orebodies into the mine plan is considered to be good, with positive benefits on the overall project economics of Palito.

Graham Roberts

Chairman, 30 March 2006

Board of Directors

Graham Roberts, BSc, C.Eng, FIMMM, 55 *(Executive Chairman)*
Graham has over 30-years' international experience in the mining industry and related financial markets, recently working mostly in cross-border finance activities.

Prior to joining Serabi in 2003, Graham worked in financial services for the past 19 years, most recently as Managing Director and Group Head of Investment and Corporate Banking for BMO Nesbitt Burns in London, a wholly owned investment banking subsidiary of the Bank of Montreal.

Previously, Graham worked as senior research analyst, then as Director & Head of Mining Research for W.I Carr UK Ltd. Subsequently from 1994 to 1996, he headed up the mining business at the UK merchant bank Hambros, where he was Executive Director of Hambros Equities UK Ltd and, as a director of the bank, provided a full range of cross-border capital markets and advisory services, working with mining companies across the globe.

Before entering the financial services sector, Graham worked at a senior level for 13 years at Consolidated Gold Fields and its subsidiaries in the UK and Africa, in corporate finance, mining and exploration, across a wide range of base metal and precious metal projects and mines.

He has a BSc in Geology and Geography from London University, is a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer and is a Member of the London Association of Mining Analysts.

Bill Clough, BSc(Geol), BCom(Hons), 45 *(Chief Executive)*
Bill was the founding investor of Serabi Mineraçao Ltda and has been active in Brazil since 1999.

He assembled a portfolio of exploration interests in the Tapajós Region which culminated in the establishment of Serabi Mineraçao Ltda in 2001.

Bill is also Chairman of Brazilian based nickel resources company, Mirabela Nickel Limited. He also has significant interests in a number of other ASX and AIM listed and unlisted international exploration and mining companies including Exco Resources Ltd, Sally Malay Mining Limited and Albidon Limited.

In 1984, Bill joined his family's engineering construction company, Clough Engineering Group, as business development manager. Bill was appointed to the Clough Limited board as a non-executive director in 1994 until December 2002. Clough Limited was listed on the Australian Stock Exchange in 1998.

Clive Line, BA, ACA, 44 *(Finance Director and Company Secretary)*
Clive is a Chartered Accountant and has been involved in mining and other natural resources companies since 1987, overseeing all of the financial and legal issues for a variety of exploration and development projects in Africa, Europe and the former Soviet Union.

Having worked with Price Waterhouse in both the UK and Australia, he joined Cluff Resources in 1987, where he was Finance Director prior to joining the privately owned Quest Petroleum Group in a similar position in 1993. Following the successful sale of this group he became involved with both Eurasia Mining plc and Northern Petroleum plc, both of which were admitted to trading on AIM in 1996. He has also worked within one of the world's largest marketing services groups operating as a Divisional Finance Director.

He has an Honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants of England and Wales.

Richard Robinson, BSc (Hons), MSc, 53 *(Non-Executive Director)*
Richard has 29 years' experience in the mining and smelting industry. He has had extensive involvement with the gold, base metal, platinum and coal mining and smelting industries, their international markets and national and industry organizations, such as the World Gold Council through various directorships and other executive positions held over the last 21 years. He is currently a director of companies in the base metals mining, smelting and recycling industry and in refining and advanced technologies in the precious metals industry. Richard was also previously the Managing Director of LaSource SAS in Paris.

Prior to moving to Europe in 1998, he was Chief Executive Officer of Gold Fields Limited and previously an Executive Director of Gold Fields of South Africa Ltd, with responsibility for the group's gold operations. From 1993 he directed the international expansion of Gold Fields exploration and operations.

Richard has an Honours degree in Computer Science, a Masters degree in Mineral Economics from Queens University in Canada and has attended the Senior Executive Programs at The Management College at Henley-on-Thames, England and at INSEAD at Fontainebleau, France.

Roger Davey, ACSM, MSc., C.Eng., Eur.Ing., MIMMM, 60 *(Non-Executive Director)*
Roger is a Chartered Mining Engineer with over thirty years' experience in the mining industry. He is presently an Assistant Director and the Senior Mining Engineer at N M Rothschild (London) in the Mining and Metals project finance team. Prior to this his experience covered the financing, development and operation of both underground and surface mining operations in gold and base metals at senior management and Director level in South America, Africa and the United Kingdom.

Previous positions held include Director, Vice President and General Manager of Minorco/AngloGold subsidiaries in Argentina; Operations Director of Greenwich Resources plc, London; Production Manager for Blue Circle Industries in Chile; and various production management roles in Gold Fields of South Africa.

Roger is a graduate of the Camborne School of Mines, England, with a Master of Science degree in Mineral Production Management from Imperial College, London University. He is a Chartered Engineer (C.Eng.), a European Engineer (Eur. Ing.) and a Member of the Institute of Materials, Minerals and Mining (MIMMM).

Directors' Report - for the period from Incorporation to 30 September 2005

The Directors present their report together with the audited financial statements for the period 18 May 2004 to 30 September 2005.

Incorporation
The Company was incorporated in the United Kingdom on 18 May 2004 as Serabi Mining Limited. On 17 March 2005, the Company changed its name to Serabi Mining plc.

Results and Dividends
The group loss for the period after taxation was $3,893,593. The Directors do not recommend the payment of a dividend. The results for the year are set out on page 11 in the Consolidated Profit and Loss Account.

Principal Activity
The principal activity of the Company is that of a holding company and a provider of support and management services for its operating subsidiary. Together with its subsidiaries (see note 10) it is involved in the development of gold and other metals mining projects in Brazil and the operation of the Palito gold mine in the Tapajos region of Brazil.

Review of Business and Future Developments
On 14 July 2004, the Company purchased a 100% interest in Moonlight Express Holdings Limited, which owns 99.98% of Serabi Mineraçao Ltda, a Brazilian company which holds exploration tenements and mining rights covering a variety of properties in Brazil.

On 10 May 2005, following the successful Initial Public Offer, the Company listed on the AIM market in the United Kingdom.

A detailed review of the business and future developments is included in the Chairman's Statement on page 2.

Directors
The Directors of the Company who held office during the period were:

Director	Date appointed
Tyrolese (Directors) Limited (resigned 25 May 2004)	18 May 2004
Graham Roberts	25 May 2004
Bill Clough	25 May 2004
Clive Line	14 March 2005
Richard Robinson	13 April 2005
Roger Davey	13 April 2005

Directors' Interests

Ordinary Shares
The interests of the Directors (including their beneficial interests and those of their families) in the issued share capital of the Company according to the register of Director's interests are as follows:

Director	Number of shares held: at date of appointment	at 30 September 2005	Share options held at 30 Sept 2005	Option price	Exercise period
Graham Roberts	-	612,501	1,373,222	15 pence	30 Nov 2005 to 1 April 2016
			915,481	30 pence	1 April 2006 to 1 April 2016
Bill Clough	-	45,028,617	1,029,916	15 pence	30 Nov 2005 to 1 April 2016
			686,611	30 pence	1 April 2006 to 1 April 2016
Clive Line	-	-	572,176	15 pence	30 Nov 2005 to 1 April 2016
			572,176	30 pence	1 April 2006 to 1 April 2016
Richard Robinson	-	50,000	143,044	15 pence	30 Nov 2005 to 1 April 2016
			143,044	30 pence	1 April 2006 to 1 April 2016
Roger Davey	-	-	143,044	15 pence	30 Nov 2005 to 1 April 2016
			143,044	30 pence	1 April 2006 to 1 April 2016

The above options were granted on 25 April 2005. As of the date of this report none of the options have lapsed or been exercised.

During the period since incorporation the Company has undertaken a series of share issues prior to its Initial Public Offering priced between 10 pence and 25 pence. The Initial Public Offering was priced at 30 pence and between the Company's admission to trading on AIM and 30 September 2005 the shares have traded between 25.25 pence and 31.5 pence. On 30 September 2005 the closing price was 27.75 pence.

Remuneration

Director	Salary $	Pension $	Other $	Total $
Graham Roberts	64,651	5,230	2,075	**71,956**
Bill Clough	74,710	6,724	2,075	**83,509**
Clive Line	70,559	6,350	2,075	**78,984**
Richard Robinson	10,147	-	-	**10,147**
Roger Davey	10,147	-	-	**10,147**
Total	**230,214**	**18,304**	**6,225**	**254,743**

The Company did not become active until the last quarter of 2004 and no Director was entitled to receive any remuneration from the Group in respect of his services as a Director until 16 April 2005.

During the period prior to this date Mr Roberts and Mr Clough were contracted by WM Clough Pty Limited, a Company wholly owned by Mr Clough.

In respect of the period to 15 April 2005 Graham Roberts Limited, a company wholly owned by Mr G Roberts, received payment of $67,605 in respect of services it provided to WM Clough Pty Limited.

WM Clough Pty Limited was also awarded 1,222,330 shares in Serabi Mining plc in settlement of sums due to WM Clough Pty Limited by Serabi and in turn by WM Clough Pty Limited to Mr Roberts and Mr Clough. WM Clough Pty Limited directed that these shares be issued to Mr Roberts 512,500 shares and Gigantic Resources Inc (a company of which Mr Clough is the beneficial owner) 267,430 shares and WM Clough Pty Ltd retained 442,400 shares.

As disclosed at the time of the Company's Initial Public Offer, Mr Roberts, Mr Clough and Mr Line are each entitled to receive an amount equal to one years salary payable in Ordinary Shares at the placing price of 30 pence. The Company intends that these shares be issued to personal pension plans held by the individuals during the second quarter of 2006.

Substantial Shareholdings

As at 29 March 2006 the Company was aware of the following holdings of 3% or more in the Company's issued share capital.

Name	No. of shares held	%
McRae Investments Pty Ltd (i)	27,299,651	26.46%
WM Clough Pty Ltd (i)	17,461,536	16.93%
JPMF Natural Resources Fund	4,157,500	4.03%
Standard Bank London Limited	4,133,334	4.01%

(i) *Mr Clough is a director and is the sole Shareholder of WM Clough Pty Ltd and is a director and has a minority interest in McRae Investments Pty Ltd. Mr Clough is also the beneficial owner of Gigantic Resources Inc, which holds 267,430 Ordinary Shares representing 0.26% of the Ordinary Shares in total.*

Share Capital

Movements in share capital during the period are disclosed in the note 15 to the financial statements.

Creditor payment policy

It is the Group's policy to settle all amounts due to creditors in accordance with the terms and conditions agreed between the group and suppliers, provided that all trading terms and conditions have been complied with. As at 30 September 2005, the group had an average of 22.5 days purchases outstanding in creditors.

Going Concern

Following a review of the Company's financial position and its budget and plans, the Directors have concluded that sufficient financial resources will be available to meet the Company's current and foreseeable working capital requirements. On this basis, they consider it appropriate to prepare the financial statements on the going concern basis.

Directors' Responsibilities

Company law requires the Directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those financial statements the Directors are required to;

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the group will continue in business.

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

The Directors are responsible for ensuring that the Directors' Report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

Corporate Governance

The Directors believe that the Company complies with the principles set out in The Combined Code on Corporate Governance published in July 2003 by the Financial Reporting Council so far as they consider is appropriate, having regard to the size and nature of activities of the group.

Board composition

The Directors have responsibility for the overall corporate governance of the Group and recognize the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and intend to comply with the principles of the Combined Code in such respects as they consider appropriate for a company of its size and nature. The Board has a wide range of experience directly relevant to the Company and its activities and its structure ensures that no one individual or group dominates the decision making process.

Committees
The Company has established an Audit Committee, a Remuneration Committee and an Executive Committee.

Audit Committee
The Audit Committee comprises two Non-Executive Directors and the Finance Director. In the early stages of the Company's development the Board has considered it beneficial for the Finance Director to be a member of the Audit Committee. This is however a matter that will be kept under review as the Company develops. It is responsible for

i. ensuring that the financial performance of the Group is properly reported on and monitored,
ii. considering and setting appropriate accounting policies; and
iii. reviewing the auditors' reports relating to accounts and internal control systems.

The Audit Committee meets at least twice a year.

Remuneration Committee
The Remuneration Committee comprises two Non-Executive Directors. It is responsible for determining and agreeing with the Board the framework for the remuneration of the Managing Director, all other Executive Directors, the Chairman of the Company (if an Executive Director), the Company Secretary and such other members of the Executive management as it feels appropriate to consider. It is furthermore responsible for determining the total individual remuneration packages of each director including, where appropriate, bonuses, incentive payments and share options. It also considers recommendations from the Executive Directors in respect of proposals for bonuses, incentive payments and share options to be awarded to senior managers within the group and makes recommendations on the overall remuneration plans adopted by the Company. The remuneration of the non-executives is a matter that is dealt with by the Board as a whole.

Executive Committee
The Board has appointed an executive committee, to oversee and coordinate the day-to-day running of the Company. It is empowered to make decisions over a number of areas without reference to the full Board and specifically to deal with all matters relating to the daily operation of the Company.

The Executive Committee, comprising the Managing Director, Chairman and the Finance Director, is responsible for the daily operation of the Company, and for making recommendations to the Board regarding short and medium term budgets, targets and overall objectives and strategies for the Company.

Share Dealing
The Company has adopted a share dealing code for Directors and relevant employees in accordance with the AIM Rules and will take proper steps to ensure compliance by the Directors and those employees.

Internal Controls
The Directors acknowledge their responsibility for the Company's system of internal controls and procedures and for reviewing their effectiveness. Such controls and procedures are designed to safe-guard the Company's assets and ensure reliability of reporting information, financial and otherwise, for both internal use and external publication. Whilst conscious that no system can provide absolute assurance against material mis-statement, fraud, or loss, the Directors are satisfied that having regard to the Company's size and stage of development, the system of controls is currently adequate and effective.

International Financial Reporting Standards
For the year ended 31 December 2007, the Group will be required under European Union Law to prepare its consolidated accounts in accordance with International Financial Reporting Standards (IFRS). The accounts will include comparative information for the preceding period also prepared under IFRS.

The Board is currently considering the implications of IFRS for the Company and in conjunction with its advisers determining the appropriate time to adopt IFRS, given that certain of the standards are still subject to revision. The Board will keep shareholders appraised of the potential implications and its proposals for adoption.

Indemnification of directors and officers
During the financial year, the Company paid a premium in respect of a contract insuring the Directors of the Company (as previously named), the company secretary, and all executive officers of the Company against liability incurred as such a Director, company secretary or executive officer to the extent permitted under legislation.

Post Balance Sheet Events

Following the end of the financial year the Company has approved and adopted a Long-term Incentive Plan and a Cash and Deferred Share Bonus Scheme for employees. To date no shares or options have been issued under these schemes.

On 30 March 2006, the Company announced the placing of 6.5 million new ordinary shares of 10 pence each at a price of 40 pence per share raising approximately £2.46 million (net of expenses). The placing is conditional upon the shares being admitted to trading on AIM. Application for the shares to be admitted to trading was made on 30 March 2006. The Directors do not believe there to be any reason why the new ordinary shares will not be admitted to trading.

Auditors

PKF (UK) LLP has expressed their willingness to continue in office. A resolution to reappoint them as auditors will be put before the forthcoming Annual General Meeting.

By order of the Board

CM Line
Company Secretary
Cleary Court,
21-23 St Swithins Lane, London EC4N 8AD
30 March 2006

Independent Auditors’ Report to the Members of Serabi Mining plc

We have audited the financial statements of Serabi Mining PLC for the period ended 30 September 2005 which comprise the Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.
Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

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

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and the company's affairs as at 30 September 2005 and of the group's loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PKF (UK) LLP
Registered Auditors
London, UK
30 March 2006

Profit and loss account
for the period from Incorporation to 30 September 2005

(expressed in US$)

	Notes	Group For the period from incorporation to 30 September 2005
Turnover		343,064
Operating expenses		(255,913)
Profit from operations		**87,151**
Administrative expenses	3	(3,865,896)
Loss on ordinary activities before interest and other income		**(3,778,745)**
Foreign exchange loss		(171,310)
Interest payable	4	(99,973)
Interest receivable	4	156,959
Loss on ordinary activities before taxation		**(3,893,069)**
Taxation	5	(524)
Loss on ordinary activities after taxation		**(3,893,593)**
Loss per ordinary share (basic and diluted)	7	**(6.51c)**

Statement of total recognised gains and losses
for the period from Incorporation to 30 September 2005

(expressed in US$)

	Group For the period from incorporation to 30 September 2005
Loss for the period	(3,893,593)
Exchange loss on foreign currency net investment	(314,444)
Total recognised losses for the period	**(4,208,037)**

All transactions arise from acquired continuing operations.

Balance sheets
as at 30 September 2005

(expressed in US$)

	Notes	Group	Holding Company
Fixed assets			
Intangible assets			
Goodwill on acquisition	8	1,752,516	-
Tangible assets			
Property, plant and equipment	9	4,088,030	20,986
Exploration and development costs	9	14,609,905	789,001
Investments	10	-	17,339,256
Current assets			
Stock and work in progress	11	902,123	-
Debtors due within one year	12	1,162,271	292,759
Debtors due after more than one year	12	-	4,357,374
Cash at bank and in hand		7,557,138	7,238,688
		9,621,532	**11,888,821**
Creditors: amount falling due within one year	13	(2,052,507)	(577,959)
Net current assets		**7,569,025**	**11,310,862**
Total assets less current liabilities		**28,019,476**	**29,460,105**
Provisions for liabilities	14	(451,528)	-
Net assets		**27,567,948**	**29,460,105**
Capital and reserves			
Called up share capital	15	17,974,336	17,974,336
Share premium reserve	16	11,818,128	11,818,128
Option reserve	15	1,983,521	1,983,521
Profit and loss account	17	(4,208,037)	(2,315,880)
Equity shareholders' funds	18	**27,567,948**	**29,460,105**

The financial statements were approved by the Board of Directors on 30 March 2006 and signed on its behalf by

Clive Line
Finance Director
30 March 2006

Consolidated cash flow statement

for the period from Incorporation to 30 September 2005

(expressed in US$)

	Notes	Group For the period from incorporation to 30 September 2005
Net cash flow from operations		**(2,363,302)**
Returns on investment and servicing of finance		
Interest received		156,959
Interest paid		(99,973)
Net cash inflow from returns on investments and servicing of finance		**56,986**
Capital expenditure and financial investment		
Purchase of tangible fixed assets		(2,603,143)
Exploration and development expenditure		(8,538,215)
Net cash outflow on capital expenditure and financial investment		**(11,141,358)**
Acquisitions and disposals		
Capital and loan investments to subsidiaries		-
Cash acquired with subsidiaries	8	-
Net cash outflow on acquisitions and disposals		**-**
Cash outflow before financing		**(13,447,674)**
Financing activities		
Issue of ordinary share capital		29,875,674
Repayment of shareholder loans	8	(8,174,336)
Net cash inflow from financing activities		**21,701,338**
Increase in cash at bank and in hand		**8,253,664**

Reconciliation of operating loss to net cash flow from operating activities

for the period from Incorporation to 30 September 2005

(expressed in US$)

	Group For the period from incorporation to 30 September 2005
Operating loss	(3,778,745)
Depreciation	285,512
Write off of exploration and development costs	48,993
(Increase) in stocks	(740,257)
Option costs	1,194,520
(Increase) in debtors and prepayments	(545,030)
Increase in creditors and accruals	1,190,992
Foreign exchange	(19,287)
Net cash outflow from operating activities	**(2,363,302)**

Reconciliation of cash to net funds

for the period from Incorporation to 30 September 2005

(expressed in US$)

	Group For the period from incorporation to 30 September 2005
Cash at bank and in hand at incorporation	-
Cash flow	8,253,664
Exchange loss	(696,526)
Cash at bank and in hand at 30 September 2005	**7,557,138**

Notes to the Financial Statements

1. Accounting Policies

These accounts represent the first audited accounts prepared by Serabi Mining plc. The Group was formed on 14 July 2004 following the acquisition by Serabi Mining plc (incorporated 18 May 2004) of Moonlight Express Holdings Limited and its wholly owned subsidiary Serabi Mineraçao Ltda. As such no comparative data is presented.

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom.

(b) Basis of consolidation

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair value, reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses that arise after the group has gained control of the subsidiary are taken to the profit and loss account.

The consolidated profit and loss account and consolidated balance sheet include the financial statements of the Company and its subsidiary undertakings up to 30 September 2005. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date on which control passes. Intra-group sales and profits are eliminated fully on consolidation.

As permitted by Section 230 of the Companies Act 1985, a separate profit and loss account is not presented in respect of the Company.

(c) Turnover

Turnover represents amounts receivable in respect of sales of gold, copper and other minerals and represents only sales for which contracts have been agreed and for which the product has been delivered to the purchaser in the manner set out in the contract. Turnover is stated net of any applicable sales taxes.

Revenues are recognised only at the time of sale. Any unsold production and in particular concentrate is held as inventory and valued at production cost until sold.

In 2004, the Company generated gold sales from re-treatment of some old tailings. As the reprocessing of this material was not part of the long-term development of the mine this income and its associated costs has been taken directly to the profit and loss account.

The Company is currently undertaking mining from an area known as Palito Hill. Given the history of the development of the Palito mine and in particular the ability unlike many mines to generate cash flow at a very early stage of mine development through the availability of existing plant at the site, the Board has considered that the current activities represent development activity rather than commercial production. At this stage the operations have not reached the targets set by the Board for commercial production and accordingly all mine and plant costs have been capitalised as ongoing development costs. All sales revenue to date has been set off against the development costs.

(d) Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration paid over the fair value of the identifiable net assets acquired. As commercial production has not yet commenced and amortisation would be calculated on a units of production basis, no amortisation charge has been recorded.

Provision is made for any impairment in the carrying value of goodwill to the extent that the asset's recoverable amount is reduced below its carrying value.

(e) Receivables

Trade accounts receivable, amounts due from related parties and other receivables represent the principal amounts due at the balance sheet date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(f) Accounts payable

Trade accounts payable, amounts owing to related parties and other payables and accrued liabilities represent the principal amounts outstanding at the balance sheet date plus, where applicable any accrued interest.

(g) Deferred taxation

Deferred tax arises, in accordance with FRS 19, when items are recognised for tax purposes in periods that differ from the periods in which the items are recognised for accounting purposes. An asset is only recognised to the extent that its recovery is deemed probable. They should be regarded as recoverable to the extent that on the basis of all available evidence it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on a non discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws substantially enacted at the balance sheet date.

(h) Foreign currencies

The group has adopted the US dollar as its reporting currency as the bulk of its revenues are anticipated to be linked to the US dollar. Transactions in currencies other than US dollars are translated at the rates prevailing at the dates of the transactions. Assets and liabilities denominated in other currencies are translated at the rates ruling at the balance sheet date. Gains or losses are reflected in the profit and loss account.

On consolidation, exchange differences arising from the translation of the net investments in foreign subsidiaries are taken to reserves.

The US dollar/sterling exchange rate at 30 September 2005 was 1.7624. The US dollar/Brazilian Real exchange rate at 30 September 2005 was 2.2147.

(i) Lease payments

Payments made under operating leases are charged to the profit and loss account as incurred. The Company does not have any finance leases.

(j) Pension costs

The group does not operate any pension plan for its employees although it does make contributions to employee pension plans in accordance with instructions from those employees. The Company has no contractual commitment as to the ability of those funds to provide any minimum level of future benefit to the individual and is contracted only to make the contributions. Company contributions to such schemes are charged against profits as they full due.

(k) Share options

In accordance with FRS 20 the Company measures the goods or services received at fair value in respect of equity-settled share-based payment transactions (such as share options). This cost is charged to the profit and loss account or included in cost of exploration and development assets. The Black-Scholes method has been used to calculate this fair value.

The Company measures the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received. The fair value is measured at the date of grant. Where the equity instruments granted do not vest immediately but after a specified period of time, the fair value is accounted for over the vesting period.

(l) Exploration of mineral properties

All costs related to the exploration of mineral properties are capitalised and deferred until either the properties are brought into commercial production, at which time they are depleted on a unit of production basis, or until the properties are sold, allowed to lapse or abandoned, at which time they are charged to the profit and loss account.

On an annual basis the carrying value attributed to each of the mineral properties is compared with the estimated future value that will be derived from that property. Any impairment is written off to the profit and loss account.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are allocated on an average basis and include direct material, labour, related transportation costs to the point of sale and other fixed and variable overhead costs directly related to mining activities. Net realisable value is the estimated selling price in the ordinary course of business, after deducting the costs of marketing, selling and distribution to customers.

(n) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost of the assets over their useful lives as follows:

Mining assets	
Processing plant	3 – 7 years
Other plant and assay equipment	2 – 10 years
Heavy vehicles	8 years
Light vehicles	3 years
Land and buildings	10 – 20 years
Other assets	
Furniture and fittings	5 years
Office equipment	4 years
Communications installations	5 years
Computers	3 years

(o) Land reclamation/environmental remediation costs
The cost of any approved decommissioning or restoration programmes, is capitalised at the time that it is incurred or provision is considered appropriate. The capitalised cost is amortised over the life of the operation.

(p) Investments
Non-current investments are carried at the lower of cost and recoverable amount.

(q) Employee Benefits
Provision is made for benefits accruing to employees in respect of salary and wages, annual leave and long service leave where it is probable that settlement will be required and they are capable of measurement.

(r) Earnings per share
Basic earnings per share is determined by dividing the net profit attributable to the members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares in issue during the period.

2. Segmental analysis

The geographic analysis of turnover and profit before taxation and the analysis of net assets employed by geographical area and activity are:

	Group 2005
	$
Turnover	
Brazil – gold sales	343,064
Loss before interest and taxation	
United Kingdom	(2,472,838)
Australia	(808,120)
Brazil	(497,787)
TOTAL	**(3,778,745)**
Net Assets employed - Analysed by geographical area	
United Kingdom	10,106,471
Australia	203,377
Brazil	17,258,100
TOTAL	**27,567,948**

All assets are utilised in gold mining and exploration activities.

3. Statutory Information

The following amounts were charged to the Profit and Loss Account and Balance Sheet during the period:

	Group 2005
	$
Audit fees	140,880
Auditors remuneration in respect of non-audit assignments – PKF[1]	79,002
Auditors remuneration in respect of non-audit assignments[2] (charged to Share premium reserve) - PKF	120,440
Write off of exploration and development costs	48,993
Depreciation (plant and equipment)	285,512
Operating lease charges	25,327

[1] *Taxation $23,015, Accounting advice $55,987*
[2] *Reporting Accountants to Placing and Admission*

4. Interest payable and receivable

	Group 2005
	$
Interest payable on short term trade finance	(99,973)
Interest receivable on short term deposits	156,959
Net Interest	**56,986**

5. Taxation

	Group 2005 $
Current tax	
UK tax	524
Foreign tax	-
Deferred tax	-
TOTAL	**524**

The tax provision for the current period varies from the standard rate of corporation tax in the UK of 30%. The differences are explained as follows

(Loss) on ordinary activities before tax	**(3,893,069)**
Tax thereon at UK corporate tax rate of 30%	(1,167,921)
Factors affecting the tax charge	
Expenses not deductible for tax purposes	401,194
Tax losses carried forward	697,328
Lower tax rates overseas	69,891
Capital allowances in excess of depreciation	32
Current Tax	**524**

There is a potential deferred tax asset of $400,000 relating primarily to carried forward tax losses. This asset has not been recognized in the financial statements because of uncertainty as to the time period over which the asset may be recovered.

6. Employee information

The average number of persons, including Executive Directors, employed by the Group during the period was:

	For the period from incorporation to 30 September 2005 Number
Management and administration	15
Exploration	43
Mine development	240
TOTAL	**298**

Staff costs	**$**
Wages and salaries	3,353,727
Cost of incentive scheme shares vested	1,983,521
Social security costs	398,221
Pension contributions	207,129
TOTAL	**5,942,598**

Details of the remuneration of Directors is set out on page 6.

No company within the Group operates a pension plan for the Directors or the employees. For those Executive Directors and employees who have an entitlement to pension provision, the premiums are paid directly to the personal pension plans selected by the individuals. The Company obligation is limited to making fixed annual payments to these individual plans.

Serabi Mineraçao Ltda contributes via social security payments to the state pension scheme which operates in Brazil, and to which all its employees are entitled.

7. Loss per share

The calculation of the Basic loss per share of 6.51 cents is based on the loss attributable to ordinary shareholders of $3,893,593 and on the weighted average number of ordinary shares of 59,807,973 in issue during the year.

In accordance with FRS 14, no diluted earnings per share is presented as the effect on the exercise of share options would be to decrease the loss per share.

8. Intangible assets

Goodwill

	Group 2005 $	Company 2005 $
Cost		
Acquired with subsidiary	1,752,516	-
Net additions	-	-
TOTAL as at 30 September 2005	**1,752,516**	**-**

On 14 July 2004, Serabi Mining plc acquired the whole of the issued share capital of Moonlight Express Holdings Ltd ("MEHL") for a consideration of US$1 (see also note 20).

The assets and liabilities of the Moonlight Express Holdings Limited Group comprising MEHL and its wholly owned subsidiary Serabi Mineraçao Ltda were as follows:

	Book value and fair value $
Fixed assets	
Property, plant and equipment	1,770,399
Capitalised exploration and development expenditure	5,331,682
Total	**7,102,081**
Current assets	
Stocks and Debtors	229,219
Bank and cash	-
Total	**229,219**
Total assets	**7,311,300**
Creditors	
Trade Creditors	535,770
Loans	8,174,336
Accruals	373,709
Total Liabilities	**9,083,815**
Net Liabilities	**(1,752,515)**
Purchased Goodwill Capitalised	1,752,516
Total	**1**
Satisfied by:	
Issue of shares	1

The Board considers that the Book Value of the net assets equate to Fair Value. In the year prior to acquisition the loss recorded by the Moonlight Express Holdings Limited Group was US$429,374 and for the period 1 January 2004 to 13 July 2004 the loss recorded was US$305,406.

9. Tangible assets

Property, plant and equipment

	Group Land and buildings $	Group Plant and equipment $	Group Total $	Company Plant and equipment $	Company Total $
Cost					
Acquired with subsidiary	-	1,812,559	**1,812,559**	-	**-**
Additions	402,156	2,200,987	**2,603,143**	23,265	**23,265**
At 30 September 2005	**402,156**	**4,013,546**	**4,415,702**	**23,265**	**23,265**
Depreciation					
Acquired with subsidiary	-	(42,160)	**(42,160)**	-	**-**
Charge for period	(64,561)	(220,951)	**(285,512)**	(2,279)	**(2,279)**
At 30 September 2005	**(64,561)**	**(263,111)**	**(327,672)**	**(2,279)**	**(2,279)**
Net book value at 30 September 2005	**337,595**	**3,750,435**	**4,088,030**	**20,986**	**20,986**

Exploration and development costs

	Group 2005 $	Company 2005 $
Cost		
Acquired with subsidiary	5,331,682	-
Net additions	9,327,216	789,001
Write down for impairment	(48,993)	-
TOTAL as at 30 September 2005	**14,609,905**	**789,001**

10. Investments held as fixed assets

The Group consists of the following subsidiary undertakings:

Name	Incorporated	Activity	% holding
Serabi Mineraçao Ltda	Brazil	Gold mining and exploration	99.98% *
Moonlight Express Holdings Ltd	British Virgin Islands	Investment	100%
Serabi Mining Services Pty Ltd	Australia	Technical services	100%

** indirectly held*

The value of these investments is dependent on the development of mineral deposits.

On 7 July 2005, Serabi Mining plc established a subsidiary in Australia, Serabi Mining Services Pty Ltd, to provide technical support services to the group.

11. Stocks

	Group 2005 $	Company 2005 $
Bullion and Work In Progress	74,778	-
Consumables	827,345	-
Stocks as at 30 September 2005	**902,123**	**-**

The replacement cost of stocks does not differ materially from the amount stated above.

12. Debtors

	Group 2005	Company 2005
	$	$
Amounts falling due within one year:		
Trade debtors	569,841	-
Other debtors	219,700	198,555
Prepayments	321,710	43,184
Accrued income	51,020	51,020
	1,162,271	**292,759**
Amounts falling due after more than one year:		
Amounts owed by subsidiaries	-	4,357,374
	1,162,271	**4,650,133**

13. Creditors

	Group 2005	Company 2005
	$	$
Amounts falling due within one year:		
Trade creditors	1,098,077	28,676
Other creditors	733,674	123,867
Accruals	50,000	50,000
Other taxes and social security	170,756	33,157
Amount due to subsidiaries	-	342,259
	2,052,507	**577,959**

14. Provisions for liabilities and charges

	Group 2005	Company 2005
	$	$
Acquired with subsidiary	155,752	-
Provided in the period	219,551	-
Exchange variations	76,225	-
Provisions as at 30 September 2005	**451,528**	**-**

The above provisions are to cover claims that might be brought against Serabi Mineraçao Ltda in relation to transactions and contracts entered into between 2002 and the end of 2004.

The Company understands that claims, dependent on their nature, must be registered within either 2 or 5 years of the event. The Company will release the provision as the time period for bringing such claims expires if not already utilised.

15. Share Capital

	Number	£
Authorised		
Ordinary shares of 10 pence each	200,000,000	20,000,000

	Number	$
Allotted, called up and fully paid		
At incorporation	1	1
Shares issued	102,991,635	17,974,335
At 30 September 2005	**102,991,636**	**17,974,336**

Movements in issued share capital

During the period the Company issued the following shares:

	Number	Price
Incorporation	1	10p
Issue for cash	48,345,773	10p
Issue under salary sacrifice arrangement	3,030,572	10p
Issue for cash	16,948,623	15p
Issue for cash	8,000,000	25p
Issue for cash	26,666,667	30p
Total	**102,991,636**	

Options to subscribe for ordinary shares

The following options were issued by the Company on 25 April 2005 to Directors and certain employees of the Group

Exercise Period	Price	Number
30 November 2005 to 1 April 2016	15p	6,382,621
1 April 2006 to 1 April 2016	30p	5,060,895
Total		**11,443,516**

Subsequent to the period end options were exercised at 15 pence per share over 171,653 shares.

In compliance with FRS20 the Company has attributed a fair value to the issue of the options and has used the Black-Scholes method to calculate this fair value. The fair value of the options is being charged to the Profit and Loss Account or capitalised as an intangible asset as appropriate over the vesting period.

Option period	*Exercise price*	*Grant date*	*Final exercise date*	*Options in issue at start of period*	*Options granted during period*	*Options exercised during period*	*Options lapsed during period*	*Options in issue at end of period*	*Weighted average share price on date of exercise*	*Weighted average remaining life of option (years)*
30 Nov 2005 to 1 April 2016	£0.15	25 April 2005	1 April 2016	-	6,382,621	-	-	6,382,621	N/A	10.50
1 April 2006 to 1 April 2016	£0.30	25 April 2005	1 April 2016	-	5,060,895	-	-	5,060,895	N/A	10.50
Total				-	11,443,516	-	-	11,443,516	N/A	10.50

There are no vesting conditions attached to these options save that the holder should remain an employee of the Group as at 1 April 2006.

The following assumptions were made in the calculation of the fair value.

	15p Option	30p Option
Risk Free rate	4.75%	4.75%
Strike Price	15p	30p
Volatility (based on similar companies)	30%	30%
Share price on date of issue	30p	30p
Expected Life of Option (average)	3.07 years	3.86 years

On the basis of the above the Company has calculated the fair value of 15p options and 30p options to be 17.152 pence and 9.174 pence respectively. During the period to 30 September 2005 a total charge of $1,983,521 has been recorded in these financial statements leaving $952,606 to be charged in future periods.

Pursuant to the Company's Initial Public Offer on 10 May 2005 the Company granted to each of KBC Peel Hunt Ltd and to Ambrian Partners Limited as joint brokers an option to subscribe for 266,667 new ordinary shares at a price of 33 pence. Each of these options may be exercised at any time from 10 May 2005 to 9 May 2010.

16. Share premium account

	Group and Company $
Issue of shares	13,789,687
Share issue expenses	(1,971,559)
As at 30 September 2005	**11,818,128**

17. Profit and loss account

	Group $	Company $
Foreign currency translation adjustments	(314,444)	-
Retained loss for the year	(3,893,593)	(2,315,880)
Balance at 30 September 2005	**(4,208,037)**	**(2,315,880)**

A separate profit and loss account for Serabi Mining plc has not been prepared as permitted by s230 of the Companies Act 1985. The loss of the Company for the period was $2,315,880.

18. Reconciliation of movement in equity shareholders' funds

	Group $	Company $
Loss for the financial year	(3,893,593)	(2,315,880)
Foreign currency translation adjustments	(314,444)	-
Shares issued	17,974,336	17,974,336
Share premium on new share issues	13,789,687	13,789,687
Expenses on new share issues	(1,971,559)	(1,971,559)
Share option expense	1,983,521	1,983,521
Net shareholders' funds at 30 September 2005	**27,567,948**	**29,460,105**

19. Commitments and Contingencies

Capital Commitments

The Group holds certain exploration prospects which require the Group to undertake certain minimum work requirements each year to retain the right to have access to and undertake exploration of these prospects. Failure to satisfactorily undertake these work requirements could result in forfeiture of the prospect(s).

Management estimates that the cost over the next 12 months of fulfilling the minimum contracted commitments on all the properties that the Company has an interest in, is Brazilian Real R$384,224.

Operating Commitments

The Company has annual commitments under non-cancellable operating leases as follows:

	Group 2005	Company 2005
	$	$
Operating leases which expire within 1 year	25,928	5,816

Contingencies

The Consolidated entity maintains a credit line in Brazil, limited to Reais 200,000 that can be used in case of daily cash necessity for working capital. This credit line is not in use to the date of the financial statements.

20. Related party transactions

The Consolidated entity had the following related party transactions during the financial period:

WM Clough Pty Ltd ("WMC")

WMC is a company of which Mr WM Clough is a Director and he is also the sole shareholder.

On 14th July 2004 the Company entered into an agreement with WMC whereby WMC agreed to sell the only issued share in Moonlight Express Holding Limited ("Moonlight") to the Company for a consideration of US$1. As a result Moonlight became a wholly owned subsidiary of the Company as at this date.

At the date of acquisition of Moonlight, WMC had loaned a total of £1,606,843 to Moonlight. During the period following acquisition WMC advanced a further £86,949 to Moonlight for the purposes of providing working capital for Serabi Mineraçao Ltda. The total loan outstanding of £1,693,792 was converted into shares in the Company at a price of 10 pence.

The Company entered into a service agreement with WMC dated 13 April 2005 to provide administrative, accounting and other services to the Group. The financial statements include $516,405 (included in expenses and deferred costs) for such services which represent the cost incurred by WMC in the provision of these services under this agreement.

The financial statements include $1,581,444 (included in expenses and deferred costs) for services that were provided by WMC prior to the commencement of the agreement.

On 7th July 2005, the Company established its own wholly owned subsidiary, Serabi Mining Services Pty Limited which took over the provision of the majority of the services envisaged under the agreement.

William Clough

Prior to entering into a service contract with the Group, Mr Clough had an employment contract with WMC under which he was entitled to receive remuneration of A$7,000 per month. Remuneration earned under this agreement totalled US$121,243.

Mr Clough agreed to take settlement by the issue to WMC of 442,400 shares in the Company at a price of 10 pence. A further 267,430 shares were issued to Gigantic Resources Inc. (a company of which Mr Clough is the beneficial owner) also at a price of 10 pence.

Graham Roberts

Prior to entering into a service contract with the Group, Graham Roberts Limited, an entity related to Mr Roberts, entered into a contract with WMC whereby Graham Roberts Limited received settlement in cash of $67,605 under this contract. By an agreement between Graham Roberts Limited, Mr Roberts, WMC and the Company, it was resolved that a further sum of US$105,098 due under this contract was settled by the issue to Mr Roberts of 412,500 shares in the Company at a price of 10 pence and 100,000 shares at 15 pence.

McRae Investments Pty Ltd ("McRae")
Mr WM Clough has a minority interest in and is a Director of McRae.

At the date of acquisition of Moonlight, McRae had loaned a total of £2,200,622 to Moonlight. During the period following acquisition McRae advanced a further £84,086 to Moonlight for the purpose of providing working capital for Serabi Mineraçao Ltda. The total loan outstanding of £2,284,708 was converted into shares in the Company at a price of 10 pence.

McRae also provided the Group with bridging finance totalling US$1,176,380. The loan was repayable on demand and carried interest at LIBOR +2%. The loan was repaid in full on 12 April 2005.

21. Financial instruments

The Group's financial instruments at 30 September 2005 comprise cash balances and items such as trade debtors and creditors, which arise directly from trading operations. The main purpose of these financial instruments is to provide finance for the Group's operations. Short term debtors and creditors have been excluded from the following disclosures.

The Group has not entered into any derivative transactions and it is not currently the Group's policy to undertake trading in financial instruments.

The main financial risks arising from the Group's activities are commodity prices, currency risk, liquidity and interest rate risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below.

Commodity price risk
The Group is exposed to fluctuations in commodity prices and in particular the price of Gold and Copper. It is not currently the Group's intention to enter into any arrangements to protect itself from the changes in the prices of these commodities. The Group does, however, closely monitor the prices of these commodities and will consider the use of hedging contracts where appropriate in future.

Interest rate risk
The Group currently finances its operations through equity financing, and has a short term trade finance facility.

There is considered not to be any material interest rate risk. The Group's policy is to retain surplus funds as short term deposits at prevailing market rates.

The fair value of all financial instruments is approximately equal to book value due to their short term nature.

Liquidity risk
To date the Group has relied on shareholder funding to finance its operation. The Group has no borrowings. The Consolidated entity maintains a credit line (in Brazil) through a bank agreement with a limit of Brazilian Reais 200,000 that can be used for daily working capital. This credit line is not in use as of the date of the financial statements. As the Group has limited cash resources and steady income, the liquidity risk is not significant and is managed by control over expenditure.

Currency risk
Although the Group is incorporated in the United Kingdom its financial statements are denominated in US Dollars.

Share issues have been priced solely in Sterling. Expenditure is in US Dollars, Sterling, Euros, Australian Dollars and Brazilian Real.

The Group's main subsidiary operates in Brazil with its expenditure being principally in Real and its financial statements are maintained in that currency. The Group's policy for dealing with exchange differences is outlined in the Statement of Accounting Policies under the heading "Foreign Currencies".

The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.

The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates.

The Group considers book value to equal fair value.

The functional currency of the Group's operations is US Dollars, which is also the reporting currency. The Group's cash holdings at the balance sheet date were held in the following currencies:

	Group
Currency	**$**
US Dollar	-
Sterling	7,238,688
Brazilian Real	278,807
Australian Dollars	39,643
Total	**7,557,138**

The cash is held at floating rates prevailing at the Balance Sheet date

22. Subsequent Events

Following the end of the financial year the Company has approved and adopted a Long-term Incentive Plan and a Cash and Deferred Share Bonus Scheme for employees. To date no shares or options have been issued under these schemes.

On 30 March 2006, the Company announced the conditional placing of 6.5 million new ordinary shares of 10 pence each at a price of 40 pence per share raising approximately £2.46 million (net of expenses).

The placing is conditional upon the shares being admitted to trading on AIM. Application for the shares to be admitted to trading was made on 30 March 2006.

The Directors do not believe there to be any reason why the new ordinary shares will not be admitted to trading.

Corporate directory

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Company Number	5131528
Board of Directors	Graham Roberts – Executive Chairman Bill Clough – Chief Executive Clive Line – Finance Director Richard Robinson – Non-executive Director Roger Davey – Non-executive Director
Company Secretary	Clive Line
Nominated adviser and joint broker	KBC Peel Hunt Ltd 111 Old Broad Street London EC2N 1PH
Joint broker	Ambrian Partners Limited 8 Angel Court London EC2R 7HP
Auditors	PKF (UK) LLP 20 Farringdon Road London EC1M 3AP
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH
Registrars	Computershare Investor Services plc PO Box 82 The Pavilions Bridgewater Road Bristol BS99 7NH