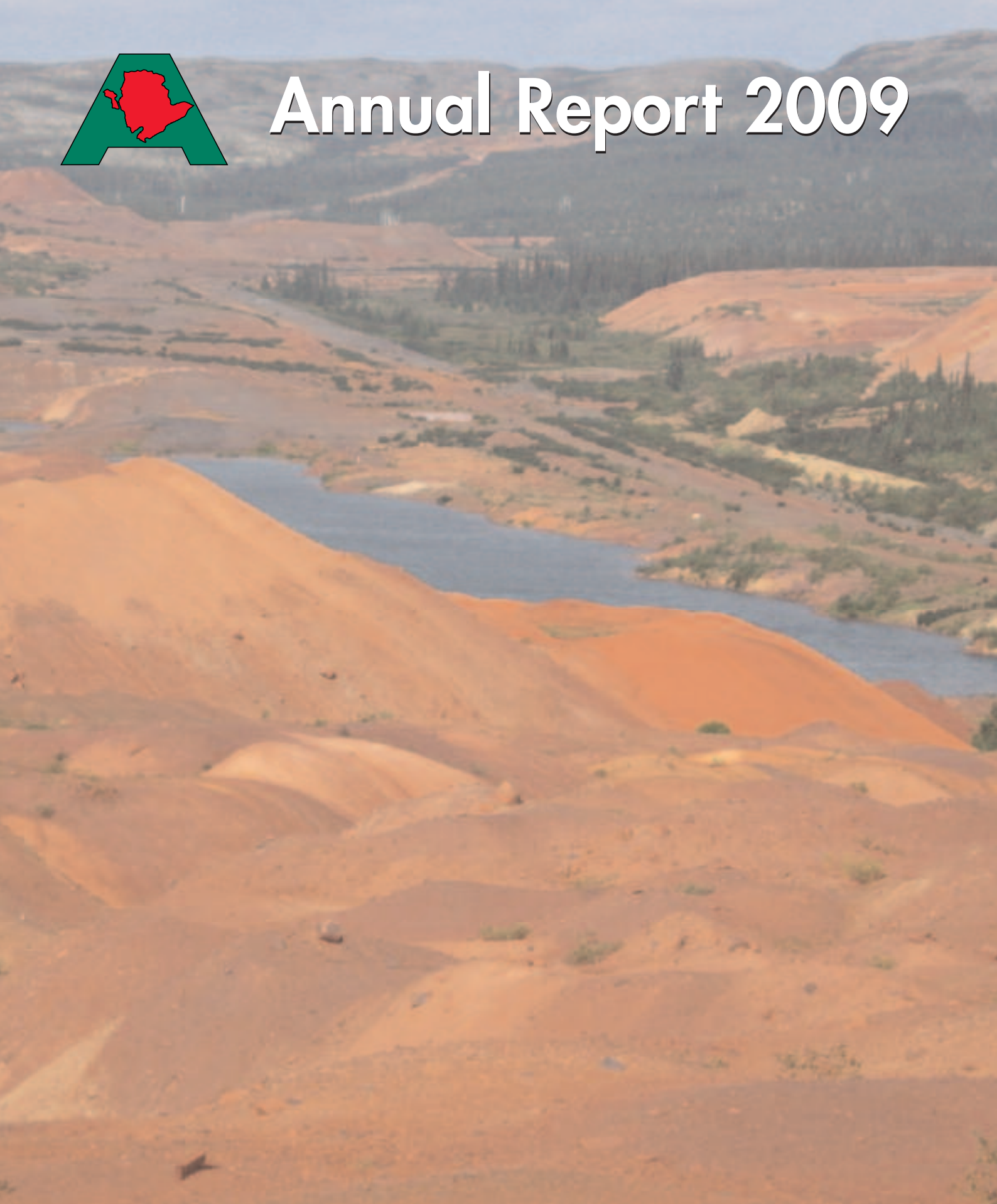




# Annual Report 2009



Anglesey Mining plc



Labrador: Bulk sample iron ore en route to deep sea port at Sept-Îles

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# Anglesey Mining plc

**A UK mining company listed on the London Stock Exchange with -**

**A 50% ownership in Labrador Iron Mines Holdings Limited, a TSX quoted Canadian company developing the Labrador Iron Ore properties which are scheduled for commercial production in 2010**

**The Parys Mountain copper-lead-zinc project, currently held awaiting development**

## **Highlights**

### **Labrador Iron Ore**

**Historic resource of 90 million tons of partially developed iron ore in Western Labrador**

**Commercial iron ore production planned to commence in 2010**

**Development activities fully funded - £19.8 million cash equivalent available at 31 March 2009**

### **Parys Mountain**

**An important copper-lead-zinc deposit in North Wales, UK with a total historical resource of 7.76 million tonnes at 9.3% combined copper, lead and zinc**

## Chairman's Statement

Along with the majority of companies in the resources sector, indeed in almost all business sectors, Anglesey Mining has felt the effects of the global economic and financial crisis that struck the world in the second half of 2008. The low point occurred towards the end of 2008 with some improvement having been seen since.

With the global economic downturn, the price of Anglesey shares has fallen dramatically during the last year. This reflected a similar fall in the share price of our 50% owned Canadian associate Labrador Iron Mines Holdings Limited (LIM).

LIM ended its financial year at 31 March 2009 with cash and current assets of Canadian \$35.7 million (£19.8 million) and is in a healthy financial and operational condition to carry out its planned programmes to move its direct shipping iron ore project in Western Labrador into production.

Anglesey shares are currently trading at less than half of the implied value of its shareholding in LIM. We believe that the commencement of iron ore shipments in 2010 will encourage the market to reflect the real value of this project in the share prices of both LIM and Anglesey Mining.

### Labrador Iron Project

During 2008 major exploration drilling and bulk mining programmes were completed accompanied by a programme of detailed testwork. This work is continuing and will lead to the final design and ordering of the infrastructure, mining and beneficiation plant and contracts required for the planned commencement of commercial production during the second quarter of 2010.

The highlight of the metallurgical testwork was the demonstration that high grade products of both lump ore and sinter fines can be produced. In addition to the high grades the testwork demonstrated a low level of impurity in all the critical elements and compounds. Based on these results marketing discussions were initiated with European steel mills and, despite the generally negative sentiment prevailing as a result of significant downturns in orders for semi-finished steel products in Europe, the level of interest being shown for LIM's expected product is very encouraging.

The negotiation of benchmark iron ore prices for 2009 between the major iron producers and the large steel mills is still ongoing though some settlements have occurred. These settlements whilst lower than the high levels achieved in 2008 are still the second highest level ever achieved.

We remain very pleased with the way that Labrador Iron Mines has progressed. Current activities are accelerating to prepare for commercial production in 2010 and we look forward to this investment in our associate company becoming an even more valuable asset for the group in the future.

## Parys Mountain Mine

As we reported previously, negotiations with Western Metals Limited in Perth, Australia for the potential sale of the Parys Mountain mine were terminated in October 2008. The termination was a result of failure to agree terms and conditions during the rapidly declining financial and commodity price environment that was developing at that time. We have received a considerable quantity of data and analysis generated by Western Metals and its consultants during its due diligence process which is now being reviewed.

Following termination of these discussions, and with metal prices at low levels, the Parys Mountain surface facilities were put into care and maintenance with expenditures being kept to a minimum. A previously commissioned geological report was delivered in January 2009. This reviews much prior geological exploration and analysis and makes some recommendations for future exploration. These recommendations will be closely considered when the exploration programme recommences.

Since the end of the year base metal prices have seen some healthy recovery and copper in particular, which is the major source of revenue under the Parys financial model, now appears to be showing strength. The forecasts of that financial model are encouraging and we will continue to review the development options for Parys Mountain.

## Financial Results

The result for the year was a loss of £129,014 compared to a profit last year of £10.2 million. The profit in 2008 resulted largely from the flotation of the Labrador Iron project in Canada.

At 31 March 2009 the group balance sheet showed total assets of £27.9 million, with total liabilities of only £2.4 million. With this strong balance sheet and the support of our major shareholder we believe we can handle our current working capital requirements without difficulty.

## Outlook

We go forward as a group in the fortunate position of being well-funded and close to production. China remains the most important factor in the future outlook for all metal prices. There are encouraging signs of build up in the Chinese economy which seems to be partly driven by government internal stimulus packages that are now beginning to take effect. This build up will of course result in increased demand for metals and higher metal prices.

Despite the difficulties of this past year, Anglesey is well positioned with its 50% shareholding in Labrador Iron Mines and can look forward to recognition of that value as Labrador Iron moves into production in 2010. We believe Anglesey is well placed to weather the economic storms and to take advantage of the anticipated upturn.

**John F. Kearney**

Chairman

20 July 2009

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 March 2009.

### Principal activities and business review

The group's principal activities are the development of the Labrador iron project in eastern Canada and holding the Parys Mountain project in North Wales.

Progress in Labrador continues with commercial production planned to commence in 2010. This work is fully funded and the group has a 50.1% interest in the project.

Since its formation in 1984 the focus of the parent company has been on the development of the zinc-copper-lead deposits at Parys Mountain in North Wales, however in the current market conditions development work at Parys Mountain is much reduced.

The group maintains its search for other mineral exploration and development opportunities.

The aim of the group is to continue its support for the Labrador project, to create value in the Parys Mountain property and to actively engage in other mineral ventures using the group's own resources together with such external investment and finance as may be required.

### Labrador Iron

Labrador Iron Mines Holdings Limited (LIM) in which the group continues to hold a 50.1% interest has had a very successful period progressing its direct shipping iron ore project in Western Labrador near Schefferville, Quebec, Canada towards commercial production. Activities have included successful metallurgical testwork leading to the production of high quality product samples that are acceptable to European steel mills, the continuation of the engineering and resource studies and the submission of the project Environmental Impact Statement. On a fully diluted basis the group would hold 39.5% of LIM and for this reason does not consolidate the LIM operations but records them using equity accounting.

The development plan for the Schefferville Project envisages initial production from two brownfield deposits using contractors with low strip ratio open cut mining followed by beneficiation using simple washing and screening. Mining and processing operations will be conducted for eight months per year, from April to November at an anticipated initial mining rate of 6,000 tonnes per day. The material excavated should contain around 56% to 58% iron and it is expected that the beneficiation process will remove unwanted silica and increase the product grade to around 65% iron. Two products will be produced, coarse lump ore and a finer sinter feed. Approximately 25% of the product will be lump ore which generally commands a premium price in the market. These products will be transported by the existing railway systems to the port of Sept-Iles on the St Lawrence River for onward shipping, probably to steel mills in Europe. The whole operation will use well proven and straightforward technology and closely reflects that previously carried out for almost thirty years by the Iron Ore Company of Canada in the same general location.

At 31 March 2009 LIM had C\$35.2 million (equivalent to £19.8 million) in cash and is in a healthy financial condition to weather the current worldwide economic and financial uncertainties and to carry out its programmes to move the project towards planned commercial production in April 2010.

### Permitting and environmental work

In April 2008 LIM submitted the Project Registration Application for the first phase of development of the Schefferville Project. This addresses production from the James North, James South and Redmond properties.

In August 2008 the Minister of Environment and Conservation requested an Environmental Impact Statement (EIS) as part of the application process and LIM submitted this EIS in December 2008. In early March 2009 some additional information was requested to supplement the EIS; we do not anticipate any difficulties with providing this information in a timely manner. Following this submission there will be a 50 day period for public comment and the Minister will then have up to a further 20 days to decide upon the acceptability of the EIS.

Upon release of project approval the applications for the necessary operating permits and licenses will be submitted. Assuming these permits and licences are issued during the third quarter of calendar 2009, LIM is planning, subject to on-going reviews of future iron ore prices, to commence initial site construction during late 2009. This programme, if achieved, will enable LIM to install and test its major transport facilities ahead of commercial production in 2010.

### Summer 2008 site programme

A reverse circulation and core drilling programme was undertaken in July 2008 to provide data for a compliant resource estimate on the various deposits, particularly the phase one properties, and to assist with both short term mine planning and with longer term operational planning. This 4,500 metre programme was completed in October 2008 and was supplemented by an exploration trenching programme. In addition a detailed programme of hydro-geological drilling comprising over 1,000 metres in 18 holes together with associated pump testing was completed.

A test mining programme to excavate 6,500 tonnes of bulk ore samples from the phase one deposits was carried out. This material was crushed and screened to produce samples approximating to the lump ore and sinter ore. The test mining programme was successful and did not encounter any particular problems in mining or processing. Some of this bulk sample material was used in the metallurgical testing programme and the remainder is available for market testing by potential iron ore buyers. Some of these samples have been washed offsite to replicate the final expected products. A number of samples have been dispatched to potential end users, primarily in Europe.

The metallurgical testwork indicated that the direct shipping ore mined during the bulk sampling exercise is readily amenable to a simple washing and screening process. This process removes silica and enhances the grades of both the lump ore and the sinter fines to acceptable levels. In addition the testwork showed that the level of deleterious impurities in the samples is generally low and within acceptable limits.

### **Infrastructure**

The railway between the site of the planned operations and Sept-Îles has been in continuous operation for over 50 years. It is currently split into three sections each managed by a different operator. Under Canadian Federal legislation each operator is designated as a common carrier and is obliged to provide a suitable level of service.

In 2008 to support the transfer of the bulk sample iron ore to the Port of Sept-Îles LIM leased ten 90 tonne gondola ore cars and also rented five ballast cars. The gondola cars will become part of the future leased transport fleet that will include additional ore cars as well as main line and shunting locomotives. During the period LIM successfully transported the bulk sample products by rail from Schefferville to Sept-Îles. These were the first iron ore shipments to leave the Schefferville area for over a quarter of a century. LIM has agreements with the Port of Sept-Îles Authority and stevedoring contractors regarding the use of the Authority's wharves for the storage and ship-loading of product.

### **Community affairs**

In July 2008 an Impact Benefit Agreement (IBA) was signed between LIM and the Innu Nation of Labrador with respect to the development of the project. The IBA is a life of mine agreement that establishes the processes and sharing of benefits that will ensure an ongoing positive relationship between Labrador Iron Mines and the Innu Nation. In return for their consent to and support of the project, the Innu Nation and their members will benefit through training, employment, business opportunities and financial participation in the project.

### **Marketing**

Marketing discussions have commenced with a number of potential end users, particularly in Europe, based on the metallurgical test results and on samples that have been supplied. These discussions have indicated a very encouraging level of interest in the LIM products. The high iron grades and the low level of impurities are important and should ensure that LIM will be able to market both its lump ore and its sinter fines products.

### **Parys Mountain**

The Parys Mountain property is the largest known base metal deposit in the United Kingdom. A feasibility study in 1991 identified a resource of 6.5 million tonnes of zinc, copper and lead with small amounts of silver and gold. This historic resource together with the recently identified White Rock JORC compliant resource amounts in aggregate to 7.8 million tonnes at 9.3% combined metals. The 1991 feasibility study demonstrated the technical and economic viability of bringing the property into production at a rate of 350,000 tonnes per annum, producing zinc, copper and lead concentrates. However there has been limited development over the period from 1991 to 2003 chiefly due to poor metal prices, a situation which has also been the case since the latter part of 2008.

During the year the group continued negotiations, described in the last annual report, with Western Metals of Perth, Western Australia, towards the sale of the Parys properties. However a failure to agree terms and conditions during the rapidly declining financial and commodity price situation that was developing at that time led to a cessation of these negotiations with Western in October 2008.

In January 2009 a new geological report on the drilling carried out by the group at Parys Mountain was received from Ore Systems Consulting. The report brings together the work done around the White Rock in the west and Garth Daniel in the east of the property and makes recommendations for future exploration.

The directors considered the carrying value of the Parys Mountain property and carried out an impairment review the detail of which is set out in note 11. The review indicated that no impairment provision was required or justified. The Parys properties fair value adjustment made in 2008 to account for the delayed consideration expected to be received from Western Metals was reversed this year following the abandonment of the arrangements with Western Metals. Operation of the mine and the receipt of cashflows from it are dependent on finance being available to fund the development of the property.

### Dolaucothi

In addition to its other, larger, mineral assets, the group holds the small Dolaucothi gold property in South Wales. It is not the company's current intention to focus on this property, however this situation will be kept under review.

### Other activities

Management continues to search for new properties suitable for development within a relatively short time frame and within the financing capability likely to be available to the group.

### Performance

So far as the directors are aware, there are no standardised indicators which can usefully be employed to gauge the performance of the group at this stage of its development other than the performance of the parent company's listed shares. The directors expect to be judged by their success in creating value for shareholders, or, in today's conditions, minimising any loss in value.

The chief external factors affecting the ability of the group to move forward are the levels of metal prices and exchange rates; these and other factors are dealt with in the risks and uncertainties section below.

### Dividend

The group has no revenues and the directors are unable to recommend a dividend (2008 - nil). Since the date of the accounts the activities of the group have continued in accordance with the directors' expectations.

### Financial position

The group has no revenues from the operation of its properties. The loss for the year after taxation was £129,014 (2008 - profit £10,152,448). Most of the 2008 profit resulted from the disposal of part of the group's interests in the Labrador properties when they were floated in Canada in December 2007; there is no comparative transaction in 2009.

During the year there were no additions to fixed assets (2008 - £19,585) and £192,189 was capitalised in respect of the development of the Parys Mountain property (2008 - £312,617). No expenses were recorded in the group financial statements this year in respect of the Labrador properties (2008 - £216,895) since they are now held in an associated company. Balance sheet comparative figures for 2008 vary significantly from this year's figures because last year to comply with accounting policies the Parys project assets and liabilities were classified separately as held for sale. That sale did not proceed. From 31 March 2009 the directors have decided to merge the equity-settled employee benefits reserve with the retained profits, since both are fully distributable.

The cash position at 31 March 2009 was £150,431 compared to £217,968 in 2008. The removal this year of the 2008 reclassification of the assets and liabilities relating to Parys Mountain as held for sale resulted in net current liabilities of £455,336 at 31 March 2009 compared to net current assets of £158,668 at 31 March 2008.

At 31 March 2009 the company had 152,558,051 ordinary shares in issue, unchanged from 2008. Following a share issue in respect of an option exercise on 23 April 2009 the number of ordinary shares in issue increased to 152,858,051.

The directors believe that the Labrador properties are fully funded through to initial production. Corporate and Parys Mountain activities are being funded from existing cash and by advances from Juno Limited, the group's major shareholder. Further finance may be required for any new mineral properties which may be evaluated, engaged in or acquired; however such outlays are at the discretion of the directors and would not be made unless finance was available.

### Risks and uncertainties

In conducting its business the group faces a number of risks and uncertainties some of which have been described above in regard to particular projects. However, there are also risks and uncertainties of a nature common to all mineral projects and these are summarised below.

#### General mining risks

Actual results relating to, amongst other things, mineral reserves, mineral resources, results of exploration, capital costs, mining production costs and reclamation and post closure costs, could differ materially from those currently anticipated by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand and prices for minerals that the group expects to produce, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the group operates,

technological and operational difficulties encountered in connection with the group's activities, labour relations matters, costs and changing foreign exchange rates and other matters.

The mining industry is competitive in all of its phases. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The group faces strong competition from other mining companies in connection with the acquisition and retention of properties, mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

#### **Development and liquidity risk**

In order to maintain liquidity and to ensure that sufficient funds are available for operations and developments the company has and will continue to rely upon share issues and on loans from its major shareholder Juno Limited. Labrador Iron Mines Holdings Limited is believed to be fully funded for the foreseeable future.

#### **Exploration and development**

Exploration for minerals and development of mining operations involve many risks, many of which are outside the group's control. The group currently operates in politically stable environments and hence is unlikely to be subject to expropriation of its properties but exploration by its nature is looking into the unknown or little known and unforeseen or unwanted results are always possible.

#### **Metal prices**

The prices of metals fluctuate widely and are affected by many factors outside the group's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. Metal price fluctuations may be either exacerbated or mitigated by international currency fluctuations which affect the actual amount which might be received by the group in sterling.

#### **Foreign exchange**

The activities of Labrador Iron Mines Holdings Limited (LIM) are carried out in Canada; the group's interest in LIM is carried in the group accounts on an equity basis and is affected by an exchange rate risk. Parys operations are in the UK and exchange rate risks are minor.

#### **Permitting, environment and social**

LIM does not currently have all of the operating permits required for the Labrador Iron project. The directors believe that all required permits will be obtainable although any delay in the issue of permits is likely to result in a delay to the expected time of first production.

The group holds a planning permission for the development of the Parys Mountain property but further consents will be required to carry out proposed activities and these permits may be subject to various reclamation and operational conditions.

#### **Employees and personnel**

The group is dependent on the services of a small number of key executives including the chairman, chief executive and finance director. Due to the small size of the group, the loss of these persons or the group's inability to attract and retain additional highly skilled and experienced employees may adversely affect its business or future operations.

#### **Financial instruments**

The company's use of financial instruments is not significant and is described in note 27.

### Directors

The names of the directors with biographical details are shown on the inside rear cover. In accordance with the company's practice, Howard Miller and David Lean retire by rotation and, being eligible, offer themselves for re-election. Since Danesh Varma has served for more than nine years as a non-executive director, current corporate governance practice requires that he be re-elected annually, and, being eligible, he is also proposed for re-election.

The company maintains a directors' and officers' liability policy on normal commercial terms. Unless otherwise determined by ordinary resolution, the number of directors, other than alternate directors, shall not be subject to any maximum, but shall not be less than two. The powers of the directors are described in the Corporate Governance Report.

With regard to the appointment and replacement of directors, the company is governed by its Articles, the Combined Code, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. Under the Articles, any director appointed by the board during the year must retire at the Annual General Meeting following his appointment. In addition, the Articles require that one-third of the remaining directors retire by rotation at each general meeting and seek re-appointment.

### Directors' interests in material contracts

Juno Limited (Juno), which is registered in Bermuda, holds 37.9% of the company's ordinary share capital. The company has a controlling shareholder agreement and working capital agreement with Juno. Advances made under the working capital agreement are shown in note 19. Apart from interest charges and an advance to the group of £200,000 in December 2008 there were no transactions between the group and Juno or its group during the year. An independent committee reviews and approves any transactions and potential transactions with Juno. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno.

John Kearney is chairman of Labrador Iron Mines Holdings Limited (LIM), Bill Hooley is a director and chief operations officer and Danesh Varma is chief financial officer. All three are shareholders of LIM, are entitled to remuneration from LIM and have been granted options over the shares of LIM. During the year the parent company charged LIM with £122,889 (2008 - nil) in respect of remuneration and associated social security costs. There are no other transactions between LIM and the group which are required to be disclosed.

There are no other contracts of significance in which any director has or had during the year a material interest.

### Directors' shareholdings

The interests of the directors in the share capital of the company, all of which are beneficial, are set out below:

Director	8 July 2009		31 March 2009		31 March 2008	
	Number of options	Number of ordinary shares	Number of options	Number of ordinary shares	Number of options	Number of ordinary shares
John Kearney	5,400,000	-	5,400,000	-	5,200,000	-
Bill Hooley	2,900,000	100,000	2,900,000	100,000	2,500,000	100,000
Ian Cuthbertson	2,400,000	727,300	2,400,000	727,300	2,100,000	727,300
David Lean	700,000	-	700,000	-	500,000	-
Howard Miller	900,000	-	1,200,000	-	1,000,000	-
Roger Turner	1,100,000	-	1,100,000	-	900,000	-
Danesh Varma	1,400,000	-	1,400,000	-	1,200,000	-

Further details of directors' options are provided in the Remuneration Report.

### Substantial shareholders

At 8 July 2009 the following shareholders had advised the company of an interest in the issued ordinary share capital of the company:

Name	Number of shares	Percentage of share capital
Juno Limited	57,924,248	37.9%
Passport Special Opportunities Master Fund	26,525,000	17.4%
Morgan Stanley Securities Limited	10,652,000	7.0%

10,600,000 of the shares notified by Passport Special Opportunities Master Fund were disclosed (under UKLA rules introduced on 1 June 09) in connection with a swap. The directors think that these 10,600,000 shares might also form part of the Morgan Stanley Securities Limited disclosure.

### Shares

#### Authority to allot shares

Under the Articles of Association, the company has authority to allot the unissued shares of the company. The directors would usually wish to allot any new share capital on a pre-emptive basis, however in the light of the group's potential requirement to raise further funds for the acquisition of new mineral ventures, other activities and working capital, they believe that it is appropriate to have a larger amount available for issue at their discretion without pre-emption than is normal for listed companies. Accordingly a resolution will be put to the AGM to renew the directors' authority to allot equity securities for cash without pre-emption. In the case of allotments other than for rights or other pre-emptive issues, it is proposed that such authority will be for up to £381,000 being 38,100,000 ordinary shares, which is equivalent to 25% of the issued ordinary share capital at 8 July 2009. Whilst such authority is significantly in excess of the 5% of existing issued ordinary share capital which is commonly accepted for larger listed companies, it will provide additional flexibility which the directors believe is in the best interests of the group in its present circumstances.

**Rights and obligations attaching to shares**

The rights and obligations attaching to the ordinary and deferred shares are set out in the Articles of Association. Details of the authorised and issued share capital are shown in note 21.

Each ordinary share carries the right to one vote at general meetings of the company. Holders of deferred shares, which are of negligible value, are not entitled to attend, speak or vote at any general meeting of the company, nor are they entitled to receive notice of general meetings.

Subject to the provisions of the Companies Acts, the rights attached to any class may be varied with the consent of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

There are no restrictions on the transfer of the company's shares.

**Voting rights**

Votes may be exercised at general meetings in relation to the business being transacted either in person, by proxy or, in relation to corporate members, by corporate representative. The Articles provide that forms of proxy shall be submitted not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

No member shall be entitled to vote at a general meeting or at a separate meeting of the holders of any class of shares in the capital of the company, either in person or by proxy, in respect of any share held by him unless all monies presently payable by him in respect of that share have been paid. Furthermore, no shareholder shall be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll if he has been served with a notice after failing to provide the company with information concerning interests in his shares required to be provided under the Companies Acts.

**Shares held in uncertificated form**

Subject to the provisions of the Uncertificated Securities Regulations 2001, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

**Significant agreements and change of control**

There are no agreements between the company and its directors or employees that provide for compensation for loss of office or employment that may occur because of a takeover bid. The company's share plans contain provisions relating to a change of control. Outstanding awards and options would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions.

**Creditor payment policy**

The group conducts its business on the normal trade credit terms of each of its suppliers and tries to ensure that suppliers are paid in accordance with those terms. The group's average creditor payment period at 31 March 2009 was 61 days (2008 - 60 days).

**Going concern**

After making due enquiry, the directors consider that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the financial statements.

**Charitable and political contributions**

The group made no contributions during the year (2008 - nil).

**Employment**

The group is an equal opportunity employer in all respects.

**Statement of directors' responsibilities**

The directors are responsible for preparing the annual report and the financial statements. The directors are required to prepare the financial statements for the group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and, in relation to the group financial statements, Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

The directors confirm that the financial statements have (a) been prepared in accordance with applicable accounting standards; (b) give a true and fair view of the results of the group and the assets, liabilities and financial position of the group and the parent company; and (c) that the directors' report includes a fair review of the development and performance of the business and the position of the group and the parent company together with a description of the principal risks and uncertainties that they face.

The directors are responsible for the maintenance and integrity of the group website.

#### Auditors

Each of the directors in office at the date of the annual report confirms that so far as they are aware there is no relevant audit information of which the group's auditors are unaware and that each director has taken all of the steps which they ought to have taken as directors in order to make themselves aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Mazars LLP as auditors and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the board

Ian Cuthbertson

Company Secretary

20 July 2009

**Unaudited information:**

The Directors' Remuneration Report has been prepared in accordance with schedule 7A of the Companies Act 1985.

**Remuneration Committee Policy and Share Options**

During the year the remuneration committee comprised Howard Miller (chairman) and Danesh Varma; no remuneration consultants were employed.

The board's aim, implemented by the committee, with regard to executive and non-executive directors' remuneration, is to provide a package which will attract, retain and motivate directors of the calibre required and be consistent with the group's ability to pay. So far as is possible, it is the group's policy to keep contract durations, notice periods and termination payments to a minimum. In practice this results in rolling 12 month contracts.

A bonus for attainment of key corporate targets forms part of overall executive director remuneration. Share options continue to form a major part of executive and non-executive directors' remuneration however a fee payment has been made to non-executive directors since April 2007. Any pensions contributions are to money purchase schemes and are regarded as a component of total remuneration.

The company has one active share scheme, the 2004 Unapproved Share Option Scheme. All directors and employees are eligible to receive options. In determining the amount of options to be granted to each individual, the directors take into account the need for and value of the services provided, the amount of time spent on the business of the group and any other remuneration receivable from the group. All share options are subject to a performance criterion, namely that the company's share price performance over the period from grant to exercise must exceed that of the companies in the top quartile of the FTSE 100 index. This index was selected as being an easily available benchmark of general corporate performance.

**Terms and conditions of service**

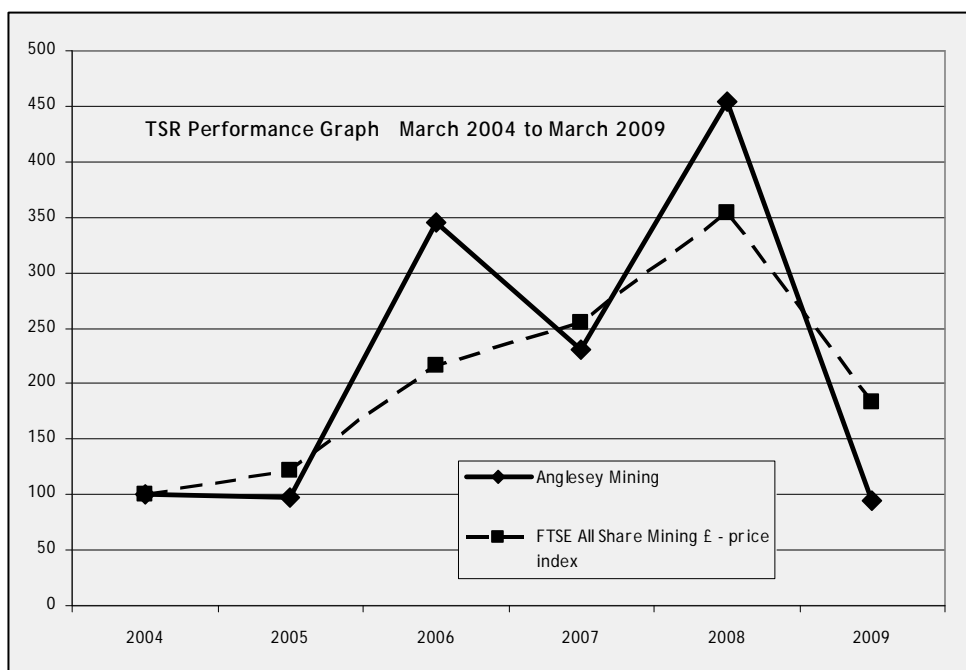
Bill Hooley and Ian Cuthbertson receive fees and a salary respectively, have written terms of employment with rolling notice periods of 12 months and no other entitlement to termination payments. They are eligible to receive performance bonuses when key corporate targets are attained.

Each of the non-executive directors has a written contract for services, terminable at one month's notice.

Other than these, there are no arrangements in force whereby the group is under an obligation to pay fees, salaries, bonuses, pensions or any remuneration to any director.

**Total shareholder return graph**

This graph shows the total shareholder return over a five year period for the company and for the FTSE Mining index, being the most appropriate comparative available for the company covering the past five years:



**Audited information:****Directors' emoluments**

Name	2009				2008			
	Salary and fees £	Bonus £	Pension £	Total £	Salary and fees £	Bonus £	Pension £	Total £
<b>Executive</b>								
John Kearney	-	-	-	-	-	-	-	-
Ian Cuthbertson	36,106	-	10,000	46,106	40,000	-	10,930	50,930
Bill Hooley	102,000	-	-	102,000	102,000	5,000	-	107,000
<b>Non-executive</b>								
Howard Miller	5,000	-	-	5,000	5,000	-	-	5,000
David Lean	5,000	-	-	5,000	5,000	-	-	5,000
Roger Turner	5,000	-	-	5,000	5,000	-	-	5,000
Danesh Varma	24,000	-	-	24,000	5,000	-	-	5,000
<b>Totals</b>	<b>177,106</b>	<b>-</b>	<b>10,000</b>	<b>187,106</b>	<b>162,000</b>	<b>5,000</b>	<b>10,930</b>	<b>177,930</b>

Pension contributions are to a money purchase pension scheme. During the year £122,889 (2008 - nil) was recharged to the group's associate Labrador Iron Mines Holdings Limited in respect of remuneration and associated social security costs.

**Associate company**

John Kearney, Bill Hooley and Danesh Varma are shareholders in the company's associate, Labrador Iron Mines Holdings Limited (LIM); they are entitled to remuneration in respect of their duties with LIM and hold shares and share options in LIM. John Kearney and Bill Hooley are directors of LIM.

**Audited information (continued):****Directors' share options**

Details of each share option held over ordinary shares in the company (all of them beneficial) by all those who were directors during the year are set out below. All options are over ordinary shares of 1 penny each.

Name	Options at 1 April 2008	Granted in year	Exercised in year	Lapsed in year	Options at 31 March 2009	Exercise price	Date from which exercisable	Expiry date
John Kearney	5,000,000	-	-	-	5,000,000	4.13p	22 Oct 05	22 Oct 14
John Kearney	200,000	-	-	-	200,000	21.90p	26 Nov 07	26 Nov 17
John Kearney		200,000	-	-	200,000	5.00p	27 Mar 10	27 Mar 19
Bill Hooley	1,000,000	-	-	-	1,000,000	10.63p	15 Jan 07	15 Jan 16
Bill Hooley	1,500,000	-	-	-	1,500,000	21.90p	26 Nov 07	26 Nov 17
Bill Hooley		400,000	-	-	400,000	5.00p	27 Mar 10	27 Mar 19
Ian Cuthbertson	300,000	-	-	-	300,000	2.00p	3 May 05	2 May 12
Ian Cuthbertson	1,000,000	-	-	-	1,000,000	4.13p	22 Oct 05	22 Oct 14
Ian Cuthbertson	200,000	-	-	-	200,000	10.63p	15 Jan 07	15 Jan 16
Ian Cuthbertson	600,000	-	-	-	600,000	21.90p	26 Nov 07	26 Nov 17
Ian Cuthbertson		300,000	-	-	300,000	5.00p	27 Mar 10	27 Mar 19
David Lean	100,000	-	-	-	100,000	10.63p	15 Jan 07	15 Jan 16
David Lean	400,000	-	-	-	400,000	21.90p	26 Nov 07	26 Nov 17
David Lean		200,000	-	-	200,000	5.00p	27 Mar 10	27 Mar 19
Howard Miller	300,000	-	-	-	300,000	2.00p	3 May 02	2 May 09
Howard Miller	200,000	-	-	-	200,000	4.13p	22 Oct 05	22 Oct 14
Howard Miller	100,000	-	-	-	100,000	10.63p	15 Jan 07	15 Jan 16
Howard Miller	400,000	-	-	-	400,000	21.90p	26 Nov 07	26 Nov 17
Howard Miller		200,000	-	-	200,000	5.00p	27 Mar 10	27 Mar 19
Roger Turner	500,000	-	-	-	500,000	10.63p	15 Jan 07	15 Jan 16
Roger Turner	400,000	-	-	-	400,000	21.90p	26 Nov 07	26 Nov 17
Roger Turner		200,000	-	-	200,000	5.00p	27 Mar 10	27 Mar 19
Danesh Varma	500,000	-	-	-	500,000	4.13p	22 Oct 05	22 Oct 14
Danesh Varma	200,000	-	-	-	200,000	10.63p	15 Jan 07	15 Jan 16
Danesh Varma	500,000	-	-	-	500,000	21.90p	26 Nov 07	26 Nov 17
Danesh Varma		200,000	-	-	200,000	5.00p	27 Mar 10	27 Mar 19

The market price of the ordinary shares at 31 March 2009 was 3.88 pence, the high for the year to 31 March 2009 was 19.25 pence and the low for the year was 3.13 pence. The mid-market price at 8 July 2009 was 4.75 pence.

By order of the board

Ian Cuthbertson

Company Secretary

20 July 2009

## Principles

The board bases its policies and practices in relation to corporate governance on the 2006 Financial Reporting Council Combined Code on Corporate Governance appended to the Listing Rules issued by the Financial Services Authority. The group has made use of the Guidance for Smaller Quoted Companies published by the Quoted Companies Alliance in 2004 which relates to the implementation of the Combined Code for smaller quoted companies.

The board supports the highest standards in corporate governance and endeavours to implement the principles of the Combined Code constructively and in a sensible and pragmatic fashion with the objective of enhancing and protecting shareholder value. This is always harder in a small group than in the larger organisations with which the Combined Code is chiefly concerned. It is particularly problematic for a group such as Anglesey which is both small and engaged in mineral development rather than more routine trading operations.

## The Board

The board is responsible for formulating, reviewing and approving the company's strategy, financial activities and operating performance. Day to day management is devolved to the executive directors who are charged with consulting the board on all significant financial and operational matters. In this way decisions can be made promptly, but also with consultation amongst the directors concerned where necessary and appropriate.

The board comprises three executive directors and four non-executive directors, a structure which the board considers to be appropriate.

For the purposes of the Combined Code Howard Miller is the senior independent non-executive director and David Lean and Roger Turner are independent directors. As described in note 28, Danesh Varma is a shareholder in and director of Juno Limited, which holds 37.9% of the company's ordinary shares. He has been a director for more than nine years, and is therefore subject to annual re-election to the board: under the Code provisions he is not deemed to be independent.

There are cases where board members are also co-directors of other companies; the board does not believe that these instances in any way compromise the independence or ability of the directors to carry out their duties in respect of the company.

The board meets when required and all board members are supplied with relevant and timely information. The group's strategy is always determined by the whole board and the schedule of matters reserved to the board is therefore comprehensive. The board approves detailed budgets and activities and any material changes to budgets or planned activities are also approved by the whole board.

There is an established procedure by which directors may, at the company's expense, take independent advice in the furtherance of their duties. They also have access to the advice and services of the company secretary who is charged with ensuring that board procedures are followed.

There is a system for the board to monitor its own performance, including that of the board committees, and a programme to develop directors' skills and expertise.

There are written terms of reference for the remuneration, audit and nomination committees, each of which deals with specific aspects of the group's affairs. The board receives periodic reports from all committees.

### **Remuneration committee**

The remuneration committee comprises Howard Miller and Danesh Varma. It is responsible for making recommendations to the board on the company's executive remuneration. The committee determines any contract terms, remuneration and other benefits, including share options, for each of the executive directors. The board itself determines the remuneration of the non-executive directors. The report on directors' remuneration is set out in the previous section.

### **Audit committee**

The committee's terms of reference have been approved by the board and follow published guidelines. The audit committee comprises Danesh Varma and David Lean. Both are chartered accountants with extensive mineral industry experience and have the necessary recent and relevant experience required by the Combined Code.

The audit committee reviews the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the information reported to the shareholders is accurate and complete. The committee discusses internal control issues and contributes to the board's review of the effectiveness of the group's internal control and risk management systems. It also considers the need for an internal audit function, which it believes is not required at present due to the limited staff and operations of the group. The members of the

committee have agreed to make themselves available should any member of staff wish to make representations to them about the conduct of the affairs of the group.

The committee advises the board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It meets formally at least once a year with the group's external auditors. During the period, the audit committee has reviewed the effectiveness of the system of internal control. An analysis of the fee payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 4 to the financial statements.

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes: a review of any non-audit services provided to the group; discussion with the auditors of all relationships with the company and any other parties that could affect independence or the perception of independence; a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

#### **Nomination committee**

A nomination committee comprises John Kearney (chairman), David Lean and Howard Miller. All directors are subject to re-election at least every three years. The nomination committee makes recommendations to the board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the board and its committees and the balance between executive and non-executive directors. The nomination committee meets as and when required. It has not met in the year and has not yet engaged external consultants to identify appropriate candidates. Two of the committee members are independent non-executive directors.

#### **Directors' contracts**

It is group policy that the period of notice for executive directors will not exceed 12 months and that the employment contracts of the executive directors are terminable at 12 months' notice by either party. The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the company, nor for liquidated damages. All non-executive directors have letters of appointment with the company for an initial period of three years from their date of appointment, subject to reappointment at the AGM.

#### **Assessment of directors' performance**

The performance of the non-executive directors is assessed by the chairman and is discussed with the senior independent director. The performance of executive directors is discussed and assessed by the remuneration committee or the board as a whole. The directors may take outside advice in reviewing performance when they consider this necessary, which has not been the case to date.

#### **Internal control**

The board of directors is responsible for and annually reviews the group's systems of internal control, financial and otherwise. Such systems provide reasonable and not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The key feature of the group's financial control system is that board members directly monitor all payments and transactions as well as budgets and annual accounts. The board considers it inappropriate to establish an internal audit function at present because of the group's limited operations, however this decision is reviewed annually.

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2009 and up to the date of approval of the report and financial statements that have required the board to deal with any related material internal control issues. The directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

#### **Risks and uncertainties**

In reviewing the other risks facing the group, the board considers it is sufficiently close to the group's operations and aware of its activities to be able to adequately monitor risk without the establishment of any formal process. The group may become subject to risks against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The board believes the significant risks facing the group are adequately disclosed in these financial statements and that there are no other risks of comparable magnitude which need to be disclosed.

### Communication with shareholders

Extensive information about the group and its activities is given in the annual report and accounts, and the interim report, which are sent to shareholders. Further information is available on the company's website, [www.angleseymining.co.uk](http://www.angleseymining.co.uk), which is updated whenever announcements or press releases are made.

The chairman meets with substantial shareholders at least once per year, more often when appropriate, and other directors join these and other meetings with shareholders.

Every effort is made to reply promptly and effectively to enquiries from shareholders on matters relating to their shareholdings and the business of the group.

### Directors' appointment and attendance at board and committee meetings

During the year attendance at meetings was as follows:

Director	Date appointed	Next election	Meetings			
			Board	Audit	Remuneration	Nomination
Total number of meetings			3	3	1	0
John Kearney	10 November 1994	2010	3			
Ian Cuthbertson	22 December 1997	2010	3			
Bill Hooley	10 January 2006	2011	3			
Howard Miller	20 September 2001	2009	3		1	
David Lean	20 September 2001	2009	2	3		
Roger Turner	10 January 2006	2011	3			
Danesh Varma	15 November 1994	2009	2	3	1	

Ian Cuthbertson was appointed as company secretary on 21 October 1988.

Danesh Varma is subject to annual re-election to the board.

### Compliance with the Combined Code

The directors believe that the group has complied with the requirements of the Combined Code during the year with the following exceptions:

- A.2 Because of his long service with the group, John Kearney cannot be regarded as independent in his roles as director or chairman.
- B.2.1 and C.3.1 Danesh Varma is a member of the audit and remuneration committees: because he has been on the board for more than nine years and is connected with Juno Limited, under the Code provisions he is not defined as independent.

We have audited the group and parent company financial statements (the "financial statements") of Anglesey Mining Plc for the year ended 31 March 2009 which comprise the Consolidated Income Statement, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statement of Changes in Shareholders' Equity and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

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, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities in the directors' report.

Our responsibility is to audit the financial statements and the parts of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the Directors' Report is consistent with the financial statements. In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the Combined Code on Corporate Governance 2006 specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and controls procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement and the Corporate Governance Statement. 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 further information.

#### **Basis of audit opinion**

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited 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 and the part of the Directors' Remuneration Report to be audited.

### Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its result for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2009;
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the group financial statements, Article 4 of the IAS Regulation, and
- the information given in the Directors' Report is consistent with the financial statements.

### Emphasis of matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures in the financial statements concerning the basis of preparation (note 2), the valuation of intangible assets (note 11) of £13,616,749 in the group financial statements and the valuation of investment in subsidiary undertakings of £14,081,396 in the company financial statements.

The financial statements and related notes have been prepared based on the validity of the following:

- the successful development of Parys Mountain mineral property;
- the raising of new finance to exploit mineral reserves; and
- the ability of the company to trade profitably in the future.

No adjustments have been made to the balance sheet and related notes to reflect changes to these assets' carrying values that might be necessary should the above conditions not be met.

### Mazars LLP

Chartered Accountants and Registered Auditors  
Tower Bridge House, St Katharine's Way, London, E1W 1DD

20 July 2009

## Consolidated income statement

	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 <i>represented</i> £
<b>All operations are continuing</b>			
Revenue		-	-
Administration expenses		(224,737)	(399,331)
Equity-settled employee benefits	22	(271,112)	(142,723)
Share of (loss)/profit in associate	15	(254,069)	10,449
Investment income	6	7,118	21,970
Finance costs	7	(84,535)	(67,326)
Profit on deemed disposal	15	-	11,427,730
Parys properties fair value adjustments	11	698,321	(698,321)
<b>(Loss)/profit before tax</b>	<b>4</b>	<b>(129,014)</b>	<b>10,152,448</b>
Tax	8	-	-
<b>(Loss)/profit for the year</b>		<b>(129,014)</b>	<b>10,152,448</b>
<b>Earnings per share</b>			
Basic - pence per share	10	(0.1)	6.8
Diluted - pence per share	10	(0.1)	6.7

## Consolidated balance sheet

	Notes	31 March 2009 £	31 March 2008 £
<b>Assets</b>			
<b>Non-current assets</b>			
Mineral property development	11	13,616,749	-
Property, plant and equipment	12	204,687	-
Interest in associate	15	13,821,013	12,068,276
Deposit	16	119,549	-
		<u>27,761,998</u>	<u>12,068,276</u>
<b>Current assets</b>			
Other receivables	17	2,915	4,519
Cash and cash equivalents		150,431	217,968
		<u>153,346</u>	<u>222,487</u>
Assets classified as held for sale		-	13,069,019
<b>Total assets</b>		<u>27,915,344</u>	<u>25,359,782</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(608,682)	(63,819)
		<u>(608,682)</u>	<u>(63,819)</u>
<b>Net current (liabilities)/assets</b>		<u>(455,336)</u>	<u>158,668</u>
<b>Non-current liabilities</b>			
Loan	19	(1,760,529)	(1,475,993)
Long term provision	20	(42,000)	-
		<u>(1,802,529)</u>	<u>(1,475,993)</u>
Liabilities directly associated with assets classified as held for sale		-	(464,741)
<b>Total liabilities</b>		<u>(2,411,211)</u>	<u>(2,004,553)</u>
<b>Net assets</b>		<u>25,504,133</u>	<u>23,355,229</u>
<b>Equity</b>			
Share capital	21	7,036,414	7,036,414
Share premium		8,092,423	8,092,423
Currency translation reserve		1,832,844	(2,718)
Retained profits		8,542,452	8,229,110
<b>Total shareholders' equity</b>		<u>25,504,133</u>	<u>23,355,229</u>

The financial statements were approved by the board of directors and authorised for issue on 20 July 2009 and were signed on its behalf by:

John F. Kearney, Chairman

Ian Cuthbertson, Finance Director

## Company balance sheet

	Notes	31 March 2009 £	31 March 2008 £
<b>Assets</b>			
<b>Non current assets</b>			
Investments	14	14,081,396	681,238
		<u>14,081,396</u>	<u>681,238</u>
<b>Current assets</b>			
Other receivables	17	1,433	4,519
Cash and cash equivalents		149,110	191,750
		<u>150,543</u>	<u>196,269</u>
Investments classified as held for sale	14	-	12,617,128
<b>Total Assets</b>		<b>14,231,939</b>	<b>13,494,635</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	(125,478)	(59,819)
		<u>(125,478)</u>	<u>(59,819)</u>
<b>Net current assets/(liabilities)</b>		<b>25,065</b>	<b>136,450</b>
<b>Non-current liabilities</b>			
Loan	19	(1,760,529)	(1,475,993)
		<u>(1,760,529)</u>	<u>(1,475,993)</u>
<b>Total liabilities</b>		<b>(1,886,007)</b>	<b>(1,535,812)</b>
<b>Net assets</b>		<b>12,345,932</b>	<b>11,958,823</b>
<b>Equity</b>			
Share capital	21	7,036,414	7,036,414
Share premium		8,092,423	8,092,423
Retained losses		(2,782,905)	(3,170,014)
<b>Shareholders' equity</b>		<b>12,345,932</b>	<b>11,958,823</b>

The financial statements were approved by the board of directors and authorised for issue on 20 July 2009 and were signed on its behalf by:

John F. Kearney, Chairman

Ian Cuthbertson, Finance Director

## Statements of changes in equity

Group	Share capital	Share premium	Currency translation reserve	Retained profits	Total
	£	£	£	£	£
At 1 April 2007	6,898,914	7,189,359	(48,179)	(2,066,061)	11,974,033
Equity-settled benefits	-	-	-	142,723	142,723
Shares issued for cash	137,500	962,500	-	-	1,100,000
Share issue expenses	-	(59,436)	-	-	(59,436)
Exchange differences on translation of foreign operations	-	-	45,461	-	45,461
Profit for the year	-	-	-	10,152,448	10,152,448
At 31 March 2008	7,036,414	8,092,423	(2,718)	8,229,110	23,355,229
Equity-settled benefits:					
- associate	-	-	-	171,244	171,244
- company	-	-	-	271,112	271,112
Exchange differences on translation of foreign holdings	-	-	1,835,562	-	1,835,562
(Loss) for the year	-	-	-	(129,014)	(129,014)
At 31 March 2009	7,036,414	8,092,423	1,832,844	8,542,452	25,504,133

Company	Share capital	Share premium	Currency translation reserve	Accumulated losses	Total
	£	£	£	£	£
At 1 April 2007	6,898,914	7,189,359	-	(2,037,021)	12,051,252
Equity-settled benefits	-	-	-	142,723	142,723
Shares issued for cash	137,500	962,500	-	-	1,100,000
Share issue expenses	-	(59,436)	-	-	(59,436)
(Loss) for the year	-	-	-	(1,275,716)	(1,275,716)
At 31 March 2008	7,036,414	8,092,423	-	(3,170,014)	11,958,823
Equity-settled benefits	-	-	-	271,112	271,112
Profit for the year	-	-	-	115,997	115,997
At 31 March 2009	7,036,414	8,092,423	-	(2,782,905)	12,345,932

## Consolidated cash flow statement

	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 £
<b>Operating activities</b>			
(Loss)/profit for the year		(129,014)	10,152,448
<b>Adjustments:</b>			
Investment revenue recognised in profit or loss	6	(7,118)	(18,959)
Investment revenue recognised in discontinued operations		-	(3,011)
Finance costs recognised in profit or loss	7	84,535	67,326
Equity-settled benefits		271,112	142,723
Share of (loss)/profit in associate	15	254,069	(10,449)
Profit on deemed disposal		-	(11,427,730)
Parys properties fair value adjustments		(698,321)	698,321
		(224,737)	(399,331)
<b>Movements in working capital</b>			
Decrease/(increase) in receivables		22,775	(12,168)
Increase/(decrease) in payables		122,122	(203)
<b>Cash utilised by operations</b>		(79,840)	(411,702)
<b>Net cash used in operating activities</b>		(79,840)	(411,702)
<b>Investing activities</b>			
Interest received	6	4,492	19,121
Mineral property development	3	(192,189)	(445,763)
Payments for land and buildings		-	(19,585)
<b>Net cash used in investing activities</b>		(187,697)	(446,227)
<b>Financing activities</b>			
Proceeds from issue of shares		-	1,040,564
Loans		200,000	-
<b>Net cash generated from financing activities</b>		200,000	1,040,564
<b>Net (decrease)/increase in cash and cash equivalents</b>		(67,537)	182,635
Cash and cash equivalents at start of year		217,968	34,003
Exchange rate changes on foreign cash and cash equivalents		-	1,330
<b>Cash and cash equivalents at end of year</b>		150,431	217,968

## Company cash flow statement

	Notes	Year ended 31 March 2009 £	Year ended 31 March 2008 restated £
<b>Operating activities</b>			
Profit/loss for the year	23	115,997	(1,275,716)
<b>Adjustments:</b>			
Investment revenue recognised in profit or loss		(4,400)	(18,861)
Finance costs recognised in profit or loss		84,535	67,326
Equity-settled benefits		271,112	142,723
Parys properties fair value adjustment		(698,321)	698,321
		(231,077)	(386,207)
<b>Movements in working capital</b>			
Decrease in receivables		3,086	9,002
Increase/(decrease) in payables		65,659	(124,320)
<b>Cash utilised by operations</b>		(162,332)	(501,525)
<b>Net cash used in operating activities</b>		(162,332)	(501,525)
<b>Investing activities</b>			
Interest received		4,400	18,861
Investments		(84,708)	(387,911)
<b>Net cash used in investing activities</b>		(80,308)	(369,050)
<b>Financing activities</b>			
Proceeds from issue of shares		-	1,040,564
Loans		200,000	-
<b>Net cash generated from financing activities</b>		200,000	1,040,564
<b>Net (decrease)/increase in cash and cash equivalents</b>		(42,640)	169,989
Cash and cash equivalents at start of year		191,750	21,761
<b>Cash and cash equivalents at end of year</b>		149,110	191,750

## 1 General information

Anglesey Mining plc is incorporated in the United Kingdom under the Companies Act 1985. The nature of the group's operations and its principal activities are set out in note 3 and in the business review section of the directors' report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group has been operating. Foreign operations are included in accordance with the policies set out in note 2.

## 2 Significant accounting policies

### Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and therefore the group financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

### Going concern

The financial statements are prepared on a going concern basis. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the group's projects becoming available. Based on the assumption that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible fixed assets - mineral property development, to their realisable values.

### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### Revenue recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed.

*Significant accounting policies - continued*

## Segmental analysis

The group's primary format for segmental reporting is geographical segments which also correspond with the nature of the different projects being undertaken. The group has two segments: (i) the United Kingdom, which comprises the Parys Mountain base metal project and the much smaller Dolaucothi gold project and (ii) the Labrador Iron project in Canada, which from 3 December 2007 ceased to be carried in a subsidiary of the company and is not included in the segmental analysis from that date.

## Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. There are no defined benefit retirement schemes.

## Equity-settled employee benefits

The group provides equity-settled benefits to certain employees. Equity-settled employee benefits are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of a binomial Black-Scholes model. The expected life used in the model has been adjusted from the longer historical average life, based on directors' estimates of the effects of non-transferability, exercise restrictions, market conditions, age of recipients and behavioural considerations.

## Taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of any deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

## Discontinued operations

The post-tax profit or loss of the discontinued operation is classified as a single line on the face of the consolidated income statement, together with any post-tax gain or loss recognised on the remeasurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation.

On changes to the composition of groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

## Property, plant and equipment

The group's freehold land is stated in the balance sheet at cost. The directors consider that the estimated residual value of buildings, based on prices prevailing at the date of acquisition, is such that any depreciation would not be material. The carrying value is reviewed annually and any impairment in value would be charged immediately to the income statement.

Plant, equipment, fixtures and motor vehicles are stated in the balance sheet at cost, less depreciation. Depreciation is charged on a straight line basis at the following annual rates: plant and equipment 25%, fixtures and fittings 20% and motor vehicles 25%.

*Significant accounting policies - continued*

## Intangible assets - mineral property development costs

Intangible assets are stated in the balance sheet at cost, less amounts written off and provisions for impairment.

Costs incurred prior to obtaining the legal rights to explore a mineral property are expensed immediately to the income statement. Mineral property development costs are capitalised until the results of the projects, which are usually based on geographical areas, are known. Mineral property development costs include an allocation of administrative and management costs as determined appropriate to the project by management.

Where a project is successful, the related exploration costs are written off over the life of the estimated mineral reserve on a unit of production basis. Where a project is terminated, the related exploration costs are written off immediately. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

## Impairment of tangible and intangible assets

Mineral properties are written down when any impairment in their value has occurred and are written off when abandoned. Where a provision is made or reversed it is dealt with in the income statement in the period in which it arises.

## Investment in associates

An associate is an entity over which the group exercises, or is in a position to exercise, significant influence, but not control or joint control, through participation in the financial or operating policy of the investee. In considering the degree of control, any options or warrants over ordinary shares which are capable of being exercised at the period end are taken into consideration.

Where material, the results and assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting, except when these associates are classified as held for sale. Investments in associates are carried in the balance sheet at cost adjusted by any material post-acquisition changes in the net assets of the associates, less any impairment of value in the individual investments.

## Investments

Financial fixed assets are shown at cost less provisions for impairment in value. Income from financial fixed assets together with any related withholding tax is recognised in the income statement in the period in which it is recoverable.

## Non-current assets and disposal groups

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a separate major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within continuing operations until they meet the criteria to be held for sale.

## Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when a sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Disposal groups are groups of assets, and liabilities directly associated with those assets, that are to be disposed of together as a group in a single transaction.

Non-current assets (and disposal groups) classified as held for sale are initially measured at the lower of carrying value and fair value less costs to sell. At subsequent reporting dates non-current assets (and disposal groups) are remeasured to the latest estimate of fair value less costs to sell. As a result of this remeasurement any impairment is recognised by charging to the consolidated income statement, any increase in fair value is applied to reverse previous impairment charges on the non-current assets (or disposal groups) to a maximum of the original amortised cost.

## Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the balance sheet date and are discounted to present value where the effect is material.

*Significant accounting policies - continued*

## Financial instruments

Financial assets and liabilities are initially recognised and subsequently measured based on their classification as “loans and receivables” or “other” financial liabilities.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except where they mature more than 12 months after the balance sheet date: these are classified as non-current assets. The group’s loans and receivables comprise “deposits”, “trade and other receivables” and “cash and cash equivalents” in the balance sheet.

(a) *Trade and other receivables.* Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

(b) *Cash and cash equivalents.* The group considers all highly liquid investments which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired to be cash equivalents. The management believes that the carrying amount of cash equivalents approximates fair value because of the short maturity of these financial instruments.

(c) *Trade and other payables.* Trade payables are not interest bearing and are stated at their nominal value.

## Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

## Cash flow statement

The cash flow statement is prepared by the indirect method set out in IAS 7 on cash flow statements and presents cash flows by operating, investing and financing activities. In order to make the disclosures more accurate, the directors have re-stated the comparative amounts for 2008 by moving £698,321 between investing and operating activities; this has no effect on the overall position.

## New accounting standards

The group and company have not applied the following IFRSs and IFRICs that have been issued and are applicable but are not yet effective: IAS1 Presentation of Financial Statements - Revised (effective 1 January 2009); IAS 27, Consolidated and Separate Financial Statements, revised 2008 (effective 1 July 2009); IAS 32, Financial Instruments: Presentation, revised 2008 (effective 1 January 2009); IFRS2 Share-based Payments - Vesting Conditions and Cancellations (effective 1 January 2009) and IFRS 8, Operating Segments (effective 1 January 2009). The group is evaluating the impact that these standards will have on the group’s financial statements, if any.

## Judgements made in applying accounting policies and key sources of estimation uncertainty

The following critical judgements have been made in the process of applying the group’s accounting policies:

(a) The directors’ believe, after careful consideration, that the group does not, as a matter of fact, control the activities and operations of Labrador Iron Mines Holdings Limited (LIM), and that the correct accounting treatment of this interest is to account for it on an equity basis as an associate company. In any event, although the group currently has a 50.1% ownership share in LIM, there are outstanding exercisable warrants and options which if exercised would reduce the group’s voting control to approximately 40% and under these circumstances the directors believe that the use of equity accounting is appropriate.

(b) In determining the treatment of exploration, evaluation and development expenditures the directors are required to make estimates and assumptions as to future events and circumstances. There are uncertainties inherent in making such assumptions, especially with regard to: ore resources and the life of a mine; recovery rates; production costs; commodity prices and exchange rates. Assumptions that are valid at the time of estimation may change significantly as new information becomes available and changes in these assumptions may alter the economic status of a mining unit and result in resources or reserves being restated. Operation of a mine and the receipt of cashflows from it are dependent on finance being available to fund the development of the property.

(c) In connection with possible impairment of assets the directors assesses each potentially cash generating unit annually to determine whether any indication of impairment exists. The judgements made when doing so are similar to those set out above and are subject to the same uncertainties.

(d) Significant assumptions are made in determining the amount of any restoration provision, including judgements concerning uncertainties such as changes to the legal and regulatory framework, magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity.

## 3 Business and geographical segments

All activities relate to the group's principal activity which is the exploration and development of mining properties. The geographical and operational segments in which these activities are carried out coincide and are shown below. The direct property expenses in the UK are in respect of the Parys Mountain base metal project and in Canada they are in respect of the Labrador Iron project prior to its flotation in Toronto on 3 December 2007, after which it became an associated company investment.

**Direct property expenses capitalised**

	Parys		Total 2009 £	Labrador		Total 2008 £
	Mountain	Iron Mines		Mountain	Iron Mines	
	2009	2009		2008	2008	
Site labour and support	39,005	-	39,005	72,778	-	72,778
Geology & drilling	14,123	-	14,123	106,006	58,471	164,477
Feasibility reports	9,018	-	9,018	55,650	75,004	130,654
Property rentals and charges	130,043	-	130,043	78,183	-	78,183
Travel	-	-	-	-	24,366	24,366
Currency translation difference	-	-	-	-	59,054	59,054
<b>Total capitalised</b>	<b>192,189</b>	<b>-</b>	<b>192,189</b>	<b>312,617</b>	<b>216,895</b>	<b>529,512</b>

**Income statement analysis**

	United			United		
	Kingdom	Canada	Total	Kingdom	Canada	Total
Investment income	(2,718)	-	(2,718)	(3,011)	-	(3,011)
Rentals	(8,839)	-	(8,839)	(10,457)	-	(10,457)
Corporate salaries	107,626	-	107,626	185,994	-	185,994
Audit fee	55,580	-	55,580	20,439	-	20,439
Other corporate costs	70,370	-	70,370	179,774	23,581	203,355
	<b>222,019</b>	<b>-</b>	<b>222,019</b>	<b>372,739</b>	<b>23,581</b>	<b>396,320</b>

*Unallocated items:*

Equity-settled employee benefits		271,112	142,723
Share of loss/(profit) in associate		254,069	(10,449)
Investment income		(4,400)	(18,959)
Finance costs		84,535	67,326
Profit on deemed disposal		-	(11,427,730)
Parys properties fair value adjustments		(698,321)	698,321
<b>Loss/(profit) for the year</b>		<b>129,014</b>	<b>(10,152,448)</b>

**Assets and liabilities**

Assets	14,094,331	13,821,013	27,915,344	13,291,506	12,068,276	25,359,782
Liabilities	(2,411,211)	-	(2,411,211)	(2,004,553)	-	(2,004,553)
<b>Net assets</b>	<b>11,683,120</b>	<b>13,821,013</b>	<b>25,504,133</b>	<b>11,286,953</b>	<b>12,068,276</b>	<b>23,355,229</b>

The group does not have any revenues. A proportion of the salary and corporate costs in the UK are in respect of investigating other mineral development opportunities. In accordance with the group's accounting policy, mineral property development expenses are capitalised. All other expenses are expensed in the income statement.

## 4 Operating result

The operating result for the year has been arrived at after charging/(crediting):

	2009	2008
	£	£
Fees payable to the group's auditors:		
for the audit of the annual accounts	55,580	20,439
for other services - tax services	1,500	-
Directors' remuneration	56,406	177,930
Equity-settled employee benefits	271,112	142,723
Parys properties fair value adjustment	(698,321)	698,321

During the year directors' remuneration of £122,889 (2008 - nil) including social security expenses was recharged to the group's associate Labrador Iron Mines Holdings Limited and is not included in the figures above.

## 5 Staff costs

The average monthly number of persons employed (including executive directors) was:

	2009	2008
Technical	1	1
Administrative	3	3
	4	4

Their aggregate remuneration was:

	£	£
Wages and salaries	189,870	163,444
Social security costs	7,151	5,888
Other pension costs	10,000	10,930
	207,021	180,262

Details of directors' remuneration and share options are given in the directors' remuneration report. Of the remuneration shown above, £122,889 (2008 - nil) was recharged to the group's associate Labrador Iron Mines Holdings Limited.

## 6 Investment income

	2009	2008
	£	£
<b>Loans and receivables</b>		
Interest on bank deposits	4,492	18,959
Interest on site re-instatement deposit	2,626	-
	7,118	18,959

## 7 Finance costs

	2009	2008
	£	£
Loans and payables		
Loan interest to Juno Limited	84,535	67,326

## 8 Taxation

Development of the Parys Mountain property during the year has generated trading losses for taxation purposes which may be offset against investment income and other revenues. Accordingly no provision has been made for Corporation Tax. There is an unrecognised deferred tax asset at 31 March 2009 of £1.4 million (2008- £1.3 million) which, in view of the group's trading results, is not considered by the directors to be recoverable in the short term. There are also capital allowances, including mineral extraction allowances, of £10.7 million unclaimed and available at 31 March 2009 (2008 - exceeding £10 million).

	2009	2008
	£	£
Current tax	-	-

Domestic income tax is calculated at 28% of the estimated assessed profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit or loss as follows:

(Loss)/profit for the year	(129,014)	10,138,980
Tax at the domestic income tax rate of 28%	(36,124)	2,838,914
<b>Tax effect of:</b>		
Expenses that are not deductible		
in determining taxable result	108,921	42,817
Fair value adjustment not subject to tax	(195,530)	195,530
Profit arising from consolidation adjustment		
in respect of deemed profit on disposal	-	(3,199,764)
Tax losses for which no deferred tax asset		
was recognised	122,733	122,503
Current tax	-	-

## 9 Assets classified as held for sale

At 31 March 2008 certain assets relating to the Parys Mountain project were expected to be sold and were classified as held for sale. The projected sale did not proceed and they are not classified as held for sale in these financial statements. The values of the assets concerned are:

	2009	2008
	£	£
Mineral development expenses	-	13,424,560
Freehold property	-	204,687
Deposit	-	116,923
Receivables	-	21,170
Less: Parys properties fair value adjustment	-	(698,321)
<b>Assets classified as held for sale</b>	<b>-</b>	<b>13,069,019</b>
Trade payables	-	(58,697)
Accruals	-	(364,044)
Provision for reinstatement	-	(42,000)
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>-</b>	<b>(464,741)</b>

## 10 Earnings per ordinary share

	2009	2008
	£	£
<b>Earnings</b>		
(Loss)/profit for the year	(129,014)	10,152,448
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	152,558,051	148,387,969
Shares deemed to be issued for no consideration in respect of employee options	-	2,529,054
Weighted average number of ordinary shares for the purposes of diluted earnings per share	152,558,051	150,917,023
<b>Basic earnings per share</b>	<b>(0.1)p</b>	<b>6.8p</b>
<b>Diluted earnings per share</b>	<b>(0.1)p</b>	<b>6.7p</b>

As the group has a loss for the year ended 31 March 2009 and the effect of the outstanding options is anti-dilutive, diluted earnings per share are the same as basic earnings per share.

## 11 Intangible assets - group

## Mineral property development costs

	Parys Mountain	Labrador	Dolaucothi	Total
Cost	£	£	£	£
At 1 April 2007	13,111,943	543,757	194,065	13,849,765
Additions - own expenditure	312,617	275,949	-	588,566
Transfer to associate company	-	(760,652)	-	(760,652)
Reclassification as assets held for sale	(13,424,560)	-	-	(13,424,560)
Currency translation difference	-	(59,054)	-	(59,054)
At 31 March 2008	-	-	194,065	194,065
Additions - own expenditure	192,189	-	-	192,189
Reverse reclassification as assets held for sale	13,424,560	-	-	13,424,560
At 31 March 2009	13,616,749	-	194,065	13,810,814
<b>Impairment provision</b>				
At 1 April 2007	-	-	(194,065)	(194,065)
At 31 March 2008	-	-	(194,065)	(194,065)
At 31 March 2009	-	-	(194,065)	(194,065)
<b>Carrying amount</b>				
Net book value 2009	13,616,749	-	-	13,616,749
Net book value 2008	-	-	-	-

The Labrador assets were reclassified to associate company status following the flotation of Labrador Iron Mines Holdings Limited on the Toronto stock exchange on 3 December 2007.

## Potential impairment of mineral properties

Accumulated development expenditure in respect of each project is carried in the financial statements at cost, less an impairment provision where there are grounds to believe that the discounted present value of the future cash flows from the project is less than the carrying value or there are other reasons to indicate that the carrying value is unsuitable. Each project or cash generating unit is reviewed separately in order to make a determination of whether any impairment of its value has occurred.

## Parys Mountain

At Parys Mountain, impairment provisions were made over the financial years 2001 to 2003 in recognition of the decline in prices of the metals to be produced from the mine. However in 2007 these provisions were reversed since the result of re-estimating the discounted cash flows of the Parys Mountain project was a value significantly higher than the carrying value. The basis for these calculations was the directors' estimates of future metal prices (in practice current spot prices were used) and capital and operating costs, and a discount rate of 10% (which had also been used in the previous calculations which gave rise to the impairment).

This year the directors carried out an impairment review with an effective date of 13 March 2009. As in previous years, this review was based on an estimate of discounted future cash flows from the development and operation of the Parys Mountain project. The directors have used past experience and an assessment of future conditions, together with external sources of information, to determine the assumptions which were adopted in the preparation of a financial model used to estimate the cashflows.

*Continued . . .*

*Intangible assets continued . . .*

The key assumptions utilised were:

- The mine will be developed largely as envisaged in the Kilborn Feasibility Study prepared in 1991, except where management has determined otherwise.
- All the resources, both historical (including inferred resources) and those more recently estimated under JORC codes, will be developed and produced except that the tonnage of those classified as inferred in the 1991 Feasibility Study will be reduced by 20%.
- Capital costs will be estimated at current costs when the expenditure is planned to be incurred; neither revenues nor operating costs will take into account any inflation.
- The net present value is at 31 March 2009 and based on the assumption that mine development commences three years after that date.
- Base metal prices are based on the forward rates quoted on the London Metal Exchange at 13 March 2009; the exchange rates used are those of the same day; gold and silver prices are spot rates on 13 March 2009; these rates and prices are tabulated below.
- The following principal smelter terms have been estimated by the directors: zinc \$185 pt treatment with a basis price of \$1190 pt and a +10% / -7% variance; copper \$45 pt treatment, \$0.45 pt produced refining charge, lead \$120 pt.
- The discount rate of 10% applied to future cashflows is one which reflects the directors' current market assessment of the time value of money and any risk factors which have not been adjusted already in the preparation of the forecast.

Table of assumptions significantly affecting the discounted net present value of Parys cashflows

Parameter	Value	Unit	Sensitivity Factor*
Zinc price	\$1353	\$/tonne 27 months forward	-47%
Copper price	\$3843	\$/tonne 27 months forward	-37%
Lead price	\$1320	\$/tonne 27 months forward	-
Silver price	\$13.11	Spot	-
Gold price	\$928	Spot	-
Exchange rate £/\$	1.3973	LME rate 13 Mar 09	+23%
Capital expenditure			+94%
Operating costs			+40%
Discount rate	10%		+58%

All \$ figures are in US dollars.

\* The sensitivity factor is the percentage change in each specific assumption which would, on its own, result in a net present value equal to the carrying value of the intangible asset in the accounts.

#### Parys summary

The estimated net present value of the Parys Mountain project calculated by the directors and based on their estimates of all the required parameters, the principal of which are set out above, is US\$49 million, equivalent to £35 million. The carrying value of the Parys Mountain project is £13.5 million.

Estimates of the net present value of any project, and particularly one like Parys Mountain, are always subject to many factors and wide margins of error. The directors believe that the estimates and calculations supporting their conclusions have been carefully considered and are a fair representation of the projected financial performance of the project.

The calculations above have been repeated using the spot metal prices and exchange rates of 5 June 2009 (major factors: exchange rate £/US\$ 1.60, zinc price \$1555 and copper price \$5555) and the net present value at 10% on this basis was US\$76 million, equivalent to £48 million.

Based on the review set out above the directors have determined that no impairment provision is required in the financial statements at 31 March 2009 in respect of the carrying value of the Parys property. Operation of the mine and the receipt of cashflows from it are dependent on finance being available to fund the development of the property.

A Parys properties fair value adjustment of £698,321 made in relation to the potential sale, which did not proceed, of the Parys Mountain project in the balance sheet and income statement for the year ended 31 March 2008 is no longer required or appropriate and has been reversed in the year to 31 March 2009.

#### Dolaucothi impairment

The group has no active plans to develop the Dolaucothi project in the near future and made a full impairment provision against the carrying value of the Dolaucothi expenditure in 2006.

## 12 Property, plant and equipment

Group	Freehold land and property	Plant & equipment	Office equipment	Vehicles	Total
Cost	£	£	£	£	£
At 1 April 2007	185,102	17,434	5,487	-	208,023
Additions	19,585	-	-	-	19,585
Reclassified as held for sale	(204,687)	(17,434)	(5,487)	-	(227,608)
At 31 March 2008	-	-	-	-	-
Reverse reclassification as held for sale	204,687	17,434	5,487	-	227,608
At 31 March 2009	204,687	17,434	5,487	-	227,608
<b>Depreciation</b>					
At 1 April 2007	-	17,434	5,487	-	22,921
Reclassified as held for sale	-	(17,434)	(5,487)	-	(22,921)
At 31 March 2008	-	-	-	-	-
Reverse reclassification as held for sale	-	17,434	5,487	-	22,921
At 31 March 2009	-	17,434	5,487	-	22,921
<b>Carrying amount</b>					
At 31 March 2009	204,687	-	-	-	204,687
At 31 March 2008	-	-	-	-	-

Company	Freehold land and property	Plant & equipment	Office equipment	Vehicles	Total
Cost	£	£	£	£	£
At 1 April 2007	65,102	17,434	5,487	-	88,023
Transfers and disposals	(65,102)	-	-	-	(65,102)
Reclassified as held for sale	-	(17,434)	(5,487)	-	(22,921)
At 31 March 2008	-	-	-	-	-
Reverse reclassification as held for sale	-	17,434	5,487	-	22,921
Inter-company transfer	-	(17,434)	(5,487)	-	(22,921)
At 31 March 2009	-	-	-	-	-
<b>Depreciation</b>					
At 1 April 2007	-	17,434	5,487	-	22,921
Reclassified as held for sale	-	(17,434)	(5,487)	-	(22,921)
At 31 March 2008	-	-	-	-	-
Reverse reclassification as held for sale	-	17,434	5,487	-	22,921
Inter-company transfer	-	(17,434)	(5,487)	-	(22,921)
At 31 March 2009	-	-	-	-	-
<b>Carrying amount</b>					
At 31 March 2009	-	-	-	-	-
At 31 March 2008	-	-	-	-	-

## 13 Subsidiaries - company

The subsidiaries of the company at 31 March 2009 were as follows:

Name of company	Country of incorporation	Percentage owned	Principal activity
Labrador Iron plc	Isle of Man	100%	Holder of the company's investment in Labrador Iron Mines Holdings Limited, an associated company
Anglo Canadian Exploration (Ace) Limited	England & Wales	100%	Holder of the Dolaucothi property
Parys Mountain Mines Limited*	England & Wales	100%	Development of the Parys Mountain mining property
Parys Mountain Land Limited*	England & Wales	100%	Holder of part of the Parys Mountain property
Parys Mountain Heritage Limited*	England & Wales	100%	Holder of part of the Parys Mountain property

\* These companies were classified as assets held for sale at 31 March 2008 but not at 31 March 2009. See the directors' report for further detail.

## 14 Investments - company

	Shares at cost £	Amounts due £	Total £
At 1 April 2007	100,001	13,329,597	13,429,598
Added in year	102	566,987	567,089
Parys properties fair value adjustment	-	(698,321)	(698,321)
Less: Assets classified as held for sale	(100,101)	(12,517,027)	(12,617,128)
At 31 March 2008	2	681,236	681,238
Added in year	-	84,709	84,709
Reverse Parys properties fair value adjustment	-	698,321	698,321
Add back: Assets no longer classified as held for sale	100,101	12,517,027	12,617,128
At 31 March 2009	100,103	13,981,293	14,081,396

The realisation of investments is dependent on finance being available for development and other factors as set out in more detail in note 11.

## 15 Investment in associate

Labrador Iron Mines Holdings Limited (LIM), a company registered in Ontario, Canada, is the holder of the group's interests in the Labrador properties, formerly held by the 100% owned subsidiary Labrador Iron Mines Limited.

At 31 March 2009 the group had a 50.1% ownership interest in LIM, however since there are warrants and options outstanding and exercisable at that date, the group's diluted interest is less than 50% and consequently LIM is treated as an associate for the purposes of these group financial statements.

	31 March 2009	31 March 2008
	£	£
<b>Values in group financial statements:</b>		
Value brought forward from previous year	12,068,276	-
Historic cost of interest at disposal date	-	630,097
Profit on deemed disposal	-	11,427,730
Group's share of (losses)/profits, adjusted to eliminate any fair value uplift and related taxation in associate's accounts	(254,069)	10,449
Group's share of equity-settled benefits transferred to reserve	171,244	-
Exchange rate adjustments	1,835,562	-
<b>Amount carried in the group accounts - being the value of group's share of net assets of the associate without any fair value adjustment in respect of mineral properties</b>	<b>13,821,013</b>	<b>12,068,276</b>
Fair value of group's interest based on market price of associate's quoted shares at the year end	10,996,622	43,344,944
Fair value of group's interest based on market price of associate's quoted shares at 8 July 2009	12,861,702	

The group's interest in LIM is held in these financial statements at original cost to the group, adjusted by any material post-acquisition changes in the net assets of the associate, less any impairment of value in the individual investments. It is adjusted to reflect the exchange rate current at the balance sheet date.

The published fair value of the group's investment in LIM of £11.0 million (2008 - £43.3 million) is derived by valuing the group's shareholding in LIM at the LIM share price quoted in Toronto on 31 March 2009 of Canadian \$1.05 (2008 - \$4.75) per common share. At 8 July 2009 the published fair value of the group's investment in LIM was £12.9 million based on a share price of Canadian \$1.30 per common share at that date. These values have fallen significantly since last year in line with similar large falls in the quoted market values of many other mineral companies.

The directors have considered whether there has been any impairment to the carrying value of the group's investment in LIM; although the group's carrying value is more than the year end market value of the shares owned in LIM, the directors believe that this is a temporary situation. Furthermore the directors believe that the value in use will significantly exceed the carrying value.

**Values as shown in the published accounts of the associate (100%) including a fair value uplift in respect of mineral properties, after conversion into sterling:**

	£	£
Total assets	100,048,329	86,210,124
Total liabilities	(20,699,563)	(17,787,265)
<b>Total net assets</b>	<b>79,348,766</b>	<b>68,422,859</b>
	<b>2009</b>	<b>2008</b>
Revenues	-	-
(Loss)/profit for the year	(184,163)	977,758

Continued . . .

*Investment in associate continued . . .***Reconciliation of values shown in the associate's published accounts with the group accounts**

Shareholders' equity in associate	\$140,923,409	\$139,466,310
Less: fair value uplift net of tax - see note below	\$(91,899,196)	\$(89,946,158)
	<u>\$49,024,213</u>	<u>\$49,520,152</u>
Group share - 50.069% (2008 - 50.008%)	<u>\$24,546,121</u>	<u>\$24,764,103</u>
Group carrying value after conversion to sterling	<u>£13,821,013</u>	<u>£12,068,276</u>

In the financial statements of LIM for the period to 31 March 2009, the Labrador mineral properties are recognised at fair value as indicated by the value ascribed to the Labrador companies in the December 2007 Canadian flotation after subsequent adjustments. If the group were to use a similar basis for its accounts, its share of this fair value uplift, net of tax, would add approximately £26 million (2008 - £22 million) to the group net assets.

The associated undertakings of the company at 31 March 2009 were as follows:

Name of company	Country of incorporation	Percentage owned	Principal activity
Labrador Iron Mines Holdings Limited (LIM), an associated company from 3 December 2007	Canada	50.1%	Holding company for Labrador Iron Mines Limited (100%)
Labrador Iron Mines Limited, an associated company, a 100% owned subsidiary of LIM	Canada	50.1%	Development of Labrador Iron property
LabRail Inc, a 100% owned subsidiary of LIM	Canada	50.1%	Transport operations
7056605 Canada Inc, a 100% owned subsidiary of LIM	Canada	50.1%	Property holding

The group holds its interest in these associated companies through Labrador Iron plc, a 100% owned subsidiary. The fully diluted interest of the group in these companies at 31 March 2009 was 38.8%; on 3 June 2009 following the expiry of certain LIM warrants the group's fully diluted interest rose to 39.5%.

## 16 Deposit

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Due from Isle of Anglesey County Council	119,549	-	-	-

This deposit was required and made under the terms of the group's Section 106 Agreement with the Isle of Anglesey County Council which has granted planning permissions for mining at Parys Mountain. It was reclassified to assets held for sale in the financial statements at 31 March 2008.

## 17 Other receivables

	Group	Group	Company	Company
	2009	2008	2009	2008
	£	£	£	£
Other	2,915	4,519	1,433	4,519

The carrying value of the receivables approximates to their fair value.

## 18 Trade and other payables

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Trade creditors	(79,930)	(40,325)	(79,011)	(40,325)
Property royalties and rentals	(469,285)	-	-	-
Other accruals	(59,467)	(23,494)	(46,467)	(19,494)
	<u>(608,682)</u>	<u>(63,819)</u>	<u>(125,478)</u>	<u>(59,819)</u>

The carrying value of the trade and other payables approximates to their fair value. Certain payables were reclassified to assets held for sale in the 2008 accounts.

## 19 Loan

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Loan from Juno Limited	(1,760,529)	(1,475,993)	(1,760,529)	(1,475,993)

The loan from Juno Limited is provided under a working capital agreement, denominated in sterling, unsecured, carries interest at 10% per annum and is repayable from any future financing undertaken by the company. The terms of the facility were approved by an independent committee of the board. The carrying value of the loan approximates to its fair value.

## 20 Long term provision

	Group 2009 £	Group 2008 £	Company 2009 £	Company 2008 £
Provision for site reinstatement	(42,000)	-	-	-

The provision for site reinstatement covers the estimated costs of reinstatement at the Parys Mountain site of the work done and changes made by the group up to the date of the accounts. It was reclassified to assets held for sale in the 2008 accounts.

## 21 Share capital

	Ordinary shares of 1p		Deferred shares of 4p		Total
	Nominal value £	Number	Nominal value £	Number	Nominal value £
<b>Authorised share capital</b>					
At 1 April 2007	1,840,000	184,000,000	7,320,000	183,000,000	9,160,000
Created 30 November 2007	400,000	40,000,000	-	-	400,000
<b>At 31 March 2008 &amp; 31 March 2009</b>	<b>2,240,000</b>	<b>224,000,000</b>	<b>7,320,000</b>	<b>183,000,000</b>	<b>9,560,000</b>
<b>Issued and fully paid</b>					
At 1 April 2007	1,388,081	138,808,051	5,510,833	137,770,835	6,898,914
Issued 20 July 2007	137,500	13,750,000	-	-	137,500
<b>At 31 March 2008 &amp; 31 March 2009</b>	<b>1,525,581</b>	<b>152,558,051</b>	<b>5,510,833</b>	<b>137,770,835</b>	<b>7,036,414</b>

The deferred shares are non-voting, have no entitlement to dividends and have negligible rights to return of capital on a winding up. Following a share issue in respect of an option exercise on 23 April 2009 the number of ordinary shares in issue increased to 152,858,051.

## 22 Equity-settled employee benefits

## Share option plan

The group plan provides for a grant price equal to or above the average quoted market price of the ordinary shares for the three trading days prior to the date of grant. The vesting period for options granted since 2004 has been one year. If the options remain unexercised after a period of 10 years from the date of grant, they expire. Options are forfeited if the employee leaves employment with the group before the options vest.

		2009		2008
	Options	Weighted average exercise price in pence	Options	Weighted average exercise price in pence
Outstanding at beginning of period	13,400,000	10.36	9,400,000	5.45
Granted during the period	1,700,000	5.00	4,000,000	21.90
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	15,100,000	9.75	13,400,000	10.36
Exercisable at the end of the period	13,400,000	10.36	9,400,000	5.45

The options granted during the year had a fair value of 1.7 pence each (2008 - 10.3 pence each). The options outstanding at 31 March 2009 had a weighted average exercise price of 9.75 pence (2008 - 10.36 pence), and a weighted average remaining contractual life of 6.9 years (2008 - 7.5 years).

The inputs into the Black-Scholes model in respect of options granted during the year are as follows:

	2009	2008
Weighted average share price in pence	3.88	21.90
Weighted average exercise price in pence	5.00	21.90
Expected volatility	71%	66%
Expected life	3 years	3 years
Risk free rate	5%	5%
Expected dividends	None	None

Expected volatility was determined by calculating the historical volatility of the share price over the previous three years. The expected life used in the model has been adjusted from the longer historical average life, based on directors' estimates of the effects of non-transferability, exercise restrictions, market conditions, age of recipients and behavioural considerations.

The group recognised total expenses of £271,112 (2008 - £142,723) in respect of equity-settled employee remuneration during the year.

A summary of options granted and outstanding, all of which are over ordinary shares of 1 pence, is as follows:

Scheme	Number	Nominal Value £	Exercise price	Exercisable from	Exercisable until
Executive approved	300,000	3,000	2.00p	3 May 2005	2 May 2012
Unapproved	300,000	3,000	2.00p	3 May 2002	2 May 2009
2004 Unapproved	6,700,000	67,000	4.13p	22 October 2004	21 October 2014
2004 Unapproved	2,100,000	21,000	10.625p	15 January 2007	14 January 2016
2004 Unapproved	4,000,000	40,000	21.9p	26 November 2008	26 November 2017
2004 Unapproved	1,700,000	17,000	5.00p	27 March 2010	27 March 2019
<b>Total</b>	<b>15,100,000</b>	<b>151,000</b>			

## 23 Profit attributable to Anglesey Mining plc

The profit after taxation in the parent company amounted to £115,997 (2008 - loss - £1,275,716). The directors have taken advantage of the exemptions available under section 230 of the Companies Act 1985 and not presented a profit and loss account for the company alone.

## 24 Material non cash transactions

There were no material non-cash transactions.

## 25 Commitments

Other than commitments under leases (note 29) there is no capital expenditure authorised or contracted which is not provided for in these accounts (2008 - nil).

## 26 Contingent liabilities

There are no contingent liabilities (2008 - nil).

## 27 Financial instruments

## Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while optimising the debt and equity balance. The capital structure of the group consists of debt, which includes the borrowings disclosed in note 19, the cash and cash equivalents and equity comprising issued capital, reserves and retained earnings.

The group does not enter into derivative or hedging transactions and it is the group's policy that no trading in financial instruments be undertaken.

The main risks arising from the group's financial instruments are currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and these are summarised below.

## Interest rate risk

The group finances its operations through a mixture of equity, and loans from Juno Limited. These loans are at a fixed rate of interest of 10% per annum and as a result the group is not exposed to interest rate fluctuations.

## Liquidity risk

The group's policy has been to ensure continuity of funding through a mixture of issues of shares and the working capital agreement with Juno Limited. The group has a significant shareholding in LIM which is quoted on the Toronto Stock Exchange (see note 15). This holding is subject to lock-up arrangements, the major part of which expired on 3 December 2008.

## Currency risk

The functional currency of the group is pounds sterling and the loan from Juno Limited is denominated in pounds sterling. As a result, the group has no currency exposure in respect of this loan. The company has no other foreign currency denominated balances at the year end.

## Credit risk

The directors consider that the entity has limited exposure to credit risk as the entity has immaterial receivable balances at the year end on which a third party may default on its contractual obligations. The carrying amount of the group's financial assets represents its maximum exposure to credit risk.

The financial instruments of the group and the company at 31 March 2009 are:

	Group		Company	
	Cash, loans & receivables	Liabilities	Cash, loans & receivables	Liabilities
	£	£	£	£
<b>Financial assets</b>				
Deposit	119,549		-	
Other debtors	2,915		1,433	
Cash and cash equivalents	150,431		149,110	
<b>Financial liabilities</b>				
Trade creditors		(79,930)		(79,011)
	<b>272,895</b>	<b>(79,930)</b>	<b>150,543</b>	<b>(79,011)</b>

All financial assets and liabilities are initially stated at fair value and measured at amortised cost, and all carrying values approximate to fair values.

## 28 Related party transactions

## Juno Limited

Juno Limited ("Juno") which is registered in Bermuda holds 37.9% of the company's issued ordinary share capital. The group has the following agreements with Juno: (a) a controlling shareholder agreement dated September 1996 and (b) a consolidated working capital agreement of 12 June 2002. Interest payable to Juno is shown in note 7 and the balance due to Juno is shown in note 19. There were no transactions between the group and Juno or its group during the year other than a loan of £200,000 from Juno to the group and the accrual of interest due to Juno. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno.

## Labrador Iron

John Kearney is chairman of Labrador Iron Mines Holdings Limited (LIM), Bill Hooley is a director and chief operations officer and Danesh Varma is chief financial officer. All three are shareholders of LIM, are entitled to remuneration from LIM and have been granted options over the shares of LIM. During the year the parent company charged LIM with £122,889 (2008 - nil) in respect of remuneration and associated social security costs. There are no other transactions between LIM and the group which are required to be disclosed.

There are no other contracts of significance in which any director has or had during the year a material interest.

## 29 Mineral holdings

## Parys

(a) Most of the mineral resources delineated to date are under the western portion of Parys Mountain, the freehold and minerals of which are owned by the group. A royalty of 6% of net profits after deduction of capital allowances, as defined for tax purposes, from production of freehold minerals is payable. The mining rights over and under this area, and the leasehold area described in (b) below, are held in the Parys Mountain Mines Limited subsidiary.

(b) Under a lease from Lord Anglesey dated December 2006, the subsidiary Parys Mountain Land Limited holds the eastern part of Parys Mountain, formerly known as the Mona Mine. An annual certain rent of £5,426 is payable for the year beginning 23 March 2008; the base part of this rent increases to £10,000 in 2012 and to £20,000 when extraction of minerals at Parys Mountain commences; all of these rental figures are index-linked. A royalty of 1.8% of net smelter returns from mineral sales is also payable. The lease may be terminated at 12 months notice but not before 2012 and otherwise terminates in 2070.

(c) Under a mining lease from the Crown dated December 1991 there is an annual lease payment of £5,000. A royalty of 4% of gross sales of gold and silver from the lease area is also payable. The lease may be terminated at 12 months notice and otherwise terminates in 2020.

(d) Under a royalty agreement with Intermine Limited the group is obligated to make payments of C\$50,000 (c. £27,000) per annum until production commences at the Parys Mountain mine. A royalty of 4% of net profits (as defined after various deductions) generated from production at the mine is also payable. There is an option to buy out the royalty and advance payments. The agreement may be terminated at 12 months notice on abandonment of the property. The group has not paid all of the amounts due under this agreement and has made settlement proposals to Intermine Limited but no understanding has yet been reached. Intermine Limited holds a charge over the mining rights held by Parys Mountain Mines Limited to secure the payment of royalties in respect of minerals produced in the areas described in (a) and (b) above.

## Dolaucothi

Under a mining lease from the Crown dated August 1997, a subsidiary, Anglo Canadian Exploration (Ace) Limited, has an obligation to make annual lease payments of £3,890 and to pay a royalty of 4% of gross sales of gold and silver from production at the Dolaucothi mine. The lease may be terminated at 12 months notice and otherwise terminates in 2011. Certain financial obligations relating to this lease have been guaranteed by the parent company.

## 30 Post balance sheet events

There are no post balance sheet events to be disclosed.



# Notice of Annual General Meeting

**Notice is hereby given that the annual general meeting** of the company will be held at 11 am on 30 September 2009 at the offices of the company's lawyers DLA Piper UK LLP, 3 Noble Street, London EC2V 7EE for the following purposes:

## As Ordinary Business

To consider and if thought fit to pass the following resolutions:

1. To receive and adopt the report and accounts for the year ended 31 March 2009.
2. To approve the directors' remuneration report.
3. To re-elect as a director Howard Miller who is retiring by rotation.
4. To re-elect as a director David Lean who is retiring by rotation.
5. To re-elect as a director Danesh Varma.
6. To appoint Mazars LLP as auditors and to authorise the directors to fix their remuneration.

## As Special Business

To consider and if thought fit to pass the following special resolution:

7. That the directors be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985 ("Act") to allot equity securities (within the meaning of section 94(2) of the Act) for cash, pursuant to the general authority conferred on them at the annual general meeting held in 2007, as if section 89(1) of the Act did not apply to any such allotment, provided however that the power conferred by this resolution shall be limited to:
  - (a) the allotment of equity securities which are offered to all the holders of issued ordinary shares of the company (at a date selected by the directors) where the equity securities respectively attributed to the holders of ordinary shares are as nearly as practicable in proportion to the number of ordinary shares held by them but subject to such exclusions and other arrangements that the directors may deem necessary or expedient in relation to fractional entitlements or on account of any legal or practical difficulties arising in connection with the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and
  - (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £381,000;

and shall expire, unless renewed or revoked before that date, on whichever is the earlier of the date 15 months from the date of the passing of this resolution or the completion of the next annual general meeting of the company held after the passing of this resolution save that the power conferred by this resolution shall enable the company to make an offer or agreement before the expiry or revocation of this power which would or might require equity securities to be allotted after such expiry or revocation and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry or revocation of such power.

By order of the board

Ian Cuthbertson

Company secretary

20 July 2009

### Notes to the notice of AGM:

1. Only holders of the company's ordinary shares are entitled to attend and vote at the Annual General Meeting. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A proxy need not be a member of the company.
2. A Form of Proxy is enclosed with this notice and instructions for completion are shown on the form. Forms of Proxy need to be deposited with the company's registrars, Capita Registrars Limited, not later than 48 hours before the start of the Annual General Meeting. Completion of a Form of Proxy does not preclude members attending and voting in person at the Annual General Meeting, should they so wish.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the company specifies that in order to have the right to attend and vote at the meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the company 48 hours before the time of the meeting, or, in the event of any adjournment, 48 hours before the time of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "Nominated Person") may have a right under an agreement between him/her and the member by whom he/she was nominated, to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such right or does not wish to exercise it, he/she may have a right under such an agreement, to give instructions to the member as to the exercise of voting rights. The statement of the rights of the members in relation to the appointment of proxies does not apply to Nominated Persons.
5. In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – <http://www.icsa.org.uk> – for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.
6. As at 17 July 2009 (the last business day prior to the publication of this notice), the company's issued share capital consisted of 152,858,051 ordinary shares of 1 pence each, carrying one vote each and 137,770,835 deferred shares of 4 pence each carrying no voting rights. At such date, the company held no shares in treasury. Therefore, the total voting rights in the company are 152,858,051.

## Directors

<b>John F. Kearney</b>	Irish, aged 58, chairman, is a mining executive with 36 years experience in the mining industry and is chairman of the company's associate Labrador Iron Mines Holdings Limited. He is also chairman of Canadian Zinc Corporation, Minco plc and Conquest Resources Limited. He is a director of the Mining Association of Canada and has degrees in law and economics from University College Dublin and an MBA from Trinity College Dublin. He is a member of the nomination committee and is resident in Canada.
<b>Bill Hooley</b>	aged 62, chief executive, is a mining engineering graduate from the Royal School of Mines and has extensive experience in many countries including the UK and Australia. He is chief operating officer and a director of the company's associate Labrador Iron Mines Holdings Limited. He has been a director of a number of companies involved in the minerals industry. He is a Fellow of the Australasian Institute of Mining and Metallurgy.
<b>Ian Cuthbertson</b>	aged 62, finance director and company secretary, is a chartered accountant. He has extensive previous experience in the international oilfield and construction industries and has been secretary of the company since 1988.
<b>David Lean</b>	Australian, aged 62, non-executive director, is a chartered accountant. He has over 30 years experience in the commercial aspects of the mining industry most of which was with major base and precious metal mining houses. Currently he is involved in trading mineral products. He is a member of the audit and nomination committees.
<b>Howard Miller</b>	aged 65, non-executive director, a lawyer with over 40 years experience in the legal and mining finance sector in Africa, Canada and the UK. He has extensive experience in the financing of resource companies. He is chairman of Avnel Gold Mining Limited. He is a member of the remuneration and nomination committees and the senior independent director.
<b>Roger Turner</b>	aged 66, non-executive director, is a mining engineer with more than 40 years experience in engineering, management and project development. He is a Camborne School of Mines graduate and has an MSc in economic geology. He was previously President and CEO of Nelson Gold Corporation and Oxus Gold plc and chairman and CEO of Minco plc and of Ovoca Gold plc.
<b>Danesh Varma</b>	Canadian, aged 59, non-executive director, is a chartered accountant and a member of the Chartered Institute of Taxation. He is chief financial officer of the company's associate Labrador Iron Mines Holdings Limited. He is also chief financial officer of Minco plc, Ovoca Gold plc and Conquest Resources Limited. He is a member of the audit and remuneration committees.

### Solicitors

DLA Piper UK LLP  
101 Barbirolli Square  
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M2 3DL

### Auditors

Mazars LLP  
Tower Bridge House,  
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E1W 1DD

### Bankers

HSBC  
Dinorben Square  
Amlwch, Anglesey  
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Drilling at the Redmond Deposit, one of the phase I areas scheduled for early production.



Labrador staff carrying out environmental work at the Houston deposit



Bulk samples at Silveryards near Schefferville after crushing and screening.

## Anglesey Mining plc

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Web site	<p><a href="http://www.angleseymining.co.uk">www.angleseymining.co.uk</a></p>
Company registered number	<p>1849957</p>
Shares listed	<p>The London Stock Exchange - LSE:AYM</p>