

Preliminary Results 2007

Chairman's statement

We have made excellent progress on at Parys Mountain and Labrador during this last year with the main challenge facing us being obtaining the major finance required to start development of both projects.

At the Labrador project an initial feasibility study was completed and Anglesey earned an 80% joint venture interest in the properties.

At Parys Mountain a new JORC resource was published for the White Rock Zone and a recently completed scoping study on White Rock has demonstrated its viability.

Both these projects are distinguished by their short time to production, a feature which should enable us to take advantage of the present levels of metal prices. There is a strong consensus amongst analysts that these historically high levels of metal prices will continue for the foreseeable future.

The group reported a profit for the year of £6.76 million, which included a reversal of a £7.2 million impairment provision made in previous years, compared to a loss last year of £517,405.

Labrador

Our iron ore properties in eastern Labrador, formerly part of the Iron Ore Company of Canada, have been the subject of intensive work during the year. This culminated in the production of an initial feasibility study which demonstrated the viability of the project. The study looked at all the major technical, commercial and social functions including resources, mining, metallurgy, infrastructure, transportation, environmental issues and First Nation affairs. As a consequence of this study and of the summer 2006 exploration programme, and by committing to put the properties into production, the company earned a 80% undivided interest in the properties.

The respected Canadian consultant SNC-Lavalin was retained to review the development options for our Labrador properties. Its report was carried out against the Canadian National Instrument 43-101 standard and has not yet been finalised, but SNC generally conclude that the historical resources on which the initial feasibility study was based can be brought to a modern compliant standard with a relatively limited confirmatory drilling programme.

There is considerable worldwide interest in iron ore deposits of the size and style of our Schefferville project. Where these can be brought to production rapidly and with relatively low capital cost, both of which are the case at Schefferville, then those companies that control these assets have risen significantly on their own stock exchanges in recent months.

We are considering a number of options for financing the development of the Labrador project, including a separate flotation of these Canadian operations.

Parys Mountain

As indicated previously we have adopted a new development plan for Parys Mountain in a three phase approach. The major aspects of these phases are:

Phase I - the White Rock Mine, based on near surface resources accessed and mined from a spiral decline over a period of five years at 150,000 tonnes per annum.

Phase II - re-commissioning the Morris Shaft, then mining the Engine zones and deeper White Rock at 350,000 tonnes per annum.

Phase III - extending the mine to the east into the Garth Daniel and deep Engine zone areas at the same or an increased production rate.

We believe this staged approach significantly reduces the time, capital and risk required to bring the Parys Mountain mine into production.

Micon International Co Limited was commissioned to carry out a Scoping Study for Phase I of this plan and this study has recently been received. This Study was based on the resource estimates for White Rock made by Micon and published in late 2006. The study suggests that a viable operation could be conducted on the White Rock alone and would create a positive cashflow, including paying the costs of a 500 tpd processing plant and driving the decline access to 170 metres depth.

It is the company's intention to follow this plan and to use the cashflow generated to continue development to the bottom of the Morris Shaft. Subsequently the shaft, head-frame and winder would be refurbished and the treatment capacity of the mill upgraded. This would then enable production from the larger Engine Zone to merge seamlessly with the end of White Rock production.

Because of the work already carried out, and the existing valid planning permissions, we believe that, subject to financing, the White Rock Mine could be in production in less than 18 months from commencement of the decline development.

Financial results

With metal prices at their current and forecast levels we believe the impairment provisions against the carrying value of the Parys Mountain property made in previous years are no longer appropriate and, in accordance with the relevant accounting standards, have been reversed in this year's financial statements, resulting in a credit to the Profit and Loss account of £7,200,000. Our administrative expenses this year were £388,894 compared with £242,243 last year, the increase being due to higher levels of activity and additions to the payroll. Overall we are reporting a profit this year of £6,762,751 compared with a loss last year of £517,405. The company has no revenues from the operation of its properties.

Outlook

With the good progress made this year, our plan is to move forward towards production from both our properties and we are continuing our efforts to achieve this goal. Financing conditions are not as easy as current metal prices might lead one to expect and we have been frustrated and delayed in a number of initiatives. Nevertheless we are confident that our projects are unique in their political stability and ability to generate early cashflows and that they distinguish us from the many development stage companies in the market today.

We will continue to work towards our goal of the early development of base metals at Parys Mountain and iron ore in Labrador. Once these targets are achieved we anticipate better and wider recognition of the value of the company.

John F. Kearney

Chairman

CONSOLIDATED INCOME STATEMENT
for the year ended 31 March 2007

All operations are continuing

	2007	2006
	£	£
Revenue	-	-
Administration expenses (note 3)	(388,894)	(242,243)
Impairment reversals/(provisions) (note 4)	7,200,000	(194,065)
Operating profit/(loss)	6,811,106	(436,308)
Investment income	24,520	22,545
Finance costs	(72,875)	(103,642)
Profit/(loss) before tax	6,762,751	(517,405)
Tax	-	-
Profit/(loss) for the year	6,762,751	(517,405)
Profit/(loss) per share		
Basic profit/(loss) per share	4.9p	(0.4)p
Diluted profit/(loss) per share	4.6p	(0.4)p

CONSOLIDATED BALANCE SHEET

	31 March 2007	31 March 2006
	£	£
Assets		
Non-current assets		
Mineral property development (notes 3 & 4)	13,655,700	5,571,034
Property, plant and equipment	185,102	185,102
Deposit	114,076	111,679
	<u>13,954,878</u>	<u>5,867,815</u>
Current assets		
Other receivables	19,103	10,800
Cash and cash equivalents	34,003	1,201,381
	<u>53,106</u>	<u>1,212,181</u>
Total assets	<u>14,007,984</u>	<u>7,079,996</u>
Liabilities		
Current liabilities		
Trade and other payables	(583,284)	(627,945)
	<u>(583,284)</u>	<u>(627,945)</u>
Net current (liabilities)/assets	<u>(530,178)</u>	<u>584,236</u>
Non-current liabilities		
Loan	(1,408,667)	(1,336,392)
Long term provision	(42,000)	(42,000)
	<u>(1,450,667)</u>	<u>(1,378,392)</u>
Total liabilities	<u>(2,033,951)</u>	<u>(2,006,337)</u>
Net assets	<u>11,974,033</u>	<u>5,073,659</u>
Equity		
Share capital	6,898,914	6,885,914
Share premium	7,189,359	7,090,049
Share-based payments reserve	229,549	160,709
Currency translation reserve	(48,179)	(4,652)
Retained losses	(2,295,610)	(9,058,361)
Total shareholders' equity	<u>11,974,033</u>	<u>5,073,659</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Share based payments reserve	Currency translation reserve	Retained losses	Total
	£	£	£	£	£	£
At 1 April 2005	6,673,247	5,737,146	61,947	-	(8,540,958)	3,931,382
Share based remuneration	-	-	98,762	-	-	98,762
Shares issued for cash	212,667	1,411,333	-	-	-	1,624,000
Share issue expenses	-	(58,430)	-	-	-	(58,430)
Exchange differences on translation of foreign operations	-	-	-	(4,652)	-	(4,652)
Loss for the year	-	-	-	-	(517,403)	(517,403)
At 31 March 2006	6,885,914	7,090,049	160,709	(4,652)	(9,058,361)	5,073,659
Share based remuneration	-	-	68,840	-	-	68,840
Shares issued for cash	13,000	99,760	-	-	-	112,760
Share issue expenses	-	(450)	-	-	-	(450)
Exchange differences on translation of foreign operations	-	-	-	(43,527)	-	(43,527)
Profit for the year	-	-	-	-	6,762,751	6,762,751
At 31 March 2007	6,898,914	7,189,359	229,549	(48,179)	(2,295,610)	11,974,033

CONSOLIDATED CASHFLOW
for the year ended 31 March 2007

	2007	2006
	£	£
Operating activities		
Profit/(loss) from operations	6,811,106	<i>(436,308)</i>
Adjustments for:		
Depreciation of plant & equipment	-	500
Impairment (reversals)/provision	(7,200,000)	194,065
Share-based payments	68,840	98,762
Operating cashflow before movements in working capital	(320,054)	<i>(142,981)</i>
Decrease in payables	(31,099)	<i>(2,790)</i>
Increase in receivables	(2,397)	<i>(9,998)</i>
Cash utilised by operations	(353,550)	<i>(155,769)</i>
Interest paid	(600)	-
Net cash used in operating activities	(354,150)	<i>(155,769)</i>
Investing activities		
Interest received	22,123	20,676
Mineral property development	(947,661)	<i>(323,166)</i>
Net cash used in investing activities	(925,538)	<i>(302,490)</i>
Financing activities		
Proceeds from issue of shares	112,310	1,615,570
Net cash from financing activities	112,310	1,615,570
Net (decrease)/increase in cash	(1,167,378)	1,157,311
Cash and cash equivalents at beginning of year	1,201,381	44,070
Cash and cash equivalents at end of year	34,003	1,201,381

Notes to the preliminary statement of results

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.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2 Significant accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have also been prepared in accordance with the IFRSs adopted for use in the European Union and therefore 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 company's projects becoming available. Based on the assumptions 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, to their realisable values.

Other accounting policies will be set out in the annual report.

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 segments in which these activities are carried out are shown below. The direct property expenses in the UK are in respect of the Parys project and in Canada they are in respect of the Labrador iron project. A small proportion of the overhead expenses in the UK are in respect of investigating other mineral development opportunities.

	United Kingdom £	Canada £	Total £
Direct property expenses			
Site labour and support	53,350	-	53,350
Geology & drilling	254,447	298,923	553,370
Feasibility reports	63,340	161,180	224,520
Property rentals, fees and charges	60,172	-	60,172
	<hr/> 431,309	<hr/> 460,103	<hr/> 891,412 <hr/>
Overhead expenses			
Corporate salaries & related costs	122,276	-	122,276
Other corporate costs	172,655	25,123	197,778
Share-based payments	68,840	-	68,840
	<hr/> 363,771	<hr/> 25,123	<hr/> 388,894 <hr/>
Total expenses	<hr/> 795,080	<hr/> 485,226	<hr/> 1,280,306 <hr/>
Less			
Capitalised to mineral property development costs	(431,309)	(460,103)	(891,412)
	<hr/> 363,771	<hr/> 25,123	<hr/> 388,894 <hr/>
Amount charged to income statement			
	<hr/> 363,771	<hr/> 25,123	<hr/> 388,894 <hr/>
Assets and liabilities			
Assets	13,464,227	543,757	14,007,984
Liabilities	(1,937,430)	(96,521)	(2,033,951)
	<hr/> 11,526,797	<hr/> 447,236	<hr/> 11,974,033 <hr/>
Net assets			
	<hr/> 11,526,797	<hr/> 447,236	<hr/> 11,974,033 <hr/>

In accordance with the company's accounting policy, mineral property development expenses are capitalised and all other expenses are expensed in the income statement.

The charge for share based remuneration arose on the grant of share options to management.

4 Intangible assets

Group - Mineral property development costs

	Parys Mountain	Labrador	Dolaucothi	Total
Cost	£	£	£	£
At 1 April 2005	12,280,536	-	194,065	12,474,601
Additions - own expenditure	400,098	90,400	-	490,498
At 1 April 2006	12,680,634	90,400	194,065	12,965,099
Additions - own expenditure	431,309	460,103	-	891,412
Currency translation difference	-	(6,746)	-	(6,746)
At 31 March 2007	13,111,943	543,757	194,065	13,849,765
Impairment provision				
At 1 April 2005	(7,200,000)	-	-	(7,200,000)
Provided in year	-	-	(194,065)	(194,065)
At 31 March 2006	(7,200,000)	-	(194,065)	(7,394,065)
Reversed in year	7,200,000	-	-	7,200,000
At 31 March 2007	-	-	(194,065)	(194,065)
Carrying amount				
Net book value 2007	13,111,943	543,757	-	13,655,700
<i>Net book value 2006</i>	<i>5,480,634</i>	<i>90,400</i>	-	<i>5,571,034</i>

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 cost or there are other reasons to indicate that cost is not a suitable value. Each project is reviewed separately in order to make a determination of whether any impairment of its value has occurred.

At Parys Mountain, impairment provisions were made over the financial years 2001 to 2003 as the prices of the metals to be produced from the mine fell. This year the current and near-term foreseeable prices are significantly higher than they were when the impairment provisions were made. The result of re-estimating the cash flows of the Parys Mountain project at the director's estimates of future metal prices and capital and operating costs, and applying a discount rate of 10% (which has also been used in previous calculations) to the cashflow estimates, is a value significantly higher than the accumulated costs. Consequently the directors believe it is appropriate to reverse the impairment provisions made previously, which amount in total to £7,200,000.

Development expenditures at Dolaucothi are shown at adjusted cost to the group on acquisition in 1997, plus expenditures since then at cost, less an impairment provision which reduces the carrying value of this property to nil. The company has no plans to develop the Dolaucothi project in the near future.

The Labrador project is at an earlier stage than Parys Mountain but all present indications, including those resulting from the initial feasibility study produced in September 2006, are that it will have a value significantly in excess of the accumulated costs to date. No impairment provision has been made in respect of this property.

The realisation of these intangible fixed assets is subject to a number of significant potential risks, which are further set out in the risks section of the business review in the directors' report. Should a project prove unsuccessful, the value included in the balance sheet would be written down to its net realisable value. The directors are aware that by its nature there is inherent uncertainty in such development costs as to the value of the asset. However they have reviewed the mineral property development costs at 31 March 2007 and are satisfied that the fair value is not less than the net book value and that the projects have the potential to achieve mine production and positive cash flows.

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