REGISTERED NUMBER: 05101822 (ENGLAND AND WALES)

RAMBLER METALS & MINING PLC

REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2011

Rambler Metals and Mining Plc

Contents of the financial statements

Rambler Metals and Mining Plc

Company Information

For the Year Ended July 31, 2011

Directors:	
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Secretary:	P Mercer
Registered office:	Salatin House 19 Cedar Road Sutton Surrey SM2 5DA
Registered number:	5101822 (England and Wales)
Auditor:	PKF (UK) LLP 20 Farringdon Road London EC1M 3AP

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED JULY 31, 2011

We are pleased to report the results for the year ended July 31, 2011.

The principal activity of the Group is the development and exploration of the Ming Copper-Gold Mine ("Ming Mine") located on Newfoundland and Labrador's Baie Verte Peninsula.

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

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

OPERATIONAL HIGHLIGHTS

Ahead of bringing the Ming Mine back into production in calendar Q4 2011, key achievements during the year include:

- The Group generated its first revenue of $2.1 million in gold sales from its satellite deposits and additional revenue of $1.4 million from various toll processing agreements demonstrating the Group's ability to source alternative revenue sources in the Baie Verte area.

- The group released its final Feasibility Study moving the Ming Mine from pure Exploration and Evaluation into the Mine Development Stage. Following the receipt of construction and final permits from the Government of Newfoundland and Labrador ("GNL") during the year the Group drew down the remaining US$15 million available under the Gold Loan.

- Significant progress was made on all construction works including the Group's floatation circuit addition at the Nugget Pond Mill and the site works at the Ming Mine enabling first commissioning plans for calendar Q4 2011.

- On May 3, 2011 the Group placed 27,777,778 Ordinary Shares raising $14.8 million after expenses to provide additional working capital as the Group continued with the construction phase required to bring the Mine into production.

FINANCIAL HIGHLIGHTS

The consolidated loss after taxation of the Group in respect of the year ended July 31, 2011 amounted to $53,000 (a loss per share of $0.001) versus a loss of $2,426,000 for the year ended 31 July 2010 (a loss per share of $0.029).

The Group generated revenue of $2.1 million from the sale of gold during the year in addition to revenue of $1.4 million from toll processing agreements.

The net assets of the Group amounted to $96.5 million as at the end of the year. This included mineral properties of $38.5 million and intangible assets of $16.6 million which consisted of accumulated deferred exploration and evaluation expenditures on the Lower Footwall Zone at the Ming Mine in Newfoundland and Labrador.

Management has been successful in meeting key milestones and is well positioned to continue moving the project forward. My thanks to our employees, officers and directors of the Group for the progress which has been made during the year and I look forward to the Mine being brought back into production in calendar Q4 2011. A special thank-you to Mr Brian Dalton and Mr John Baker, both Non-Executive Directors who recently resigned from the Board, for their efforts over the past 5 years and we wish them every success in future endeavours.

DHW Dobson
Chairman
October 14, 2011

This MD&A, including appendices, is intended to help the reader understand Rambler Metals and Mining plc ('the parent company') and its subsidiaries (the 'Group' or 'Rambler'), our operations and our present business environment. It has been prepared as of October 14, 2011 and covers the results of operations for the quarter and year ended July 31, 2011. This discussion should be read in conjunction with the audited Financial Statements for the year ended July 31, 2011 and notes thereto. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with IFRS and their interpretations adopted by the IASB. The presentation currency is Canadian dollars. These statements together with the following MD&A are intended to provide investors with a reasonable basis for assessing the potential future performance.

GROUP OVERVIEW

The principal activity of the Group is the development and exploration of the Ming Copper-Gold Mine ('Ming Mine') located on Newfoundland and Labrador's Baie Verte Peninsula. See Appendix 1.

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

The Group has established the following three strategic goals:

1. Become a profitable copper and gold producer.
2. Increase existing Ming Mine resources and reserves through further exploration.
3. Selectively pursue growth opportunities within Atlantic Canada including joint ventures and acquisitions.

The Group's directors and management believe that focussing on these priorities will provide the Group with the best opportunity to build a successful and long term mining operation.

HIGHLIGHTS OF THE YEAR ENDED JULY 31, 2011

Ahead of bringing the mine back into production in calendar Q4 2011, the highlights of the 2011 fiscal year included:

Revenue

- ➔ The Group received production approval from the Department of Natural Resources to begin the open pit development of its Nugget Pond Crown Pillar satellite deposit. Processing, at an average throughput rate of 430 tonnes per day, produced 978 ounces of gold at a cash cost of $411 per ounce generating revenue of $1.43 million.

- ➔ The Group successfully negotiated Net Smelter Royalty (NSR) terms with Metals Creek Resources Corp. ('MEK') to process surface material remaining at the MEK's Tilt Cove East Mine Deposit, located 23 kilometres from the Nugget Pond Mill. A total of 421 ounces of gold were processed generating revenue of $653,000.

- ➔ The Group entered into a Toll Processing Agreement with Tenacity Gold Mining Co. Ltd. ("Tenacity"). Tenacity delivered ore for processing from its Stog'er Tight Gold Mine to the Group's Nugget Pond Mill generating revenue of $1.1 million. Further toll milling revenue of $300,000 was generated throughout the year including processing a test sample from Crosshair Exploration and Mining Corp.

Financing

- ➔ The Group released its final Feasibility Study for the Ming Mine indicating pre-tax operating cash flow of US$71.0 million, Net Present Value of US$14.3 million discounted at 6%, payback of 1.5 years and an Internal Rate of Return of 23.7% over an initial 6 year Life of Mine. Initial capital costs were projected at US$25.5 million with Sustaining Capital estimated at US$27.9 million. Following its acceptance of the Feasibility Study, Sandstorm Gold Ltd ("Sandstorm") made the second instalment of US$2 million available under the terms of the Gold Loan agreement ("Gold Loan").

- ➔ The Group received further approval for the construction of its Office/Dry facility and fresh water source at the Ming Mine and final permits for the Ming Mine from the Government of Newfoundland and Labrador ("GNL"). The receipt of these permits enabled the drawdown of the balance of US$13 million under the terms of the Gold Loan.

- ➔ The Group raised finance of $14.8 million after expenses from the placing of 27,777,778 ordinary shares at 36 pence each (approximately CDN$0.57) to support bringing the Ming Mine into production.

HIGHLIGHTS OF THE YEAR ENDED JULY 31, 2011 (Continued)

Capital development

- The Ming Mine project moved from pure Exploration & Evaluation into the Mine Development stage following completion of the Feasibility Study. Subsequently, all expenditures incurred in bringing the Ming Mine through the construction and development stage have been capitalised to Mineral Properties.

- Nugget Pond Mill concentrator expansion continued on schedule with anticipated commission in calendar Q4 2011. The Mine Shaft Manway and the new office/dry facility were completed and site construction of the concentrate storage facility at the Group's port site in Goodyear's Cove commenced and is anticipated to be completed in calendar Q4 2011. Pre-production development to the ore bodies proceeded on pace and schedule with development into the main ore bodies being the main focus for the underground crews. At year end a total of 111 full time employees were employed at the Ming Mine.

Exploration and evaluation

- The Group's NI43-101 Resource Estimate for the Lower and Upper Footwall Zones at the Ming Mine was updated and included an increase of 1.63 million tonnes in the Lower Footwall Zone representing an additional 27,375 tonnes of contained copper, 403 ounces of gold and 53,827 ounces of silver representing an overall indicated resource increase of 21%. The combined Footwall Resource at 1% copper cut-off now stands at 14.31 million tonnes.

- Exploration of the Ming Mine continued as new drifts provided access to previously underexplored areas. The discovery of high grade visible gold on the 1700 level during calendar Q3, 2011 was of particular significance and exploration will continue alongside pre-production development.

FINANCIAL RESULTS

- During the year the group generated gross profit of $1,769,000 from its first sales of gold and toll processing agreements. During the quarter the Group generated a gross profit of $1,319,000 from the sale of gold. Gold sales resulted from the Group's Nugget Pond Crown Pillar and Tilt Cove East Mine satellite deposits. The Nugget Pond Crown Pillar was completed and produced 978 ounces of gold at a cash cost of $411 per ounce resulting in a net profit of $1,031,897. An additional 74 ounces are anticipated following the further refining of slag materials. The Tilt Cove East Mine ore processing up to July 31 produced 421 ounces of gold at a cash cost of $870 per ounce netting a profit of $282,602.

- The net loss for the year was $53,000 compared with a loss of $2,426,000 for the year ended July 31, 2010. The net profit for the quarter ended July 31, 2011 was $577,000 or $0.008 per share which compares to $193,000 for Q3/11 and a net loss of $676,000 for Q4/10.

- Cash flows utilized for operating activities were $1,352,000 compare with $2,107,000 in the previous fiscal year. Cash flows generated from operating activities were $573,000 in Q4/11 compared to cash utilized of $406,000 in Q3/11 and $1,328,000 in Q4/10. The increase in the cash generated is due to profits earned in Q4/11.

- Cash resources (including short-term investments) as at July 31, 2011 were $10.2 million and as of October 14, 2011 had reduced to $4.0 million.

HEALTH AND SAFETY

- The Group completed the quarter without any lost time accidents or medical aid injuries.

- The Health and Safety of the Group's employees continues to be a high priority.

- There were no environmental incidents.

OUTLOOK

Management continue to pursue the following objectives:

- ➔ Completion of the construction and development at both the Nugget Pond Mill, Ming Mine and Port sites in order to generate revenue from the Ming Mine during calendar Q4 2011.
- ➔ Complete Off-take agreement for the sale of copper concentrates in calendar Q4 2011 and ship first concentrates in Calendar Q1 2012.
- ➔ Finalize pre-production development in the Ming Mine to expose the 1806 and 1807 ore zones to permit both up-dip and down-dip exploration of these zones.
- ➔ Continue to evaluate the development of the Footwall Zones.
- ➔ Become a strategic long term producer on the Baie Verte Peninsula and throughout Atlantic Canada by selectively pursuing growth opportunities including joint ventures and acquisitions.

See 'Forward Looking Information' for a description of the factors that may cause actual results to differ from forecast.

CAPITAL PROJECTS UPDATE

Effective September 1, 2010, following completion of the Ming Mine feasibility study by Sandstorm, the Ming Mine project moved from pure Exploration & Evaluation into the Mine Development stage. Subsequently, all expenditures incurred in bringing the Ming Mine through the construction and development stage are now being capitalised to Mineral Properties.

During the year the Group incurred expenditures of $17,566,000 on Mineral Property, $20,320,000 on property, plant and equipment and $478,000 on exploration and evaluation of the Ming Mine.

CAPITAL PROJECTS UPDATE (continued)

Mineral Property (capital development of Ming Mine)	Total	Q4/11	Q3/11	Q2/11	Q1/11
	$,000	$,000	$,000	$,000	$,000
Labour costs	4,620	1,842	1,612	923	243
Contractors' and consultancy expenses	2,161	187	122	1,085	767
General materials and other costs	897	248	216	289	144
Surface development	581	185	231	117	48
Underground development	3,848	1,310	1,104	1,141	293
Sub-total	12,107	3,772	3,285	3,555	1,495
Finance costs	1,640	917	383	221	119
Depreciation	2,172	907	692	386	187
Reclamation and closure provision	1,647	224	561	51	811
Total	17,566	5,820	4,921	4,213	2,612

Mineral property costs increased in Q4/11 compared to Q3/11 in line with the aim of bringing the mine into production during the calendar Q4 2011. Q4 expenditure included a full quarter with a further increased workforce, increased finance costs representing the first quarter with the full Gold Loan liability, increased depreciation costs resulted from bringing on the office/mine dry building and other assets offset by a reduction in reclamation and closure provision expenses.

Mineral Property (capital development of Ming Mine by area, before finance cost, depreciation and reclamation))	Total	Q4/11	Q3/11	Q2/11	Q1/11
	$,000	$,000	$,000	$,000	$,000
Surface	1,899	802	705	265	127
1806 ore zone	1,038	388	642	8	-
1807 ore zone	1,441	506	108	827	-
Ramp improvements	3,835	1597	1,361	667	210
Shaft manway rehab	2,613	76	191	1,400	946
Administrative	1,269	390	278	388	212
Port site	12	12	-	-	-
Total	12,107	3,772	3,285	3,555	1,495

CAPITAL PROJECTS UPDATE (continued)

Surface related costs increased in Q4/11 compared to Q3/11 mainly due to the completion of the new office/dry facility and other site works at the Ming Mine. Increased costs were also experienced on the 1807 ore zone and ramp improvements in Q4/11 compared to Q3/11. Underground operations continued to focus on ramp improvements which subsequently allowed further development of the 1807 ore zone as a consequence 1806 ore zone expenditures decreased in Q4/11 compared to Q3/11. The Shaft manway rehabilitation was substantially completed during Q3/11 with final completion in Q4/11.

Property, plant and equipment	**Total**	**Q4/11**	**Q3/11**	**Q2/11**	**Q1/11**
	$,000	**$,000**	**$,000**	**$,000**	**$,000**
Mill purchase and construction	10,110	2,139	2,996	4,536	439
Plant and equipment	8,127	521	3,650	3,790	166
Buildings	1,845	617	552	674	2
Other assets	238	104	48	17	69
Total	20,320	3,381	7,246	9,017	676

Property, plant and equipment reduced during Q4/11 compared to Q3/11 reflecting the significant increase in underground equipment purchased during Q3/11. Mill purchase and construction decreased during Q4/11 due to phasing of contractor payments.

Exploration and evaluation costs (Ming Mine)	**Total**	**Q4/11**	**Q3/11**	**Q2/11**	**Q1/11**
	$,000	**$,000**	**$,000**	**$,000**	**$,000**
Labour costs	142	-	15	1	126
Consultancy expenses	142	-	16	14	112
Operating costs	48	(31)	1	1	77
Finance costs	50	-	-	-	50
Depreciation	96	-	-	-	96
Total	478	(31)	32	16	461

Effective September 1, 2010, following completion of the Ming Mine feasibility study, the Ming Mine project moved from pure Exploration & Evaluation into the Mine Development stage. Exploration expenditures incurred related to updating and validating of the Footwall Zone resources.

FINANCIAL REVIEW

Fiscal 2011 Results ($000's)	Commentary	Comparatives Fiscal 2010 ($000's)	Comparatives *B/ (W)**
3,523	**Revenue** of $2.1 million was generated from the sale of gold from the Group's deposits and $1.4 million from toll processing agreements during the year.	-	*n/a%*
1,754	**Operating Costs** relate to mill processing expenditures incurred under the toll processing agreements and the processing, mining and general and administrative costs associated with Groups satellite deposits.	-	*n/a%*
2,750	**General and administrative expenses** were higher than the previous year by $578,000. Employment costs increased $367,000 as a result of key management promotions and the recruitment of additional administrative staff, travel and investor relation costs increased $89,000 and general office expenses increased $122,000.	2,172	*(27)%*
897	**Foreign exchange gains** arising on the Gold Loan increased in the year as a result of the strengthening of the Canadian dollar against the US dollar during the year.	(147)	*710%*
79	**Exploration costs** decreased compared to the previous year as the Group's main focus was on the construction and development of the Ming Mine.	91	*13%*
17,566	**Mineral Properties.** The group incurred costs of $17.6 million in the year including labour costs of $4.7 million, contractor and material costs of $3.6 million, underground development costs of $3.9 million depreciation of $2.2 million, finance costs of $1.6 million and reclamation and closure costs of $1.6 million.	-	*n/a%*
20,320	**Capital spending on property, plant and equipment** increased during the year compared to the previous year reflecting the increased spending on equipment for the refurbishment of the mill, acquisition of underground mining equipment and office/dry building and other purchases related to production preparations at the Ming Mine. Underground mining equipment additions include $6.7 million financed through capital lease financing.	5,329	*(281)%*
478	**Capital spending on exploration and evaluation costs** reduced during the year following the start of mine development on September 1, 2010.	5,575	*91%*

***B / (W) = Better / (Worse)**

SUMMARY OF QUARTERLY RESULTS

The quarterly results for the Group for the last eight fiscal quarters are set out in the following table.

Quarterly Results *(All amounts in 000s of Canadian Dollars, except Loss per share figures)*	**4th Quarter**	**3rd Quarter**	**2nd Quarter**	**1st Quarter**
Fiscal 2011				
Revenue	2,089	183	266	985
Net Income/ (loss)	577	193	(555)	(268)
Earnings/(loss) per Share (Basic & Diluted)	0.008	0.002	(0.006)	(0.003)
Fiscal 2010				
Revenue	-	-	-	-
Net Income/ (loss)	(676)	(644)	(591)	(515)
Loss per Share (Basic & Diluted)	(0.008)	(0.008)	(0.007)	(0.006)

Losses for the first quarter of 2010 increased slightly mainly as a result of the weakening of the GB Pound against the Canadian Dollar. Losses for the second quarter of 2010 further increased as a result of increased legal and professional charges in connection with financing options and the AGM. The continued weakening of the GB Pound against the Canadian Dollar resulted in a further increase in losses in the third quarter of 2010. Losses in the fourth quarter of 2010 increased as a result of an unrealised exchange loss offset by reductions in legal and professional charges and staff costs. Losses in the first quarter of 2011 reduced as a result of revenue from toll processing and rose again in the second quarter of 2011 following the completion of a toll processing agreement in November 2010. The profit arising in Q3 2011 included an exchange gain of $0.8 million arising on the retranslation of the Gold Loan following the weakening of the US Dollar against the Canadian Dollar during the quarter. The profit arising in Q4 2011 arose from the profits realised on the sale of gold from the Group's owned deposits.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

To date the Group has relied on private placement financings of equity securities, a Gold Loan facility and capital leases to finance its development requirements. Subsequent to the year end, the Group has secured additional short term funding of CAD$10 million to provide additional working capital to assist in meeting the objective of bringing the Ming Mine into production in calendar Q4, 2011. The last quarter of Fiscal 2011 was profitable and generated cash flows from operations of $0.6 million. Positive cash flows are expected to continue after production at the Ming Mine commences; however, there is no guarantee that expenses will not exceed income particularly during the start-up phase. If this is the case, the liquidity risk could be material, even with current cash resources.
Sales of gold and copper are likely to be made in US dollars and the majority of the Group's expenses are incurred in Canadian dollars. The Group's principal exchange rate risk relates to movements between the Canadian and US dollar. The Gold Loan is repayable in US dollars from future sales of gold mitigating the exchange risk. Management will closely monitor exchange fluctuation and consider the use of forward exchange contracts as required.

Interest rates on the capital leases and short term borrowings are fixed eliminating interest rate risk.

The Group's holding of cash balances is kept under constant review. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and Management and Directors monitor events and associated risks on a continuous basis. Cash and short-term investment resources (cash, cash equivalents and short-term investments) were as follows:

Resource	July 31, 2011 $'000	July 31, 2010 $'000
Cash $CDN	9,431	1,098
Cash GBP	47	67
Short-term Investments $CDN	25	6,351
Short-term Investments GBP	667	484
Total	10,170	8,000

Interest of 0.95% was received on Canadian dollar deposits during the year.

Net proceeds from financing activities during the year amounted to $28.6 million from the placing of 27,777,778 Ordinary Shares raising $14.8 million after expenses and Gold loan receipts of $14.3 million net of financing fees offset by finance lease repayments of $0.5 million.

Cash flows used in investing activities amounted to $25.1 million for the year. Investments included $2.0 million in bearer deposit notes, $10.7 million in mine development, $10.1 million on the Nugget Pond Mill and $1.8 million on property, plant and equipment. The group is required to hold a Letter of Credit in favour of the

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION (continued)

Government of Newfoundland and Labrador in respect of the reclamation and closure liability at the existing Nugget Pond Mill and Ming Mine. At year end the Group holds bearer deposit notes totalling $3.38 million.

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on copper and gold prices, its ability to fund its development and exploration programs, and to manage and generate positive cash flows from operations in the future. In line with the extended terms of the Gold Loan, if by October 31, 2011 the Ming Mine has not reached production, then amounts advanced will become repayable on demand, however management consider that if there were delays in the commencement of production an extension of the deadline could be secured. To ensure sufficient working capital management has secured a CAD$10 million credit facility (see note 25) and is satisfied that the Group has sufficient working capital for the forthcoming 12 months. However, there are risks associated with the commencement of a new mining and processing operation such that the plant may not be commissioned within the timescales envisaged, giving rise to the possibility that additional working capital may be required to fund delays in start-up and/or additional capital expenditure not originally envisaged which may require other sources of finance to be considered in order to satisfy short term working capital requirements as production commences. Should additional working capital be required, the Directors consider that further sources of finance could be secured in the required timescale. On this basis, the Directors have concluded that the Group is a going concern. However there is no certainty that these funds will be forthcoming or that the extension to the Gold Loan will be granted. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

At October 14, 2011 the Group has $4.0 million in cash and cash equivalents.

Financial Instruments

The Group's financial instruments as at July 31, 2011 comprised of financial assets of cash and cash equivalents and trade and other receivables and financial liabilities comprised of trade payables; other payables; accrued expenses and interest bearing loans and borrowings.

All of the Group's financial liabilities are measured at amortised cost.

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign currency risk, liquidity risk, credit risk, interest rate risk and commodity price risk each of which is discussed in note 22 of the financial statements for the year ended July 31, 2011. There were no derivative instruments outstanding at July 31, 2011.

COMMITMENTS AND LOANS

At July 31, 2011, capital commitments made to third parties included:

Capital Commitments	$000
Property, Plant and Equipment	2,506
TOTAL	2,506

These commitments together with the ongoing evaluation and development of the mine will be partially financed from existing cash reserves and from funds drawn down under the Group's credit facility agreement disclosed below in Subsequent Events

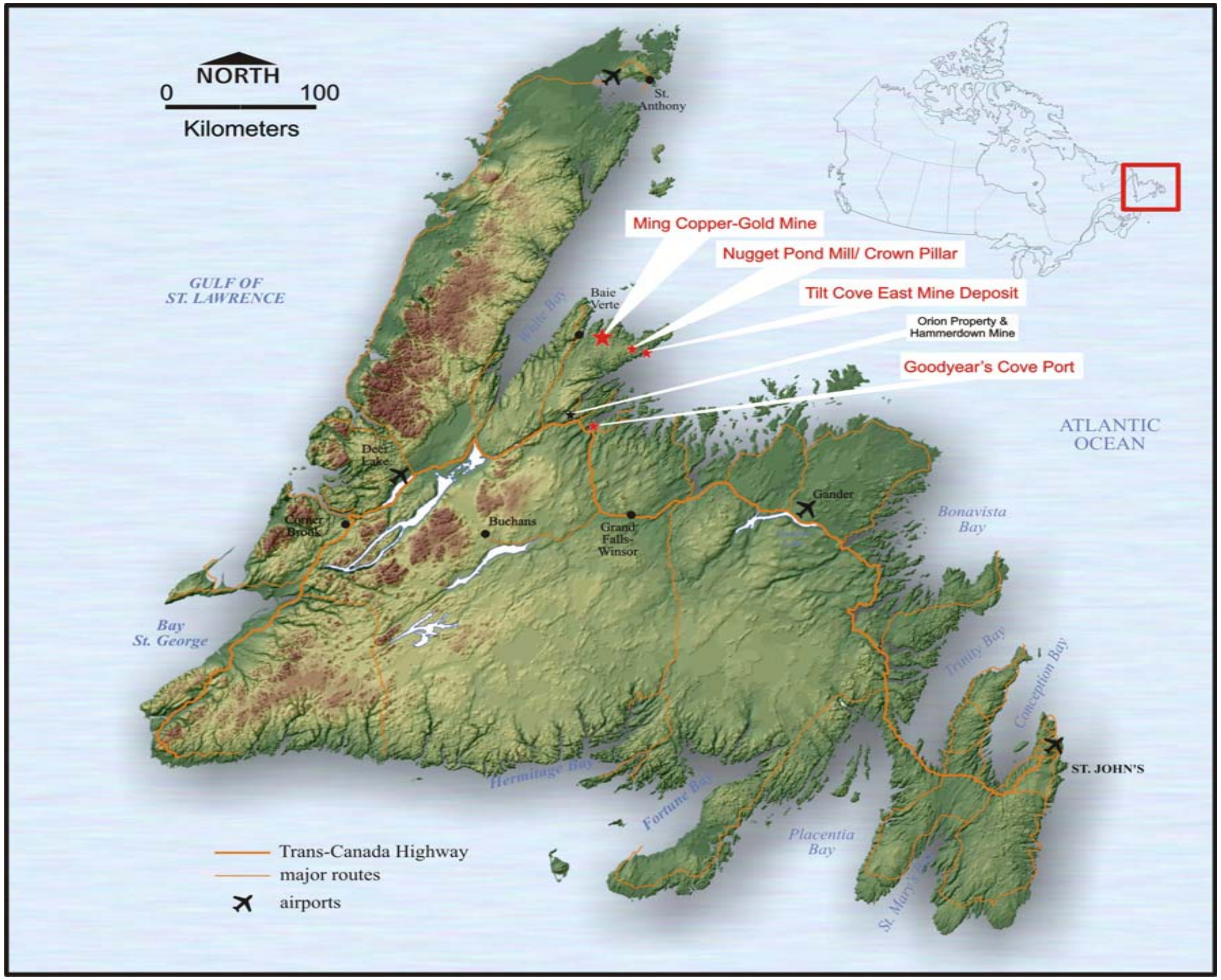
At July 31, 2011, interest bearing loans and borrowings comprised a Gold Loan of $19,903,000, finance lease commitments of $6,956,000 and a bank loan of $29,000.

The Group entered into new finance leases of $6.7 million during the year to finance underground mining equipment. The finance leases are secured on the underlying assets. The Gold Loan is secured by a fixed and floating charge over the Ming Mine.

SUBSEQUENT EVENTS

On September 29, 2011 the Group agreed a Credit Facility of up to CAD$10 million with Sprott Resource Lending Partnership ("Sprott") for use as additional funding for the development of the Ming Mine. The facility is available in two instalments; the first instalment of $5 million must and will be drawn on or before October 29, 2011 and the final instalment for the balance up to $10 million is available until August 31, 2012 subject to a subsequent site visit and review of the Group's off-take agreement and then current financial forecasts . Interest will be payable at a fixed rate of 9.25% per annum, is repayable by March 29, 2013 and secured by a fixed and floating charge over the assets of the Group. In connection with the Credit Facility, a Structuring Fee of CAD$100,000 and a 3% Commitment Fee of CAD$300,000 were paid to Sprott in cash. Pursuant to the terms of the Credit Facility, the Company issued CAD$300,000 of ordinary shares of 1p each in the capital of the Company to Sprott in exchange for the repayment of the previously paid cash Commitment Fee. In addition, a further 4% Drawdown Fee on all amounts drawn under the Credit Facility is to be satisfied by the issue of ordinary shares by the Company.

APPENDIX 1 – LOCATION MAP



APPENDIX 2 - SELECTED FINANCIAL INFORMATION & REVIEW OF OVERALL PERFORMANCE

Financial Highlights *(All amounts in 000s of Canadian Dollars, except shares and per share figures)*	**Year ended July 31,**		
	2011	**2010**	**2009**
Gold sales (Ounces)	1,399	-	-
Average price (per ounce)	1,492	-	-
Revenue	3,523	-	-
Operating Expenses	(1,754)	-	-
Exploration Expenditure	(79)	(91)	-
Administrative expenses	(2,750)	(2,172)	(2,076)
Net Income (loss)	(53)	(2,426)	(2,048)
Cash Flow used in operating activities	(1,352)	(2,107)	(1,670)
Cash Flow used in investing activities	(25,092)	(9,705)	(6,419)
Cash Flow from (used in) financing activities	28,623	17,725	(124)
Net increase (decrease) in cash	2,179	5,913	(8,213)
Cash and cash equivalents at end of period	10,170	8,000	2,089
Total Assets	96,473	54,162	37,731
Total Liabilities	(34,495)	(7,338)	(1,554)
Working Capital	7,804	8,462	1,494
Weighted average number of shares outstanding	102,282	83,581	59,385
Loss per share	(0.001)	(0.029)	(0.034)

APPENDIX 3 - FINANCIAL REVIEW FOR THE QUARTER ENDED JULY 31, 2011

Q4/11 Results ($000's)	Commentary	Comparatives			
		Q3/11	B/ (W)*	Q4/10	B/ (W)
2,088	**Revenue** was generated through gold sales from the Group's deposits. The Group's final toll processing agreement concluded in Q3/11	183	*1,040%*	-	*N/a*
770	**Operating Costs** relate to the processing, mining and general and administrative costs associated with Groups satellite deposits.	175	*(340)%*	-	*N/a*
755	**General and administrative expenses** were higher than the previous quarter by $137,000. Employment costs increased by $62,000 as a result of key management promotions and the recruitment of additional administrative staff, promotional and travel costs increased by $24,000, establishment costs increased by $33,000 and general office expenses increased by $18,000. In comparison to Q4/10 administrative expenses increased by $241,000. Employment costs increased by $107,000, legal and professional fees by $16,000, promotional and travel costs by $29,000, and general office expenses by $89,000. The increased costs were as a result of increased activity as a result of the mine development.	618	*(22)%*	514	*(47)%*
(84)	**Foreign exchange differences** arising on the Gold Loan resulted in a loss in Q4/11 as a result of the weakening of the Canadian dollar against the US dollar during the quarter.	836	*(110)%*	(145)	*42%*
5	**Exploration costs** decreased compared to the previous quarters as the Group's main focus was on the construction and development of the Ming Mine.	16	*69%*	13	*62%*
5,820	**Mineral Properties.** The group incurred costs of $5.8 million in the quarter including labour costs of $1.8 million, contractor and material costs of $0.4 million, underground development costs of $1.6 million depreciation of $0.9 million, finance costs of $0.9 million and reclamation and closure costs of $0.2 million.	4,920	*18%*	-	*N/a*
3,342	**Capital spending on property, plant and equipment** reduced during the quarter compared to the previous quarter reflecting the slowing of expenditure on plant and equipment as production from the Ming Mine approaches. Expenditure in Q4/10 includes expenditure of $3.5 million on the acquisition of the Nugget Pond Mill.	7,246	*54%*	5,305	*37%*

***B / (W) = Better / (Worse)**

APPENDIX 4 - CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The details of the Group's accounting policies are presented in accordance with International Financial Reporting Standards as set out in Note 2 to the financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Group's financial statements, providing some insight also to uncertainties that could impact the Group's financial results.

Going Concern

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on the copper and gold prices, its ability to fund its development and exploration programs, and to manage and generate positive cash flows from operations in the future. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on copper and gold prices, its ability to fund its development and exploration programs, and to manage and generate positive cash flows from operations in the future. In line with the extended terms of the Gold Loan, if by October 31, 2011 the Ming Mine has not reached production, then amounts advanced will become repayable on demand, however management consider that if there were delays in the commencement of production an extension of the deadline could be secured. To ensure sufficient working capital management has secured a CAD$10 million credit facility (see note 25) and is satisfied that the Group has sufficient working capital for the forthcoming 12 months. However, there are risks associated with the commencement of a new mining and processing operation such that the plant may not be commissioned within the timescales envisaged, giving rise to the possibility that additional working capital may be required to fund delays in start-up and/or additional capital expenditure not originally envisaged which may require other sources of finance to be considered in order to satisfy short term working capital requirements as production commences. Should additional working capital be required, the Directors consider that further sources of finance could be secured in the required timescale. On this basis, the Directors have concluded that the Group is a going concern. However there is no certainty that these funds will be forthcoming or that the extension to the Gold Loan will be granted. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

Share-based payments

The Group calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost. The assumptions used in calculating the cost of share based payments are explained in note 5 of the financial statements for the year ended July 31, 2011.

Gold Loan

The Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold (see note 20 of the financial statements for the year ended July 31, 2011).The cash flows will be dependent on the production of gold and its selling price at the time of delivery which have been estimated in line with the mine plan, future prices of gold and reserve estimates. Management's estimates of these factors are subject to risk and uncertainties affecting the amount of the interest charge. Any changes to these estimates may result in a significantly different interest charge which would affect the carrying value of the mineral properties costs and the corresponding Gold Loan liability.

APPENDIX 4 - CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

The financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

Mineral Property and Exploration and Evaluation Costs

The directors have assessed whether there are any indicators of impairment in respect of mineral property and exploration and evaluation costs. In making this assessment they have considered the Group's business plan which includes resource estimates, future processing capacity, the forward market and longer term price outlook for copper and gold. Resource estimates have been based on the most recently filed NI43-101 report and its opportunities economic model which includes resource estimates and conversion of its inferred resources. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's mineral property and exploration and evaluation costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets. After consideration of the above factors, the directors do not consider that there are any indicators that mineral property and exploration and evaluation costs are impaired at the year end.

Closure Costs

The Group has an obligation to reclaim its properties after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Group could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Group's earnings and net assets.

APPENDIX 4 - CRITICAL ACCOUNTING POLICIES AND ESTIMATES (continued)

CHANGES IN ACCOUNTING POLICIES

In the current quarter, new and revised standards which have been adopted have not affected the disclosures presented in these financial statements.

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

International Financial Reporting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ended July 31, 2011:

IFRS /Amendment	Title	Nature of change to accounting policy	Application date of standard	Application date for Group
Various	Annual Improvements to IFRSs	No change to accounting policy, therefore, no impact	Various	August 1, 2011
IAS 24 revised	Related Party Disclosures	No change to accounting policy, therefore, no impact	January1, 2011	August 1, 2011
IFRS 9	Financial instruments: Classification and Measurement	No change to accounting policy, therefore, no impact	January 1, 2013	August 1, 2013
IFRS 10	Consolidated Financial Statements	No change to accounting policy, therefore, no impact	January 1, 2013	January 1, 2013
IFRS 11	Joint Arrangements	No change to accounting policy, therefore, no impact	January 1, 2013	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	No change to accounting policy, therefore, no impact	January 1, 2013	January 1, 2013
IFRS 13	Fair Value Measurement	No change to accounting policy, therefore, no impact	January 1, 2013	January 1, 2013

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

Details of the main accounting policies of the Group are included in note 2 of the financial statements for the year ended July 31, 2011.

APPENDIX 5 – OTHER MATTERS

Outstanding Share & Option Data

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

Security	Shares issued or Issuable	Weighted Average Exercise Price
Common Shares	123,980,005	--
Options	4,287,000*	$0.48

*if all options have fully vested

Mr. Peter Mercer assumed the role of Corporate Secretary on January 1, 2011. For future assistance Mr. Mercer can be reached directly at +1-709-800-1929 or pmercer@ramblermines.com.

Forward Looking Information

This MD&A contains "forward-looking information" which may include, but is not limited to, statements with respect to the Group's objectives and strategy, future financial or operating performance of the Group and its projects, exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration, requirements for additional capital, government regulation of mining exploration and development, environmental risks, title disputes or claims and limitations of insurance coverage. All statements, other than statements of historical fact, are forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "believes" or variations (including negative variations) of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonably by the Company, involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities; conclusions of economic evaluations; availability and cost of credit; fluctuations in Canadian dollar interest rates; fluctuations in the relative value of United States dollars, Canadian dollars and British Pounds; changes in planned parameters as plans continue to be refined; fluctuations in the market and forward prices of copper, gold, silver or certain other commodities; possible variations of ore grade or recovery rates; failure of equipment; accidents and other risks of the mining exploration industry; political instability, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the section entitled "Risk Factors" in the Report of Directors. Although the Group has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Unless stated otherwise, forward-looking statements contained herein are made as of the date of this MD&A. Other than as required by applicable securities law, the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future

APPENDIX 5 – OTHER MATTERS (continued)

Forward Looking Information(continued)

events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements. Accordingly, readers should not place undue reliance on forward-looking statements.

Further information

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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED JULY 31, 2011

The Directors present their report with the audited financial statements of the Group for the year ended July 31, 2011.

PRINCIPAL ACTIVITY

The principal activity of the Group is the development and exploration of the Ming Copper-Gold Mine located in Baie Verte, Newfoundland and Labrador, Canada. The principal activity of the parent company is that of a holding company.

REVIEW OF BUSINESS

A review of the Group's business and prospects is set out in the Management's Discussion and Analysis.

FUTURE DEVELOPMENTS

The Group is looking forward to becoming a copper and gold producer with the commissioning work on the floatation circuit at the Nugget Pond Mill scheduled for calendar Q4 2011 and continue its growth through the selective pursuit of opportunities within the region and Atlantic Canada as a whole including joint ventures and acquisitions.

DIVIDENDS

No dividends will be distributed for the year ended July 31, 2011.

DIRECTORS

The Directors during the period under review were:

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

POLICY ON PAYMENT OF CREDITORS

It is the Group's and Company's policy to settle all amounts due to creditors in accordance with agreed terms of supply and market practice in the relevant country.

The Group's average creditor payment period at July 31, 2011 was 39 days (2010: 20 days). The Company's average creditor payment period at July 31, 2011 was 33 days (2010: 9 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable donations of $2,988 (2010: $2,355) to various charities in the Baie Verte area.

SUBSTANTIAL SHARE INTERESTS

At October 14, 2011 the parent Company was aware of the following substantial share interests:

	Number of Ordinary Shares	% of Share Capital
CDS & Co.	14,584,853	11.76%
Legal and General Investment Management	10,500,000	8.47%
Whitmill Trust Co Limited	8,838,000	7.13%
The Bank of New York (Nominees) Limited	8,340,542	6.73%
Henderson Global Investors	6,474,000	5.22%
Vestra Wealth LLP	5,827,698	4.70%
SVM Asset Management	4,360,000	3.52%
Hargreaves Lansdown	4,136,169	3.34%
Waterhouse Securities	4,134,690	3.33%
Barclays Stockbrokers Limited	4,117,923	3.32%
Sector Investment Managers Limited	4,100,000	3.31%

FINANCIAL INSTRUMENTS

The Board of Directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, liquidity risk, credit risk, interest rate risk and commodity price risk, each of which is discussed in note 22 to the Financial Statements. There were no derivative instruments outstanding at July 31, 2011.

SUBSEQUENT EVENTS

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

RISKS AND UNCERTAINTIES

An investment in Rambler should be considered highly speculative due to its present stage of development, the nature of its operations and certain other factors. An investment in Rambler's securities should only be made by persons who can afford the total loss of their investment. The risk factors which should be taken into account in assessing Rambler's activities and an investment in securities of Rambler include, but are not limited to, those set out below. Should any one or more of these risks occur, it could have a material adverse effect on the value of securities of Rambler and the business, prospects, assets, financial position or operating results of Rambler, any one of which may have a significant adverse effect on the price or value of any securities of Rambler.

The risks noted below do not necessarily comprise all those faced by Rambler and are not intended to be presented in any assumed order of likelihood or magnitude of consequences.

Mining risks

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

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

RISKS AND UNCERTAINTIES (CONTINUED)

Copper and Gold Price Volatility

The Group's revenues, if any, are expected to be derived from the extraction and sale of copper and gold concentrate. The prices of copper and gold have fluctuated widely, particularly in recent years, and are affected by numerous factors beyond the Group's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased global production due to new extraction developments and improved extraction and production methods. In recent years the price of copper has been affected by changes in the worldwide balance of copper supply and demand, largely resulting from economic growth and political conditions in China and other major developing economies. While this demand has resulted in higher prices for copper in recent years, if Chinese economic growth slows, it could result in lower demand for copper. The effect of these factors on the price of copper and gold cannot be accurately predicted. Any material decrease in the prevailing price of copper in particular for any significant period of time would have an adverse and material impact on the Group's economic evaluations and on the Group's results of operations and financial condition.

Additional Requirement for Capital

The Group may need to raise additional capital in due course to fund anticipated future development and ongoing operations. Future development of the Ming Mine, future acquisitions, base metal prices, environmental rehabilitation or restitution, revenues, taxes, capital expenditures and operating expenses and geological and processing successes are all factors which will have an impact on the amount of additional capital required.

Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Group. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, forfeit its interests in some or all of its properties, incur financial penalties and reduce or terminate its operations.

Uncertainty in the estimation of mineral resources and mineral reserves

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

AUDITOR

The auditor, PKF (UK) LLP, will be proposed for re-appointment in accordance with Section 489 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

P Mercer
Company Secretary
October 14, 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED JULY 31, 2011

In formulating the Group's corporate governance procedures the Board of Directors takes due regard of the principles of good governance set out in the UK Corporate Governance Code issued by the Financial Reporting Council in May 2010 (as appended to the Listing Rules of the Financial Services Authority) and the size and development of the Group. The Group also has regard to the Quoted Companies Alliance (QCA) Guidelines on Corporate Governance for AIM Companies.

The Board of Rambler Metals and Mining PLC is made up of one executive Director and eight non-executive Directors. D H W Dobson is the senior non-executive director and G Ogilvie is the Group's President and Chief Executive. It is the Board's policy to maintain independence by having at least half of the Board comprising non-executive directors. The structure of the Board ensures that no one individual or group dominates the decision making process.

The Board ordinarily meets no less than quarterly providing effective leadership and overall control of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of budgets and business plans, items of major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the directors in a timely manner, prior to Board meetings. The Board also receives a summary financial report before each Board meeting. The Board delegates certain of its responsibilities to Board committees which have clearly defined terms of reference. Between the Board meetings, the executive Director, the Chief Financial Officer and some of the non-executive directors meet on a regular basis to review and discuss progress.

All Directors have access to the advice and services of the company secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Group's expense in the furtherance of his duties.

The Audit Committee which meets not less than quarterly and considers the Group's financial reporting (including accounting policies) and internal financial controls, is chaired by J M Roberts, the other members being L Goodman, J A Baker (resigned October 13, 2011) and J S Thomson. The committee receives reports from management and from the Group's auditor. The Group has in place a series of procedures and controls designed to identify and prevent the risk of loss. These procedures are formally documented and are reported on regularly. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

The Remuneration Committee which meets at least once a year and is responsible for making decisions on directors' remuneration packages, is chaired by L Goodman. J M Roberts and J A Baker (resigned October 13, 2011) are the other committee members.

Remuneration of executive Directors is established by reference to the remuneration of executives of equivalent status both in terms of time commitment, level of responsibility of the position and by reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages may include performance related bonuses and the grant of share options.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with AIM and Toronto Stock Exchange-Venture market rules. The Group's principal communication is through the Annual General Meeting and through the annual report and accounts, quarterly and interim statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAMBLER METALS AND MINING PLC

We have audited the financial statements of Rambler Metals and Mining plc for the year ended July 31, 2011 which comprise the consolidated income statement and the consolidated and company statements of comprehensive income, balance sheets, statements of changes in equity, statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the groups and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion;

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at July 31, 2011 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

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

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

Emphasis of matter –going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. As detailed within this note, management are working towards meeting the production deadline of October 31, 2011, as stipulated within the Gold Loan agreement. As explained in the note, there is a risk that the Ming Mine may not commence production within the timescales envisaged and this would necessitate an extension of the Gold Loan and may require further funding beyond that already secured for working capital purposes. This would indicate the existence of a material uncertainty which may cast significant doubt about the Company and the Group's ability to continue as a going concern. If the company is unable to secure additional funding, this may have a consequential impact on the carrying value of the related assets and the investments of the parent company. The outcome of any future fundraising cannot presently be determined, and no adjustments to asset carrying values that may be necessary should the company be unsuccessful, have been recognised in the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

PKF (UK) LLP

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

London, UK
October 14, 2011

RAMBLER METALS AND MINING PLC

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF RAMBLER METALS AND MINING PLC IN RESPECT OF COMPATIBILITY WITH CANADIAN GAAS

In accordance with the requirement contained in National Instrument 52-107 we report below on the compatibility of Canadian Generally Accepted Auditing Standards ("Canadian GAAS") and International Standards on Auditing (UK and Ireland).

We conducted our audit for the year ended July 31, 2011 in accordance with International Standards of Auditing (UK and Ireland). There are no material differences in the form or content of our audit report, as compared to an auditor's report prepared in accordance with Canadian GAAS and if this report were prepared in accordance with Canadian GAAS it would contain an unmodified audit opinion.

PKF (UK) LLP

PKF (UK) LLP
London, UK
October 14, 2011

CONSOLIDATED INCOME STATEMENT

For the Year Ended July 31, 2011
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2011 $'000	2010 $'000
Revenue	3	3,523	-
Cost of sales		(1,754)	-
Gross profit		1,769	-
Administrative expenses		(2,750)	(2,172)
Exploration expenses		(79)	(91)
Operating loss	4	(1,060)	(2,263)
Exchange gain/(loss)		897	(147)
Bank interest receivable		90	19
Finance costs		(9)	(65)
Net financing income/(expense)		978	(193)
Loss before tax		(82)	(2,456)
Income tax credit	6	29	30
Loss for the year attributable to owners of the parent		(53)	(2,426)

Loss per share

	Note	2011 $	2010 $
Basic and diluted loss per share	18	(0.001)	(0.029)

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended July 31, 2011
(EXPRESSED IN CANADIAN DOLLARS)

	2011 $'000	2010 $'000
Loss for the year	(53)	(2,426)
Exchange differences on translation of foreign operations (net of tax)	110	(25)
Other comprehensive loss for the year	110	(25)
Total comprehensive income/(loss) for the year and attributable to the owners of the parent	57	(2,451)

COMPANY STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended July 31, 2011

	2011 $'000	2010 $'000
Loss for the year	(941)	(716)
Exchange differences on translation into presentation currency	(1,144)	(3,427)
Other comprehensive loss for the year	(1,144)	(3,427)
Total comprehensive loss for the year	(2,085)	(4,143)

RAMBLER METALS AND MINING PLC

CONSOLIDATED BALANCE SHEET

As at July 31, 2011
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2011 $'000	2010 $'000
Assets			
Intangible assets	*8*	16,627	37,051
Mineral properties	*9*	38,468	-
Property, plant and equipment	*10*	25,332	7,461
Total non-current assets		80,427	44,512
Inventory	*13*	934	-
Trade and other receivables	*14*	1,565	285
Cash and cash equivalents	*15*	10,170	8,000
Restricted cash	*16*	3,377	1,365
Total current assets		16,046	9,650
Total assets		96,473	54,162
Equity			
Issued capital	*17*	2,299	1,863
Share premium		65,934	51,532
Merger reserve		214	214
Translation reserve		135	25
Accumulated losses		(6,604)	(6,811)
Total equity		61,978	46,823
Liabilities			
Interest-bearing loans and borrowings	*20*	24,606	5,591
Provision	*21*	1,647	559
Total non-current liabilities		26,253	6,150
Interest-bearing loans and borrowings	*20*	2,282	388
Trade and other payables	*19*	5,960	801
Total current liabilities		8,242	1,189
Total liabilities		34,495	7,339
Total equity and liabilities		96,473	54,162

ON BEHALF OF THE BOARD:

Director
Approved and authorised for issue by the Board on October 14, 2011

RAMBLER METALS AND MINING PLC

COMPANY BALANCE SHEET

As at July 31, 2011
(EXPRESSED IN CANADIAN DOLLARS)

	Note	2011 $'000	2010 $'000
Assets			
Property, plant and equipment		-	1
Investments	11	52,624	40,000
Total non-current assets		52,624	40,001
Trade and other receivables	14	47	68
Cash and cash equivalents	15	714	553
Total current assets		761	621
Total assets		53,385	40,622
Equity			
Issued capital	17	2,299	1,863
Share premium		65,934	51,532
Translation reserve		(10,220)	(9,076)
Accumulated losses		(4,754)	(3,845)
Total equity		53,259	40,474
Liabilities			
Trade and other payables	19	126	148
Total current liabilities		126	148
Total liabilities		126	148
Total equity and liabilities		53,385	40,622

ON BEHALF OF THE BOARD:

Director
Approved and authorised for issue by the Board on October 14, 2011

RAMBLER METALS AND MINING PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)	Share capital $'000	Share premium $'000	Merger Reserve $'000	Translation reserve $'000	Accumulated Losses $'000	Total $'000
Group						
Balance at 1 August 2009	1,256	39,296	214	50	(4,639)	36,177
Comprehensive loss						
Loss for the year	-	-	-	-	(2,426)	(2,426)
Foreign exchange translation differences	-	-	-	(25)	-	(25)
Total other comprehensive loss	-	-	-	(25)	-	(25)
Total comprehensive loss for the year	-	-	-	(25)	(2,426)	(2,451)
Transactions with owners						
Issue of share capital	607	13,128	-	-	-	13,735
Share issue expenses	-	(892)	-	-	-	(892)
Share-based payments	-	-	-	-	254	254
Transactions with owners	607	12,236	-	-	254	13,908
Balance at 31 July 2010	1,863	51,532	214	25	(6,811)	46,823
Balance at 1 August 2010	1,863	51,532	214	25	(6,811)	46,823
Comprehensive loss						
Loss for the year	-	-	-	-	(53)	(53)
Foreign exchange translation differences	-	-	-	110	-	110
Total other comprehensive loss	-	-	-	110	-	110
Total comprehensive income for the year	-	-	-	110	(53)	57
Transactions with owners						
Issue of share capital	436	15,252	-	-	-	15,688
Share issue expenses	-	(850)	-	-	-	(850)
Share-based payments	-	-	-	-	260	260
Transactions with owners	436	14,402	-	-	260	15,098
Balance at July 31, 2011	2,299	65,934	214	135	(6,604)	61,978

COMPANY STATEMENT OF CHANGES IN EQUITY

(EXPRESSED IN CANADIAN DOLLARS)	Share capital $'000	Share premium $'000	Translation reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 August 2009	1,256	39,296	(5,649)	(3,162)	31,741
Comprehensive loss					
Loss for the year	-	-	-	(716)	(716)
Foreign exchange translation differences	-	-	(3,427)	-	(3,427)
Total other comprehensive loss	-	-	(3,427)		(3,427)
Total comprehensive loss for the year	-	-	(3,427)	(716)	(4,143)
Issue of share capital	607	13,128	-	-	13,735
Share issue expenses	-	(892)	-	-	(892)
Share-based payments	-	-	-	33	33
Balance at 31 July 2010	1,863	51,532	(9,076)	(3,845)	40,474
Balance at 1 August 2010	1,863	51,532	(9,076)	(3,845)	40,474
Comprehensive loss					
Loss for the year	-	-	-	(941)	(941)
Foreign exchange translation differences	-	-	(1,144)	-	(1,144)
Total other comprehensive loss	-	-	(1,144)		(1,144)
Total comprehensive loss for the year	-	-	(1,144)	(941)	(2,085)
Issue of share capital	436	15,252	-	-	15,688
Share issue expenses	-	(850)	-	-	(850)
Share-based payments	-	-	-	32	32
Balance at July 31, 2011	2,299	65,934	(10,220)	(4,754)	53,259

RAMBLER METALS AND MINING PLC

STATEMENTS OF CASH FLOWS

For the Year Ended July 31, 2011
(EXPRESSED IN CANADIAN DOLLARS)

	Group 2011 $'000	Company 2011 $'000	Group 2010 $'000	Company 2010 $'000
Cash flows from operating activities				
Operating loss	(1,060)	(941)	(2,410)	(717)
Depreciation	141	-	151	1
Share based payments	248	21	247	26
Increase in inventory	(934)	-	-	-
(Increase)/decrease in debtors	(1,280)	20	(146)	(29)
Increase/(decrease) in creditors	1,513	(21)	85	(27)
Cash utilised in operations	(1,372)	(921)	(2,073)	(746)
Interest paid	(9)	-	(65)	-
Tax received	29	-	31	-
Net cash from operating activities	(1,352)	(921)	(2,107)	(746)
Cash flows from investing activities				
Interest received	90	1	19	1
Loans to subsidiaries	-	(13,879)	-	(11,567)
Purchase of bearer deposit note	(2,012)	-	(1,365)	-
Acquisition of evaluation and exploration assets	(604)	-	(3,704)	-
Acquisition of mineral properties	(10,710)			
Acquisition of property, plant and equipment	(11,856)	-	(4,655)	(1)
Net cash from investing activities	(25,092)	(13,878)	(9,705)	(11,567)
Cash flows from financing activities				
Proceeds from the issue of share capital	15,688	15,688	13,735	13,735
Payment of transaction costs	(850)	(850)	(892)	(892)
Proceeds from exercise of share options	12	12	7	7
Proceeds from Gold Loan (note 20)	14,268	-	5,139	-
Capital element of finance lease payments	(495)	-	(263)	-
Net cash from financing activities	28,623	14,850	17,725	12,850
Net increase in cash and cash equivalents	2,179	51	5,913	537
Cash and cash equivalents at beginning of period	8,000	553	2,089	41
Effect of exchange rate fluctuations on cash held	(9)	109	(2)	(25)
Cash and cash equivalents at end of period	10,170	713	8,000	553

NOTES TO THE FINANCIAL STATEMENTS

1 Nature of operation and going concern

The principal activity of the Group is the development and exploration of the Ming Copper-Gold Mine ("Ming Mine") located in Baie Verte, Newfoundland and Labrador, Canada.

The Group's ability to continue as a going concern, and the recoverability of its mineral properties, is dependent on copper and gold prices, its ability to fund its development and exploration programs, and to manage and generate positive cash flows from operations in the future. In line with the extended terms of the Gold Loan, if by October 31, 2011 the Ming Mine has not reached production, then amounts advanced will become repayable on demand, however management consider that if there were delays in the commencement of production an extension of the deadline could be secured. To ensure sufficient working capital management has secured a CAD$10 million credit facility (see note 25) and is satisfied that the Group has sufficient working capital for the forthcoming 12 months. However, there are risks associated with the commencement of a new mining and processing operation such that the plant may not be commissioned within the timescales envisaged, giving rise to the possibility that additional working capital may be required to fund delays in start-up and/or additional capital expenditure not originally envisaged which may require other sources of finance to be considered in order to satisfy short term working capital requirements as production commences. Should additional working capital be required, the Directors consider that further sources of finance could be secured in the required timescale. On this basis, the Directors have concluded that the Group is a going concern. However there is no certainty that these funds will be forthcoming or that the extension to the Gold Loan will be granted. These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate, and these adjustments could be material.

2 Significant accounting policies

Rambler Metals and Mining Plc (the "Company") is a company registered in England and Wales. The consolidated financial statements of the Company for the year ended July 31, 2011 comprise the Company and its subsidiaries (together referred to as the "Group").

These financial statements are presented in Canadian dollars. Although the parent company has a functional currency of GB pounds the majority of the Group's operations are carried out by its operating subsidiary which has a functional currency of Canadian dollars. Foreign operations are included in accordance with the policies set out in note 2(d). At July 31, 2011 the closing rate of exchange of Canadian dollars to 1 GB pound was 1.57 (31 July 2010: 1.61) and the average rate of exchange of Canadian dollars to 1 GB pound for the year was 1.59 (2010: 1.70).

(a) Statement of compliance

The consolidated financial statements of Rambler Metals and Mining plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union and with IFRS and their interpretations adopted by the IASB. There are no material differences on application to the Group. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

New and revised standards which have been adopted during the year have not affected the disclosures presented in these financial statements.

The Group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

2 Significant accounting policies (continued)

(b) Basis of preparation

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

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 26.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

The accounting policies have been applied consistently by Group entities.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

2 Significant accounting policies (continued)

(d) Foreign currency (continued)

(ii) Translation into presentation currency

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

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to translation reserve. They are released into the income statement upon disposal.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost. The cost of self-constructed assets includes the cost of materials, direct labour and the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

(iii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(iv) Depreciation

Depreciation is charged to the income statement or capitalised as part of the exploration and evaluation costs or Mineral Properties where appropriate, on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

buildings	5 to 10 years
plant and equipment	2 to 5 years
motor vehicles	3 years
computer equipment	3 years
fixtures, fittings and equipment	3 years

The estimated useful lives and residual values of the assets are considered annually and restated as required.

2 Significant accounting policies (continued)

(f) Mineral Properties

Upon transfer of 'Exploration and evaluation costs' into 'Mineral Properties', all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised within 'Mineral Properties'. Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase.

Mineral properties are amortised on a depletion percentage basis.

(g) Intangible assets

(i) Exploration and evaluation costs

These comprise costs directly incurred in exploration and evaluation. They are capitalised as intangible assets pending determination of the feasibility of the project. When the existence of economically recoverable reserves and the availability of finance is established the related intangible assets are transferred to Mineral properties. Where a project is abandoned or is determined not to be economically viable, the related costs are written off.

The recoverability of deferred exploration and evaluation costs is dependent upon a number of factors common to the natural resource sector. These include the extent to which the Group can establish economically recoverable reserves on its properties, the ability of the Group to obtain necessary financing to complete the development of such reserves and future profitable production or proceeds from the disposition thereof.

(ii) Impairment of exploration and evaluation costs

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

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

(h) Investments

Investments are stated at their cost less impairment losses (see accounting policy l).

(i) Inventory

Stockpiled ore is recorded at the lower of production cost and net realisable value. Production costs include all direct costs plus an allocation of fixed costs associated with the mine site.

Operating supplies are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis.

(j) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see accounting policy l).

2 Significant accounting policies (continued)

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(l) Impairment

The carrying amounts of the Group's assets (except deferred exploration and evaluation costs (see accounting policy (g)(ii)) and deferred tax assets (see accounting policy 2(r)), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy 2(l)(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

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

(i) Calculation of recoverable amount

Receivables with a short duration are not discounted.

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

(ii) Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2 Significant accounting policies (continued)

(m) Financial liabilities and equity

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

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

(n) Trade and other payables

Trade and other payables are stated at amortised cost.

(o) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of sales tax.

The group recognises revenue when the amount of the revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met as described below:

Sale of gold

Revenue associated with the sale of gold doré bars is recognised in accordance with contract terms negotiated with the refiner and when significant risks and rewards of ownership of the asset sold are transferred to the refiner, which is when the minimum determinable or agreed amount of gold has been determined and title has passed to the refiner.

Toll processing

The Group processes ore at its milling facility. Sales of this service are recognised as the ore is processed. The customer is invoiced based on tonnes processed each month at the price specified in the toll processing agreement.

(p) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

(p) Expenses (continued)

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Borrowing costs

Borrowing costs are recognised in the income statement where they do not meet the criteria for capitalisation. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised.

(q) Equity settled share based payments

All share based payments are recognised in the financial statements.

All goods and services received in exchange for the grant of any share-based remuneration are measured at their fair values. Fair values of employee services are determined indirectly by reference to the fair value of the share options awarded. Their value is appraised at the grant dates and excludes the impact of non-market vesting conditions.

All share-based remuneration is ultimately recognised as an expense in the income statement with a corresponding credit to the accumulated losses in the balance sheet.

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

(r) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Operating segments

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

Information about geographical areas

	2011			2010		
	UK	Canada	Consolidated	UK	Canada	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue	-	3,523	3,523	-	-	-
Segment non-current assets	-	80,427	80,427	1	44,511	44,512

Information about major customers

Revenues from transactions with a single customer exceeding 10% of total revenues were as follows:

	2011	2010
	$'000	$'000
Customer A	2,087	-
Customer B	1,063	
Others	373	-
	3,523	-

4. Operating loss

The operating loss is after charging/(crediting):

	2011	2010
	$'000	$'000
Depreciation – owned assets	141	151
Directors' emoluments (see note 24)	332	348
Auditor's remuneration:		
Audit of these financial statements	57	44
Fees payable to the auditor for other services:		
Other services related to tax	-	17
Other services	6	6
Operating lease rentals	-	44

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

In addition to the depreciation charge shown above, depreciation of $96,000 (2010: $1,746,000) was capitalised within exploration and evaluation assets and $2,172,000 (2010: $nil) within mineral properties.

5. Personnel expenses

Salary costs

	Group 2011 $'000	Group 2010 $,000
Wages and salaries	6,083	2,096
Share based payments	248	247
Compulsory social security contributions	997	134
	7,328	2,477

Salary costs of $127,000 (2010: $1,346,000) were capitalised as exploration and evaluation costs, $4,621,000 as mineral properties and $541,000 as assets under construction costs during the year.

Number of employees

The average number of employees during the year was as follows:

	Group 2011	Group 2010
Directors	9	9
Administration	9	6
Development	68	-
Exploration and evaluation	-	19
	86	34

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

Share-based payments

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

	Weighted average exercise price 2011 $	Number of options 2011 '000	Weighted average exercise price 2010 $	Number of options 2010 '000
Outstanding at the beginning of the year	0.467	3,952	0.416	3,313
Granted during the year	0.506	647	0.500	704
Exercised during the year	0.186	(52)	-	-
Cancelled during the year	0.379	(380)	0.890	(65)
Outstanding at the end of the year	0.484	4,167	0.467	3,952
Exercisable at end of year		3,077		2,170

The options outstanding at July 31, 2011 have an exercise price in the range of $0.18 to $1.10 and a weighted average remaining contractual life of 7 years (2010: 8 years).

5. Personnel expenses (continued)

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on the Black-Scholes model. The contractual life of the option (10 years) is used as an input into this model. Expectations of early exercise are incorporated into the Black-Scholes model.

Fair value of share options and assumptions	2011	2010
	$'000	$'000
Fair value at measurement date	168	208
Share price (weighted average)	0.490	0.467
Exercise price (weighted average)	0.490	0.467
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	70.7%	67.2%
Expected option life	5	5
Expected dividends	0	0
Risk-free interest rate (based on national government bonds)	2.35%	3.98%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information.

There is no performance or market conditions associated with the share option grants.

The share-based payment expense relates to the following grants:

	2011	2010
	$'000	$'000
Share options granted in 2008	21	49
Share options granted in 2009	64	78
Share options granted in 2010	64	120
Share options granted in 2011	99	-
Total expense recognised as employee costs	248	247

6. Income tax credit
Recognised in the income statement

	2011	2010
	$,000	$,000
Current tax expense		
Current year	-	-
	-	-
Deferred tax credit		
Origination and reversal of temporary differences	1,737	438
Benefit of tax losses recognised	(1,737)	(438)
Tax losses surrendered for tax credit	(29)	(30)
Total income tax credit in income statement	(29)	(30)

6. Income tax credit (continued)

Reconciliation of effective tax rate

	2011 $'000	2010 $'000
Loss before tax	(82)	(2,456)
Income tax using the UK corporation tax rate of 27.33% (2010: 28%)	(22)	(688)
Effect of tax rates in foreign jurisdictions (rates increased)	14	(17)
Non-deductible expenses	(183)	91
Other timing differences	(38)	-
Capital allowances in excess of depreciation	(1,103)	(320)
Effect of tax losses carried forward	1,303	904
	(29)	(30)

7. Loss of parent company

As permitted by section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was $941,000 (2010: $716,000).

8. Intangible assets - group

	Exploration and evaluation Costs $'000
Cost	
Balance at 1 August 2009	31,476
Additions	5,575
Balance at 31 July 2010	37,051
Balance at 1 August 2010	37,051
Additions	478
Transfer to mineral properties	(20,902)
Balance at July 31, 2011	16,627
Carrying amounts	
At 1 August 2009	31,476
At 31 July 2010	37,051
At 1 August 2010	37,051
At July 31, 2011	16,627

8. Intangible assets – group (continued)

Consideration of impairment for exploration and evaluation costs

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

9. Mineral properties - group

	Mineral property $'000
Cost	
Balance at 1 August 2010	-
Transfer from exploration and evaluation costs	20,902
Additions	17,566
Balance at July 31, 2011	38,468
Carrying amounts	
At 1 August 2010	-
At July 31, 2011	38,468

Effective September 1, 2010 following acceptance of the Ming Mine feasibility study by Sandstorm Gold Ltd. ('Sandstorm') (see note 20), the Ming Mine project moved from pure Exploration & Evaluation into the Mine Development stage. As a consequence, evaluation and exploration costs of $20.9 million relating to the Massive Sulfide Ore Zones of the Ming Mine were transferred to Mineral Properties.

The directors have assessed whether there are any indicators of impairment in respect of mineral property costs. In making this assessment they have considered the Group's recent Feasibility Study as well as its opportunities economic model which includes resource estimates and conversion of its inferred resources, movement of future processing capacity, the forward market and longer term price outlook for copper and gold. The directors do not consider that there are any indicators that mineral property costs are impaired at the year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Property, plant and equipment - group

	Land and buildings $'000	Assets under construction $'000	Motor vehicles $'000	Plant and equipment $'000	Fixtures, fittings and equipment $'000	Computer equipment $'000	Total $'000
Cost							
Balance at 1 August 2009	1,025	8	118	6,019	54	496	7,720
Additions	71	5,192	-	19	2	45	5,329
Effect of movements in foreign exchange	-	-	-	-	-	(1)	(1)
Balance at 31 July 2010	1,096	5,200	118	6,038	56	540	13,048
Balance at 1 August 2010	1,096	5,200	118	6,038	56	540	13,048
Additions	1,845	10,110	74	8,127	34	130	20,320
Disposals	-	-	(39)	-	-	-	(39)
Balance at July 31, 2011	2,941	15,310	153	14,165	90	670	33,329
Depreciation and impairment losses							
Balance at 1 August 2009	524	-	18	2,926	31	192	3,691
Depreciation charge for the year	251	-	33	1,456	13	144	1,897
Effect of movements in foreign exchange	-	-	-	-	-	(1)	(1)
Balance at 31 July 2010	775	-	51	4,382	44	335	5,587
Balance at 1 August 2010	775	-	51	4,382	44	335	5,587
Depreciation charge for the year	151	-	40	2,070	13	156	2,430
Eliminated on disposals	-	-	(20)	-	-	-	(20)
Balance at July 31, 2011	926	-	71	6,452	57	491	7,997
Carrying amounts							
At 1 August 2009	501	8	100	3,093	22	305	4,029
At 31 July 2010	321	5,200	67	1,656	12	205	7,461
At 1 August 2010	321	5,200	67	1,656	12	205	7,461
At July 31, 2011	2,015	15,310	82	7,713	33	179	25,332

Leased plant and machinery

The Group leases surface and underground equipment under a number of finance lease agreements. At the end of each lease the Group has the option to purchase the equipment at a beneficial price. At July 31, 2011, the net carrying amount of leased plant and machinery was $6,032,000 (2010: $127,000). The leased plant and machinery secures lease obligations (see note 20).

11. Investments - company

	Investment in subsidiary $'000	Loans $'000	Total $'000
Cost			
Balance at 1 August 2009	429	31,406	31,835
Advances (net)	-	11,567	11,567
Effect of movements in foreign exchange	(42)	(3,360)	(3,402)
Balance at 31 July 2010	387	39,613	40,000
Balance at 1 August 2010	387	39,613	40,000
Advances (net)	-	13,879	13,879
Effect of movements in foreign exchange	(11)	(1,244)	(1,255)
Balance at July 31, 2011	376	52,248	52,624

The company has interests in the following material subsidiary undertakings, which are included in the consolidated financial statements.

Name	*Class*	*Holding*	*Activity*	*Country of Incorporation*
Rambler Mines Limited	Ordinary	100%	Holding company	England
Rambler Metals and Mining Canada Limited	Common	100% (indirectly)	Exploration and development	Canada

The aggregate value of shares in subsidiary undertakings is stated at cost less any amounts provided for impairment as deemed necessary by the directors.

The loans to the subsidiary undertakings are interest free.

12. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	Balance July 31, 2011 $'000	Balance July 31, 2010 $'000	Balance July 31, 2011 $'000	Balance July 31, 2010 $'000	Balance July 31, 2011 $'000	Balance July 31, 2010 $'000
Property, plant and equipment	-	(273)	97	-	97	(273)
Mineral property	-	-	1,556	-	1,556	-
Intangible assets	-	-	1,556	1,745	1,556	1,745
Tax value of loss carry-forwards recognised	(3,209)	(1,472)	-	-	(3.209)	(1,472)
Net tax (assets) / liabilities	(3,209)	(1,745)	3,209	1,745	-	-

12. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	2011	2010
	$'000	$'000
UK tax losses	831	740
Canadian tax losses	49	708
Other Canadian tax credits	3,768	2,528
	4,648	3,976

The Canadian tax losses and other Canadian tax credits expire if not realized within 20 years based on current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

Movement in recognised deferred tax assets and liabilities

	Balance Aug 1, 2009	Recogn-ised in income	Balance July 31, 2010
	$'000	$'000	$'000
Property, plant and equipment	(79)	(194)	(273)
Intangible assets	1,247	498	1,745
Tax value of loss carry-forwards	(1,168)	(304)	(1,472)
	-	-	-

	Balance Aug 1, 2010	Recogn-ised in income	Balance Jul 31, 2011
	$'000	$'000	$'000
Property, plant and equipment	(273)	370	97
Mineral properties	-	1,556	1,556
Intangible assets	1,745	(189)	1,556
Tax value of loss carry-forwards	(1,472)	(1,737)	(3,209)
	-	-	-

13. Inventory

	Group 2011	Group 2010	Company 2011	Company 2010
	$'000	$'000	$'000	$'000
Metals in process	540	-	-	-
Operating supplies	394	-	-	-
	934	-	-	-

14. Trade and other receivables

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Trade receivables	653	-	-	-
Other receivables	37	22	4	1
Sales taxes recoverable	616	57	14	10
Prepayments and accrued income	259	206	29	57
	1,565	285	47	68

15. Cash and cash equivalents

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Short term deposits	692	6,861	667	484
Bank balances	9,478	1,139	47	69
Cash and cash equivalents in the statement of cash flows	10,170	8,000	714	553

16. Restricted cash

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Bearer deposit notes	3,377	1,365	-	-

The Group is required to hold Letters of Credit in favour of the Government of Newfoundland and Labrador in respect of the reclamation and closure liability associated with the Ming Mine. Throughout the year additional Letters of Credit, beyond the $1,365,000 placed in fiscal 2010, were secured with the Government of Newfoundland and Labrador prior to the commencement of various stages of the project construction. Included in the additions during the year is a $121,000 Letter of Credit for the reclamation and closure liability associated with the Group's Nugget Pond Crown Pillar satellite deposit. The bearer deposit notes mature on differing dates throughout fiscal 2012 and have a nominal value of $3,424,000 giving an effective yield of 1.41%.

17. Capital and reserves

Share capital and share premium – group and company

	Number '000
In issue at 1 August 2009	59,385
Issued for cash	36,100
In issue at 31 July 2010	95,485
In issue at 1 August 2010	95,485
Issued for cash	27,778
Issued on exercise of options	52
In issue at July 31, 2011	123,315

17. Capital and reserves (continued)

At July 31, 2011, the authorised share capital comprised 1,000,000,000 ordinary shares of 1p each.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Details of shares issued during the year ended July 31, 2011 are as follows:

On 29 November 2010 the company received monies to subscribe for 30,000 shares for $0.19 each raising a total of $5,700 following the exercise of options.

On 3 May 2011 the company received monies to subscribe for 27,777,778 shares for $0.564 each raising a total of $14,829,199 net of expenses.

On June 7, 2011 the company received monies to subscribe for 22,000 shares for $0.18 each raising a total of $3,960 following the exercise of options.

Merger reserve

The merger reserve arose from the acquisition of Rambler Mines Limited by Rambler Metals and Mining PLC. This acquisition was accounted for in accordance with the merger accounting principles set out in UK Financial Reporting Standard 6 and the Companies Act 1985, which continue under the Companies Act 2006, whereby the consolidated financial statements were presented as if the business previously carried out through Rambler Mines Limited had always been owned and controlled by the Company. The transition provisions of IFRS 1 allow all business combinations prior to transition to IFRS to continue to be accounted for under the requirements of UK GAAP at that time. Accordingly this acquisition has not been re-stated in accordance with that standard.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the parent company which has a different functional currency from the presentation currency. Exchange differences arising are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period of disposal of the operation.

Capital management

The Group's objectives when managing capital are to safeguard the entity's ability to continue as a going concern so that it can continue to increase the value of the entity for the benefit of the shareholders. Given the nature of the Group's current activities the entity will remain dependent on a mixture of debt and equity funding until such a time as the Group becomes self-financing from the commercial production of mineral resources.

The Group's capital was as follows:

	2011	2010
	$'000	$'000
Cash and cash equivalents	10,170	8,000
Finance leases	(6,956)	(797)
Bank loan	(29)	(32)
Gold loan	(19,903)	(5,150)
Net (debt)/cash	(16,718)	2,021
Equity	(61,978)	(46,823)
Total capital	(78,696)	(44,802)

17. Capital and reserves (continued)

Details of employee share options outstanding are set out in note 5.

18. Loss per share

Basic loss per share

The calculation of basic loss per share at July 31, 2011 was based on the loss attributable to ordinary shareholders of $53,000 and a weighted average number of ordinary shares outstanding during the period ended July 31, 2011 of 102,282,000 calculated as follows:

Loss attributable to ordinary shareholders

	2011	2009
	$'000	$
Loss for the period	(53)	(2,426)
Loss attributable to ordinary shareholders	(53)	(2,426)

Weighted average number of ordinary shares

	Number '000
At 1 August 2009	59,385
Effect of shares issued during the year	24,196
At 31 July 2010	83,581

In issue at 1 August 2010	95,485
Effect of shares issued during year	6,797
Weighted average number of ordinary shares at July 31, 2011	102,282

There is no difference between the basic and diluted loss per share. At July 31, 2011 there were 4,167,000 (2010: 3,952,000) share options in issue which may have a dilutive effect on the basic earnings or loss per share in the future.

19. Trade and other payables

	Group 2011	Group 2010	Company 2011	Company 2010
	$'000	$'000	$'000	$'000
Trade payables	4,710	439	5	12
Non trade payables	187	232	3	6
Accrued expenses	1,063	130	118	130
	5,960	801	126	148

20. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 22.

	2011	2010
	$'000	$'000
Non-current liabilities		
Bank loan	26	29
Finance lease liabilities	5,326	412
Gold Loan	19,254	5,150
	24,606	5,591
Current liabilities		
Current portion of bank loan	3	3
Current portion of finance lease liabilities	1,630	385
Current portion of Gold Loan	649	-
	2,282	388

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Minimum lease Payments 2011	Interest 2011	Principal 2011	Minimum lease Payments 2010	Interest 2010	Principal 2010
	$'000	$'000	$'000	$'000	$'000	$'000
Less than one year	1,965	335	1,630	426	41	385
Between one and five years	5,918	592	5,326	427	15	412
	7,883	927	6,956	853	56	797

Under the terms of the lease agreements, no contingent rents are payable. The finance lease liabilities are secured on the underlying assets.

Gold Loan

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

Under the terms of the agreement Sandstorm made staged upfront cash payments for the gold to the Group totalling US$20 million.

For this, the Group has agreed to sell 32% of the payable gold in the first year of production. In each production year following the first year of production, until 175,000oz of payable gold has been produced, the Group has agreed to sell a percentage equal to 25% x (85% divided by the actual percentage of metallurgical recovery of gold realized in the immediately preceding production year) provided that, if the payable gold production in any production year after the third production year is less than 15,000 ounces, then in each such production year, Sandstorm payable gold shall not be less than 25% of the payable gold. In each production year following the first year of production, after 175,000oz of payable gold has been produced, the Group has agreed to sell a percentage equal to 12% x (85% divided by the actual percentage of metallurgical recovery of gold realized in the immediately preceding production year) provided that, if the payable gold production in any production year after the third production year is less than 15,000 ounces, then in each such production year, Sandstorm payable gold shall not be less than 12% of the payable gold for the remainder of the period ending 40 years after

20. Interest-bearing loans and borrowings (continued)

the date of the agreement. After the expiry of the 40 year term, the agreement is renewable in 10 year terms at the option of Sandstorm.

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

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

(i) If within 18 months of 4 March 2010 (the date of the agreement) the Ming Mine has not started producing gold any amounts advanced will become repayable on demand together with interest at a rate of 8% per annum. This date was extended to October 31, 2011 subsequent to the year end.
(ii) If within 24 months of the date that gold is first produced, the Ming Mine has not produced and sold a minimum of 24,000oz of payable gold then a portion of the US$20 million will be repayable based on the shortfall of payable gold.
(iii) Within the first 36 months of Commercial production of gold any shortfall in the value of payable gold below the following amounts will be required to be paid in cash:
  - within the first 12 months – US$3.6 million
  - within the second 12 months – US $3.6 million
  - within the third 12 months – US$3.1 million

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

Total interest of $1,501,277 was accrued during the year. $49,906 (2010: $218,595) was included in exploration and evaluation expenditure and $1,451,371 (2010: $nil) charged to mineral properties.

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

21. Provisions

	2011	2010
	$'000	$'000
Reclamation and closure provision		
At 1 August 2009	559	-
Provision during the year	1,007	559
Unwinding of discount	81	
At July 31, 2011	1,647	559

The reclamation and closure provision has been made in respect of costs of land restoration and rehabilitation expected to be incurred at the end of the Ming Mine's useful life. The provision has been calculated based on the present value of the expected future cash flows associated with reclamation and closure activities as required by the Government of Newfoundland and Labrador. The provision relates to restoration of all three sites associated with the Ming Mine project: mill, mine and port sites. The liability is secured by Letters of Credit for $3,376,555.

22. Financial risk management

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

22. Financial risk management (continued)

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

The board of directors determines, as required, the degree to which it is appropriate to use financial instruments and hedging techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign exchange risk, liquidity risk, credit risk, interest rate risk and commodity price risk each of which is discussed below. There were no derivative instruments outstanding at July 31, 2011.

Foreign exchange risk

The Group's cash resources are held in GB pounds and Canadian Dollars and the Gold Loan is repayable in US dollars. The Group has a downside exposure to any strengthening of the GB pound as this would increase expenses in Canadian dollar terms. This risk is mitigated by reviewing the holding of cash balances in GB pounds. Any weakening of the GB pound would however result in the reduction of the expenses in Canadian dollar terms and preserve the Group's cash resources. In addition, any such movements would affect the Consolidated Balance Sheet when the net assets of the Parent Company are translated into Canadian dollars. The Group has a downside exposure to any strengthening of the US dollar as this would increase the amount repayable on the Gold Loan in Canadian dollar terms. This risk, however, is relevant only should the Gold Loan be repaid in cash under terms set out in note 20. Repayment is envisaged in payable gold which is denominated in US dollars. Once the Mine is in production, this will mitigate this foreign currency risk.

The policy in relation to the translation of foreign currency assets and liabilities is set out in note 2(d), 'Accounting Policies Foreign Currencies' to the consolidated financial statements.

The Group does not hedge its exposure of foreign investments held in foreign currencies. There is no significant impact on profit or loss from foreign currency movements associated with the Parent company's assets and liabilities as the foreign currency gains or losses are recorded in the translation reserve.

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

	Equity	
	2011	2010
	$	$
10% strengthening of GB pound	64	53
10% weakening of GB pound	(57)	(47)
10% strengthening of US dollar	(1,920)	(515)
10% weakening of US dollar	1,746	468

Liquidity risk

Prior to Q3 2010 the Group had relied on shareholder funding to finance its operations. During Q3, 2010 the Group entered into a financing arrangement in US dollars (see note 20). With finite cash resources and no material income, the liquidity risk is significant. This risk is managed by controls over expenditure and concentrating on achieving the payment milestones under the financing arrangement. Success will depend largely upon the outcome of ongoing and future exploration and development programmes. Given the nature of the Group's current activities the entity will remain dependent on a mixture of debt and equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources. The liabilities of the parent company are due within one year. The parent company has adequate financial resources to meet the obligations existing at July 31, 2011.

22. Financial risk management (continued)

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

Financial liabilities	2011	2010
	$'000	$'000
Due within one year	2,282	388
Due within one to two years	3,608	5,524
Due within two to three years	4,814	22
Due within three to four years	2,272	24
Due within four to five years	2,030	5
Due after five years	11,882	16
	26,888	5,979

Fixed rate financial liabilities

At the year end the analysis of finance leases, hire purchase contracts and bank loans which were all due in Canadian Dollars and are at fixed interest rates was as follows:

Fixed rate liabilities	2011	2010
	$'000	$'000
Due within one year	1,633	388
Due within one to two years	1,465	374
Due within two to three years	1,508	22
Due within three to four years	1,478	24
Due within four to five years	888	5
Due after five years	13	16
	6,985	829

The average fixed interest rate for the finance leases and hire purchase contracts outstanding at July 31, 2011 was 6.01%.

Credit risk

With effect from July 2007, the Group has held the majority of its cash resources in Canadian Dollars given that the majority of the Group's outgoings are denominated in this currency. Given the current climate, the Group has taken a very risk averse approach to management of cash resources and management and Directors monitor events and associated risks on a continuous basis. There is little perceived credit risk in respect of trade and other receivables (see note 12). The Group and Company's maximum exposure to credit risk at July 31, 2011 was represented by receivables and cash resources.

Interest rate risk

The Group's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. Details of the Group's borrowings are described in note 20.

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

22. Financial risk management (continued)

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be adversely impacted by changes in the market prices of commodities. The Group is exposed to commodity price risk as its future revenues will be derived based on contracts with customers at prices that will be determined by reference to market prices of copper and gold at the delivery date.

As explained in note 26 the Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold. In estimating the cash flows the following table details the Group's sensitivity to a 10% increase and a 25% decrease in the price of gold. These percentages represent management's assessment of the reasonable possible exposure.

	Gross assets	
	2011	2010
	$'000	$'000
10% increase in the price of gold	(292)	(37)
25% decrease in the price of gold	783	106

Financial assets

The floating rate financial assets comprise interest earning bank deposits at rates set by reference to the prevailing LIBOR or equivalent to the relevant country. Fixed rate financial assets are cash held on fixed term deposit.

At the year end the cash and short term deposits were as follows:

	Fixed rate assets	Floating rate Assets	Total	Average period for which rates are fixed	Average interest rates for fixed rate assets
At July 31, 2011					
	$'000	**$'000**	**$'000**	**Months**	**%**
Sterling	667	47	714	1	0.25
Canadian $	25	9,431	9,456	1.3	0.95
	692	9,478	10,170		
At 31 July 2010					
	$'000	$'000	$'000	**Months**	**%**
Sterling	484	67	551	1	0.25
Canadian $	6,351	1,098	7,449	2	0.35
	6,835	1,165	8,000		

Fair values

In the directors' opinion there is no material difference between the book value and fair value of any of the group's financial instruments.

23. Capital and operating lease commitments

The Group has commitments totalling $2.506 million (2010: $1.24 million) with various vendors relating to the purchase of equipment for the Nugget Pond Mill copper floatation upgrade.

At July 31, 2011 the company had the following operating lease commitments:

	2011	2010
	$'000	$'000
Other		
Payable within one year	4	16
Payable within one to two years	-	4
	4	20

24. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 11) and with its directors and executive officers.

Transactions with key management personnel

The directors' compensations were as follows:

	2011	2010
	$'000	$'000
Salary – executive		
G Ogilvie	229	200
J Thomson (became non-executive on 2 May 2010)	-	76
Fees – non-executive		
D H W Dobson	-	-
S Neamonitis	13	14
J M Roberts	13	14
L D Goodman	13	14
B F Dalton	2	2
J A Baker	2	2
B D Hinchcliffe	13	14
J Thomson	47	13
	332	349

D H W Dobson waived his entitlement to director's fees for the current and preceding periods. At July 31, 2011 fees of $19,000 (2010: $38,000) remained outstanding.

Brian Dalton and John Baker, directors of the company are also directors of Altius Resources Inc ("Altius").

24. Related parties (continued)

Transactions with key management personnel (continued)

Consultancy fees were payable to Altius Mineral Corporation for the year ended July 31, 2011 for the consultancy services of J Baker & B Dalton amounting to $21,000 (2010: $22,000). At July 31, 2011, consultancy fees of $5,000 (2010: $21,000) were outstanding.

Share options held by directors were as follows:

	At 31.07.11	At 31.07.10
	No.	No.
	'000	'000
G Ogilvie[1]	1,100	1,100
J Thomson[2]	400	400
D H W Dobson[3]	45	45
S Neamonitis[3]	45	45
J M Roberts[3]	45	45
L D Goodman[3]	45	45
B F Dalton[3]	45	45
J A Baker[3]	45	45
B D Hinchcliffe[3]	45	45
	1,815	1,815

[1] 200,000 options at an exercise price of $0.93 expiring on 7 December 2016, 150,000 options at an exercise price of $1.10 expiring on 12 November 2017 and 750,000 options at an exercise price of $0.19 expiring on 10 November 2018.
[2] 100,000 options at an exercise price of $0.93 expiring on 7 December 2016 and 300,000 options at an exercise price of $0.19 expiring on 10 November 2018.
[3] options at an exercise price of $0.19 expiring on 10 November 2018.

Total key management personnel compensations were as follows:

	2011	2010
	$'000	$'000
Salaries	641	382
Share based payments	80	122
	721	504

Transactions with subsidiary undertakings

Details of loans advanced to subsidiary undertakings are included in note 11.

25. Subsequent events

On September 29, 2011 the Group agreed a Credit Facility of up to CAD$10 million with Sprott Resource Lending Partnership ("Sprott") for use as additional funding for the development of the Ming Mine. The facility is available in two instalments; the first instalment of $5 million must and will be drawn on or before October 29, 2011 and the final instalment for the balance up to $10 million is available until August 31, 2012 subject to a subsequent site visit and review of the Group's off-take agreement and then current financial forecasts . Interest will be payable at a fixed rate of 9.25% per annum, is repayable by March 29, 2013 and secured by a fixed and floating charge over the assets of the Group. In connection with the Credit Facility, a Structuring Fee of CAD$100,000 and a 3% Commitment Fee of CAD$300,000 were paid to Sprott in cash. Pursuant to the terms of the Credit Facility, the Company issued CAD$300,000 of ordinary shares of 1p each in the capital of the Company to Sprott in exchange for the repayment of the previously paid cash Commitment Fee. In addition, a further 4% Drawdown Fee on all amounts drawn under the Credit Facility is to be satisfied by the issue of ordinary shares by the Company.

26. Critical accounting estimates and judgements

The details of the Group's accounting policies are presented in accordance with International Financial Reporting Standards as set out in Note 2 to the financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

The following estimates are considered by management to be the most critical for investors to understand some of the processes and reasoning that go into the preparation of the Company's financial statements, providing some insight also to uncertainties that could impact the Company's financial results.

Going Concern

The risks associated with going concern are explained in note 1.

Mineral Property and Exploration and Evaluation Costs

The directors have assessed whether there are any indicators of impairment in respect of mineral property and exploration and evaluation costs. In making this assessment they have considered the Group's business plan which includes resource estimates, future processing capacity, the forward market and longer term price outlook for copper and gold. Resource estimates have been based on the most recently filed NI43-101 report. Management's estimates of these factors are subject to risk and uncertainties affecting the recoverability of the Group's mineral property and exploration and evaluation costs. Any changes to these estimates may result in the recognition of an impairment charge with a corresponding reduction in the carrying value of such assets. After consideration of the above factors, the directors do not consider that there are any indicators that mineral property and exploration and evaluation costs are impaired at the year end.

Closure costs

The Group has an obligation to reclaim its properties after the minerals have been mined from the site, and has estimated the costs necessary to comply with existing reclamation standards. These estimates are recorded as a liability at their fair values in the periods in which they occur. If the estimate of reclamation costs proves to be inaccurate, the Group could be required to increase the provision for site closure and reclamation costs, which would increase the amount of future reclamation expense, resulting in a reduction in the Group's earnings and net assets.

Share-based payments

The Group calculates the cost of share based payments using the Black-Scholes model. Inputs into the model in respect of the expected option life and the volatility are subject to management estimate and any changes to these estimates may have a significant effect on the cost. The assumptions used in calculating the cost of share based payments are explained in note 5.

Gold Loan

The Group calculates the effective interest rate on the Gold Loan based on estimates of future cash flows arising from the sale of payable gold (see note 20).The cash flows will be dependent on the production of gold and its selling price at the time of delivery which have been estimated in line with the mine plan, future prices of gold and reserve estimates. Management's estimates of these factors are subject to risk and uncertainties affecting the amount of the interest charge. Any changes to these estimates may result in a significantly different interest charge which would affect the carrying value of the exploration and evaluation costs and the corresponding Gold Loan liability.