



Annual Report 2009

Alba Mineral Resources plc

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 2009

(Company No. 5285814)

Alba Mineral Resources plc

CONTENTS

	Page
Officers and professional advisers	2
Chairman's statement	3
Directors' report	5
Corporate governance	7
Report on directors' remuneration	8
Statement of directors' responsibilities	9
Independent auditors' report	10
Consolidated income statement	12
Consolidated balance sheet	13
Company balance sheet	14
Consolidated statement of changes in equity	15
Company statement of changes in equity	16
Consolidated cash flow statement	17
Company cash flow statement	18
Notes to the financial statements	19

Alba Mineral Resources plc

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Michael Nott (Chairman and Group Managing Director)
Nigel Duxbury (Financial Director)
Sandy Archibald (Technical Director)

SECRETARY

Nigel Duxbury, ACA

REGISTERED OFFICE

3rd Floor
16 Dover Street
London W1S 4LR

NOMINATED ADVISERS

Astaire Securities plc
30 Old Broad Street
London EC2N 1HT

BROKERS

Astaire Securities plc
30 Old Broad Street
London EC2N 1HT

AUDITORS

Nexia Smith & Williamson
25 Moorgate
London EC2R 6AY

SOLICITORS

Memery Crystal LLP
44 Southampton Buildings
London WC2A 1AP

PRINCIPAL BANKERS

Allied Irish Bank (GB)
10 Berkeley Square
London W1J 6AA

REGISTRARS

Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

Alba Mineral Resources plc

CHAIRMAN'S STATEMENT

The Board of Alba Mineral Resources plc (the "Company" or "Alba", and collectively with its Subsidiary Companies, the "Group") is pleased to report the results for the year ended 30 November 2009. They incorporate the results of its subsidiary companies Aurum Mineral Resources Limited ("AMR"), Mauritania Ventures Limited ("MVL") and Alba Mineral Resources Sweden AB ("Alba Sweden") (collectively the "Subsidiary Companies").

INTRODUCTION

Alba is a committed, technically driven explorer with a commodity focus on uranium, nickel and gold. Alba currently has a number of well researched wholly owned properties and joint venture interests.

The Company's overall corporate and exploration strategy will continue to be one of developing a portfolio of well-researched, promising and prospective exploration properties that will be pursued further, either in the Company's own right or in conjunction with other parties. To create and realise value, projects may be disposed of (in whole or part), spun off into a separate company, joint ventured to include a cash consideration and/or maintaining a 'Net Smelter Return' or developed into operating mines.

RESULTS AND DIVIDENDS

The loss for the period, after taxation, attributable to equity holders amounted to £192,367 (2008: £1,020,523 loss).

The directors do not recommend the payment of a dividend (2008: £nil).

REVIEW OF ACTIVITIES

On 7 January 2009, the Company undertook a Share Capital Reorganisation to facilitate an issue of new ordinary shares. Each issued and unissued existing ordinary share of 1p was subdivided and converted into 1 new ordinary share of 0.1p each and 1 Deferred Share of 0.9p. Following the Share Capital Reorganisation, each shareholder had the same number of new ordinary shares as existing ordinary shares held immediately before the Share Capital Reorganisation. The Company's authorised share capital remained the same and the Company's articles were amended to incorporate the provisions relating to the deferred shares.

Our activities in the year have been primarily focused on securing additional funding for the Group. As announced on 3 August 2009, the Company allotted 9,300,000 new ordinary shares of 0.1p each ("New Ordinary Shares") (representing approximately 10.0 per cent. of the current issued share capital of the Company) at a price of 0.5p per share (the "Placing Price"), to directors and certain existing shareholders raising £46,500 (before expenses) pursuant to a placing and allotted a further 7,950,316 New Ordinary Shares (representing approximately 8.5 per cent. of the current issued share capital of the Company) at the Placing Price to discharge certain unpaid directors' remuneration and expenses and debt due to third parties in the amount of £39,751.58.

Alba Mineral Resources plc

CHAIRMAN'S STATEMENT (continued)

OUTLOOK

As a result of the time and cost involved in maintaining the Company's licences and exploration activities, the Company's working capital position has been adversely affected. In these circumstances our ability to finance exploration activities has been severely restricted and the Company continues to manage cash tightly and would draw your attention to the emphasis of matter included in the auditor's report.

We have relinquished all of the Swedish licences we hold and plan to focus our exploration efforts on uranium exploration in Mauritania and precious and base metal exploration in Ireland and Scotland within the constraints of the financial resources available to the Company. The Company continues to look to raise additional funds in the near future to enable it to continue to advance the development of its project portfolio. In the meantime, the Company has secured short-term credit facilities to enable it to meet its immediate requirements.

During this accounting period being reported on, no directors' fees have been drawn. All available funds have been spent to preserve our assets and maintain our listing.

Michael Nott
Chairman and Managing Director
29 April 2010

Alba Mineral Resources plc

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Alba Mineral Resources plc (the "Company" or "Alba", and collectively with the Subsidiary Companies the "Group") for the year ended 30 November 2009. The consolidated financial results of the Group include the results of Aurum Mineral Resources Limited ("AMR"), Mauritania Ventures Limited ("MVL") and Alba Mineral Resources Sweden AB ("Alba Sweden") (collectively the "Subsidiary Companies").

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company operates principally as a holding company and specifically provides support to the Subsidiary Companies, which hold or have applied for exclusive rights to explore a portfolio of mineral exploration properties.

A review of activities is given in the Chairman's Statement.

SUPPLIER PAYMENT POLICY

It is the Group's policy to agree and clearly communicate the terms of payment as part of the commercial arrangement negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice. Trade creditor days for the Group have been calculated at 181 days (2008: 50 days). This represents the ratio expressed in days between the amounts invoiced to the Group in the year by its suppliers and the amounts due, at the year end, to trade creditors falling due for payment within one year.

KEY PERFORMANCE INDICATORS

As the Group is a pure exploration group with no production or proven reserves, KPI's would not provide useful information for investors. The management therefore focuses on the achievement of work programmes and the protection of licences. Unfortunately financial constraints have restricted our exploration activities this year and a number of licences have been relinquished.

DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who was a director at the time this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of section 418 of Companies Act 2006.

Alba Mineral Resources plc

DIRECTORS' REPORT (continued)

FINANCIAL INSTRUMENTS AND RISKS

The disclosure relating to financial instruments and risks have been included in the notes to the accounts (note 21).

AUDITORS

A resolution to re-appoint the auditors, Nexia Smith & Williamson, will be proposed at the next Annual General Meeting.

**Approved by the Board of Directors
and signed on behalf of the Board**

Nigel Duxbury

Secretary

29 April 2010

Alba Mineral Resources plc

CORPORATE GOVERNANCE

The Company's ordinary shares are traded on AIM and the Company is therefore not formally required to comply with the provisions of the Combined Code. However, the Board is committed to high standards of corporate governance and as the Company grows the Board will review their compliance with the Code from time to time and will adopt such of the provisions as they consider to be appropriate to the size of the Company.

Alba Mineral Resources plc

REPORT ON DIRECTORS' REMUNERATION

The Remuneration Committee, which comprises Michael Nott and Sandy Archibald, fixes the remuneration of the executive and non-executive directors.

SERVICE CONTRACTS

The two executive directors are engaged under service contracts, and the non-executive director under a letter of appointment. The service contract for Nigel Duxbury was effective from the date of admission of the ordinary shares to trading on AIM for an initial term of twelve months and thereafter terminable by either party on six months notice. The service contract for Michael Nott was effective from 1 September 2006 terminable on three months during the initial period of three months and terminable on six months notice thereafter. The letter of appointment for Sandy Archibald was effective from the date of admission of the ordinary shares to trading on AIM for an initial term of twelve months and thereafter terminable by either party on six months notice.

SHARE OPTIONS

The Company believes that share ownership by executive directors and senior executives strengthens the links between their personal interest and those of investors and the Board intend to consider the adoption of a share option scheme in due course.

DIRECTORS' REMUNERATION

The directors' remuneration information is set out in note 4 to the financial statements.

By order of the Board
Nigel Duxbury
Secretary
29 April 2010

Alba Mineral Resources plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and the International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The directors are required to prepare financial statements for each financial period which present fairly the financial position of the Company and of the Group and the financial performance and cash flows of the Company and of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- state that the Company and the Group have complied with IFRSs, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of 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 of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with these requirements and, having a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future, continue to adopt the going concern basis in preparing the financial statements.

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALBA MINERAL RESOURCES PLC

We have audited the financial statements of Alba Mineral Resources plc for the year ended 30 November 2009 which comprise the Group Income Statement, the Group and Parent Balance Sheets, the Group and Parent Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity, and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

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 30 November 2009 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; and
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and 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.

Emphasis of matter – exploration asset and investment in subsidiary undertakings

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's and Group's ability to continue to develop its exploration assets and maintain the value of the Company's investment in subsidiaries in the form of shares and loans. The Group incurred a loss of £192,367 during the year ended 30 November 2009 attributable to equity holders of the parent and at that date had net current liabilities of £530,187. Currently it has no revenue generating activities and is continuing to incur costs. These conditions, along with other matters explained in note 1 to the financial statements, indicate the existence of material uncertainty which may cast significant doubt about the Company's and the Group's ability to develop its exploration assets and thus maintain the value of the Company's investment in subsidiaries. The financial statements do not include the adjustments that would result if the Company and the Group were unable to continue to raise finance to develop its exploration assets.

Nexia Smith & Williamson

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

ALBA MINERAL RESOURCES PLC (continued)

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.

Andrew Bond
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

25 Moorgate
London
EC2R 6AY

29 April 2010

Alba Mineral Resources plc
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2009

	Note	2009 £	2008 £
Revenue		-	-
Cost of sales		-	-
Gross loss		-	-
Other administrative expenses		(191,498)	(344,761)
Impairment of deferred exploration expenditure		(3,229)	(683,005)
Total administrative expenses		(194,727)	(1,027,766)
Operating loss	3	(194,727)	(1,027,766)
Finance income	5	-	909
Loss before tax		(194,727)	(1,026,857)
Taxation	6	-	-
Loss for the year		<u>(194,727)</u>	<u>(1,026,857)</u>
Attributable to:			
Equity holders of the parent		(192,367)	(1,020,523)
Minority interests		(2,360)	(6,334)
		<u>(194,727)</u>	<u>(1,026,857)</u>
Loss per ordinary share	8		
Basic and diluted		0.2 pence	1.1 pence

Alba Mineral Resources plc

CONSOLIDATED BALANCE SHEET

30 NOVEMBER 2009

	Note	2009 £	2008 £
Non-current assets			
Intangible fixed assets	9	619,992	563,881
Property, plant and equipment	10	-	3,166
Total non-current assets		<u>619,992</u>	<u>567,047</u>
Current assets			
Trade and other receivables	12	16,952	5,278
Cash and cash equivalents	13	14,831	48,799
Total current assets		<u>31,783</u>	<u>54,077</u>
Current liabilities			
Trade and other payables	14	349,940	232,813
Financial liabilities	15	212,030	190,030
Total current liabilities		<u>561,970</u>	<u>422,843</u>
Net assets		<u>89,805</u>	<u>198,281</u>
Capital and reserves			
Called up share capital	16	947,951	930,701
Share premium account		977,401	908,400
Retained losses		(2,209,112)	(2,016,745)
Merger reserve		200,000	200,000
Foreign currency reserve		144,907	144,907
Equity attributable to equity holders of the parent		<u>61,147</u>	<u>167,263</u>
Minority interest	17	28,658	31,018
Total equity		<u>89,805</u>	<u>198,281</u>

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2010.

Signed on behalf of the Board of Directors
Nigel Duxbury
Director

Company No. 5285814

Alba Mineral Resources plc

COMPANY BALANCE SHEET

30 NOVEMBER 2009

	Note	2009 £	2008 £
Non-current assets			
Investments in subsidiaries	11	1,513,901	1,490,767
Total non-current assets		<u>1,513,901</u>	<u>1,490,767</u>
Current assets			
Trade and other receivables	12	15,552	3,667
Cash and cash equivalents	13	5,605	23,844
Total current assets		<u>21,157</u>	<u>27,511</u>
Current liabilities			
Trade and other payables	14	225,063	147,346
Total current liabilities		<u>225,063</u>	<u>147,346</u>
Net assets		<u>1,309,995</u>	<u>1,370,932</u>
Capital and reserves			
Called up share capital	16	947,951	930,701
Share premium account		977,401	908,400
Retained losses		(815,357)	(668,169)
Merger reserve		200,000	200,000
Equity shareholders' funds		<u>1,309,995</u>	<u>1,370,932</u>

Alba Mineral Resources plc

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2009

	Share capital	Share premium	Profit and loss	Merger reserve	Foreign currency reserve	Minority interest	Total
	£	£	£	£	£	£	£
At 1 December 2007	880,701	908,400	(996,222)	200,000	(509)	37,352	1,029,722
Loss for the period	-	-	(1,020,523)	-	-	(6,334)	(1,026,857)
Translation differences on translation of foreign operations	-	-	-	-	145,416	-	145,416
Total recognised income and expenses for the period	-	-	(1,020,523)	-	145,416	(6,334)	(881,441)
Shares issued net of cost	50,000	-	-	-	-	-	50,000
At 30 November 2008	930,701	908,400	(2,016,745)	200,000	144,907	31,018	198,281
Loss for the period	-	-	(192,367)	-	-	(2,360)	(194,727)
Translation differences on translation of foreign operations	-	-	-	-	-	-	-
Total recognised income and expenses for the period	-	-	(192,367)	-	-	(2,360)	(194,727)
Shares issued net of cost	17,250	69,001	-	-	-	-	86,251
At 30 November 2009	947,951	977,401	(2,209,112)	200,000	144,907	28,658	89,805

Alba Mineral Resources plc

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 NOVEMBER 2009

	Share capital	Share premium	Profit and loss	Merger reserve	Total
Company	£	£	£	£	£
At 1 December 2007	880,701	908,400	(500,985)	200,000	1,488,116
Loss for the period	-	-	(167,184)	-	(167,184)
Total recognised income and expenses for the period	-	-	(167,184)	-	(167,184)
Shares issued net of cost	50,000	-	-	-	50,000
At 30 November 2008	930,701	908,400	(668,169)	200,000	1,370,932
Loss for the period	-	-	(147,188)	-	(147,188)
Total recognised income and expenses for the period	-	-	(147,188)	-	(147,188)
Shares issued net of cost	17,250	69,001	-	-	86,251
At 30 November 2009	947,951	977,401	(815,357)	200,000	1,309,995

Alba Mineral Resources plc
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2009

	Note	2009	2008
		£	£
Cash flows from operating activities			
Operating loss		(194,727)	(1,027,766)
Depreciation		3,166	4,747
Impairment of deferred exploration expenditure		3,229	769,059
Foreign exchange revaluation adjustment		-	(567)
Increase/(decrease) in creditors		117,127	(5,782)
(Increase)/decrease in debtors		(11,674)	95,414
Net cash used in operating activities		(82,879)	(164,895)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		-	(388)
Payments for deferred exploration expenditure	9	(59,340)	(290,536)
Interest received		-	909
Net cash used in investing activities		(59,340)	(290,015)
Cash flows from financing activities			
Proceeds from borrowings		22,000	130,025
Proceeds from issue of share capital		86,251	50,000
Net cash generated from financing activities		108,251	180,025
Net decrease in cash and cash equivalents		(33,968)	(274,885)
Cash and cash equivalents at beginning of period		48,799	323,684
Cash and cash equivalents at end of period	13	14,831	48,799

Alba Mineral Resources plc
COMPANY CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 2009

	Note	2009 £	2008 £
Cash flows from operating activities			
Operating loss		(147,188)	(168,093)
Increase/(decrease) in creditors		77,717	(36,098)
(Increase)/decrease in debtors		(11,885)	66,260
Net cash used in operating activities		(81,356)	(137,931)
Cash flows from investing activities			
Loans to subsidiaries		(23,134)	(193,274)
Interest received		-	909
Net cash used in investing activities		(23,134)	(192,365)
Cash flows from financing activities			
Proceeds from issue of share capital		86,251	50,000
Net cash generated from financing activities		86,251	50,000
Net decrease in cash and cash equivalents		(18,239)	(280,296)
Cash and cash equivalents at beginning of period		23,844	304,140
Cash and cash equivalents at end of period	13	5,605	23,844

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been applied consistently to all the years presented.

Going concern

After making enquiries, the directors have formed a judgement at the time of approving the financial statements, that there is a reasonable expectation that the Group can secure adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Whilst there are inherent uncertainties in relation to future events the directors consider that, based upon financial projections and dependent on the continuing support of the directors through deferral of their remuneration and as a result of the facilities referred to in note 24, the Group can continue to fund necessary corporate overheads of the Company and the Group and thus they will continue in operational existence for twelve months from the date of approval of these financial statements.

However, to continue to develop the Group's exploration assets and support the value of the investment in subsidiaries supported by those assets the Group is dependent on securing further funds to continue exploration activities. With respect to those assets, the following is a summary of certain significant matters:

- A licence held for exploration assets with a carrying value of £467,806 is due to expire in April 2011. The Group has secured funding to renew the permit for a further year, but will require further funding to renew the licence and develop the asset.
- Licences held for exploration assets with a carrying value of €142,416. Seven licences are due for renewal on 30 June 2010. The Group has yet to secure funding of €70,000 that is required to keep these licences in good standing. Should this funding not become available before the licences expire, these licences may lapse.
- A licence held for exploration assets with a carrying value of €40,048 is due for renewal on 27 May 2010. The Group has secured funding to keep the licences in good standing and will seek to renew the licences accordingly.

Under current market conditions the Directors believe that there is a material uncertainty, which may cast significant doubt upon the ability of the Company to raise sufficient funds to continue to develop the Group's exploration assets.

If it is not possible to raise sufficient funds, the carrying value of the exploration assets of the Group and the investment of the Company in its subsidiaries are likely to be impaired.

Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) (including International Accounting Standards ("IAS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as adopted by the European Union).

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Basis of accounting (continued)

The financial statements have also been prepared in accordance with IFRS's adopted for use in the EU and therefore comply with article 4 of the EU regulation. The consolidated financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Critical accounting estimates and judgements

The preparation of the accounts in conformity with generally accepted accounting practice required management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The area of judgement that has the most significant effect on the amounts recognised in the financial statements is the capitalisation and impairment of exploration costs. This requires management to make estimates and assumptions as to the future events and circumstances, especially in relation to whether an economically viable extraction operation can be established. Such estimates are subject to change and following initial capitalisation, should it become apparent that recovery of the expenditure is unlikely, the relevant capitalised amount will be written off to the income statement.

New standards and interpretations

During the period the IASB and IFRIC have issued certain standards and interpretations with an effective date after the date of these financial statements. The Directors do not anticipate that the adoption of these statements and interpretations will have a material impact on the Group's financial statements in the period of initial application.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and companies controlled by the Company, the Subsidiary Companies, drawn up to 30 November each year. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, where appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amounts of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent the minority has a binding obligation and is able to make an additional investment to cover the losses.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Foreign currency

The individual financial statements of each Group company is maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each Group entity are expressed in pounds sterling, which is the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Exchange differences arising are included in the profit and loss for the period.

For the purposes of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are classified as equity and transferred to the Group's translation reserve.

Goodwill

Goodwill, which represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses.

Intangible assets: Deferred exploration and evaluation costs

Exploration costs and evaluation costs arising are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs include appropriate technical and administrative expenses. If a project is successful, the related expenditures will be amortised over the estimated life of the commercial reserves. Where a licence is relinquished, a project abandoned, or is considered to be of no further commercial value to the Company, the related costs will be written off. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

Property, plant and equipment

Property, plant and equipment are shown at cost less subsequent depreciation. Costs include expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (continued)

Property, plant and equipment (continued)

Depreciation on assets is calculated using the straight-line method to allocate the cost of each asset to its residual value over its estimated useful life, as follows:

Office equipment 3 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount.

Financial instruments

Trade and other receivables: Trade and other receivables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Cash and cash equivalents: Cash and cash equivalents include cash in hand and deposits held at call with banks.

Trade and other payables: Trade and other payables are not interest bearing and are recognised initially at fair value and subsequently measured at amortised cost.

Share capital

The Company's ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more than likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit or loss, and is accounted for using the balance sheet liability method. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available in the foreseeable future against which the temporary differences can be utilised.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

2. ANALYSIS OF SEGMENTAL INFORMATION

The Group currently only has one primary reporting business segment, exploration. The Group's primary business activities operate in four different geographical areas and the exploration assets and capital expenditures can be presented on the basis of geographical segments.

	2009	2008
	£	£
Total assets		
United Kingdom	21,310	103,750
Republic of Ireland	152,514	83,344
Mauritania	470,651	426,731
Scandinavia	7,300	7,299
	<u>651,775</u>	<u>621,124</u>

	2009	2008
	£	£
Capital expenditure		
United Kingdom	-	-
Republic of Ireland	13,837	54,766
Mauritania	45,503	236,158
Scandinavia	-	-
	<u>59,340</u>	<u>290,924</u>

3. OPERATING LOSS

	2009	2008
	£	£
This is stated after charging/(crediting):		
Depreciation	3,167	4,747
Loss on foreign exchange	213	6,826
Impairment of intangibles	3,229	685,005
Auditors' remuneration		
- audit services group	18,000	18,000
- audit services subsidiaries	2,500	-
	<u>25,109</u>	<u>712,578</u>

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

4. DIRECTORS' EMOLUMENTS

There were no employees during the period apart from the directors. No directors had benefits accruing under money purchase pension schemes.

	2009	2008
	£	£
Directors Remuneration		
Fees	28,500	26,200
Salaries	50,000	50,000
	<u>78,500</u>	<u>76,200</u>

At the year-end non-executive directors' fees of £5,833 and directors' fees of £103,959 were accrued at the year-end but not paid.

5. FINANCE INCOME

	2008	2007
	£	£
Interest receivable and similar income	-	909
	<u>-</u>	<u>909</u>

6. INCOME TAXES

a) Analysis of charge in the period

	2008	2007
	£	£
United Kingdom corporation tax at 30%	-	-
Deferred taxation	-	-
	<u>-</u>	<u>-</u>

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

6. INCOME TAXES (continued)

b) Factors affecting tax charge for the period (continued)

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2008:30%). The differences are explained below:

	2009	2008
	£	£
Loss on ordinary activities before tax	(194,727)	(1,026,857)
Loss multiplied by standard rate of tax	(58,418)	(308,057)
Effects of:		
Non-deductible expenses	950	2,545
Rate difference	1,858	37,740
Temporary timing differences	(330)	(330)
Other permanent differences	-	25,816
Losses carried forward	55,940	242,286
	-	-

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses and accelerated capital allowances, as there is insufficient evidence that the potential asset will be recovered. Given the lack of funds available to the Group and the non-recognition of any asset, no full analysis of deferred tax asset has been prepared. However, the amount of the net asset not recognised would be approximately £530,000 (2008: £475,000), based on the aggregated amount of the losses in each of the Group companies, Alba, AMR, MVL and Alba Sweden before adjustments required by local tax rules.

7. LOSS FOR THE YEAR

The Company has the advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's loss for the year amounted to £147,188 (2008: £167,184).

8. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributed to ordinary shareholders of £192,367 (2008: £1,020,523) by the weighted average number of shares of 99,214,048 (2008: 89,741,243) in issue during the year. The calculation of the average number of shares in issue is based on the new number of shares in issue following the sub-division and conversion referred to in note 16, that took place during the year. The diluted loss per share calculation is identical to that used for basic loss per share as the exercise of warrants would have the effect of reducing the loss per ordinary share and is therefore not dilutive under the terms of IAS 33 "Earnings per Share".

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

9. INTANGIBLE FIXED ASSETS

	Deferred exploration costs	Goodwill	Total
Group	£	£	£
Cost			
At 1 December 2007	878,156	184,401	1,062,557
Exchange differences	156,042	-	156,042
Impairment costs	(760,853)	-	(760,853)
Additions	290,536	-	290,536
At 30 November 2008	563,881	184,401	748,282
Exchange differences	-	-	-
Impairment costs	(3,229)	-	(3,229)
Additions	59,340	-	59,340
At 30 November 2009	619,992	184,401	804,393
Provisions			
At 1 December 2007	67,498	98,347	165,845
Exchange differences	10,350	-	10,350
Impairment costs	(77,848)	86,054	8,206
At 30 November 2008	-	184,401	184,401
Exchange differences	-	-	-
Impairment costs	-	-	-
At 30 November 2009	-	184,401	184,401
Net Book Value			
At 30 November 2009	619,992	-	619,992
At 30 November 2008	563,881	-	563,881

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

10. PROPERTY, PLANT AND EQUIPMENT

Group	Office Equipment
Cost	£
At 1 December 2007	13,621
Exchange differences	1,417
Additions	<u>388</u>
At 30 November 2008	15,426
Exchange differences	-
Additions	<u>-</u>
At 30 November 2009	<u><u>15,426</u></u>
Depreciation	
At 1 December 2007	6,387
Exchange differences	1,126
Charge for the year	<u>4,747</u>
At 30 November 2008	12,260
Exchange differences	-
Charge for the year	<u>3,166</u>
At 30 November 2009	<u><u>15,426</u></u>
Net Book Value	
At 30 November 2009	<u><u>-</u></u>
At 30 November 2008	<u><u>3,166</u></u>

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Company	Loans to subsidiary undertakings £	Investments in subsidiary undertakings £	Total £
Cost			
At 1 December 2008	1,183,468	307,299	1,490,767
Additions	23,134	-	23,134
Transfers	-	-	-
At 30 November 2009	<u>1,206,602</u>	<u>307,299</u>	<u>1,513,901</u>
Provisions			
At 1 December 2008	-	-	-
Provided in year	-	-	-
At 30 November 2009	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value			
At 30 November 2009	<u>1,206,602</u>	<u>307,299</u>	<u>1,513,901</u>
At 30 November 2008	<u>1,183,468</u>	<u>307,299</u>	<u>1,490,767</u>

At 30 November 2009 the Company held the following interest in subsidiary undertakings which is included in the consolidated accounts and are unlisted.

Name of company	Country of incorporation	Proportion held	Business
Aurum Mineral Resources Ltd	Ireland	100%	Exploration
Alba Mineral Resources Sweden AB	Sweden	100%	Dormant
Mauritania Ventures Limited	Mauritania	50%	Exploration

Mauritania Ventures Limited has been treated as a subsidiary undertaking because the Company exercises dominant influence over the investment by virtue of having the casting vote at Board meetings.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES

	The Group 2009 £	The Group 2008 £	The Company 2009 £	The Company 2008 £
Current				
Other debtors	1,400	1,611	-	-
Prepayments and accrued income	15,552	3,667	15,552	3,667
	<u>16,952</u>	<u>5,278</u>	<u>15,552</u>	<u>3,667</u>

The fair value of trade and other receivables approximates to their book value.

13. CASH AND CASH EQUIVALENTS

	The Group 2009 £	The Group 2008 £	The Company 2009 £	The Company 2008 £
Cash at bank and in hand	14,831	48,799	5,605	23,844
	<u>14,831</u>	<u>48,799</u>	<u>5,605</u>	<u>23,844</u>

The fair value of cash is the same as its carrying value.

14. TRADE AND OTHER PAYABLES

	The Group 2009 £	The Group 2008 £	The Company 2009 £	The Company 2008 £
Current				
Trade creditors	57,092	50,593	55,744	32,089
Other creditors	11,204	-	11,204	-
Other taxes and social security	-	-	-	-
Accruals and deferred income	281,644	182,220	158,115	115,257
	<u>349,940</u>	<u>232,813</u>	<u>225,063</u>	<u>147,346</u>

The fair value of trade and other payables approximates to their book value.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL LIABILITIES

	The Group 2009	The Group 2008	The Company 2009	The Company 2008
	£	£	£	£
Financial Liabilities				
Other borrowings	212,030	190,030	-	-
	<u>212,030</u>	<u>190,030</u>	<u>-</u>	<u>-</u>

The loans are non-interest bearing with no fixed repayment term and are unsecured.

16. CALLED UP SHARE CAPITAL

	2009 Number of shares	2009 £	2008 Number of shares	2008 £
Authorised				
Ordinary shares of 0.1 pence (2008: 1 pence)	157,500,000	157,500	157,500,000	1,575,000
Deferred shares of 0.9 pence	157,500,000	1,417,500	-	-
Total	<u>315,000,000</u>	<u>1,575,000</u>	<u>157,500,000</u>	<u>1,575,000</u>
Allotted, called up and fully paid				
Ordinary shares of 0.1 pence (2008: 1 pence)	110,320,416	110,320	93,070,100	930,701
Deferred shares of 0.9 pence	93,070,100	837,631	-	-
Total	<u>203,390,516</u>	<u>947,951</u>	<u>93,070,100</u>	<u>930,701</u>

All issued ordinary shares carry equal rights.

On 7 January 2009, the Company undertook a Share Capital Reorganisation to affect an issue of new ordinary shares. Each issued and unissued existing ordinary share of 1p was subdivided and converted into 1 new ordinary share of 0.1p each and 1 Deferred Share of 0.9p. Following the Share Capital Reorganisation, each shareholder had the same number of new ordinary shares as existing ordinary shares held immediately before the Share Capital Reorganisation. The Company's authorised share capital remained the same and the Company's articles were amended to incorporate the provisions relating to the deferred shares. At the year end the Company had created 20,031,250 warrants (2008: 20,031,250) to subscribe for ordinary shares in the Company at 5.25 pence per share, such warrants to be exercisable at any time before 4 April 2015, a further 937,500 warrants (2008: 937,500) to subscribe for ordinary shares in the Company at 9 pence per share, such warrants to be exercisable at any time before 4 April 2015 and a further 937,500 warrants (2008; 937,500) to subscribe for ordinary shares in the Company at 10 pence per share, such warrants to be exercisable at any time before 2 October 2016. On 3 August 2009, the Company allotted 9,300,000 new ordinary shares of 0.1p each ("New Ordinary Shares") at a price of 0.5p per share (the "Placing Price"), to directors and certain existing shareholders raising £46,500 (before expenses) pursuant to a placing and allotted a further 7,950,316 New Ordinary Shares at the Placing Price to discharge certain unpaid directors' remuneration and expenses and debt due to third parties in the amount of £39,751.58.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

17. MINORITY INTERESTS

Group	£
At 1 December 2008	31,018
Investment in subsidiary undertakings	-
Loss on ordinary activities after taxation	<u>(2,360)</u>
At 30 November 2009	<u><u>28,658</u></u>

18. RESERVES

The following describes the nature and purpose of certain reserves within owners' equity:

Share premium: Amounts subscribed for share capital in excess of nominal value.

Merger reserve: Amount in excess of nominal value on issue of shares in relation to business combinations.

Foreign currency reserve: Gains/losses arising on retranslating the net assets of the Group into pounds sterling.

19. CAPITAL COMMITMENTS

There were no capital commitments at 30 November 2009.

20. CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 2009.

21. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash at bank and various items such as trade debtors, current asset investments and creditors that arise directly from its operations and are therefore excluded from the disclosures. The main purpose of these instruments is to provide finance for operations. The Group has not entered into derivative transactions nor does it trade financial instruments as a matter of policy.

The Group does not pay interest on any of its financial liabilities, nor is it likely to in the future.

Credit Risk

Credit risk arises primarily from the Group's investments in bank deposits and the risk the counterparty fails to discharge its obligations. Cash is only deposited with banks with a high credit rating.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL INSTRUMENTS (continued)

Liquidity Risk

Liquidity risk arises from the management of cash funds and working capital. The risk is that the Group will fail to meet its financial obligations as they fall due. The Group operates within the constraints of available funds and daily and monthly rolling cash flow projections are produced and regularly reviewed by management.

Interest rate risk profile of financial assets

The only financial assets (other than short term debtors) are cash at bank and in hand, which comprises money at call. The interest earned in the year was negligible. The directors believe the fair value of the financial instruments is not materially different to the book value.

Foreign currency risk

The Group has Irish and Swedish subsidiaries, which can affect the sterling Group balance sheet as a result of movements in the sterling/euro and sterling/Swedish kroner exchange rates. The Group does not currently hedge against these exposures.

22. CAPITAL MANAGEMENT

The Group's objective when managing capital is to safeguard the entity's ability to continue as a going concern and develop its mining activities to provide returns for shareholders. The Group's capital structure comprises equity and debt. When considering the future capital requirements of the Group and the potential to fund specific project development via debt, the directors consider the risk characteristics of all of the underlying assets in assessing the optimal capital structure.

23. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

During the year the Group made purchases of £18,756 (2008: £21,639) from EP&F Capital Plc for office space and administrative services, a company of which Nigel Duxbury is a director and in which he has an interest. At the year-end £21,403 (2008: £12,646) was outstanding.

During the year the Group made purchases of £Nil (2008: £1,100) from EP&F Capital Advisory Limited for consultancy services, a company of which Nigel Duxbury is a director and in which he has an interest. At the year-end £Nil (2008: £Nil) was outstanding.

During the year the Group made purchases of €8,480 (2008: €152,061) from Aurum Exploration Limited for contract exploration services, a company of which both Sandy Archibald is a director and has an interest. At the year-end €Nil (2008: €18,847) was outstanding.

Alba Mineral Resources plc

NOTES TO THE FINANCIAL STATEMENTS

24. POST BALANCE SHEET EVENT

On 16 December 2009, the Company entered facility agreements with various parties to provide £100,000 of unsecured loan finance. The loan and interest are due to be repaid at any time before 30 June 2011. The facility agreements include agreements with related parties; £10,000 with Michael Nott a director of the Company; £10,000 with Nigel Duxbury a director of the Company; £5,000 with Sandy Archibald a director of the Company; £40,000 with EP&F Capital Plc, a company of which Nigel Duxbury is a director; and £35,000 with Regency Mines plc, a substantial shareholder.