

# Anglesey Mining plc

Annual Report 2000



Registration no. 1849957.



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The directors have pleasure in submitting their report and the accounts for the year ended 31 March 2000.

### Principal activities and business review

The principal activity of Anglesey Mining plc during the year was the development of the Parys Mountain property. The group also explored at the Dolaucothi gold property in south Wales and evaluated other mineral development opportunities.

The loss for the year before taxation was £164,184 (1999 £111,465). The group has no revenues from the operation of its properties. The loss comprises interest and administrative expenses together with evaluation costs not related to Parys Mountain which, in accordance with the group's accounting policy, are charged to the Profit and Loss Account. Included in the loss was £50,948 (1999 £27,534) in respect of interest due. The increase in the level of loan outstanding is the explanation for higher interest charges. £115,929 (1999 - £88,220) was expended on corporate costs, administration expenses and the investigation and evaluation of exploration and development opportunities. This expenditure has risen in comparison with last year only because of increased costs in connection with the evaluation of potential new opportunities in Ireland and the UK.

During the year no fixed assets (1999 - £1,191) were acquired, £109,373 (1999 - £281,419) was capitalised in respect of the development of the Parys Mountain property and £8,907 (1999 - £13,885) was capitalised in respect of the Dolaucothi property. The reduction in these development expenditures is due to reduced levels of activities at the properties.

At a time when metal prices remain low and financing conditions poor, the group has cut back on many activities in order to conserve its finances. Work is still being done to refine the planned programme of diamond core drilling at Parys Mountain. Drilling took place at Dolaucothi and further geological evaluation is planned. However further funding will be required in order to carry out any of these activities.

In December 1999 an additional working capital agreement with Juno was negotiated in order to provide funding for the company's activities.

The group has no revenues and the directors do not recommend a dividend. Since the date of the accounts the activities of the group have continued in accordance with the directors' expectations. The directors remain attentive for opportunities to be involved in appropriate new mineral ventures.

### Directors

The names of directors with biographical details are shown on page 27. Lord Crickhowell has indicated his wish to retire at the forthcoming annual general meeting. In accordance with the articles of association, Danesh Varma and Ian Cuthbertson retire by rotation and, being eligible, offer themselves for re-election.

### Directors' interests in material contracts

Juno Limited ("Juno") which is registered in Bermuda is the ultimate parent company. The company has a controlling shareholder agreement with Juno dated September 1996, a working capital agreement with Juno of the same date and further working capital agreements of June 1998, December 1998 and December 1999. Apart from working capital advances and related interest charges there were no transactions between the group and Juno or its group during the year. An independent committee reviews and approves all transactions and potential transactions with Juno. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno. John Kearney is a director and shareholder of Minco plc, formerly Irish Marine Oil plc, in which Juno holds an interest of approximately 28%.

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

### Directors' shareholdings

The interests at 31 March 2000 of the directors and their families in the share capital of the company, all of which are beneficial, are set out overleaf. These holdings were unchanged in amount at 28 July 2000. The holdings are expressed as a percentage of 116,241,384 (1999 - 115,340,324) shares, this being the number of shares in issue at 28 July 2000.

Director	At 31 March 2000			At 31 March 1999		
	Number of options	Number of ordinary shares	% of issued ordinary shares	Number of options	Number of ordinary shares	% of issued ordinary shares
John Kearney	1,960,000	-	1.7	1,960,000	-	1.7
Lord Crickhowell	600,000	455,555	0.9	600,000	455,555	0.9
Malcolm Burne	500,000	1,000,000	1.3	500,000	1,000,000	1.3
Ian Cuthbertson	600,000	500,000	1.0	600,000	500,000	1.0
Malcolm Swallow	600,000	-	0.5	600,000	-	0.5
Danesh Varma	300,000	-	0.3	300,000	-	0.3

### Directors' responsibilities for the financial statements

The directors are required by UK company law to prepare accounts for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made in the preparation of these accounts. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors have responsibility for ensuring that the group keeps proper accounting records which disclose with reasonable accuracy the financial position of the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Further definition of the distinction of responsibilities between directors and auditors is to be found in the auditors' report.

### Substantial shareholders

At 28 July 2000 the following shareholders had advised the company of an interest in the ordinary share capital of the company. So far as the company is aware there are no other interests of more than 3% in the ordinary share capital of the company.

Name	Number of shares	Percentage of share capital
Juno Limited	57,924,248	49.8
Strategic Lines Asset Management Limited	9,800,000	8.4

### Alterations to share capital and authority to allot shares

In the light of the company's limited financial resources and the requirement to raise further funds, the directors wish to have a larger than usual number of shares available for issue. Accordingly a resolution will be placed before the AGM which will, if approved, create an additional £1,250,000 of share capital, an increase of 19% of the existing authorised ordinary share capital. A further resolution will grant authority under section 80 of the Companies Act 1985 over £1,850,000 of share capital (representing 32% of the company's issued ordinary share capital at 28 July 2000) enabling the directors to issue up to 37,000,000 ordinary shares within five years of the date of the AGM. The directors have no present intention of exercising this authority.

Although the directors would usually wish to allot any new share capital on a pre-emptive basis, they believe, for the reasons stated above, that it is appropriate to have a larger amount available for issue at their discretion without pre-emption than is usually the case. Accordingly a resolution will be put to the AGM to renew the directors' authority to allot equity securities for cash without pre-emption. In the case of allotments other than for rights issues, it is proposed that such authority will be for up to £1,450,000 (or 29,000,000 ordinary shares), being approximately 25% of the issued ordinary share capital at 28 July 2000. This continues but also increases the authority granted to the directors at each annual general meeting since 1993. Whilst such authority is significantly in excess of the 5% of existing issued ordinary share capital which is normal for listed companies, it will provide additional flexibility which the directors believe is in the best interests of the company in its present circumstances.

### Intangible fixed assets

Development expenditure incurred by the group is carried in the financial statements classified as intangible assets at cost in respect of Parys Mountain and at a valuation which is less than cost in respect of Dolaucothi. The directors continue to give careful consideration to the value at which this development expenditure should be shown. The balance sheet value may exceed that which could be obtained were the Parys Mountain property offered for sale. However the results of the independent feasibility study conducted in 1990 and other studies since that date, taken together with the directors' reasonable forecast of metal prices during the projected life of the mine, demonstrate that this development expenditure, together with other expenditure required to bring the mine into production, will be recovered by the operation of the mine. Consequently no provision, amortisation or write down in the value of intangible fixed assets has been made. Operation of the mine is dependent on finance being available to fund mine development and mill construction.

### Market value of land

In August 1997 the freehold of the western part of Parys Mountain was purchased by the company. For many reasons, obtaining a meaningful value for this land is difficult, especially given its historical use and that the company's pre-existing interest in the mineral rights would also have to be taken into account. The land is carried in the accounts at its cost to the company of £120,000. The directors are able to state only that, in their opinion, the market value of this land is unlikely to be significantly less than this figure.

### Going concern basis

As in previous years the directors have given careful consideration to the appropriateness of the going concern concept in the preparation of the financial statements. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the Parys Mountain property eventually becoming available. The directors believe, based on ongoing support from the major shareholder in respect of continuing working capital requirements, that, whilst there is uncertainty as to whether these conditions will be met, the going concern basis is appropriate for these financial statements.

### Creditor payment policy

The group conducts its business on the normal trade credit terms of each of its suppliers and tries to ensure that suppliers are paid in accordance with those terms. The group's average creditor payment period at 31 March 2000 was 60 days (1999 - 56 days).

### Charitable and political contributions

The group made no contributions during the year (1999 - nil).

### Employment

The group is an equal opportunity employer in all respects.

### Euro

The directors do not anticipate difficulties in connection with the introduction of the Euro.

### Year 2000 issues

Following their initial review, the directors continue to be alert to the potential risks and uncertainties surrounding the year 2000 issue. As at the date of this report the directors are not aware of any significant factors which have arisen, or that may arise, which will affect the activities of the business; however the situation is still being monitored. Any future costs associated with these issues cannot be quantified but are not expected to be significant.

### Auditors

Deloitte & Touche have indicated their willingness to continue in office and a resolution to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the board

Ian Cuthbertson

Company Secretary

Amlwch, 3 August 2000



There are no directors' service contracts and, except in the case of Ian Cuthbertson, no arrangements in force whereby the group is under an obligation to pay fees, salaries, pensions or any other remuneration to any of the directors. The remuneration committee comprises Lord Crickhowell and Malcolm Swallow

The board's aim with regard to executive and non-executive directors' remuneration is to provide a package which will attract, retain and motivate directors of the calibre required and be consistent with the group's limited ability to pay directors in cash. Consequently share options form the major part of the directors' remuneration.

All directors and employees are eligible to receive options. In determining the amount of options to be granted to each individual, the directors take into account the need for and value of his services, the amount of time he spends on the business of the group and any other remuneration receivable by him from the group.

The total directors' remuneration amounted to £26,027 (1999 - £25,355) all payable to Ian Cuthbertson and comprising salary £25,097 (1999 - £24,425) and pension contributions £930 (1999 - £930).

### Directors' options

Details of each share option held by directors are set out below. These holdings were unchanged in amount at 28 July 2000. On 30 November 1999 options held by Lord Crickhowell over 384,000 shares lapsed and were replaced by new options over 384,000 shares, subject to a performance condition, exercisable until 4 December 2006. There have been no other options granted, exercised or lapsed during the year.

Name	Options at 1 April 99	Options at 31 March 00	Exercise price	Date from which exercisable	Expiry date
John Kearney	*1,960,000	*1,960,000	5p	23 October 96	22 October 2003
Lord Crickhowell	384,000	-	5p	30 November 95	30 November 1999
Lord Crickhowell	*216,000	*216,000	5p	23 October 96	22 October 2003
Lord Crickhowell	-	*384,000	5p	5 December 99	4 December 2006
Malcolm Burne	*500,000	*500,000	8.5p	22 December 97	22 October 2003
Ian Cuthbertson	400,000	400,000	5p	30 November 95	30 November 2002
Ian Cuthbertson	200,000	200,000	5p	23 October 96	22 October 2006
Malcolm Swallow	600,000	600,000	5p	30 November 95	30 November 2002
Danesh Varma	*300,000	*300,000	5p	23 October 96	22 October 2003

There are performance criteria to be met in respect of share options marked with an asterisk, namely that the company's share price performance must exceed that of the companies in the top quartile of the FTSE 100 index. There are no performance criteria to be met in respect of other share options. Each grant of an option was made at a cost to the participant of £1. No share options have been exercised during the year.

The market price of the ordinary shares at 31 March 2000 was 4.75 pence, the high for the year to 31 March 2000 was 8.25 pence and the low for the year was 2.75 pence.

The board has considered its policies and practices in relation to corporate governance in the light of the report on 'Principles of Good Governance and Code of Best Practice' of the Committee on Good Governance (the "Combined Code") and the Guidance for Smaller Quoted Companies published by The City Group for Smaller Companies, CISCO.

The board supports the highest standards in corporate governance and endeavours to implement the principles of the Combined Code in such a manner as not to hinder the development of the group. This is perhaps harder in a small group than in the larger organisations with which the Combined Code is chiefly concerned. The group has adopted the transitional approach for the internal control aspects of the Combined Code as set out in the letter from the London Stock Exchange to listed companies dated 27 September 1999.

The board has two executive and four non-executive directors. Lord Crickhowell, Malcolm Swallow and Malcolm Burne are regarded as being independent non-executive directors for the purposes of the Combined Code. Lord Crickhowell is the senior independent director. John Kearney is the chairman and chief executive. In the light of the size and activity level of the group, the board believes that combining these roles is entirely appropriate for the group at present. The audit committee comprises Lord Crickhowell, Danesh Varma and Malcolm Burne. There is an established procedure by which directors may, at the company's expense, take independent advice in the furtherance of their duties.

The group has complied with the detailed provisions of the Combined Code since the date of its implementation with the following exceptions:

- The board meets when required and not on a fixed schedule.
- There is no formal nomination committee for appointment of new directors.
- There is no formal schedule of matters reserved for the board; the board deals with all matters of substance.
- The directors were not appointed for specific terms but are subject to retirement from the board by rotation at annual general meetings at intervals of no more than three years.

The board of directors is responsible for and annually reviews the group's systems of internal control, financial and otherwise. Such systems provide reasonable and not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The key feature of the group's financial control system is that board members directly monitor all payments and transactions as well as budgets and annual accounts. The board does not wish to establish an internal audit function. The company's strategy is determined by the whole board.

The company has entered into a controlling shareholder agreement with Juno Limited which is available for inspection at the registered office.

We have audited the financial statements on pages 14 to 24 which have been prepared under the accounting policies set out on page 17. We have also examined the amounts disclosed relating to directors' remuneration, which forms part of the Report of the Directors on page 10.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the annual report, including, as described on page 8, preparation of the financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Listing Rules of the UK Listing Authority and by our profession's ethical guidance.

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

We review whether the corporate governance statement on page 11 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the UK Listing Authority, and we report if it does not. We are not required to form an opinion on the effectiveness of the group's corporate governance procedures, or its risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

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

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

#### *Fundamental uncertainties*

In forming our opinion we have considered the adequacy of the disclosures in the financial statements concerning the basis of preparation and the recoverability of development and exploration expenditure.

The financial statements have been prepared on a going concern basis, the validity of which depends on:

- the group's ability to continue its operations;
- the raising of new finance to develop the mine;
- the viability of the operation of the mine; and
- the ability of the group to trade profitably in the future.

The financial statements do not include any adjustments that would result, should the above conditions not be met. Details of the circumstances relating to this fundamental uncertainty are described in note 1 to the financial statements.

The financial statements disclose the directors' assumption that the development and exploration expenditure, included in the balance sheet at £11,954,276 (1999 - £11,844,903) and in the consolidated balance sheet at £12,143,953 (1999 - £12,025,673) will be recovered by the operation of the mine. The validity of this assumption depends upon the viability of the operation of the mine, the ability of the group to raise the funding referred to

above and the ability of the group to trade profitably in the future. Details of the circumstances relating to this fundamental uncertainty are described in note 7 to the financial statements.

Our opinion is not qualified in respect of the above fundamental uncertainties.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte + Touche*  
**Deloitte & Touche**

**Chartered Accountants and Registered Auditors**

Earlsfort Terrace, Dublin 2.

3 August 2000

At 31 March 2000

	Note	Group		Company	
		2000 £	1999 £	2000 £	1999 £
<b>Fixed assets</b>					
Intangible assets	7	12,143,953	12,025,673	11,954,276	11,844,903
Tangible assets	8	186,206	186,839	186,206	186,839
Investments	9	-	-	100,001	100,001
		<u>12,330,159</u>	<u>12,212,512</u>	<u>12,240,483</u>	<u>12,131,743</u>
<b>Current assets</b>					
Debtors	10	100,729	99,884	286,435	276,668
Cash at bank and in hand		3,630	11,936	3,630	11,936
		<u>104,359</u>	<u>111,820</u>	<u>290,065</u>	<u>288,604</u>
<b>Current liabilities</b>					
Creditors - amounts due within one year	11	(734,983)	(503,265)	(830,983)	(599,265)
		<u>(630,624)</u>	<u>(391,445)</u>	<u>(540,918)</u>	<u>(310,661)</u>
<b>Net current liabilities</b>					
		<u>(630,624)</u>	<u>(391,445)</u>	<u>(540,918)</u>	<u>(310,661)</u>
<b>Total assets less current liabilities</b>		<u>11,699,535</u>	<u>11,821,067</u>	<u>11,699,565</u>	<u>11,821,082</u>
<b>Capital and reserves</b>					
Share capital	12	6,650,745	6,607,693	6,650,745	6,607,693
Share premium account	13	5,737,546	5,737,946	5,737,546	5,737,946
Profit & loss account - deficit	13	(688,756)	(524,572)	(688,726)	(524,557)
Equity shareholders' funds		<u>10,838,357</u>	<u>10,959,889</u>	<u>10,838,387</u>	<u>10,959,904</u>
Non equity shareholders' funds		<u>861,178</u>	<u>861,178</u>	<u>861,178</u>	<u>861,178</u>
	14	<u>11,699,535</u>	<u>11,821,067</u>	<u>11,699,565</u>	<u>11,821,082</u>

The financial statements on pages 14 to 24 were approved by the board of directors on 3 August 2000 and were signed on its behalf by:

John F. Kearney, Chairman  
Ian Cuthbertson, Finance Director

## For the year ended 31 March 2000

	Note	2000 £	1999 £
Turnover - continuing operations		-	-
Net operating expenses		(115,929)	(88,220)
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Operating loss - continuing operations		(115,929)	(88,220)
Interest receivable	3	2,693	4,289
Interest payable	3	(50,948)	(27,534)
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Loss on ordinary activities before taxation	2	(164,184)	(111,465)
Tax on loss on ordinary activities	5	-	-
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Loss for the financial year		<u>(164,184)</u>	<u>(111,465)</u>
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Loss per share - basic	6	(0.1) pence	(0.1) pence
Loss per share - diluted	6	(0.1) pence	(0.1) pence

The group has no recognised gains or losses other than the losses shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

For the year ended 31 March 2000

	Note	2000 £	1999 £
<b>Net cash outflow from continuing operating activities</b>	15	<u>(96,948)</u>	<u>(191,227)</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		-	861
Interest paid		-	(72)
		<u>-</u>	<u>789</u>
<b>Taxation</b>			
UK Corporation tax paid		-	(1,500)
<b>Capital expenditure and financial investment</b>			
Payments to acquire intangible fixed assets		(74,895)	(205,440)
Payments to acquire tangible fixed assets		-	(1,191)
<b>Net cash outflow from capital investment &amp; financial investment</b>		<u>(74,895)</u>	<u>(206,631)</u>
<b>Net cash outflow before financing</b>		<u>(171,843)</u>	<u>(398,569)</u>
<b>Financing</b>			
Increase in loans		163,937	284,479
Expenses of share issues in year		(400)	(400)
		<u>163,537</u>	<u>284,079</u>
<b>Decrease in cash</b>	16	<u>(8,306)</u>	<u>(114,490)</u>

## 1 Principal Accounting Policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### Going concern

The financial statements are prepared on a going concern basis. As explained in the directors' report the validity of the going concern basis is uncertain. However based on the assumption that finance will become available for the development of the group's intangible fixed assets, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible fixed assets, to their realisable values.

### Consolidation

The consolidated financial statements include the financial statements of the parent company and its subsidiaries made up to the end of the financial year. Where a subsidiary is acquired or disposed of during the financial year, the consolidated financial statements include the attributable profit from or to the date of acquisition or disposal.

### Tangible fixed assets

The group's freehold property is stated in the balance sheet at cost. The directors consider that the useful life of the premises is so long and their estimated residual value, based on prices prevailing at the date of acquisition, is such that any depreciation would not be material. The carrying value is reviewed annually and any impairment in value would be charged immediately to the profit and loss account.

Plant, equipment, fixtures, fittings and motor vehicles are stated in the balance sheet at cost, less depreciation.

Depreciation is charged on a straight line basis at the following annual rates: - plant and equipment - 25%; fixtures and fittings - 20%; motor vehicles - 25%.

### Intangible fixed assets

Intangible fixed assets are stated in the balance sheet at cost, less amounts written off. Details are included in note 7 to the accounts.

The group follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development, including associated technical and specific administrative expenses, are capitalised by property. The exemption in respect of exploration costs capitalised pending determination, from the application of Financial Reporting Standard 11 on impairment of fixed assets, is applied.

No gains or losses are recognised on the sale of mineral properties except when there is a material disposition of reserves. All other proceeds are credited against the cost of the related property. On the commencement of commercial production, net costs are charged to operations on the unit-of-production method by property, based upon estimated recoverable reserves.

Mineral properties are written down when an impairment in their value has occurred and are written off when abandoned.

### Deferred taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which the items are recognised for accounting purposes. The group provides for deferred taxation using the liability method on timing differences only where it can be reasonably demonstrated that a corporation tax liability will arise in the foreseeable future. Deferred tax assets are not recognised in the financial statements.

### Foreign currencies

Profit and loss account transactions in foreign currencies are translated at the rates of exchange ruling at the date of the transaction, or where forward currency contracts have been arranged, at the contracted rates.

All foreign exchange differences arising on transactions in the year are taken to the profit and loss account in the year in which they arise.

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial year or at a contracted rate if applicable. Differences on exchange are taken to the profit and loss account.

**2 Loss on ordinary activities before taxation**

	2000	1999
This is stated after charging/(crediting):	£	£
Remuneration of the auditors (including expenses):		
Audit	6,238	6,697
Non audit	-	-
Gain on foreign exchange	-	(688)
Project evaluation expenses	39,560	-
Depreciation	300	300
Included in the amount capitalised is:		
Depreciation of owned fixed assets	333	542

All activities are in the United Kingdom and relate to the group's principal activity which is the exploration and development of mining properties. Further analysis is not therefore considered necessary.

**3 Interest receivable and payable**

	2000	1999
<b>Interest payable</b>	£	£
Interest to Juno on loans	50,937	27,462
Interest on bank overdraft	11	72
	<u>50,948</u>	<u>27,534</u>
<b>Interest receivable</b>		
On bank and other deposits	<u>2,693</u>	<u>4,289</u>

**4 Directors and Employees**

The average monthly number of persons employed by the group during the year was:

	2000	1999
Technical	-	1
Administrative	1	2
	<u>1</u>	<u>3</u>

The remuneration and associated costs of employees and directors were:

	£	£
Wages and salaries	29,954	42,621
Social security costs	2,857	4,111
Other pension costs	930	930
	<u>33,741</u>	<u>47,662</u>

Most of the group's technical activities are carried out using consultants. Details of directors' remuneration and share options are given on page 12. No options were exercised in the year.

**5 Taxation**

Development of the Parys Mountain property during the year has generated trading losses for taxation purposes which may be offset against investment income and other revenues. Accordingly no provision has been made for Corporation Tax. The group had losses available to be carried forward for tax purposes of c.£2.6 million at 31 March 2000 subject to agreement with the Inland Revenue.

**6 Loss per ordinary share**

The calculation and reporting of basic and diluted earnings per share are in accordance with FRS 14. Basic earnings per share is computed by dividing the profit or loss after taxation for the year available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted earnings per share is computed by dividing the profit or loss after taxation for the year by the weighted average number of ordinary shares in issue, each adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

	2000	1999
	£	£
<b>Numerator</b>		
Numerator for basic EPS retained (loss)	<u>(164,184)</u>	<u>(111,465)</u>
<b>Denominator</b>	No. of shares	No. of shares
Denominator for basic and diluted EPS	<u>115,448,390</u>	<u>114,511,819</u>
Loss per share - basic	(0.1) pence	(0.1) pence
Loss per share - diluted	(0.1) pence	(0.1) pence

Basic and diluted loss per share is the same as the effect of the outstanding share options is anti-dilutive and is therefore excluded.

**7 Intangible fixed assets****Development costs**

Cost	Parys Mountain	Dolaucothi	Group	Company
	£	£	£	£
At 1 April 1999	11,844,903	180,770	12,025,673	11,844,903
Additions - own expenditure	109,373	8,907	118,280	109,373
At 31 March 2000	<u>11,954,276</u>	<u>189,677</u>	<u>12,143,953</u>	<u>11,954,276</u>

The development expenditure shown above in respect of Parys Mountain is stated at cost. As in previous years the directors have given careful consideration to the value at which this development expenditure should be shown. The balance sheet value may exceed that which could be obtained were the Parys Mountain property to be offered for sale. However the results of the independent feasibility study conducted in 1990 and other studies since that date, taken together with the directors' reasonable forecast of metal prices during the projected life of a mine, continue to demonstrate that this development expenditure, together with other expenditure required to bring the mine into production, will be recovered by the operation of the mine. Consequently no provision or write down in the value of intangible fixed assets has been made.

The directors have applied the exemption in respect of exploration costs capitalised pending determination, from the application of Financial Reporting Standard 11 on impairment of fixed assets. In the directors' opinion the circumstances set out above justify the policy of capitalising exploration and development costs and not treating them as a realised revenue loss. Operation of the mine is dependent on finance being available to fund mine development and mill construction.

Intangible assets at Dolaucothi are shown at cost to the group on acquisition in 1997, plus expenditures since then at cost. This aggregate value is less than the original cost to Ace which was in excess of £280,000.

**8 Tangible fixed assets**

	Freehold land and property	Plant & Equipment	Office Equipment	Vehicles	Total
<b>Group &amp; Company</b>					
<b>Cost</b>	£	£	£	£	£
At 1 April 1999	185,102	53,219	12,176	7,300	258,767
Additions	-	-	-	-	-
<b>At 31 March 2000</b>	<b>185,102</b>	<b>53,219</b>	<b>13,146</b>	<b>7,300</b>	<b>258,767</b>
<b>Depreciation</b>					
At 1 April 1999	-	52,845	12,384	6,699	71,928
Charge for the year	-	125	208	300	633
<b>At 31 March 2000</b>	<b>-</b>	<b>52,970</b>	<b>12,592</b>	<b>6,999</b>	<b>72,561</b>
<b>Net book value 2000</b>	<b>185,102</b>	<b>249</b>	<b>554</b>	<b>301</b>	<b>186,206</b>
<i>Net book value 1999</i>	<i>185,102</i>	<i>374</i>	<i>762</i>	<i>601</i>	<i>186,839</i>

The directors estimate that freehold land and property should be analysed as to £140,000 for land and £45,102 for property.

**9. Investments**

	2000	1999
<b>Company</b>		
<b>At cost:</b>	£	£
Shares in subsidiaries		
Opening	100,001	100,001
Closing	100,001	100,001

The subsidiaries of the group at 31 March 2000 are as follows :

Name of company	Country of incorporation	Percentage owned	Principal activity at 31 March 2000
Anglo Canadian Exploration (Ace) Limited	England & Wales	100%	Exploration of the Dolaucothi gold property
Parys Mountain Mines Limited	Ontario, Canada	100%	Dormant
Parys Mountain Mines (UK) Limited	England & Wales	100%	Dormant

**10 Debtors**

	Group 2000	Group 1999	Company 2000	Company 1999
	£	£	£	£
<b>Amounts receivable within one year:</b>				
Other debtors	3,376	5,222	3,376	5,222
<b>Amounts receivable after one year:</b>				
Deposit with Gwynedd County Council	97,353	94,662	97,353	94,662
Amounts due from group companies	-	-	185,706	176,784
	<b>100,729</b>	<b>99,884</b>	<b>286,435</b>	<b>276,668</b>

**11 Creditors**

	Group 2000	Group 1999	Company 2000	Company 1999
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade creditors	78,716	23,244	78,716	23,244
Juno Limited	630,922	466,985	630,922	466,985
Amounts due from group companies	-	-	100,000	100,000
Salaries, social security and other taxes	2,608	3,036	2,608	3,036
Accruals	22,737	10,000	18,737	6,000
	<u>734,983</u>	<u>503,265</u>	<u>830,983</u>	<u>599,265</u>

The loans from Juno are denominated in sterling, unsecured, carry interest at 10% and are repayable from any future financing undertaken by the company.

In accordance with the company's Controlling Shareholder Agreement with Juno the terms of the facility were approved by an independent committee of the board.

**12 Share capital**

	Equity Interests Ordinary shares		Non Equity Interests Deferred shares		Total
	Nominal value £	Number	Nominal value £	Number	Nominal value £
<b>Authorised capital</b>					
At 1 April 99 & 31 March 2000	6,550,000	131,000,000	1,080,000	27,000,000	7,630,000
<b>Issued and fully paid</b>					
At 1 April 1999	5,746,515	114,930,304	861,178	21,529,451	6,607,693
Issue to discharge a liability (a)	20,501	410,020	-	-	20,501
Issue to discharge a liability (b)	22,551	451,022	-	-	22,551
At 31 March 2000	<u>5,789,567</u>	<u>115,791,346</u>	<u>861,178</u>	<u>21,529,451</u>	<u>6,650,745</u>

(a) Issued to Interline Limited in satisfaction of advance rental due in respect of the Parys Mountain property on 20 May 1999.

(b) Issued to Interline Limited in satisfaction of advance rental due in respect of the Parys Mountain property on 20 November 1999.

The deferred shares are non-voting, have no entitlement to dividends and have no preferential right to return of capital on a winding up.

A summary of options over the company's share capital, all of which are over the ordinary 5 pence shares, is as follows:

Scheme	Number	Nominal Value £	Exercise price	Exercisable from	Exercisable until
Executive approved	1,000,000	50,000	5p	30 November 95	30 November 2002
Executive approved	200,000	10,000	5p	23 October 96	22 October 2006
Unapproved	2,476,000	123,800	5p	23 October 96	22 October 2003
Unapproved	500,000	25,000	8p	22 December 97	22 October 2003
Unapproved	384,000	19,200	5p	5 December 00	4 December 2006
Special	1,000,000	50,000	5p	25 April 97	22 October 2003
<b>Total</b>	<u>5,560,000</u>	<u>278,000</u>			

**13 Reserves**

	Share premium	P & L account	P & L account	Share premium	P & L account	P & L account
	Group and Company	Group	Company	Group and Company	Group	Company
	2000	2000	2000	1999	1999	1999
	£	£	£	£	£	£
At beginning of year	5,737,946	(524,572)	(524,557)	5,738,346	(413,107)	(413,107)
Loss for the year	-	(164,184)	(164,169)	-	(111,465)	(111,450)
Share issue expenses	(400)	-	-	(400)	-	-
At end of year	<u>5,737,546</u>	<u>(668,756)</u>	<u>(688,726)</u>	<u>5,737,946</u>	<u>(524,572)</u>	<u>(524,557)</u>

**14 Reconciliation of movements in shareholders' funds**

	2000	1999
	£	£
Opening shareholders' funds	11,821,067	11,843,610
Loss for the year	(164,184)	(111,465)
Share issues in year	43,052	89,322
Share issue expenses in year	(400)	(400)
Closing shareholders' funds	<u>11,699,535</u>	<u>11,821,067</u>

**15 Reconciliation of operating loss to net cash outflow from operating activities**

	2000	1999
	£	£
Operating loss	(115,929)	(88,220)
Increase/(decrease) in creditors	16,833	(106,151)
Decrease in debtors	1,848	2,844
Depreciation charge	300	300
Net cash (outflow) from operating activities	<u>(96,948)</u>	<u>(191,227)</u>

**16 Reconciliation of net cash flow to movement in net debt**

	2000		1999	
	£	£	£	£
Decrease in cash in the period	(8,306)		(114,490)	
Cash inflow from increase in debt	(113,000)		(284,479)	
Change in net debt resulting from cash flows		(121,306)		(398,969)
Other non cash items		(50,937)		-
Movement in net debt in the period		(172,243)		(398,969)
Net debt at beginning of year		(455,049)		(56,080)
Net debt at end of year		<u>(627,292)</u>		<u>(455,049)</u>

**17 Analysis of net debt**

	At 1 April 1999	Cash flow	Other non-cash changes	At 31 March 2000
	£	£	£	£
Cash at bank	11,936	(8,306)	-	3,630
Debt due to Juno	(466,985)	(113,000)	(50,937)	(630,922)
Net debt	<u>(455,049)</u>	<u>(141,306)</u>	<u>(50,937)</u>	<u>(627,292)</u>

**18 Loss attributable to Anglesey Mining plc**

The loss after taxation in the parent company amounted to £164,169 (1999 - £111,450).

A separate profit and loss account for Anglesey Mining plc (the company) has not been prepared, as permitted by section 230 of the Companies Act 1985.

**19 Material non cash transactions**

All material non cash transactions are described in note 12 on share capital.

**20 Commitments**

*There is no capital expenditure authorised or contracted which is not provided for in these accounts (1999 - nil).*

**21 Contingent liabilities**

There are no contingent liabilities.

**22 Risk management**

The group's financial instruments comprise cash balances, a loan from the parent company and various items such as trade debtors and trade creditors which arise directly from trading operations. The group does not enter into derivative transactions and it is the group's policy that no trading in financial instruments be undertaken.

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

**Interest Rate Risk**

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

**Liquidity Risk**

As regards liquidity risk, the group's policy has been to ensure continuity of funding through a mixture of fresh issues of shares and extending the working capital agreement with its parent. Further details regarding the working capital agreement are set out in the director's report.

**Currency Risk**

The functional currency of the group is pounds sterling and the loan from the parent is denominated in pounds sterling. As a result, the group has no currency exposure in respect of this loan. All the remaining financial assets and liabilities of the group are short term debtors and creditors as defined by FRS 13, Derivatives and Other Financial Instruments. The group has, as permitted by FRS 13, excluded all short-term debtors and creditors from the disclosures and hence no numerical disclosures are required.

**23 Related party transactions and ultimate parent company**

Juno Limited ("Juno") which is registered in Bermuda is the ultimate parent company. The group has the following agreements with Juno: (a) a controlling shareholder agreement dated September 1996, (b) a working capital agreement of the same date and (c) further working capital agreements of June 1998, December 1998 and December 1999. Interest payable to Juno is shown in note 3 and the balance due to Juno is shown in note 11. Apart from the working capital advances there were no transactions between the group and Juno or its group during the year. *Danesh Varma is a director and, through his family interests, a significant shareholder of Juno. John Kearney is a director and shareholder of Minco plc, formerly Irish Marine Oil plc, in which Juno holds an interest of approximately 28%.*

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

**24 Mineral leases**

(a) Under lease and royalty agreements dated September 1997 the company makes an annual index linked lease payment of c.£18,000. A royalty of 6% of net profits from mining production at Parys Mountain is also payable. The lease may be terminated at 12 months notice and otherwise expires in 2070.

(b) Under a mining lease from the Crown dated December 1991 the group makes an annual lease payment of £1,000. A royalty of 4% of gross sales of gold and silver from the lease area is also payable. The lease may be terminated at 12 months notice and otherwise terminates in 2020.

(c) Under a royalty agreement with Intermine Limited the company makes payments of Can\$50,000 (c.£21,000) per annum until production commences at the Parys Mountain mine. At the company's option this payment may be made in shares. A royalty of 4% of the company's net profits (as defined after various deductions) generated from production at the mine is also payable. The company has an option to buy out the royalty and advance payments. The agreement may be terminated at 12 months notice on abandonment of the property.

(d) Under a mining lease from the Crown dated August 1997, a subsidiary makes lease payments of £2,500 per annum. A royalty of 4% of gross sales of gold and silver from production at the Doiaucothi mine is also payable. The lease may be terminated at 12 months notice after May 2002 and otherwise terminates in 2011. Certain financial obligations relating to this lease have been guaranteed by the company.

**25 Post balance sheet events**

There are no significant post balance sheets events to report.