Sirius Exploration Plc

Report and Consolidated Accounts

For the year ended
31 March 2010

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Directors and Advisers

Directors
CJ Catlow
R O'D Poulden
JC Harrison
DCW Stonley
Prof MR Mainelli

Secretary
London Registrars Plc

Registered Office
4th Floor, Haines House
21 John Street
London
WC1N 2BP

Auditors
Nexia Smith & Williamson
Chartered Accountants
25 Moorgate
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EC2R 6AY

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Switzerland

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EC4M 7EH

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2nd Floor, Bowman House
29 Wilson Street
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36 Old Jewry
London
EC2R 8DD

Lawyers
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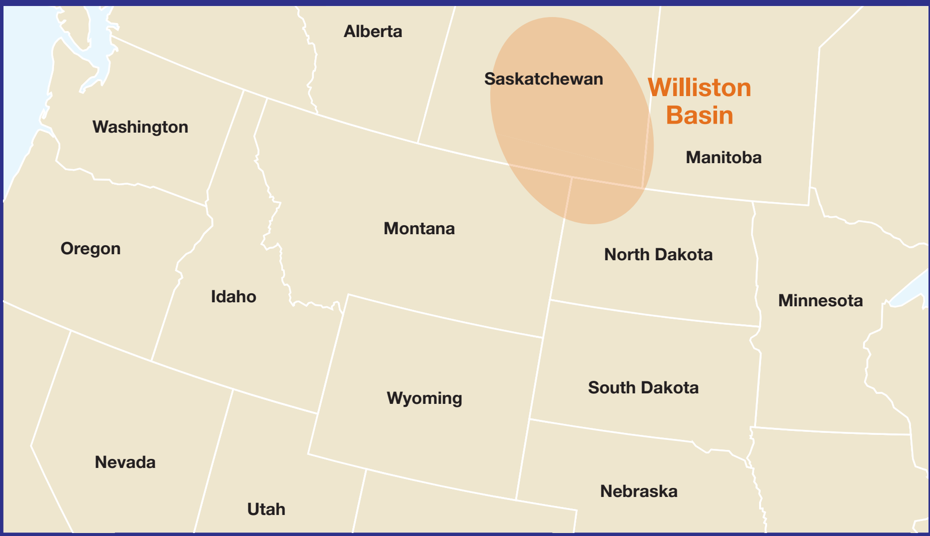
CityPoint
1 Ropemaker Street
London
EC2Y 9AH

Registrars
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

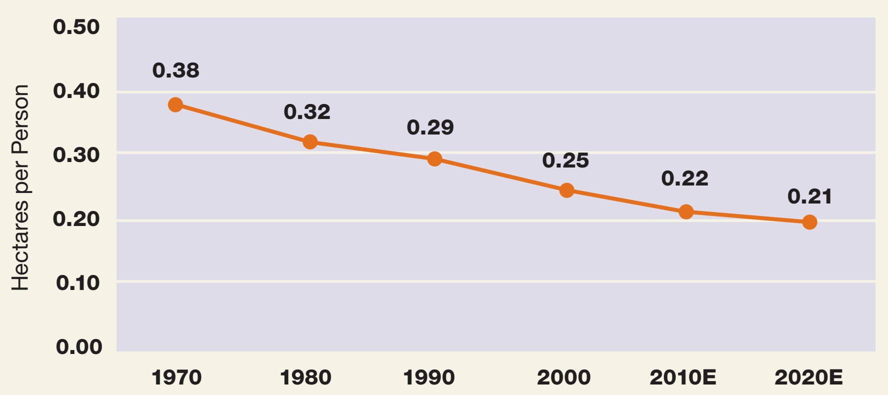
Company's Registered Number
4948435

Potash Data



"The supply demand dynamic for potash is fascinating. Whilst it is needed worldwide to enhance plant growth, only 12 countries produce potash."

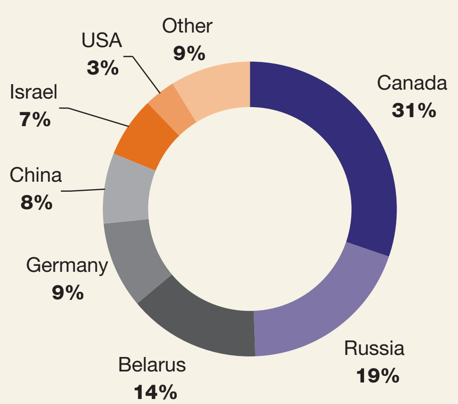
Hectares of Arable Land per Person



Source: United Nations Food and Agriculture Organization (FAO), U.S. Department of Agriculture (USDA)

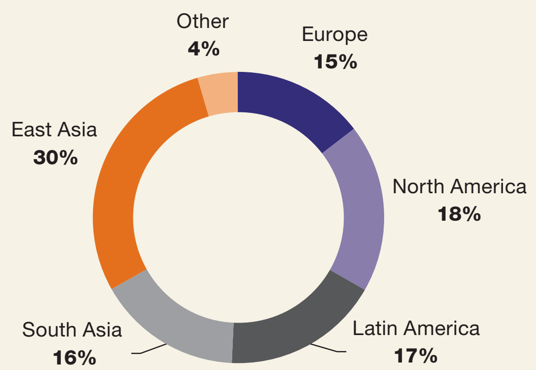
"The United Nations believes we need to produce 70% more food from the existing or shrinking amount of agricultural land to adequately feed the world in the future."

Global Potash Production



Source: US Geological Survey

Global Potash Consumption



Source: International Fertiliser Association

Chairman's Statement

"We have in Sirius Exploration the makings of a significant company. The initial step on that journey is to focus on the rapid development of our various potash projects."

Dear Shareholders

It is with great pleasure that I write to you as fellow shareholders for the first time.

The United Nations estimates that by 2050 the global population will reach 9 billion. This rapid growth in the global population coupled with enormous urbanisation in the developing world is placing increasing strain on our planet. The questions of how to provide sustainable supplies of clean water, energy and food are ones that we need to focus on.

Hunger and malnutrition are already global problems. The mid-term goal, formulated during the World Food Summit, of halving the number of undernourished people in developing countries by 2015 and the long-term goal of feeding a growing population will require more intensive agricultural crop production. The United Nations believes we need to produce 70% more food from the existing or shrinking amount of agricultural land to adequately feed the world in the future. That is before the increasing trend of growing feedstocks on arable land for biofuels. Sustainable intensification is the prime option for meeting future food needs and protecting natural resources. That means deploying the right nutrient source at the right rate at the right time and place. The key nutrients for optimising plant growth are nitrogen, phosphorous and potassium.

As the Food and Agriculture Organisation of the United Nations says, a critical policy issue for efficient mineral fertilizer use is to make fertilizer application profitable for farmers who currently are using too little fertilizer to attain required production increases, and to counteract land degradation from soil nutrient mining. The world needs more mineral fertilizers and increased nutrient efficiency, especially in intensive crop production systems.
A great deal of the existing knowledge of 'what' and 'how' needs to be transferred to farmers. China understands the importance of this issue and is in the process of deploying 100,000 agronomists and experts to provide training to farmers on balanced fertilization. (Potash Corp Q2 Market Analysis Report 11 June 2010)

Of the three key nutrients, potassium (potash) is the one in which most soils are deficient within the key markets of China, India, the rest of Asia and Latin America. Fertecon and Potash Corp estimate that to reach optimal potash application rate and to meet growing food demand, potash use will need to double from 50 million tons per annum ("mtpa") to 100mtpa in the next 10 years.

The supply demand dynamic for potash is fascinating. Whilst it is needed worldwide to enhance plant growth (there is no substitute for potassium), only 12 countries produce potash. The U.S. Geological Survey estimates that Canada dominates production and has half the world's reserves in the Williston Basin in Saskatchewan. Canada, Russia and Belarus together account for 80% of the world's reserves and 67% of production. Such a concentration of supply in a global market is limited to very few commodities and provides for extreme price inelasticity. The barriers to entry are relatively high because of the scarcity of commercially viable potash deposits.

What does all this mean for Sirius?

We intend to become a significant potash producer as quickly as possible.

We have acquired 100% ownership of four potash companies in the last year. Dakota Salts with tenements in the Williston Basin, Queensland Potash and Adavale Holdings with tenements in the Adavale Basin in Queensland and Derby Salt with tenements in the Canning Basin in Western Australia. We have retained Boyd PetroSearch and North Rim Exploration as technical advisers and the interpretation of the seismic data to date in all three locations is encouraging. Investigations are on-going to determine the feasibility of developing solution mining operations.

Chairman's Statement (continued)

The majority of the focus to date has been applied to Dakota Salts given its proximity to the current potash operations in the Williston Basin over the border in Saskatchewan, Canada. We have been working closely with the North Dakota Government to finalise an appropriate operating and taxation regime for potash exploration and production within the State. We have developed an excellent working relationship with the relevant officials and stakeholders and have been pleased with the enthusiasm and cooperation we have received to date. We are hopeful that we will have appropriate regulations in place within the next legislative session. This will allow us to plan with more certainty and facilitate acceleration in the rate of development activities. It is hoped that our initial drilling campaign will commence in the fourth quarter of 2010.

Recent analysis of existing and new seismic data available on Queensland Potash's tenements within the Adavale Basin has not only confirmed the salt thickness that has been in previous technical reports but has also indicated a greater salt extent than was originally determined. This is encouraging as it provides greater potash and salt potential than was first thought. Our advisers are similarly assessing the Canning Basin tenements and their potential for commercial potash operations.

We will continue to develop these opportunities whilst also potentially acquiring other potash projects to diversify risk and ensure we move rapidly towards our goal of becoming a significant potash producer. Additional capital will need to be raised to develop these opportunities and discussions with strategic and other investors will continue to ensure fundraising initiatives are optimised.

Sirius has other opportunities associated with its salt tenements in all three jurisdictions. We are continuing to investigate the possibilities to develop businesses in the areas of clean energy, gas storage and chemical plants. The technical relationships with Schlumberger, EPRI, Basin Energy and the University of Queensland bode well for the Group, and we hope to build from here to advance the current initiatives and exploit alternative opportunities.

"We have been working closely with the North Dakota Government to finalise an appropriate operating and taxation regime for potash exploration and production within the State."

The highlights have been as follows:

- raised £2.8 million of new funding from institutional investors for use as working capital;
- intangible assets increased from £1.2 million to £54.3 million;
- established US ADR facility and listing on the OTCQX platform, arranged by Deutsche Bank, giving us exposure to US investors;
- acquired the remaining 49% of Dakota Salts LLC giving us 100% ownership and control of the exploration permits;
- acquired 100% of Auspotash Corporation giving us control of the exploration permits held by Queensland Potash and included Canadian $2 million of cash deposits;
- acquired 100% of Adavale Holdings Pty Limited which holds exploration permits for land adjacent to the Queensland Potash properties;
- acquired 100% of Derby Salt Pty Limited which holds exploration permits in the Kimberley region of Western Australia;
- acquired 100% of the technology companies and patent applications of CO2 Energy Storage Pty Limited (Queensland), Bicarb Sequestration Pty Limited and CO2 Energy Storage Limited, (Nevada) USA;
- began research programmes into CAES (Compressed Air Energy Storage) and carbon sequestration respectively in relation to the properties in North America;
- acquisition of a further 1,000 acres of lease areas adjacent to existing properties of Dakota Salts LLC.

"Recent analysis of existing and new seismic data available on Queensland Potash's tenements within the Adavale Basin ..... is encouraging as it provides greater potash and salt potential than was first thought."

Post the year end, this momentum was continued, as we announced:

- the award of a US$225,000 grant by the Industrial Commission of North Dakota under its Renewable Energy Program to our wholly owned subsidiary Dakota Salts LLC.

We have in Sirius Exploration the makings of a significant company. The initial step on that journey is to focus on the rapid development of our various potash projects. The timing is right for the emergence of a new international group with a number of potash projects in various jurisdictions and we have the platform to grow the company in that direction.

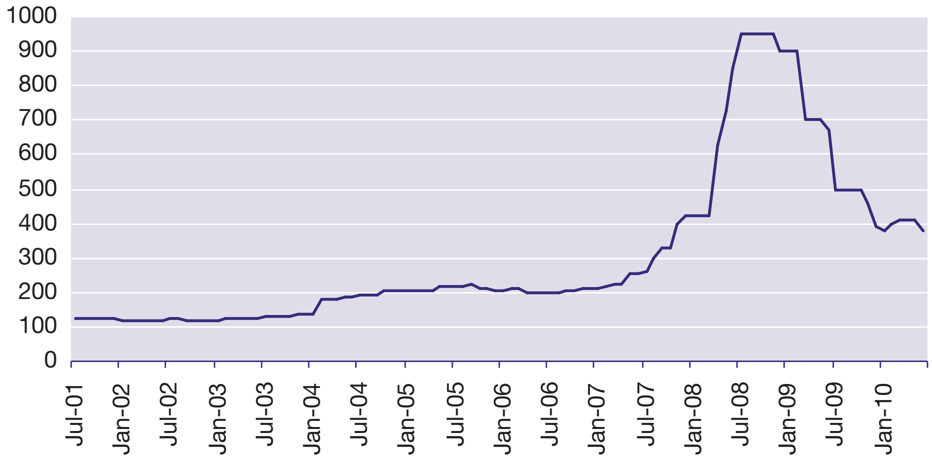
I would also like to mention the recent untimely passing of one of our directors. Dr Nicholas Badham was a founding director of this company and will be sorely missed. Our thoughts are with his family at this difficult time.

In closing, I would like to thank our shareholders old and new for your support and I look forward to an exciting future for your company.

Christopher Catlow
Chairman

"We will continue to develop these opportunities whilst also potentially acquiring other potash projects to diversify risk and ensure we move rapidly towards our goal of becoming a significant potash producer."

Potash Price (US$/t) - CIF Asia/Oceania



Source: Bloomberg

Deputy Chairman's Note

Nick Badham died suddenly on 19 June 2010. He was on a geological field assignment in Spain doing what he loved most: checking on rocks. He will be greatly missed by all who knew him and I would like again to extend our sympathy formally to all his family.

Richard Poulden
Deputy Chairman

The directors submit their report and the audited consolidated accounts for the year ended 31 March 2010.

Activities and review of business

The Group's principal activity is a diversified holding company with its principal interests in mineral properties in Australia and North America.

The directors' comments concerning the results and future prospects are included in the Chairman's Statement.

The Group's business key performance indicators (KPIs) are cash, exploration costs, administrative costs and shareholder reserves, all of which are disclosed in these consolidated accounts.

Results for the year and dividends

The Group's loss for the year after taxation and minority interests was £3,838,749 (2009: £538,926) after the following:

	2010	2009
Group	**£**	**£**
Exploration costs expensed	(397,563)	-
Abortive acquisition costs written back	58,914	52,232
Impairment charge, Macedonia	(439,407)	(220,572)
Impairment charge, Auspotash Pty Limited deregistered	(22,124)	-
Acquisition costs	(174,016)	-
Research and development	(44,113)	-
Due diligence	-	(27,271)
Share options issued to new Chairman	(1,224,130)	-
Share options issued to financial advisers	(429,518)	-
Other administration costs	(1,167,208)	(338,588)
Net finance income/(costs)	416	(4,727)
	(3,838,749)	(538,926)

The Company's loss for the year after taxation was £3,169,399 (2009: £524,608) after the following:

	2010	2009
Company	**£**	**£**
Abortive acquisition costs written back	58,914	52,232
Impairment charge, Macedonia	(439,229)	(220,572)
Acquisition costs	(174,016)	-
Due diligence	-	(27,271)
Share options issued to new Chairman	(1,224,130)	-
Share options issued to financial advisers	(429,518)	-
Other administration costs	(965,672)	(324,270)
Net finance income/(costs)	4,252	(4,727)
	(3,169,399)	(524,608)

The directors do not recommend a payment of a dividend for the year (2009: £nil).

Director's Report (continued)

Directors

The following are the directors who all served on the board for the year ended 31 March 2010:

RO'D Poulden

Dr JPN Badham

JC Harrison

DCW Stonley

Prof MR Mainelli

CJ Catlow was appointed on 6 April 2010 and Dr JPN Badham passed away on 19 June 2010.

Financial risk management

Details of the Group's financial instruments and its policies with regard to financial risk management are given in note 24 to the consolidated accounts.

Principal risks and uncertainties

The principal risk and uncertainty facing the Group is whether potential mineral reserves can be exploited economically. Further information on this can be found in the Chairman's Statement on pages 5 to 7.

Creditor payment policy

The Group does not follow a code or standard on payment practice. Payment terms are normally agreed with individual suppliers at the time of order placement and are honoured, provided that goods and services are supplied in accordance with the contractual conditions.

At the year end, the Group had creditor days of 92 (2009: 92).

Corporate governance

The Directors intend, in so far is practicable given the Group's size and the constitution of the board, to comply with the main provisions of the Combined Code: Principles of Corporate Governance and Code of Best Practice which is consistent with the recommendations on Corporate Governance Guidelines of the Quoted Companies Alliance for AIM companies.

The Directors comply with Rule 21 of the AIM Rules relating to the Directors' dealings as applicable to AIM companies and will also take all reasonable steps to ensure compliance with Rule 21 by the Group's relevant employees.

Events after the reporting period

Grants

On 22 April 2010, Dakota Salts LLC was awarded a US$225,000 grant by the Industrial Commission for North Dakota under its Renewable Energy Program for carrying out of feasibility studies on using salt caverns for compressed air energy storage (CAES) from wind energy in North Dakota.

Statement regarding disclosure of information to the auditor

Each director of the Group has confirmed that, in fulfilling their duties as a director, they are aware of no relevant audit information of which the Group's auditors are not aware and that they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

A resolution for the re-appointment of 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

J.C. Harrison
Director

Date: 21 July 2010

Company's registered number: 4948435

Directors

The Board comprises of two executive Directors and three non-executive Directors.

Mr Christopher Catlow, Chairman, aged 49 (Non-executive)

Mr Catlow has a Bachelor of Science in Engineering from the University of Durham, UK and is a fellow of the Institute of Chartered Accountants in Australia. He is a highly experienced executive in the international resources industry, having worked on the development and operations of oil and gas, hard rock and sand mining projects over a 25 year career. He was involved in the establishment of First Quantum Limited's Zambian copper assets, played a central role in financing Energy Equity Corporation's gas field pipeline and power project in Indonesia and in the formation and operations of Iluka Resources Limited. Most recently he was senior executive of the ASX listed iron ore mining company Fortescue Metals Group Limited ("Fortescue"), since shortly after its formation in 2003. He was inaugural Chief Financial Officer and then Investment and Business Development Director. During that time Fortescue raised more than US$4 billion and became a major force in the Pilbara region of Western Australia. He is also Chairman of Indo Mines Limited, an ASX listed company and Allied Medical Limited, an Australian unlisted public company.

Mr Richard Poulden, Deputy Chairman, aged 58 (Executive)

Following a law degree from Oxford University, Mr Poulden qualified as a Barrister, after which he moved into merchant banking where he worked for Samuel Montagu & Co Limited. Following an MBA at London Business School, he joined the international management consultancy firm, Arthur D Little, where he worked in their European strategy practice and was co-founder of their Financial Industries Group. He worked on natural resource projects in South America and the United States in ammonia production and oil and natural gas respectively. He has advised at a corporate finance level, on the securing of natural resource projects in the Middle East and Central Asia. He served in the UK Leadership Team of Electronic Data Systems where he worked on the merger of EDS's global energy practice.

Mr Jonathan Harrison, Finance Director, aged 63 (Executive)

Mr Harrison is a Chartered Accountant with experience in quoted and unquoted companies. Previously, he spent 16 years at Intercontinental Hotels Corporation, holding various positions of Vice President of Finance responsible for Europe, Middle East and Africa. In 1989 he joined Boddington Group Plc, where he developed and became Operations Director of the Village Leisure Hotels division, responsible for the operation of six leisure hotels. Between February 1994 and May 1996, while still at the Boddington Group, he was Finance Director of Country House Retirement Homes Limited business during which time the number of nursing homes nearly doubled to 31 nursing homes and assisted with the sale of the business to BUPA.

In March 1997 he led a management buy-in of 25 hotels from Queens Moat Houses plc with Duke Street Capital. Six months later he managed the refinancing of the new Group, County Hotels Group plc, through a listed bond offering and, in January 1999, successfully sold the company to Regal Hotels Group plc. After researching the health and fitness market, he joined Topnotch Health Clubs plc in September 1999 and oversaw the company's listing on AIM in March 2000. At the same time, as seed capital investor and non-executive director of UK Explorer Limited, nurtured this internet business through the dot-com boom bust to a successful trade sale in February 2005. He is a Non Executive Director of Plus listed Fundy Minerals Limited.

Professor Michael Mainelli, aged 51 (Non-executive)

Professor Mainelli is Chairman of Z/Yen, the UK's leading risk/reward Group, where he has worked since 1994 on strategy, technology, finance and business development. He started his career as a research scientist in aerospace and computer graphics and then spent seven years as a partner in a leading accountancy firm directing much of their consultancy work in the UK and overseas. Prof. Mainelli's natural resources experience dates back to 1979 where his early research work led him to starting companies in seismology, cartography and oil and gas information for a Swiss firm. In the early 1980's Prof. Mainelli initiated and ran the Swiss firm's multi-million dollar oil industry consortium (Shell, BP, Chevron and Elf Aquitaine were primary partners plus 10 minor partners) to digitise the world which culminated in the development of Geodat and Mundocart, oil industry standard sets of cartographic data at scales of 1:50,000 to 1:1,000,000 and over 60 million geographic features. Prof. Mainelli has worked for public, private and not-for-profit companies, led several privatisation projects, was Chief Scientist of the DTI Foresight Challenge award-winning Financial Laboratory, and Corporate Development Director on the board of Europe's largest R&D organisation – the 12,000 strong Defence Evaluation and Research Agency of the UK's Ministry of Defence.

Directors (continued)

Mr Derek Charles William Stonley, aged 69 (Non-executive)

Mr Stonley graduated from Cambridge with a BA in Natural Sciences and has over forty years experience in the mining sector. From 1980 to 1987, Mr Stonley held senior positions at BP Minerals International Limited in exploration in Europe and North America for stratiform copper and lead-zinc, diamonds, gold and copper-gold porphyries. As Consulting Geologist at BP Minerals, he was responsible for the development of methodologies for valuing exploration properties worldwide. Following the sale of BP Minerals to RTZ, Mr Stonley was Senior Geologist and ultimately Consulting Geologist at Rio Tinto Mining and Exploration Limited, involved in the exploration and assessment of projects in Africa, Russia and Europe for iron ore, diamonds, gold and bauxite. Since 2002 he has been running his independent consultancy, Derek Stonley Consulting, with particular focus in Africa and Europe.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Director's Report and the accounts in accordance with applicable law and regulations.

Company law requires the Directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent company accounts, as applied in accordance with provisions of the Companies Act 2006. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the group for that period. In preparing these accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the accounts comply with IFRS as adopted by the European Union and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and of the Group and enable them to ensure that the accounts 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 are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Nexia Smith & Williamson

Independent Auditors' Report to the Members of Sirius Exploration plc

We have audited the consolidated accounts ("the accounts") of Sirius Exploration plc for the year ended 31 March 2010 which comprise the Consolidated Income Statement, the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and as regards the Company accounts, 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 Statement of Directors' Responsibilities set out on page 12, the directors are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view. Our responsibility is to audit the accounts 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 accounts

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

Opinion on accounts

In our opinion:

- the accounts give a true and fair view of the state of the group's and the company's affairs as at 31 March 2010 and of the group's loss for the year then ended;
- the group accounts have been properly prepared in accordance with IFRS as adopted by the European Union;
- the company accounts have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the accounts have been prepared in accordance with the requirements of the Companies Act 2006.

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 accounts are prepared is consistent with the accounts.

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 company, or returns adequate for our audit have not been received from branches not visited by us;
- the company accounts 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.

Natasha Lee
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Date: 21 July 2010

25 Moorgate
London
EC2R 6AY

Consolidated Income Statement

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Revenue		-	-
Adminstrative expenses		(3,839,165)	(534,199)
Exceptional administrative expenses			
Impairment charge	4	(461,531)	(220,572)
Acquisition costs	4	(174,016)	-
Share based payments	4	(1,658,932)	-
Exploration costs expensed	4	(397,563)	-
Other administrative costs		(1,147,123)	(338,588)
Operating loss	5	(3,839,165)	(534,199)
Finance income	6	521	-
Finance costs	6	(105)	(4,727)
Loss before taxation		(3,838,749)	(538,926)
Taxation	8	-	-
Loss for the financial year		(3,838,749)	(538,926)
Attributable to:			
Equity holders of the Company		(3,838,749)	(532,748)
Minority interest		-	(6,178)
		(3,838,749)	(538,926)
Loss per share:			
Basic and diluted	9	(1.0p)	(0.5p)

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2010

	2010	2009
	£	£
Loss for the year	(3,838,749)	(538,926)
Other comprehensive income/(loss)		
Exchange differences on translating foreign operations	5,575,025	(2,532)
Other comprehensive loss for the year, net of tax	5,575,025	(2,532)
Total comprehensive income/(loss) for the year	1,736,276	(541,458)
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	1,736,276	(535,280)
Minority interest	-	(6,178)
	1,736,276	(541,458)

Consolidated Statement of Financial Position

as at 31 March 2010

Assets

	Notes	2010	2009
Non-current assets		£	£
Plant and equipment	10	859	3,125
Intangible assets	11	54,292,178	1,220,845
		54,293,037	1,223,970
Current assets			
Other receivables	14	55,407	108,333
Cash and cash equivalents	16	1,782,063	8,553
Available-for-sale financial assets	17	729,000	-
		2,566,470	116,886
Total assets		56,859,507	1,340,856
Equity and liabilities			
Equity			
Share capital	18	1,658,250	328,930
Share premium account		47,958,734	2,122,001
Share based payment reserve	19	1,575,403	1,205
Retained earnings		(3,610,413)	(2,059,537)
Foreign exchange reserve		5,572,493	(2,532)
Equity attributable to shareholders of the Company		53,154,467	390,067
Minority interest		-	340,515
Total equity		53,154,467	730,582
Non-current liabilities			
Deferred tax liability	12	3,233,449	-
Current liabilities			
Borrowings	20	-	67,765
Trade and other payables	21	471,591	542,509
Total current liabilities		471,591	610,274
Total liabilities		3,705,040	610,274
Total equity and liabilities		56,859,507	1,340,856

The accounts were approved by the Board of Directors on 21 July 2010 and were signed on its behalf by:

J Harrison
Director

Consolidated Statement of Changes in Equity

for the year ended 31 March 2010

	Share capital £	Share premium account £	Share based payments reserve £	Retained earnings £	Foreign exchange reserve £	Equity share-holders' funds £	Minority interests £	Total equity £
As at 31 March 2008	172,199	1,241,334	1,205	(1,526,789)	-	(112,051)	-	(112,051)
Loss for the year	-	-	-	(532,748)	-	(532,748)	(6,178)	(538,926)
Foreign exchange differences on translation of foreign operations	-	-	-	-	(2,532)	(2,532)	-	(2,532)
Total comprehensive income for the year	-	-	-	(532,748)	(2,532)	(535,280)	(6,178)	(541,458)
On acquisition	-	-	-	-	-	-	346,693	346,693
Share capital issued in the year	156,731	915,667	-	-	-	1,072,398	-	1,072,398
Share issue costs	-	(35,000)	-	-	-	(35,000)	-	(35,000)
At 31 March 2009	328,930	2,122,001	1,250	(2,059,537)	(2,532)	390,067	340,515	730,582
Loss for the year	-	-	-	(3,838,749)	-	(3,838,749)	-	(3,838,749)
Foreign exchange differences on translation of foreign operations	-	-	-	-	5,575,025	5,575,025	-	5,575,025
Total comprehensive income for the year	-	-	-	(3,838,749)	5,575,025	1,736,276	-	1,736,276
On acquisition	-	-	-	2,020,653	-	2,020,653	(340,515)	1,680,138
Share capital issued in the year	1,329,320	45,960,368	-	-	-	47,289,688	-	47,289,688
Share issue costs	-	(123,635)	-	-	-	(123,635)	-	(123,635)
Share based payments	-	-	1,841,418	-	-	1,841,418	-	1,841,418
Exercised options	-	-	(267,220)	267,220	-	-	-	-
At 31 March 2010	1,658,250	47,958,734	1,575,403	(3,610,413)	5,572,493	53,154,467	-	53,154,467

The share premium account is used to record the excess proceeds over nominal value on the issue of shares.

The share based payment reserve is used to record the share based payments made by the Group.

The foreign exchange reserve records exchange differences which arise on translation of foreign operations with a functional currency other than Sterling.

Consolidated Statement of Cash Flows

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Cash outflow from operating activities	22	(1,978,658)	(524,867)
Cash flow from investing activities			
Purchase of intangible assets		(315,396)	(82,677)
Purchase of plant and equipment		(2,735)	(2,857)
Cash acquired on acquisition of subsidiary	12	1,174,556	373
Net cash generated from/(used in) investing activities		856,425	(85,161)
Cash flow from financing activities			
Net proceeds from issue of shares		2,763,541	619,623
Finance income/(costs)		416	(4,727)
Net cash generated from financing activities		2,763,957	614,896
Net increase in cash and cash equivalents		1,641,724	4,868
Cash and cash equivalents at beginning of the year		8,553	3,685
Effect of foreign exchange rate changes		131,786	-
Cash and cash equivalents at end of the year		1,782,063	8,553

Company Statement of Comprehensive Income

for the year ended 31 March 2010

	2010	2009
	£	£
Loss for the year	(3,169,399)	(524,608)
Other comprehensive income/(loss)	-	-
Total comprehensive loss for the year	(3,169,399)	(524,608)

Company Statement of Financial Position

as at 31 March 2010

Assets	Notes	2010 £	2009 £
Non-current assets			
Plant and equipment	10	-	3,125
Intangible assets	11	-	478,786
Investments in subsidiaries	13	44,217,492	370,230
		44,217,492	852,141
Current assets			
Other receivables	14	49,099	108,333
Loans to subsidiaries	15	1,037,865	-
Cash and cash equivalents	16	454,936	6,831
Available-for-sale financial assets	17	732,427	-
		2,274,327	115,164
Total assets		46,491,819	967,305
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	18	1,658,250	328,930
Share premium account		47,958,734	2,122,001
Share based payment reserve	19	1,575,403	1,205
Retained earnings		(4,953,992)	(2,051,813)
Total equity		46,238,395	400,323
Current liabilities			
Borrowings	20	-	32,935
Trade and other payables	21	253,424	534,047
Total liabilities		253,424	566,982
Total equity and liabilities		46,491,819	967,305

The accounts were approved by the Board of Directors on 21 July 2010 and were signed on its behalf by:

J Harrison

Director

Company Statement of Changes in Equity

for the year ended 31 March 2010

	Share capital £	Share premium account £	Share based payments reserve £	Retained earnings £	Equity share-holders' funds £
At 31 March 2008	172,199	1,241,334	1,205	(1,527,205)	(112,467)
Loss for the year and total comprehensive income	-	-	-	(524,608)	(524,608)
Share capital issued in the year	156,731	915,667	-	-	1,072,398
Share issue costs	-	(35,000)	-	-	(35,000)
At 31 March 2009	328,930	2,122,001	1,205	(2,051,813)	400,323
Loss for the year and total comprehensive income	-	-	-	(3,169,399)	(3,169,399)
Share capital issued in the year	1,329,320	45,960,368	-	-	47,289,688
Share issue costs	-	(123,635)	-	-	(123,635)
Share based payment reserve	-	-	1,841,418	-	1,841,418
Exercised option	-	-	(267,220)	267,220	-
At 31 March 2010	1,658,250	47,958,734	1,575,403	(4,953,992)	46,238,395

The share premium account is used to record the excess proceeds over nominal value on the issue of shares.
The share based payment reserve is used to record the share based payments made by the Company.

Company Statement of Cash Flows

for the year ended 31 March 2010

	Notes	2010 £	2009 £
Cash outflow from operating activities	22	(1,270,808)	(524,624)
Cash flow from investing activities			
Purchase of intangible assets		(11,015)	(80,582)
Purchase of plant and equipment		-	(2,857)
Investment in subsidiary		-	(3,028)
Loans to subsidiary companies		(1,037,865)	-
Net cash used in investing activities		(1,048,880)	(86,467)
Cash flow from financing activities			
Net proceeds from issue of shares		2,763,541	619,623
Finance income/(expense)		4,252	(4,727)
Net cash generated from financing activities		2,767,793	614,896
Net increase in cash and cash equivalents		448,105	3,805
Cash and cash equivalents at beginning of year		6,831	3,026
Cash and cash equivalents at end of the year		454,936	6,831

1. Accounting policies

Basis of preparation

The annual accounts of Sirius Exploration plc ("the Company") and its subsidiaries ("the Group") have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") ("IFRS") applied in accordance with the provisions of the Companies Act 2006.

IFRS is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") and there is an ongoing process of review and endorsement by the European Commission. The accounts have been prepared on the basis of the recognition and measurement principles of IFRS that are applicable at 31 March 2010.

The accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets. The principal accounting policies set out below have been consistently applied to all periods presented.

Going concern

The Group has incurred trading losses during the year ended 31 March 2010. The Directors have reviewed the financial performance of the Group since 31 March 2010 and have considered the Group's cash projections for the 12 months from the date of approval of these accounts. Based on these projections, the directors of the Group consider it appropriate to draw up the accounts on a going concern basis. The accounts do not include any adjustments that would result if the going concern assumption was no longer deemed appropriate.

International Financial Reporting Standards in "issue" but not yet effective

At the date of authorisation of these consolidated accounts, the IASB and IFRIC have issued standards and interpretations which are effective for annual accounting periods beginning on or after the stated effective date. Whilst these standards and interpretations are not effective for and have not been applied in the preparation of these consolidated accounts, the following may have a material impact going forward:

- IAS 24 (Revised) 'Related Party Transactions' (effective from 1 January 2011);
- IAS 32 (Amendment) 'Classification of rights issues' (effective from 1 February 2010);
- IAS 36 (Amendment) 'Impairment of Assets' (effective from 1 January 2010);
- IAS 38 (Amendment) 'Intangible Assets' (effective from 1 January 2010);
- IAS 39 (Amendment) 'Financial Instruments: Recognition and Measurement' (effective from 1 July 2009);
- IFRS 2 (Amendment) 'Group cash – settled and share – based payment transactions' (effective from 1 January 2010);
- IFRS 5 (Amendment) 'Measurement of non-current assets (or disposal groups) classified as held-for-sale' (effective from 1 January 2010);
- IFRS 9 'Financial instruments' (effective from 1 January 2013);
- IFRC17 'Distribution of Non-cash Assets to Owners' (1 July 2009);

New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 April 2009:

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 April 2009.
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group has applied IFRS 3 (revised) to all business combinations from 1 April 2009.

Basis of consolidation

The Group's consolidated accounts incorporate the accounts of the Company and entities controlled by the Company (its subsidiaries) prepared to 31 March each year. Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement

1. Accounting policies (continued)

from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group transactions and balances and any unrealised gains and losses arising from intra-group transactions are eliminated in preparing the consolidated accounts.

As a consolidated income statement is published, a separate income statement for the parent Company is omitted from the Group accounts by virtue of section 408 of the Companies Act 2006. The loss for the Company for the year was £3,169,399 (2009: £524,608).

Business combinations and goodwill

On acquisition, the assets and liabilities and contingent liabilities of subsidiaries are measured at their fair values at the date of acquisition. Any excess of cost of acquisition over the fair value of identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (ie. discount on acquisition) is credited to the income statement in the period of acquisition. Goodwill arising on consolidation is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Plant and equipment

Plant and equipment are stated at cost less depreciation less any recognised impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs are charged to the income statement in the period in which they are incurred. Depreciation is provided on all tangible fixed assets and is calculated on a straight-line basis to allocate cost, other than assets in the course of construction, over the estimated useful lives, as follows: Computer equipment - 33.3% per annum

Exploration and evaluation assets

Costs arising from exploration and evaluation activities are accumulated separately for each area of interest and only capitalised where such costs are expected to be recouped through successful development, or through sale, or where exploration and evaluation activities have not, at the reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Expenditure capitalised comprises direct costs that have a specific connection with a particular area of interest.

Capitalised expenditure in respect of areas of interest is written off in the income statement when the above criteria do not apply or when the directors assess that the carrying value may exceed the recoverable amount.

Capitalised costs in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

Once production commences, capitalised expenditure in respect of an area of interest is amortised on a unit of production basis by reference to the reserves of that area of interest.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flow have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount

1. Accounting policies (continued)

that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of the impairment loss is recognised in the income statement immediately.

Foreign currencies

The reporting and functional currency of the Group is Sterling. Transactions denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are dealt with in the profit and loss account.

On consolidation, the assets and liabilities of foreign operations which have a functional currency other than Sterling are translated into Sterling at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of these subsidiary undertakings are translated at average rates applicable in the period. All resulting exchange differences are recognised as a separate component of equity.

Investments

Investments by the Company are in respect of its subsidiaries and are held at cost less any provision for impairment when required.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale financial assets, or are not classified in any of the other three stated categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Unlisted share investments are carried at fair value where it can be reliably obtained, otherwise they are stated at cost less impairment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments". The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The accounting policies of the reportable segments are consistent with the accounting policies of the Group as a whole. Segment loss represents the loss incurred by each segment without allocation of foreign exchange gains or losses, investment income, interest payable and tax. This is the measure of loss that is reported to the Board of Directors for the purpose of resource allocation and the assessment of segment performance.

When assessing segment performance and considering the allocation of resources, the Board of Directors review information about segment assets and liabilities. For this purpose, all assets and liabilities are allocated to reportable segments with the exception of the Company's assets and liabilities.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

Cash and cash equivalents

Cash and cash equivalents comprise on demand deposits held with banks, with an original maturity of three months or less.

Trade and other payables

Trade payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest rate method.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated accounts. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction

1. Accounting policies (continued)

affects neither accounting, nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates and laws that have been enacted (or substantially enacted) by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of any direct issue costs.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*.

The Group issues equity-settled share-based payments to certain directors and consultants. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Research and development expenditure

Early stage research and development expenditure relating to carbon sequestration and compressed air energy storage using CO_2 are expensed.

2. Critical accounting estimates and judgements

The critical accounting estimates and judgements made by the Group regarding the future or other key sources of estimation, uncertainty and judgement that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities within the next financial year are:

Impairment of exploration and evaluation assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generated units will be determined based on value-in-use calculations. These calculations will require the use of estimates (refer to note 11).

Share based payments

In determining the fair value of equity settled share based payments and the related charge to the income statement, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Group's future dividend policy, the timing with which options will be exercised and the future volatility in the price of the Group's shares. Such assumptions are based on publicly available information and reflect market expectations and advice taken from qualified personnel. Different assumptions about these factors to those made by the Group could materially affect the reported value of share based payments.

3. Segmental analysis

Management has determined the operating segments by considering the business from both a geographic and product perspective. For management purposes, the Group is currently organised into two operating divisions: resource evaluation and exploitation and environmental improving solutions. These divisions are the business segments for which the Group reports its segment information internally to the Board of Directors. The Group's operations are predominantly in the United States of America and Australia.

3. Segmental Analysis (continued)

	United States of America		Australia		Macedonia		
	Resource evaluation and exploration	Environmental solutions	Resource evaluation and exploration	Environmental solutions	Resource evaluation and exploration	Unallocated	Total
	£	£	£	£	£	£	£
Year ended 31 March 2010							
Operating loss	(465,497)	(49,863)	(119,346)	(33,795)	(744)	(3,169,920)	(3,839,165)
Finance costs	-	-	(105)	-	-	-	(105)
Finance income	-	-	-	-	-	521	521
Loss before taxation	(465,497)	(49,863)	(119,451)	(33,795)	(744)	(3,169,399)	(3,838,749)
Taxation	-	-	-	-	-	-	-
Loss for the year from continuing operations	(465,497)	(49,863)	(119,451)	(33,795)	(744)	(3,169,399)	(3,838,749)
Total assets	2,238,315	188,767	52,960,407	235,356	3,627	(1,233,035)	56,859,507
Total liabilities	(160,850)	(24,865)	(3,258,372)	(7,529)	-	(253,424)	(3,705,040)
Net assets	2,077,465	163,902	49,702,035	227,827	3,627	979,611	53,154,467
Capital expenditure	1,300,939	172,185	44,202,180	212,222	12,067	-	45,899,593
Depreciation and amortisation	-	-	1,876	-	-	3,125	5,001
Impairment charge	-	-	22,124	-	439,407	-	464,531
Share based payment costs	-	-	-	-	-	1,658,932	1,658,932
Acquisition costs	-	-	-	-	-	174,016	174,016
Exploration expensed	330,450	-	11,168	34,177	21,768	-	397,563

3. Segmental Analysis (continued)

	United States of America		Australia		Macedonia		
	Resource evaluation and exploration	Environmental solutions	Resource evaluation and exploration	Environmental solutions	Resource evaluation and exploration	Unallocated	Total
	£	£	£	£	£	£	£
Year ended 31 March 2009							
Operating loss	(12,609)	-	-	-	(1,709)	(519,881)	(534,199)
Finance costs	-	-	-	-	-	(4,727)	(4,727)
Loss before taxation	(12,609)	-	-	-	(1,709)	(524,608)	(538,926)
Taxation	-	-	-	-	-	-	-
Loss for the year	(12,609)	-	-	-	(1,709)	(524,608)	(538,926)
Total assets	738,220	-	-	-	430,347	172,289	1,340,856
Total liabilities	(43,292)	-	-	-	-	(566,982)	(610,274)
Net assets/(liabilities)	694,928	-	-	-	430,347	(394,693)	730,582
Capital expenditure	736,646	-	-	-	82,677	56,857	876,280
Depreciation and amortisation	-	-	-	-	-	411	411
Impairment charge	-	-	-	-	220,572	-	220,572

4. Exceptional administrative expenses

The Group issued 57,756,442 (2009: nil) share options valued at £1,658,932 (2009: £nil) (see note 19).
The Group made an impairment charge of £439,407 (2009: £220,572) against exploration expenditure incurred on its Kadiica prospect (2009: Osogovo prospect) due to the delay and uncertainty relating to the renewal of its exploration licences due to the change in the Macedonian mining law and the focus on the Company's newly acquired subsidiaries. The Group made a further impairment of £22,124 (2009: £nil) in Auspotash Pty Limited, a subsidiary of Auspotash Corporation, as the company was de-registered.

The Group expensed £174,016 (2009: £nil) of acquisition costs relating to the acquisition of Auspotash Corporation.

The Group expensed £397,563 (2009: £nil) of exploration costs.

5. Operating loss is stated after charging/(crediting):

	2010	2009
	£	£
Auditors' remuneration		
Fees payable to the Group's auditor for the audit of the Group's consolidated accounts (including £16,000 in respect of the Company (2009: £16,000))	28,500	16,000
Fees payable to the Group's auditor and its associates for other services		
- other services relating to taxation	6,214	3,150
- services relating to corporate finance transactions	-	(23,500)
Depreciation	5,001	411
Research and development	44,113	-

6. Finance income and costs

	2010	2009
	£	£
Bank interest payable	(105)	(4,727)
Bank interest received	521	-

7. Staff costs (including directors)

There were no staff costs, excluding directors' emoluments (2009: £nil). There were no employees, including directors, during the year (2009: £nil).

	2010	2009
Directors' remuneration	£	£
RO'D Poulden	120,000	60,000
JPN Badham	24,687	34,375
JC Harrison	60,000	30,000
Prof MR Mainelli	10,000	10,000
DCW Stonley	10,000	10,000
	224,687	144,375

There were no contributions to pension schemes, no share options or any other benefits (2009: £nil).

8. Taxation

	2010	2009
	£	£
Corporation tax payable based on the loss for the year at 28% (2009: 21%)	-	-
Taxation reconciliation		
Loss on ordinary activities before taxation	(3,838,749)	(538,926)
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 28% (2009: 21%)	(1,074,850)	(113,174)
Taxation effects of:		
Expenses not deductible for tax purposes	597,414	41,409
Capital allowances in excess of depreciation	(49)	(661)
Trading losses utilised	99,210	-
Trading losses not utilised	378,275	72,426
	-	-

The Group has unused tax losses of £3,015,501 (2009: £1,480,484). The related deferred tax asset has not been recognised in the accounts due to the uncertainty surrounding its recoverability.

The deferred tax asset can be recovered against suitable future trading profits.

9. Loss per share

Basic loss per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Given the Group's reported loss for the year, share options are not taken into account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted earnings per share are the same.

	2010	2009
	£	£
Loss for the purposes of basic earnings per share being net loss attributable to equity shareholders of the parent	(3,838,749)	(532,748)
Loss for the purpose of diluted earnings per share	(3,838,749)	(532,748)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	393,381,017	98,737,762

Earnings per share

If the Company's share option were taken into consideration in respect of the Company's weighted average number of ordinary shares for the purpose of diluted earnings per share, it would be as follows:

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purposes of diluted earnings per share	398,412,363	98,937,762
Basic and diluted loss per share – pence	(1.0p)	(0.5p)

10. Plant and equipment – Group and Company

	Company computer equipment £	Group computer equipment £
Cost		
At 1 April 2008	1,723	1,723
Additions	2,857	2,857
At 1 April 2009	4,580	4,580
Additions	-	2,735
At 31 March 2010	4,580	7,315
Depreciation		
At 1 April 2008	1,044	1,044
Charge for the year	411	411
At 1 April 2009	1,455	1,455
Charge for year	3,125	5,001
At 31 March 2010	4,580	6,456
Net book value		
At 31 March 2010	-	859
At 31 March 2009	3,125	3,125

11. Intangible assets

Group	Exploration costs and rights £	Goodwill £	Total £
Cost			
At 1 April 2008	567,994	-	567,994
Additions	873,423	-	873,423
As at March 2009	1,441,417	-	1,441,417
Additions	255,440	-	255,440
Additions acquired on acquisition of subsidiary	45,641,418	2,240,541	47,881,959
Foreign exchange movement	5,161,846	287,619	5,449,465
Transfer to available-for-sale financial assets	(54,000)	-	(54,000)
As at 31 March 2010	52,446,121	2,528,160	54,974,281
Provision for permanent diminution in value			
At 1 April 2008	-	-	-
Impairment	(220,572)	-	(220,572)
At 31 March 2009	(220,572)	-	(220,572)
Impairment	(461,531)	-	(461,531)
At 31 March 2010	(682,103)	-	(682,103)
Net book value			
31 March 2010	51,764,018	2,528,160	54,292,178
31 March 2009	1,220,845	-	1,220,845

Goodwill

The goodwill acquired during the year as part of the business combination relating to Auspotash Corporation has been allocated, at acquisition, to the cash generating unit (CGU) of resource evaluation and exploitation in the geographical location of Australia, which is expected to benefit from the business combination.

The recoverable amount of the goodwill relating to Auspostash Corporation has been assessed by reference to value in use. The valuation is based on cash flow projections that incorporate best estimates of recoverable reserves and resources, forecast selling prices, production rates, future capital expenditure and production costs over the life of the tenements. The cash flow projections are based on long term plans covering the expected life of the operation. The projections therefore generally cover a period of 20 years, which is well in excess of five years. The valuations are particularly sensitive to changes in assumptions about selling prices, operating costs, and discount rates. Long term average selling prices are forecast taking account market data in respect of potash and management's current expectation. Forecasts of operating costs are based on management's current expectation. Discount rates represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. The Group's weighted average cost of capital is used as a start point for determining the discount rate with appropriate adjustments for the risk profile of the individual cash generating unit. Goodwill relating to Auspotash Corporation has been reviewed applying a discount rate of 10 per cent to the pre-tax cash flows expressed in real terms.

No reasonably possible change in the key assumptions on which Auspotash Corporation's recoverable amount is based would cause its value to fall short of its carrying amount at 31 March 2010.

11. Intangible assets (continued)

Impairment

£439,407 of the impairment charge relates to the CGU of Macedonia, which is fully impaired as at 31 March 2010 (see note 4). The remainder of the impairment charge relates to Auspotash Pty Limited, as described in note 4.

Company	Exploration costs and rights £	Total £
Cost		
At 1 April 2008	564,776	564,776
Additions	134,582	134,582
As at 31 March 2009	699,358	699,358
Additions	14,443	14,443
Transfer to available-for-sale financial assets	(54,000)	(54,000)
As at 31 March 2010	659,801	659,801
Provision for permanent diminution in value		
At 1 April 2008	-	-
Impairment	(220,572)	(220,572)
At 31 March 2009	(220,572)	(220,572)
Impairment	(439,229)	(439,229)
At 31 March 2010	(659,801)	(659,801)
Net book value		
31 March 2010	-	-
31 March 2009	478,786	478,786

12. Business combinations

On 29 September 2009 the Company acquired 63.8% of the equity of Auspotash Corporation, a company incorporated in Canada. Further acquisitions of Auspotash Corporation were made as follows: 0.18% on 4 November 2009; 2.61% on 2 December 2009; 0.44% on 21 December 2009 and 2.26% on 11 January 2010. Within these accounts these further acquisitions have been all treated as if they occurred on 29 September 2009. This acquisition was on a share for share exchange of two Sirius Exploration plc shares for each Auspotash Corporation share.

Auspotash Corporation's principal business activity is the acquisition, exploration and development of mineral properties. Auspotash Corporation holds two exploration permits through its subsidiary Queensland Potash Pty Limited covering lands overlying the "Boree Salt Member" within the Adavale Basin.

This transaction has been accounted for by the acquisition method of accounting.

	£
Fair value of shares issued	9,855,871
Less fair value of net assets acquired	(7,615,330)
Goodwill	2,240,541

The goodwill balance results from the requirement to recognise a deferred tax liability calculated on the difference between the provisional fair value of the assets and liabilities acquired and their related tax basis.

	IFRS carrying values £	Fair value adjustments £	Fair value of net assets acquired £
Exploration rights	3,420,248	9,652,088	13,072,336
Trade and other receivables	20,862	-	20,862
Cash and cash equivalents	1,174,556	-	1,174,556
Trade and other payables	(44,196)	-	(44,196)
Deferred tax liability	-	(3,233,449)	(3,233,449)
Net assets	4,571,470	6,418,639	10,990,379
Minority interests	(1,403,780)	(1,970,999)	(3,374,779)
Net attributable assets	3,167,690	4,447,640	7,615,330

The share issue consideration of £9,855,871 consists of 79,388,528 ordinary shares of the Company issued at 12.41p, as this is the weighted average quoted share price of the Company at the date of acquisition.

12. Business combinations (continued)

Cash flows arising from acquisitions are as follows:

	£
Net cash acquired with subsidiary	1,174,556
Net cash inflow arising on acquisition	1,174,556

On 29 March 2010 the Company acquired the remaining 30.71% of Auspotash Corporation. This acquisition was also on a share for share exchange of two Sirius Exploration shares for each Auspotash Corporation share with the fair value of consideration being £1,407,259, representing 5.3% of the Company's ordinary shares at a quoted price of 4p per share.

As control of Auspotash Corporation was obtained on 29 September 2009 the purchase of the additional shares is accounted for as an equity transaction and no gain or loss is recorded. The difference between the consideration for the shares and the current amount shown as a minority interest in Auspotash Corporation has been allocated within retained earnings.

Transaction costs of £174,016 relating to the acquisition of Auspotash Corporation have been recognised as an expense and included within administrative expenses in the Income Statement.

If the acquisition had been completed on the first day of the financial year, Group revenues for the period would have been £nil and Group loss attributable to equity holders of the parent would have been £4,419,151.

Auspotash Corporation contributed no revenue to the Group and £68,909 loss before tax to the Group from the date of acquisition to the year end date.

13. Investments in subsidiaries – Company

	2010 £	2009 £
At 1 Aprli 2009	370,230	3,427
Additions	43,850,689	366,803
Transfer to available-for-sale financial assets	(3,427)	-
At 31 March 2010	44,217,492	370,230

Principal activity – resource evaluation and exploitation

On 15 January 2009, the Company acquired 51% of the equity in Dakota Salts LLC, a company incorporated in the USA, and completed the acquisition of the remaining 49% on 26 August 2009. The fixed asset investment is held at cost. As at 31 March 2010, the Directors consider the fixed asset investment is not impaired.

The investment in Dakota Salts LLC was accounted for as an asset purchase and not a business combination within the Group's consolidated accounts and accordingly no goodwill has been recognised. Though the Company controlled 51% of Dakota Salts LLC as at 31 March 2009, 100% of the assets were accounted for within additions to exploration costs.

On 29 September 2009 the Company acquired 63.8% of the equity of Auspotash Corporation, a company incorporated in Canada, 0.18% on 4 November 2009, 2.61% on 2 December 2009, 0.44% on 21 December 2009, 2.26% on 11 January 2010 and completed this acquisition with the remaining 30.71% on 29 March 2010. The investment in Auspotash Corporation has been treated as a business combination and £2,240,541 of goodwill has been recognised (see note 12).

On 14 October 2009, the Company acquired 90.1% of Adavale Holdings Pty Limited, a company incorporated in Australia, the remaining 9.9% was acquired on 2 December 2009. The fixed asset investment is held at cost. As at 31 March 2010, the Directors consider the fixed asset investment is not impaired.

The investment in Adavale Holdings Pty Limited was accounted for as an asset purchase and not a business combination within the Group's consolidated accounts and accordingly no goodwill has been recognised and the assets were accounted for within additions to exploration costs.

13. Investment in subsidiaries - Company (continued)

Principal activity – resource evaluation and exploitation (continued)

On 19 October 2009, the Company acquired 100% of the equity of Derby Salt Pty Limited, a company incorporated in Australia. The fixed asset investment is held at cost. As at 31 March 2010, the Directors consider the fixed asset investment is not impaired.

The investment in Derby Salt Pty Limited was accounted for as an asset purchase and not a business combination within the Group's consolidated accounts and accordingly no goodwill has been recognised and the assets were accounted for within addition to exploration costs.

Principal activity – environmental solutions

On 13 October 2009, the Company acquired 100% of the equity of CO_2 Energy Storage Pty Limited and Bicarb Sequestration Pty Limited, companies incorporated in Australia, and CO_2 Energy Storage Limited, a company incorporated in the USA. The investment in the three companies is held at cost. As at 31 March 2010, the Directors consider the fixed asset investment in the three companies are not impaired.

The investments in CO_2 Energy Storage Pty Limited, Bicarb Sequestration Pty Limited and CO_2 Energy Storage Limited were accounted for as asset purchases and not business combinations within the Group's consolidated accounts and accordingly no goodwill has been recognised and the assets were accounted for within additions to assets.

14. Other receivables

Other receivables	**2010**	**2009**
	£	**£**
Group		
Other debtors	21,408	7,895
Prepayments	33,999	100,438
	55,407	108,333
Company		
Other debtors	15,100	7,895
Prepayments	33,999	100,438
	49,099	108,333

The directors consider that the carrying amount of other receivables approximates to their fair value.

No bad and doubtful debt charges have been recognised by the Group in the income statement during the year (2009: £nil). At 31 March 2010, no receivables were either impaired (2009: £nil) or past due but not impaired (2009: £nil).

15. Loans to subsidiaries

Company	**2010**	**2009**
	£	**£**
Dakota Salts LLC	676,793	-
Adavale Holdings Pty Limited	83,826	-
Queensland Potash Pty Limited	9,375	-
CO_2 Energy Storage Limited	137,726	-
CO_2 Energy Storage Pty Limited	17,500	-
Bicarb Sequestration Pty Limited	112,645	-
	1,037,865	-

The loans to subsidiaries are non interest bearing and repayable on demand. The directors consider that the carrying amount of these loans approximate their fair value.

At 31 March 2010, none of the above loans were either impaired (2009: £nil) or past due but not impaired (2009: £nil).

16. Cash and cash equivalents

	2010	**2009**
Group	**£**	**£**
Cash at bank	1,782,063	8,553
Company		
Cash at bank	454,936	6,831

The directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-parties are banks with high credit ratings.

The Group and Company's cash at bank and on hand is held in Sterling, and Canadian, Australian and US dollars.

Group	**2010**	**2009**
	£	**£**
Sterling	417,299	6,831
Australian dollars	621,285	-
Canadian dollars	644,507	-
US dollars	98,964	-
Macedonian dinar	8	1,722
	1,782,063	8,553

Company	**2010**	**2009**
	£	**£**
Sterling	417,299	6,831
US dollars	37,637	-
	454,936	6,831

17. Available-for-sale financial assets

Group	2010 £	2009 £
Unlisted investment	729,000	-

The investments included above represent investments in unlisted equity securities. The fair values of these securities are based on an internal valuation performed by the directors using a future earnings methodology. Under IFRS 7 'Financial Instruments: Disclosures' these are classified under the fair value hierarchy as level 3.

Company	2010 £	2009 £
Unlisted investment	732,427	-

The investments included above represent investments in unlisted equity securities. The fair values of these securities are based on an internal valuation performed by the directors using a future earnings methodology. Under IFRS 7 'Financial Instruments : Disclosures' these are classified under the fair value hierarchy as level 3.

18. Share capital

	2010 £	2009 £
Authorised		
1,000,000,000 (2009: 500,000,000) ordinary shares of 0.25p each	2,500,000	1,250,000
Allotted and called up		
663,300,160 (2009: 131,572,084) ordinary shares of 0.25p each	1,658,250	328,930

On 6 April 2009, ADRs in the Company's ordinary shares commenced trading on the OTCQX. Each ADR represents 500 ordinary shares in the Company and the Company can issue ADRs in respect of up to 25% of its issued share capital at any given time.

On 8 May 2009, the Company issued 1,250,000 new ordinary shares of 0.25p nominal value per ordinary share at 2.25p per share for a total consideration of £28,125 and 625,000 options exercisable at 4.5p no later than 8 May 2011.

On 10 June 2009, the Company issued 775,455 new ordinary shares of 0.25p nominal value per ordinary shares at 2.25p per share for a total consideration of £17,448.

On 13 July 2009, the Company issued 257,732 new ordinary shares of 0.25p nominal value per ordinary share at 4p for a total consideration of £10,309.

On 13 July 2009, the Company issued 133,949,889 new ordinary shares of 0.25p nominal value per share at 2p per share for a total consideration of £2,678,008.

On 24 July 2009, the Company issued 500,000 new ordinary shares of 0.25p nominal value per share at 4p per share for a total consideration of £20,000.

On 28 July 2009, the Company issued 2,500,000 new ordinary shares of 0.25p nominal value per share at 4p per share for a total consideration of £100,000.

On 25 August 2009, the Company issued 19,600,000 new ordinary shares of 0.25p nominal value per ordinary share in a share for share exchange to acquire the remaining 49% of Dakota Salts LLC at a market closing price of 6.75p per share for a total consideration of £1,323,000.

18. Share capital (continued)

On 7 September 2009 at a General Meeting of the Company the authorised share capital was increased from £1,250,000 to £2,500,000 by the creation of an additional 500,000,000 Ordinary Shares of 0.25p each, such shares ranking pari passu in all respects with the existing Ordinary Shares of 0.25p.

On 29 September 2009, the Company completed the acquisition of 63.8% of Auspotash Corporation, Canada, for 73,100,000 new ordinary shares of 0.25p per share at an offer price of two Sirius shares for each Auspotash Corporation share.

On 1 October 2009, the Company granted 2,631,442 share options for financial advisory services of which the first 1,315,721 share options are exercisable at 3.25p per share and the remaining 1,315,721 share options are exercisable at 4.5p per share within five years of the anniversary of the agreement.

On 12 October 2009, the Company completed the acquisition of 100% of the ordinary shares in and rights to patent applications of CO_2 Energy Storage Pty Limited (Queensland), Bicarb Sequestration Pty Limited and CO_2 Energy Storage Limited (Nevada) USA through the grant of options over 2,550,000 new ordinary shares which are exercisable at any time within three years of issue at 17.5p per share.

On 12 October 2009, the Company received two Exercise Notices for a total of 2,075,000 ordinary shares in relation to the options granted for 2,631,442 ordinary shares to Old Park Lane Capital Plc and the Company issued 1,315,721 new ordinary shares of 0.25p per share at 3.25p and 759,279 new ordinary shares of 0.25p per share at 4.5p for a total consideration of £76,928.

On 14 October 2009, the Company completed the acquisition of 90.1% of Adavale Holdings Pty Limited in a share for share exchange and issued 135,150,000 new ordinary shares of 0.25p per share at a price of 13.25p for a total consideration of £17,907,375. Jonathan Harrison and Richard Poulden, both Directors of the Company, were interested in the remaining 9.9% of Adavale Holdings Pty Limited and acquisition by the Company was subject to a resolution by the Company in general meeting.

On 19 October 2009, the Company completed the acquisition of 100% of Derby Salt Pty Limited for the issued 100,000,000 new ordinary shares of 0.25p per share at 12.25p per share for a total consideration of £12,250,000.

On 22 October 2009, the Company acquired 100,000 "B" Class shares in CIC Mining Resources in exchange for 6,000,000 new ordinary shares of 0.25p in the Company at a price of 11.25p for a total consideration of £675,000.

On 4 November 2009, the Company acquired a further 0.18% of Auspotash Corporation in a share for share exchange and the Company issued 211,190 new ordinary shares of 0.25p per share at 8p for a total consideration of £16,895. The Company then held 63.99% of Auspotash Corporation.

On 10 November 2009, the Company received an Exercise Notice for 250,000 ordinary shares in relation to the options granted for 2,631,442 new ordinary shares to Old Park Lane Capital Plc and the Company issued 250,000 new ordinary shares of 0.25p for a total consideration of £11,250.

On 2 December 2009, the Company completed the acquisition of the remaining 9.9% of Adavale Holdings Pty Limited and issued 14,850,000 new ordinary shares of 0.25p per share at 6.25p for a total consideration of £928,125.

On 2 Dec 2009, the Company acquired a further 2.61% of Auspotash Corporation in a share for share exchange and the Company issued 2,986,830 new ordinary shares of 0.25p per share at 6.25p for a total consideration of £186,677. The Company then held 66.6% of Auspotash Corporation.

On 21 December 2009, the Company acquired a further 0.44% of Auspotash Corporation in a share for share exchange and the Company issued 500,000 new ordinary shares of 0.25p per share at 5.25p for a total consideration of £26,250. The Company then held 67.04% of Auspotash Corporation.

On 11 January 2010, the Company acquired a further 2.26% of Auspotash Corporation in a share for share exchange and the Company issued 2,590,508 new ordinary shares of 0.25p per share at 4.75p for a total consideration of £123,049. The Company then held 69.29% of Auspotash Corporation.

On 1 March 2010, the Company's American Depositary Receipts (ADRs) started trading on the OTC market's top tier, OTCQX International, under the designation "SRUXY".

On 29 March 2010, the Company acquired the remaining shares to complete the acquisition by acquiring a further 30.7% of Auspotash Corporation, Canada, in a share for share exchange and the Company issued 35,181,482 new ordinary shares of 0.25p per share at 4p for a total consideration of £1,407,259.

19. Share based payments

The Company issued warrants in connection with its flotation on AIM in August 2005. Each warrant was convertible into one ordinary share at an exercise price of 5p per share. 2,293,375 warrants expired on 1 August 2006. The remaining 200,000 warrants expire on 1 August 2010.

Details of the warrants in issue during the years ended 31 March 2009 and 31 March 2010 are as follows:

	Number of warrants	**Weighted Average Exercise Price £**
Outstanding at 1 April 2009 and 31 March 2010	200,000	0.05
Exercisable at 31 March 2010	200,000	0.05

Fair value is measured by use of the Black & Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and exercise restrictions.

The fair value of warrants granted as at 31 March 2010 is £1,205. The warrants were fully vested on date of issue.

	£
Equity settled share based payments – warrants	1,205
Equity settled share based payments – directors	1,224,130
Equity settled share based payments – professional advisers	167,582
Equity settled share based payments – asset acquisition	182,486
Total share-based payment reserve as 31 March 2010	1,575,403

During the year ended 31 March 2010, the Company issued share options as follows:

	Number of options	**Weighted average price**
At 1 April 2008 and 1 April 2009	-	-
Granted during the year	60,306,442	0.0304
Exercised during the year	(2,325,000)	(0.0379)
Forfeited during the year	-	-
Expired during the year	-	-
At 31 March 2010	57,981,442	0.0271
Number of options exercisable at 31 March 2010	32,981,442	0.0271

19. Share based payments (continued)

Details of the options issued are as follows:

Purpose	**Tranche 1** Professional advisers	**Tranche 2** Professional advisers	**Tranche 3** Professional advisers	**Tranche 4** Asset acquisition	**Tranche 5** Director*
Grant date	8 May 2009	1 Oct 2009	1 Oct 2009	12 Oct 2009	26 Mar 2010
Number of options	625,000	1,315,721	1,315,721	2,550,000	25,000,000
Exercise price (£)	0.0450	0.0325	0.0450	0.1750	0.0450
Share price at date of grant (£)	0.0224	0.1300	0.1300	0.1250	0.0375
Fair value of option at date of grant (£)	£5,285	£153,046	£148,841	£182,486	£694,551
Expiry date	8 May 2011	1 Oct 2014	1 Oct 2014	13 Oct 2012	26 Mar 2015
Exit rate	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free rate	2.79%	2.58%	2.58%	2.49%	2.86%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

Purpose	**Tranche 6** Director*	**Tranche 7** Professional advisers	**Tranche 8** Professional advisers	**Tranche 9** Professional advisers	**Tranche 10** Professional advisers
Grant date	26 Mar 2010	31 Mar 2010	31 Mar 2010	31 Mar 2010	31 Mar 2010
Number of options	25,000,000	1,000,000	1,000,000	500,000	500,000
Exercise price (£)	0.0450	0.0400	0.0600	0.0800	0.1000
Share price at date of grant (£)	0.0375	0.0420	0.0420	0.0420	0.0420
Fair value of option at date of grant (£)	£529,579	£32,305	£30,133	£14,226	£13,539
Expiry date	26 Mar 2015	31 Mar 2015	31 Mar 2015	31 Mar 2015	31 Mar 2015
Exit rate	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free rate	2.86%	2.79%	2.79%	2.79%	2.79%
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%

Purpose	**Tranche 11** Professional advisers	**Tranche 12** Professional advisers	**Tranche 13** Professional advisers
Grant date	31 Mar 2010	31 Mar 2010	31 Mar 2010
Number of options	500,000	500,000	500,000
Exercise price (£)	0.1200	0.1400	0.1600
Share price at date of grant (£)	0.0420	0.0420	0.0420
Fair value of option at date of grant (£)	£12,958	£12,456	£12,013
Expiry date	31 Mar 2015	31 Mar 2015	31 Mar 2015
Exit rate	0.00%	0.00%	0.00%
Risk free rate	2.79%	2.79%	2.79%
Dividend yield	0.00%	0.00%	0.00%

All of the options were fully vested on date of issue.

*The options granted to directors on 26 March 2010 were all granted to Christopher Catlow prior to his appointment as Chairman on 6 April 2010 and are exercisable as long as he remains an officer of the Company.

The weighted average share price at the date of exercise for share options exercised during the period was £0.0379 (2009: £nil).

19. Share based payments (continued)

The options outstanding at 31 March 2010 had a weighted average remaining contractual life of 4 years (2009: 1 year and 5 months). The aggregate of the estimated fair values of the options granted during the year is £1,841,418 (2009: £nil).

The value of the options is measured by the use of the Black & Scholes model. The inputs into the model are noted in the tables above.

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 5 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised a total expense of £1,658,932 related to equity-settled share-based payment transactions in the current year (2009: £nil).

20. Borrowings

	2010	2009
Group	**£**	**£**
Directors' and shareholders' loans	-	67,765
Company		
Directors' and shareholders' loans	-	32,935

All loans are interest free and repayable on demand. The directors consider that the carrying amount of borrowings approximates to their fair values.

21. Trade and other payables

	2010	2009
Group	**£**	**£**
Trade payables	283,930	331,514
Other payables	33,210	-
Accruals	154,451	210,995
	471,591	542,509
Company		
Trade payables	123,646	320,958
Accruals	129,778	213,089
	253,424	534,047

The directors consider that the trade and other payables carrying amount approximates to their fair values.

22. Cash outflow from operating activities

Group	2010 £	2009 £
Loss before tax	(3,838,749)	(538,926)
Depreciation	5,001	411
Finance (income)/expense	(416)	4,727
Impairment	461,531	220,572
Share based payments	1,658,932	-
Operating cash flow before changes in working capital	(1,713,701)	(313,216)
Decrease/(increase) in receivables	85,774	(97,871)
Decrease in payables	(350,731)	(113,780)
Net cash outflow from operating activities	(1,978,658)	(524,867)

Company	2010 £	2009 £
Loss before tax	(3,169,399)	(524,608)
Depreciation	3,125	411
Finance (income)/expense	(4,252)	4,727
Impairment	439,229	220,572
Share based payments	1,658,932	-
Operating cash flow before changes in working capital	(1,072,365)	(298,898)
Decrease/(increase) in receivables	59,234	(97,871)
Decrease in payables	(257,677)	(127,855)
Net cash outflow from operating activities	(1,270,808)	(524,624)

23. Related party transactions

During the year ended 31 March 2010, the Company was charged £24,687 (2009: £34,375) by Nibex Limited, in which Nicholas Badham, a director of the Company, had an interest, for consultancy services. As at the year end £nil (2009: £29,375) was due to Nibex Limited.

During the year ended 31 March 2010 the Company was charged £30,000 (2009: £30,000) by Easy Business Consulting Limited, in which Jonathan Harrison, a director of the Company, has an interest, for consultancy services. A further bonus payment was made of £30,000 (2009: £nil). As at the year end £nil (2009: £27,500) was due to Easy Business Consulting Limited.

During the year ended 31 March 2010 the Company was charged £60,000 (2009: £60,000) by Pacific Corporate Management Limited for management services. Richard Poulden, a director of the Company, is an employee of Pacific Corporate Management Limited. A further bonus payment was made of £60,000 (2009: £nil). As at the year end £nil (2009: £50,000) was due to Pacific Corporate Management Limited.

During the year ended 31 March 2010, the Company was charged £10,000 (2009: £10,000) by Derek Stonley, a director of the Company, for consulting services. As at the year end £nil (2009: £10,000) was due to Derek Stonley.

During the year ended 31 March 2010, the Company was charged £10,000 (2009: £10,000) by Z/Yen Group Limited, in which Michael Mainelli, a director of the Company, has an interest, for consulting services. As at the year end £1,667 (2009: £1,667) was due to Z/Yen Group Limited.

During the year ended 31 March 2010, the Company issued 50,000,000 share options to Broadscope Pty Limited, in which Christopher Catlow, a director of the Company, has an interest, in connection with his appointment as Chairman of the Company on 6 April 2010.

Pacific Corporate Management Limited, a company which provides the consulting services for Richard Poulden, a Director, loaned the Company £nil (2009: £13,976). Nicholas Badham and Jonathan Harrison, both Directors of the Company, loaned the Company £nil (2009: £5,000) and £nil (2009: £13,959) respectively.

On 2 December 2009 2,240,123 and 746,707 shares were issued to a family trust of Richard Poulden and to Easy Business Consulting Limited, a company in which Jonathan Harrison has an interest, respectively on the acquisition of Auspotash Corporation in which they held an interest.

On 2 December 2009 11,137,550 and 3,712,500 shares were issued to a family trust of Richard Poulden and to Easy Business Consulting Limited, a company in which Jonathan Harrison has an interest, respectively on the acquisition of Adavale Holdings Pty Limited in which they held an interest.

Key management personnel compensation

All the short term employee benefits for key management personnel, who are considered to consist just of the directors, are disclosed in note 8 within directors' remuneration.

In the year ended 31 March 2010 the Company loaned a total £1,037,865 (2009: £nil) to six subsidiary companies for working capital, details of which are disclosed in note 15 “Loans to subsidiaries”.

24. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, available-for-sale assets, borrowings and items such as trade payables and trade receivables which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Group's operations.

The Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, interest rate risk and foreign currency exchange rate risk. The Directors do not believe the Group is exposed to any material equity price risk. The Directors believe any reasonable movement in respect of inputs underlying the fair value of the available-for-sale assets would not have a material impact on the Group's results or financial position as at 31 March 2010. Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the Company's finance department.

Classification of financial instruments

With the exception of investments held by the Company of £44,217,492 (2009: £370,230), which are held at cost, all other Company and Group financial assets are classified as available-for-sale financial assets or loans and receivables, as disclosed in notes 17 and 14 to 16 respectively and the carrying value of all financial assets approximates to its fair value. All of the Company's and Group's financial liabilities are held at amortised cost.

Capital management

The Group's and Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group and Company defines capital as being share capital plus reserves. The Board of Directors monitor the level of capital as compared to the Group's and Company's commitments and adjusts the level capital as is determined to be necessary, by issuing new shares. The Group and Company is not subject to any externally imposed capital requirements.

Credit risk

The Group's credit risk is primarily attributable to its other receivables and cash and cash equivalents and available-for-sale financial assets. The Group has implemented policies that require appropriate credit checks. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the reporting date was:

Group	**2010**	**2009**
	£	**£**
Other receivables	21,408	7,895
Cash and cash equivalents	1,782,063	8,553
Available-for-sale financial assets	729,000	-
	2,532,471	16,448

The total of other receivables and cash and cash equivalents constitutes all of the financial assets within the IAS 39 category loan and receivables held by the Group.

24. Financial instruments (continued)

Company	2010 £	2009 £
Other receivables	15,100	7,895
Cash and cash equivalents	454,936	8,533
Loans to subsidiaries (note 15)	1,037,865	-
Available-for-sale financial assets	732,427	-
	2,240,328	16,428

The total of other receivables, cash and cash equivalents and loans to subsidiaries constitutes all of the financial assets within the IAS 39 category loans and receivables held by the Company.

Interest rate risk

The Group's interest bearing assets comprise only cash and cash equivalents and earn interest at a variable rate. The Group has a policy of maintaining debt at fixed rates which are agreed at the time of acquiring debt to ensure certainty of future interest cash flows. The directors will revisit the appropriateness of the policy should the Group's operations change in size or nature.

The only Group borrowing at the year end was £33,210 (2009: £32,935).

The Group has not entered into any derivative transactions during the period under review.

The Group's cash and cash equivalents earned interest at a variable rate from 3 month Libor bond investments in Sterling and Australian dollars which is available on 2 days notice and a Canadian dollar savings account. Cash and cash equivalents of the Group and Company are disclosed above under 'credit risk'. The impact of a decrease by 0.5% in the rate of interest on the Group's and Company's cash and cash equivalents will have no material impact to the Group and Company's results and the financial position as of 31 March 2010 and 2009.

Liquidity risk

The Group actively maintains cash balances that are designed to ensure that sufficient available funds for operations and planned expansions. The Group monitors its levels of working capital to ensure that it can meet its debt repayments as they fall due. The following table shows the contractual maturities of the Group's financial liabilities, all of which are measured at amortised cost:

24. Financial instruments (continued)

Group	Trade & other payables £	Accruals £	Directors' and shareholders' loans £	Total £
At 31 March 2010	317,140	154,451	-	471,591
6 months or less				
Total contractual cash flows	317,140	154,451	-	471,591
Total amount of financial liabilities measured at amortised cost	317,140	154,451	-	471,591

Group At 31 March 2009	Trade & other payables £	Accruals £	Directors' and shareholders' loans £	Total £
6 months or less	62,005	105,260	32,935	200,200
6-12 months	304,339	105,735	-	410,074
Total contractual cash flows	366,344	210,995	32,935	610,274
Carrying amount of financial liabilities measured at amortised cost	366,344	210,995	32,935	610,274

For the year ended 21 March 2009 no separate analysis of liquidity risks has been provided for the Company as it is not materially different to that of the Group.

24. Financial instruments (continued)

	Trade payables £	Accruals £	Total £
Company			
At 31 March 2010			
6 months or less	123,646	129,778	253,424
Total contractual cash flows	123,646	129,778	253,424
Carrying amount of financial liabilities measured at amortised cost	123,646	129,778	253,424

Foreign currency exchange rate risk

The reporting currency of the Group is Sterling. Transactions denominated in a foreign currency are translated into sterling, the functional currency of the Company, at the rate of exchange ruling at the date of the transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currency are translated at the rate ruling at that date. All exchange differences are charged or credited to the income statement as appropriate. The Group and Company have material financial assets held in US, Canadian and Australian dollars and Sterling. The Group and Company considers this to be a manageable risk.

The impact of a +/- 0.5% movement in foreign currency exchange rates equates to £1,678,102 impact on the Group's financial position as at 31 March 2010 (2009: £121) and an impact of £1,777 on the Group's results as at 31 March 2010 (2009: £nil). The impact on the Company is not considered material by the directors at 31 March 2010 and March 2009.

25. Commitments

Expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various governments. These obligations are subject to periodic renegotiation. These obligations are not provided for in the consolidated accounts and as at 31 March 2010 are payable as follows:

	2010 £	2009 £
Within one year	29,834	-
After one year but not more than five years	110,160	-
	139,994	-

26. Events after the reporting period

Grants

On 22 April 2010, Dakota Salts LLC was awarded a US$225,000 grant by the Industrial Commission for North Dakota under its Renewable Energy Program for carrying out of feasibility studies on using salt caverns for compressed air energy storage (CAES) from wind energy in North Dakota.

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