Sirius Exploration PLC

Report and Consolidated Accounts

For the year ended
31 March 2007

CONTENTS

DIRECTORS AND ADVISERS

DIRECTORS	R O'D Poulden Dr J P N Badham J C Harrison D C W Stonley Professor M R Mainelli
SECRETARY	I W Saunders
REGISTERED OFFICE	Barnards Inn 86 Fetter Lane London EC4A 1DA
AUDITORS	Nexia Smith & Williamson Chartered Accountants 25 Moorgate London EC2R 6AY
BANKERS	The Royal Bank of Scotland 9-13 Paternoster Row London EC4M 7EH
NOMINATED ADVISER	Beaumont Cornish Limited 10-12 Copthall Avenue London EC2R 7DE
BROKER	S P Angel & Co Limited East India House 109-117 Middlesex Street London E1 7JF
LAWYERS	Vizards Tweedie Barnards Inn 86 Fetter Lane London EC4A 1DA
REGISTRARS	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA
COMPANY'S REGISTERED NUMBER	4948435

CHAIRMAN'S STATEMENT

As reflected in the Managing Director's report which follows we have continued exploration on our two prospects in Macedonia. Kadiica in particular shows great promise not only with the supergene copper blanket but also with new data which suggest a greater likelihood of significant gold deposits than previously known.

At the conclusion of my statement last year I said that we intended to look for acquisitions. Much of 2007 was spent reviewing potential acquisitions and eventually concluding an agreement to acquire Njahili Resources Ltd.

Whilst we had indications of funding being available for this transaction at the end of 2007, the current conditions in the financial markets mean that this funding became unavailable. Although the Njahili acquisition will not proceed in its current form we are still in discussions with Njahili and do not rule out some form of cooperation or joint venture in future.

We were faced with a deadline of 31st March to conclude the transaction with Njahili but if it went past this date there was a strong probability that Sirius would lose its AIM listing. Accordingly your board decided to re-list Sirius to ensure that the listing is retained. To support this we have raised an additional £300,000 for working capital purposes as described in the Directors' report. This is in the form of an immediate subscription of £50,000 with the facility to draw a further £250,000.

Your company still has an extremely strong management team and, as previously announced, we are in discussions with other companies and reviewing other opportunities. Whilst there can be no guarantee that these will proceed this nonetheless provides clear evidence of our determination to expand the company.

In conclusion, thank you all for your support and I look forward to the further exploitation of our prospects in Macedonia while we continue to search for new opportunities.

Richard Poulden

Chairman

MANAGING DIRECTOR'S OPERATIONAL REVIEW

Introduction

As previously reported we have acquired two target properties from the joint venture with Phelps Dodge, Kadiica and Osogovo. These are currently held by Phelps Dodge on trust for Sirius, subject only to their residual interest of a 1% Net Smelter Return pending full legal transfer.

Both Kadiica and Osogovo are well-defined porphyry copper systems within the fertile Srednegorie metallogenic belt. This contains, in Macedonia, not only the currently exploited Buchim copper-gold deposit but also Euromax Resources' newly discovered Ilovitsa copper-gold deposit. Recognition of the zoned nature of these porphyry mineralisations with a lead-zinc-silver-enriched outer zone and cupriferous heart emphasises the potential of both our targets. Furthermore, recognition that some of the porphyry systems within this belt are of the copper-gold type (as opposed to the copper-only type) supports our conviction of the gold potential of the Kadiica target.

Kadiica

A large, low grade porphyry mineralisation has been defined here. Our immediate target is the supergene-enriched copper blanket. It has been identified beneath the greater part of Bukovic ridge. However, our primary focus is its richer elongated central spine. Re-examination of the aeromagnetic data suggests that this corresponds to a fault which would have enhanced local permeability and thereby encouraged the development of the leaching and re-deposition of copper during the weathering of the primary, low grade mineralisation.

Infill drilling will be undertaken at the southern end of this richer section of the blanket in order to establish continuity of the better grade material and also to give confidence to the siting of an exploration adit. The adit will then be driven to establish beyond reasonable doubt the continuity of the better grade material at least over the southern segment of the system.

We have data from Phelps Dodge's examination of the supergene blanket material suggesting that 65% of the copper can be cheaply recovered by leaching. New drill samples will also provide preliminary material for leach testing. However a secondary purpose of the adit will be to provide a bulk sample for leach testing.

Finally, the adit will also permit examination of underground mining conditions and suitability for cheap underground extraction of the copper-enriched layer.

Although the supergene blanket is an attractive exploration proposition we think that the underlying porphyry mineralisation to be too low grade, at the current price of copper, to be considered a target. We have therefore no plans for any follow-up to the deep joint venture holes which established the presence of this large tonnage resource.

Field and geochemical data indicate that Kadiica is one of the copper-gold type porphyries. In consequence there could be either dispersed, low-grade gold enrichment (as at Buchim) or smaller but richer focused gold-rich deposits (epithermal as seemingly at Ilovitsa). Gold mineralisation in copper-gold porphyry deposits is more commonly multi-focal.

Petrographic studies coupled with examination of field data collected this season suggest there are indeed local gold enrichments from late fluids from the cooling porphyry. We also have new satellite data, which suggests the existence of additional gold anomalies yet to be explored on the ground.

During this season our local geologists found evidence of ancient workings (probably Roman) for gold on the lower slopes of Kadiica. We already knew that there were Roman workings across the border in Bulgaria and this now shows evidence on the Macedonian side as well. The significance of this is that it suggests the Romans were mining for gold over a wide area in the region.

Accordingly, the entire Kadiica area will be covered by a stream sediment geochemical programme to locate any other auriferous foci. However the two areas of highly anomalous gold in outcrop already reported will be the centre of our attention.

Our secondary target for immediate exploration is these two areas of anomalous gold. Geological mapping and petrographic studies will be undertaken as soon as is practicable. The ridge-top anomaly, where exposure is good, will be investigated by trenching and possibly later by some shallow drilling. The eastern anomaly, where the outcrop is obscured by soil cover, will first be better defined by a soil geochemical programme ahead of trenching. Drilling will only be undertaken when the nature and orientation of the mineralisation have been established.

The satellite study has identified a number of other areas around the flanks of the Kadiica porphyry where minerals characteristic of gold mineralisation occur at surface. These will be examined and sampled contemporaneously with the stream sediment programme. Co-incident stream geochemical and satellite mineral anomalies will then become our next generation of targets for follow-up.

We feel that there is a significant possibility of exploitable gold mineralisation associated with this porphyry copper system.

Osogovo

The Osogovo porphyry does not appear to be one of the copper gold types, but it is certainly cupriferous. Indeed as at Kadiica a large low grade resource has been recognised here. The outer lead-zinc-silver zone does not lie within our claim. It is currently being exploited in two separate deposits at Sasa and Toranica. We have established relationships with the owners of both. Our joint venture drilling showed that the porphyry mineralisation extends almost to the SE border of the Osogovo claim. Hole PD-2 contains 155m of 0.1% Cu including 37m of 0.16%. Hole PD-4 contains 388m of 0.13% Cu including 40m of 0.3% and 10m of 0.35%. In each case the higher grade intercepts correspond to replacements of limestone beds (skarn) on the flanks of the porphyry. These are cupriferous on the Osogovo property but become Zn-Pb-Ag-enriched outwards to form the Sasa and Toranica deposits.

The breadth of the interface between the zones has not yet been investigated and is in need of confirmatory drilling. It may be quite sharp or there could exist an area of overlap rich in copper-zinc-silver-lead.

These data indicate the potential for rich polymetallic mineralisation in the SE corner of our Osogovo claim – a proposal that is enhanced by the impressive intercept of Historical Drill hole 7 previously reported.

The strongly magnetic nature of this skarn mineralisation in HH-7 and elsewhere led us to undertaking in 2006 a trial magnetic survey (3 lines) over the zone. This indicated that the skarn anomaly could indeed be detected at surface. We have therefore conducted a detailed ground magnetic survey in 2007. This shows a strong elongate magnetic feature coincident with the projected position of the mineralised limestone under the SE corner of the Osogovo claim.

Conclusion

In addition to our excellent precious and base metal targets at Kadiica and Osogovo we also continue to review exploration opportunities for joint venture or acquisition. Opportunities arrive regularly and are always being actively sought. We will continue to assess them.

Dr Nicholas Badham BA (Hons.Oxon)PHD, Chartered Geologist

Managing Director

DIRECTORS' REPORT

The Directors submit their report and the audited consolidated accounts for the year ended 31 March 2007.

Activities and review of business

The company's principal activity is finding properties with good mineral potential and bringing them to a point of proven reserves where they can be sold or joint ventured for exploitation.

The Directors' comments concerning the results and future prospects are included in the Chairman's Statement and Managing Director's Operational Review.

Results for the year and dividends

The Group's loss for the year on ordinary activities after taxation was £278,703 (2006: restated £319,064). The Company's loss for the year on ordinary activities after taxation was £278,670 (2006: restated £319,064). The Directors do not recommend a payment of a dividend for the year (2006: £nil).

Directors and their interests

The present membership of the board is set out on page 2. The Directors' interests in the share capital of the company as at 31 March were as follows:

	Ordinary 0.25p shares Number 2007	Ordinary 0.25p shares Number 2006
R O'D Poulden	275,400	275,400
J P N Badham	6,967,067	6,967,067
J C Harrison	2,900,000	2,900,000
Prof M R Mainelli	-	-
D C W Stonley	-	-

The Directors held warrants, either directly or indirectly, over the share capital of the company as at 31 March as follows:

	Number 2007	Number 2006
J P N Badham	-	75,000
J C Harrison	-	100,000
Prof M R Mainelli	-	-
D C W Stonley	-	-

Each warrant is convertible into four ordinary shares at an exercise price of 5p per ordinary share with an exercise period that expired on 1 August 2006. No Director exercised their warrants before they expired.

Financial risk management

The Group's current activities result in the following financial risks and management's responses to those risks in order to minimise any resulting adverse effects on the Group's financial performance.

Foreign exchange risk

The Group's reporting currency is Sterling. Its principal activities of finding properties with good mineral potential and bringing them to a point of proven reserves where they can be sold or joint ventured for exploitation are mainly transacted in foreign currencies. The Group does not undertake any specific foreign currency hedging to mitigate its exposure to fluctuations in foreign currency.

Interest rate risk

Interest rate risk arises from debt borrowing and cash held on deposit. The Group has no external borrowings therefore the Group currently has no interest rate risk exposure. The Group's cash balances are kept in interest bearing current accounts and on short-term deposit, so as to maximise the level of return while maintaining an adequate level of liquidity.

Credit risk

The Group has not generated revenue up to 31 March 2007 and therefore has no significant credit risk.

Liquidity risk

The availability of adequate cash resources is managed by the Group through managing its funds conservatively thereby ensuring it meets its continual operational requirements.

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 55 (2006: 31).

International Financial Reporting Standards

With effect from 1 April 2007 the Group prepares its accounts in accordance with International Financial Reporting Standards ("IFRS"). The main impact of this is to account for the Group's exploration costs in accordance with IFRS 6, 'Exploration for and Evaluation of Mineral Resources'. However, the Directors will continue to apply the accounting policy adopted by the Group in respect of exploration costs immediately before adopting IFRS 6, as permitted by this accounting standard and consequently the Directors do not envisage any material change to the exploration costs reported in these group accounts as a result of reporting in accordance with IFRS.

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 are and intend to 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.

Post balance sheet events

On 5 April 2007 the Company issued 2,500,000 new ordinary shares at 2p per share.

On 4 May 2007 the Company issued 6,700,000 new ordinary shares at 3p per share.

On 31 March 2008 the Company signed an equity credit facility agreement with an investor which provides a funding line of £300,000, subject to certain terms and conditions, for working capital purposes. As a result of this facility and other actions taken by the Directors as described in note 1 to the accounts, the Directors believe it is appropriate to prepare the accounts on a going concern basis.

An amount of £50,000 will be subscribed, based upon shares issued at a discount of 40% of the average bid price of the Company's shares over the ten days following re-listing from suspension. The balance of £250,000 will be made available in share subscriptions of no less than £25,000 each. Such instalments of shares will be made by reference to a threshold being 150% of the average number of shares traded on AIM during each trading day during a 15 consecutive trading day draw down period.

The investor has given written confirmation that it will provide £300,000 during the course of the next year in order to ensure that the Company can trade under the agreement.

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.

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: 3 April 2008

DIRECTORS

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

Executive Directors

Mr Richard Poulden, Executive Chairman, aged 55

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.

Dr Nicholas Badham, Managing Director, aged 60

After graduating from Oxford and obtaining a PhD from the University of Alberta, Canada, Dr Badham established the School of Economic Geology at the University of Southampton in 1973. Subsequently, he left academia to join Selection Trust as area selection and exploration research manager. In this role he transferred to BP Minerals International following their takeover of Selection Trust. He then spent 7 years with RTZ Mining & Exploration Limited, rising to the position of Chief Geologist and as such was responsible for worldwide regional area selection and exploration research. Since 1996, he has run his own exploration consulting business including amongst his consulting clients Rio Tinto plc, BHP World Minerals, Noranda Inc., Exxon Minerals S.A., Inco Technical Services Limited, Anglo American Corporation, WMC Corporate Services Inc. and Phelps Dodge. During this period he was a Director of West African Gold Limited and Chief Geologist of Azco Mining Limited. He is a Fellow of the Geological Society, a Chartered European Geologist, a Fellow of the Society of Economic Geologists and has written as author or co-author a substantial number of geological papers.

Jonathan Harrison, Finance Director, aged 60

Mr Harrison is a Chartered Accountant with experience in quoted and unquoted companies. Previously, he spent 16 years at Intercontinental Hotels Corporation, where he held 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 in UK Explorer Limited and a non-executive Director, 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 Fundy Minerals Limited and a Director of Crystal River Resources Limited and World Mining Services Ltd.

Non-Executive Directors

Professor Michael Mainelli, Non-Executive Director, aged 48

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.

Derek Charles William Stonley, Non-Executive Director, aged 65

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 IN RESPECT OF THE ACCOUNTS

Company law requires the Directors to prepare accounts for each financial year which 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 company for that period. In preparing those accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Nexia Smith & Williamson

Independent auditors' report to the shareholders of Sirius Exploration plc

We have audited the group and parent company accounts ('the accounts') of Sirius Exploration plc for the year ended 31 March 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes 1 to 21. These accounts have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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

The Directors' responsibilities for preparing the Annual Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the accounts. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and Managing Director's Operational Review that is cross referred from the Review of Business section of the Directors' Report. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited accounts. This other information comprises only the Directors' Report, the Chairman's Statement and the Managing Director's Operational Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs as at 31 March 2007 and of the group's loss for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts.

Emphasis of matter – Going concern

In forming our opinion on the accounts, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the accounts concerning the company's ability to continue as a going concern for a period of twelve months from the date of signing these accounts. The company incurred a net loss of £278,703 during the year ended 31 March 2007 and, at that date, the Company's current liabilities exceeded its current assets by £145,165. These conditions, along with other matters explained in note 1 to the accounts, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The accounts do not include the adjustments that would result if the Company was unable to continue as a going concern.

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

The maintenance and integrity of the Sirius Exploration plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters, and accordingly, the auditors accept no responsibility for any changes that may have occurred to the information contained in the accounts since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2007

	Notes	2007 £	2006 As restated (note 1) £
Turnover			
Administrative expenses		(280,829)	(322,813)
Operating loss	3	(280,829)	(322,813)
Interest receivable	4	2,126	3,749
Loss on ordinary activities before taxation		(278,703)	(319,064)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	14	(278,703)	(319,064)
Earnings per share			
Basic and diluted loss per share - pence	19	(0.5)	(0.7)

All the Group's operations are classified as continuing.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2007

	Notes	2007 £	2006 As restated (note 1) £
Loss for the financial year		(278,703)	(319,064)
Prior year adjustment	1	(21,073)	
Total gains and losses recognised since last annual accounts		(299,776)	

CONSOLIDATED BALANCE SHEET as at 31 March 2007

	Notes	2007 £	2006 As restated (note 1) £
Fixed assets			
Intangible fixed assets	7	464,022	355,175
Tangible fixed assets	8	480	813
		464,502	355,988
Current assets			
Debtors	10	17,711	23,318
Cash at bank		61,821	21,944
		79,532	45,262
Creditors: amounts falling due within one year	11	(224,697)	(66,292)
Net current liabilities		(145,165)	(21,030)
Net assets		319,337	334,958
Capital and reserves			
Called up share capital	12	149,199	132,545
Share premium account	14	1,019,364	772,936
Share based payments reserve	14	1,205	21,073
Profit and loss account	14	(850,431)	(591,596)
Equity shareholders' funds	14	319,337	334,958

The accounts were approved by the Board of Directors on 3 April 2008 and were signed on its behalf by:

J C Harrison
Director

COMPANY BALANCE SHEET as at 31 March 2007

	Notes	2007	2006 As restated (note 1)
		£	£
Fixed assets			
Intangible fixed assets	7	464,022	355,175
Tangible fixed assets	8	480	813
Investments	9	3,427	-
		467,929	355,988
Current assets			
Debtors	10	17,711	23,318
Cash at bank		58,427	21,944
		76,138	45,262
Creditors: amounts falling due within one year	11	(224,697)	(66,292)
Net current liabilities		(148,559)	(21,030)
Net assets		319,370	334,958
Capital and reserves			
Called up share capital	12	149,199	132,545
Share premium account	14	1,019,364	772,936
Share based payments reserve	14	1,205	21,073
Profit and loss account	14	(850,398)	(591,596)
Equity shareholders' funds	14	319,370	334,958

The accounts were approved by the Board of Directors on 3 April 2008 and were signed on its behalf by:

J C Harrison
Director

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 March 2007

	Notes	2007 £	2006 £
Net cash outflow from operating activities	15	(115,504)	(231,591)
Returns on investments			
Interest received		2,126	3,749
Capital expenditure			
Payments to acquire intangible fixed assets		(108,847)	(207,219)
Payments to acquire tangible fixed assets		(980)	-
Net cash flow from capital expenditure		(109,827)	(207,219)
Net cash outflow before financing		(223,205)	(435,061)
Financing			
Issue of ordinary share capital, net of issue costs		263,082	434,779
Increase/(decrease) in cash	16	39,877	(282)

NOTES TO THE CONSOLIDATED ACCOUNTS for the year ended 31 March 2007

1. Accounting policies

The accounts have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). A summary of the more important accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost.

Going concern

The Company has incurred trading losses during the year ended 31 March 2008. At the date of approval of these accounts, the Directors have made certain arrangements to allow the Group to continue to trade as a going concern for a period of twelve months from the date of approval of these accounts. These arrangements are as follows:

(I) Equity credit facility:

On 31 March 2008 the Company signed an equity credit facility agreement with an investor which provides a funding line of £300,000, subject to certain terms and conditions, for working capital purposes.

An amount of £50,000 will be subscribed, based upon shares issued at a discount of 40% of the average bid price of the Company's shares over the ten days following re-listing from suspension. The balance of £250,000 will be made available in share subscriptions of no less than £25,000 each. Such instalments of shares will be made by reference to a threshold being 150% of the average number of shares traded on AIM during each trading day during a 15 consecutive trading day draw down period.

The investor has given written confirmation that it will provide £300,000 during the course of the next year in order to ensure that the Company can trade under the agreement.

(ii) Third party creditors:

All significant creditors have agreed to settle the amounts due to them mainly in shares with a proportion in deferred cash settlement after 1 May 2009. The only exception is the auditors, Nexia Smith and Williamson, who are precluded from taking shares so as to maintain their independence.

(iii) Directors and consulting fees:

All fees due to Directors and related consulting fees are to be settled in shares in lieu of fees in respect of the year ended 31 March 2008. In the event that the Company fails to raise funds in excess of £300,000 during the year ending 31 March 2009, all such fees will continue to be settled in shares.

Accordingly, the Directors believe that, having made these arrangements, the Group will be able to meet its third party liabilities as and when they fall due for a period of at least twelve months from the date on which these accounts are approved.

Therefore, the Directors consider it appropriate to prepare these Group accounts on a going concern basis and hence the accounts do not include any adjustments that would result from the Company failing to secure necessary funding.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its group undertaking. The Company's subsidiary is accounted for under the acquisition method of accounting. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the Group accounts by virtue of section 230 of the Companies Act 1985.

Intangible assets

Costs relating to exploration and appraisal of mineral resources which Directors consider to be unevaluated are initially held outside the cost pool as intangible fixed assets. These costs are

1. Accounting policies (continued)

reassessed at each year end and at the conclusion of an appraisal programme the related costs are transferred to the full cost pool within fixed assets.

Fixed assets

Tangible fixed assets

Depreciation is provided to write off the cost less estimated residual values of all fixed assets over their useful economic lives on a straight line basis at the following rates:-

Computer and diagnostic equipment - 33.3% per annum on cost

Investments

Fixed asset investments are stated at cost less any provision for impairment.

Deferred taxation

Deferred taxation is provided for on a full provision basis on all timing differences that have arisen but not reversed at the balance sheet date. Deferred tax assets are recognised to the extent that they are recoverable, that is, on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Any assets and liabilities recognised have not been discounted.

Foreign currencies

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 taken directly to reserves.

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.

Share-based payments

The Group has applied the requirements of FRS 20 “Share-based Payment” for the first time and this represents a change in accounting policy on prior year. The adoption of the new policy has been made by way of a prior year adjustment to previously published results as though the revised policy has always been applied by the Group. FRS 20 has been implemented with effect from 1 April 2005, the first date of the Group's prior period.

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.

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.

2. Segmental information

The company operates one class of business in one geographical location of Macedonia.

3. Operating loss is stated after charging

	2007 £	2006 As restated (note 1) £
Auditors' renumeration		
- audit of the parent company and consolidated accounts	12,500	12,000
- taxation services (paid to related parties of the auditors)	8,000	6,400
Depreciation	333	167
Share based payment	-	21,073

4. Interest receivable

	£	£
Bank interest	2,126	3,749

5. Staff costs (including Directors)

There were no staff costs, including Directors emoluments, incurred during the year (2006: share-based payment of £787). There were no employees, including Directors, during the year (2006: nil).

6. Taxation on loss on ordinary activities

	2007 £	2006 As restated (note 1) £
Corporation tax payable based on the loss for the year at 19% (2006: 19%)	-	-
Taxation reconciliation		
Loss on ordinary activities before taxation	(278,703)	(319,064)
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 19% (2006: 19%)	(52.954)	(60,622)
Taxation effects of:		
Expenses not deductible for tax purposes	370	331
Depreciation in excess of capital allowances	35	-
Capital allowances in excess of depreciation	-	43
Trading losses not utilised	52,549	60,334
	-	-

The Company has an unrecognised deferred tax asset of £161,988 (2006: £109,439) relating to trading losses not utilised. The 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.

7. Intangible fixed assets - Group and Company

	Exploration costs £
At 1 April 2006	355,175
Additions	108,847
At 31 March 2007	464,022

8. Tangible fixed assets - Group and Company

	Computer and diagnostic equipment £
Cost	
At 1 April 2006 and 31 March 2007	980
Depreciation	
At 1 April 2006	167
Charge for the year	333
At 31 March 2007	500
Net book value	
At 31 March 2007	480
Net book value	
At 31 March 2006	813

9. Fixed asset investments - Company

	2007 £	2006 £
Sirius Exploration - Balkan DOOEL	3,427	-

The Company formed a subsidiary, Sirius Exploration – Balkan DOOEL, a company incorporated in Macedonia. The Company owns 100% of the issued ordinary share capital. The trading company of Sirius Exploration – Balkan DOOEL is consistent with the Company as disclosed in the Directors' Report.

10. Debtors - Group and Company

	£	£
Other debtors	8,226	11,894
Prepayments	9,485	11,424
	17,711	23,318

11. Creditors: amounts falling due within one year - Group and Company

	£	£
Other creditors	210,307	27,980
Accruals	23,390	38,312
	224,697	66,292

12. Called up share capital

	2007	2006
	£	£
Authorised		
240,000,000 (2006: 80,000,000) ordinary shares of 0.25p each	600,000	200,000
Allotted and called up		
59,679,511 (2006: 53,017,886) ordinary shares of 0.25p each	149,199	132,545

On 31 May 2006 the Company issued 100,000 ordinary shares in lieu of consideration of £5,000.

On 30 June 2006 the Company issued 80,000 Ordinary shares in lieu of consideration of £4,000.

On 3 July 2006 the Company issued 6,250,000 ordinary shares for a consideration of £250,000.

On 9 August 2006 the Company issued 231,625 ordinary shares on conversion of warrants for a total consideration of £11,002.

On 30 August 2006, the Company increased its authorised ordinary share capital by 160,000,000 ordinary shares of 0.25p each to £600,000.

13. Share-based payments - Group and Company

In compliance with FRS 20 – 'Share based payment', the Group has attributed a fair value to the issue of its warrants in issue and has used the Black-Scholes calculation method to calculate this fair value. The fair value of these warrants is being charged to the profit and loss account over the vesting period, which was immediately on date of grant.

Details of the warrants in issue during the year ended 31 March 2007 are as follows:

	Number of warrants	Weighted Average Exercise Price £
Outstanding at 1 April 2005	-	-
Granted during the year	2,725,000	0.05
Outstanding at 31 March 2006	2,725,000	0.05
Exercisable at 31 March 2006	2,725,000	

The fair value of options granted as at 31 March 2006 is £21,073.

	Number of warrants	Weighted Average Exercise Price £
Outstanding at 1 April 2006	2,725,000	0.05
Exercised during the year	(231,625)	0.05
Expired during the year	(2,293,375)	0.05
Outstanding at 31 March 2007	200,000	0.05
Exercisable at 31 March 2007	200,000	

The remaining warrants expire on 1 August 2010

13. Share-based payments (continued) - Group and Company

The inputs into the Black-Scholes model are as follows:	2006
Weighted average share price of each warrant	0.05
Expected volatility	35%
Expected life	1 - 5 years
Risk free rate	4.24%
Expected dividend yield	0.00%

Expected volatility was determined by calculating the historical volatility of a basket of comparable companies, measured over a one year period ending 1 August 2005. 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.

14. Reconciliation of equity shareholders' funds and movement in reserves

	Share capital	Share premium account	Share based payments reserve	Profit and loss account	Equity share-holders funds
Group	£	£	£	£	
At 31 March 2006	132,545	772,936	-	(570,523)	334,958
Prior year adjustment	-	-	21,073	(21,073)	-
At 31 March 2006 as restated	132,545	772,936	21,073	(591,596)	334,958
Loss for the year	-	-	-	(278,703)	(278,703)
Share capital issued in the year	16,654	253,928	-	-	270,703
Share-based payment transaction on exercise or expiry of warrants	-	-	(19,868)	19,868	-
Share issue costs	-	(7,500)	-	-	(7,500)
At 31 March 2007	149,199	1,019,364	1,205	(850,431)	319,337
Company					
At 31 March 2006	132,545	772,936	-	(570,523)	334,958
Prior year adjustment	-	-	21,073	(21,073)	-
At 31 March as restated	132,545	772,936	21,073	(591,596)	334,958
Loss for the year	-	-	-	(278,670)	(278,670)
Share capital issued in the year	16,654	253,928	-	-	270,582
Share-based payment transaction on exercise or expiry of warrants	-	-	(19,868)	19,868)	-
Share issue costs	-	(7,500)	-	-	(7,500)
At 31 March 2007	149,199	1,019,364	1,205	(850,398)	319,370

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

	2007 £	2006 As restated (note 1) £
Operating loss	(280,829)	(322,813)
Share-based payment transaction	-	21,073
Depreciation charge	333	167
Decrease in debtors	5,607	9,237
Increase in creditors	159,385	60,745
Net cash outflow from operating activities	(115,504)	(231,951)

16. Analysis of net funds

	At 31 March 2006 £	Cashflow £	At 31 March 2007 £
Cash at bank	21,944	39,877	61,821

17. Reconciliation of net cash flow to movement in net funds

	2006 £	2007 £
Net funds at 1 April	21,944	22,226
Increase in cash in the year	39,877	(282)
Net funds at 31 March	61,821	21,944

18. Earnings per share

The basic loss per share is based upon a loss of £278,703 (2006: restated £319,064) and the weighted average number of ordinary shares of 57,968,384 (2006: 48,507,357) in issue during the year. As a result of the loss for the year there is no dilutive effect of the warrants which were in issue during the year.

19. Related party transactions

During the year ended 31 March 2007, the company was charged £60,000 (2006: £60,000) by Nick Badham, a Director of the Company, for consulting services.

During the year ended 31 March 2007 the company was charged £30,000 (2006: £30,000) by Easy Business Consulting Limited, in which Jonathan Harrison, a Director of the Company, has an interest, for consultancy services.

During the year ended 31 March 2007 the Company was charged £60,000 (2006: £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.

During the year ended 31 March 2007, the company was charged £10,000 (2006: 9,167) by Derek Stonley, a Director of the Company, for consulting services.

During the year ended 31 March 2007, the company was charged £10,000 (2006: £9,167) by Z/Yen Limited, in which Michael Mainelli, a Director of the Company, has an interest, for consulting services.

During the year ended 31 March 2007, the company was charged £5,637 (2006: £8,156) by Wendy Faulkner, the then Company Secretary of the Company, for consulting services.

20. Financial instruments

The Group's financial instruments comprise of cash or current assets that can be converted into cash within a short period of time that arises directly from its operations. The main purpose of these financial instruments is to provide working capital to the Group. The Group's policy is to obtain the highest rate of return on its cash and current asset balances, subject to having sufficient resources to manage the business on a day to day basis and not exposing the Group to unnecessary risk of default.

As permitted by FRS 13, short term debtors and creditors have been excluded from the disclosures.

Interest rate risk - financial assets

Financial assets comprise cash at bank, the majority of which is held in sterling. The Group's cash earned interest for the year ended 31 March 2007 at 2.75% per annum (2006: 2.25%) below base rate.

Foreign currency risk - financial assets

The Group has no material financial assets held in a foreign currency.

21. Post balance sheet events

On 5 April 2007 the Company issued 2,500,000 new ordinary shares at 2p per share.

On 4 May 2007 the Company issued 6,700,000 new ordinary shares at 3p per share.

On 31 March 2008 the Company signed an equity credit facility agreement with an investor which provides a funding line of £300,000, subject to certain terms and conditions, for working capital purposes as set out in note 1.

Sirius Exploration plc
www.siriusexploration.com