

**SIRIUS EXPLORATION PLC**

**(Formerly known as Sirius Exploration  
Limited, Sirius Explorations Limited and  
Charco 935 Limited)**

**REPORT AND ACCOUNTS**

**For the period ended**

**31 March 2005**

# SIRIUS EXPLORATION PLC

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# **SIRIUS EXPLORATION PLC**

## **DIRECTORS AND ADVISERS**

### **DIRECTORS**

RO'D Poulden  
JPN Badham  
JC Harrison  
DCW Stonley  
Dr MR Mainelli

### **SECRETARY**

WEA Faulkner

### **REGISTERED OFFICE**

Compass House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

### **BANKERS**

The Royal Bank of Scotland  
9-13 Paternoster Row  
London  
EC4M 7EH

### **AUDITORS**

Nexia Audit Limited  
Chartered Accountants  
No 1 Riding House Street  
London W1A 3AS

### **ACCOUNTANTS & TAX ADVISERS**

Smith & Williamson Limited  
Chartered Accountants  
No 1 Riding House Street  
London W1A 3AS

### **COMPANY'S REGISTERED NUMBER**

4948435

# SIRIUS EXPLORATION PLC

## DIRECTORS' REPORT

The directors submit their report and the accounts for the period ended 31 March 2005.

### Activities and review of business

On 30 October 2003 the company was incorporated as Charco 935 Limited. The company changed its name to Sirius Explorations Limited on 9 December 2003. On 16 July 2004 the company changed its name to Sirius Exploration Limited and subsequently on 9 November 2004 to Sirius Exploration Plc.

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 company has a commitment to pay Phelps Dodge Exploration Corporation \$366,000 by April 2006. No penalty is incurred by the company if this payment is not made but the Company's joint venture agreement relating to two exploration properties in Macedonia would be terminated. The company is currently in the process of raising funds to meet this commitment.

### Results for the period and dividends

The loss for the period on ordinary activities after taxation was £272,532. The directors do not recommend a payment of a dividend.

The directors look forward to the future with confidence.

### Directors and their interests

The present membership of the board is set out on page 1. The directors' interests in the share capital of the company as at 31 March 2005 were as follows:

	<b>Ordinary 0.25p shares Number</b>
RO'D Poulden (appointed 14 May 2004)	400
JPN Badham (appointed 1 June 2004)	6,667,200
JC Harrison (appointed 22 November 2004)	2,500,000

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Bayshill Management Ltd were appointed as directors of the company on 30 October 2003 and subsequently resigned on 11 November 2004.

Dr MR Mainelli and DCW Stonely were appointed as directors of the company on 4 May 2005.

### Payment of creditors

It will be the company's practice to agree credit terms with all significant suppliers and pay all approved invoices within these agreed terms.

**SIRIUS EXPLORATION PLC**

**DIRECTORS' REPORT (continued)**

**Auditors**

A resolution for the re-appointment of Nexia Audit Limited will be proposed at the forthcoming Annual General Meeting.

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

RO'D Poulden  
Director

Date: 25 May 2005

## **SIRIUS EXPLORATION PLC**

### **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 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;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Nexia Audit

— · Limited · —

## **Independent auditors' report to the shareholders of Sirius Exploration Plc**

We have audited the accounts of Sirius Exploration Plc for the period from incorporation on 30 October 2003 to 31 March 2005 which comprise of the Profit and Loss Account, Balance Sheet, Cash Flow Statement and related notes 1 to 14. These accounts have been prepared under the historical cost convention and 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**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 of the state of the company's affairs as at 31 March 2005 and of its loss for the period from incorporation on 30 October 2003 to 31 March 2005 and have been properly prepared in accordance with the Companies Act 1985.

**Nexia Audit Limited**  
Chartered Accountants  
Registered Auditors

1 Riding House Street  
London  
W1A 3AS

Date: 25 May 2005

## SIRIUS EXPLORATION PLC

### PROFIT AND LOSS ACCOUNT for the period ended 31 March 2005

	Notes	Period ended 31 March 2005 £
<b>Turnover</b>		-
Administrative expenses		(272,766)
		<hr/>
<b>Operating loss</b>	2	(272,766)
Interest receivable	3	234
		<hr/>
<b>Loss on ordinary activities before taxation</b>		(272,532)
Tax on loss on ordinary activities	5	-
		<hr/>
<b>Loss for the financial period</b>	10	(272,532)
		<hr/> <hr/>

All of the company's operations are classed as continuing. There were no gains or losses in the period other than those included in the above profit and loss account.



# SIRIUS EXPLORATION PLC

## BALANCE SHEET as at 31 MARCH 2005

	Notes	2005 £
<b>Fixed assets</b>		
Intangible fixed assets	6	147,600
		<hr/>
<b>Current assets</b>		
Debtors	7	32,555
Cash at bank		22,226
		<hr/>
		54,781
<b>Creditors:</b> amounts falling due within one year	8	(4,211)
		<hr/>
<b>Net current assets</b>		50,570
		<hr/>
<b>Net assets</b>		198,170
		<hr/> <hr/>
<b>Capital and reserves</b>		
Called up share capital	9	102,223
Share premium account	10	368,479
Profit and loss account	10	(272,532)
		<hr/>
<b>Shareholders' funds</b>	10	198,170
		<hr/> <hr/>

The accounts were approved by the Board of Directors on 25 May 2005 and were signed on its behalf by:

RO'D Poulden  
Director

**SIRIUS EXPLORATION PLC****CASH FLOW STATEMENT for the period ended 31 MARCH 2005**

	Notes	2005 £
<b>Net cash outflow from operating activities</b>	11	(276,110)
<b>Returns on investments and servicing of finance</b>		
Interest received		234
		<hr/>
<b>Cash outflow before financing</b>		(275,876)
<b>Financing</b>		
Issue of ordinary share capital		298,102
		<hr/>
<b>Increase in cash in the period</b>	12	22,226
		<hr/>

**NOTES TO THE ACCOUNTS for the period ended 31 MARCH 2005**

**1 Accounting policies**

The accounts have been prepared in accordance with applicable accounting standards. The more important accounting policies adopted are described below.

**Basis of accounting**

The accounts have been prepared under the historical cost convention and on a going concern basis.

**Intangible assets**

Cost 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 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.

**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. No timing differences are recognised in respect of gains on sale of assets where those gains have been rolled over into replacement assets. 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**

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.

**SIRIUS EXPLORATION PLC**

**NOTES TO THE ACCOUNTS for the period ended 31 MARCH 2005 (continued)**

	<b>Period ended 31 March 2005 £</b>
2 <b>Operating loss</b> is stated after charging:	
Auditors' remuneration	4,000
	<hr/>
3 <b>Interest receivable</b>	
Bank interest	234
	<hr/>
4 <b>Staff costs (including directors)</b>	
There were no staff costs, including directors emoluments, incurred during the period.	
There were no employees, including directors, during the period.	
5 <b>Taxation on loss on ordinary activities</b>	<b>£</b>
Corporation tax payable based on the loss for the period at 30%	-
	<hr/>
<b><i>Taxation reconciliation</i></b>	
Loss on ordinary activities before taxation	(272,532)
	<hr/> <hr/>
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 30%	(81,760)
<b><i>Taxation effects of:</i></b>	
Expenses not deductible for tax purposes	4,226
Trading losses not utilised	77,534
	<hr/>
	-
	<hr/>

The company has an unrecognised deferred tax asset of £77,534 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.

# SIRIUS EXPLORATION PLC

## NOTES TO THE ACCOUNTS for the period ended 31 MARCH 2005 (continued)

<b>6</b>	<b>Intangible fixed assets</b>	<b>Exploration costs</b>
		<b>£</b>
	At 30 October 2003	-
	Additions	147,600
		<hr/>
	At 31 March 2005	147,600
		<hr/> <hr/>
<b>7</b>	<b>Debtors</b>	<b>2005</b>
		<b>£</b>
	Unpaid share capital	25,000
	Other debtors	7,555
		<hr/>
		32,555
		<hr/> <hr/>
<b>8</b>	<b>Creditors: amounts falling due within one year</b>	<b>£</b>
	Other creditors	4,211
		<hr/> <hr/>
<b>9</b>	<b>Called up share capital</b>	<b>£</b>
	<b>Authorised</b>	
	80,000,000 ordinary shares of 0.25p each	200,000
		<hr/> <hr/>
	<b>Allotted and called up</b>	
	40,889,136 ordinary shares of 0.25p each	102,223
		<hr/> <hr/>

## SIRIUS EXPLORATION PLC

### NOTES TO THE ACCOUNTS for the period ended 31 MARCH 2005 (continued)

#### 9 Share capital (continued)

On 30 October 2003 the company issued two ordinary shares at par for a total consideration of £2.

On 17 November 2004 the company redesignated its share capital from ordinary shares of £1 each into ordinary shares of 1p each and at the same time increased its authorised share capital to £200,000 by the creation of an additional 19,999,800 shares.

On 29 November 2004 the company issued 5,010,000 ordinary shares at par for a consideration of £50,100.

On 21 January 2005 the company issued 885,000 ordinary shares for a consideration of £141,600.

On 23 March 2005 the company issued 4,133,334 ordinary shares for a consideration of £248,000.

On 24 March 2005 the company redesignated its share capital from ordinary shares of 1p each into ordinary shares of 0.25p each.

On 30 March 2005 the company issued 150,000 ordinary shares for a total consideration of £6,000. On 31 March 2005 the company issued a further 625,000 shares for a total consideration of £25,000.

10 Reconciliation of shareholders' funds and movement in reserves	Share capital £	Share premium account £	Profit and loss account £	Shareholders' funds £
At 30 October 2003	-	-	-	-
Loss for the period	-	-	(272,532)	(272,532)
Share capital issued in the period	102,223	368,479	-	470,702
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2005	102,223	368,479	(272,532)	198,170
	<hr/>	<hr/>	<hr/>	<hr/>

# SIRIUS EXPLORATION PLC

## NOTES TO THE ACCOUNTS for the period ended 31 MARCH 2005 (continued)

### 11 Reconciliation of operating loss to net cash outflow from operating activities

	<b>Period ended 31 March 2005 £</b>
Operating loss	(272,766)
Increase in debtors	(7,555)
Increase in creditors	4,211
	<hr/>
Net cash outflow from operating activities	(276,110)
	<hr/> <hr/>

### 12 Analysis of net funds

	<b>At 30 October 2003 £</b>	<b>Cashflow £</b>	<b>At 31 March 2005 £</b>
Cash at bank	-	22,226	22,226
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### 13 Related party transactions

During the period ended 31 March 2005, the company was charged £100,000 by Nick Badham, a director of the company, for consulting services.

During the period ended 31 March 2005 the company was charged £30,000 by Easy Business Consulting Limited, in which Jonathan Harrison, a director of the company, has an interest, for consultancy services.

During the period ended 31 March 2005 the company was charged £118,000 by Pacific Corporate Management Limited for management services. Richard Poulden, a director of the company, is an employee of Pacific Corporate Management Limited.

### 14 Capital commitments

The company has committed to an exploration programme with its joint venture partner Phelps Dodge Exploration Corporation. Expenditure of \$366,000 is payable by 16 April 2006.