Registered number: 05315922

ALECTO MINERALS PLC

(formerly Alecto Energy Plc)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2011

ALECTO MINERALS PLC

CONTENTS

COMPANY INFORMATION

Directors	Malcolm James (Non-Executive Chairman) Damian Conboy (Executive Director) Toby Howell (Non-Executive Director)
Company Secretary	Gregory Kuenzel
Registered Office	200 Strand London WC2R 1DJ
Company Number	05315922
Bankers	HSBC Bank plc 129 New Bond Street London W1J 2JA
Nominated Adviser & Broker	Fox-Davies Capital Limited 1 Tudor Street London EC4Y 0AH
Joint Broker	Fairfax I.S. Plc 46 Berkeley Square London W1J 5AT
Auditor	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ

ALECTO MINERALS PLC

CHAIRMAN'S REPORT

I am pleased to report that over the past year we successfully implemented our strategy to build and advance a portfolio of prospective resource assets in under-explored mineralised regions of Africa. This work has led to the delineation of a iron-oxide-copper-gold ('IOCG') anomaly at our Mauritanian licences, the acquisition of two gold licences located in known mineralised areas of Ethiopia and, post year end, an option to acquire a bauxite licence with near term production potential ('Licence 223') in Guinea.

Post year end, despite difficult markets, we attracted an experienced strategic investor, raising £1.47 million by way of a placing of 95,000,000 New Ordinary Shares at 1.55p per share. The new cornerstone investor, Mr. Fahad Al-Tamimi, is a highly successful businessman, who has taken a 29.5% stake in the Company in recognition of our African portfolio's exciting growth potential. Mr. Al-Tamimi is the founder and owner of a substantial diversified business group based in Riyadh, Saudi Arabia, and we look forward to working closely with him going forward.

We now have a solid cash position to unlock the intrinsic value of our portfolio over the coming months. These funds will enable us to commence drilling at both our Mauritanian IOCG prospect, which has been the focus of a defined work programme to date, and our Wayu Boda Gold licence, where artisanal work has provided us with advanced drill targets, in tandem with reconnaissance work across our entire portfolio. Additionally, further to the completion of due diligence at Licence 223, we plan to rapidly undertake environmental assessments and design a drill programme aimed at developing this potentially transformational asset up the value curve.

Operational Review

Mauritania

The attractive nature of our three gold and base metal licences, totalling 1,802 sq km, has become increasingly apparent over the year following a comprehensive reconnaissance programme conducted by SRK Exploration Services ('SRK ES'). Having identified two copper anomalies with strike lengths of over 800m (the Chiron anomaly) and 900m (the Oued d'Amour anomaly), as well as a third target through phase one of our exploration programme at the 613 sq km Wad Amour licence, we made the decision to conduct geochemistry, rock chip sampling, trenching, geophysical surveys and mapping as part of phase two to gain a greater understanding of the IOCG mineralisation.

Results from this work have led SRK ES to believe that the licence has the potential to host significant copper/gold occurrences similar to First Quantum Mineral Limited's 3.6Mtpa Guelb Moghrein IOCG deposit. A total of 1,401 samples were taken and analysed over three grids and 249 rock chip samples were collected predominantly from two sampling grids over the Chiron and Oued d'Amour targets. A total of nine trenches were excavated, six at the Oued d'Amour target and three at the Barkeol 001 target. At Chiron, the detailed rock chip samples were taken in part in lieu of trenching, which is difficult in the area due to hard rocks near surface. Ground based magnetic and electromagnetic ('EM') geophysics surveys were conducted at both the Chiron and Oued d'Amour targets.

The Chiron target returned positive exploration results in the central region of the Wad Amour licence. 177 rock chip samples were taken on a 10 x 20m grid from mineralised haematite breccia ridges with copper oxides. This returned grades up to 5.8% Cu, 0.66g/t Au and 13.9g/t Ag, with anomalous results occurring over a straight line distance of 630m.

Geophysical surveys and satellite imagery showed the mineralisation to have a strong structural control with mineralisation occurring at the intersection of north-east trending structures with major north-west trending structures. Therefore it is suspected that all three mineralised areas form part of a single body and with this in mind, the Company plans to undertake a circa 1,500m scout drilling programme, comprising 12 holes, to test the extent of this mineralisation at depth and to discover whether the mineralisation extends between these surface bodies. A number of additional holes will be placed from information gathered while drilling.

We expect this campaign to commence in Q3 and look forward to updating shareholders at the appropriate time.

Ethiopia

During the year, Alecto successfully built a footprint in Ethiopia, which is increasingly becoming a target for mineral exploration, through the acquisition of a 1,953 sq km gold exploration licence in the highly prospective Aysid-Metekel region of north western Ethiopia in May 2011. Six months later, this was followed by the 945.5 sq km Waya Boda gold licence in the highly prospective central-southern Adola greenstone belt in southern Ethiopia. Both prospects provide us with exposure to exciting and emerging mineral districts, and since the acquisitions, reconnaissance work has been conducted to identify future targets.

Ethiopia offers an established and prospective environment in which to operate. The government has a clear strategy to maximise the development of its mineral resources within the context of a free-market economic policy and a five-year (2011-16) National Growth and Transformation Plan, and we have found it to be a mining-friendly place to operate.

CHAIRMAN'S REPORT

Wayu Boda

This is the more advanced of the two assets due to the major artisanal workings on site and its close proximity to good infrastructure. Importantly, the Ethiopian newspapers recently reported that the National Mining Corporation has discovered a major gold deposit in the regional state of Oromia, located within 20km of Wayu Boda's eastern boundary, which provides a sound basis for successful exploration.

Extensive historical and current artisanal high grade quartz vein gold mining activity has provided the Company with readymade initial exploration targets which will enable us to commence drilling in the shorter term. A number of the workings are more than 25m deep and follow the steeply westerly dipping quartz veins.

There are two spatially distinct mine sites: one 270m to the north of the miner's village; and the other located some 1,000m to the SSW. The northern pits occur along a strike length of approximately 70m at a bearing 022 - 202 degrees. The dip direction, when non vertical, is orientated towards 270 degrees. The northern workings are located on the western side of a subdued hill with little outcrop or obvious quartz veins and associated shears. This deposit appears to be open both to the north and south.

The southern pits, located in a small valley, are more extensive, occurring along 140m strike length with a north south strike and again a slight westerly dip when beds are not vertical. The northern extension of the quartz veins disappears under recent alluvial cover.

There has been no recent, modern, large-scale exploration or mining within the project area and with this in mind, we appointed a Senior Geologist to undertake reconnaissance work over the period. The results from this have been positive to date and now that the Company has the funds in place, we have bolstered our exploration team and will look to refine and commence a drill programme by Q3 2012.

Aysid-Metekel

This 1,953 sq km licence, located approximately 50km north and north-east respectively from the highly prospective Towchester and Brantham tenements of AIM quoted Nyota Minerals Limited, is in the right address, located within the prime Arabian-Nubian shield on the Western Akobo Greenstone belt. The licence is also approximately 80km from the Fiti skarn gold deposit discovered by MIDROC Gold Mine plc.

Since completion of the acquisition, we have been conducting an initial reconnaissance type exploration programme and evaluating historical data. Six exploration targets have been identified by Alecto and, although at a more grass-roots stage than Wayu Boda, results from sampling to date have highlighted some similarities to other mineralisation styles in the area. In line with this, we look forward to carrying out more of this type of work over the coming months to define further targets of merit.

Guinea

As touched on previously, we have entered an option agreement relating to the staged acquisition of Forward Africa Resources ('FAR'), which holds the 711 sq km bauxite licence 223 ('Licence 223'). Due to its location in the prospective south west coastal region of Guinea, which already has established infrastructure and producing bauxite operations, and its near term production capacity, we believe that this acquisition opportunity has the potential to be ground-breaking for Alecto. Notably, unlike many other bauxite deposits in the country, we are in very close proximity to the only operating railway line in the country, which means that we could bring this asset into production over the next two years to generate cash flow.

Licence 223 is located immediately north and contiguous to the Kindia Mine on the coast plain approximately 100km inland of the capital city of Conakry. Based on historic exploration, the Board believes that Licence 223 has the potential to host in-situ bauxite resources of over 500Mt. Whereas quality (defined by high alumina content and low silica levels) will vary across the bowals, limited higher quality areas will provide viable mineral reserves to support a life-of-mine of several decades at the initial planned production of between 1-2 Mt per annum ('Mtpa').

We have extended our due diligence period, which provides us with more time to address some minor issues, and we will update the market with regards to this progress over the coming weeks. The rainy season occurs in Guinea during the summer months, but, subject to completion of this acquisition, we will swiftly embark on a environmental study which is required to ensure the project's development.

ALECTO MINERALS PLC

CHAIRMAN'S REPORT

Corporate

In October 2011, we were delighted to welcome Mr. Michael Smith to the Company as Technical Consultant. Michael has over 30 years of corporate and operational experience in the resource industry. His knowledge of the Guinean bauxite industry is also very strong, and we look forward to benefitting from this as our work on the asset progresses.

Financial Review

The loss before taxation of the Group for the year ended 31 December 2011 amounted to £1,242,121 (31 December 2010: £655,806).

The Group's cash position at 31 December 2011 was £715,153 (31 December 2010: £2,015,012) and this will be used to implement defined exploration programmes in Ethiopia.

Outlook

Having diversified our portfolio of resource assets across a range of minerals and geographies and increased our understanding of the mineralisation through structured exploration programmes, we are excited about the future and believe that all our assets demonstrate substantial upside potential. This belief is shared by others, as highlighted by the number of experienced investors who participated in our recent placing.

Over the coming months, we will be actively working on adding value to our portfolio. We aim to commence our circa 1,500m drill programme at the Wad Amour licence in Mauritania in Q3 2012, which should provide us with results in Q1 2013, in tandem with further regional work and geophysics. Drilling at Wayu Boda is also on the cards for Q3/Q4 2012, following further minor reconnaissance work to refine the drill programme design. This will be focussed on artisanal areas, thus greatly shortening our lead time, and solidifying our exploration footprint in the region. At our north-west licence, we will continue to implement sampling programmes to further prioritise areas of prospectivity.

We also intend to secure our holding over our Guinean bauxite licence. Subject to completion over the next few weeks, an environmental study will commence ahead of drilling once the rainy season finishes in October 2012. This project will be a potential game-changer for Alecto, providing us with the potential to generate cash flow in the near term, using which we will be able to progress our current licences and pursue additional under-developed resource assets in prime mineralised regions, in line with our stringent investment strategy.

I look forward to reporting regularly on developments throughout the rest of the coming year and I would like to take this opportunity to thank all our shareholders, along with our dedicated team, for their support and loyalty over the period.

Malcolm James
Chairman
5 June 2012

DIRECTORS' REPORT

From 24 May 2011, Alecto Minerals plc ("the Company") changed its name from Alecto Energy Plc to Alecto Minerals Plc.

The Directors present their annual report on the affairs of Alecto Minerals Plc, together with the Group Financial Statements and Auditor's Report, for the year ended 31 December 2011.

Principal Activity and Business Review

The principal activity of the Company is to make investments and/or acquire projects in the natural resources and mineral sectors as a whole, including the energy sector.

The Group is focussed on the generation of new mineral opportunities in North Africa. A detailed review of the business of the Group during the year and an indication of likely future developments may be found in the Chairman's Report on pages 3 to 5.

Risks and uncertainties are discussed on page 7.

Results and Dividends

The loss of the Group for the year ended 31 December 2011 before taxation amounts to £1,242,121 (31 December 2010: £655,806).

The Directors do not recommend the payment of a dividend for the year (31 December 2010: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2011 are shown in the Company Information on page 2 and had, at that time the following beneficial interests in the shares of the Company:

	31 December 2011		01 January 2011	
	Ordinary Shares	**Options**	**Ordinary Shares**	**Options**
Malcolm James (1)	1,063,099	2,600,000	1,063,099	115,104
Toby Howell	427,500	2,300,000	427,500	230,208
Damian Conboy	4,000,000	11,500,000	4,000,000	7,971,429

(1) 400,100 shares are held by the James Family Superfund, the beneficiaries of which include Malcolm James

Further details on options can be found in Note 17 to the Financial Statements.

Key Performance Indicators ("KPIs")

The Board monitor the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2012.

The three main KPIs for the Group are as follows. These allow the Company to monitor costs and plan future exploration and development activities:

	2011	2010
Cash and cash equivalents	£715,153	£2,015,012
Administrative expense as a percentage of total assets	32.3%	18.3%
Exploration costs capitalised	£3,000,920	£768,489

Cash has been used to fund the Group's operations and facilitate its investment activities (refer to the Group Cash Flow Statement on page 18).

Administrative expenses as a percentage of total assets have increased from the prior year due primarily to investment write-offs and payments to introducers.

Exploration costs capitalised consists of acquisition of exploration assets through business combinations (refer Note 19) and exploration expenditure on the Group's exploration licences.

DIRECTORS' REPORT

Corporate responsibility

Environmental

Alecto undertakes its exploration activities in a manner that minimises or eliminates negative environmental impacts and maximises positive impacts of an environmental nature. Alecto is a mineral explorer, not a mining company. Hence, the environmental impact associated with its activities is minimal. To ensure proper environmental stewardship on its projects, Alecto conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

Alecto operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

Risk factors

Exploration risks

The exploration and mining business is controlled by a number of global factors, principally supply and demand which in turn is a key driver of global mineral prices; these factors are beyond the control of the Group. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

The principal assets of the Group comprising the mineral exploration licences are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the Government; if this legislation is changed it could adversely affect the value of the Group's assets.

Country risk

The Group's licences and operations are located in a foreign jurisdiction. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalism, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

Mauritania and Ethiopia are the current focus of the Group's activities.

Mauritania has suffered recent political unrest. Although the current regime is stable and proactively supports foreign investment, there is no guarantee that this situation will continue. The Group maintains an active dialogue with the Government in Mauritania and believes the level of risk in relation to this area to be acceptable. The Group also minimises inflation and exchange rate risks in relation to Mauritania by negotiating all material contracts in Euros and ensuring minimal financial assets are kept in the Mauritanian currency.

Ethiopia has experienced relative stability within the country in recent years and was the fastest growing non-oil-dependent African economy in the years 2007 and 2008. In terms of risk, relations with neighbouring countries are tense, most notably with Eritrea whom they accuse of supporting Islamist rebels in Somalia. The Group maintains an active dialogue with the Ethiopian government and believes the level of risk in relation to this area to be acceptable. The Group also minimises inflation and exchange rate risks in relation to Ethiopia by negotiating all material contracts in British Pounds and ensuring minimal financial assets are kept in the Ethiopian currency.

Dependence on key personnel

The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Uninsured risk

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Funding risk

The Company has raised sufficient funds to enable it to undertake exploration activities on the Mauritanian and Ethiopian licence areas. However, the Mauritanian licences incorporate a minimum spend requirement over the three year licence period that the Group does not currently have the financial resources to meet. Should the Group not be successful in establishing a resource to allow further funds to be raised there may be insufficient funds to complete exploration work on the Mauritanian licence areas.

The only sources of funding currently available to the Group are through the issue of additional equity capital in the Parent Company or through bringing in partners to fund exploration and development costs. The Company's ability to raise further funds will depend on the success of the Group's exploration activities and its investment strategy. The Company may not be successful in procuring funds on terms which are successful and, if such funding is unavailable, the Group may be required to reduce the scope of its exploration activities or relinquish some of the exploration licences held for which it may incur fines or penalties.

Financial Risk Management

The Group's operations expose it to a variety of financial risks that include the effect of changes in debt market prices and foreign currency exchange rates, credit risk, liquidity risk and interest rate risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in Note 2.4 to the Financial Statements.

Directors' and Officers' Indemnity Insurance

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors and Officers. These were made during the previous period and remain in force at the date of this report.

Post Balance Sheet Events

The post balance sheet events are set out in Note 29 to the Financial Statements.

Policy and Practice on Payment of Creditors

The Company and its subsidiary undertakings agree terms and conditions for their business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. As at 31 December 2011, the Company had an average of 10 days (2010: 2 days) purchases outstanding in trade payables. The Group average was 10 days (2010: 3 days).

DIRECTORS' REPORT

Provision of Information to Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Littlejohn LLP has signified its willingness to continue in office as auditor.

This report was approved by the Board on 5 June 2012 and signed on its behalf.

Damian Conboy
Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently; and
- make judgments and accounting estimates that are reasonable and prudent.

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 Group and Company, and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company, 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 the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

CORPORATE GOVERNANCE REPORT

The Board of Directors currently comprises three Non-Executive Directors, one of whom is the Chairman. The Directors recognise the importance of sound corporate governance and intend to observe the requirements of the UK Corporate Governance Code, as published by the Financial Reporting Council to the extent they consider appropriate in light of the Group's size, stage of development and resources.

The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Board has a wide range of experience directly related to the Company and its activities and its structure ensures that no one individual or group dominates the decision making process.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Board Committees

The Company has established an Audit Committee and a Remuneration Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under regular review.

Audit Committee

The Audit Committee, comprising Malcolm James and Toby Howell, reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee

The Remuneration Committee, comprising Malcolm James and Toby Howell, is responsible for reviewing the performance of the executive Director and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

Internal Controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Securities Trading

The Group has adopted a share dealing code for dealings in shares by directors and senior employees which is appropriate for an AIM-listed company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

Relations with Shareholders

The Board is committed to providing effective communication with the Shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALECTO MINERALS PLC

We have audited the Financial Statements of Alecto Minerals Plc for the year ended 31 December 2011 which comprise the Group and Company Balance Sheets, the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Company Statements of Changes in Shareholders' Equity, the Group and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 Auditor

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

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the Financial Statements sufficient to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the Financial Statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited Financial Statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2011 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mark Ling (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

5 June 2012

ALECTO MINERALS PLC

BALANCE SHEETS
As at 31 December 2011 **Company number: 05315922**

	Note	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Non-Current Assets					
Property, plant and equipment	7	**8,023**	-	**-**	-
Intangible assets	8	**3,020,492**	768,489	**-**	-
Investment in subsidiaries	9	**-**	-	**2,592,715**	807,643
Restricted assets	10	**40,130**	21,464	**-**	-
Available-for-sale financial assets	11	**50,000**	365,000	**50,000**	365,000
		3,118,645	1,154,953	**2,642,715**	1,172,643
Current Assets					
Trade and other receivables	12	**28,879**	126,774	**28,879**	126,774
Cash and cash equivalents	13	**715,153**	2,015,012	**685,414**	2,015,011
		744,032	2,141,786	**714,293**	2,141,785
Total Assets		**3,862,677**	3,296,739	**3,357,008**	3,314,428
Current Liabilities					
Trade and other payables	14	**983,303**	82,837	**980,368**	80,777
		983,303	82,837	**980,368**	80,777
Non-current liabilities					
Deferred tax	15	**614,780**	-	**-**	-
		614,780	-	**-**	-
Total Liabilities		**1,598,083**	82,837	**980,368**	80,777
Net Assets		**2,264,594**	3,213,902	**2,376,640**	3,233,651
Capital and Reserves Attributable to Equity Holders of the Company					
Called up share capital	16	**1,365,957**	1,303,860	**1,365,957**	1,303,860
Share premium account	16	**5,351,686**	5,124,210	**5,351,686**	5,124,210
Share option reserves	17	**179,086**	333,938	**179,086**	333,938
Available-for-sale financial asset reserve		**-**	176,000	**-**	176,000
Foreign currency translation reserve		**(161)**	(19,748)	**-**	-
Retained losses		**(4,631,974)**	(3,704,358)	**(4,520,089)**	(3,704,357)
Total Equity		**2,264,594**	3,213,902	**2,376,640**	3,233,651

The Financial Statements were approved and authorised for issue by the Board of Directors on 5 June 2012 and were signed on its behalf by:

Damian Conboy
Executive Director

The Notes on pages 20 to 44 form part of these Financial Statements.

ALECTO MINERALS PLC

GROUP INCOME STATEMENT
For the year ended 31 December 2011

		Group			
			Continuing Operations	Discontinuing Operations	Total
	Note	**2011**	2010	2010	2010
		£	£	£	£
Administration expenses		**(979,934)**	(604,005)	-	(604,005)
Write-down of available for sale investments		**(271,000)**	-	-	-
Gain on foreign exchange		**6,442**	-	-	-
Loss on dissolution of subsidiary	18	**-**	-	(52,558)	(52,558)
Operating Loss	6	**(1,244,492)**	(604,005)	(52,558)	(656,563)
Finance income	22	**2,371**	757	-	757
Loss Before Taxation		**(1,242,121)**	(603,248)	(52,558)	(655,806)
Corporation tax (charge)/credit	23	**(44,000)**	44,000	-	44,000
Loss for the Year		**(1,286,121)**	(559,248)	(52,558)	(611,806)
Attributable to Owners of the Parent		**(1,286,121)**	(559,248)	(52,558)	(611,806)
Basic and Diluted Loss Per Share (pence)	24	(0.648) p	(0.531) p	(0.049) p	(0.580) p

The loss for the Company for the year was £1,174,237 (31 December 2010: £559,247).

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income.

The Notes on pages 20 to 44 form part of these Financial Statements.

ALECTO MINERALS PLC

GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2011

		Group			
			Continuing Operations	Discontinuing Operations	Total
	Note	**2011**	2010	2010	2010
		£	£	£	£
Loss for the year		**(1,286,121)**	(559,248)	(52,558)	(611,806)
Other Comprehensive Income:					
Exchange differences on translating foreign operations		**19,587**	(19,748)	-	(19,748)
Reclassification adjustment: Cumulative foreign currency translation losses on dissolution of subsidiary		**-**	-	52,106	52,106
Available-for-sale financial assets	23	**-**	176,000	-	176,000
Total Comprehensive Income for the Year Attributable to Owners of the Parent, net of tax		**(1,266,534)**	(402,996)	(452)	(403,448)

The Notes on pages 20 to 44 form part of these Financial Statements.

ALECTO MINERALS PLC

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2011

	Attributable to owners of the parent						
	Share capital £	Share premium £	Share option reserve £	Available-for-sale investments £	Translation reserve £	Retained losses £	Total equity £
As at 1 January 2010	**656,412**	**3,007,576**	**182,504**	**-**	**(52,106)**	**(3,092,552)**	**701,834**
Comprehensive income							
Loss for the year	-	-	-	-	-	(611,806)	(611,806)
Other comprehensive income							
Currency translation differences	-	-	-	-	32,358	-	32,358
Available-for-sale financial assets (net of tax)	-	-	-	176,000	-	-	176,000
Total other comprehensive income	**-**	**-**	**-**	**176,000**	**32,358**	**-**	**208,358**
Total comprehensive income	**-**	**-**	**-**	**176,000**	**32,358**	**(611,806)**	**(403,448)**
Transactions with owners							
Issue of ordinary shares	647,448	2,286,633	-	-	-	-	2,934,081
Issue costs	-	(169,999)	108,327	-	-	-	(61,672)
Share based payments	-	-	43,107	-	-	-	43,107
Total transactions with owners	**647,448**	**2,116,634**	**151,434**	**-**	**-**	**-**	**2,915,516**
As at 31 December 2010	**1,303,860**	**5,124,210**	**333,938**	**176,000**	**(19,748)**	**(3,704,358)**	**3,213,902**
Comprehensive income							
Loss for the year	-	-	-	-	-	(1,286,121)	(1,286,121)
Other comprehensive income							
Currency translation differences	-	-	-	-	19,587	-	19,587
Available-for-sale financial assets (net of tax)	-	-	-	(176,000)	-	176,000	-
Total other comprehensive income	**-**	**-**	**-**	**(176,000)**	**19,587**	**176,000**	**19,587**
Total comprehensive income	**-**	**-**	**-**	**(176,000)**	**19,587**	**(1,110,121)**	**(1,266,534)**
Transactions with owners							
Issue of ordinary shares	62,097	267,903	-	-	-	-	330,000
Issue costs	-	(40,427)	-	-	-	-	(40,427)
Expired options	-	-	(182,505)	-	-	182,505	-
Share based payments	-	-	27,653	-	-	-	27,653
Total transactions with owners	**62,097**	**227,476**	**(154,852)**	**-**	**-**	**182,505**	**317,226**
As at 31 December 2011	**1,365,957**	**5,351,686**	**179,086**	**-**	**(161)**	**(4,631,974)**	**2,264,594**

The Notes on pages 20 to 44 form part of these Financial Statements.

ALECTO MINERALS PLC

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2011

	Share capital £	Share premium £	Merger reserve £	Available-for-sale investments £	Share option reserve £	Retained losses £	Total equity £
As at 1 January 2010	**656,412**	**3,007,576**	**405,000**	**-**	**182,504**	**(3,550,110)**	**701,382**
Comprehensive income							
Loss for the year	-	-	-	-	-	(559,247)	(559,247)
Other comprehensive income							
Available-for-sale financial assets (net of tax)	-	-	-	176,000	-	-	176,000
Total comprehensive income	**-**	**-**	**-**	**176,000**	**-**	**(559,247)**	**(383,247)**
Transactions with owners							
Issue of ordinary shares	647,448	2,286,633	-	-	-	-	2,934,081
Issue costs	-	(169,999)	-	-	108,327		(61,672)
Share based payments	-	-	-	-	43,107	-	43,107
Transfer of impairment charges	-	-	(405,000)	-	-	405,000	-
Total transactions with owners	**647,448**	**2,116,634**	**(405,000)**	**-**	**151,434**	**405,000**	**2,915,516**
As at 31 December 2010	**1,303,860**	**5,124,210**	**-**	**176,000**	**333,938**	**(3,704,357)**	**3,233,651**
Comprehensive income							
Loss for the year	-	-	-	-	-	(1,174,237)	(1,174,237)
Other comprehensive income							
Available-for-sale financial assets (net of tax)	-	-	-	(176,000)	-	176,000	-
Total comprehensive income	**-**	**-**	**-**	**(176,000)**	**-**	**(998,237)**	**(1,174,237)**
Transactions with owners							
Issue of ordinary shares	62,097	267,903	-	-	-	-	330,000
Issue costs	-	(40,427)	-	-	-	-	(40,427)
Expired options	-	-	-	-	(182,505)	182,505	-
Share based payments	-	-	-	-	27,653	-	27,653
Transfer of impairment charges	-	-	-	-	-	-	-
Total transactions with owners	**62,097**	**227,476**	**-**	**-**	**(154,852)**	**182,505**	**317,226**
As at 31 December 2011	**1,365,957**	**5,351,686**	**-**	**-**	**179,086**	**(4,520,089)**	**2,376,640**

The Notes on pages 20 to 44 form part of these Financial Statements.

ALECTO MINERALS PLC

GROUP CASH FLOW STATEMENT
For the year ended 31 December 2011

		Group			
		Total	Continuing Operations	Discontinuing Operations	Total
		2011	2010	2010	2010
	Note	**£**	£	£	£
Cash flows from operating activities					
Operating loss		(1,244,492)	(604,005)	(52,558)	(656,563)
Adjustments for:					
Depreciation		1,925	-	-	-
Share options expense		27,653	43,106	-	43,106
Loss on dissolution of subsidiary		-	-	52,558	52,558
Exclusivity fee		-	90,000	-	90,000
Introducer fees		60,000	-	-	-
Investment write-off		271,000	-	-	-
Consultancy fees paid in shares		-	70,000	-	70,000
(Increase) / decrease in trade and other receivables		(7,006)	7,328	-	7,328
Increase / (decrease) in trade and other payables		30,464	(38,254)	-	(38,254)
Foreign exchange		19,587	-	-	-
Net cash used in operations		(840,869)	(431,825)	-	(431,825)
Cash flows from investing activities					
Cash paid on dissolution of subsidiary		-	-	(452)	(452)
Interest received		2,371	757	-	757
Cash paid for restricted assets		(18,666)	(21,465)		(21,465)
Cash paid for acquisition of subsidiaries (net of cash acquired)		(129,791)	-	-	-
Loans to third parties		-	(45,000)	-	(45,000)
Purchase of available-for-sale financial assets		-	(100,000)	-	(100,000)
Purchase of intangible assets		(367,432)	(244,307)	-	(244,307)
Purchase of property, plant and equipment	7	(9,948)	-	-	-
Net cash used in investing activities		(523,466)	(410,015)	(452)	(410,467)
Cash flows from financing activities					
Proceeds from issue of share capital		104,902	2,177,179	-	2,177,179
Transaction costs of share issue		(40,426)	(61,672)	-	(61,672)
Net cash generated from financing activities		64,476	2,115,507	-	2,115,507
Net (decrease) / increase in cash and cash equivalents		(1,299,859)	1,273,667	(452)	1,273,215
Cash and cash equivalents at beginning of year		2,015,012	741,512	452	741,964
Exchange gains on cash and cash equivalents		-	(167)	-	(167)
Cash and cash equivalents at end of year	13	715,153	2,015,012	-	2,015,012

Major non-cash transactions

On 20 May 2011 the Company issued 8,064,516 ordinary shares of 0.7 pence each fully paid at 3.72 pence per share in consideration for a business acquisition during the year (refer Note 19). On the same date the Company issued 806,452 ordinary shares of 0.7 pence each fully paid at 3.72 pence per share in settlement of certain introducer fees in relation to the acquisition.

At 31 December 2011 £10,610 of exploration and evaluation additions remained outstanding and unpaid.

The Group revalued its available-for-sale investments to their fair value at the reporting date, in accordance with the requirements of IAS 39. The resultant loss of £271,000 (net of tax) was included within other comprehensive income.

The Notes on pages 20 to 44 form part of these Financial Statements.

COMPANY CASH FLOW STATEMENT
For the year ended 31 December 2011

		Company			
		Total	Continuing Operations	Discontinuing Operations	Total
		2011	2010	2010	2010
	Note	**£**	£	£	£
Cash flows from operating activities					
Operating loss		(1,132,608)	(604,005)	-	(604,005)
Adjustments for:					
Depreciation		-	-	-	-
Share options expense		27,653	43,106	-	43,106
Exclusivity fee		-	90,000	-	90,000
Consultancy fees paid in shares		-	70,000	-	70,000
Introducer fees paid in shares		60,000	-	-	-
Investment write-off		271,000	-	-	-
(Increase) / decrease in trade and other receivables		(7,006)	7,328	-	7,328
Increase in trade and other payables		29,590	13,451	-	13,451
Net cash used in operations		(751,371)	(380,120)	-	(380,120)
Cash flows from investing activities					
Interest received		2,371	757	-	757
Loans to third parties		-	(45,000)	-	(45,000)
Purchase of available-for-sale financial assets		-	(100,000)	-	(100,000)
Purchase of shares in subsidiary undertakings		-	(1)	-	(1)
Cash consideration for subsidiaries		(200,000)	-	-	-
Loans granted to subsidiary undertakings		(465,073)	(317,642)	-	(317,642)
Net cash used in investing activities		(662,702)	(461,886)	-	(461,886)
Cash flows from financing activities					
Proceeds from issue of share capital		104,902	2,177,179	-	2,177,179
Transaction costs of share issue		(40,426)	(61,672)	-	(61,672)
Net cash generated from financing activities		64,476	2,115,507	-	2,115,507
Net (decrease) / increase in cash and cash equivalents		(1,329,597)	1,273,499	-	1,273,499
Cash and cash equivalents at beginning of year		2,015,011	741,512	-	741,512
Cash and cash equivalents at end of year	13	685,414	2,015,011	-	2,015,011

Major non-cash transactions

On 20 May 2011 the Company issued 8,064,516 ordinary shares of 0.7 pence each fully paid at 3.72 pence per share in consideration for a business acquisition during the year (refer Note 19). On the same date the Company issued 806,452 ordinary shares of 0.7 pence each fully paid at 3.72 pence per share in settlement of certain introducer fees in relation to the acquisition.

The Group revalued its available-for-sale investments to their fair value at the reporting date, in accordance with the requirements of IAS 39. The resultant loss of £271,000 (net of tax) was included within other comprehensive income.

The Notes on pages 20 to 44 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2011

1. General information

The principal activity of Alecto Minerals Plc ('the Company') and its subsidiaries (together 'the Group') is the exploration and development of precious and base metals. The Company's shares are listed on the Alternative Investment Market of the London Stock Exchange. The Company is incorporated and domiciled in the UK.

On 23 May 2011 the Company received shareholder approval at its Annual General Meeting and changed its name from Alecto Energy Plc to Alecto Minerals Plc to better reflect the activities of the Group.

The address of its registered office is 200 Strand, London WC2R 1DJ.

2. Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 Basis of Preparation of Financial Statements

The Group Financial Statements have been prepared in accordance with EU-endorsed International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The Financial Statements are presented in Pound Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

2.2 New and Amended Standards

(a) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2011 and relevant to the Group

- A revised version of IAS 24 "Related Party Disclosures" simplified the disclosure requirements for government-related entities and clarified the definition of a related party. This revision was effective for periods beginning on or after 1 January 2011; and

- IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments" clarified the treatment required when an entity renegotiates the terms of a financial liability with its creditor, and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. This interpretation was effective for periods beginning on or after 1 July 2010.

(b) New and amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2011 but not currently relevant to the Group

- An amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" relieved first-time adopters of IFRSs from providing the additional disclosures introduced in March 2009 by "Improving Disclosures about Financial Instruments" (Amendments to IFRS 7). This amendment was effective for periods beginning on or after 1 July 2010; and

- An amendment to IFRIC 14 "IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", on prepayments of a minimum funding requirement, applies in the limited circumstances when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. This amendment was effective for periods beginning on or after 1 January 2011.

2.2 New and Amended Standards (continued)

(c) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

Unless otherwise stated, the Directors are assessing the possible impact of the following on the Financial Statements:

- IFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement;

- IFRS 11 “Joint Arrangements” provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement;

- IFRS 12 “Disclosure of Interests in Other Entities” is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement;

- IFRS 13 “Fair Value Measurement” improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. It does not extend the use of fair value accounting, but provides guidance on how it should be applied where its use is already required or permitted by other standards. This standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement;

- Amendments to IFRS 1 “First-time Adoption of International Financial Reporting Standards” require that first-time adopters apply the requirements in IFRS 9 “Financial Instruments” and IAS 20 “Accounting for Government Grants and Disclosure of Government Assistance” prospectively to government loans existing at the date of transition to IFRSs. Entities may choose to apply the requirements retrospectively if the information needed to do so have been obtained at the time of initially accounting for the loan. This standard is effective for annual periods beginning on or after 1 January 2013, subject to EU endorsement. This is not expected to have an impact on the Group as IFRS has been historically used;

- Amendments to IFRS 7 “Financial Instruments: Disclosures” require disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. This standard is effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods, subject to EU endorsement;

- Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures” require entities to apply IFRS 9 for annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, subject to EU endorsement. Early application continues to be permitted. The amendments also require additional disclosures on transition from IAS 39 “Financial Instruments: Recognition and Measurement” to IFRS 9;

- IFRIC 20 “Stripping Costs in the Production Phase of a Surface Mine” clarifies when stripping costs incurred in the production phase of a mine’s life should lead to the recognition of an asset and how that asset should be measured, both initially and in subsequent periods. This interpretation is effective for periods beginning on or after 1 January 2013, subject to EU endorsement. This will affect the Group’s Financial Statements, but the Directors believe they are in a position to ensure compliance with this standard when it becomes effective;

- IAS 27 “Separate Financial Statements” replaces the current version of IAS 27 “Consolidated and Separate Financial Statements” as a result of the issue of IFRS 10 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement;

- IAS 28 “Investments in Associates and Joint Ventures” replaces the current version of IAS 28 “Investments in Associates” as a result of the issue of IFRS 11 (see above). This revised standard is effective for periods beginning on or after 1 January 2013, subject to EU endorsement;

2.2 New and Amended Standards (continued)

- Amendments to IAS 1 “Presentation of Financial Statements” require items that may be reclassified to the profit or loss section of the income statement to be grouped together within other comprehensive income (OCI). The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. This is effective for annual periods beginning on or after 1 July 2012, subject to EU endorsement;

- Amendments to IAS 12 “Income Taxes” introduce a presumption that recovery of the carrying amount of an asset measured using the fair value model in IAS 40 “Investment Property” will normally be through sale. This standard is effective for annual periods beginning on or after 1 January 2012, subject to EU endorsement. This is not expected to have an impact on the Financial Statements.

2.3 Basis of Consolidation

The Group Financial Statements consolidate the Financial Statements of Alecto Minerals Plc and the audited management accounts of all of its subsidiary undertakings made up to 31 December 2011.

Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Group obtains and exercises control through voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

Investments in subsidiaries are accounted for at cost less impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All significant intercompany transactions and balances between Group enterprises are eliminated on consolidation.

2.4 Going Concern

The Group’s business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman’s Report on pages 3 to 5. In addition, Notes 3 and 4 to the Financial Statements include the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group’s assets are not generating revenues and an operating loss has been reported, the Directors believe that the Group has sufficient funds to undertake its operating activities over the next 12 months including any additional payment required in relation to its current exploration projects. The Group has financial resources which, the Directors believe, will be sufficient to fund the Group’s committed expenditure both operationally and on various exploration projects for this time period. However, in order to meet the minimum spending requirements over the life of existing projects and as additional projects are identified additional funding will be required. On 21 May 2012, the Directors raised £1,472,500 by way of placing 95,000,000 ordinary shares of 0.7 pence each fully paid at 1.55 pence per share (Note 29).

The Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2.5 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. 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 that makes strategic decisions.

2.6 Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent entity is Sterling and the functional currency of the BVI subsidiary is US Dollars. The currency of Mauritania is the Mauritanian Ouguiya; however all material contracts with the Mauritanian subsidiary are denominated in Euros which is, therefore, its functional currency. The currency of Ethiopia is the Ethiopian Birr, therefore the functional currency of the Ethiopian subsidiaries. The functional currency of the Group's previously owned Australian subsidiary was Australian Dollars. The Financial Statements are presented in pound sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

2.7 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Exploration and evaluation

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost.

Exploration and evaluation assets are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the income statement.

2.8 Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on all tangible assets to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Equipment – 20% straight line

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

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the income statement.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Financial Assets

Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, restricted assets and cash and cash equivalents in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value unless the Group is precluded from doing so as, in the case of unlisted equity securities, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In such circumstances available-for-sale financial assets are held at cost and reviewed annually for impairment. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains and losses from investment securities."

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event"), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

(i) Assets carried at amortised cost

The amount of impairment is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognised in the income statement. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

(ii) Assets classified as available-for-sale

The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement – is removed from equity and recognised in the income statement.

2.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, and are subject to an insignificant risk of changes in value.

2.12 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the income statement or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the income statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.14 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.15 Taxation

The tax credit or expense for the period comprises deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets and liabilities are not discounted.

2.16 Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.17 Finance income

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

3. Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Market Risk

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Ethiopian Birr, Mauritanian Ouguiya and the British Pound. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiaries in either British Pounds or Euros which in the Directors' opinion are more stable than the respective local currencies. The Group also holds minimal liquid assets in Mauritanian Ouguiya and Ethiopian Birr. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the financial statements of the Group at the present time. The Directors will continue to assess the effect of movements in exchange rates on the Groups financial operations and initiate suitable risk management measures where necessary.

(b) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group as available-for-sale financial assets. The Group's investments in equity of other entities that are publicly traded are listed on AIM. There is a limited volume of shares traded in the Company's investee and if the Company was to dispose of a significant percentage of its shares this could have a substantial impact on the realisable value of these shares.

The Group does not have a substantial portfolio of shares and manages its price risk by undertaking specific company research prior to investing. The Group's listed equity investment is held for long term growth which the Directors believe mitigates the risk of crystallising short term speculative reductions in value.

The table below summarises the impact of increases/decreases in the AIM index on the Group's other comprehensive income for the year. The analysis is based on the assumption that the AIM index had increased/decreased by 10% with all other variables held constant and all the Group's listed equity investments moved according to the historical correlation with the index.

	2011		2010	
Index	Impact on post tax losses £	Impact on other comprehensive income £	Impact on post tax losses £	Impact on other comprehensive income £
AIM	5,000	-	12,160	48,640

Other comprehensive income would increase/decrease as a result of gains/losses on listed equity securities classified as available-for-sale. Post tax losses would increase/decrease as a result of the utilisation of tax losses arising from the movement in fair value of listed equity securities classified as available-for-sale.

(c) Interest rate risk

As the Group has no borrowings, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit, which is not significant.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its exploration and evaluation activities. The Group has no debt at 31 December 2011 and defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value. The Group does not have any liabilities measured at fair value.

	2011			2010		
	Level 1	Level 3	Total	Level 1	Level 3	Total
Assets	£	£	£	£	£	£
Available-for-sale financial assets	-	50,000	50,000	320,000	-	320,000
Total assets	-	50,000	50,000	320,000	-	320,000

The fair value of financial instruments traded in an active market is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise AIM listed equity investments classified as available-for-for sale financial assets.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table presents the changes in Level 3 instruments for the year ended 31 December 2011:

	2011		2010	
		Total		Total
	£	£	£	£
Opening balance	-	-	-	-
Transfers into Level 3	320,000	320,000	-	-
Losses recognised in profit or loss	(270,000)	(270,000)	-	-
Total assets	50,000	50,000	-	-

The transfer into Level 3 is as a result of the events as described below in Note 4. At 31 December 2011 the Group's listed equity securities held as available-for-sale investments were delisted from trading on AIM.

4. Critical Accounting Estimates and Judgements

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

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.

Significant items subject to such estimates and assumptions include, but are not limited to:

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2011 of £3,000,921 (2010: £768,489). Such assets have an indefinite useful life as the Group has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in note 2.7. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have concluded that no impairment charge is necessary.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in note 17.

Available-for-sale financial assets

Available-for-sale financial assets have a carrying value at 31 December 2011 of £50,000 (2010: £365,000). The Group holds unlisted equity securities as available-for-sale financial assets.

At 31 December 2011 the Group's listed equity securities held as available-for-sale investments were delisted from trading on AIM. The Board of the delisted company are actively pursuing a new transaction to have the company relisted onto the AIM market. The Directors have a reasonable expectation that the transaction will be completed and the investee's shares will be readmitted to AIM for trading. Should the readmission not occur the carrying value of the Group's listed equity securities of £50,000 may be impaired.

The fair value of financial instruments that are not traded in an active market (for example un-listed equity securities) is determined, where possible, by using valuation techniques. Management has concluded that in the case of unlisted securities held as available-for-sale financial assets, the range of reasonable fair value estimates is significant and estimates cannot be reasonably assessed. In such circumstances the Group is precluded from measuring the instruments at fair value and have thus valued these investments at cost less impairment.

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of the short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

5. Segment Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the year Group has interests in three geographical segments; the United Kingdom, Mauritania and Ethiopia, through the new acquisition (see Note 19). Activities in the UK are mainly administrative in nature whilst the activities in Ethiopia and Mauritania relate to exploration and evaluation work. The prior year activities in Australia relate to various costs of closure for a subsidiary of the Group which was dissolved in the previous year.

The Group had no turnover during the year.

2011	**Ethiopia £**	**Mauritania £**	**UK £**	**Total £**
Administrative expenses	(25,070)	(12,106)	(888,207)	(925,383)
Write-down of available for sale investments	-	-	(325,551)	(325,551)
Gain on foreign exchange	1,886	4,556	-	6,442
Loss from operations per reportable segment	(23,184)	(7,550)	(1,213,758)	(1,244,492)
Additions to non-current assets	1,934,220	344,472	-	2,278,692
Reportable segment assets	1,963,954	1,114,860	783,863	3,862,677
Reportable segment liabilities	617,717	-	980,366	1,598,083

2010	**Australia £**	**Mauritania £**	**UK £**	**Total £**
Administrative expenses	-	-	(604,005)	(604,005)
Loss on dissolution of subsidiary	(52,558)	-	-	(52,558)
Loss from operations per reportable segment	(52,558)	-	(604,005)	(656,563)
Additions to non-current assets	-	788,071	-	788,071
Reportable segment assets	-	789,953	2,506,786	3,296,739
Reportable segment liabilities	-	2,060	80,777	82,837

Activities occurring in Australia were classified as discontinued in 2010. All other reportable segments are classified as continuing operations.

A reconciliation of adjusted loss from operations per reportable segment to profit/(loss) before tax is provided as follows:

	2011 £	**2010 £**
Loss from operations per reportable segment	(1,244,492)	(656,563)
Finance income	2,371	757
Loss for the year before taxation	**(1,242,121)**	**(655,806)**

6. Operating Loss

The operating loss is stated after charging:

	Group	
	2011	2010
	£	£
Fees payable to the Company's auditor for the audit of the Parent Company and Group Financial Statements	**20,000**	12,000
Fees payable to the Company's auditor for tax services	**1,000**	1,000
Depreciation	**-**	-
Share option costs	**27,653**	42,567
Loss on dissolution of subsidiary (Note 18)	**-**	52,558
Operating lease charges	**36,000**	39,000

7. Property, Plant and Equipment

	Group			Company
	Field equipment	Computer equipment	Total	Computer equipment
	£	£	£	£
Cost				
As at 1 January 2010 & 31 December 2010	-	2,101	2,101	2,101
Additions	9,948	-	9,948	-
As at 31 December 2011	**9,948**	**2,101**	**12,049**	**2,101**
Depreciation				
As at 1 January 2010 & 31 December 2010	-	2,101	2,101	2,101
Charge for the year	1,925	-	1,925	-
As at 31 December 2011	**1,925**	**2,101**	**4,026**	**2,101**
Net book value as at 1 January 2010	-	-	-	-
Net book value as at 31 December 2010	-	-	-	-
Net book value as at 31 December 2011	**8,023**	**-**	**8,023**	**-**

Depreciation expense of £1,925 has been charged in administration expenses.

8. Intangible Assets

Exploration and evaluation assets are all internally generated.

	Group	
	2011	2010
Exploration & Evaluation Assets - Cost and Net Book Value	**£**	£
At 1 January	**768,489**	-
Additions	**364,166**	788,071
Acquired through acquisition of subsidiary (at fair value)	**1,865,000**	-
Exchange rate movements	**3,266**	(19,582)
At 31 December	**3,000,921**	768,489

Exploration projects in Ethiopia and Mauritania are at an early stage of development and no JORC or non-JORC compliant resource estimates are available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; and
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

Following their assessment the Directors concluded that no impairment of exploration and evaluation assets was necessary during the year ended 31 December 2011.

	Group	
	2011	2010
Goodwill - Cost and Net Book Value	**£**	£
At 1 January	**-**	-
Acquired through acquisition of subsidiary (at fair value)	**19,571**	-
At 31 December	**19,571**	-

9. Investments in Subsidiary Undertakings

	Company	
	2011	2010
	£	£
Shares in Group Undertakings		
At 1 January	**1**	-
Additions	**1,340,000**	1
Disposals	**-**	-
At 31 December	**1,340,001**	1
Loans to Group undertakings	**1,252,714**	807,642
Total	**2,592,715**	807,643

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

Details of Subsidiary Undertakings

Name of subsidiary	Place of establishment	Parent company	Registered capital	Share capital held	Principal activities
Alecto Holdings International Limited	British Virgin Islands	Alecto Minerals Plc	Ordinary shares US$1	100%	Dormant
Alecto Mauritania Limited	Mauritania	Alecto Holdings International Limited	Ordinary shares MOU 1,000,000	100%	Exploration
Nubian Gold Exploration Limited	United Kingdom	Alecto Minerals Plc	Ordinary shares £100,000	100%	Exploration
Rift Valley Resources Limited	United Kingdom	Alecto Minerals Plc	Ordinary shares £100,000	100%	Exploration

10. Restricted Assets

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Bank guarantees (Note 26(b))	**40,130**	21,464	**-**	-

11. Available-for-Sale Financial Assets

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
At 1 January	**365,000**	-	**365,000**	-
Additions	**-**	145,000	**-**	145,000
Net gains transferred to equity (note 23)	**-**	220,000	**-**	220,000
Net losses	**(315,000)**	-	**(315,000)**	-
At 31 December	**50,000**	365,000	**50,000**	365,000
Less: non-current portion	**(50,000)**	(365,000)	**(50,000)**	(365,000)
Current portion	**-**	-	**-**	-

Available-for-sale financial assets include the following:

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
UK listed equity securities	**50,000**	320,000	**50,000**	320,000
European unlisted equity securities	**-**	45,000	**-**	45,000
	50,000	365,000	**50,000**	365,000

On 27 January 2010 the Company signed an agreement with Bulgarian Mining Corporation ("BMC") for the provision of a working capital facility. The Company also paid the shareholders of BMC £90,000 through the issue of shares in the Company for a 90 day exclusivity period in which to investigate the possible purchase of BMC. Following a detailed technical review by independent consultants, on 21 July 2010 the Company converted the working capital facility of £45,000 provided to BMC into a 20% equity holding in BMC.

The Company has no presence on the Board of BMC and the remaining 80% of the shares are owned by a majority shareholder. For these reasons, despite the Company holding 20% of the ordinary share capital of BMC, the Directors are of the opinion that the Company does not exercise significant influence over the financial and operating policy decisions of BMC. As a result, the Directors are satisfied that the investment in BMC does not fall within the scope of IAS 28 'Investments in Associates' and have accounted for the investment as an available-for-sale financial asset in the Group Financial Statements.

The Directors are of the opinion that the equity interest held in BMC no longer has any value to the Company and as such have written the investment off to the profit or loss.

No other available-for-sale financial asset is impaired.

Available-for-sale financial assets are denominated in the following currencies:

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
UK Pound	**50,000**	320,000	**50,000**	320,000
Bulgarian Leva	**-**	45,000	**-**	45,000
	50,000	365,000	**50,000**	365,000

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12. Trade and Other Receivables

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Unpaid share capital	**2,000**	106,902	**2,000**	106,902
Prepayments	**11,520**	11,764	**11,520**	11,764
VAT receivable	**15,359**	8,108	**15,359**	8,108
	28,879	126,774	**28,879**	126,774

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above.

All trade and other receivables are denominated in Pound Sterling. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

At 31 December 2011 all trade and other receivables were fully performing.

13. Cash and Cash Equivalents

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Cash at bank and in hand	**715,153**	2,015,012	**685,414**	2,015,011

All of the Company's cash at bank is held with institutions with an AA credit rating.

14. Trade and Other Payables

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Trade payables	**32,367**	58,837	**32,367**	56,777
Other creditors	**924,001**	-	**924,001**	-
Accrued expenses	**26,935**	24,000	**24,000**	24,000
	983,303	82,837	**980,368**	80,777

Trade payables include amounts due of £10,610 (2010: £53,764) in relation to exploration and evaluation activities.

Other creditors include amounts due of £300,000 to the previous owners of Nubian Gold Exploration Limited and £540,000 to the previous owners of Rift Valley Resources Limited.

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15. Deferred tax

An analysis of deferred tax assets and liabilities is set out below.

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Deferred tax assets				
Deferred tax asset to be recovered after more than 12 months	**-**	(44,000)	**-**	(44,000)
Deferred tax liabilities				
- Deferred tax liability to be recovered after more than 12 months	**614,780**	44,000	**-**	44,000
Deferred tax liability (net)	**614,780**	-	**-**	-

The gross movement on the deferred tax account is as follows:

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
At 1 January	**-**	-	**-**	-
Income statement charge/(credit) (Note 23)	**44,000**	(44,000)	**44,000**	(44,000)
Acquisition of subsidiary (Note 19)	**614,780**	-	**-**	-
Tax charge relating to components of other comprehensive income (Note 23)	**(44,000)**	44,000	**(44,000)**	44,000
At 31 December	**614,780**	-	**-**	-

The movement in the deferred tax liability during the year is as follows:

Deferred tax liabilities	**Group** **Fair value gains** **£**	**Company** **Fair value gains** **£**
At 1 January 2010	-	-
Charged to other comprehensive income	**44,000**	44,000
As at 31 December 2010	**44,000**	44,000
Acquisition of subsidiary (Note 19)	**614,780**	-
Charged to other comprehensive income (Note 23)	**(44,000)**	(44,000)
At 31 December 2011	**614,780**	**-**

Deferred tax assets	**Group** **Tax losses** **£**	**Company** **Tax losses** **£**
At 1 January 2010	-	-
Charged to the income statement	(44,000)	(44,000)
As at 31 December 2010	(44,000)	(44,000)
Charged to the income statement	44,000	44,000
At 31 December 2011	**-**	**-**

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Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. A deferred tax asset of £nil (2010: £44,000) has been recognised in respect of capital losses that would be available to offset against the taxable gain arising on the revaluation of available-for-sale financial assets.

The Group has additional capital losses of approximately £440,000 (2010: £220,000) and other losses of approximately £2,475,589 (2010: £1,484,293) available to carry forward against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

16. Share Capital

Authorised

2011	Number	£
Ordinary shares of 0.7 p each	2,000,000,000	14,000,000

2010	Number	£
Ordinary shares of 0.7 p each	2,000,000,000	14,000,000

Issued – Group and Company

	Number of shares	Ordinary shares £	Share premium £	Total £
Issued and fully paid				
At 1 January 2010	937,731,770	656,412	3,007,576	3,663,988
Issue of new shares – 27 January 2010	30,000,000	21,000	69,000	90,000
Issue of new shares – 31 March 2010	52,187,500	36,531	130,469	167,000
Consolidation of share capital – 6 May 2010	(917,927,337)	-	-	-
Issue of new shares – 22 October 2010	21,777,778	152,444	337,556	490,000
Issue of new shares – 21 December 2010 (1)	59,433,697	416,036	1,502,231	1,918,267
At 31 December 2010	**183,203,408**	**1,282,423**	**5,046,832**	**6,329,255**
Money received for unpaid shares (3)	2,880,554	21,423	34,965	56,388
Issue of new shares – 20 May 2011	8,870,968	62,097	267,903	330,000
As at 31 December 2011	**194,954,930**	**1,365,943**	**5,349,700**	**6,715,643**
Issued and unpaid				
At 1 January 2010	**-**	**-**	**-**	**-**
Issue of new shares – 31 March 2010	937,500	**656**	**2,344**	**3,000**
Consolidation of share capital – 6 May 2010	(843,750)	**-**	**-**	**-**
Issue of new shares – 21 December 2010 (2)	2,968,622	**20,781**	**75,034**	**95,815**
At 31 December 2010	**3,062,372**	**21,437**	**77,378**	**98,815**
Money received for unpaid shares	(2,880,554)	(21,423)	(75,392)	(96,815)
As at 31 December 2011	**181,818**	**14**	**1,986**	**2,000**
Issued share capital at 31 December 2010	**186,265,780**	**1,303,860**	**5,124,210**	**6,428,070**
Issued share capital at 31 December 2011	**195,136,748**	**1,365,957**	**5,351,686**	**6,717,643**

(1) Includes aggregate issue costs of £161,912

(2) Includes issue costs of £8,087

(3) Includes issue costs of £40,427

On 20 May 2011 the Company issued 8,064,516 ordinary shares of 0.7 pence each fully paid at 3.72 pence per share in consideration for a business acquisition during the year (refer Note 19). On the same date the Company issued 806,452 ordinary shares of 0.7 pence each fully paid at 3.72 pence per share in settlement of certain introducer fees in relation to the acquisition. The share price being the last 30 days weighted average share price of the Company.

Under the terms of the acquisition and introducer fee agreements the Company was required to issue £330,000 worth of ordinary shares in the Company on or before 22 March 2012 in settlement of their deferred consideration obligations. Refer to note 19 for further information.

During the year the Company received payment for 2,880,554 ordinary shares in the Company that were issued but unpaid at 31 December 2010. At 31 December 2011 181,818 ordinary shares in the Company remained issued and unpaid.

17. Share Options and Warrants

Share options and warrants outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

			Shares	
Vesting date	Expiry date	Exercise price in £ per share	**2011**	2010
2 August 2006	2 August 2011	0.200	**-**	**2,095,871**
28 August 2009	28 August 2011	0.050	**-**	**11,393,196**
22 October 2010	22 October 2012	0.045	**8,000,000**	**8,000,000**
20 December 2010	20 December 2012	0.050	**31,201,162**	**31,201,162**
22 September 2011	21 September 2013	0.040	**1,951,367**	**-**
1 January 2012	31 December 2016	0.043	**7,550,000**	**-**
1 January 2013	31 December 2016	0.048	**4,500,000**	**-**
1 January 2014	31 December 2016	0.063	**2,250,000**	**-**
			55,452,529	**52,690,229**

The Company and Group have no legal or constructive obligation to settle or repurchase the options in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2011 Options	2011 Options
Granted on:	22/09/2011	26/04/2011
Life (years)	2 years	5.7 years
Share price (pence per share)	2.84p	3.65p
Risk free rate	2.45%	2.45%
Expected volatility	12%	11%
Expected dividend yield	-	-
Marketability discount	20%	20%
Total fair value (£000)	-	23

All balances stated in the table above have been adjusted for the share consolidation on 6 May 2010.

The expected volatility is based on historical volatility for the 6 months prior to the date of granting. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

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A reconciliation of options and warrants granted over the year to 31 December 2011 is shown below:

	2011		2010	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding as at 1 January	**52,690,229**	**0.007**	134,890,675	0.007
Adjustment for share consolidation	-	-	(121,401,608)	-
Outstanding after share consolidation	-	-	13,489,067	0.070
Expired	(13,489,067)	0.070	-	-
Granted	16,251,367	0.047	39,201,162	0.050
Outstanding as at 31 December	**55,452,529**	**0.049**	52,690,229	0.055
Exercisable at 31 December	**41,152,529**	**0.050**	52,690,229	0.055

As a result of the share consolidation on 6 May 2010 (refer Note 16) the Company amended the terms of the outstanding options and warrants. The terms were amended on the basis of 1 new warrant or option for every 10 existing warrants or options previously held with a corresponding change to the exercise price. The consolidation of the warrants and options did not give rise to any adjustment in their fair value.

	2011				2010			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.10	**0.049**	**55,452,529**	**2.04**	**2.04**	0.049	50,594,358	1.65	1.65
0.10 – 0.20	**0.200**	**-**	**-**	**-**	0.200	2,095,871	0.59	0.59

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Income Statement for the year ended 31 December 2011 of £23,266 (2010: £43,106) and a charge to Share Premium of £nil (2010: £108,327).

18. Loss on dissolution of subsidiary

	Group	
	2011	2010
	£	£
Loss on dissolution of subsidiary	**-**	(52,558)

On 24 January 2010 the Company's wholly owned subsidiary Oreion Australia Energy Pty Ltd was deregistered and dissolved. Net exchange losses of £52,106 recorded in equity prior to the date of disposal were reclassified in the income statement as part of the loss on disposal.

19. Business Combinations

Nubian Gold Exploration Limited

On 20 May 2011 the Group acquired 100% of the share capital of Nubian Gold Exploration Limited ("Nubian") for £800,000. Nubian is registered in England & Wales and holds a 1,953 square kilometre gold exploration licence in northwest Ethiopia. As a result of the acquisition the Group is expected to increase its presence in this market and commodity.

The goodwill of £11,746 arising from the acquisition is attributable to the expected upside potential of developing the licence areas through further exploration. None of the goodwill is expected to be deductible for tax purposes.

The following table summarises the consideration paid for Nubian and the fair value of the assets acquired and the liabilities assumed recognised at the acquisition date.

Consideration at 20 May 2011	£
Cash	200,000
Equity instruments (8,064,516 ordinary shares at 3.72 pence per share)	300,000
Equity instruments (17,754,480 ordinary shares at 1.69 pence per share)	300,000
Total consideration	**800,000**

Acquisition related costs	£
Included in the statement of comprehensive income for the year	80,000

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	51,604
Exploration assets (included within Intangible Assets)	1,115,000
Deferred tax liabilities	(378,350)
Total identifiable net assets	**788,254**
Goodwill	**11,746**
Total consideration	**800,000**

The fair value of the 8,064,516 ordinary shares issued as part of the consideration for Nubian was based on the thirty-day volume weighted average price immediately prior to 20 May 2011.

The deferred consideration arrangement required the Group to pay the former owners of Nubian £300,000 in shares on or before 22 March 2012. On 2 March 2012 the Company issued 17,754,480 ordinary shares of 0.7 pence each fully paid at 1.69 pence per share based on the thirty-day volume weighted average price immediately prior to 2 March 2012.

The fair value of the exploration asset of £1,115,000 was estimated by applying a number of valuation metrics which include geological upside potential, mineralogy, market benchmarks and application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licence and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration asset acquired.

A deferred tax liability of £378,350 has been recognised on acquisition on the estimated tax effect of the temporary difference between the fair value of the exploration asset and its tax base.

The deferred tax liability has been estimated at a rate of 35% of the temporary difference, representing the tax rates that are expected to apply to the period when the temporary differences reverse. In accordance with IAS 12, the deferred tax liability recognised has not been discounted.

Had Nubian been consolidated from 1 January 2011, the Group Income Statement would show revenue of £nil and a loss of £1,300,517. Since the acquisition, Nubian has received no revenue and has incurred a loss of £13,753.

Rift Valley Resources Limited

On 22 November 2011 the Group acquired 100% of the share capital of Rift Valley Resources Limited ("Rift Valley") for £600,000. On 2 March 2012 the Group signed a deed of variation reducing the total purchase price to £540,000. Rift Valley is registered in England & Wales and holds a 945.5 square kilometre gold exploration licence in south-central Ethiopia. As a result of the acquisition the Group is expected to increase its presence in this market and commodity.

The goodwill of £7,825 arising from the acquisition is attributable to the expected upside potential of developing the licence areas through further exploration. None of the goodwill is expected to be deductible for tax purposes.

The following table summarises the consideration paid for Rift Valley and the fair value of the assets acquired and the liabilities assumed recognised at the acquisition date.

Consideration at 22 November 2011	£
Cash	64,800
Deferred consideration	475,200
Total consideration	**540,000**

Acquisition related costs	£
Included in the statement of comprehensive income for the year	54,000

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	18,605
Exploration assets (included within Intangible Assets)	750,000
Deferred tax liabilities	(236,430)
Total identifiable net assets	**532,175**
Goodwill	**7,825**
Total consideration	**540,000**

The consideration arrangement required the Group to pay the former owners of Rift Valley £129,600 in cash within 60 days of the date of acquisition and initial share consideration of £205,200 on or before 8 March 2012 and further requires deferred share consideration of £205,200 on or before 1 July 2012. On 2 March 2012 the Company issued 17,754,480 ordinary shares of 0.7 pence each fully paid at 1.69 pence per share based on the thirty-day volume weighted average price immediately prior to 2 March 2012, in satisfaction of the initial share consideration.

In the event that the Company informs the former owners of Rift Valley that it has elected not to continue funding the exploration activities prior to the deferred share consideration date, the Company must transfer 51% of the issued share capital of Rift Valley back to the former owners for a nominal consideration of £1.

The value of the deferred consideration has not been discounted as the effect of discounting would not be material.

The fair value of the exploration asset of £750,000 was estimated by applying a number of valuation metrics which include geological upside potential, mineralogy, market benchmarks and application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licence and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration asset acquired.

A deferred tax liability of £236,431 has been recognised on acquisition on the estimated tax effect of the temporary difference between the fair value of the exploration asset and its tax base.

The deferred tax liability has been estimated at a rate of 35% of the temporary difference, representing the tax rates that are expected to apply to the period when the temporary differences reverse. In accordance with IAS 12, the deferred tax liability recognised has not been discounted.

Had Rift Valley been consolidated from 1 January 2011, the Group Income Statement would show revenue of £nil and a loss of £1,293,032. Since the acquisition, Rift Valley has received no revenue and has incurred a loss of £6,762.

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20. Employees

The Company had no full time employees during the year. The Directors and Company Secretary provided professional services as required on a part-time basis. Details of Directors' fees are disclosed in Note 21.

21. Directors' Remuneration

	Directors' Fees		Options Issued	
	2011	2010	**2011**	2010
	£	£	**£**	£
Executive Directors				
Damian Conboy	**90,000**	24,000	**9,034**	32,330
Non-executive Directors				
Toby Howell	**38,000**	24,000	**3,794**	-
Malcolm James	**35,000**	24,000	**4,235**	-
	163,000	72,000	**17,063**	32,330

No pension benefits are provided for any Director.

22. Finance Income

	Group	
	2011	2010
	£	£
Interest received from Bank	**2,371**	757
Net Finance Income	**2,371**	757

23. Taxation

No charge to taxation arises due to the losses incurred. No deferred tax asset has been recognised on accumulated tax losses, as the recoverability of any assets is not likely in the foreseeable future.

	Group	
Income tax expense	**2011**	**2010**
	£	**£**
Analysis of tax charge		
Current tax charge for the year	-	-
Deferred tax charge/(credit) for the year	44,000	(44,000)
Tax on loss for the year	44,000	(44,000)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

	Group	
	2011	2010
	£	£
Loss before tax	**(1,242,121)**	(655,806)
Tax at the applicable rate of 26% (2010: 28%)	**(322,951)**	(183,626)
Effects of:		
Expenditure not deductible for tax	**159,346**	94,697
Capital allowances in excess of depreciation	**(2,002)**	-
Net tax effect of losses carried forward	**165,607**	88,929
Tax charge	**-**	-

Due to changes in UK tax legislation the applicable tax rate has changed from 28% to 26% with effect from 1 April 2011.

The tax charge relating to components of other comprehensive income is as follows:

	2011			2010		
	Before tax £	**Tax charge £**	**After tax £**	Before tax £	Tax charge £	After tax £
Available-for-sale financial assets (note 11)	**(220,000)**	**44,000**	**(176,000)**	220,000	(44,000)	176,000
Other comprehensive income	**(220,000)**	**44,000**	**(176,000)**	220,000	(44,000)	176,000
Current tax		**-**			-	
Deferred tax (note 15)		**44,000**			(44,000)	

The deferred tax charge has been estimated at a rate of 20% of the fair value gain on available-for-sale financial assets, representing the tax rate that is expected to apply to the period when the temporary difference reverses and was substantively enacted at the balance sheet date.

24. Loss per Share

The calculation of the total basic loss per share of 0.648 pence (2010: loss of 0.580 pence) is based on the loss attributable to ordinary shareholders of £1,286,121 (2010: £611,806) and on the weighted average number of ordinary shares of 191,758,489 (2010: 105,333,000) in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options would be to decrease the loss per share. Details of share options that could potentially dilute earnings per share in future periods are set out in Note 17.

The Company is committed to the issuance of ordinary shares to a consultant should certain conditions be met in future periods. The issuance of these ordinary shares could potentially dilute earnings per share. Further details of this arrangement are set out in Note 26.

25. Expenses by nature

Group	**2011 £**	**2010 £**
Directors' fees	163,000	72,000
Exploration and project assessment costs expensed	-	152,123
Aborted acquisition costs	101,664	90,000
Establishment expenses	-	45,187
Introducer fees	140,253	-
Gain on foreign exchange	(6,442)	-
Loss on write-off of investment	271,000	-
Share option expenses	23,266	43,106
Loss on disposal of subsidiary	-	52,558
Other expenses	551,751	201,589
Total operating expenses	1,244,492	656,563

26. Commitments

(a) Licence agreements

On 23 November 2010 the Group acquired three gold exploration licences, and on 13 December 2010 two uranium exploration licences in Mauritania. These licences are for a period of 3 years from the date of grant and include commitments to pay annual land royalty fees in the second and third year and adhere to minimum spend requirements.

At the end of the licence period the Group has the right to renew the licence or, if a defined resource has been established, apply for a mining licence for the target area. Upon grant of any mining licence the Mauritanian Government will receive a 10% shareholding of the rights and benefits of the licence area. The Mauritanian Government also has the option to purchase an additional 10% of the rights and benefits at the market rate upon granting of the mining licence.

On 20 May 2011 the Group acquired Nubian Gold Exploration Limited which owns a gold and related minerals exploration licence in Ethiopia that was issued on issued on 29 April 2011. On 22 November 2011 the Group acquired Rift Valley Resources Limited which owns a gold and related minerals exploration licence in Ethiopia that was issued on 10 August 2011. These licences are for a period of 3 years from the date of grant and include commitments to pay annual land royalty fees and adhere to minimum spend requirements. Further details of the acquisitions are disclosed in Note 19.

At 31 December 2011 the future aggregate minimum royalty fee payments and minimum spend requirements are as follows:

Group	**Land royalty fees £**	**Minimum spend requirement £**	**Total £**
Not later than one year	42,284	88,368	130,652
Later than one year and no later than five years	42,284	3,326,193	3,368,477
Total	84,568	3,414,561	3,499,129

(b) Bank guarantees

The Group has provided bank guarantees as security for the minimum spend requirements on the Mauritanian exploration licences. The guarantees are not released until the end of the licence period. The balance held via bank guarantee at 31 December 2011 is £40,130 (31 December 2010: £21,464) and is included within restricted assets (Note 10).

(c) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	**2011 £**	**2010 £**
Intangible assets	490,000	490,000

The Group has entered into a contractual arrangement with O'Connor International Limited ("OCI") for consultancy work in the normal course of trade in respect of the Mauritanian licence areas acquired during the prior year. An amount of £130,000 for each gold licence and £50,000 for each uranium licence, £490,000 in aggregate, remains committed under this contract. The payment of this fee is contingent on the issuance of a feasibility study indicating economic feasibility for the relevant licence area. These amounts are to be paid via the issuance of shares in the Company and will become payable on the date the relevant conditions are met unless the agreement is terminated prior to the conditions being met.

(d) Royalty agreements

As part of the contractual arrangement with OCI noted above, the Group has agreed to pay OCI a royalty on revenue for each gold licence acquired based on the total ounces of gold sold equal to US$1 for every US$250 of the sale price per ounce. The Group has also agreed to pay OCI a royalty on revenue for each uranium licence acquired based on US$0.4 for every pound of Uranium sold.

These royalties will become payable when the licence areas move into production and resources are sold from any of these areas.

27. Related Party Transactions

Consultancy agreement with O'Connor International Limited

O'Connor International Limited ("OCI") is a company controlled by John O'Connor, a significant shareholder of the Company. During the prior year the Company entered into various agreements with OCI for the provision of consultancy services and licence application fees. The total value of consulting services charged to the Group by OCI during the year was £nil (2010: £756,897). Licence application fees incurred during the year amounted to £nil (2010: £66,331).

In 2010, the Company paid £490,000 of consultancy fees incurred through the issuance of 21,777,778 shares at an issue price of 2.25 pence per share being the fair value of the services provided. The balance outstanding with OCI at 31 December 2011 in relation to fees payable in cash was £nil (2010: £53,764).

In addition to the consultancy fees paid during the year the Group is also committed to payments in future periods under the terms of the consultancy agreement. Details of these commitments are disclosed in Note 26.

Loans to Group undertakings

Amounts receivable as a result of loans granted to subsidiary undertakings are as follows:

	2011 £	2010 £
Alecto Holdings International Limited	-	2,314
Alecto Mauritania Limited	1,181,717	805,328
Nubian Gold Exploration Limited	63,694	-
Rift Valley Resources Limited	7,303	-
	1,252,714	807,642

These amounts are interest free and repayable in Sterling when sufficient cash resources are available in the subsidiaries.

All intra Group transactions are eliminated on consolidation.

Other transactions

Exchange Minerals Limited, a company of which Damian Conboy was a Director during the year, charged rental fees to the Group for the rental of office space and various office administration services used by the Parent Company. The total fees charged during the year ended 31 December 2011 while Damian Conboy was a Director of Exchange Minerals Limited amounted to £6,075 (31 December 2010: £45,954).

28. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

29. Events after the Balance Sheet Date

On 23 February 2012 the Company entered into an option agreement relating to the staged acquisition of Forward Africa Resources ("FAR"), which holds a 711 sq km bauxite licence in Guinea. On 17 May 2012 the Company was granted a 30 day extension to the option agreement period in order to allow the Company to resolve a few minor issues that remain outstanding from the due diligence.

On 2 March 2012 the Company issued 17,751,480 ordinary shares of 0.7 pence each fully paid at 1.69 pence per share and 11,337,017 ordinary shares of 0.7 pence each fully paid at 1.81 pence per share in consideration for business acquisitions during the year (refer note 19). On the same date the Company issued 1,775,148 ordinary shares of 0.7 pence each fully paid at 1.69 pence per share and 1,113,072 ordinary shares of 0.7 pence each fully paid at 1.81 pence per share in settlement of certain introducer fees in relation to the acquisitions.

On 21 May 2012 the Company raised £1,472,500 by way of a placing of 95,000,000 ordinary shares of 0.7 pence each fully paid at 1.55 pence per share. As part of the transaction the Company also issued warrants on the basis of one warrant being issued for every two and one half shares subscribed for by the placing. The warrants are valid for two years from the date of issue and exercisable at a price of 3.1 pence.