

Belmore Resources (Holdings) Plc

Annual Report 2006

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DIRECTORS AND ADVISERS

Directors	Walter Ian Logan Forrest (<i>Chairman</i>) Patrick Gerald Mahony (<i>Managing and Finance Director</i>) George Emo (<i>Technical Director</i>)
Company Secretary	Patrick Gerald Mahony
Registered Office	103 Rathfarnham Wood Dublin 14
Corporate Adviser	VSA Resources Limited 43 London Wall London EC2m 5TF
Registrars	Computershare (Investor Services (Ireland) Limited) Heron House Corrig Road Sandyford Industrial Estate Dublin 18
Auditors	FMB Chartered Accountants Longboat 56 Sir John Rogersons Quay Dublin 2
Solicitors	Hewitsons Shakespeare House 42 Newmarket Road Cambridge CB5 8EP Douglas and Barrett 15 Peters Road Aungier Street Dublin 2
Communications	103 Rathfarnham Wood Dublin 14 Telephone: 353-1-4945630: Fax: 353-1-49 E-Mail: info@belmoreresources.com Website: www.belmoreresources.com

CHAIRMAN'S STATEMENT

I am pleased to report that for a company of our size and resources, 2006 has been a very active year for Belmore. In summary:

- six drill holes were completed on our Clare licences;
- substantial geophysical work and an extensive soil sampling survey was carried out on our Clare licences;
- geophysical work and geochemical sampling has continued on our Dromore licence in Northern Ireland; and
- application has been made for additional licences in Donegal, which are deemed prospective for Copper, Lead, Zinc and possibly Gold.

Recent drilling programme

The recent drilling programme in County Clare has provided sufficient encouragement to warrant continuing exploration with a view to augmenting the 400,000 tons of drill indicated resource at Milltown, which graded some 12% zinc with lead and silver. Two of the holes have traces of iron, which is common to all commercial zinc deposits in Ireland, and manifest other lithological features associated with the aforementioned Milltown deposit.

The last two holes, drilled on our newly awarded Licence No. 3679 at Ballyhickey, are more encouraging, and the extensive development of Black Matrix Breccias ("BMB") encountered in hole 3679/2 may suggest proximity to mineralisation. Breccias of this type form the host to much of the mineralisation at the Lisheen, Silvermines and Galmoy deposits. The dolomitisation present in the hole is also encouraging. Both holes are similar to drillholes drilled on the fringe of the Milltown deposit, and further drilling will definitely be required at Ballyhickey to determine the extent of the BMB, and hopefully locate base metal mineralisation.

The drill programme was based on geophysical and geochemical fieldwork conducted in 2006, and similar activity will be carried out before the next phase of drilling is undertaken on the Clare licences.

Deep overburden sample drilling on an anomaly identified by previous fieldwork on the Dromore licence has already been funded and awaits the availability of equipment and personnel.

Financials

The above activity has been pursued without the need to raise further funds thanks largely to the tight control maintained on overheads and, for this, I am grateful to my fellow directors, our consultants and contractors. The Company incurred a loss for the year of €92,080 of which €15,869 related to Amortisation of Goodwill. Exploration Expenditure during the year amounted to €154,702.

Outlook

With the market demand for zinc reflected in its price movement over the past year, this is a good time for exploring for commercial zinc deposits, and Management intends continuing to do so, actively but diligently.

W. Ian L. Forrest
Chairman

REVIEW OF OPERATIONS

CLARE LICENCES

Background

A high-grade base metal pod of mineralisation was discovered during previous drilling at Milltown indicating a resource of approximately 400,000 tonnes grading 12% zinc plus lead and 79 grams per tonne silver. Seven mineralised holes were drilled at Milltown with one hole giving an intersection of 18.4 metres grading 13.4% zinc plus lead and 54 g/t silver.

Silica/haematite (iron formation) was discovered in a drill-hole at Bunavory, two kilometres east of Milltown. Similar iron formations occur at all the major Irish deposits, Tynagh, Silvermines, Lisheen and Galmoy.

The area is northwest of the Pallas Green and Caherconlish areas, County Limerick, where the Minco/Falconbridge (now Xstrata) Joint Venture has discovered significant Reef hosted Zinc/Lead mineralisation.

2006 diamond drilling programme

Five drillholes were completed in 2006 and a sixth drillhole was completed in early January 2007. The total meterage drilled was 1473.1m and the results are summarised in the table:

<i>Licence</i>	<i>Drillhole</i>	<i>Depth (metres)</i>	<i>Comments</i>
Pl 3643	3643-6-06	343.6m	Kilmurry. Thick Reef with trace sphalerite and steep dips suggesting proximity to a fault
Pl 3789	3789-4-06	238.5m	Clonloun. Dolomitised faulted Reef. Hole confirms presence of a large fault
Pl 3863	3863-3-06	180m	Hole is on suspected hanging-wall side of Spancil Hill fault. Fault has little or no displacement, area is downgraded
Pl 3679	3679-1-06	253m	Ballyhickey. Minor Pb/Zn/As mineralisation awaiting assay
Pl 3679	3679-2-07	223m	Ballyhickey. Well developed Black Matrix Breccias, dolomitisation and trace mineralisation
Pl 3679	3679-3-07	235m	Moyreisk. A fault zone was encountered at 109m and 0.8m intersection of Black Matrix Breccia contains traces sulphides

The holes at Kilmurry and Clonloun confirm the presence of faulting which affects the Reef but no significant mineralisation was located.

Both sides of the Spancil Hill structure have now been tested and no mineralisation is present so no further work is planned for this area.

The two holes at Ballyhickey are more encouraging and the extensive development of Black Matrix Breccias (BMB) in 3679-2-07 may suggest proximity to mineralisation. Breccias of this type form the host to much of the mineralisation at the Lisheen, Silvermines and Galmoy deposits. The dolomitisation present in the hole is also encouraging.

Both holes are very similar to drillholes drilled on the fringe of the Milltown deposit and further drilling will definitely be required at Ballyhickey to determine the extent of the BMB and hopefully locate better base metal mineralisation.

Black Matrix breccias are also present in the Moyreisk drillhole but they are thinner than in the Ballyhickey drillholes.

Other work completed in 2006

A detailed soil sampling survey was completed over much of PI 3679. More than 800 soil samples were collected on a 100 × 100m grid and analysed by OMAC Laboratories using ICP-MS methods for Copper, Lead, Zinc, Arsenic and Magnesium. Strong geochemical anomalies were located at Ballyhickey, Hazelwood and Moyreisk. Two drillholes have been completed on the Ballyhickey anomaly. The Hazelwood anomaly may be caused by contamination from 19th century mining activity but the Moyreisk anomaly was confirmed by additional sampling.

Proposed future work programme

The results of the Ballyhickey and Moyreisk drilling will be evaluated following the receipt of assay data from the Black Matrix Breccia intervals. It is expected that these breccias will prove anomalous for Pb and Zn and this may be an indicator of better grade mineralisation in the vicinity. Additional drilling should take place at Ballyhickey to follow up the location of prospective Black Matrix Breccias, similar to those at Milltown, in the area. Geophysics may be used in an attempt to select the best locations for these extra drillholes.

The base of the Waulsortian Reef at the Kilbricken calcite and lead deposit (PI 3679) has not been drill-tested to date and drilling will be required in this area.

A target has been identified at Dangan Castle (PI 3643). The geological Survey of Ireland drilled a single borehole here and stopped the hole at 20m in massive calcite. The original Dangan Castle hole lies on the intersection of two possible structural lineaments, a north/south trend running through Milltown and an east/west trend running through Ballyhickey. Some additional prospecting, geochemistry and geophysics will be required here to optimise the position of a drillhole.

An extensive area of Waulsortian Reef, south west of Kilmurry and extending on to PI 3642 needs to be soil sampled and any geochemical anomalies followed-up. If anomalies are located they will then be drill tested.



SUMMARY OF CLARE LICENCES

Licence Numbers

Belmore's Interest

3787, 3788, 3789, 3963, 3508 and 3643

Under a joint venture agreement with Central Mining Finance Limited, Belmore has a 50% interest in these licences. Belmore has an option to earn a further 20% by expending an additional €634,869 on these licence blocks.

2590, 3642 and 3679

100%.

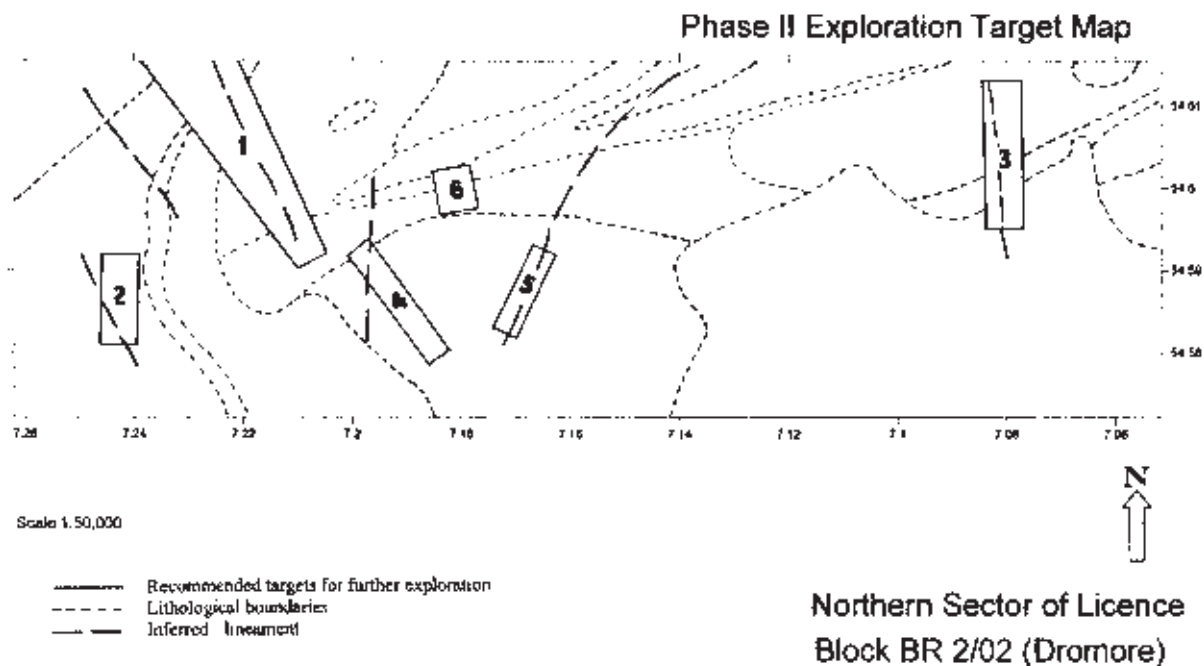
DROMORE LICENCE BLOCK BR2/02

During 2006, detailed groundwork was concentrated on Exploration Target 1 (see Figure below), and it produced six individual geochemical and geophysical anomalies and a structural lineament.

Deep overburden sample drilling on an anomaly identified by previous fieldwork has already been funded and awaits the availability of equipment and personnel. These results will be used to identify the optimum drilling target.

Proposed work will involve detailed geology, geophysics and drilling on the five remaining Target Areas (see Figure below). We anticipate finding additional drill targets in all of these areas.

We may also investigate the major gravity high in the southwest. It is worth noting that a wide range of mineral occurrences have been recorded around the periphery of the gravity anomaly.



DIRECTOR'S REPORT

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 August 2006.

Group results and activities

A loss of €92,080 was recorded for the year. Net assets of the group at 31 August 2006 amounted to €660,667. No dividends or transfers to reserves are proposed.

The company's main activity is the exploration for base metals and other minerals in Ireland and Northern Ireland. The directors have reviewed the financial position of the group and are satisfied that the group will continue to operate at its projected level of activity for the foreseeable future.

Details of the company's affairs and the development of its various activities during the year, important events since the year end and details of the groups plans for the next year are outlined under the heading Review of Operations on pages 4 to 6.

Directors

The directors and secretary who served during the year and their interests in the share capital of the company are as follows:

<i>Name</i>	<i>Description of instrument</i>	<i>31 August</i>	<i>31 August</i>
		<i>2006</i>	<i>2005</i>
		<i>Number</i>	<i>Number</i>
Patrick G. Mahony	Ordinary shares	5,664,360	5,664,360
George Emo	Ordinary shares	5,664,390	5,664,390
Walter Ian Logan Forrest	Ordinary shares	5,664,400	5,664,400
<i>Secretary</i>			
Patrick G. Mahony	Ordinary shares	5,664,360	5,664,360

There were no changes in shareholdings between 31 August 2006 and the date of signing the financial statements.

All the above shareholdings are beneficially held in accordance with the Articles of Association of the Company, George Emo retires by rotation and, being eligible, offers himself for re-election.

The company is party to a consulting agreement with Allied Consulting Geologists Limited ("ACG") (which is a connected person of George Emo) pursuant to which ACG has been engaged to manage the groups exploration in both Ireland and Northern Ireland, as determined from time to time by the board of directors of the company. The total amount paid to ACG during the year amounted to €11,600.

Significant shareholdings

So far as the directors are aware, at the date of signing the financial statements, the following shareholders own 3% or more of the issued share capital of the company:

	<i>Ordinary</i>	<i>Percentage</i>
	<i>shares of</i>	<i>of issued</i>
	<i>€0.01 each</i>	<i>share</i>
		<i>capital</i>
Starvest Plc	3,551,831	12.22%
Global Finance and Petroleum Products Inc	1,807,166	6.22%
Raven Nominees/66539	1,500,000	5.16%

Going concern

In reviewing the group's exploration plans in Ireland and Northern Ireland, the directors are confident that the company will have adequate financial resources to continue in operational existence for the foreseeable future. Consequently the directors consider it appropriate to prepare the financial statements on a going concern basis.

Details of directors

Walter Ian Logan Forrest

Mr. Forrest is a Chartered Accountant and practices in Geneva specialising in finance, banking and tax consulting.

He is chairman of Polymet Mining Corporation, a Toronto Stock Exchange company which is developing a polymetallic deposit in Minnesota, USA. He is also a director of the following public companies: Mengold Resources Inc, a TSX Venture Exchange company in the natural resources sector, Caledonia Mining Corporation, a Toronto listed gold, diamond and base metal mining and exploration company and Georex S.A., a French oil services personnel company with an OTC facility.

Patrick Gerald Mahony

Mr. Mahony is a Chartered Accountant based in Dublin.

He has twenty-seven years' experience in mineral and oil and gas exploration, and is a director of Gold Oil Plc, an AIM listed oil and gas exploration company, and several other private companies.

George Emo

Mr. Emo is a professional geologist of the Institute of Geologists of Ireland. He has twenty-six years' experience in mineral exploration and mining in Ireland, Europe and North America. He is a former president of the IAEG. He is a director of Allied Consulting Geologists Limited.

Health and safety of employees

The well being of the company's employees is safeguarded through strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act, 1989 imposes certain requirements on employers and the company has taken the necessary action to ensure compliance with the Act, including the adoption of a safety statement.

Books of account

The Directors believe that they comply with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the company are maintained at 103 Rathfarnham Wood, Dublin 14.

Political donations

The Company made no political donations during the year.

Auditors

The auditors, FMB, have indicated their willingness to continue in office in accordance with the provisions of Section 160(2) of the Companies Act, 1963.

On behalf of the board

Walter Ian Logan Forrest
Director

Patrick G. Mahony
Director

20 February 2007

STATEMENT OF DIRECTORS RESPONSIBILITIES
in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the group and of the company and of the profit or loss for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Acts, 1963 to 2006 and all Regulations to be construed as one with those Acts.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

Walter Ian Logan Forrest
Director

Patrick G. Mahony
Director

20 February 2007

**REPORT OF THE INDEPENDENT AUDITORS
to the Shareholders of Belmore Resources (Holdings) Plc and Subsidiary**

We have audited the financial statements of Belmore Resources (Holdings) Plc and Subsidiary as set out on pages 12 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statements of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and Irish Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Irish Accounting Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts 1963 to 2006, and all Regulations to be construed as one with those Acts. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company's balance sheet and its profit and loss account are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report.

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

Basis of audit opinion

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

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

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in note concerning the uncertainties as to:

- the realisation by the company of expenditure on exploration properties of €373,889 in the balance sheet.

In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2006 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2006, the European Communities (Companies: Group Accounts) Regulations, 1992 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

The net assets of the company, as stated in the Balance Sheet are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 August 2006 a financial situation which under Section 40(1) of the Companies (Amendment) Act 1983 would require the convening of an extraordinary general meeting of the company.

FMB

Chartered Accountants and Registered Auditors

Longboat

56 Sir John Rogersons Quay

Dublin 2

20 February 2007

STATEMENT OF ACCOUNTING POLICIES for the year ended 31 August 2006

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the company's financial statements.

1. Basis of preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland.

2. Exploration costs

The company uses the full cost method of accounting for exploration costs. Under this method all costs associated with exploration, whether or not productive, are capitalised until the results of the projects, which are based on geographical areas, mainly counties, are known. The recovery of exploration costs is dependent on the successful production of economic quantities of base metals and other materials. If commercial production is achieved, the unit of production basis will be used to amortise all remaining balances in the proportion that current production in a year bears to total estimated recoverable reserves. Provision for impairment is made where a project is abandoned or considered to be of no further interest to the group or its anticipated income potential is less than carrying value of the project on the balance sheet.

3. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation.

The charge for depreciation is calculated to write down the cost of assets to their estimated residual values by equal annual instalments over their expected useful lives, which are as follows:

Fixtures, fittings and equipment — 12.5% straight line

4. Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

5. Deferred taxation

Full provision is made for deferred tax where material.

6. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 August 2006

	<i>Notes</i>	2006 €	2005 €
Administrative expenses		(94,398)	(83,596)
Operating loss — continuing operations	2	(94,398)	(83,596)
Interest receivable and similar income		3,507	—
Interest payable and similar charges	3	(839)	(935)
Loss on ordinary activities before taxation		(91,730)	(84,531)
Tax on loss on ordinary activities	5	(350)	—
(Loss) for the year		(92,080)	(84,531)
Profit and loss account at beginning of year		(159,689)	(75,158)
Profit and loss account at end of year		<u>(251,769)</u>	<u>(159,689)</u>
Loss per ordinary share	4	<u>€0.0032</u>	<u>€0.0119</u>

The company had no recognised gains and losses in the financial year or the preceding financial year other than those dealt with in the profit and loss account.

The accompanying notes are an integral part of these financial statements.

Walter Ian Logan Forrest
Director

Patrick G. Mahony
Director

20 February 2007

CONSOLIDATED BALANCE SHEET
as at 31 August 2006

	Notes	2006		2005	
		€	€	€	€
Fixed assets					
Intangible assets	6		495,555		356,722
Current assets					
Debtors	7	4,285		8,304	
Cash at bank and in hand		225,477		444,020	
		<u>229,762</u>		<u>452,324</u>	
Creditors (amounts falling due within one year)					
Borrowings	8	(681)		—	
Other creditors		(63,969)		(56,299)	
		<u>(64,650)</u>		<u>(56,299)</u>	
Net current assets			<u>165,112</u>		<u>396,025</u>
Total assets less current liabilities			<u><u>660,667</u></u>		<u><u>752,747</u></u>
Capital and reserves					
Called up share capital	9		290,569		290,569
Share premium account	10		621,867		621,867
Profit and loss account	10		(251,769)		(159,689)
Equity shareholders' funds	11		<u><u>660,667</u></u>		<u><u>752,747</u></u>

The accompanying notes are an integral part of these financial statements.

Walter Ian Logan Forrest
Director

Patrick G. Mahony
Director

20 February 2007

COMPANY BALANCE SHEET
as at 31 August 2006

	Notes	2006		2005	
		€	€	€	€
Fixed assets					
Financial assets			189,144		189,144
Current assets					
Debtors	7	361,600		202,064	
Cash at bank and in hand		225,477		437,281	
		<u>587,077</u>		<u>639,345</u>	
Creditors (amounts falling due within one year)					
Other creditors	8	(14,537)		(16,913)	
		<u>(14,537)</u>		<u>(16,913)</u>	
Net current assets			<u>572,540</u>		<u>622,432</u>
Total assets less current liabilities			<u><u>761,684</u></u>		<u><u>811,576</u></u>
Capital and reserves					
Called up share capital	9		290,569		290,569
Share premium account	10		582,252		621,867
Profit and loss account	10		(150,752)		(100,860)
Shareholders' funds	11		<u><u>761,684</u></u>		<u><u>811,576</u></u>

The accompanying notes are an integral part of these financial statements.

Walter Ian Logan Forrest
Director

Patrick G. Mahony
Director

20 February 2007

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 August 2006

	<i>Notes</i>	2006 €	2005 €
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss		(94,398)	(83,596)
Depreciation		15,869	16,662
Decrease in debtors		4,019	(3,288)
Increase in creditors		7,670	(33,068)
Net cash outflow from operating activities		<u>(66,840)</u>	<u>(103,290)</u>
Cash flow statement			
Net cash outflow from operating activities		(66,840)	(103,290)
Returns on investments and servicing of finance	<i>15</i>	2,668	(935)
Capital expenditure	<i>15</i>	(154,702)	(154,239)
		<u>(218,874)</u>	<u>(258,464)</u>
Financing	<i>15</i>	—	723,291
Increase/(decrease) in cash in the year		<u>(218,874)</u>	<u>464,827</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year	<i>16</i>	(218,874)	464,827
Net funds at 1 September 2005		444,020	(20,807)
Net funds at 31 August 2006		<u>225,146</u>	<u>444,020</u>

NOTES
(forming part of the consolidated financial statements)

1. Continuing operations

The profit and loss account has been prepared on the basis that the company has only continuing operations in accordance with the Companies (Amendment) Acts, 1983 and 1986.

The directors have reviewed the carrying values of the intangible assets costs in the balance sheet and note that the realisation of the company's investment is dependent upon the successful future outcome of exploration and development. The company continues to evaluate its mineral exploration properties with a view to identifying drilling prospects where feasible. Based on the evaluation procedures performed to date the directors are satisfied that the carrying values are appropriate.

Taking the above into account the directors are satisfied that sufficient funding will be available to the company to enable it to trade at its projected level of operations for the foreseeable future. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis.

The directors consider that in preparing the financial statements they have taken into account all information that could reasonably be expected to be available. The financial statements do not include any adjustments that would result if the director's plans were not successful.

2. Statutory and other information

	<i>2006</i>	<i>2005</i>
	€	€
Operating loss is stated after charging:		
Depreciation of intangible assets	15,869	15,869
Depreciation of tangible assets	—	793
Loss on foreign currencies	5	(5,727)
Auditors' remuneration	8,550	7,815
	<u>8,550</u>	<u>7,815</u>

3. Interest payable and similar charges

	<i>2006</i>	<i>2005</i>
	€	€
Bank overdraft interest	839	—
Convertible loan notes	—	935
	<u>839</u>	<u>935</u>

4. Loss per share

The loss per share is calculated by dividing the weighted average number of ordinary shares in issue into the loss after taxation for the year.

5. Taxation on profit on ordinary activities

(a) *Analysis of charge in period*

	2006 €	2005 €
Current taxation		
Corporation Tax	350	—
Total current tax charge (note 5 (b))	<u>350</u>	<u>—</u>

(b) *Factors affecting tax charge for period*

The tax assessed for the period is the standard rate of corporation tax in Ireland (12.5%). The differences are explained below:

	2006 €	2005 €
Loss on ordinary activities before taxation	<u>(91,730)</u>	<u>(84,531)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in Ireland of 12.5% (2005 — 12.5%)	(11,466)	(10,566)
Effects of:		
Expenses not deductible for tax purposes	<u>11,116</u>	<u>10,566</u>
Current tax charge for period (note 5 (a))	<u>350</u>	<u>—</u>

6. Intangible fixed assets

	<i>Exploration costs</i> €	<i>Goodwill</i> €	<i>Total</i> €
Cost			
At 1 September 2004	219,187	158,694	377,881
Additions	<u>154,702</u>	<u>—</u>	<u>154,702</u>
At 31 August 2006	<u>373,889</u>	<u>158,694</u>	<u>532,583</u>
Provision for diminution in value			
At 1 September 2004	—	21,159	21,159
Charge for year	<u>—</u>	<u>15,869</u>	<u>15,869</u>
At 31 August 2006	<u>—</u>	<u>37,028</u>	<u>37,028</u>
Net book values			
At 31 August 2006	<u>373,889</u>	<u>121,666</u>	<u>495,555</u>
At 31 August 2005	<u>219,187</u>	<u>137,535</u>	<u>356,722</u>

7. Debtors

	<i>Group</i>		<i>Company</i>	
	2006 €	2005 €	2006 €	2005 €
Other debtors	<u>4,285</u>	<u>8,304</u>	<u>361,600</u>	<u>202,064</u>

8. Creditors (amounts falling due within one year)

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>€</i>	<i>€</i>	<i>€</i>	<i>€</i>
Borrowings				
Bank overdraft	681	—	—	—
	<u>681</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other creditors				
Trade creditors	37,486	504	—	—
Amounts owed to connected companies	1,004	—	—	—
Other taxes and social welfare (see below)	350	—	—	—
Accruals and deferred income	25,129	55,795	14,817	16,913
	<u>63,969</u>	<u>56,299</u>	<u>14,537</u>	<u>16,913</u>
Total creditors	<u>64,650</u>	<u>56,299</u>	<u>14,537</u>	<u>16,913</u>
Tax creditors				
<i>Tax and social welfare costs included in other creditors:</i>				
Corporation tax	350	—	350	—
	<u>350</u>	<u>—</u>	<u>350</u>	<u>—</u>

9. Share capital

	<i>Group and Company</i>	
	<i>2006</i>	<i>2005</i>
	<i>€</i>	<i>€</i>
Authorised		
500,000,000 ordinary shares of €0.01 each	5,000,000	5,000,000
Allotted, called up and fully paid equity		
Balance beginning of year	290,569	189,145
Issued during year	—	101,424
Balance end of year	<u>290,569</u>	<u>290,569</u>

10. Equity reserves

	<i>Group</i>		<i>Company</i>	
	<i>Share premium account</i>	<i>Profit and loss account</i>	<i>Share premium account</i>	<i>Profit and loss account</i>
	<i>2006</i>	<i>2006</i>	<i>2006</i>	<i>2006</i>
	<i>€</i>	<i>€</i>	<i>€</i>	<i>€</i>
At 1 September 2005	621,867	(159,689)	621,867	(100,860)
(Loss) for the year	—	(92,080)	—	(49,892)
At 31 August 2006	<u>621,867</u>	<u>(251,769)</u>	<u>621,867</u>	<u>(150,752)</u>

11. Reconciliation of movements in shareholders' funds

	<i>Group</i>		<i>Company</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>€</i>	<i>€</i>	<i>€</i>	<i>€</i>
Total recognised losses for the year	(92,080)	(84,531)	(49,892)	(45,896)
Proceeds of issue of equity shares	—	723,291	—	723,291
Net additions to shareholders' funds	(92,080)	638,760	(49,892)	677,395
Opening shareholders' funds	752,747	113,987	811,576	134,181
Closing shareholders' funds	660,667	752,747	761,684	811,576

12. Capital commitments

Capital commitments at 31 August 2006 amounted to €50,000 (2005 — €140,000).

13. Related party transactions

The company has identified the following transactions which are required to be disclosed under the terms of FRS8 'Related Party Transactions'.

Transactions with related companies

<i>Name of company</i>	<i>Relationship</i>	<i>Opening balance</i>	<i>Net movement for year</i>	<i>Closing balance</i>
		<i>€</i>	<i>€</i>	<i>€</i>
Allied Consulting Geologists	Common shareholdings	—	(1,004)	(1,004)

During the year Allied Consulting Geologists provided services totalling €11,600 to Belmore Resources Limited.

14. Group undertakings

The company owns 100% of the issued share capital of Belmore Resources Limited.

15. Gross cash flows

	<i>2006</i>	<i>2005</i>
	<i>€</i>	<i>€</i>
Returns on investments and servicing of finance		
Interest received	3,507	—
Interest paid	(839)	(935)
	2,668	(935)
Capital expenditure		
Payments to acquire intangible assets	(154,702)	(154,239)
Financing		
Issue of ordinary share capital	—	723,291

16. Analysis of changes in net funds

	<i>Opening balance</i> €	<i>Cash flows</i> €	<i>Closing balance</i> €
Cash at bank and in hand	444,020	(218,543)	225,477
Overdrafts	—	(681)	(681)
	<u>444,020</u>	<u>(219,224)</u>	<u>224,796</u>
Net funds	<u>444,020</u>	<u>(219,224)</u>	<u>224,796</u>

17. Approval of financial statements

The board of directors approved the financial statements on 20 February 2007.

NOTICE OF ANNUAL GENERAL MEETING

Belmore Resources (Holdings) Plc

(“the Company”)

Notice is hereby given that the Annual General Meeting of Belmore Resources (Holdings) Plc will be held at Longboat, 56 Sir John Rogersons Quay, Dublin 2 on 22 March 2007 at 2.30 p.m. for the purpose of transacting the following business:

Ordinary Business:

- (1) To consider and, if approved, adopt the Accounts for the year ended 31 August 2006 and the report of the Directors and Auditors thereon.
- (2) To re-elect George Emo as a Director.
- (3) To authorise the Directors to fix the remuneration of the Auditors.

Special Business:

- (4) To consider and, if thought fit, to approve the following resolution as an Ordinary Resolution:

“That, for the purpose of Section 20 of the Companies (Amendment) Act, 1983, the Directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities (within the meaning of Section 20(10) of the said Act) up to a maximum amount of the authorised but un-issued share capital of the Company. The authority hereby conferred shall expire on the date of the next Annual General Meeting or, if earlier, the date being 15 months after the passing of this resolution, unless previously renewed, varied or revoked by the Company in General Meeting save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted or issued after this authority has expired and the Directors may allot and issue relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.”

- (5) To consider and if thought fit, to approve the following resolution as a Special Resolution:

“That, subject to the passing of Resolution No. 4 before this meeting, the Directors of the Company be and are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983, with such power expiring on the date of the next Annual General Meeting of the Company or, if earlier, the date being 15 months after the passing of this resolution, to allot equity securities (within the meaning of Section 23 of the said Act) of the Company for cash pursuant to the authority conferred on the Directors by Resolution No. 4 as if sub-section 1 of the said Section 23 did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with any offer of equity securities open for any period fixed by the Directors by way of rights, open offer or otherwise in favour of Ordinary Shareholders but subject to such exclusion or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas shareholders, fractional entitlements or otherwise, and
 - (b) (in addition to the authority conferred by paragraph (a) of this Resolution No. 5) the allotment of equity securities up to an aggregate nominal value of €4,709,431 of the issued share capital of the company
-

and shall expire on the date of the next Annual General Meeting of the Company or, if earlier, the date being 15 months after the passing of this resolution, PROVIDED THAT the Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted or issued after this authority has expired and the Directors may allot and issue relevant securities in pursuance of any such offer or agreement as if the authority conferred hereby had not expired.”

By Order of the Board

P G Mahony
Company Secretary

Registered Office:
103 Rathfarnham Wood
Dublin 14

20 February 2007

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. Forms of proxy, to be valid, must be delivered to the Company's Registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, not less than 48 hours before the time appointed for the meeting. The appointment of a proxy will not preclude a shareholder from attending and voting at the meeting.
2. Copies of the consulting agreement with Allied Consulting Geologists Limited will be available for inspection by members at the Company's registered office during normal business hours from the date of this Notice until the date of the Meeting and at the venue of the meeting for a period of 15 minutes prior to the Meeting and during the Meeting.

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FORM OF PROXY

Belmore Resources (Holdings) Plc

("the Company")

I/We (Block Letters)
of
being a member/members of the above-named Company hereby appoint the Chairman of the Meeting or*
.....
of

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 2.30 p.m. on 22 March 2007 at Longboat, 56 Sir John Rogersons Quay, Dublin 2, and at any adjournment thereof. I/We direct that my/our vote(s) be cast on the Resolutions as indicated by an X in the appropriate box.

ORDINARY RESOLUTIONS

To consider and, if thought fit, adopt the accounts for the year ended 31 August 2006 and the reports of the Directors and auditors thereon

For **Against**

To re-elect George Emo as a Director

To authorise the Directors to fix the remuneration of the Auditors

To authorise the Directors to allot and issue relevant securities pursuant to Section 20 of the Companies (Amendment) Act, 1983

SPECIAL RESOLUTION

To authorise the Directors to allot and issue equity securities as if Section 23(1) of the Companies (Amendment) Act, 1883 did not apply

*If it is desired to appoint another person as a proxy these words should be deleted and the name and address of the proxy, who need not be a member of the Company, inserted. Unless otherwise directed, and in respect of any other resolution properly moved at the Meeting, the proxy will vote, or may abstain from voting, as he thinks fit.

DATED THIS day of 2007

SIGNATURE

Notes:

- (1) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (who need not be a member of the Company) of his own choice to attend and, on a poll, to vote in his place.
- (2) Forms of Proxy together with any Power of Attorney or other authority under which it is executed or a notarially certified copy thereof, must be completed and to be valid, must reach the Registrar of the Company at Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not less than forty eight (48) hours before the time appointed for the holding of the meeting or of any adjournment of the meeting.
- (3) Copies of the Directors' contracts of service and letters of appointment with the Company or with any of its subsidiaries, and the register of Directors' interests in the shares of the Company are available for inspection at the Registered Office during normal business hours (Saturdays and Sundays excepted), until the Annual General Meeting and at the Annual General Meeting for a period of 15 minutes before the commencement until the conclusion of the Annual General Meeting.
- (4) The appointment of a proxy does not preclude a member from attending and voting at the meeting.
- (5) If the appointor is a corporation, this form of proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- (6) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote of the other registered holders(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
- (7) If you wish to appoint as proxy someone other than the Chairman of the Meeting, please delete the words "the Chairman of the Meeting" and insert the name and address of the person you wish to appoint in the space provided. A proxy need not be a member.
- (8) Only those shareholders on the register of members at 20 March 2007 at 2.30 p.m. shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at that time. If the meeting is adjourned by more than forty eight (48) hours, then to be so entitled, shareholders must be entered on the Company's register of members at the time which is forty eight (48) hours before the time appointed for holding the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.



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Computershare Investor Services (Ireland) Limited
P.O. Box 954
Dublin 18
Ireland

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