

ANGEL MINING PLC

AIM: ANGM

2010 ANNUAL REPORT AND ACCOUNTS

Chairman's Report

A YEAR OF TRANSFORMATION

During the year ended 28 February 2010, Angel Mining plc (the "Company" or, together with its subsidiaries, the "Group") has been in the process of transforming itself from an exploration business to the brink of becoming a mining business. It has been divesting exploration activities and developing both the Nalunaq gold mine and the Black Angel zinc/lead mine in Greenland.

An underground process plant is being developed in the Nalunaq gold mine which the Directors believe will enable the Company to have the highest practical control over environmental risks and provide a basis for a high degree of operational efficiency. The plant is believed by the Directors to be the first of its kind in the world and should be in full scale production before the end of the September.

FUNCTIONAL CURRENCY

In the opinion of the Board, the functional currency of the Company changed from GBP to US dollars from 1 March 2009 as the Group's principal assets were paid for in US dollars, its principal source of funding is now in US dollars, many of its operating costs are transacted in US dollars and its future revenues will be based in US dollars. The financial statements have been prepared using US dollars as the presentational currency. The impact of this change is discussed further in note 1a to the financial statements. Throughout this report and accounts, any reference to \$, unless otherwise modified, refers to US dollars.

FINANCIAL RESULTS

The loss for the year was \$4,713,409 compared to a loss of \$2,674,946 for the same period last year. At 28 February 2010, the Group's cash and bank balances amounted to \$1,823,349 compared to \$961,310 at 29 February 2009.

MARKETS

Market conditions have been helpful with the price for one ounce of gold rising from \$942 on 1 March 2009 to \$1,231 on 20 August 2010. If prices remain at these levels, the Directors expect to generate free cash of more than \$650 per ounce at Nalunaq which is expected to produce approximately 70 ounces of gold per day once full production is reached later this year.

The prices for zinc and lead have recovered in recent months to \$2,030 per tonne for zinc and \$2,040 per tonne for lead as at 20 August 2010. The board expects the cash cost of production at the Black Angel mine to be less than \$1,000 per tonne, an important factor in relation to the Company's decision to continue with our plans to develop the mine in 2011. These plans have been deferred by approximately six months due to the delay in raising the necessary funding.

THE FUTURE

At the time of writing, I can confirm that a new financing package has been agreed, the components of which are still subject to contract and, in part, subject to shareholder approval. Full details will be provided to shareholders in a Notice Convening a General Meeting very shortly.

The principal features of the new finance plan are as follows:

FBC Holdings s.a.r.l ("FBC") and Cyrus Capital Partners, LP ("Cyrus") have agreed that the repayment terms of their short term loan and capitalised interest of US\$21,868,000 will be extended and that a series of payments will be made commencing on 15 February 2011 and ending on 31 December 2011. The conversion rights on their loan notes will be extended to 31 December 2016 and their royalty entitlement will be increased by a further 3%.

It has also been agreed that the Company should take up US\$25,000,000 of a new financing facility offered by a New York financing company, which will enable the Company to issue 10% Eurobonds as it draws down on the facility. The Company is hoping to have contracts finalised on this facility within the next week. On draw down it will offer investment rights for 45 days, at the closing share price on the day before the draw down request ("the investment share price"), equal to 110% of the draw down value and 12 month warrants at 25% of the draw down value also at the investment share price. The investor will pay for the equity investment and warrants either, in cash, or in 4 year 2% loan notes, which may be offset against the Eurobond notes. The agreement provides for an early redemption premium such that the loan notes, the Eurobond and interest commitments will cancel each other at anniversary dates plus one day. Consequently, this facility is tantamount to placing shares at a discount of 35% but the Company can choose a draw down request date when the share price is favourable and the facility is committed. In my opinion it compares favourably with a discounted placing plus broker fees, where there is no commitment to buy the shares. This facility will be secured by a facility fee of 5% which may be satisfied in cash or in shares. It is payable on approval of the Angel Mining plc shareholders based on the volume weighted average price for the 5 trading days preceding the general meeting at which the facility will, hopefully, be approved.

This is the finance facility that was referred to in the news release dated 8 July 2010. The Company had the opportunity of entering into a US\$100,000,000 commitment but has now decided to take an initial facility of US\$25,000,000. This change of strategy has been decided upon for the following reasons:

1. We did not wish to incur a facility fee in excess of our actual needs;
2. It is understood that we could extend the facility in the future, if needed, and if it is considered to be the most appropriate means of financing the development of the Group; and
3. The Board believes that much of the finance for the development of Black Angel should be debt based project finance, to restrict any unnecessary equity dilution.

The Company is now focussed on:

1. Getting Nalunaq into full scale production and repaying the Cyrus short term loan;
2. Completing an updated version of the bankable feasibility study for Black Angel; and
3. Developing new projects for the benefit of the longer term.

The Company now has the prospect of becoming cash generative in the near term from trading for the first time in its history. It has the backing of Cyrus, and a first class team coming together both in Greenland and here in the UK. Although there is still much work to be done, it is clear that the Group has a great opportunity to develop existing and new mining projects.

Frank Chapman

Chairman

31 August 2010

Enquiries:

Angel Mining plc	
Nicholas Hall, Chief Executive Officer	07931 709 053
Kevin McNair, Chief Financial Officer	07900 690 908
Fox-Davies Capital (Broker)	
Philip Davies	0207 936 5200
WH Ireland Limited (Nominated Adviser)	
Daniel Bate	0161 832 2174
Bishopsgate Communications Limited	
Michael Kinirons	0207 562 3350

Chief Executive Officer's Report

MINING OPERATIONS

Black Angel

Work recommenced on the construction of the cable car in March 2010 and the blasting and rock stabilisation work has been completed for the upper terminal, the building of the lower terminal having already been completed.

During the next few months we will concentrate on producing a new Bankable Feasibility Study ("BFS"), which should enable us to attract debt based project finance to complete the construction of the mine. The original BFS was based on processing ore in Portugal but we now plan to build the process plant inside the mine as this will give us the benefit of low operating costs per tonne of metal produced and the most rigorous environmental controls. The design of the plant and the associated materials handling system is well advanced and the current exercise will result in a new programme for developing the mine.

The Greenland Bureau of Minerals and Petroleum ("BMP") has provided all necessary permits for the construction work to proceed but further permits will be required for various aspects of the infrastructure, the design, construction and operation of the plant, and the export of concentrate.

Nalunaq

The Nalunaq gold mine assets were acquired on 30 June 2009 and the mining permit was transferred to Angel Mining (Gold) A/S in September 2009. Since then a process plant has been designed, components sourced, an underground chamber created, foundations built and a plant constructed which is now in the final stages of commissioning.

The process plant comprises a gravity separation section and a carbon in pulp cyanide leaching circuit ("CIP") which both feed into a furnace that produces doré bars from molten metal.

Gold was first poured at Nalunaq on 28 February 2010 by processing fines collected from within the mine. It had been hoped that this would enable the mine to have some limited production of gold during the period of construction and commissioning of the two sections of the plant. Unfortunately, it was discovered that doré produced this way had an unexpectedly high arsenopyrite content which made the refining process uneconomic. A polishing (shaking) table has been added to the gravity section and this has resulted in a significant reduction of such impurities but further cleansing is still needed to obtain a doré that is suitable for refining.

In July it was decided to delay doré production until the full plant was commissioned, as no arsenopyrite is produced by the CIP circuit.

The cyanide leaching section of the plant has been subject to independent technical audit, as required by the BMP, and we are now able to process ore to the point of loading carbon. The elution section of the plant, which washes the gold out of the carbon in preparation for electro-winning is not yet operational, as we await the delivery of a specialist pump. This should be fitted by mid September and we will then have a stockpile of loaded carbon ready to process our first saleable doré.

The annual rate of production is expected to be 25,000 ounces and the Group expects to produce approximately 6,000 ounces during the remainder of the current financial year. This is less than the Company forecast at the start of the year but no actual production will be lost, only delayed into 2011.

EXPLORATION

Motzfeldt

The Company sold 49% of Greenland Resources Ltd ("GRL") to RAM Minerals Ltd ("RAM") for A\$50,000 and entered into a call and put option to sell the remaining shares for A\$1 conditional upon the Greenland BMP approving the transfer of ultimate ownership of the Motzfeldt exploration licence to RAM. The sale has enabled the Company to avoid a potential liability of approximately \$500,000 in respect of shortfalls in exploration funding. The Group no longer controls GRL, and it has not been consolidated into the Group accounts.

Orion Metals Ltd ("Orion")

Orion issued a convertible loan instrument on 30 July 2009 which was converted into 9,741,033 ordinary shares on 18 September 2009. This resulted in a dilution of the Company's interest in Orion from 24.52% to 14.85% of the total issued share capital.

At 28 February 2010 the investment is reported as an 'investment held for trading' but in previous years it has been an 'equity investment'. A net loss of \$6,128 was recognised in the year from this investment.

On 20 May 2010 Orion implemented a fully underwritten 1 for 1 rights issue at A\$0.05. A warrant for one additional share, exercisable on or before 25 February 2011 at A\$0.12, was issued for every 2 rights issue shares. The Company did not take up its rights and these transactions diluted the Company's interest of 3,666,667 shares to 7.42%.

On 15 June 2010 the Company sold its shares for A\$225,467, being an average selling price of A\$0.062 per share and resulting in a profit on divestment of \$13,529 that will be recognised in the accounts for the year to 28 February 2011.

FINANCE

Cyrus

During the year, Cyrus agreed to refinance its \$12.5 million loan on the basis that FBC, an affiliate of Cyrus, would subscribe for Convertible Interest Free Loan Notes and a B Share in exchange for the cancellation of the Cyrus Loan and the 37.5 million warrants. On 21 August 2009, shareholders approved the refinancing and the agreement was concluded.

On 1 July 2009, FBC made a short term loan of \$1.25 million, to finance the acquisition of Nalunaq. On 15 September 2009 the loan was increased to \$2 million and on 16 October 2009 the Company received further funding from FBC of \$9.5 million. This was extended on 5 February 2010 by a further \$3 million taking the total new secured loan facility to \$14.5 million. Fees of \$628,750 have been paid to Cyrus, the loan bears interest at 15% p.a. and it is repayable on or before 16 October 2010.

The loan agreement requires that SEDA (defined below) drawings will be used to repay the loan, together with cash from sales of gold produced at Nalunaq. To date, SEDA drawings have amounted to £1,233,306 (\$1,905,347) of which £125,000 (\$202,000) has been used as a part repayment of the FBC short term loan.

On 26 May 2010, FBC advanced a further \$2.0 million, which was treated as a further tranche of the short term loan, increasing the total outstanding to \$16.5 million.

On 14 July 2010, FBC advanced a new loan of \$4.5 million with a facility fee of 6.0% and bearing interest at 10% p.a. Of the facility fee of \$270,000 plus an additional \$120,000 relating to the loan of \$2 million made on 26 May 2010, \$100,000 is payable on 14 July 2010 and the balance is due at the time the loan is repaid. This loan, together with all other short term loans from FBC, are currently repayable on 31 August 2010 but FBC and Cyrus have agreed that the repayment terms of their short term loan and capitalised interest of US\$21,798,000 will be extended and that a series of payments will be made commencing on 15 February 2011 and ending on 31 December 2011.

Standby Equity Distribution Agreement (“SEDA”)

On 24 April 2009, the Company entered into a £5 million SEDA with YA Global Master SPV, Ltd, of which £337,306 (\$543,533) was drawn down during the year to 28 February 2010 through the issue of 7,672,411 shares at an average price of 4.4p per share. Since the balance sheet date a further £896,000 (\$1,361,814) has been drawn at an average price of 5.63p per share. The amount still available to draw before the facility expires on 26 June 2011 is £3,766,694.

GOING CONCERN

The Directors have prepared the financial statements on a going concern basis. The ability of the Company and the Group to continue as a going concern is dependent upon the following:

- having the continued support of its current debt provider, Cyrus;
- being able to draw down fully on the SEDA facility;
- having the ability to raise new finance; and
- being able to bring the Nalunaq gold mine into production.

This is discussed further in note 1b to the financial statements.

PEOPLE

Paul Williams, Finance Director since 2004, resigned as a Director and Company Secretary on 30 November 2009. On 25 February 2010, Ray Tong was appointed Company Secretary and, on 25 May 2010, Kevin McNair was appointed Chief Financial Officer and a Director.

SHARE OPTION SCHEME

During the year the Company's Unapproved Share Option Scheme was terminated as all options had been surrendered or had lapsed (see page 12).

JOINT OWNERSHIP SHARE PLAN (“JSOP”)

On 24 November 2009, the board approved the adoption of a JSOP, as an alternative to the share option scheme, and the issuance of 31,000,000 shares, to an Employee Benefit Trust the accounts of which are consolidated within these accounts, on 27 November 2009 (see page 12 for full details). The scheme enables participants to benefit as though the scheme was an Inland Revenue approved share option scheme.

OUTLOOK

By the end of September, The Company should have US\$25,000,000 of committed finance which will be used to ensure the repayment of the FBC short term loan and to facilitate further developments including the preparation for the construction of the Black Angel mine.

The Company is building a competent management team in Greenland which is currently a mixture of expats and Greenlanders. The Company is committed to recruiting and training Greenlanders to fill as many posts as is practical.

The current financial year will see the Group benefit from the operation of a profitable and cash generative gold mine. It will continue to build the team in Greenland and use its financial backing to develop other mining projects including the Black Angel.

Nicholas Hall

Chief Executive Officer

31 August 2010

Directors

Nicholas Hall MA FCA **Chief Executive Officer**

Nicholas is a Chartered Accountant who trained with KPMG. He has international experience of managing mining companies and is the former Managing Director of Rand London Corporation Ltd (South Africa) and President of PBS Coals Inc. (USA). Both of these appointments involved the implementation of major corporate recovery plans. In recent years he has acted as an independent business consultant specialising in cost reduction programmes for major retailers and specialist project management.

Tim Daffern BEng CEng MBA FIMMM MAusIMM MCIM **Director of Mining**

Tim is a Chartered Mining Engineer, who gained professional qualifications in Australia, Canada and at the UK Camborne School of Mines. He has over 20 years of international experience in both surface and underground operations. He has gained international practical experience in operations management, mine development, contract management and mine economics with companies including BHP, Newcrest, BPB and at the South Crofty Tin mine in Cornwall. Tim is an advisor to the Greenland Mining School.

Kevin McNair BBA, MBA **Chief Financial Officer**

Kevin is an accountant with international experience whose career started as an auditor for Fremont Financial Corporation in Chicago. Following completion of his MBA in 1993, he spent a number of years at UBS and Granville Baird working on restructurings, international expansion and cross border mergers and acquisitions. In 2002, Kevin joined Boxwood, the fast growing consultancy and support services group, where he was Finance Director until 2006. He then joined Enegi Oil Plc, an oil and gas exploration company with operations in the UK and Canada, as CFO where he managed their successful IPO on AIM in 2008.

Frank Chapman **Non-executive Chairman**

Frank is currently a non-executive director of London Capital Group plc, the AIM-quoted trading services company which he founded in 2003 and was, until May 2010 the chief executive officer. He has over 30 years' experience in the London derivative and FX markets, having previously been a director or managing director of a number of companies including London Investment Trust, Baring Securities, Deutsche Morgan Grenfell and Amerex Petroleum. Frank was previously a non-executive director of Angus & Ross but stepped down from the board in June 2008 to progress his other business interests. He was re-appointed on 21 August 2009.

Daniel Bordessa BCom, MBA **Non-executive Director**

Daniel is a Managing Director at Cyrus Capital Partners Europe LLP ("Cyrus") where he is responsible for identifying and managing European and North American investments. Prior to joining Cyrus, he was an Executive Director at the international investment bank Lazard where he was responsible for advising companies in relation to financial restructuring and mergers & acquisitions. In addition, Daniel has experience in Canada in investment banking and advisory services. He was appointed on 21 August 2009.

Directors' report

Year ended 28 February 2010

The Directors present their Annual Report, together with the audited financial statements of the Company and the Group for the year ended 28 February 2010.

Name change

At a general meeting of the Company held on 21 August 2009, the Company's name was changed from Angus & Ross plc to Angel Mining plc.

Principal activities

The principal activities of Angel Mining plc ("Angel" or the "Company") and its subsidiary undertakings (the "Group") are the exploitation of minerals, particularly gold, zinc and lead in Greenland. The Group's holding company is incorporated and based in the United Kingdom.

Change of functional currency

In the opinion of the directors, the functional currency of the Company changed from GBP to \$ from 1 March 2009 as the Group's principal assets were paid for in US dollars, its principal source of funding is now in US dollars, many of its operating costs are transacted in US dollars and its future revenues will be based in US dollars. The financial statements have been prepared using US dollars as the presentational currency. The impact of this change is discussed further in note 1a to the financial statements.

Financial results and dividends

The consolidated loss for the year amounted to \$4,713,409 (2009: \$2,674,946). The details of the results for the year are set out in the Consolidated Statement of Comprehensive Income and are referred to in more detail in the Chief Executive Officer's (CEO's) Report. The Group intends to reinvest any future earnings to repay indebtedness and finance the growth of the business and, consequently does not anticipate paying any dividends in the foreseeable future.

Business review and future developments

A detailed review of the Group's activities and progress made in the year under review is contained in the CEO's Report. As at the year end, the Group's cash and bank balances amounted to \$1,823,349 (2009: \$961,310).

The Board has not yet established any key performance indicators; however, nearer to production a formal structure will be put in place. The Board considers that measurement of the Group's progress by way of standard financial key performance indicators is not relevant at this stage in the Group's development, since no turnover has as yet been generated.

Controls and procedures

Management is responsible for establishing and maintaining a system of controls and procedures over the public disclosure of financial and non-financial information regarding the Company. Management is also responsible for the design and maintenance of effective internal control over financial reporting to provide reasonable assurance regarding the integrity and reliability of the Company's financial statements and the preparation of its financial statements in accordance with IFRS principles. Management maintains appropriate information systems, procedures and controls to ensure integrity of the financial statements and maintains appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete and reliable.

The Group's management, including our CEO and Chief Financial Officer, does not expect that our disclosure controls and our internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Group have been detected.

However, management is committed to continuously mitigating any risks and systematically improving operating controls where and when possible in a cost-effective manner.

Risks and uncertainties

The Group is subject to a number of risk factors due to the fundamental nature of the mining business in which it is engaged, including adverse movements in commodity prices.

Industry

The Company is engaged in the exploitation of minerals which is an inherently risky business.

Reserve and resource estimates

The estimation of mineral resources and reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgement. Assurances cannot be given that the volume and grade of reserves recovered and rates of production achieved will be at the level anticipated.

Metal prices

The price of metals is affected by numerous factors totally beyond the control of the Group, including the exchange rate of the US dollar relative to other major currencies, demand, political and economic conditions and production levels. In addition, the price of metals can be volatile over short periods of time due to speculative activities.

Cash flows and additional funding requirements

The Group currently has no revenues from operations. Substantial additional capital is required to put the Black Angel mine into commercial production. It has sufficient cash resources to operate until it receives its first anticipated income from the sale of gold in September 2010 and it should be generating operating inflows from that point on. As set out in note 1b, the directors believe the Group has sufficient cash and access to additional cash to ensure it can continue operating.

Management regularly reviews the Group's cash flow projections and forecasts (refer to note 1b to the financial statements).

Exchange rate fluctuations

Fluctuations in currency exchange rates can significantly impact cash flows. The dollar exchange rate in particular has varied substantially over time impacting the sterling value of sterling denominated costs and equity raising. Some of the Group's expenses and much of its local overheads, meanwhile, are denominated in other currencies, such as the Danish Kroner. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which may impact on financial results. The Group does not engage in currency hedging to offset the risk of exchange rate fluctuation.

Environmental

The Group's exploration and development activities are subject to extensive laws and regulations governing environmental protection. The Company is also subject to various reclamation-related requirements. Although the Company closely follows, and believes it is operating in compliance with, all applicable environmental regulations, there can be no assurance that all future requirements will be achievable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring significant capital expenditures.

Laws and regulations

The Group's exploration activities are subject to local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change and can become more stringent, and compliance can therefore become more costly. The Company applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current laws.

Mining licences

Exploration and mining activities are subject to the terms and conditions of licences issued by the Greenlandic Bureau of Minerals and Petroleum ("BMP") and failure to comply with the terms can lead to the licence being withdrawn. All of the Group's licenses are still valid and there are no breaches of the licenses.

Dependence on management

The Group strongly depends on the business and technical expertise of its small management team and it has no key-man insurance. The Company has recruited additional management resources during the year to strengthen and diversify its management team as it nears production at Nalunaq.

Mine closure guarantee

The Group maintains security fund deposits which should be adequate to meet all anticipated costs of mine closure. It has also provided an unlimited guarantee to the BMP that it will meet any future costs that may arise, to repair environmental damage caused by mining activity.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 23. As at 28 February 2010, the Company had two classes of shares neither of which carry any right to fixed income. Each ordinary share carries the right to one vote at general meetings of the Company and the 'B' share provides the holder of a convertible loan note with the right to one vote for every ordinary share conversion right, vested in the note. The percentage of the issued nominal value of the ordinary shares is 100% of the total issued nominal value of all share capital.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

At 28 February 2010, no person has any special rights of control over the Company's share capital and all issued shares are fully paid, except for 31,000,000 shares held by the Employee Benefit Trust. Details of employee Joint Share Ownership Scheme are set out in the Directors Remuneration Report (see page 12).

With regard to the appointment and replacement of Directors, the Company is governed by its Articles of Association, the Companies Acts and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The powers of Directors are described in the Main Board Terms of Reference, copies of which are available on request.

Under its Articles of Association, the Company has authority to issue 1,000,000,000 ordinary shares of 1p each. At a general meeting of shareholders held on 21 August 2009 this was increased to 2,000,000,000 shares of 1p each and 1 B share of £1. There are also a number of other agreements that take effect, alter or terminate upon a change of control of the Company such as mining and exploration licences, loan agreements and employees' share plans. None of these are considered to be significant in terms of their likely impact on the business of the Group as a whole. Under the terms of the FBC convertible loan, any change in the capital structure, requires its pre-approval.

Furthermore, the Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs because of a takeover bid.

See note 29 to the financial statements for discussion of changes to the capital structure subsequent to the year end.

Directors

Details of the current Directors of the Company are set out in the Directors' biographies on page 5 all of whom served throughout the year, or served for part of the year, and were in office at the balance sheet date, with the exception of K McNair who was appointed on 25 May 2010. FDS Chapman and D Bordessa were appointed to the board on 21 August 2009 and DPL Williams resigned on 30 November 2009.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report. The Company maintains a Directors and Officers Liability Policy with Chubb Insurance Company of Europe Ltd. The policy indemnifies all Directors up to a level of £2 million. Details of Directors' remuneration are shown in note 6 to the financial statements.

Interests in shares

The beneficial interests of the Directors and their families in the shares of the Company are shown below. No options were granted to Directors subsequent to the year end, and up to one month prior to the Notice of the Annual General Meeting ("AGM").

	Shares held at 28 February 2009	Acquisitions of shares during the year	Shares held at 28 February 2010
Executive Directors			
NJH Hall ⁽¹⁾	2,000,000	1,500,000	3,500,000
TJ Daffern ⁽¹⁾	-	600,000	600,000
DPL Williams ⁽¹⁾ (resigned on 30 November 2009)	81,000	500,000	581,000
K McNair	-	-	-
Non-executive Directors			
FDS Chapman ⁽²⁾ (appointed on 21 August 2009)	-	-	1,340,000
D Bordessa (appointed on 21 August 2009)	-	-	-

(1) NJH Hall, TJ Daffern and DPL Williams subscribed for shares on 30 April 2009 at 2p per share.

(2) FDS Chapman was appointed on 21 August 2009 at which time he held 1,000,000 shares and a further 40,000 were held in his discretionary pension account. On 26 November 2009 he acquired 300,000 shares and on 9 and 10 March 2010 he increased his holding by a further 500,000 shares. His total holding, including shares acquired after the year end, is 1,840,000 shares.

Acquisitions and disposals

On 20 December 2009 the Company sold 49% of the shares in Greenland Resources Ltd ("GRL") for A\$50,000 and entered into a call and put option to sell the remaining shares for A\$1 on 31 December 2011, or earlier if the BMP confirm their approval of the purchaser, RAM Resources Ltd as the ultimate owner of the Motzfeldt exploration licence. GRL has a dormant subsidiary, no other assets and liabilities of DKK2,510,948 (approximately \$500,000), relating to a shortfall on exploration spending commitments. The Group no longer controls GRL, and it has not been consolidated into the Group accounts.

See also note 27 to the financial statements.

Equity capital raisings

On 30 April 2009, 30,000,000 new ordinary shares were issued as the result of a private placing at 2p per share, raising £600,000. Costs of issue, amounting to £29,494, have been charged to the share premium account.

On 1 May 2009, 3,300,330 new ordinary shares were issued to YA Global Master SPV at 3.03p per share in settlement of a £100,000 SEDA facility fee.

On 1 July 2009, 1,986,228 new ordinary shares were issued to YA Global Master SPV at 1.88p per share being the first SEDA draw down of £37,306.

On 16 September 2009, 6,500,000 new ordinary shares were issued to Fox-Davies Capital at 2.00p per share being the settlement of brokers fees of £130,000.

On 16 November 2009, 7,000,000 new ordinary shares were issued to North Atlantic Mining Associates Ltd ("NAMAL") at 5.00p being a £350,000 part settlement for work done at Nalunaq gold mine.

On 20 November 2009, 2,727,791 new ordinary shares were issued to YA Global Master SPV at 4.58p per share being the second SEDA draw down of £125,000.

On 27 November 2009, 31,000,000 new ordinary shares were issued to the Bachmann Trust at 5.00p per share, funded by a loan from the Company for the benefit of the Joint Share Ownership Plan as detailed in note 22. These are presented as own shares held by EBT in the statement of financial position.

On 8 February 2010, 2,958,392 new ordinary shares were issued to YA Global Master SPV at 5.92p per share being the third SEDA draw down of £175,000.

Since the date of the Balance Sheet there have been the following new equity capital raisings:-

On 29 March 2010, 10,407,139 new ordinary shares were issued to YA Global Master SPV at 6.34p per share being the fourth SEDA draw down of £660,000.

On 6 April 2010, 2,180,233 new ordinary shares were issued to NAMAL at 6.88p being a £150,000 part settlement for work done at Nalunaq gold mine.

On 22 April 2010, 5,583,831 new ordinary shares were issued to NAMAL at 6.96p being a £388,635 part settlement for work done at Nalunaq gold mine.

On 21 July 2010, 1,857,493 new ordinary shares were issued to NAMAL at 5.38p being a £100,000 part settlement for work done at Nalunaq gold mine.

On 10 August 2010, 5,519,418 new ordinary shares were issued to YA Global Master SPV at 4.28p per share being the fifth SEDA draw down of £236,000.

Policy and practice on payment of trade payables

Operating companies are responsible for agreeing the terms and conditions, including terms of payment, under which business transactions with their suppliers are conducted. It is Group policy that suppliers are made aware of such terms of payment and that payments to suppliers are made in accordance with these terms, provided that the supplier is also complying with all relevant terms and conditions. It is not envisaged that this policy will alter in future. Creditor days for the Group for the year ended 31 December 2009 were an average of 88 days (2008: nil days). The Company creditor days at 31 December 2009 were 46 days (2008: nil days).

Financial instruments

The Group does not hold derivatives or other financial instruments other than cash, liquid resources, securities and various items, such as receivables and payables that arise directly from its operations. No trading in financial instruments is undertaken and no hedging arrangements have been carried out. The majority of cash deposits are repayable on demand and held at a major bank within the UK and borrowings have fixed interest rate. This, in turn, means that the Group has no significant interest rate risk and the credit risk is minimal. The Group monitors its liquidity risk and interest rate risk on cash deposits primarily through cash flow forecasting. Foreign currency risk is monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes. See note 25 to the financial statements for additional information.

Charitable and political donations

The Group made no charitable or political donations during the year (2009: nil).

Substantial shareholdings

At 20 August 2010, the Company's share register of substantial investors showed the following interests amounting to 3% or more of the issued ordinary share capital of the Company, as notified to the Company:

	Number of shares	Percentage
TD Waterhouse Nominees (Europe) Ltd	51,573,944	15.97%
Bachmann Trust Company Ltd ⁽ⁱ⁾	31,000,000	9.60%
HSDL Nominees Ltd	23,824,636	7.38%
Barclayshare Nominees Ltd	21,420,884	6.63%
Credit Suisse Client Nominees (UK) Ltd	20,147,595	6.24%
LR Nominees Ltd	17,597,655	5.45%
James Capel (Nominees) Ltd	11,837,706	3.66%

(i) Bachmann Trust Company Ltd holds shares in trust for the Employee Benefit Trust .

For the purposes of the Financial Services Authority's Disclosure and Transparency Rules, the total number of ordinary shares of 1p each in the capital of the Company in issue as at 20 August 2010 is 323,037,055 with each share carrying the right to one vote. In addition the Company also has one B Share of £1 in issue which carries 577,275,625 voting rights in the Company.

Therefore, the total number of voting rights in the Company is 900,312,680, which has been used as the denominator to calculate the percentage voting rights of substantial investors amounting to 3% or more of the fully diluted issued share capital of the Company.

	Number of shares	Percentage
FBC S.à.r.l.	577,275,625	64.12
TD Waterhouse Nominees (Europe) Ltd	51,573,944	5.73
Bachmann Trust Company Ltd ⁽ⁱ⁾	31,000,000	3.44

Auditor

Deloitte LLP has expressed its willingness to continue in office and resolutions both proposing its re-appointment and authorising the Directors to set its fees will be proposed at the AGM.

Post balance sheet events

Details of post balance sheet events are contained in note 29 of the financial statements.

Directors' responsibilities statement

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 are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU. Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

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 financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- The management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This report was approved by the Board on 31 August 2010 and signed on its behalf by:

Nicholas Hall
Chief Executive Officer
31 August 2010

Directors' remuneration report

Year ended 28 February 2009

Remuneration Committee

A new Remuneration Committee was formed on 7 October comprising the 2 non-executive directors. The Committee will meet as needed to review all policy decisions relating to the terms and conditions of employment for all employees.

The Committee is responsible for advising and approving annual salaries, incentive arrangements, service contracts and all other terms and conditions of employment of the Executive Directors and the performance and development of

senior management. The Committee has access to advice from external consultants as necessary. The Committee is also responsible for approving the terms of the share incentive arrangements for all senior management and employees across the Group.

The Group does not currently operate a pension scheme but undertakes to make contributions to employees existing pension schemes. Since August 2008, in order to conserve cash resources, all employees have voluntarily agreed to the suspension of their pension contributions. It is intended that these contributions will be made when the Company has an adequate cash flow.

The Company also provides death in service and permanent health insurance schemes for relevant employees.

Remuneration of Non-executive Directors

The non-executive Directors do not currently receive remuneration but this will be reviewed as soon as the Company is capable of generating cash from trading. The remuneration for each Non-executive Director will be determined by the board but the relevant non-executive director will not take part in discussions on his own remuneration. They are, however, participants in the JSOP share scheme and they do not have any pension arrangements with the Group.

Directors' remuneration

The remuneration of the Directors of the Company for the year ended 28 February 2010 is disclosed in note 6 to the financial statements.

Interests in the Company's Unapproved Share Option Scheme

The Company operated an Inland Revenue Unapproved Share Option Scheme where options were exercised in accordance with scheme rules. During the year this scheme was terminated and replaced with a Joint Share Ownership Plan. All entitlements under the scheme have now lapsed or were surrendered.

Directors who no longer hold office were granted a period of three months following their retirement in which to exercise their options and the expiry dates of the options shown below have been amended to reflect this.

	At 1 March 2009	Lapsed or surrendered	At 28 February 2010	Exercise price	Date of grant	Earliest date for exercise	Expiry date
DPL Williams	250,000	(250,000)	—	10.00p	17.12.04	17.12.05	10.09.09
	750,000	(750,000)	—	9.25p	30.09.05	30.09.06	10.09.09
	500,000	(500,000)	—	11.50p	21.03.06	21.03.07	10.09.09
	1,000,000	(1,000,000)	—	20.00p	28.06.07	28.06.08	10.09.09
Total	2,500,000	(2,500,000)	—				

Joint Share Ownership Plan ("JSOP")

Under the terms of the JSOP, 31,000,000 shares were issued on 27 November 2009, at 5p each, to an Employee Benefit Trust ("EBT") administered by Bachmann Trust Company Ltd, which holds the shares on behalf of the participants. The EBT has an interest free loan from the Company, to buy the shares, and therefore the transaction is cash flow neutral to both the Company and the participants. The first participants are four of the directors (as shown below) and a subsidiary director. Each participant may, after 12 months and before the 5th anniversary of the grant, take shares out of trust at a price of 5.89p per share. 5p per share will be used to repay the loan outstanding with the Company and the balance of 0.89p will be held by the trust until there is a suitable employee benefit need.

	At 28 February 2010	Exercise price	Date of grant	Earliest date for exercise	Expiry date
Nicholas Hall	12,500,000	5.89p	27.11.09	27.11.10	27.11.14
Timothy Daffern	12,500,000	5.89p	27.11.09	27.11.10	27.11.14
Frank Chapman	2,500,000	5.89p	27.11.09	27.11.10	27.11.14
Daniel Bordessa	2,500,000	5.89p	27.11.09	27.11.10	27.11.14

Corporate governance report

Year ended 28 February 2009

The Directors seek to comply with the provisions of good governance set out in the Combined Code issued by the Financial Reporting Council in July 2006. The Code is applicable to listed companies to the extent that they believe it is appropriate to a company the size of Angel.

Board structure

The Board of Directors at the date this report is signed comprises five Directors, three of whom are Executive Directors and two Non-executive Directors. Brief biographical details of those who were in office on the Balance Sheet date are shown on page 5 and details of the appointment of the new Chief Financial Officer are disclosed in the Directors' Report.

The Company adopted its original Articles of Association on 14 March 2000, subsequently adopting revised Articles on 21 August 2009.

One third of the Directors must retire by rotation and all Directors must be re-elected at intervals of not more than three years. As Kevin McNair was appointed since the last AGM, he offers himself for election at the forthcoming AGM. In addition, Nicholas Hall retires by rotation and offers himself for re-election at the forthcoming AGM.

No Director has had a contract of any significance (other than service contracts) with the Company or with any subsidiary company during the year. Daniel Bordessa is both a non-executive director of Angel and an employee of Cyrus.

Internal control

The Directors are responsible for establishing and maintaining a system of internal control to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has reviewed the effectiveness of the Group's internal control system and is seeking to initiate further improvements as necessary.

The Board has considered the need for internal audit. It is of the opinion that given the size and structure of the Group's operations and the other controls in place, it would not be appropriate at this time.

Audit Committee

The Directors appointed an Audit Committee under the chairmanship of D Bordessa on 7 October 2009. The Committee consists of the two Non-executive Directors and expects to meet twice a year.

The function of the Committee is to consider the Group's financial reporting (including accounting policies) and internal financial controls. The Committee will receive formal reports from the Group's auditor.

The Group has in place a series of procedures and controls designed to identify and minimise the risk of loss.

Relations with shareholders

The Company values its dialogue with both institutional and private investors. Effective two-way communication with fund managers, institutional and other investors is actively pursued and this encompasses issues such as performance, policy and strategy.

Private investors are encouraged to participate at the AGM where the Board presents a review of the results and comments on current business activity.

Going concern

Under company law, the Company's Directors are required to consider whether it is appropriate to prepare financial statements on the basis that the Group and the Company are going concerns. The Group does not have formally committed funding to ensure that it can continue all of its operations as planned. The Directors have concluded this condition represents a material uncertainty that could affect the Company's and the Group's ability to continue as a going concern. Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Company and the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements. For further detail refer to the detailed discussion of the assumptions outlined in note 1b to the financial statements.

Compliance with the Combined Code

In common with many companies of similar size and organisation, there are a number of areas of non-compliance. In particular this includes:

- the absence of a Nomination Committee; and
- the award of options to Non-executive directors.

Independent Auditors' Report

Year ended 28 February 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANGEL MINING PLC

We have audited the financial statements of Angel Mining plc for the year ended 28 February 2010 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and company statements of changes in equity, the consolidated and parent company cash flow statements and the related notes 1 to 31. 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 applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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 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 (APB'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.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2010 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 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1b to the financial statements concerning the group's and company's ability to continue as a going concern. The group incurred a net loss of \$4,713,409 during the year ended 28 February 2010 and, as of that date, the group's current liabilities exceeded its current assets by \$15,813,275. The ability of the Company and the Group to continue as a going concern is dependent upon the following:

- having the continued support of its current debt provider, Cyrus;
- being able to draw down fully on the SEDA facility;
- having the ability to raise new finance; and
- being able to bring the Nalunaq gold mine into production.

These conditions as explained in note 1b to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company and the group were unable to continue as a going concern.

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.

Deborah Thomas (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK
31 August 2010

Consolidated Statement of Comprehensive Income

Year ended 28 February 2010

	Notes	2010 \$000	2009 ⁽¹⁾ \$000
Continuing operations			
Reversal of impairment of property, plant and equipment		70	5,556
Gain on disposal of holding in subsidiary		44	475
Other operating costs		(1,772)	(2,654)
Operating (loss)/profit	5	(1,658)	3,377
Finance costs	8	(3,053)	(5,788)
Finance income	9	4	127
Share of loss of associate	15	(84)	(391)
Change in fair value of assets held for trading	15	78	-
Loss before tax		(4,713)	(2,675)
Taxation	10	-	-
Retained loss for the financial year		(4,713)	(2,675)
Other comprehensive income for the year			
Exchange translation difference on foreign operations		(360)	23
Movement due to retranslation to \$ as presentational currency	1a	-	(1,936)
Total comprehensive income for the year attributable to ordinary equity holders of the company		(5,073)	(4,588)
Loss per share			
Basic and diluted loss per share (cents)	11	(1.85)	(1.41)

(1) see note 1a.

Consolidated and Company Statement of Financial Position

Year ended 28 February 2010

	Notes	Group			Company		
		2010 \$000	2009 ⁽¹⁾ \$000	2008 ⁽¹⁾ \$000	2010 \$000	2009 ⁽¹⁾ \$000	2008 ⁽¹⁾ \$000
Non-current assets							
Property, plant and equipment	13	31,258	15,376	10,585	10	11	24
Investments in subsidiaries	14	-	-	-	9,670	9,575	-
Investments accounted for using the equity method	15	-	190	702	-	818	1,138
Rehabilitation asset	16	4,392	1,349	-	-	-	-
		35,650	16,915	11,287	9,680	10,404	1,162
Current assets							
Inventories		850	58	250	-	-	-
Trade and other receivables	17	862	55	395	28,876	15,461	10,170
Investments held for trading	15	184	-	-	184	-	-
Other financial asset	18	251	-	-	251	-	-
Cash and cash equivalents		1,823	961	4,432	1,808	949	3,668
		3,970	1,074	5,077	31,119	16,410	13,838
Current liabilities							
Trade and other payables	19	(4,518)	(540)	(2,032)	(756)	(357)	(1,429)
Current borrowings	21(ii)	(14,298)	(11,689)	-	(14,298)	(11,689)	-
Current provisions	20	(968)	-	-	(968)	-	-
		(19,784)	(12,229)	(2,032)	(16,022)	(12,046)	(1,429)
Net current (liabilities)/assets							
		(15,814)	(11,155)	3,045	15,097	4,364	12,409
Total assets less current liabilities							
		19,836	5,760	14,332	24,777	14,768	13,571
Non-current liabilities							
Other payables		-	(477)	(707)	-	-	-
Non-current borrowings	21(i)	(5,987)	-	(11,252)	(5,987)	-	(11,252)
Non-current provisions	22	(5,184)	(1,106)	(497)	-	-	-
		(11,171)	(1,583)	(12,456)	(5,987)	-	(11,252)
Net assets							
		8,665	4,177	1,876	18,790	14,768	2,319
Capital and reserves							
Share capital	21	5,208	3,847	2,442	5,208	3,847	2,442
Share premium		30,657	27,260	22,058	30,657	27,260	22,058
Own shares held by Employee Benefit Trust		(2,568)	-	-	(2,568)	-	-
Convertible borrowings – equity component	21(i)	7,371	-	-	7,371	-	-
Translation reserve		(1,180)	(820)	1,093	-	-	-
Retained deficit		(30,823)	(26,110)	(23,717)	(21,878)	(16,339)	(22,181)
Total equity		8,665	4,177	1,876	18,790	14,768	2,319

(1) see note 1a

The financial statements of Angel Mining plc, registered number 3319691, were approved by the Board of Directors, authorised for issue on 31 August 2010 and signed on its behalf by:

Nicholas Hall
Chief Executive Officer

Consolidated and Company Statement of Changes in Equity

Year ended 28 February 2010

Group	Ordinary share capital \$'000	Share premium \$'000	Own shares held by EBT \$000	Convertible borrowings – equity component \$000	Translation reserve \$'000	Retained deficit \$'000	Equity attributable to equity holders of the parent \$'000	Total equity \$'000
At 29 February 2008	2,442	22,058	-	-	1,093	(23,717)	1,876	1,876
Loss for the year	-	-	-	-	-	(2,675)	(2,675)	(2,675)
Shares issued	1,405	5,621	-	-	-	-	7,026	7,026
Cost of shares issued	-	(419)	-	-	-	-	(419)	(419)
Share-based payment	-	-	-	-	-	282	282	282
Movement due to retranslation to \$ as presentational currency (see note 1a)	-	-	-	-	(1,936)	-	(1,936)	(1,936)
Exchange translation difference on foreign operations	-	-	-	-	23	-	23	23
At 28 February 2009	3,847	27,260	-	-	(820)	(26,110)	4,177	4,177
Loss for the year	-	-	-	-	-	(4,713)	(4,713)	(4,713)
Shares issued	1,361	3,589	-	-	-	-	4,950	4,950
Cost of shares issued	-	(192)	-	-	-	-	(192)	(192)
Convertible borrowings – equity component	-	-	-	7,371	-	-	7,371	7,371
Own shares held by EBT	-	-	(2,568)	-	-	-	(2,568)	(2,568)
Exchange translation difference on foreign operations	-	-	-	-	(360)	-	(360)	(360)
At 28 February 2010	5,208	30,657	(2,568)	7,371	(1,180)	(30,823)	8,665	8,665

Company	Ordinary Share capital \$'000	Share premium \$'000	Own shares held by EBT \$000	Convertible borrowings – equity component \$000	Retained deficit \$'000	Total equity \$'000
At 29 February 2008	2,442	22,058	-	-	(22,181)	2,319
Profit for the year	-	-	-	-	10,105	10,105
Shares issued	1,405	5,621	-	-	-	7,026
Cost of shares issued	-	(419)	-	-	-	(419)
Share based payment	-	-	-	-	282	282
Movement due to retranslation to \$ as presentational currency (see note 1a)	-	-	-	-	(4,545)	(4,545)
At 28 February 2009	3,847	27,260	-	-	(16,339)	14,768
Loss for the year	-	-	-	-	(5,539)	(5,539)
Shares issued	1,361	3,589	-	-	-	4,950
Cost of shares issued	-	(192)	-	-	-	(192)
Convertible borrowings – equity component	-	-	-	7,371	-	7,371
Own shares held by EBT	-	-	(2,568)	-	-	(2,568)
At 28 February 2010	5,208	30,657	(2,568)	7,371	(21,878)	18,790

Consolidated and Company Statement of Cashflows

Year ended 28 February 2010

	Group		Company	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000
(Loss)/profit before tax	(4,713)	(2,675)	(5,539)	10,105
Adjusted for:				
Depreciation of property, plant and equipment	3	115	3	14
Impairment reversal of exploration and development costs, net	(70)	(5,555)	-	-
Share of loss of associate	84	391	-	-
Change in fair value of assets held for trading	(78)	-	-	-
Profit on part disposal of subsidiary	(44)	(475)	(44)	-
(Gain)/loss on disposal of property, plant and equipment	(258)	-	5	-
Finance income	(4)	(127)	(4)	(127)
Finance costs	3,053	5,788	3,028	5,958
(Increase)/decrease in inventories	(792)	151	-	-
(Decrease)/increase in trade and other receivables	(807)	285	(57)	191
Increase/(decrease) in trade and other payables	3,438	(1,426)	(422)	(1,142)
Share-based payments	1,008	282	1,008	282
Reversal of provision against loans to subsidiaries, net	-	-	-	(5,942)
Provision (Reversal of provision) against investments in associate/subsidiaries, net	-	-	634	(11,713)
Net cash inflow/(outflow) from operating activities	820	(3,246)	(1,388)	(2,374)
Investing activities				
Loans to subsidiary companies	-	-	(12,250)	(4,550)
Investment in subsidiary	-	-	(95)	-
Purchase of property, plant and equipment	(14,910)	(3,276)	(7)	(6)
Proceeds from sale of property, plant and equipment	354	-	-	-
Increase in other financial assets	(20)	-	(20)	-
Interest received	4	127	4	127
Increase in rehabilitation security deposit	-	(1,849)	-	-
Proceeds from part disposal of subsidiary	44	-	44	-
Cash outflow from investing activities	(14,528)	(4,998)	(12,324)	(4,429)
Financing activities				
Equity share capital subscription, net	1,375	5,882	1,375	5,882
New borrowings, net of costs	13,871	1,493	13,871	1,493
Repayments of borrowings	(202)	(1,475)	(202)	(1,475)
Proceeds of shares issued to minorities	-	475	-	-
Interest paid	(364)	(1,359)	(364)	(1,359)
Cash flows from financing activities	14,680	5,016	14,680	4,541
Net increase/(decrease) in cash and cash equivalents	972	(3,228)	968	(2,262)
Cash and cash equivalents at start of year	961	4,432	949	3,668
Exchange movements	(110)	243	(109)	(457)
Cash and cash equivalents at end of year	1,823	961	1,808	949

Notes to the financial statements

Year ended 28 February 2010

General information

Angel Mining plc ("Angel" or the "Company") is incorporated and domiciled in the United Kingdom and, together with its subsidiaries, forms "the Group".

The principal accounting policies applied in the preparation of the financial statements are set out below.

1. Basis of preparation

These financial statements have been prepared in accordance with IFRS as adopted by the European Union and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 3.

The Parent Company accounts of Angel Mining plc are separate financial statements. A separate income statement for the Parent Company has not been presented as permitted by Section 408 of the Companies Act 2006.

The financial statements of the Group and Company have both been prepared on the historical cost basis except for the revaluation of certain financial instruments.

a) Change in functional currency

Previously, the directors considered the functional currency of the Company to be Sterling. In light of developments within the Company's operations and the nature of its funding, the directors have reassessed the functional currency of the Company and concluded that the currency of the primary economic environment in which Angel Mining operates is now the US dollar. The date of change from Sterling to US dollars has been taken as 1 March 2009. The key factors influencing this decision include the following:

- (i) During the year, the Company acquired the Nalunaq license and mining assets. This will be the first producing mine for the Company. The consideration for these assets was paid in US dollars;
- (ii) During the year, the Company sourced plant, machinery and employees with technical skills on a global basis. A significant proportion of these costs were based in US dollars. In prior years, the Company's costs had been incurred primarily in Sterling;
- (iii) The Company's primary form of finance during the period was the long term and short term debt facilities provided by FBC. These facilities are all based in US dollars. During prior periods, the Company had been more heavily dependent upon equity finance which was denominated in Sterling;
- (iv) The vast majority of the forms of finance which the Company has been pursuing and is likely to pursue going forward are US dollar based;
- (v) Commencing during the year, one of the largest consumables used by the Company in its operations in Greenland was diesel fuel. Although the Company pays for its diesel in Danish Kroner, the price of diesel is determined globally and priced in US dollars; and
- (vi) The resources that the Company is working to exploit are global commodities which are always priced in US dollars. When the Company begins producing, all its revenues will be dollar based.

The change in the Company's functional currency has been accounted for prospectively from 1 March 2009 in accordance with IAS 21. This change constituted a prospective change in accounting policy. The financial statements for 2009 have been prepared using Sterling as the functional currency and US dollars as the presentational currency.

The change in the presentational currency from Sterling to US dollar is and therefore is applied retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and therefore require comparative information to be restated and consequently, a third balance sheet is required to be presented in the financial statements.

The impact of this change in presentational currency for 2009, is as follows:

- (i) The assets and liabilities for both the Group and the Company at 28 February 2009 have been translated using the closing rate for the same date of \$1.426/£;
- (ii) The consolidated income statement for 2009 has been translated using the average rate for the year ended 28 February 2009 of \$1.771/£ on the basis that this average rate approximates the exchange rates on the dates of transactions; and

The resulting gain on retranslation from average to closing rate has been recognised in the consolidated statement of comprehensive income.

b) 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 Chief Executive Officer's Statement on pages 4 to 5. The financial position of the Group, its cash flows, liquidity position, borrowings and equity drawdown facility, financial risk management objectives, details of financial instruments and exposure to credit risk and liquidity risk are also described in the CEO's Statement and in the notes to the financial statements.

The Group reported a loss for the year of \$4,713,409. In addition, as at 28 February 2010, the Group had net current liabilities of \$15,813,275. Given the above, the Directors consider that the greatest risks facing the Group are the ability to raise future funding, the continued support of Cyrus and the Company's ability to generate cash at Nalunaq gold mine. The ability to draw down against the SEDA facility is an important element impacting availability of cash.

Capital market and economic conditions fluctuate, as discussed in the Chief Executive Officer's Statement, and commodity prices have a direct impact on the estimated future revenues and profitability of the Group. However, at the date of this report, the cash cost of production is forecast to be significantly less than the relevant commodity prices. Once Nalunaq reaches normal operating capacity, it should be ramping up to producing 60 to 70 ounces of gold each day by December 2010 at an average cash cost of approximately \$560 per ounce. This will allow the Group to generate positive operating cashflow.

During the period, the Company re-negotiated the terms of a \$12.5 million loan obtained from Cyrus through its affiliate FBC, such that the loan was converted into convertible interest free loan notes, with voting rights, which will be converted to shares in the Company on or before 31 December 2012, at the holder's option and cancelled 37.5 million warrants. There are no principal repayments due on the loan prior to maturity.

It is assumed that FBC will choose to convert the interest free \$12.5 million loan notes into 577,275,675 shares on or before 31 December 2012. The short term loan, amounting to \$21.0 million, plus arrears of interest to 30 June 2010 amounting to \$1.07 million, is now due to be repaid by 31 December 2010, as amended with Cyrus on 30 August. Since the year end, FBC has advanced an additional \$6.5 million to assist the Company in maintaining liquidity. This additional sum is included in the \$21.0 million.

The Company entered into a Structured Equity Drawdown Agreement ("SEDA") with YA Globalmaster SPV Ltd on 25 April 2009 which provided the Company with a £5 million equity drawdown facility valid until 26 June 2011. The SEDA agreement is subject to covenants and contains a number of opt-out provisions. The Company had drawn down £337,306 (\$543,533) at the balance sheet date and a further £896,000 (\$1,361,814) since the balance sheet date, leaving £3,766,694 still available to draw.

For the purpose of their going concern assessment, the Directors have assumed that the Company will:

- obtain future funding;
- be able to draw down on the SEDA facility,
- that Nalunaq will be cash generative during the second half of 2010, and
- that Cyrus will continue to provide the existing borrowing facilities.

The Directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's and Group's ability to continue as a going concern and that, therefore, the Company and the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and are supported by the following post balance sheet events:

- Management are in the final stages of securing funding subject to contracts and shareholder approval as mentioned in the chairman's report;
- The final part which will allow production to commence at Nalunaq will arrive during the next three weeks and our reserves and independent technical auditing testing results indicate we should produce saleable doré;

- A SEDA draw down of £150,000 has been approved by Cyrus and applied for and is expected to be received in September 2010 and further draw downs are possible if needed once approved by the majority shareholder and this has occurred based on history of draw downs and approvals received; and
- Cyrus has agreed to extend the repayment terms of its loans and capitalised interest (currently \$21.8 million) into a series of payments commencing on 15 February 2011 and ending 31 December 2011.

For these reasons, they continue to adopt the going concern basis in preparing its annual financial statements. The Directors believe that the Group now has sufficient resources for continuing operations and it will be able to attract additional finance for the development of the Black Angel and other projects in the foreseeable future.

c) Adoption of new and revised standards

In the current year, the following new and revised Standards have been adopted and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

IAS 1 (revised 2007) *Presentation of Financial Statements* – In the current year the Group has adopted IAS 1 (revised 2007), which introduces a statement of comprehensive income, which presents all items of income and expenses which are not recognised in the income statement. This has resulted in the Company and the Group presenting these statements separately for 2010 and 2009. It has also resulted in the Company and Group presenting a third balance sheet for 2008 as it involves a retrospective change of policy.

IFRS 8 *Operating Segments* – The adoption of this standard has not led to any significant changes to the disclosures made by the Group.

Improving Disclosures and Financial Instruments (Amendments to IFRS 7 *Financial Instruments: Disclosures*) – The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

The adoption of these Interpretations has not led to any changes in the Group's accounting policies.

At the date of authorisation of the financial statements, the following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)	<i>Additional exemptions for first time adopters</i>
IFRS 2 (amended)	<i>Group cash-settled share-based payment transactions</i>
IFRS 3 (revised 2008)	<i>Business Combinations</i>
IFRS 9	<i>Financial Instruments</i>
IAS 24 (revised 2009)	<i>Related Party Disclosures</i>
IAS 27 (revised 2008)	<i>Consolidated and Separate Financial Statements</i>
IAS 32 (amended)	<i>Classification of rights issues</i>
IAS 39 (amended)	<i>Eligible Hedged Items</i>
IFRIC 14 (amended)	<i>Prepayment of a minimum funding requirement</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>
Improvements to IFRSs (April 2009)	
Improvements to IFRSs (May 2010)	

The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Company or the Group except for the treatment of acquisitions of subsidiaries and associates when IFRS 3 (revised 2008), IAS 27 (revised 2008) come into effect for business combinations for which the acquisition date is after 28 February 2010.

2. Accounting policies

a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 28 February each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of

the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation

b) Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Any gain or loss resulting from a part disposal of a subsidiary is recognised in income in the period.

c) Investments in associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any deficiency of the cost of acquisition below the Group's share of the fair values of the identifiable net assets of the associate at the date of acquisition (i.e. discount on acquisition) is credited in profit or loss in the period of acquisition.

Where a Group company transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Losses may provide evidence of an impairment of the asset transferred in which case appropriate provision is made for impairment.

d) Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising on acquisitions before the date of transition to IFRS (1 March 2006), had already been fully impaired prior to the date of transition

e) Investments in subsidiaries and associate – parent company accounts

Investments in subsidiaries and associates are recognised in the Company financial statements at historical cost less any provision for impairment. Any subsequent reversal of the impairment loss is then recognised in accordance with the accounting policy described in h) below.

f) Exploration and development costs

Expenditure on the acquisition cost, exploration and evaluation of interests in licences including related overheads is capitalised. Such costs are carried forward in the balance sheet under property, plant and equipment where such costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively by its sale. Where doubt exists over the viability of a project, the associated deferred exploration expenditure and development costs are assessed for impairment as set out below and any impairment loss is recognised in the income statement. Any subsequent reversal of the impairment loss is then recognised in accordance with the accounting policy described in h) below.

Project development costs include costs directly attributable to the construction of a mine and the related infrastructure, and are depreciated commencing when the assets are available for use over the estimated life of the reserves on a unit of production basis as defined in the Bankable Feasibility Study. Development properties are tested for impairment as discussed below.

g) Property, plant and equipment other than exploration and development costs

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment losses. Assets in the course of construction are not depreciated.

Depreciation is calculated to write off, on a straight line basis, each asset, less its estimated residual value, over its estimated useful life as follows:

- Buildings – life of mine
- Plant and machinery – 10% per annum
- Office equipment – 25% per annum

The gain or loss arising on disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Useful economic lives, residual values and the method of depreciation are reviewed each year.

h) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that any of its assets have been impaired. If such indication exists, the asset's recoverable amount is estimated in the light of current business prospects and forecasts and compared to its carrying value.

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

For goodwill, intangible assets that have an indefinite life and intangible assets not yet available for use, the recoverable amount is estimated at each balance sheet date and whenever there is an indication of impairment.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Where an impairment loss subsequently reverses as a result of a change in the estimates used to determine the recoverable amount since the impairment loss was recognised, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

i) Inventories

The Group's inventories comprise items held for consumption within operations, principally fuel and consumables, which are stated at a value calculated on a first in first out basis. Inventories are stated at the lower of cost and net realisable value.

j) Financial instruments

Financial instruments are classified as financial assets, financial liabilities or equity instruments.

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ('FVTPL'), held to maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Currently, the Group only has loans and receivables financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the near term; or on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item in the income statement. Fair value is determined in the manner described in note 23.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivable when recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amount it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Equity instruments

Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Financial payments associated with financial instruments that are classified as equity are dividends and are recorded directly in equity.

Financial liabilities

Financial liabilities are classified as either financial liabilities "FVTPL" or "measured at amortised cost". Currently, the Group only has financial liabilities measured at amortised cost. The Group's financial liabilities comprise borrowings, and items such as trade payables that arise directly from its operations.

Borrowings

Borrowings are initially recognised at fair value being net proceeds less transaction costs and are subsequently measured at amortised cost. Finance payments associated with borrowings are dealt with as part of finance costs and are recognised using the effective interest rate method.

Convertible borrowings

On issue of a convertible borrowing, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a non-convertible instrument with similar terms. This value is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds are allocated to a separate component of equity, net of issue costs, which remains constant in subsequent periods. Issue costs are apportioned between the liability and equity components based on their respective carrying amounts when the instrument was issued.

On conversion, the liability is reclassified to equity and no gain or loss is recognised in the profit or loss. Where the convertible borrowing is redeemed early or repurchased in a way that does not alter the original conversion privileges, the consideration paid is allocated to the liability and equity components. The consideration relating to the equity component is recognised in equity and the amount of gain or loss relating to the liability element in profit or loss. The finance costs recognised in respect of the convertible borrowings includes the accretion of the liability.

Trade payables

Trade payables are initially recognised at fair value (nominal value) and then subsequently recorded at amortised cost. They do not carry any interest.

Derecognition of financial liabilities

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or expired.

k) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for sale of mineral products in the normal course of business, net of discounts, value added tax ('VAT') and other sales-related taxes.

Sales are recognised when minerals are delivered and title has passed. There have been no revenues in either period.

Interest income is recognised on a time apportion basis using the effective interest rate method.

Dividend income from investments, held at cost, is recognised when the shareholders' right to receive payment have been established.

l) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

m) Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in US dollar, which is the functional currency of the Company, and the presentational currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Where a subsidiary's functional currency differs from the Group's presentational currency, the assets and liabilities of the subsidiary undertaking are translated into US dollar at the exchange rate prevailing on the balance sheet date. Also the income and expenditure of the undertaking are translated into US dollar at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group has elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as Sterling denominated assets and liabilities.

o) Share-based payments

The Group has applied the requirements of *IFRS 2 Share-based Payments*. In accordance with IFRS 1, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005.

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

The fair value is measured at the date of grant using the Black-Scholes model formula by reference to the fair value of those options so granted and is considered the most appropriate method taking into account the effect of the vesting conditions, the expected exercise period and the dividend policy of the Company.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair of the liability. At the balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

p) Employee benefits – post retirement

The Group contributes to the defined contribution schemes of other UK employees. The amount recognised as an expense represents the contributions payable to the scheme in respect of the financial year. In order to conserve cash reserves, no payments to the contributions have been made since 1 August 2008.

q) Provisions

Provisions are recognised in the balance sheet when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for environmental remediation and decommissioning of the Group's mining and exploration facilities have been estimated using current third party and management estimates and are discounted to present value where the effect is material. While the provision has been based on the best estimates of future costs and economic life, there is uncertainty regarding the timing of these costs.

The environmental remediation and decommissioning of the Group's mining and exploration facilities are capitalised as part of fixed assets, and are expensed when production activities commence.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the assets and liabilities that are not readily

apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- functional currency – note 1a;
- going concern – note 1b;
- capitalisation and impairment of exploration and development costs – note 13;
- recoverability of exploration and development costs – note 13;
- impairment of assets, including goodwill – notes 12 and 13;
- estimation of share-based payments – note 24;
- provision for environmental remediation and decommissioning – note 22; and
- provisions in the Company against investments and balances due from subsidiary companies – notes 15 and 28.

4. Group segment reporting

Adoption of IFRS 8, Operating Segments

The Group has adopted IFRS 8 *Operating Segments* with effect from 1 March 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Executive to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required the Group to identify two sets of segments (business and geographical), using a risks and returns approach, with the Group's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments. As a result, following the adoption of IFRS 8, the identification of the Group's reportable segments has changed.

In prior year, the Group had only one business segment, being mining, and this was considered to be the primary reporting format for the Group. The Group also operated in two geographic segments, namely Greenland and Brazil, which were considered to be the secondary reporting format for the Group. During the year the Group acquired Nalunaq gold mine therefore bringing to the business another type of mining activity. In addition, the operations in Brazil were fully disposed in 2009. The Group's reportable segments under IFRS 8 are therefore the Black Angel Zinc/Lead mine (Greenland), Nalunaq Gold Mine (Greenland) and Brazil (disposed in 2009).

Information regarding the Group's operating segments is reported below.

Segment results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of the share of profits of associates, central administration costs including directors' salaries, investment revenue and finance costs, and income tax expense, which are presented as other. This is the measure reported to the Group's Chief Executive for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's results by reportable segment in 2010:

	Black Angel zinc/lead mine \$'000	Brazil \$'000	Other \$'000	Total \$'000
2010				
Reversal of impairment of property, plant and equipment	-	70	-	70
Gain on disposal of holding in subsidiary	-	-	44	44
Other operating costs	-	-	(1,772)	(1,772)
Operating profit/(loss)	-	70	(1,728)	(1,658)
Finance cost	-	-	(3,053)	(3,053)
Finance income	-	-	4	4
Share of loss of associate	-	-	(84)	(84)
Change in fair value of assets held for trading	-	-	78	78
Profit/(loss) before tax	-	70	(4,783)	(4,713)
Taxation	-	-	-	-
Retained profit/(loss) for the financial year	-	70	(4,783)	(4,713)

	Black Angel zinc/lead mine \$'000	Brazil \$'000	Other \$'000	Total \$'000
2009				
Reversal of impairment of property, plant and equipment	5,687	(131)	-	5,556
Gain on disposal of holding in subsidiary	-	475	-	475
Other operating costs	-	-	(2,654)	(2,654)
Operating profit(loss)	5,687	344	(2,654)	3,377
Finance cost	-	-	(5,788)	(5,788)
Finance income	-	-	127	127
Share of loss of associate	-	-	(391)	(391)
Profit/(loss) before tax	5,687	344	(8,706)	(2,675)
Taxation	-	-	-	-
Retained profit/(loss) for the financial year	5,687	344	(8,706)	(2,675)

The Nalunaq gold mine, which was acquired during the year, was under development and had no results as at 28 February 2010.

Segment assets

	2010 \$000	2009 \$000	2008 \$000
Black Angel zinc/lead mine	21,205	16,784	11,174
Nalunaq gold mine	16,035	-	-
Other	2,380	1,205	5,190
	39,620	17,989	16,364

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chief Executive monitors the tangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in associates and other financial assets (except for trade and other receivables).

Additions to non-current assets

	2010	2009
	\$000	\$000
Black Angel zinc/lead mine	2,519	3,270
Nalunaq gold mine	11,956	-
Other	7	6
	14,482	3,276

(Reversal of)/impairment on exploration and development costs

	2010	2009
	\$000	\$000
Black Angel zinc/lead mine	-	(5,687)
Brazil (disposed of)	(70)	131
	(70)	(5,556)

5. Operating loss

Operating loss is the loss before taxation, finance income, finance costs, share of the results of associates and changes in fair value of investments held for trading.

	2010	2009
	\$000	\$000
Operating loss is stated after charging/(crediting):		
Depreciation of property, plant and equipment	3	115
Reversal of impairment of exploration and development costs	(70)	(5,556)
Foreign exchange (gains)/losses	(547)	3,796
Share-based payments	1,008	282
Gain on sale on disposal of property, plant and equipment	258	-
Inventories recognised as an expense during the period	-	129

	2010	2009
	\$000	\$000
Amounts payable to Deloitte LLP in respect of:		
audit services: statutory audit of parent and consolidated financial statements	106	119
other services: audit of associates pursuant to legislation	39	18
other services: limited review of the interim accounts	11	-
tax services: compliance and advisory	9	20
	165	157

Fees paid to Deloitte LLP and its associates for non-audit services to the Company itself are not disclosed in the individual accounts of Angel because the Company's consolidated accounts are required to disclose such fees on a consolidated basis.

6. Remuneration of Directors and key management personnel

Key management personnel comprise only the Directors.

	2010 \$000	2009 \$000
Emoluments – short term employee benefits		
RM Andrews	-	105
NJH Hall	163	143
TJ Daffern	162	140
AP Zemek	21	92
DPL Williams	28	122
TG Elder	-	19
F Chapman	-	5
C Innis	-	17
	374	643
Pension contribution – post-employment benefits		
RM Andrews	-	9
NJH Hall	34	9
TJ Daffern	34	4
AP Zemek	-	9
DPL Williams	-	7
	68	38
Termination benefits		
RM Andrews	-	27
Total emoluments and pension contributions	442	708

The Directors' interests in the Company's share option scheme are detailed in the Directors Remuneration Report. The total amount expensed in the year was \$1,008,356 (2009: \$281,773).

Within wages and salaries is \$73,912 capitalised to intangible Mine Development costs.

Details of other related party transactions are shown in note 28.

The highest paid director received emoluments of \$199,299 (2009: \$142,915) and pension contributions of \$34,663 (2009: \$8,857).

There were unpaid pension contributions totalling \$68,370 owed to the Directors as at the year ended 28 February 2010 and at 28 February 2009 directors were owed \$84,912 for arrears of salary.

In April 2009, the amounts of salary and bonus previously sacrificed by those Directors who remained in office, were reinstated, it was mutually agreed that the net proceeds, in each case, would be invested in the share placing which took place in June 2009. With the addition of some personal contributions, the Directors subscriptions were as follows:

	Number of shares
NJH Hall	1,500,000
TJ Daffern	600,000
DPL Williams	500,000

7. Staff numbers and costs

	2010 \$000	2009 \$000
Average number of persons, including Directors	9	9
Staff costs during the year in respect of those employees were:		
	2010 \$000	2009 \$000
Wages and salaries	374	778
Social security costs	56	67
Pension costs	68	44
Share based payments (see note 24)	1,008	282
	1,506	1,171

8. Finance costs

	2010 \$000	2009 \$000
Interest on borrowings	2,399	1,992
Bank and other borrowing costs	629	-
Unwinding of discount on decommissioning provision (note 22)	25	-
Foreign exchange losses	-	3,796
	3,053	5,788

No gains or losses have been recognised on financial liabilities measured at amortised cost other than as shown above.

9. Finance income

	2010 \$000	2009 \$000
Bank interest	4	127

No other gains or losses have been recognised in respect of loans and receivables (including cash and bank balances), other than as shown above.

10. Taxation

Subject to agreement with HM Revenue & Customs and overseas tax authorities, the Group has tax losses estimated to be in excess of \$16 million (2009: \$14 million) available for set-off against future trading profits. The deferred tax asset relating to the above losses has not been recognised in the financial statements as the asset will take a number of years to be realised and its recoverability is uncertain.

There is no tax charge for the year. This is higher than the credit resulting from the loss before tax at the standard rate of Corporation Tax in the UK of 28% (2009: 28%). The differences are explained as follows:

	2010 \$000	2009 \$000
Loss on ordinary activities before taxation	(4,713)	(2,675)
Tax at 28%	(1,320)	(749)
Effects at 28%		
- net income	(90)	(1,500)
- differences	(509)	(604)
- between capital allowances and depreciation		
- tax losses	1,919	2,853
- carried forward		
Tax loss on ordinary activities	-	-

11. Loss per share

The basic and diluted loss per share is calculated by dividing the loss attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.

	Losses attributable to equity holders of the parent \$000	Weighted average number of shares	Loss per share Cents
Basic and diluted loss per share 2010	(4,713)	254,791,311	(1.85)
Basic and diluted loss per share 2009	(2,675)	189,179,485	(1.41)

As the Group has made a loss for both years, convertible loan voting rights, warrants and share options detailed in notes 21, 23 and 24 were anti-dilutive and have not been included in the fully diluted loss per share calculation.

12. Intangible assets

	\$000
Cost	
As 28 February 2007	1,680
Exchange difference	19
At 29 February 2008	1,699
Exchange difference	(478)
At 28 February 2009	1,221
Exchange difference	84
At 28 February 2010	1,305
Impairment	
As 28 February 2007	1,680
Exchange difference	19
At 29 February 2008	1,699
Exchange difference	(478)
At 28 February 2009	1,221
Exchange difference	84
At 28 February 2010	1,305
Net book value	
At 28 February 2008, 2009 and 2010	-

The goodwill arose on the acquisition of 1 March 2006 of the remaining minority interest in Black Angel Mining Ltd.

In assessing the impairment, the recoverable amount has been determined as the fair value less cost to sell in the light of latest business projections at that time.

13. Property, plant and equipment

Group	Infrastructure \$'000	Assets under construction \$'000	Decommis- sioning assets \$'000	Plant and machinery \$'000	Exploration and development costs \$'000	Office equipment \$'000	Total \$'000
At 28 February 2007	-	-	-	-	6,288	165	6,453
Additions	1,031	6,064	501	1,179	7,969	91	16,835
Exchange movement	(9)	(56)	(5)	(11)	(8)	25	(64)
At 29 February 2008	1,022	6,008	496	1,168	14,249	281	23,224
Additions	-	1,382	-	92	1,796	6	3,276
Change in estimate	-	-	931	-	-	-	931
Exchange movement	(288)	(1,960)	(321)	(346)	(4,359)	(80)	(7,354)
At 28 February 2009	734	5,430	1,106	914	11,686	207	20,077
Additions	-	14,407	-	68	-	7	14,482
Additions on acquisition	50	-	-	750	200	-	1,000
Change in estimate	-	-	695	-	-	-	695
Disposals	-	-	-	(498)	(4,113)	(194)	(4,805)
Exchange movement	56	(403)	66	(80)	588	-	227
At 28 February 2010	840	19,434	1,867	1,154	8,361	20	31,676
Accumulated depreciation/impairment							
At 28 February 2007	-	-	-	-	6,288	62	6,350
Charge for the year	74	-	-	136	172	40	422
Impairment	-	-	-	-	5,853	-	5,853
Exchange movement	-	-	-	(2)	10	6	14
At 29 February 2008	74	-	-	134	12,323	108	12,639
Charge for the year	-	-	-	101	-	14	115
Reversal of impairment	-	-	-	-	(5,687)	131	(5,556)
Exchange movement	(21)	-	-	(57)	(2,360)	(59)	(2,497)
At 29 February 2009	53	-	-	178	4,276	194	4,701
Charge for the year	-	-	-	-	-	3	3
Reversal of impairment	-	-	-	-	-	(70)	(70)
Disposals	-	-	-	-	(4,113)	(119)	(4,232)
Exchange movement	4	-	-	-	12	-	16
At 28 February 2010	57	-	-	178	175	8	418
Net book value							
At 28 February 2010	783	19,434	1,867	976	8,186	12	31,258
At 28 February 2009	681	5,430	1,106	736	7,410	13	15,376
At 29 February 2008	948	6,008	496	1,034	1,926	173	10,585

All the assets of Angel Mining plc, Black Angel Mining Ltd and its subsidiaries have been pledged as collateral for security against the borrowings from Cyrus (see note 21). This includes all land and buildings, assets under construction, plant and machinery and office equipment.

In assessing the impairments, the recoverable amount has been determined as the fair value less costs to sell in the light of latest business projections. The reversal in the prior year of the Greenlandic assets, especially exploration costs was based upon the fact that the Group then had a mining licence and the project to which the assets relate is considered to be economically viable, following the completion of the Bank Feasibility Study.

Disposals of exploration and development costs relate to impaired costs in respect of the Brazilian operations liquidated in the year.

The Group's ability to recover the cost of fixed assets has been assessed using the method described in note 2h and applying the following key assumptions to calculate the value in use:

- pre-tax discount rate of 15%;
- production flow rates and estimated life of the reserves based upon the Bankable Feasibility Study;
- expected future selling price based upon anticipated market conditions; and
- costs, with particular reference to previous experience and expected inflation.

Company	Exploration and development costs \$000	Office equipment \$000	Total \$000
Cost			
At 28 February 2007	2,427	69	2,496
Additions	-	8	8
Exchange difference	25	1	26
At 29 February 2008	2,452	78	2,530
Additions	-	5	5
Exchange difference	(690)	(23)	(713)
At 28 February 2009	1,762	60	1,822
Additions	-	7	7
Disposals	(1,762)	(48)	(1,810)
At 28 February 2010	-	19	19
Accumulated depreciation/impairment			
At 28 February 2007	2,427	41	2,468
Charge for the year	-	11	11
Exchange movement	25	2	27
At 29 February 2008	2,452	54	2,506
Charge for the year	-	14	14
Exchange difference	(690)	(19)	(709)
At 28 February 2009	1,762	49	1,811
Charge for the year	-	3	3
Disposals	(1,762)	(43)	(1,805)
At 28 February 2010	-	9	9
Net book value			
At 28 February 2010	-	10	10
At 28 February 2009	-	11	11
At 29 February 2008	-	24	24

Disposals of exploration and development costs relate to impaired costs in respect of the Brazilian operations liquidated in the year.

All the assets of the Company have been pledged as collateral for security against the borrowings shown in note 19.

14. Investments in subsidiaries

Company	\$000
Cost	
At 28 February 2007	15,862
Additions/disposals, net	1,002
Exchange difference	155
At 29 February 2008	17,019
Additions/disposals, net	102
Exchange difference	(4,809)
At 28 February 2009	12,312
Additions	95
At 28 February 2010	12,407
Impairment	
At 28 February 2007	15,862
Impairment during the year	1,002
Exchange difference	155
At 29 February 2008	17,019
Reversal of impairment	(11,891)
Additions	102
Exchange difference	(2,493)
At 28 February 2009 and 2010	(2,737)
Net book value	
At 28 February 2010	9,670
At 29 February 2009	9,575
At 28 February 2008	-

Details of movements during the year are set out in note 27.

Subsidiary undertakings	Country of incorporation	Shares held	Principal activity
Black Angel Mining Ltd	England	100%	Holding company
Black Angel Mining A/S	Greenland	100%	Exploitation
Angel Mining (Gold) A/S	Greenland	100%	Exploitation
Greenland Resources Ltd	England	51%	Holding company
Greenland Mines Ltd	England	100%	Dormant

* Held indirectly through Black Angel Mining Ltd.

** Held indirectly through Greenland Resources Ltd.

St Andrews Mining Ltd ("SAM") and its Brazilian subsidiaries have, since the year end, completed liquidation procedures. All of these companies' assets have been considered to be fully impaired at the year end. Greenland Resources Limited has not been consolidated (see note 27).

The Company did not receive any benefits from their liquidation, and no liabilities have accrued to the Company.

15. Investments

Investments accounted for using the equity method

Group	\$000
At 28 February 2007	1,070
Share of loss of associate	(383)
Exchange difference	15
At 29 February 2008	702
Share of loss of associate	(391)
Exchange difference	(121)
At 28 February 2009	190
Share of loss of associate in the 7 months ended 30 July 2009	(84)
At 31 July 2009	106
Reclassification to investment held for trading	(106)
At 28 February 2010	-

The Company's investment in Orion Metals Ltd ("OML") as at 1 March 2009 was 24.52% and accordingly it was treated as being an investment in an associated company, valued in the Group's financial statements at cost less the share of losses.

The investment of 14,666,667 shares was reduced on 30 July 2009 to 3,666,667 shares, following a 1 for 4 consolidation, and on the same date, OML issued a convertible loan instrument which was converted on 18 August 2009 and resulted in a dilution of the Company's interest in OML from 24.52% to 14.85% of the total issued capital. From 30 July 2009, the investment is regarded as held from trading as the Company is not deemed to have a significant influence over OML.

Investments held for trading

Group	\$000
At 28 February 2009	-
Reclassification from investment accounted for using the equity method	106
Change in the fair value of investment	78
At 28 February 2010	184

Prior to 28 February 2009, neither the Company nor the Group had any investments held for trading. The investment in the Company's financial statements is valued at cost less provision for impairment.

Company	Cost \$000	Provision \$000	Net \$000
At 28 February 2007	1,126	-	1,126
Exchange difference	12	-	12
At 29 February 2008	1,138	-	1,138
Exchange difference	(320)	-	(320)
At 28 February 2009	818	-	818
Impairment	-	(634)	(634)
At 28 February 2010	818	(634)	184

There are no contingent liabilities or capital commitments related to the Group's investment in the associate.

Events affecting this investment since the date of the Consolidated Statement of Financial Position are set out in note 29 (iv).

16. Rehabilitation security deposit

	2010 \$000	2009 \$000	2008 \$000
Black Angel lead/zinc mine	1,455	1,349	-
Nalunaq gold mine	2,937	-	-
	4,392	1,349	-

These deposits cover the estimated cost, as agreed with the Greenland Bureau of Mines and Petroleum, of decommissioning and rehabilitation obligations, as described in note 22. The Group's right to access this deposit is restricted.

17. Trade and other receivables

	Group			Company		
	2010 \$000	2009 \$000	2008 \$000	2010 \$000	2009 \$000	2008 \$000
Current						
Other receivables	590	52	283	93	52	223
Prepayments	272	3	112	19	3	67
Amounts owed by subsidiaries	-	-	-	28,764	15,406	9,880
	862	55	395	28,876	15,461	10,170

18. Other financial asset

On 24 April 2009, the Company entered into a £5 million SEDA with YA Global Master SPV, Ltd for a period of 24 months from the first draw down on the account to 26 June 2011. The Company incurred total fees of \$382,299 in respect of the facility. The other financial asset as at 28 February 2010 of \$251,383 represents the fees paid on the establishment of the SEDA with YA Global Master SPV, Ltd, net of amortisation. As drawdowns are made against the SEDA, the other financial asset is amortised pro rata to the drawdown against share premium. When the SEDA facility is fully utilised, the other financial asset will have been completely amortised.

During the year to 28 February 2010 £337,306 (\$543,533) has been drawn down through the issue of 7,672,411 shares at an average price of 4.4p per share (see note 23).

19. Trade and other payables

	Group			Company		
	2010 \$000	2009 \$000	2008 \$000	2010 \$000	2009 \$000	2008 \$000
Current						
Trade payables	3,903	-	1,539	225	357	1,161
Accruals and deferred income	501	540	275	477	-	268
Other payables	114	-	218	54	-	-
	4,518	540	2,032	756	357	1,429

20. Current provisions

The current provision as at 28 February 2010 relates entirely to the Company's liability under the JSOP which is a cash-settled share-based payment transaction (see note 24).

21. Borrowings

	Group			Company		
	2010 \$000	2009 \$000	2008 \$000	2010 \$000	2009 \$000	2008 \$000
Current borrowings	14,298	11,689	-	14,298	11,689	-
Non-current borrowings	5,987	-	11,252	5,987	-	11,252
	20,285	11,689	11,252	20,285	11,689	11,252

(i) Cyrus convertible loan

In July 2007, the Company arranged a \$30 million debt facility with Cyrus Capital Partners LP ("Cyrus"). This facility is split into two tranches, the first (Tranche A) being \$12.5 million and the second (Tranche B) \$17.5 million. Tranche A was

drawn down on 10 July 2007. Tranche B was not drawn down by 10 October 2008 and the facility therefore expired before year end.

The debt facility has a term of three years and carries interest at 11% per annum payable quarterly in arrears. The loan is guaranteed by Angel, Black Angel Mining Ltd ("BAM") and any of BAM's subsidiaries and is secured by a full fixed and floating charge over all of the assets of the guarantors. Tranche A was subject to an arrangement fee of 4% which was paid on drawdown; tranche B has a similar arrangement fee which was paid on 31 December 2007. A commitment fee of 3.5% has also been paid in respect of Tranche B.

The debt facility also involved the issue of 37.5 million warrants to Cyrus at an exercise price of 20p; it is considered that these warrants have a negligible fair value, on the basis that had the warrants not been issued, none of the other terms of the loan would have varied. The warrants were cancelled on 11 May 2009 as part of the re-structuring of the underlying loan.

The issue of share capital in SAM in the prior year resulted in a breach of a loan covenant, agreed with Cyrus at the inception of the loan. During the prior year, the Company continued to service the loan under its normal terms and there was no request from Cyrus for early settlement. As a result of the breach, the Group and Company classified the loan as a current liability as at 28 February 2009.

In May 2009, Cyrus agreed to refinance its \$12.5 million loan on the basis that FBC, an affiliate of Cyrus, would subscribe for Convertible Loan Notes and a B Share in exchange for the cancellation of the Cyrus Tranche A loan and the warrants. On 21 August 2009, shareholders approved the refinancing and the agreement was concluded.

The Convertible Loan Notes, which do not attract any interest, are convertible at any time, but not later than 31 December 2012, by FBC, into 577,275,625 fully paid Ordinary Shares. To date, there have not been any conversions of Loan Notes.

The fair value of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company, as follows:

	\$000
Equity component	7,371
Liability component at date of issue	5,199
Interest charged	788
Liability component at 28 February 2010	<u>5,987</u>

The equity component of \$7,370,694 has been credited to equity reserves.

The interest charged for the year is calculated by applying an effective interest rate of 27.1% to the liability component for the six month period since the Loan Notes were issued. The liability component is measured at amortised cost. The difference between the carrying amount of the liability component at the date of issue and the amount reported in the statement of financial position at 28 February 2010, represents the effective interest rate less interest paid to that date.

The Loan Notes will have the benefit of the same security as the Cyrus Loan until the Company secures funding necessary to put the Black Angel Mine into production in an amount and on terms satisfactory to FBC, at which time Cyrus will release its security, if security is required by the financing party.

The B share provides FBC with the same voting rights at general meetings of the Company as if they had exercised their conversion rights (see note 23). Based on the number of shares in issue at 28 February 2010, FBC would have 65.99% of all voting rights.

(ii) Cyrus short term loan

On 1 July 2009, FBC made a short term loan of \$1.25 million, to finance the acquisition of Nalunaq. On 15 September 2009 the loan was increased to \$2 million and on 16 October 2009 the Company received further funding from FBC of \$9.5 million. This was extended on 5 February 2010 by a further \$3 million taking the total new secured loan facility to \$14.5 million. Fees of \$628,750 have been paid to Cyrus, the loan bears interest at 15% p.a. and it is repayable on or before 16 October 2010. The loan agreement requires that SEDA (defined below) drawings will be used to repay the loan, together with cash from sales of gold produced at Nalunaq. To date, SEDA drawings have amounted to £1,233,306 (\$1,905,347) of which £125,000 (\$202,000) has been used as a part repayment of the FBC short term loan. As a result of the Company having not used all the drawings under the SEDA to repay the FBC short term loan, the Company was in technical breach of the loan agreement as at 28 February 2009.

On 26 May 2010, FBC advanced a further \$2.0 million, which was treated as a further tranche of the short term loan, increasing the total outstanding to \$16.5 million.

On 14 July 2010, FBC advanced a new loan of \$4.5 million with a facility fee of 6.0% and bearing interest at 10% p.a. The facility fee of \$270,000 plus an additional \$120,000 relating to the loan of \$2 million made on 26 May 2010 are payable as \$100,000 on 14 July 2010 and the balance is due at the time the loan is repaid. This loan, together with all other short term loans from FBC, are currently repayable on 31 August 2010 but the Company has reached agreement with Cyrus to extend the repayment terms of the loan and capitalised interest to a series of payments commencing on 15 February 2011 and ending on 31 December 2011.

22. Non-current provisions

Environmental rehabilitation provision

	Group		
	2010	2009	2008
	\$000	\$000	\$000
Balance brought forward	1,106	497	-
Changes in estimate	695	932	-
Additions during the year	3,388	-	501
Unwinding of discount	25	-	-
Exchange movement	(30)	(323)	(4)
Balance carried forward	5,184	1,106	497

The environmental rehabilitation provision has been established to cover any net asset decommissioning and rehabilitation obligations. Such obligations include the dismantling of infrastructure, removal of residue materials and remediation of disturbed areas. The provision is based upon a third party quotation augmented by management estimates for additional labour and transport costs. It does not allow for any additional obligations expected from future developments.

This amount has been recognised as a provision at its net present value, using a discount rate that reflects the market assessment of time value of money at that date and the unwinding of the discount on the provision will be charged to the income statement. Key assumptions underlying the calculation are a pre-tax, risk-free discount rate, estimated to be 1% (2009: 2%), corresponding to the interest rate offered on the rehabilitation security deposit by the Grønlandsbanken at the year end. These expenditures are expected to be incurred at the end of the producing life of the mine in the removal and decommissioning of the facilities currently in place (currently estimated to be in 10 years).

Cost estimates are formally reviewed at regular intervals; it is intended that third party quotations will be updated on an annual basis and adjusted accordingly.

23. Share Capital

Ordinary shares

	Shares			£		
	2010	2009	2008	2010	2009	2008
	(000,000)	(000,000)	(000,000)	(000)	(000)	(000)
Authorised						
At beginning of year	1,000	500	500	10,000	5,000	5,000
Increased in year	1,000	500	-	10,000	5,000	-
At end of year	2,000	1,000	500	20,000	10,000	5,000

	Shares		
	2010	2009	2008
	(000)	(000)	(000)
Issued			
At beginning of year	212,016	141,377	138,777
Issued in year	85,473	70,639	2,600
At end of year	297,489	212,016	141,377

Increase in authorised share capital

On 21 August 2009, as a result of the conversion of the Cyrus loan (see note 21), the authorised share capital of the Company was increased from £10,000,000 to £20,000,001, represented by 2,000,000,000 ordinary shares of 1p each and 1 'B share' of £1.00. Details of the Rights attaching to the B share, which is held by Cyrus, are set out below:

- (a) a holder of the B Share has the right to attend and vote at general meetings of the Company;
- (b) the B Share shall carry votes equal to the number of votes that the holder of the B Share would receive if it and/or any associates of it had converted the Loan Notes held by it or any of its associates (if any) on the record date of the meeting into Ordinary Shares (577,275,625 shares at 28 February 2010) in accordance with the conditions set out in the Loan Note Instrument;

- (c) the provisions of these revised articles of association, approved by shareholders on 31 August 2009, relating to votes attaching to the Ordinary Shares shall apply to the B Shares;
- (d) the B Share shall have no entitlement to dividends or a return of capital; and
- (e) the B Share is transferable only to an associate of FBC or Cyrus.

For the purposes of the above “associate” shall be as defined in s435 of the Insolvency Act 1986; “Loans Note Instrument” means the instrument executed as a deed by the Company and dated 8 May 2009 constituting the Loan Notes; and “Loan Notes” means \$12,500,000 Convertible Loan Notes denominated in units of \$1,000 convertible into Ordinary Shares and constituted by the Loan Note Instrument or the amount for the time being issued and outstanding.

Share capital issues

On 30 April 2009, 30,000,000 new ordinary shares were issued as the result of a private placing at 2p per share, raising £600,000.

On 16 September 2009, 6,500,000 new ordinary shares were issued to Fox-Davies Capital at 2.00p per share being the settlement of brokers fees of £130,000.

On 16 November 2009, 7,000,000 new ordinary shares were issued to North Atlantic Mining Associates Ltd. (“NAMAL”) at 5p being a £350,000 part settlement for work done at Nalunaq gold mine.

On 27 November 2009, 31,000,000 new ordinary shares were issued to the Bachmann Trust at 5p per share, funded by a loan from the Company for the benefit of the Joint Share Ownership Plan as detailed in note 24(ii).

YA Global Master facility (see note 18)

On 1 May 2009, 3,300,330 new ordinary shares were issued to YA Global Master SPV at 3.03p per share in settlement of a £100,000 SEDA facility fee.

On 1 July 2009, 1,986,228 new ordinary shares were issued to YA Global Master SPV at 1.88p per share being the first SEDA draw down of £37,306.

On 20 November 2009, 2,727,791 new ordinary shares were issued to YA Global Master SPV at 4.58p per share being the second SEDA draw down of £125,000.

On 8 February 2010, 2,958,392 new ordinary shares were issued to YA Global Master SPV at 5.92p per share being the third SEDA draw down of £175,000.

Equity capital raisings since the date of the Consolidated Statement of Financial Position are set out in Note 29.

24. Share-based payments

(i) *Company Share Option Plan*

The Company had one Share Option Plan, under which options to subscribe for the Company’s shares were granted to certain employees and consultants of the Group. The Company’s share option scheme was terminated during the year as the last options lapsed or were surrendered by on 16 September 2009.

	Weighted average exercise price per share (pence)	Number of options (000)
Outstanding at 28 February 2009	14.89	16,905
Lapsed/surrendered	14.89	(16,905)
Outstanding and exercisable at 28 February 2010	-	-

(ii) *Joint Share Ownership Plan (“JSOP”)*

Under the terms of the JSOP, 31,000,000 shares were issued on 27 November 2009, at 5p each, to an Employee Benefit Trust (“EBT”) administered by Bachmann Trust Company Ltd, which holds the shares on behalf of the participants. The EBT has an interest free loan from the Company, to buy the shares, and therefore the transaction is cash flow neutral to both the Company and the participants. The first participants are four of the directors and a subsidiary director, as shown in the directors’ remuneration report. Each participant may, after 12 months and before the 5th anniversary of the grant, take shares out of trust at a price of 5.89 pence per share. Of that, 5.00 pence per share will be used to repay the loan outstanding with the Company and the balance of 0.89 pence will be held by the trust until there is a suitable employee benefit need.

References in the statement of financial position and changes in equity to own shares held by EBT relate to those shares issued as part of the JSOP.

Due to the conditions described above, this is considered a cash-settled share-based payment transaction and has been accounted for as described in note 2o.

The number of shares granted and outstanding at 28 February 2009 is as follows:

	Weighted average exercise price per share (pence)	Number of shares (000)
Outstanding at 28 February 2009	-	-
Granted during the year	5.89	31,000
Outstanding and exercisable at 28 February 2010	5.89	31,000

No shares have been exercised or lapsed in the year.

The fair value of this incentive is measured at each reporting period using a binomial option valuation model and is considered the most appropriate method taking into account the effect of the vesting conditions, the expected exercise period and the dividend policy of the Company. There are not any market vesting conditions attached to the awards. The variables used in arriving at a fair market value of the awards, as at 28 February 2010, are as follows:

	2010 awards
Fair value of shares awards at measurement date (pence)	8.19
Share price at 28 February 2010	8.75
Exercise price	8.59
Expected volatility	240%
Option life (years)	4.75
Expected dividends	-
Risk free interest rate	1.5%

The calculation of the volatility of the share price was based on the Company's daily closing share price in the two years preceding the date of the grant. The life of the embedded option is estimated in the light of relevant factors, including behavioural considerations.

25. Financial instruments

Financial risk management

The Group's operations expose it to a number of financial risks. A risk management programme has been established to protect the Group against the potential adverse effects of these financial risks. There has been no significant change in these financial risks since the prior year.

The Group does not hold derivatives, no trading in financial instruments is undertaken and no hedging arrangements have been carried out.

The Group monitors its liquidity risk and interest rate risk primarily through cash flow forecasting. Foreign currency risk is also monitored through cash flow forecasting and currency is held in foreign currency bank accounts only to the extent that it is required for working capital purposes.

Fair value of financial instruments

	Group			Company		
	2010 \$000	2009 \$000	2008 \$000	2010 \$000	2009 \$000	2008 \$000
Financial assets						
Rehabilitation security deposit	4,392	1,349	-	-	-	-
Trade and other receivables	590	52	283	28,857	15,458	10,103
Cash and cash equivalents	1,823	961	4,432	1,808	949	3,668
	6,805	2,362	4,715	30,665	16,407	13,771
Financial liabilities						
Trade and other payables	4,518	540	2,032	756	357	1,429
Current borrowings	14,298	11,689	-	14,298	11,689	-
Non-current borrowings	5,987	-	11,252	5,987	-	11,252
Other non-current payables	-	477	707	-	-	-
	24,803	12,706	13,991	21,041	12,046	12,681

It is the Directors' opinion that the fair value of the Group's and the Company's financial instruments reflect the carrying amounts shown in the balance sheet with the exception of the current and non-current borrowings.

The fair value of the current and non-current borrowings has been determined by discounting future cash flows at a rate to reflect its associated level of risk.

Cash and cash equivalents comprise bank balances.

Credit risk

The Group invests its surplus funds in high quality banks. Such funds are available on demand.

The maximum exposures to credit risk for the Group and for the Company, without taking into account any collateral held or other credit enhancements are represented by the totals for Financial Assets shown above.

Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market prices. The Group and Company are exposed to the following market risks: interest rate risk, foreign currency risk and commodity price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Below is the Group and Company's exposure to interest rate risk and the impact on Group results of a 1% point fluctuation.

Group 2010	Non-interest bearing \$000	Variable rate \$000	Fixed rate \$000	Weighted average rate %	1% point increase \$000	1% point decrease \$000
Financial assets						
Rehabilitation security deposit	-	4,392	-	0.5%	44	(44)
Trade and other receivables	590	-	-	-	-	-
Cash and cash equivalents	-	1,823	-	0.5%	18	(18)
	590	6,215	-		62	(62)
Financial liabilities						
Trade and other payables	4,518	-	-	-	-	-
Current borrowings	-	-	14,298	15.0%	-	-
Non-current borrowings	5,987	-	-	-	-	-
	10,505	-	14,298		-	-

Group 2009	Non-interest bearing \$000	Variable rate \$000	Fixed rate \$000	Weighted average rate %	1% point increase \$000	1% point decrease \$000
Financial assets						
Rehabilitation security deposit	-	1,349	-	0.5%	14	(14)
Trade and other receivables	52	-	-	-	-	-
Cash and cash equivalents	-	961	-	0.5%	10	(10)
	52	2,310	-		24	(24)
Financial liabilities						
Trade and other payables	540	-	-	-	-	-
Current borrowings	-	-	11,689	11.0%	-	-
Non-current other payables	477	-	-	-	-	-
	1,017	-	11,689		-	-

Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment or recognised asset or liability will fluctuate due to changes in foreign currency rates.

The table below shows the currency profiles of monetary assets and liabilities which differ from the functional currency and the impact of a 10% movement in their exchange rates. The change of functional currency to US dollars has reduced the risk of foreign currency movements as all borrowings are in that currency.

Group and Company

	2010		
	Balance \$000	10% strengthening against \$000	10% weakening against \$000
Swiss Franc	77	8	(8)
British Pound	1,926	193	(193)
Danish Kroner	2,376	238	(238)
	4,379	439	(439)

	2009		
	Balance \$'000	10% strengthening against \$000	10% weakening against \$000
US dollars	(11,688)	(1,063)	(1,063)
Danish Kroner	1,429	159	(159)
	(10,259)	(904)	(904)

Commodity price risk

Commodity price risk is the risk that the Group's future earnings will be affected by changes in the market prices of commodities, in particular zinc, lead, silver and gold. As operations at the Company's Black Angel mine are still primarily in the area of exploration or development, results to date are not impacted by movements in commodity prices. However, The Group closely monitors the prices of these commodities and will consider the use of hedging contracts, where appropriate, in the future.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities. Further information relevant to liquidity risk management is included in note 1b.

The contractual maturity analysis of financial liabilities is shown below:

	Due in less than 1 month \$000	Due between 3 months and 1 year \$000	Due between 1 and 5 years \$000	Total \$000
Group 2010				
Trade and other payables	4,518	-	-	4,518

Current borrowings	-	14,298	-	14,298
Non-current borrowings	-	-	5,987	5,987
Group 2009				
Trade and other payables	540	-	-	540
Non-current borrowings	11,689	-	-	11,689
Non-current other payables	-	-	477	477
	Due in less than 1 month \$000	Due between 3 months and 1 year \$000	Due between 1 and 5 years \$000	Total \$000
Company 2010				
Trade and other payables	756	-	-	278
Current borrowings	-	14,298	-	14,298
Non-current borrowings	-	-	5,987	5,987
Company 2009				
Trade and other payables	356	-	-	356
Current borrowings	11,689	-	-	11,689

26. Capital risk management

The Group's objective when managing capital is to ensure that adequate funding and resources are obtained to enable it to develop its projects through to profitable production, while in the meantime safeguarding the Group's ability to continue as a going concern. This is aimed at enabling it, once the projects come to fruition, to provide appropriate returns for shareholders and benefits for other stakeholders.

The Group manages the capital structure in the light of changes in economic conditions and risk characteristics of the underlying projects. Conditions attached to borrowings are monitored regularly in the light of management accounts. Capital will continue to be sourced from equity and from borrowings as appropriate.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 21, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained deficit as disclosed in the consolidated statement of changes in equity.

The gearing ratio (net debt to equity) is 2.13:1 at 28 February 2010 (2009: 2.57:1).

Debt is defined as borrowings, as detailed in note 21. Equity includes all capital and reserves of the Group attributable to equity holders of the parent.

Externally imposed capital requirement

The Group is not subject to externally imposed capital requirements.

27. Acquisitions and disposals

During the course of the financial year, St Andrews Mining Ltd was liquidated and wound up.

On 20 December 2009 the Company sold 49% of the shares in Greenland Resources Ltd. ("GRL") for A\$50,000 and entered into a call and put option to sell the remaining shares for A\$1 on 31 December 2011, or earlier if the BMP confirm their approval of the purchaser, RAM Resources Ltd as the ultimate owner of the Motzfeldt exploration licence. GRL has a dormant subsidiary, no other assets and liabilities of DKK2,510,928 (approximately \$500,000) relating to a shortfall on exploration spend commitments. The Group no longer controls GRL, and it has not been consolidated into the Group accounts. As a result, the directors have assigned no value to the related option to sell the remaining interest.

On 1 July 2009, Angel Mining (Gold) A/S, a wholly owned subsidiary of Angel Mining plc, acquired the assets of the Nalunaq Gold Mine A/S for a cash consideration of \$1.5 million. An application was made, to the Greenland Government, for the mining licence. Confirmation of the transfer was received in September 2009 and the mine closure bond of DKK16 million was transferred to Angel Mining (Gold) A/S.

This acquisition has not been treated as a business combination as defined in IFRS 3 *Business Combinations* as it was judged by management that this was an acquisition of business assets rather than that of a business as defined in IFRS 3.

28. Related party transactions

Remuneration to directors is disclosed in note 6.

D Bordessa, a non-executive director of the Company, is an employee of Cyrus. In addition to the borrowing described in note 21, during the year, the Company entered into an agreement with FBC, an affiliate of Cyrus, under which FBC will

receive royalties on sales of gold, lead and zinc equal to 2% of gross sales revenue less a base cost of \$560 per ounce of gold and \$1,500 per tonne of lead and/ or zinc in exchange for Cyrus providing strategic and management services.

Loans to subsidiaries

Company	Loan \$000	Provision \$000	Net \$000
Balance at 28 February 2007	2,904	(2,472)	432
Amounts advanced to subsidiaries	14,586	-	14,586
Reversal of impairment	-	(5,054)	(5,054)
Exchange difference	(105)	21	(84)
Balance at 29 February 2008	17,385	(7,505)	9,880
Amounts advanced to subsidiaries	4,282	-	4,282
Reversal of impairment	-	6,761	6,761
Exchange difference	(5,726)	209	(5,517)
Balance at 28 February 2009	15,941	(535)	15,406
Amounts advanced to subsidiaries	12,822	-	12,822
Exchange difference	572	(36)	536
Balance at 28 February 2010	29,335	(571)	28,764

29. Post balance sheet events

i) Payment in shares

On 6 April 2010, the Company issued 2,180,233 Ordinary Shares at a price of 6.88 pence per share, to North Atlantic Mining Associates Limited ("NAMAL") in part consideration for work done at the Nalunaq Gold Mine.

On 22 April 2010, the Company issued 5,583,831 Ordinary Shares at a price of 6.96 pence per share to NAMAL and on 21 July 2010, 1,857,493 new ordinary shares were issued to NAMAL at 5.38 pence per share. Both issues of shares were made in consideration for work done at the Nalunaq Gold Mine.

ii) Issue of new shares

On 29 March 2010, 10,407,139 new ordinary shares were issued to YA Global Master SPV at 6.34p per share being the fourth SEDA draw down of £660,000 and on 10 August 2010, 5,519,418 new ordinary shares were issued to YA Global Master SPV at 4.28p per share being the fifth SEDA draw down of £236,000.

iii) New borrowings

On 26 May 2010, FBC advanced a further \$2.0 million, which was treated as a further tranche of the short term loan, increasing the total outstanding to \$16.5 million.

On 14 July 2010, FBC advanced a new loan of \$4.5 million with a facility fee of 6.0% and bearing interest at 10% p.a. Of the facility fee of \$270,000 plus an additional \$120,000 relating to the loan of \$2 million made on 26 May 2010, \$100,000 is payable on 14 July 2010 and the balance is due at the time the loan is repaid. This loan, together with all other short term loans from FBC, are currently repayable on 31 August 2010 but the Company has reached agreement with Cyrus to extend the repayment terms of the loan and capitalised interest to a series of payments commencing on 15 February 2011 and ending on 31 December 2011.

On May 24 the Company announced that it was in default of the terms of its agreement with FBC for having not made its interest payment in March 2010 and for not having used all the proceeds of SEDA drawings to repay the FBC loan. As part of the new agreement with Cyrus, these defaults have been waived..

iv) Disposal of Orion Metals Limited

On 20 May 2010 Orion implemented a fully underwritten 1 for 1 rights issue at A\$0.05. A warrant for one additional share, exercisable on or before 25 February 2011 at A\$0.12, was issued for every 2 rights issue shares. The Company did not take up its rights and these transactions diluted the Company's interest of 3,666,667 shares to 7.42%.

On 15 June 2010 the Company sold its shares for A\$225,467, being an average selling price of A\$0.062 per share and resulting in a profit on divestment of \$13,529 that will be recognised in the accounts for the year to 28 February 2011.

v) New equity funding facility

The Company has agreed, subject to contract, a US\$25,000,000 financing facility with a New York based financing company, which will enable the Company to issue 10% Eurobonds as it draws down on the facility. The Company is hoping to have contracts finalised on this facility within the next week. This facility will be subject to shareholder approval. On draw down it will offer investment rights for 45 days, at the closing share price on the day before the draw down request ("the investment share price"), equal to 110% of the draw down value and 12 month warrants at 25% of the draw down value also at the investment share price. The investor will pay for the equity investment and warrants either, in cash, or in 4 year 2% loan notes, which may be offset against the Eurobond notes. The agreement provides for an early redemption premium such that the loan notes, the Eurobond and interest commitments will cancel each other at anniversary dates plus one day. Consequently, this facility is tantamount to placing shares at a discount of 35% but the Company can choose a draw down request date when the share price is favourable and the facility is committed. In my opinion it compares favourably with a discounted placing plus broker fees, where there is no commitment to buy the

shares. This facility will be secured by a facility fee of 5% which may be satisfied in cash or in shares. It is payable on approval of the Angel Mining plc shareholders based on the volume weighted average price for the 5 trading days.

30. Capital expenditure

Capital expenditure authorised, but not contracted for at the year end, amounted to £nil (2009: £nil).

31. Guarantees and contingencies

Mine closure guarantee

The Company maintains a security fund deposit which should be adequate to meet all anticipated costs of mine closure. It has also provided an unlimited guarantee to the BMP that it will meet any future costs that may arise, to repair environmental damage caused by mining activity.

There are no other fixed financial commitments within the terms of the Group's licenses.

32. Availability of the Financial Statements

The full Annual Report and Financial Statements will be available on the Company's website, www.angelmining.com and will be dispatched to all shareholders today. They will also be available to the public free of charge from the Company's Registered Office at 6 Station Road Morton Bourne, Lincs PE10 0NN.

Shareholder information

Year ended 28 February 2010

Website information

Shareholder information including press releases and links to the Company's various on-line services can be found on the Company's website at www.angelmining.com

Registered office and contact details

Please contact Nicholas Hall (Chief Executive Officer) at the registered office address below for enquiries of a general nature regarding the Company and for Investor Relations:

Angel Mining plc
6 Station Road,
Morton,
Bourne,
Lincs,
PE10 0NN

Tel: 01778 570100

Fax: 01778 570100

Secretary

Ray Tong

Registrar

The Registrar should be notified in writing of changes to name or address and also for any enquiries relating to lost certificates or other enquiries relating to share registration at the address below:

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
West Yorkshire
HD8 0GA

Trading market

The trading market for the ordinary shares of 1p is the Alternative Investment Market under the symbol "ANGM".

The Company's share price can be found on the Company's website at www.angelmining.com, as well as on such sites as www.bloomberg.com, www.ft.com, www.hemscott.com and www.londonstockexchange.com. There is also a link from the Company's previous website www.angelmining.com. The share price is also quoted daily in several national newspapers.