

COMPANY REGISTRATION NUMBER 07496976

**RARE MINERALS PLC**

**Annual Report**

**For the period from 18 JANUARY to 31 DECEMBER 2011**

# **RARE MINERALS PLC**

## **FINANCIAL STATEMENTS**

**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

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**RARE MINERALS PLC**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The board of directors</b>	N Nelson S Moloney
<b>Company secretary</b>	International Registrars Limited
<b>Registered office</b>	145-147 St. John Street London United Kingdom EC1V 4PY
<b>Auditor</b>	Jeffreys Henry LLP Chartered Accountants & Statutory Auditor Finsgate 5-7 Cranwood Street London EC1V 9EE

# **RARE MINERALS PLC**

## **CHAIRMAN'S STATEMENT**

**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

### **INTRODUCTION**

The Board is pleased to present the results for the Company for the period from incorporation on 18 January 2011 to 31 December 2011. In April 2011, the Company published an Admission Document and commenced trading on PLUS Markets.

### **RESULTS**

The Company achieved a loss for the period from 18 January 2011 to 31 December 2011 of £64,266, largely as a result of the PLUS admission costs.

Loss per ordinary share amounted to 0.003p in the period

### **BUSINESS REVIEW**

In the Admission Document, the Company's stated investment criteria are that:

- the target acquisition or investment will be in the prospecting or mining of valuable minerals;
- the target acquisition or investment should be profitable or have a significant asset value and may have opportunities for consolidation or further development. The Directors will, on an exceptional basis, also consider loss-making targets where, in the Directors' opinion, there is a clear opportunity to develop a profitable and attractive business; and
- the owners of the target acquisition or investment should accept part of the consideration for any acquisition in new Ordinary Shares or other securities to be issued by the Company.

In the period under review the Company has not made an acquisition or investment and this has remained so during the current financial period.

Your Board is continuing to evaluate further possibilities and will keep shareholders informed of any developments.

**N C P Nelson**  
Chairman

**2012.**

# **RARE MINERALS PLC**

## **THE DIRECTORS' REPORT**

### **PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

The directors present their report and the financial statements of the company for the period from 18 January 2011 to 31 December 2011.

#### **INCORPORATION AND RE-REGISTRATION AS A PUBLIC LIMITED COMPANY**

The Company was incorporated 18 January 2011 as Charzor Limited. On 15 February 2011 the Company re-registered as a public limited company and became Rare Minerals plc.

#### **BUSINESS REVIEW AND PRINCIPAL ACTIVITIES**

Since Rare Minerals plc was admitted to trading on PLUS Markets on 28 April 2011, the Board has been evaluating a number of acquisition possibilities.

#### **RESULTS AND DIVIDENDS**

The Company achieved an operating loss of £66,066 after admission costs of £37,653. Interest income was £1,800 resulting in a loss for the period before and after tax of £64,266.

The Directors do not recommend the payment of a dividend for the period.

#### **KEY PERFORMANCE INDICATORS**

Given the straightforward nature of the business at this time, the Company's Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The Directors will look to introduce suitable KPIs following any acquisition.

#### **PRINCIPAL RISKS AND UNCERTAINTIES FACING THE COMPANY**

The Company is at an early of development and is dependent upon the continuing ability of the Directors to identify suitable investment or acquisition opportunities and implement the Company's strategy. During the identification process the Company's resources may be expended without return on investigative effort and due diligence. The Company may face competition to acquire particular companies or investments. Competing acquirers may have greater financial resources than the Company.

The Company may need to raise further funds in the future, either to complete a proposed acquisition or investment, or to raise additional working capital for such an acquisition or investment. There can be no guarantee that additional funds can be raised when necessary. In these circumstances the Company would need to secure additional funding from other sources and/or scale back its future plans.

# RARE MINERALS PLC

## THE DIRECTORS' REPORT *(continued...)*

### PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

#### SUBSTANTIAL INTERESTS

On 27 March 2012, the following parties had notified the Company of a beneficial interest that represents 3% or more of the Company's issued ordinary share capital at that date:

	No. of shares % held	
F Scolaro *	800,000,000	37.35
Cantor Fitzgerald Europe	700,000,000	32.68
XCAP Nominees Limited	179,166,667	8.37
Chase Nominees Limited	134,000,000	6.26
Pershing Nominees Limited	75,000,003	3.50
N C P Nelson	75,000,000	3.50
S G Moloney	75,000,000	3.50

\* Frank Scolaro's shares are held by Grandinex International Corp

#### DIRECTORS AND DIRECTORS' INTERESTS

The Directors who served in office since the beginning of the financial period are shown below.

S G Moloney (appointed 18 January 2011)

N C P Nelson (appointed 18 January 2011)

The interests of the directors in the 0.0001p ordinary shares of the company were as follows:

	31 December 2011
S G Moloney	75,000,000
N C P Nelson	75,000,000

Directors interests in share warrants are disclosed under note 10.

#### EXECUTIVE DIRECTORS

Mr Nicholas Nelson is Managing Director of Hansard Communications Limited, a financial public relations consultancy. He has worked in corporate communications for ten years prior to which he spent his early career in both market making and stockbroking accordingly he has a close working knowledge of the stock market and has assisted on several PLUS and AIM flotations. Nicholas is a non executive director of AIM quoted dotDigital Group Plc which was originated as an investment vehicle co-founded and managed by Nicholas.

Mr Shane Moloney is a partner at Shipleys LLP, a firm of accountants specialising in corporate finance and undertaking strategic business planning and capital markets advice for entrepreneurial high growth enterprises, often preparing for listing on junior and main markets. He trained with Arthur Anderson, joined Shipleys in 1988, and became a partner in 1992. He is an Irish Chartered Accountant and member of the Corporate Finance Faculty of the Institute of Chartered Accountants in England & Wales. Shipleys LLP has a strong media focus and Shane has advised production and post production companies on strategic issues and has recently facilitated the introduction of a media buying group onto AIM. Shane co-founded dotDigital Group Plc with Nicholas Nelson and he has also advised AIM listed African Minerals Limited, an iron ore exploration venture in Sierra Leone.

# RARE MINERALS PLC

## THE DIRECTORS' REPORT *(continued...)*

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Company's financial instruments comprise cash and various items, such as trade creditors that arise directly from its operations. The Group's exposures to its financial instruments are not material and therefore derivative financial instruments are not used to manage them.

The main risks arising from the Group's financial instruments can be analysed as follows:

#### **Credit risk**

The Company's credit risk is minimised by maintaining cash and treasury balances with reputable financial institutions.

#### **Price risk**

The Company does not hold any listed security investments and therefore has no exposure to securities price risk.

#### **Foreign currency risk**

The Company has no significant transactions or balances denominated in foreign currencies, and holds all cash balances in sterling. The Directors do not consider the Company to be subject to currency risk.

#### **Liquidity risk**

The Group has sufficient cash resources available to meet its short-term liabilities.

#### **Cash flow interest rate risk**

The Company has no borrowings and on cash balances receives variable rate interest based on UK bank base rates.

### PAYMENTS TO CREDITORS

The Group does not follow any code or standard on payment practice as the terms and conditions for its business transactions are agreed with individual suppliers. Payment is then made in accordance with those terms, subject to the other terms and conditions being met by the supplier. Creditor days at the end of the period for the Company were 8 days.

### DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;

# RARE MINERALS PLC

## THE DIRECTORS' REPORT *(continued...)*

### PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

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

The directors are responsible for keeping 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.

In so far as the directors are aware:

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

#### **AUDITOR**

During the period, Jeffrey's Henry LLP were appointed as the company's auditors. Jeffrey's Henry LLP have confirmed that they are willing to continue in office, and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

The report of the Directors was approved and authorised by the Board on 2012 and signed on its behalf by:

**N C P Nelson**

Chairman and Executive Director

# **RARE MINERALS PLC**

## **CORPORATE GOVERNANCE REPORT PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

As a Company listed on PLUS Markets, the Company is not required to comply with the provisions of the 2006 Financial Reporting Council's revised Combined Code. However, the Board is committed to ensuring that proper standards of corporate governance operate and has therefore followed the principles of the Code so far as practicable and appropriate to the nature and size of the Company. A statement of the directors' responsibilities in respect of the financial statements is contained within the Report of the Directors above. The statement below describes the role of the Board and its committees, followed by a statement regarding the Company's system of internal controls.

### **THE BOARD**

The activities of the Company are ultimately controlled by the Board of Directors. Biographical details of all Directors are to be found within the Report of the Directors above. All Directors are equally accountable under law for the proper stewardship of the Company's affairs.

The Board meets on a regular basis throughout the year to consider the Company's strategy and review investment opportunities.

None of the Directors receive any remunerations directly from the Company. Details of services supplied by and payments made to parties connected with the Directors are disclosed in note 18.

### **NOMINATIONS, REMUNERATION AND AUDIT COMMITTEES**

The appointment, remuneration of Directors and audit management is a matter for the Board as a whole and therefore separate committees are not considered unnecessary given the present number of Board members.

### **SHAREHOLDER RELATIONS**

The Board has a policy of providing any reasonably requested historical information and explanations to shareholders on request. The Group's Interim and Annual Reports are sent to all shareholders. All shareholders are encouraged to participate in the Company's Annual General Meeting, which is attended by the Directors.

### **INTERNAL CONTROL AND FINANCIAL REPORTING**

The Board is responsible for ensuring that there is a system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established an organisational structure with clearly defined levels of responsibility and delegation of authority. Control procedures include annual budget approval and monitoring of actual performance. The Board approves all investment and acquisition projects for all major acquisitions and major capital expenditure.

The Directors believe that, taken as a whole, the systems of internal control are appropriate to the business for the period ended 31 December 2011.

# **RARE MINERALS PLC**

## **CORPORATE GOVERNANCE REPORT PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

### **GOING CONCERN**

Having reviewed the future plans and projections for the business, the Directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future, a period of not less than twelve months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# **RARE MINERALS PLC**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RARE MINERALS PLC**

### **PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

We have audited the financial statements of Rare Minerals Plc for the period from 18 January 2011 to 31 December 2011 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Directors' Responsibilities Statement set out on pages 5 to 6, the directors are responsible for the preparation of the Annual Report, financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

We read other information contained in the Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Statement, the Report of the Directors and the Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

#### **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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# **RARE MINERALS PLC**

## **INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF RARE MINERALS PLC**

**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

### **OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Directors' Report for the financial period 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.

**Sanjay Parmar (Senior statutory auditor)**

**Jeffreys Henry LLP**

Chartered Accountants and Registered Auditors

Finsgate

5-7 Cranwood Street

London EC1V 9EE

2012

**RARE MINERALS PLC**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

	Notes		Period from 18 Jan 11 to 31 Dec 11
		£	£
<b>TURNOVER</b>			-
<b>Administrative expenses</b>			
Quote maintenance cost		28,413	
Plus admission cost		37,653	
		<u>          </u>	<u>(66,066)</u>
<b>OPERATING LOSS</b>	<b>3</b>		<u>(66,066)</u>
Interest receivable			1,800
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			<u>(64,266)</u>
Tax on loss on ordinary activities			-
<b>LOSS FOR THE FINANCIAL PERIOD</b>			<u><u>(64,266)</u></u>
<b>Attributable to:</b>			
<b>Equity holders of the Company</b>			<b>(64,266)</b>
<b>Basic and diluted loss per share – pence</b>	<b>6</b>		<u><u>(0.003)p</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

The notes on pages 15 to 25 form part of these financial statements.

# RARE MINERALS PLC

## BALANCE SHEET

31 DECEMBER 2011

	Note	£	31 Dec 11 £
<b>CURRENT ASSETS</b>			
Debtors	7	12,308	
Cash at bank		<u>1,064,950</u>	
		1,077,258	
<b>CREDITORS: Amounts falling due within one year</b>	8	<u>(1,524)</u>	
<b>NET CURRENT ASSETS</b>			<u>1,075,734</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,075,734</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10		214,167
Share premium account	12		925,833
Profit and loss account	13		<u>(64,266)</u>
<b>SHAREHOLDERS' FUNDS</b>	14		<u>1,075,734</u>

These financial statements were approved by the directors and authorised for issue on ....., and are signed on their behalf by:

.....  
N NELSON

Company Registration Number: 07496976

The notes on pages 15 to 25 form part of these financial statements.

# RARE MINERALS PLC

## CASH FLOW STATEMENT

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

		Period from 18 Jan 11 to 31 Dec 11 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	Note 19	(76,850)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	19	1,800
CASH OUTFLOW BEFORE FINANCING		<u>(75,050)</u>
FINANCING	19	1,140,000
INCREASE IN CASH	19	<u><u>1,064,950</u></u>

The notes on pages 15 to 25 form part of these financial statements.

**RARE MINERALS PLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

	Called up share capital £	Share premium £	Retained earnings £	Total equity £
Loss for the period	-	-	(64,266)	(64,266)
	<hr/>	<hr/>	<hr/>	<hr/>
Total recognised income and expense for the period	-	-	(64,266)	(64,266)
Issue of share capital	214,167	925,833	-	1,140,000
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31 December 2011</b>	<b>214,167</b>	<b>925,833</b>	<b>(64,266)</b>	<b>1,075,734</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Share capital is the amount subscribed for share capital at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of those shares net of share issue expenses. Share issue expenses in the period comprise a proportion of the costs incurred in respect of the initial public offering and issue of new shares on the PLUS market.

Retained earnings represent the cumulative loss of the company attributable to equity shareholders.

The notes on pages 15 to 25 form part of these financial statements.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

#### 1. GENERAL INFORMATION

Rare Minerals plc (“the Company”) is an investment vehicle, established to identify acquisition of companies engaged in the prospecting or mining of valuable minerals including rare earth metals.

The Company is a public limited company which is listed on PLUS Markets and is incorporated and domiciled in the UK. The address of its registered office is Finsgate, 5-7 Cranwood Street, London, EC1V 9EE.

The registered number of the company is 07496976.

#### 2. ACCOUNTING POLICIES

##### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable UK accounting standards.

The financial statements are presented in sterling except when otherwise indicated.

These are the company's first financial statements following its incorporation on 18 January 2011 and accordingly there are no comparatives. The accounting policies have been applied consistently throughout the period

##### **Share options**

When shares, share options and warrants are granted to employees and investors, a charge is made to the profit and loss account and a reserve created in capital and reserves to record the fair value of the awards at the date of grant in accordance with IFRS 2 (share based payments). This charge is spread over the vesting period. When shares and share options are granted to employees of subsidiary companies, the fair value of the awards is treated as a capital contribution and spread over the period of performance relating to the grant. The corresponding entry is made in reserves.

##### **Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments

In the opinion of the Directors, in the period to 31 December 2011, the Company does not have any separate business or geographical segments.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 2. ACCOUNTING POLICIES *(continued)*

#### **Cash and cash equivalents:**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

#### **Trade payables:**

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

#### **Share capital:**

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

#### **Income taxes:**

Current income tax assets and liabilities are measured at the amount expected to be recovered or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised using the balance sheet liability method, providing for temporary differences between the tax bases and the accounting bases of assets and liabilities. Deferred income tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred income tax liabilities are recognised for all temporary differences, except where the deferred income tax liability from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax is charged or credited to 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 income tax assets and liabilities are offset against each other only when the Company has a legally enforceable right to do so.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 2. ACCOUNTING POLICIES *(continued)*

#### Use of assumptions and estimates:

The Company makes judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The resulting accounting estimates calculated using these judgements and assumptions will, by definition, seldom equal the related actual results but are based on historical experience and expectations of future events. 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 revision and future periods if the revision affects both current and future periods.

Given the level of the Company's activities, the Directors do not consider estimates and assumptions to have a material effect on the amounts recognised in the financial statements.

### 3. OPERATING LOSS

Operating loss is stated after charging:

	Period from 18 Jan 11 to 31 Dec 11 £
Directors' remuneration	-

### 4. EMPLOYEES

The company has no employees other than two directors.

**RARE MINERALS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

**5. TAXATION**

	Period from 18 January 2011 to 31 December 2011 £
<b>Corporation Tax</b>	
Current tax on income for the period	-
	<hr/>
<b>Current taxation</b>	-
<b>Deferred taxation</b>	
Net origination and reversal of timing differences	-
	<hr/>
<b>Tax charge on loss on ordinary activities</b>	-
	<hr/> <hr/>
<b>Current tax reconciliation</b>	
Loss on ordinary activities before taxation	<b>(64,266)</b>
	<hr/> <hr/>
Theoretical tax at UK corporation tax rate 26%	<b>(16,709)</b>
Effects of:	
- expenditure not tax deductible	<b>16,709</b>
	<hr/>
	-
	<hr/> <hr/>

The company has excess of management expenses of £66,066 available to carry forward against future profits.

Deferred tax asset on these tax losses at 26% of £17,177 has not been recognised due to uncertainty of the recovery.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 6. LOSS PER SHARE

	Period from 18 January 2011 to 31 December 2011 Number
Weighted average ordinary shares in issue during the period	2,141,670,000
	<u>£</u>
Loss attributable to shareholders: Continuing operations	<u>(64,266)</u>

The calculation of loss per ordinary share is based on the loss after tax and the weighted average number of ordinary shares in issue during the period.

Given the Company's loss for the period, the diluted loss per share is the same as the basic loss per share.

### 7. DEBTORS

	31 Dec 11 £
Other debtors	<u>12,308</u>

### 8. CREDITORS: Amounts falling due within one year

	31 Dec 11 £
Trade creditors	<u>1,524</u>

### 9. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and various items, such as trade payables that arise directly from its operations. The main risks arising from, and impacted by, the financial assets and liabilities of the Company are interest rate risk and liquidity risk. The Board reviews and agrees policies for managing these risks and they are summarised below.

The Company does not hold any derivative financial instruments.

The market value of the Company's financial assets and liabilities does not differ materially from the carrying value.

**RARE MINERALS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

**9. FINANCIAL INSTRUMENTS** *(continued)*

**Financial assets**

The only significant financial asset of the Company is cash at bank and on deposit. Cash is held in Sterling only.

Cash at bank attracts interest at floating rates that vary with UK bank base rates. Cash on short-term deposits attracts fixed rates which are agreed at the commencement of the term of the deposit.

**Financial liabilities**

The Group does not have any financial liabilities other than the trade and other payables arising directly from its operations. No interest is payable in respect of any of these liabilities.

The Group does not have any undrawn borrowing facilities.

**Cash flow interest rate risk**

The Company is cash positive and places its balances on short-term deposits with National Westminster Bank plc. Due to the short-term nature of these deposits, the interest receivable by the Company will be affected by changes in the UK bank base rate. No interest is received on any of the group's other assets or receivables. The group does not have any loans, bank borrowings or other interest bearing payables.

**Liquidity risk**

It is the Company's policy to maintain sufficient cash resources to meet its short-term liabilities.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 10 CALLED UP SHARE CAPITAL

	2011 £
<b>Authorised</b>	
2,150,000,000 ordinary shares of 0.0001p each	215,000
	<hr/>
	<b>215,000</b>
	<hr/> <hr/>
<b>Allotted, called up and fully paid up</b>	
2,141,666,667 ordinary shares of 0.0001p each	214,167
	<hr/>
	<b>214,167</b>
	<hr/> <hr/>

All the Company's allotted, called up and fully paid shares have been issued during the financial period.

On 4 April 2011, the Company allotted 1,650,000,000 ordinary shares of 0.0001p each for a consideration of £165,000.

On 28 April 2011, the Company allotted a further 250,000,000 ordinary shares of 0.001p each for a consideration of £250,000.

On 28 April 2011, 241,666,667 shares were issued at 0.003p for a consideration of £725,000.

#### Share warrants

The Company has the following share warrants outstanding:

	Number	Price	Period of exercise
Warrants	1,650,000,	0.01p	10 February 2011 - 31 March 2016

On 10 February 2011 the Company granted warrants to Grandinex International Corp (up to 800,000,000 Ordinary shares) Cantor Fitzgerald Europe (up to 700,000,000 Ordinary shares) N. Nelson (up to 75,000,000 Ordinary shares) and S. Moloney (up to 75,000,000 Ordinary shares) at an exercise price of 0.01p per share, exercisable at any time up to 31 March 2016.

### 11 SHARE BASED PAYMENTS

#### Share-based payments

##### Equity-settled share option plan

The Company plan provides for a grant price equal to the average quoted market price of the Company's shares on the date of grant. The warrants will not normally be exercisable during a closed period, and furthermore can only be exercisable if the performance conditions are satisfied.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

### PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

#### 11. SHARE BASED PAYMENTS *(continued)*

Warrants which have vested immediately before either the death of a participant or his ceasing to be an eligible employee by reason of injury, disability, redundancy, retirement or dismissal (otherwise than for good cause) shall remain, exercisable (to the extent vested) for 12 months after such cessation, and all non-vested options shall lapse.

The details of the warrants are as follows:

	Number of Options	2011 Weighted average exercise Pence
Outstanding at beginning of period	-	-
Granted during the period	1,650,000,00	0.01
Exercised during the period	-	-
	<hr/>	<hr/>
Outstanding at the end of the period	1,650,000,00	0.01
	<hr/> <hr/>	<hr/> <hr/>

The fair values of the options granted have been calculated using Black-Scholes model assuming the inputs shown below:

Grant date	February 2011
Number of warrants granted	1,650,000,
Share price at grant date	0.01p
Exercise price at grant date	0.01p
Option life	5 years
Risk free rate	4.43%
Expected volatility	20%
Expected dividend yield	0%
Fair value of option	0p
	<hr/> <hr/>

The Company has not recognised any expenses related to equity-settled share based payment, as the fair value is nil at the date of grant.

#### 12. SHARE PREMIUM ACCOUNT

	<b>Period from 18 Jan 11 to 31 Dec 11 £</b>
Premium on shares issued in the period	925,833
Balance carried forward	<hr/> 925,833 <hr/>

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 13. PROFIT AND LOSS ACCOUNT

	Period from 18 Jan 11 to 31 Dec 11 £
Loss for the financial period	(64,266)
Balance carried forward	<u>(64,266)</u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	Period from 18 Jan 11 to 31 Dec 11 £
Loss for the financial period		(64,266)
New equity share capital subscribed	214,167	
Premium on new share capital subscribed	<u>925,833</u>	
		1,140,000
Net addition to shareholders' funds		<u>1,075,734</u>
Closing shareholders' funds		<u>1,075,734</u>

### 15 CAPITAL COMMITMENTS

The Company has no capital commitments at the year end.

### 16 FUTURE OPERATING LEASE COMMITMENTS

There are no material operating lease commitments at the balance sheet date.

### 17 CONTROL

The Company is controlled by S. Moloney and N. Nelson.

### 18. RELATED PARTY TRANSACTIONS

During the period, an amount of £8,125 was charged to the company by Shipleys LLP, a partnership in which SG Moloney is a member. The charges related to the provision of accounting services. During the period, an amount of £7,222 was charged to the company by Hansard Communications Limited, a company in which N Nelson is a director. The charges related to the provision of public relation services. Charges made for services from Shipleys LLP and Hansard Communications Limited are considered to have been made on an arms-length basis.

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 19. NOTES TO THE CASH FLOW STATEMENT

#### RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Period from 18 Jan 11 to 31 Dec 11 £
Operating loss	(66,066)
Increase in debtors	(12,308)
Increase in creditors	1,524
Net cash outflow from operating activities	<u>(76,850)</u>

#### RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Period from 18 Jan 11 to 31 Dec 11 £
Interest received	1,800
Net cash inflow from returns on investments and servicing of finance	<u>1,800</u>

#### FINANCING

	Period from 18 Jan 11 to 31 Dec 11 £
Issue of equity share capital	214,167
Share premium on issue of equity share capital	925,833
Net cash inflow from financing	<u>1,140,000</u>

#### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	31 Dec 11 £
Increase in cash in the period	1,064,950
Movement in net funds in the period	<u>1,064,950</u>
Net funds at 18 January 2011	–
Net funds at 31 December 2011	<u>1,064,950</u>

# RARE MINERALS PLC

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

### 19. NOTES TO THE CASH FLOW STATEMENT *(continued)*

#### ANALYSIS OF CHANGES IN NET FUNDS

	At 18 Jan 2011 £	Cash flows £	At 31 Dec 2011 £
Net cash:			
Cash in hand and at bank	—	1,064,950	1,064,950
Net funds	—	1,064,950	1,064,950

**RARE MINERALS PLC**  
**MANAGEMENT INFORMATION**  
**PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011**

**The following pages do not form part of the statutory financial statements which are the subject of the independent auditor's report on pages 9 to 10.**

# RARE MINERALS PLC

## DETAILED PROFIT AND LOSS ACCOUNT

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

	Period from 18 Jan 11 to 31 Dec 11 £
<b>OVERHEADS</b>	
Administrative expenses	(66,066)
<b>OPERATING LOSS</b>	(66,066)
Bank interest receivable	1,800
<b>LOSS ON ORDINARY ACTIVITIES</b>	<u>(64,266)</u>

# RARE MINERALS PLC

## NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

PERIOD FROM 18 JANUARY 2011 TO 31 DECEMBER 2011

	Period from 18 Jan 11 to 31 Dec 11	
	£	£
<b>ADMINISTRATIVE EXPENSES</b>		
<b>General expenses</b>		
Admission Costs	37,653	
Accounts Production Fees	11,125	
Listing Fees	6,589	
Advisory Fees	9,222	
Announcement Fees	657	
Registrar's Fees	820	
	<u>          </u>	66,066
		<u>66,066</u>
<b>INTEREST RECEIVABLE</b>		
Bank interest receivable		<u>1,800</u>