

Emerging Metals Limited

Interim Financial Statements

For the six month period ended 30 September 2009

Registration number: 1415559

Emerging Metals Limited

<i>Contents</i>	<i>Page</i>
Financial and operational highlights	1
Chairmen's statement	2
Statement of comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes	7 to 17

Emerging Metals Limited

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Equity shareholder funds increased to £40,639,903 (31 March 2009: £26,652,271) – an increase of 52%.
- Non-current assets valuation maintained at £5,319,860 (31 March 2009: £5,319,860).
- Current assets valuation increased to £35,392,803 (31 March 2009: £21,392,111).
- 9.06% of Kalahari Minerals Plc held at an average cost of 54.50 pence per share (31 March 2009: 8.04% held at an average cost of 45.04 pence per share).
- 0.17% of Extract Resources Limited held at an average cost of A\$1.1909 per share (31 March 2009: 0.17% held at an average cost A\$1.1945 per share).
- Holdings in Kalahari Minerals and Extract Resources are valued at £34,703,396 against a purchase price of £10,024,164 – a rise of 246% - of which £14,419,739 (30 September 2008: £nil) is recognised in the six month period to 30 September 2009.
- Tsumeb option remains valued at £4,818,455 (31 March 2009: £4,818,455).
- Our cash reserves have remained healthy at £683,176 (31 March 2009: £3,757,960) – a decrease of 82%, due to further investment acquisitions.
- Net profit for the six months ended 30 September 2009 was £13,916,315 (30 September 2008: loss of £240,270).
- Operating expenses are below budget at £347,952 (30 September 2008: £726,371).

Emerging Metals Limited

Chairmen's statement

As previously reported, Emerging Metals Limited continues studies and test work on the Tsumeb Slag stockpiles. As the current market conditions for the contained metals - germanium, zinc and gallium - remains weak, we are continuing to contain costs on the Tsumeb Slag stockpiles. We will, however, reassess this strategy as market conditions change.

We have continued with our strategy of acquiring strategic stakes in quoted companies involved with investment metals. As at the end of the half year, we held 9.06% of the issued capital of Kalahari Minerals Plc and 0.17% of the issued capital of Extract Resources Limited: acquired at an aggregate cost of £10 million. As previously reported, Kalahari Minerals is a London AIM and Namibian Stock Exchange traded exploration and development company whose principal asset is a near 40% interest in Extract Resources, an Australian ASX and Toronto Stock Exchange listed uranium exploration and development company with significant uranium assets in Namibia, namely the Husab uranium project comprising the Rössing South, Ida Dome and Hildenhof deposits.

Recently reported chemical assay results continue to confirm the presence of high grade granite hosted uranium mineralisation. Rössing South Zones 1 and 2 extend for over five kilometres indicating an increased resource of up to 500 Mlb with 13 drill rigs operating on site, with more rigs being sourced to accelerate exploration and resource definition efforts. These high grade results bode well for the future valuation of Extract Resources and hence Kalahari Minerals, providing the price of uranium remains firm. The global move to produce clean energy to cut emissions, not only in Asia, but also in Europe and elsewhere will create a very important positive long term demand and driver for uranium prices. As an indication, according to the World Nuclear Association, currently there are 435 operating reactors around the world, with a further 53 under construction, 136 planned and 299 have been proposed.

Thus the acquisition of this interest in Kalahari Minerals and Extract Resources gives Emerging Metals exposure to a world class uranium resource, an emerging metal with a very favourable long term supply-demand outlook. It also leverages on Emerging Metals existing platform and operations at Tsumeb in Namibia.

Our half year results to 31 March 2009 are consequently extremely pleasing, with a positive net income for the period of £13,916,315 (*31 March 2008: loss of £240,270*), including an investment gain of £14,419,739 to a valuation of £34,703,396 (*31 March 2008: £17,627,774*). Operating expenses were well below budget at £347,952 (*31 March 2008: £726,371*), with the directors continuing to take their remuneration half in cash and half in shares valued at market at each month end.

As a result, equity shareholder funds have increased to £40,639,903 (*31 March 2008: £26,652,271*), a rise of 52%. Fixed assets stand unchanged at £5,319,860 (*31 March 2008: 5,319,860*), current assets at £35,392,803 (*31 March 2008: £21,392,111*). Our cash reserves stood at £683,176 (*31 March 2008: £3,757,960*).

We would like to express our appreciation to the shareholders for their continued support.

Stephen Dattels
Co-chairman

James Mellon
Co-chairman

Emerging Metals Limited

Statement of comprehensive income

	<i>Notes</i>	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Income		-	-	-
Other income				
Exchange gains		-	446,036	798,146
Investment gains		14,419,739	-	10,259,493
		14,419,739	446,036	11,057,639
Operating expenses				
Directors fees	7	(156,007)	(153,526)	(344,899)
Other costs	3	(347,952)	(726,371)	(973,230)
		(503,959)	(879,897)	(1,318,129)
Net profit/(loss) before interest		13,915,780	(433,861)	9,739,510
Interest received	<i>1(g)</i>	535	193,591	266,423
Profit/(loss) before taxation		13,916,315	(240,270)	10,005,933
Taxation	8	-	-	-
Total comprehensive income for the period		13,916,315	(240,270)	10,005,933
Earnings per share	14	0.0421	(0.0007)	0.0306
Diluted earnings per share	14	0.0393	(0.0007)	0.0285

The Directors consider that the Company's activities are continuing.

The notes on pages 8 to 18 form part of these interim financial statements.

Emerging Metals Limited

Statement of financial position

	<i>Notes</i>	Unaudited at 30 September 2009 £	Unaudited at 30 September 2008 £	Audited at 31 March 2009 £
Assets				
Non-current assets				
Land options	<i>1(c),4</i>	4,818,455	4,818,455	4,818,455
Intangible Fixed Assets	<i>1(d)</i>	501,405	349,168	501,405
		<u>5,319,860</u>	<u>5,167,623</u>	<u>5,319,860</u>
Current assets				
Investments	<i>1(e)</i>	34,703,396	-	17,627,774
Trade and other receivables	<i>1(h)</i>	6,231	6,277	6,377
Cash and cash equivalents	<i>1(h)</i>	683,176	11,229,118	3,757,960
		<u>35,392,803</u>	<u>11,235,395</u>	<u>21,392,111</u>
Total assets		<u><u>40,712,663</u></u>	<u><u>16,403,018</u></u>	<u><u>26,711,971</u></u>
Equity and liabilities				
Capital and reserves				
Share capital	5	-	-	-
Share premium	5	14,560,530	14,560,530	14,560,530
Share Option Reserve	6	3,504,144	3,504,144	3,504,144
Equity Share Based Payment Reserve	<i>1(l)</i>	151,557	-	80,240
Accumulated profit / (loss)		22,423,672	(1,738,846)	8,507,357
Total equity		<u>40,639,903</u>	<u>16,325,828</u>	<u>26,652,271</u>
Current liabilities				
Trade and other payables		72,760	77,190	59,700
Total equity and liabilities		<u><u>40,712,663</u></u>	<u><u>16,403,018</u></u>	<u><u>26,711,971</u></u>

The notes on pages 8 to 18 form part of these interim financial statements.

Emerging Metals Limited

Statement of changes in equity

	Share Premium £	Share Option Reserves £	Share Based Option Payments £	Share Accumulated Capital £	Profits / (Losses) £	Total £
Balance at 31 March 2008	11,831,373	3,504,144	-	-	(1,498,576)	13,836,941
Total comprehensive income for the period	-	-	-	-	(240,270)	(240,270)
Shares issued	2,729,157	-	-	-	-	2,729,157
Fair value of share options	-	-	-	-	-	-
Share based payment reserve	-	-	-	-	-	-
Balance at 30 September 2008	14,560,530	3,504,144	-	-	(1,738,846)	16,325,828

	Share Premium £	Share Option Reserves £	Share Based Option Payments £	Share Accumulated Capital £	Profits / (Losses) £	Total £
Balance at 31 March 2009	14,560,530	3,504,144	80,240	-	8,507,357	26,652,271
Total comprehensive income for the period	-	-	-	-	13,916,315	13,916,315
Shares issued	-	-	-	-	-	-
Fair value of share options	-	-	-	-	-	-
Share based payment reserve	-	-	71,317	-	-	71,317
Balance at 30 September 2009	14,560,530	3,504,144	151,557	-	22,423,672	40,639,903

The notes on pages 8 to 18 form part of these interim financial statements.

Emerging Metals Limited

Statement of cash flows

	<i>Notes</i>	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Cash flows from operating activities	9	(418,901)	(207,032)	(157,672)
Cash flows from investing activities				
Amount paid in cash for intangible fixed assets		-	(349,168)	(501,405)
Amount paid in cash for investments		(2,655,883)	-	(7,368,281)
Cash flows from financing activities				
Increase in share premium		-	2,729,157	2,729,157
(Decrease) / increase in cash and cash equivalents		(3,074,784)	2,172,957	(5,298,201)
Cash and cash equivalents at beginning of period		3,757,960	9,056,161	9,056,161
Cash and cash equivalents at the end of period		683,176	11,229,118	3,757,960

The notes on pages 8 to 18 form part of these interim financial statements.

Emerging Metals Limited

Notes

(forming part of the interim financial statements for the six months ended 30 September 2009)

1 Accounting policies

Emerging Metals Limited is a company domiciled in the British Virgin Islands.

The interim financial statements incorporate the principal accounting policies set out below.

a) Statement of compliance

The interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations adopted by the International Accounting Standards Board (IASB).

The directors' do not expect the adoption of the other current upcoming and new IFRS standards and interpretations to have a material impact on the Company's interim financial statements in the period of initial application.

b) Basis of preparation

The preparation of interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 only affects that period or in the period of the revision and future periods if the revision affects both current and future periods. The key estimate and judgement made by the Directors is the fair value of the land option.

The following new standard has been adopted with effect from 1 April 2009:

- IAS 1 (revised), 'Presentation of financial statements';

c) Land options

Land options are stated at fair value, as estimated by the Directors. This is estimated to be the current market value of the options. There will be no amortisation of the premium paid.

d) Intangible assets

Exploration rights and associated survey costs are capitalised as incurred and reviewed annually for impairment and are carried at cost less accumulated impairment losses.

e) Investments

Investments are acquired to realise gains from fluctuations in the prices or margins of traders. These assets are valued at fair value based on quoted bid prices. Any realised and unrealised gains and losses are presented within 'Other Income'.

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

1 Accounting policies (continued)

f) *Impairment*

The carrying amounts of the Company's assets are reviewed at least at each balance sheet date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its net selling price and its value in use.

In assessing value in use, the expected future cash flows from the asset 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.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the income statement whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years.

g) *Income*

Interest income has been earned during the period, which is accrued on a time apportion basis, by reference to the principal outstanding and the effective interest rate applicable.

h) *Financial instruments*

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

Land options

Land options are stated at fair value, as estimated by the Directors. This is estimated to be the current market value of the options. There will be no amortisation of the premium paid.

Trade and other receivables

Trade and other receivables originated by the Company are stated at amortised cost less impairment losses.

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

1 Accounting policies (continued)

h) Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are measured at fair value and due on demand.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost.

i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

j) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

k) Share based payments

Under IFRS 2 'Share Based Payments', the Company determines the fair value of options issued to Weatherly International plc as part consideration of the land option (as per the Tsumeb Option Agreement (note 4)) share option reserves in the balance sheet.

The Company determines the fair value of options issued to Directors remuneration and recognises the amount as an expense in the income statement with a corresponding increase in equity.

l) Directors equity share based payments

The Company has granted equity share-based payments following a resolution passed in November 2008 for the directors of the company to accept 50% of their remuneration in the form of new shares issued at mid-market prices. The fair value of the incentive granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the period during which the directors become unconditionally entitled to the incentives.

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

1) Directors equity share based payments (continued)

To date no shares have been issued to the directors under this scheme and as such is accounted for in a share based payment reserve at the period end.

2 Operating segments

It is the Directors' opinion that the company operates within a single segment.

3 Other costs

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Professional fees	213,714	647,915	824,854
Audit fee	11,825	-	15,000
Travel and transport	3,045	32,237	43,618
Office expenses	119,368	46,219	89,758
	<u>347,952</u>	<u>726,371</u>	<u>973,230</u>

4 Land option

The land option comprises the Tsumeb Option as described below and is stated at fair value.

On 28 January 2008, the Company entered into an amended and restated option agreement with Ongopolo Mining Limited (OML), a company incorporated in Namibia (the "Tsumeb Option Agreement") under which the Company was granted an option to acquire all right, title and interest in and to the Tsumeb Slag Stockpiles (the "Tsumeb Option") in consideration of:

- (i) the payment by the Company to OML, or as it directs, of £1,421,000 in cash;
- (ii) the issue and allotment of 21,899,698 Ordinary Shares credited as fully paid to Weatherly International plc (Weatherly); and
- (iii) the grant to Weatherly of an option over 13,705,179 Ordinary Shares.

The consideration paid for the Tsumeb Option comprised £1,421,000 in cash, 21,899,698 ordinary shares issued as at zero par value to Weatherly at a cost of £0.05 per share. An option was also granted to Weatherly to subscribe for up to 13,705,179 ordinary shares at £0.05 per share, exercisable at any time for five years from the date of completion of the Tsumeb Option Agreement.

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

4 Land option (continued)

A summary is as follows:

Land option consideration

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Cash consideration	1,421,000	1,421,000	1,421,000
Shares issued at £0.05 per share	1,094,985	1,094,985	1,094,985
Fair value of share options	2,302,470	2,302,470	2,302,470
	<u>4,818,455</u>	<u>4,818,455</u>	<u>4,818,455</u>

The grant of the Tsumeb Option was subject to a number of conditions, which were satisfied on 29 January 2008. The exercise term of the Tsumeb Option (the “Tsumeb Option Period”) shall expire on the 30 month anniversary of the date of the satisfaction of the conditions, such period comprising a total of 24 months for completion of an initial programme of work, plus six months for a decision by the Company to proceed with commercial production from any portion of the Tsumeb Slag Stockpiles and announcement of that decision to AIM.

Under the Tsumeb Option Agreement, OML provides the Company with a number of warranties regarding the Tsumeb Slag Stockpiles. In particular, OML warrants to the Company that:

- it has the requisite power and authority to enter into and perform the Tsumeb Option Agreement;
- it is, and will remain during the Tsumeb Option Period, the legal and beneficial owner of 100 per cent of the Tsumeb Slag Stockpiles; and
- no further consent, approval or authorisation of any governmental agency or other person is required by it for the entry into and performance of its obligations under the Tsumeb Option Agreement.

Under the Tsumeb Option Agreement, OML was required to provide the Company with a legal opinion from counsel duly qualified to practice in Namibia, confirming OML’s 100 per cent. ownership of the Tsumeb Slag Stockpiles (the “OML Legal Opinion”). Under the Tsumeb Option Agreement, if OML was unable to supply the OML Legal Opinion, OML and the Company would enter a new agreement, agreed in good faith between the parties, establishing a contractual relationship between OML and the Company that would ensure that the Company was placed in the same economic position as was the intention under the Tsumeb Option Agreement – with the Company bearing the cost incurred and receiving the profit or other benefit arising out of the Tsumeb Slag Stockpiles. Under the Tsumeb Option Agreement, OML and the Company agreed that, in the event of termination of the Tsumeb Option Agreement, and in circumstances where the parties could not legally enter or enforce the Toll Gate Agreement for whatever reason, the parties agreed to take all such steps as necessary to return each other to the legal and

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

4 Land option (continued)

financial position each was in prior to the execution of the Tsumeb Option Agreement. In particular, under the Tsumeb Option Agreement it is agreed that:

- Weatherly and/or OML shall return to the Company all consideration paid under the Tsumeb Option Agreement together with interest at 2 per cent above the base rate from time to time of Barclays Bank PLC per annum accruing monthly;
- Weatherly and/or OML shall return, transfer or cancel as directed by the Company all Ordinary Shares issued and allotted to Weatherly or OML under the Tsumeb Option Agreement;
- Weatherly and/or OML shall return, cancel and/or extinguish all and any options over Ordinary Shares granted to Weatherly or OML pursuant to the Tsumeb Option Agreement; and
- OML shall pay the reasonable costs of the Company incurred in the preparation, negotiation and completion of the obligations under the Tsumeb Option Agreement.

5 Share capital and share premium

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
<i>Authorised</i>			
The Company is authorised to issue an unlimited number of no par value shares of a single class	-	-	-
<i>Issued</i>			
330,759,300 ordinary shares of £0.00 each	-	-	-
<i>Share premium</i>			
1 share at incorporation	-	-	-
71,528,234 shares at £0.0001 per share	7,153	7,153	7,153
214,584,704 shares at £0.0500 per share	10,729,235	10,729,235	10,729,235
21,899,698 shares at £0.0500 per share	1,094,985	1,094,985	1,094,985
22,746,663 shares at £0.1200 per share	2,729,157	2,729,157	2,729,157
Total	14,560,530	14,560,530	14,560,530

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

6 Share based payments

A number of share options are in issue as at 30 September 2009:

- 13,705,179 shares at £0.05 per share to Weatherly International plc for acquisition of the land option (note 4) issued on 21 January 2008.
- 21,899,698 shares at £0.05 per share to the Founders issued on 28 January 2008.

The following table lists the inputs to the models used for the six month period ended 30 September 2009:

	For the period from 1 April 2009 to 30 September 2009 (Unaudited)	For the period from 1 April 2008 to 30 September 2008 (Unaudited)	For the period from 1 April 2008 to 31 March 2009 (Audited)
Dividend yield (%)	-	-	-
Expected volatility (%)	65	65	65
Risk-free interest rate (%)	5	5	5
Share price at grant date	0.05	0.05	0.05
Share price (market value)	0.20	0.20	0.20
Exercise price	0.05	0.05	0.05

All options were issued in prior periods. No options lapsed or were cancelled and no options were exercised during the six month period ended 30 September 2009.

In summary, as at 30 September 2009, the value of the share options in issue is:

Name	Options in issue	Date Granted	Vesting Period (Years)	Option Valuation Per Share £	Value £
Founders	7,152,823	21 January 2008	-	0.168	1,201,674
Weatherly International Limited	13,705,179	28 January 2008	-	0.168	2,302,470
Total					<u><u>3,504,144</u></u>

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

7 Directors Remuneration

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Directors Fees	156,007	153,526	344,899
	<u>156,007</u>	<u>153,526</u>	<u>344,899</u>

The Company has no employees other than the Directors.

8 Taxation

The Company is exempt from the provisions of the Income Tax Ordinance of the British Virgin Islands.

9 Notes to the cash flow statement

Reconciliation of operating profit to net (outflow) from operating activities

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Operating profit / (loss)	13,916,315	(240,270)	10,005,933
Adjustment for:			
Decrease in trade and other receivables	146	30,078	29,978
Increase / (decrease) in trade and other payables	13,060	3,160	(14,330)
Share based payment charge	71,317	-	80,240
Unrealised gains on investments	(14,419,739)	-	(10,259,493)
Net cash (outflow) from operating activities	<u>(418,901)</u>	<u>(207,032)</u>	<u>(157,672)</u>

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

10 Financial instruments

The Company's financial instruments are exposed to a number of risks as detailed below:

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Cash and cash equivalents	683,176	11,229,118	3,757,960

The Company invests available cash and cash equivalents with an Isle of Man licensed bank, which has a strong history on the Island.

The Company has a nominal level of debtors, and as such the Company is able to determine that credit risk is considered minimal in relation to debtors.

Liquidity risk

Liquidity risk is managed by the Company by means of cash flow planning to ensure that future cash requirements are anticipated. All liabilities are due within one month.

Market price risk

The Company is exposed to market price risk to the extent that it holds a land option for which no developed market exists. Therefore the Company might not be able to sell such a stake quickly at close to estimated fair value.

All investments present a risk of loss of capital due to unexpected and unforeseen events in the financial markets, and these can have a material and unpredictable impact on the portfolio value. The maximum risk resulting from the portfolio is equivalent to their fair value.

	For the period from 1 April 2009 to 30 September 2009 (Unaudited) £	For the period from 1 April 2008 to 30 September 2008 (Unaudited) £	For the period from 1 April 2008 to 31 March 2009 (Audited) £
Land option	4,818,455	4,818,455	4,818,455
Intangible fixed assets	501,405	98,553	501,405
Investments	34,703,396	-	17,627,774

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

10 Financial instruments (continued)

Interest rate risk

The Company holds current assets in the form of cash at bank. As a result, the Company is subject to risk due to fluctuations in the prevailing level of market interest rates. The weighted average interest rate at the 30 September 2009 was 0.0152% (30 September 2008: 1.6428%) and all balances are held on demand.

The directors do not regard that interest income is a core revenue stream of the Company and therefore fluctuations in interest rates will not adversely impact the continuing operations of the company.

Fair values of financial instruments

At 30 September 2009 the carrying amounts of cash resources, trade and other receivables, and trade and other payables approximate their fair values due to their short-term maturities.

11 Interest in shares

Except for the interests disclosed in this note, the Directors are not aware of any holding of Ordinary Shares as at the date of these accounts representing 3% or more of the issued share capital of the Company:

	Number of Ordinary Shares	Percentage of Issued Capital
Vidacos Nominees Limited	103,256,500	31.22%
Roy Nominees Limited	54,087,204	16.35%
HSBC Global Custody Nominee (UK) Limited	36,420,833	11.01%
Weatherley International Plc	21,899,698	6.62%
Lynchwood Nominees Limited	13,375,000	4.04%
<i>Directors interests</i>		
Stephen Dattels ¹	20,492,504	6.20%
James Mellon ²	28,205,684	8.53%

Notes to Directors' Interests:

1 Stephen Dattels' shareholding includes 20,242,504 Ordinary Shares held by Belstone Investments Limited, which is beneficially owned by Stephen Dattels, and 250,000 Ordinary Shares held by Graham Dattels, a Connected Person.

2 Jim Mellon's entire shareholding is held by Galloway Limited, a company which is indirectly wholly owned by the trustee of a settlement under which Jim Mellon has a life interest.

12 Related Party Transaction

The Company has entered into a service agreement with Burnbrae Limited for the provision of administrative and general office services. Mr J Mellon and Mr D Eke are both directors of Burnbrae Limited and the Company. During the six months period ended 30 September 2009 the Company paid £15,450 (30 September 2008: £15,383) under this agreement and as 30 September 2009 an amount of £227 (30 September 2008: £nil) was owed to Burnbrae Limited.

Emerging Metals Limited

Notes (continued)

(forming part of the interim financial statements for the six months ended 30 September 2009)

13 Subsequent events

None identified at date of signing.

14 Earnings per share

The calculation of basic earnings per share of the Group is based on the net profit attributable to shareholders for the six month period ended 30 September 2009 of £13,916,315 (30 September 2008: loss £240,270) and the weighted average number of shares of 330,759,300 (30 September 2008: 330,759,300) in issue during the ar.

The calculation of diluted earnings per share of the Company includes the weighted average number of share options and shares to be issued in respect of share based payments (see note 1(l)) for the six month period ended 30 September 2009.