2006

Anglesey Mining plc

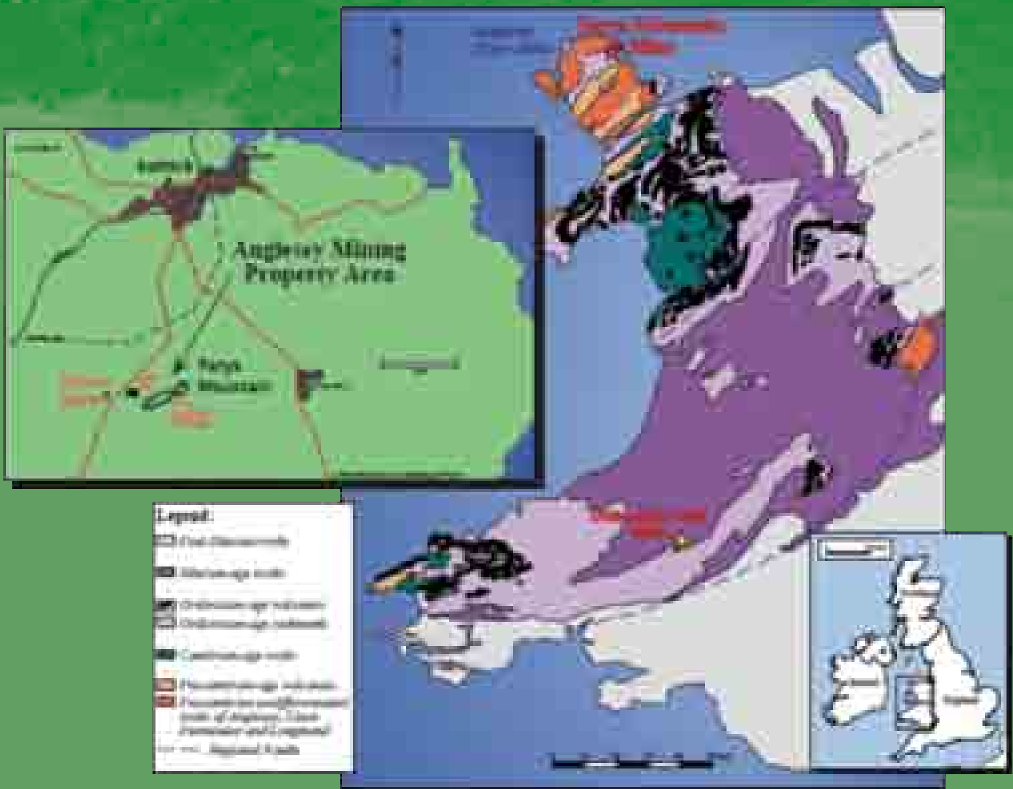
Annual Report 2006

Annual Report 2006

Outer cover picture:
A second drill rig soon after arrival in July 2006 on the White Rock holes near to the Morris Shaft.

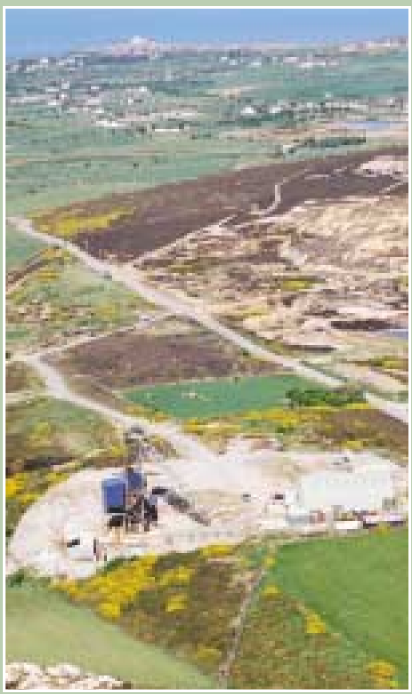
Contents

Chairman's statement	2
Parys Mountain	4
Labrador Iron properties	6
Directors' report	8
Directors' remuneration report	14
Corporate governance	16
Report of the auditors	19
Accounts	21
Notes to the accounts	26
Notice of AGM	42
Directors	43
Corporate information	Rear cover



Anglesey Mining plc

Anglesey Mining plc is a UK based company established in 1984. It has a full London Stock Exchange listing and two major projects under active development towards mining production:



Aerial View of the White Rock, the Morris Shaft and beyond it the Garth Daniel Area.

James deposit close to Schefferville showing exposed iron ore.

The historically important Parys Mountain copper-lead-zinc deposit in North Wales, where work is underway on both an updated feasibility study and exploration drilling. There is excellent mineral exploration potential adjacent to the already identified resources. It is estimated that the mine could be in production within two years from financing.

The Labrador Iron Mines project, a unique opportunity to re-establish major iron ore mines previously operated by the Iron Ore Company of Canada, based on 100 million tonnes of hematite iron ore in Labrador, a direct shipping partially developed project which will produce lump and sinter fines ores with a short time to production and relatively low capital expenditure requirements.

The focus of the company for 2006 is the development of its two mining projects, and securing other similar opportunities for near-term production.

Chairman's Statement

The last year has been a most exciting one for our company and I am pleased to be able to report to shareholders that the improvements outlined last year have continued apace.

Despite some corrections in recent weeks, metal prices have increased very significantly over the past year and there is now a consensus that the prices for the metals we plan to produce are likely to stabilise at far higher levels than those experienced over the past ten years. Higher prices will, of course, ensure that the Parys Mountain project is profitable and financeable.

Of particular importance this year was obtaining an option to earn a 70% interest in an advanced iron-ore project in eastern Canada. Given the continuing strength of iron-ore prices in recent negotiations this project is likely to be highly valuable to the company in the coming years.

Further, we have been fortunate to make two noteworthy additions to our board. Bill Hooley (executive) and Roger Turner (non-executive), both experienced mine developers, have joined us and I believe that they will make very important contributions to the rapid development of Parys Mountain and the Labrador Iron project, as well as to the identification of potential new projects.

Financing

Two fundraisings have been effected during the year. The first (reported in last year's chairman's statement) raised £464,000 in May 2005 and the second raised £1,160,000 in February 2006. These funds have been and will continue to be applied to exploration at Parys Mountain and at the Labrador Iron project, and additionally will be used to progress studies aimed at financing both projects.

Parys Mountain

At Parys Mountain we have been very encouraged by the success of our drilling programme and the delineation of the new Engine zone deposits in the Garth Daniel area. This new area has the potential to be extended eastwards and should add significantly to the Parys Mountain resource base.

The company is continuing the update of the feasibility study for the project. This review is based on the original 1991 study but will be brought up to date using the revised geological model, additional metallurgical test-work, a revised mine plan and updated costings. It is expected that this update will be completed during 2006 and will provide the basis for financing the project through to production. Subject to financing, it is expected that the mine could be in production in less than two years of commencement of construction.

The strategic location of Parys Mountain on the doorway of the major European smelters is of major benefit. With the recent upsurge in metal prices, especially zinc and copper, there has been widespread interest expressed in the project from mining and associated industry support companies. A number of detailed site visits have been carried out and we believe that it is likely that this interest could result in the provision of at least part of the finance required to develop the property.

Labrador Iron

In October 2005 the company obtained an option to earn a 70% interest in the Labrador Iron Mines (LIM) project in the province of Newfoundland and Labrador in Canada. As a matter of record I have declared that in a personal capacity I was partly responsible for assembling the portfolio of leases and that I hold an interest in part of the remaining 30% of the joint venture.

LIM is based in the vicinity of the original Iron Ore Company of Canada (IOCC) mines in the Schefferville region of Labrador. The leases subject to the joint venture were largely drilled by IOCC before 1984, resulting in an estimate of the resource remaining to be at least 100 million tonnes of haematite ore averaging around 55% iron. In addition to these drilled resources, the majority of the original infrastructure including a 575 kilometre railroad to the port of Sept-Iles remains in place and functioning.

The plan is to develop LIM as a relatively low tonnage operation of 2 to 5 million tonnes per annum with a comparatively low capital cost. Unlike the former operations of IOCC, it is intended to wash and upgrade the run-of-mine product in order to sell both high value lump ore as well as sinter fines into the iron-ore market. We believe that this project can be developed quickly and at low cost, in contrast to other companies proposing larger but far more complex and expensive projects.

Studies on the various options for development have begun and will continue with a substantial confirmatory and exploration drilling programme during the summer of 2006. It is expected to have the results of a pre-feasibility study to hand by September, and if these are as positive as we expect then we will move straight to a full feasibility study to be completed during 2007 with the intention of completing finance by the end of 2007 and obtaining first production by 2008.

We believe this is a truly exciting prospect, selling sought-after material into a buoyant market and, assuming that the pre-feasibility study confirms our initial review, we expect it to considerably enhance the value of the company within a short period of time.

Financial Results

This year the accounts have been prepared under the International Financial Reporting Standards now being adopted for all listed companies, and this has led to the restatement throughout the accounts of the figures for 2005. For the year ended 31 March 2006 there was a loss of £517,405 compared to a loss of £186,769 in the previous year. Generally higher levels of activity resulting in higher expenses is the chief reason for the increase in the loss together with an impairment provision of £194,065 and an increase in share based compensation payments of £36,815. The company has no revenue from the operation of its properties.

Outlook

The continued long term improvement in commodity prices has now placed your company in a position where it is poised to become a metals producer on two continents within a short time frame. This is a significant turnaround from the difficult position that was faced just three years ago.

We intend to continue to explore and develop our two major projects at the same time as carrying out the necessary studies to bring them rapidly to production. Additionally we will continue to review other prospective properties that could give us the opportunity to develop other operating mines.

John F. Kearney
Chairman

11 August 2006

Second drilling rig on White Rock holes close to, and west of the Morris Shaft, July 2006.

Parys Mountain

Parys Mountain is a significant copper-zinc-lead resource on the island of Anglesey in North Wales.

The major characteristics of the Parys Mountain project are:

- Indicated and inferred resources already confirmed
- Long term planning permission in place
- Low political risk
- Ownership of relevant minerals and surface land
- Local infrastructure in place
- Enthusiasm of local people and government support
- Significant upside exploration potential

The company's current objective is to put the project into production, which it believes can be achieved within two years of finance becoming available.

Inferred and indicated resources were estimated in 1991 at 6.5 mt at over 10% combined metal content. There is already a 300 metre production-sized shaft in place, together with 900 metres of underground development. The project's planning permission remains in good standing and there is strong local support for the proposed mine and mill development. There are no restoration commitments in respect of previous mining and no special environmental issues or causes threatening the development.

An update to the 1991 Feasibility Study is currently being produced and a surface drilling programme is being carried out. Initial results of this programme have been highly encouraging.

Revenues would be derived chiefly from copper and zinc, each providing about 40 per cent of the total, with lead, silver and gold making up the other 20 per cent. All of the mining would be underground so surface disturbance would be minimal. The headframe, the most obvious symbol of the operation, has been in place on top of Parys Mountain since 1989.

The company owns the freehold of the mining area. Infrastructure around the proposed mine is excellent and relatively high unemployment means the establishment of the project, in an area famous for its mining activities, is favourably viewed by the local authority and by the Welsh Assembly Government which would provide significant grants towards the capital cost.

Over the past ten years extensive geological studies have greatly increased the level of understanding of the relatively complex chiefly volcanic hosted massive sulphide deposits. This improved understanding contributed significantly to the recent successful drilling programme.

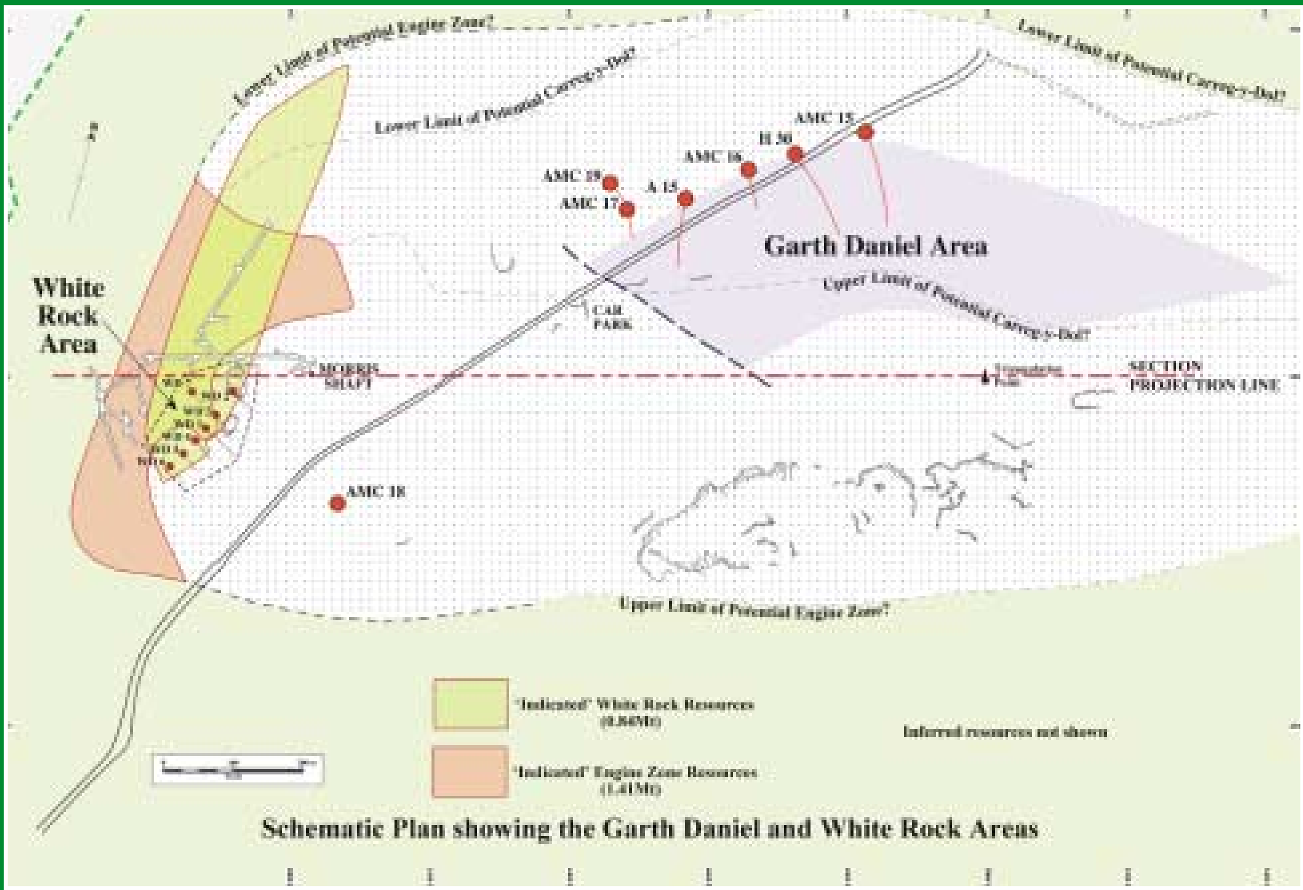
Parys Mountain is closer to production than any other comparable project in the UK yet still has large unexplored and prospective areas close to the proposed mining operation. This project is expected to be characterised by the security of a significant cash flow together with the excitement of blue-sky exploration.

Exploration potential

The company has always considered the potential for discovery of additional mineral resources in the untested areas of Parys Mountain to be very significant.

During the year 2,225 metres of diamond core drilling in four holes were completed. Three of these were located at Garth Daniel, an area

Drilling AMC19 during July 2006



Plan showing location of the Garth Daniel and White Rock areas relative to the shaft and existing indicated resources.

centred approximately 700 metres north-east of the Morris shaft, and the fourth was drilled, without a significant result, some 400 metres south of the Morris shaft. Considerable success was achieved with the first three holes which intersected three mineralised horizons: from the highest, the Carreg-y-Doll through the North Central to the lowest horizon, the Engine zone. These included intersections of 2.5 metres at 40% combined copper, lead and zinc and 5.5 metres at 22% combined Cu-Pb-Zn. The mineralisation in the Engine zone was not part of any previous resource estimates on the site.

The new Garth Daniel area has a potential strike length exceeding 1.5km and has the possibility of adding substantially to the resource base. Further drilling is planned in this area after the earlier results have been evaluated. Since the year end, hole AMC19, which was drilled to 632 metres in July, intersected both the Carreg-y-doll and North Central zones, including a wide high grade intersection in the North Central zone, and has confirmed the extension of the new Garth Daniel resource area approximately 100 metres further west.

In addition to the programme at Garth Daniel, a close-spaced drill programme on the White Rock zone near to the Morris shaft has commenced. This drilling will be used for mine planning purposes, particularly for the earliest stopes in the planned underground mining programme, and is expected to continue through to the third quarter of 2006.

The task of creating an electronic geological model based on the prior and present geological data has begun. When completed this will be used for detailed mine planning and will be helpful to the search for further resources and for long term mine planning.

The company is continuing the update of the feasibility study for the project. This review is based on the original study but will be brought up to date using the revised geological model, additional metallurgical test-work, a revised mine plan and updated costings. It is expected that this update will be completed during 2006 and will provide the basis for financing the project through to production. Subject to financing, it is expected that the mine will be in production in significantly less than two years of commencement of construction.

Labrador Iron

In October 2005 the company entered into an option agreement to earn a 70% joint venture interest in the Labrador Iron project in Labrador, Canada.

The Project

This is a unique opportunity to rapidly establish an important producing mine facility in the Schefferville area of Labrador based around the resources and infrastructure previously operated by the Iron Ore Company of Canada (IOCC).

Major benefits

- 100 million tonnes of hematite iron ore in Labrador
- Former operations of the Iron Ore Company of Canada
- New direct shipping project producing lump and sinter ores
- Project partially developed – short time to production - low capital expenditure
- Existing rail transportation, deep water ports, shipping facilities and hydro power
- Target production of 2 million tonnes ("mt") per year by 2008, increasing to between 3 and 5 mt after 3 years
- Potential mine life of more than 20 years

The company has an option is to earn a 70 per cent interest in most of the identified former IOCC deposits in Labrador, which comprise eight areas within 22 mining licences covering 92 mining claims.

These properties were estimated by IOCC to contain a total resource of some 100 million tonnes of hematite iron ore. The company plans to mine and partially upgrade the known resources to produce direct shipping lump ore and sinter fines. The project benefits from a short time to production and relatively low capital expenditure requirements. It is likely that significant portions of the operations such as mining and processing will be carried out by external contractors. Target production is 2 mt per year beginning in 2008, increasing to between 3 and 5 mt per year after 3 years with a potential mine life of about 20 years.

Resources

The resources comprising the project were estimated by IOCC to be:
(all in thousands of tonnes of ore):

Deposit	Measured	Indicated	Inferred
James	4,486	2,760	5,000
Knob Lake			5,000
Redmond	2,700	4,000	
Houston	8,890		
Astray			5,000
Sawyer		5,872	6,128
Howse		29,000	
Kivivic			26,000
Total	16,076	41,632	47,128

Pre-Feasibility study

The company is currently carrying out preliminary studies into the development of the project including reviews of the various alternative production options from the various deposits.

This study will include validation and exploration drilling on the various project sites, metallurgical testing, initial plant design, transport planning, market studies, and capital and operating cost estimates. It is expected that this preliminary study will be completed by September 2006, and providing this is positive, work will immediately start on a full feasibility study aimed at securing finance and moving the project into initial production during 2008.

The original IOCC drill data has been imported into electronic models and has been subject to geo-statistical analysis. Currently this data is being interpreted and will result in a revised resource estimate.

A 1,500 metre diamond drilling programme is underway. This has commenced on the James, Knob, Houston and Redmond deposits close to the town of Schefferville to validate some of the original IOCC holes and thereby increase confidence in the resource estimates. Following the initial drilling on these four deposits a larger programme will be carried out on the Astray deposit which has excellent potential for enhancement as a result of this programme.

Bulk samples are being taken from these same deposits for metallurgical testing which is expected to take place during late summer.

Initial transport and marketing reviews have commenced. The ore from these deposits is historically known to steel makers and is currently favourably received. Some discussions have taken place with Asian end-users; and the relatively short ocean freight route to Europe is a major advantage.

A series of meetings with representatives of the First Nations has been initiated; environmental and other factors, including the use of the Schefferville to Sept-Isles railroad, which is in part owned and operated by a First Nation consortium, are under discussion.

Background

The Iron Ore Company of Canada was formed in 1947 by Hollinger, M.A. Hanna Company and six major US steel companies to develop the iron ore reserves of the Labrador Trough, one of the largest iron ore resources in the world, lying on the boundary between the province of Quebec and the province of Newfoundland and Labrador. IOCC outlined about 400 million tonnes of direct-shipping grade ore averaging 55% iron, built a 560 km railway between Schefferville and Sept-Isles, a deep water port on the St. Lawrence seaway, two hydroelectric generating plants, an airport and the town of Schefferville.

Based on these deposits IOCC grew into the largest iron ore company in Canada. Between 1954 and 1982 IOCC mined more than 135mt of direct shipping iron ore, containing 56%-58% Fe, which were sold from Schefferville to steel mills in the United States and Europe. Declining prices in the 1980s coupled with the discovery of major new higher grade deposits in Brazil and Australia and the development by IOCC of its Carol Lake and Labrador City deposits, led to a decision by IOCC to shut down the Schefferville operations in 1982. Much of the extensive infrastructure from the former operations remains intact.

The Agreement

This agreement gives the company the exclusive right to evaluate the project for a period of one year, during or following which the company may exercise an option to earn a 70 percent interest by putting the project into production, producing high quality direct shipping lump and sinter iron ore, at a minimum rate of 2 million tonnes per year. Production from the mining claims will be subject to a 3 per cent royalty. In order to maintain its 70 percent interest, it is necessary to have arranged the project financing by September 2008 and to have achieved commercial production by September 2010. This agreement, and the exercise of the option, will be subject to receipt by the company of all necessary approvals and consents and may be terminated by the company at its sole discretion at any time without any liability.

James deposit near Schefferville

The directors have pleasure in submitting their report and the audited accounts for the year ended 31 March 2006 which this year have been prepared for the first time under International Financial Reporting Standards.

Principal activities and business review

Since its formation in 1984 the principal business of the company has been the development of the copper-zinc-lead deposits at Parys Mountain in North Wales together with the sourcing and development of other mineral properties that are close to production. The aim is to develop these properties using the company's own resources together with such external investment and finance as may be required. In line with these objectives, in October 2005 an option was taken in respect of a series of iron ore deposits in the vicinity of Schefferville in the province of Newfoundland and Labrador in eastern Canada.

Parys Mountain

The Parys Mountain property is the largest undeveloped base metal deposit in the United Kingdom and contains an identified resource of 6.5 million tonnes with a combined grade of over 10% copper, zinc and lead with, in addition, small amounts of gold and silver. A feasibility study in 1991 demonstrated the technical and economic viability of bringing the property into production at a rate of 350,000 tonnes per annum, producing zinc, copper and lead concentrates, however development has been on hold since then chiefly due to poor metal prices.

During the year ended 31 March 2006 the company initiated a new exploration program, drilling 2,225 metres in four diamond core holes. This programme was successful in outlining new Engine zone discoveries in the Garth Daniel area. In addition further mining studies and metallurgical studies were undertaken on the entire property.

With the recent increase in demand for all metals worldwide, the consequent upsurge in metal prices and the favourable outlook for metal prices over the next few years, the company is now working to move Parys Mountain towards production. It is planned to update the original feasibility study based on current conditions, new technologies and a realistic view of long term metal prices and to complete this work during 2006. Planning Permissions previously obtained from the local authority remain in place and valid.

Because of the work already carried out and the existing valid Planning Permissions the company believes that the project could be in production in less than two years from financing.

Revenues would be derived chiefly from copper and zinc, each providing about 40% of the total, with lead, silver and gold making up the other 20%. When in full production based on current estimates the mine is expected to produce about 20,000 tonnes of zinc metal, 8,000 tonnes of copper and 7,000 tonnes of lead in concentrates per year.

It is estimated, based on the 1991 feasibility study inflated to 2006 prices, that the capital cost of the project would be approximately £40 million including contingency. Until the updated feasibility study has been completed these estimates, which are projections, remain subject to amendment.

Plans for Parys Mountain for 2006-07 include continuing the exploration programme outside the current resource area as well as advancing some close spaced shallow drilling of near-surface resources close to the shaft. At the same time ongoing mine planning, technical and metallurgical studies will be carried out to advance the project towards commercial production.

There are technical and other matters to be addressed to ensure that the project moves towards production speedily, however the directors are of the opinion that this project is at an advanced state compared to many others worldwide. The existence of the original feasibility study together with the valid Planning Consents will do much to reduce both the volume of work and risk required to move the project into production.

Capital funding at the level forecast for the Parys Mountain project is expected to come from equity, bank project finance and government grants. The company has had preliminary discussions with potential joint venture partners and such a partner would be a further source of finance.

Labrador Iron

In October 2005 the company secured an option to earn a 70% interest in the Labrador Iron project which comprises a series of iron ore deposits near the town of Schefferville in Labrador, Canada. Schefferville was the location of the Iron Ore Company of Canada's (IOCC) original mining operations between 1954 and 1984, where IOCC left behind a number of partially developed open-pit iron ore deposits as well as other identified and drilled development sites and a substantial infrastructure, in particular the railway from Schefferville to the port of Sept-Iles on the St. Lawrence River.

The company has carried out geological work on the deposits and has commenced a pre-feasibility study into the operation of a new mining and treatment facility at Schefferville based around the previous IOCC resources and infrastructure facilities. The intention is to significantly increase the exploration and study work during the current year with the intention of completing a pre-feasibility study before the end of calendar 2006.

This study will initially examine a production rate of approximately 2 million tonnes per annum of saleable hematite iron ore and will also consider increasing this rate to around 5 million tonnes per annum, three to four years after commencement. The study will review various beneficiation processes to increase the value of the saleable product. Based on the original IOCC data there is a potential for around 100 million tonnes of mineable ore within the leases under the control of the joint venture. This would be sufficient to provide a project life in excess of 20 years.

Providing the results from the pre-feasibility study are positive then work will immediately commence to convert that study into a full bankable feasibility study. It is expected that the bankable study will be completed during 2007 and that finance will be sought immediately thereafter with a view to commencing production in 2008.

Given the significant infrastructure that remains in place, it should be possible to develop the Labrador Iron project on a relatively low capital base. It is the director's belief that the capital required for the project will be under £50 million, that this amount will be financeable, and that the project has the potential to provide significant positive cash-flows for many years to come.

There are issues that need to be specifically managed during the study period as well as during the subsequent operation. These include relationships with the First Nations, the company's partners and the authorities. The necessary skills and systems are being put in place to deal with these matters and with the commercial realities of operating in the iron-ore market from a resource located in a challenging environment.

Dolaucothi

In addition to these two major assets, the company has the small Dolaucothi property in South Wales. Given the major investments in management and finance required for Parys Mountain and Labrador Iron, it is not the company's present intention to make major investments in this property at present and consequently the directors have decided to make an impairment provision against the accumulated mineral development expenditure of £194,065 in respect of this property.

Other activities

The company will continue to investigate other opportunities around the world as they arise. In general terms the company will concentrate this activity on mineral properties that have the capability of being brought into production in a relatively short time frame and within the financing constraints available to the company. The company believes that it is important that it continues to investigate additional opportunities to those described above to provide a source of future projects to enable the company to continue to grow once the existing properties are brought into production.

Performance

So far as the directors are aware, there are no standardised indicators which can usefully be employed to gauge the performance of any company at this stage of its development other than the performance of the company's shares. The directors expect to be judged by their success in creating value for shareholders.

The chief external factors affecting the ability of the company to move forward are the levels of metal prices and exchange rates; these and other factors are dealt with in the Risks and Uncertainties section below.

Dividend

The group has no revenues and the directors are unable to recommend a dividend *(2005 – nil)*. Since the date of the accounts the activities of the group have continued in accordance with the directors' expectations. The directors remain attentive for opportunities to be involved in appropriate new mineral ventures but note that in the current environment of high metal prices, finding suitable projects is even more problematic than it has been in the past.

Financial Position

The group has no revenues from the operation of its properties. The loss for the year before taxation was £517,405 *(2005 - £186,769)*. The loss comprises administrative expenses, an impairment provision and interest all of which, in accordance with the group's accounting policy, are charged to the income statement. Included in the administration expenses were share based payment charges of £98,762 *(2005 - £61,947)*.

During the year no fixed assets *(2005 - nil)* were acquired, £400,098 *(2005 - £57,094)* was capitalised in respect of the development of the Parys Mountain property and £90,400 was capitalised in respect of the Labrador Iron property. An impairment provision of £194,065 was made in the income statement as the directors decided in view of the current lack of activity, that it would be prudent to make a provision against all the Dolaucothi mineral development expenditure. At current and projected metal price levels, the question of further impairment in connection with the Parys property does not arise.

In April 2005 the company made a private placing of 11,600,000 ordinary shares at a price of 4 pence each, raising £464,000 before expenses. In February 2006 a further placing of 9,666,667 shares was made at a price of 12 pence each, raising £1,160,000 before expenses.

These funds are being utilised for

- a re-examination and updating of the Parys Project Plan and Feasibility Study,
- the planned exploratory drilling programme at Parys Mountain,
- geological and feasibility work in Labrador and
- working capital, strategic developments and general corporate purposes.

Following the placings made during the year, the cash position at 31 March 2006 has improved to £1,201,381 from £44,070 last year. These placings, together with the reclassification of the loan due to Juno Limited to non-current liabilities, have resulted in net current assets of £584,236 at 31 March 2006 compared to net current liabilities of £1,638,097 at 31 March 2005. At 31 March 2006 the company had 137,508,051 ordinary shares outstanding.

In order to fund the developments which the company wishes to undertake at its properties significant further funding will be required, however such expenditures are at the discretion of the directors and will not be incurred unless funding is available.

Risks and Uncertainties

In conducting its business the company faces a number of risks and uncertainties some of which have been described above in regard to particular projects. However more often than not there are risks and uncertainties of a nature common to all mineral projects and these are summarised below.

General mining risks

Actual results relating to, amongst other things, mineral reserves, mineral resources, results of exploration, capital costs, mining production costs, reclamation and post closure costs, could differ materially from those currently anticipated by reason of factors such as changes in general economic conditions and conditions in the financial markets, changes in demand and prices for minerals that the company expects to produce, legislative, environmental and other judicial, regulatory, political and competitive developments in areas in which the company operates, technological and operational difficulties encountered in connection with the company's activities, labour relations matters, costs and changing foreign exchange rates and other matters.

The mining industry is competitive in all of its phases. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The company faces strong competition from other mining companies in connection with the acquisition and retention of properties, mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel. Many of these companies have greater financial resources, operation experience and technical capabilities than the company. As a result of this competition the company may be unable to maintain or acquire attractive mining properties on terms considered acceptable or at all.

Exploration and development

Exploration for minerals and development of mining operations involve many risks, many of which are outside the company's control. The company currently operates in politically very stable environments and hence is unlikely to be subject to expropriation of its properties but exploration by its nature is looking into the unknown or little known and unforeseen or unwanted results are always possible.

Metal prices

The company is currently in an exploration and development phase. Business conditions are expected to be positive as rising demands for primary metals, allied to a growing shortage in supply, will help sustain metal prices which in turn should encourage investor interest in mining and exploration companies.

The prices of metals fluctuate widely and are affected by many factors outside the company's control. The relative prices of metals and future expectations for such prices have a significant impact on the market sentiment for investment in mining and mineral exploration companies. Metal price fluctuations may be either exacerbated or mitigated by international currency fluctuations which affect the metal price received in the domestic currency.

Anglesey Mining plc does not have sufficient funds to put either the Parys Mountain mine or the Labrador Iron project into production from its own financial resources. The company relies on equity financings for its working capital requirements and to fund its exploration development activities. There is no assurance that such financing will be available to the company, or that it will be available on acceptable terms.

Permitting, environment and social

The company holds planning permissions for the development of the Parys Mountain property. The company will be required to obtain various permits to carry out its activities and may be subject to various reclamation and operational conditions on these permits. The company does note however that both the local and regional authorities concerned with the Parys Mountain area remain very supportive of the development of the project.

The company currently does not have the benefit of any operating permits for the Labrador Iron project. Whilst Labrador is generally conducive to the development of mineral projects and the Schefferville area in particular has a long history of mining in a manner almost identical to that proposed by the company, there remains no assurance that the necessary permits will be granted promptly.

In addition to the normal operational and environmental permits required for Labrador Iron, the company will also need to reach agreements with the First Nations of the area with respect to the specific needs of these peoples to maintain traditional activities and to enable them to participate in the development and operation of the project. Discussions on these matters have begun and are expected to be concluded to the satisfaction of all parties. However the company does recognize that this process is a relatively new development in the location of the project and it is possible that some time may be taken to reach a satisfactory conclusion.

Employees and personnel

The company is dependent on the services of a small number of key executives including the Chairman, Executive Director and Finance Director and a limited number of other skilled and experienced personnel. Due to the relatively small size of the company, the loss of these persons or the company's inability to attract and retain additional highly skilled and experienced employees may adversely affect its business or future operations. However the location of the Parys Mountain project in particular remains attractive compared to a number of other similar mining projects in various developing countries and this should mitigate these potential difficulties to a significant extent.

Directors

The names of the directors with biographical details are shown on the inside rear cover. The board was strengthened in January 2006 when Bill Hooley and Roger Turner were appointed: they are proposed for election to the board at the AGM. In accordance with the articles of association, David Lean and Howard Miller retire by rotation and, being eligible, offers themselves for re-election. Since Danesh Varma has served for more than nine years as a non-executive, current corporate governance practice requires that he be re-elected annually, and, being eligible, he is also proposed for re-election.

Directors' interests in material contracts

Juno Limited ("Juno"), which is registered in Bermuda, holds 42.1% of the company's ordinary share capital. The company has a controlling shareholder agreement and working capital agreement with Juno. Advances made under the working capital agreement are shown in note 18. Apart from interest charges there were no transactions between the group and Juno or its group during the year. An independent committee reviews and approves any transactions and potential transactions with Juno. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno.

As mentioned in the chairman's statement and further described in note 28, John Kearney was responsible for assembling the properties and claims which form the basis of the Labrador project and holds an interest in part of the remaining 30% of the joint venture. It is anticipated that shareholder approval will be sought prior to entering into any binding commitments on the part of the company in relation to the Labrador project.

There are no other contracts of significance in which any director has or had during the year a material interest.

Directors' shareholdings

The interests at 31 March 2006 of the directors in the share capital of the company, all of which are beneficial, are set out below. The holdings are expressed as a percentage of 138,808,051 *(2005 – 127,841,384)* ordinary shares, this being the number of ordinary shares in issue at 4 August 2006.

	At 31 March 2006			*At 31 March 2005*		
Director	**Number of options**	**Number of ordinary shares**	**% of issued ordinary shares**	*Number of options*	*Number of ordinary shares*	*% of issued ordinary shares*
John Kearney	5,000,000	-	3.6	*5,000,000*	-	*3.9*
Ian Cuthbertson	1,700,000	602,300	1.7	*1,500,000*	*602,300*	*1.6*
Bill Hooley	1,000,000	100,000	0.8	-	-	-
David Lean	600,000	-	0.4	*500,000*	-	*0.4*
Howard Miller	600,000	-	0.4	*500,000*	-	*0.4*
Roger Turner	500,000	-	0.4	-	-	-
Danesh Varma	700,000	-	0.5	*500,000*	-	*0.4*

Further details of directors' options are provided in the Remuneration Report.

Directors' responsibilities for the financial statements

The directors are responsible for preparing the annual report and the financial statements. The directors are required to prepare the financial statements for the group in accordance with International Financial Reporting Standards (IFRS) and have also elected to prepare financial statements for the company in accordance with IFRS. Company law requires the directors to prepare such financial statements in accordance with IFRS, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the Preparation and Presentation of Financial Statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards.

Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report and directors' remuneration report which comply with the requirements of the Companies Act 1985.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each of the directors is aware, all relevant audit information has been made available to the company's auditors.

Substantial shareholders

At 4 August 2006 the following shareholders had advised the company of an interest in the issued ordinary share capital of the company:

Name	Number of shares	Percentage of share capital
Juno Limited	57,924,248	42.1
Golden Prospect plc	16,125,000	11.7

Authority to allot shares

The directors would usually wish to allot any new share capital on a pre-emptive basis, however in the light of the company's requirement to raise further funds, they believe that it is appropriate to have a larger amount available for issue at their discretion without pre-emption, than is normal for listed companies. Accordingly a resolution will be put to the AGM to renew the directors' authority to allot equity securities for cash without pre-emption. In the case of allotments other than for rights or other pre-emptive issues, it is proposed that such authority will be for up to £343,000, being 34,300,000 ordinary shares, which is equivalent to 25% of the issued ordinary share capital at 4 August 2006. Whilst such authority is significantly in excess of the 5% of existing issued ordinary share capital which is accepted for listed companies, it will provide additional flexibility which the directors believe is in the best interests of the company in its present circumstances.

Going concern basis

As in previous years the directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements. The validity of the going concern basis is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the Parys Mountain property eventually becoming available. The directors believe, based on ongoing support from the major shareholder in respect of continuing working capital requirements, that, whilst there is uncertainty as to whether the conditions above will be met, the going concern basis is appropriate for these financial statements.

Creditor payment policy

The group conducts its business on the normal trade credit terms of each of its suppliers and tries to ensure that suppliers are paid in accordance with those terms. The group's average creditor payment period at 31 March 2006 was 71 days *(2005 - 53 days)*.

Charitable and political contributions

The group made no contributions during the year *(2005 - nil)*.

Employment

The group is an equal opportunity employer in all respects.

Auditors

Deloitte & Touche have indicated their willingness to continue in office and a resolution to re-appoint them and to authorise the directors to fix their remuneration will be proposed at the annual general meeting.

By order of the board

Ian Cuthbertson

Company Secretary

11 August 2006

Unaudited information:

The Directors' Remuneration Report has been prepared in accordance with schedule 7A of the Companies Act 1985.

Remuneration Committee Policy and Share Options

During the year the remuneration committee comprised Howard Miller (chairman) and Danesh Varma; no remuneration consultants were employed.

The board's aim, implemented by the committee, with regard to executive and non-executive directors' remuneration, is to provide a package which will attract, retain and motivate directors of the calibre required and be consistent with the group's ability to pay. So far as is possible, it is the group's policy to keep contract durations, notice periods and termination payments to a minimum. A bonus for attainment of key corporate targets forms part of overall executive director remuneration. Share options continue to form a major part of the executive directors' remuneration and all of the non-executive directors' remuneration, however in the light of the recommendations of the Combined Code, the committee continues to review means by which non-executive directors may be remunerated, other than the use of share options.

The company has one share scheme, the 2004 Unapproved Share Option Scheme, and share options were issued during the year under the terms of that scheme. All directors and employees are eligible to receive options. In determining the amount of options to be granted to each individual, the directors take into account the need for and value of the services provided, the amount of time spent on the business of the group and any other remuneration receivable from the group.

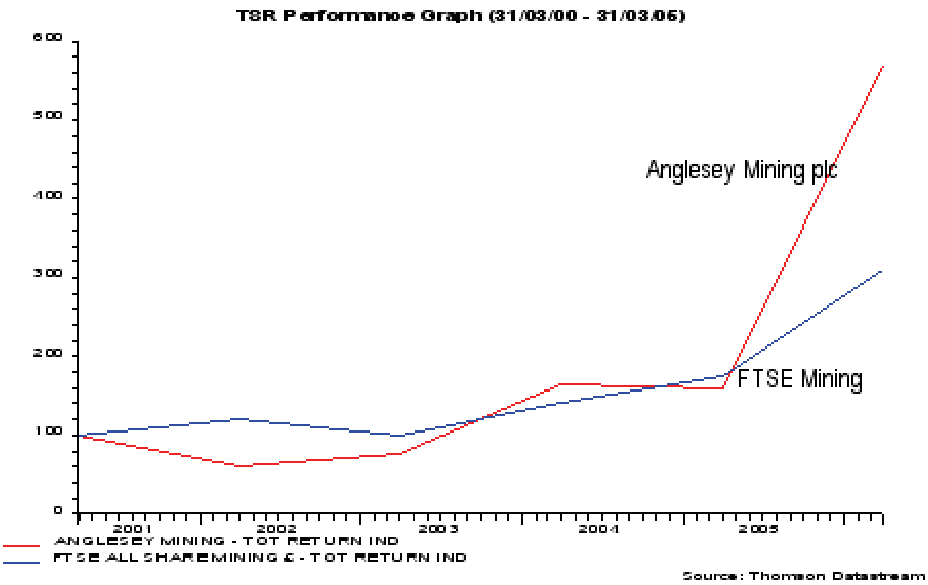
In respect of those share options marked with an asterisk in the table overleaf, there are performance criteria to be met, namely that the company's share price performance over the period from grant to exercise must exceed that of the companies in the top quartile of the FTSE 100 index. This index was selected as being an easily available benchmark of general corporate performance. There are no performance criteria to be met in respect of the other share option.

Terms and conditions of service

Bill Hooley (who joined the board during the year) and Ian Cuthbertson receive fees and a salary respectively, have notice periods not exceeding 6 months and no other entitlement to termination payments. They are eligible to receive performance bonuses when key corporate targets are attained. Other than these, there are no directors' service contracts, nor any arrangements in force whereby the group is under an obligation to pay fees, salaries, bonuses, pensions or any remuneration to any of the directors.

Total shareholder return graph

This graph shows the total shareholder return over a five year period for the company and for the FTSE Mining index, being the most appropriate comparative available for the company covering the past five years:



Audited information:

Directors' emoluments

Name	2006 Salary and fees £	2006 Benefits in kind £	2006 Pension £	2006 Total £	*2005* Salary and fees £	*2005* Benefits in kind £	*2005* Pension £	*2005* Total £
Executive								
John Kearney	-	-	-	-	-	-	-	-
Ian Cuthbertson	41,000	350	930	42,280	*19,628*	*125*	*930*	*20,683*
Bill Hooley	15,000	-	-	15,000	-	-	-	-
Non-executive								
Howard Miller	-	-	-	-	-	-	-	-
David Lean	-	-	-	-	-	-	-	-
Roger Turner	-	-	-	-	-	-	-	-
Danesh Varma	-	-	-	-	-	-	-	-
Totals	56,000	350	930	57,280	*19,628*	*125*	*930*	*20,683*

Bill Hooley's remuneration is in respect of the period from 10 January 2006. Pension contributions are to a money purchase pension scheme. Benefits are in respect of the provision of a motor vehicle.

Directors' share options

Details of each share option held (all of them beneficial) by all those who were directors during the year are set out below. There have been no options exercised during the year. All options are over ordinary shares of 1 pence each.

Name	Options at 1 April 2005	Lapsed in year	Granted in year	Options at 31 March 2005	Exercise price	Date from which exercisable	Expiry date
John Kearney*	5,000,000	-	-	5,000,000	4.13p	22 Oct 05	22 Oct 14
Ian Cuthbertson	200,000	-	-	200,000	5p	23 Oct 96	22 Oct 06
Ian Cuthbertson*	300,000	-	-	300,000	2p	3 May 05	2 May 12
Ian Cuthbertson*	1,000,000	-	-	1,000,000	4.13p	22 Oct 05	22 Oct 14
Ian Cuthbertson*	-	-	200,000	200,000	10.625p	15 Jan 07	15 Jan 16
Bill Hooley*	-	-	1,000,000	1,000,000	10.625p	15 Jan 07	15 Jan 16
Howard Miller*	300,000	-	-	300,000	2p	3 May 02	2 May 09
Howard Miller*	200,000	-	-	200,000	4.13p	22 Oct 05	22 Oct 14
Howard Miller*	-	-	100,000	100,000	10.625p	15 Jan 07	15 Jan 16
David Lean*	300,000	-	-	300,000	2p	3 May 02	2 May 09
David Lean*	200,000	-	-	200,000	4.13p	22 Oct 05	22 Oct 14
David Lean*	-	-	100,000	100,000	10.625p	15 Jan 07	15 Jan 16
Roger Turner*	-	-	500,000	500,000	10.625p	15 Jan 07	15 Jan 16
Danesh Varma*	500,000	-	-	500,000	4.13p	22 Oct 05	22 Oct 14
Danesh Varma*	-	-	200,000	200,000	10.625p	15 Jan 07	15 Jan 16

*Performance condition applies.

The market price of the ordinary shares at 31 March 2006 was 14.25 pence, the high for the year to 31 March 2006 was 16.75 pence and the low for the year was 4.00 pence. The mid-market price at 4 August 2006 was 12.50 pence.

By order of the board

Ian Cuthbertson

Company Secretary

11 August 2006

Principles

The board bases its policies and practices in relation to corporate governance on the 2003 FRC Combined Code on Corporate Governance appended to the Listing Rules issued by the Financial Services Authority.

The board supports the highest standards in corporate governance and endeavours to implement the principles of the Combined Code constructively and in a sensible and pragmatic fashion with the objective of enhancing and protecting shareholder value. This is always harder in a small group than in the larger organisations with which the Combined Code is chiefly concerned. It is particularly problematic for a company such as ours which is both small and engaged in mineral development rather than more routine operations. The company has made use of the Guidance for Smaller Quoted Companies published by the Quoted Companies Alliance in 2004 which relates to the implementation of the Combined Code for smaller quoted companies.

The Board

For the first nine months of the year the board comprised two executive directors and three non-executive directors. On 10 January 2006 Bill Hooley was appointed as an executive director and Roger Turner as a non-executive director.

For the purposes of the Combined Code Howard Miller is the senior independent non-executive director and David Lean is an independent director. As described in note 28, Danesh Varma is a shareholder in and director of Juno Limited, which holds 42.1% of the company's ordinary shares. He has been a director for more than 9 years, and will henceforth be subject to annual re-election to the board: under the Code provisions he is not deemed to be independent.

There are cases where board members are also co-directors of other companies; the board does not believe that these instances in any way compromise the independence or ability of the directors to carry out their duties in respect of the company.

The board meets when required and all board members are supplied with relevant and timely information. The company's strategy is always determined by the whole board and the schedule of matters reserved to it is therefore comprehensive. The board approves detailed budgets and activities and any material changes to budgets or planned activities are also approved by the whole board.

There is an established procedure by which directors may, at the company's expense, take independent advice in the furtherance of their duties. They also have access to the advice and services of the company secretary who is charged with ensuring that board procedures are followed.

The board continues to consider the introduction of a system for monitoring its own performance, including that of the board committees, and a programme to develop directors' skills and expertise but has not implemented any measures as yet.

There are written terms of reference for the remuneration and audit committees, each of which deals with specific aspects of the group's affairs. The board receives periodic reports from all committees.

Remuneration committee

The remuneration committee comprises Howard Miller and Danesh Varma. It is responsible for making recommendations to the board on the company's executive remuneration. The committee determines any contract terms, remuneration and other benefits, including share options, for each of the executive directors. The board itself determines the remuneration of the non-executive directors. The report on directors' remuneration is set out above.

Audit committee

The committee's terms of reference have been approved by the board and follow published guidelines. The audit committee comprises Danesh Varma and David Lean. Both are chartered accountants with extensive mineral industry experience and have the necessary recent and relevant experience required by the Combined Code.

The audit committee reviews the half-yearly and annual accounts before they are presented to the board, focusing in particular on accounting policies and areas of management judgment and estimation. The committee is responsible for monitoring the controls which are in force to ensure the information reported to the shareholders is accurate and complete. The committee discusses internal control issues and contributes to the board's review of the effectiveness of the group's internal control and risk management systems. It also considers the need for an internal audit function, which it believes is not required at present due to the limited staff and operations of the company. The members of the committee have agreed to make themselves available should any member of staff wish to make representations to them about the conduct of the affairs of the company.

The committee advises the board on the appointment of external auditors and on their remuneration for both audit and non-audit work, and discusses the nature and scope of the audit with the external auditors. It meets formally at least once a year with the group's external auditors. During the period, the audit committee has reviewed the effectiveness of the system of internal control. An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in note 5 to the financial statements.

The audit committee also undertakes a formal assessment of the auditors' independence each year which includes: a review of any non-audit services provided to the group (there were none in 2005 and 2006); discussion with the auditors of all relationships with the company and any other parties that could affect independence or the perception of independence; a review of the auditors' own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and obtaining written confirmation from the auditors that, in their professional judgement, they are independent.

Nomination committee

A nomination committee has not yet been set up. The two new directors appointed during the year were approached following a review by the whole board of a number of candidates.

All directors are subject to re-election at least every three years.

Assessment of directors' performance

The performance of the non-executive directors is assessed by the chairman and is discussed with the senior independent director. The performance of executive directors is discussed and assessed by the remuneration committee. The directors will take outside advice in reviewing performance when they consider this necessary, which has not been the case to date.

Internal control

The board of directors is responsible for and annually reviews the group's systems of internal control, financial and otherwise. Such systems provide reasonable and not absolute assurance of the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The key feature of the group's financial control system is that board members directly monitor all payments and transactions as well as budgets and annual accounts. The board considers it inappropriate because of the company's limited operations to establish an internal audit function at present; however this decision is reviewed annually.

There are no significant issues disclosed in the report and financial statements for the year ended 31 March 2006 and up to the date of approval of the report and financial statements that have required the board to deal with any related material internal control issues. The directors confirm that the board has reviewed the effectiveness of the system of internal control as described during the period.

Risks and uncertainties

In reviewing the other risks facing the company, the board considers it is sufficiently close to the company's operations and aware of its activities to be able to adequately monitor risk without the establishment of any formal process. The company may become subject to risks against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The board believes the significant risks facing the company are adequately disclosed in these financial statements and that there are no other risks of comparable magnitude which need to be disclosed.

Communication with shareholders

Extensive information about the group and its activities is given in the annual report and accounts, and the interim report, which are sent to shareholders. Further information is available on the company's website, www.angleseymining.co.uk, which is promptly updated whenever announcements or press releases are made.

The chairman holds meetings with substantial shareholders at least once per year, more often when appropriate, and other directors frequently join these and other meetings with smaller shareholders.

Every effort is made to reply promptly and effectively to enquiries from shareholders on matters relating to their shareholdings and the business of the group.

Attendance at board meetings

During the year attendance at meetings was as follows:

Director	Board	Audit	Remuneration	
No. of meetings	6	2	1	
John Kearney	6	-	-	
Ian Cuthbertson	6	-	-	
Bill Hooley	2	-	-	out of 2 possible
Howard Miller	6	-	1	
David Lean	6	2	-	
Roger Turner	1	-	-	out of 2 possible
Danesh Varma	6	2	1	

Compliance with the Combined Code

The directors believe that the company has complied with the requirements of the Combined Code during the year with the following exceptions:

- A.2.1 John Kearney is the chairman and chief executive. In the light of the size and activity level of the company, the board believes that the combination of these roles is appropriate at present. This position will be kept under active review.
- A.4.1 There is no formal nominations committee.
- A.4.4 There are no written terms and conditions regarding the appointment of non-executive directors.
- A.6.1 There has been no formal and rigorous annual evaluation of the performance of the board, its committees and the individual directors; consideration is being given to the best method of implementing such an evaluation.
- B.2.1 and C.3.1 Danesh Varma is a member of the audit and remuneration committees: solely because he has been on the board for more than 9 years, under the Code provisions he is not defined as independent.

We have audited the group and parent company financial statements (the "financial statements") of Anglesey Mining Plc for the year ended 31 March 2006 which comprise the Group Income Statement, the Group and Parent Balance Sheets, the Group Cash Flow Statement, the Group and Parent Statement of Changes in Shareholders' Equity and the related notes 1 to 30. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for the use in the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the parts of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper 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 review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined Code specified for our review by the Listing Rules of the Financial Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and controls procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the unaudited part of the Directors' Remuneration Report, the Chairman's Statement and the Corporate Governance Statement. 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.

Basis of audit opinion

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

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the valuation of intangible fixed assets. The realisation of the mineral property development costs of £5,571,034 *(2005 - £5,274,601)* included in the consolidated balance sheet and of the investments of £5,202,079 *(2005 - £5,064,051)* included in the company balance sheet is dependent on the successful development of economic reserves including the ability to raise sufficient finance to develop the projects. We draw attention to further details given in note 11. Our opinion is not qualified in this respect.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the group's affairs as at 31 March 2006 and of its loss for the year then ended;
- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the parent company's affairs as at 31 March 2006; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

Deloitte & Touche

Chartered Accountants and Registered Auditors

Earlsfort Terrace, Dublin 2

11 August 2006

Consolidated income statement

for the year ended 31 March 2006

All operations are continuing	**Notes**	**2006**	***2005***
		£	***£***
Revenue		-	-
Administration expenses	4	(242,243)	*(118,612)*
Provision for impairment		(194,065)	-
Operating loss	5	(436,308)	*(118,612)*
Investment income	7	22,545	*2,434*
Finance costs	8	(103,642)	*(70,591)*
Loss before tax		(517,405)	*(186,769)*
Tax	9	-	-
Loss for the period		(517,405)	*(186,769)*
Loss per share			
Basic and diluted loss per share	10	(0.4)p	*(0.2)p*

Consolidated balance sheet

	Notes	Group 31 March 2006 £	*31 March 2005 £*
Assets			
Non-current assets			
Mineral property development costs	11	5,571,034	*5,274,601*
Property, plant and equipment	12	185,102	*185,602*
Deposit	15	111,679	*109,276*
		5,867,815	*5,569,479*
Current assets			
Other receivables	16	10,800	*1,334*
Cash and cash equivalents		1,201,381	*44,070*
		1,212,181	*45,404*
Total assets		7,079,996	*5,614,883*
Liabilities			
Current liabilities			
Trade and other payables	17	(627,945)	*(422,851)*
Loans	18	-	*(1,260,650)*
		(627,945)	*(1,683,501)*
Net current assets/(liabilities)		584,236	*(1,638,097)*
Non-current liabilities			
Loans	18	(1,336,392)	-
Long term provision	19	(42,000)	-
		(1,378,392)	-
Total liabilities		(2,006,337)	*(1,683,501)*
Net assets		5,073,659	*3,931,382*
Equity			
Share capital	20	6,885,914	*6,673,247*
Share premium		7,090,049	*5,737,146*
Share based payment reserve	21	160,709	*61,947*
Currency translation reserve		(4,652)	-
Retained losses		(9,058,361)	*(8,540,958)*
Total shareholders' equity		5,073,659	*3,931,382*

The financial statements were approved by the board of directors and authorised for issue on 11 August 2006 and were signed on its behalf by :

John F. Kearney, Chairman

Ian Cuthbertson, Finance Director

Company balance sheet

	Notes	Company 31 March 2006 £	*31 March 2005 £*
Assets			
Non current assets			
Property, plant and equipment	12	185,102	*185,602*
Investments	14	5,202,079	*5,064,051*
Deposit	15	111,679	*109,276*
		5,498,860	*5,358,929*
Current assets			
Other receivables	16	10,800	*1,336*
Cash and cash equivalents		1,201,381	*44,070*
		1,212,181	*45,406*
Total Assets		6,711,041	*5,404,335*
Liabilities			
Current liabilities			
Trade and other payables	17	(292,337)	*(212,227)*
Loan	18	-	*(1,260,650)*
		(292,337)	*(1,472,877)*
Net current assets/(liabilities)		919,844	*(1,427,471)*
Non-current liabilities			
Loan	18	(1,336,392)	-
		(1,336,392)	-
Total liabilities		(1,628,729)	*(1,472,877)*
Net assets		5,082,312	*3,931,458*
Equity			
Share capital	20	6,885,914	*6,673,247*
Share premium		7,090,049	*5,737,146*
Share based payment reserve	21	160,709	*61,947*
Retained losses		(9,054,360)	*(8,540,882)*
Shareholders' equity		5,082,312	*3,931,458*

The financial statements were approved by the board of directors and authorised for issue on 11 August 2006 and were signed on its behalf by :

John F. Kearney, Chairman

Ian Cuthbertson, Finance Director

Statements of changes in equity

for the year ended 31 March 2006

Group

	Share capital	Share premium	Share based payments reserve	Currency translation reserve	Retained losses	Total
	£	£	£	£	£	£
At 1 April 2004	6,673,247	5,737,146	-	-	(8,354,189)	4,056,204
Recognition of share based payments	-	-	61,947	-	-	61,947
Loss for the year	-	-	-	-	(186,769)	(186,769)
At 31 March 2005	6,673,247	5,737,146	61,947	-	(8,540,958)	3,931,382
Recognition of share based payments	-	-	98,762	-	-	98,762
Shares issued for cash	212,667	1,411,333	-	-	-	1,624,000
Share issue expenses	-	(58,430)	-	-	-	(58,430)
Exchange differences on translation of foreign operations	-	-	-	(4,652)	-	(4,652)
Loss for the year	-	-	-	-	(517,403)	(517,403)
At 31 March 2006	6,885,914	7,090,049	160,709	(4,652)	(9,058,361)	5,073,659

Company

	Share capital	Share premium	Share based payments reserve	Currency translation reserve	Retained losses	Total
	£	£	£	£	£	£
At 1 April 2004	6,673,247	5,737,146	-	-	(8,354,114)	4,056,279
Recognition of share based payments	-	-	61,947	-	-	61,947
Loss for the year	-	-	-	-	(186,768)	(186,768)
At 31 March 2005	6,673,247	5,737,146	61,947	-	(8,540,882)	3,931,458
Recognition of share based payments	-	-	98,762	-	-	98,762
Premium on shares issued for cash	212,667	1,411,333	-	-	-	1,624,000
Share issue expenses	-	(58,430)	-	-	-	(58,430)
Loss for the year	-	-	-	-	(513,478)	(513,478)
At 31 March 2006	6,885,914	7,090,049	160,709	-	(9,054,360)	5,082,312

Consolidated cash flow statement

for the year ended 31 March 2006

	2006 £	*2005 £*
Operating activities		
Loss from operations	(436,308)	*(118,612)*
Adjustments for:		
Depreciation of plant & equipment	500	*500*
Provision for impairment	194,065	*-*
Equity-settled remuneration	98,762	*61,947*
Operating cashflow before movements in working capital	(142,981)	*(56,165)*
Increase in payables	(2,790)	*44,932*
(Increase)/decrease in receivables	(9,998)	*578*
Cash utilised by operations	(155,769)	*(10,655)*
Interest paid	-	*(12)*
Net cash used in operating activities	(155,769)	*(10,667)*
Investing activities		
Interest received	20,676	*565*
Mineral property development	(323,166)	*(7,094)*
Net cash used in investing activities	(302,490)	*(6,529)*
Financing activities		
Proceeds from issue of ordinary shares, net of costs	1,615,570	*-*
Proceeds from increase in loans	-	*60,000*
Net cash from financing activities	1,615,570	*60,000*
Net increase in cash	1,157,311	*42,804*
Cash and cash equivalents at beginning of period	44,070	*1,266*
Cash and cash equivalents at end of period	1,201,381	*44,070*

1 General information

Anglesey Mining plc is a company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is given on the rear cover of this report. The nature of the group's operations and its principal activities are set out in note 4 and in the business review section of the directors' report.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates. Foreign operations are included in accordance with the policies set out in note 3.

2 Adoption of new and revised International Financial Reporting Standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2005. The adoption of these new and revised Standards and Interpretations has resulted in changes to the group's accounting policies in the following areas that have affected the amounts reported for the current or prior years:

- Share-based Payments (IFRS 2)

The impact of these changes in accounting policies is discussed in detail later in this note. The impact on basic and diluted earning per share is disclosed in note 10.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IRFRS 6 Exploration for and Evaluation of Mineral Resources
- IFRIC 3 Emission Rights
- IFRIC 5 Right to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements.

IFRS 2 - Share-based Payments

IFRS 2 Share-based Payments requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. Prior to the adoption of IFRS2, the group did not recognise the financial effect of share-based payment until such payments were settled.

In accordance with the transitional provision of IFRS 2, the Standard has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested at 1 April 2005, and to liabilities for share-based transactions existing at 1 April 2005. The Standard therefore applies to share options granted in 2005 and 2006.

For 2005, the change in accounting policy has resulted in a net increase in the loss for the year of £61,947. The balance sheet at 31 March 2005 has been restated to reflect the recognition of a share options reserve of £61,947.

For 2006, the impact of share-based payments is a net charge to the income statement of £98,762. At 31 March 2006 the share options reserve amounted to £160,709.

The share-based payments expense of £98,762 *(2005: £61,947)* has been included with administration costs in the income statement.

3 Significant accounting policies

Basis of Accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for the first time. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 22. In these financial statements the 2005 comparatives have been presented in accordance with IFRS. The financial statements have also been prepared in accordance with the IFRSs adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

Going concern

The financial statements are prepared on a going concern basis. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the Parys Mountain property becoming available. Based on the assumptions that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible fixed assets, to their realisable values.

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 31 March 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.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to profit and loss in the period of acquisition. 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.

Revenue Recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign Currencies

Transactions in currencies other than pounds sterling 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 assets and liabilities 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. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the group's translation reserve. Such translation differences are recognised as income or as expense in the period in which the operation is disposed of.

Retirement Benefit Costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due. There are no defined benefit retirement benefit schemes.

Taxation

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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

Note 3 continued

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.

Property, Plant and Equipment

The group's freehold land is stated in the balance sheet at cost. The directors consider that the useful life of the land and buildings is so long and their estimated residual value, based on prices prevailing at the date of acquisition, is such that any depreciation would not be material. The carrying value is reviewed annually and any impairment in value would be charged immediately to the income statement.

Plant, equipment, fixtures and motor vehicles are stated in the balance sheet at cost, less depreciation. Depreciation is charged on a straight line basis at the following annual rates: plant and equipment 25%, fixtures and fittings 20% and motor vehicles 25%.

Intangible Assets - Mineral property development costs

Intangible assets are stated in the balance sheet at cost, less amounts written off and provisions for impairment.

Mineral property development costs are capitalised until the results of the projects, which are usually based on geographical areas, are known. Mineral property development costs include an allocation of administrative and management costs as determined appropriate to the project by management.

Where a project is successful, the related exploration costs are written off over the life of the estimated mineral reserve on a unit of production basis. Where a project is terminated, the related exploration costs are written off immediately. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets

Mineral properties are written down when an impairment in their value has occurred and are written off when abandoned. Where a provision is made it is dealt with in the income statement in the period in which it arises.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Equity instruments

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

Share-based Payments

The group has applied the requirements of IFRS 2 Share-based Payments. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested by 1 April 2005.

The group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value 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.

Fair value is measured by use of a binomial Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Segmental analysis

The group's primary format for segmental reporting is geographical segments which also correspond with the nature of the different projects being undertaken. The group has two segments, (i) the United Kingdom, which comprises the Parys Mountain base metal project and the much smaller Dolaucothi gold project and (ii) the Labrador iron project in Canada.

Investments

Financial fixed assets are shown at cost less provisions for impairment in value. Income from financial fixed assets together with any related withholding tax is recognised in the Income Statement in the period in which it is recoverable.

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.

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle that obligation at the balance sheet date, and are discounted to present value where the effect is material.

4 Business and Geographical segments

All activities relate to the group's principal activity which is the exploration and development of mining properties and hence only the geographical segments have been disclosed below.

Development expenditure

Until September 2005 all development activities and expenditure were in the United Kingdom. Following the optioning of the Labrador Iron project in Canada in October 2005, expenditures in respect of that property have also been incurred.

	United Kingdom	Canada	Total
	£	£	£
Direct property expenses			
Site labour and support	37,311	-	37,311
Drilling	197,465	-	197,465
Geology	45,965	49,860	95,825
Feasibility reports	14,457	10,187	24,644
Property rentals, fees and charges	62,900	-	62,900
Management	-	30,353	30,353
Provision for site reinstatement	42,000	-	42,000
	400,098	90,400	490,498
Overhead expenses			
Corporate salaries & related costs	78,448	-	78,448
Other corporate costs	65,033	-	65,033
Equity-settled remuneration	98,762	-	98,762
	242,243	-	242,243
	642,341	90,400	732,741
Less			
Capitalised to mineral property development costs	(400,098)	(90,400)	(490,498)
Amount charged to income statement	242,243	-	242,243
Assets and liabilities			
Assets	6,989,596	90,400	7,079,996
Liabilities	(1,927,353)	(78,984)	(2,006,337)
Net assets	5,062,243	11,416	5,073,659

In accordance with the company's accounting policy, mineral property development expenses are capitalised and all other expenses are expensed in the income statement.

The provision for site reinstatement covers the estimated costs of reinstatement at the Parys Mountain site of the work done and changes made by the company up to the date of the accounts. It is not intended to cover any reinstatement costs in respect of those areas of the site where the company has not carried out any activity or made any changes. In view of the historic nature of the area it is not anticipated that there will be any reinstatement of any areas of past mining activity; if there were to be any such work carried out, the directors do not believe that the company has any obligation to fund it.

The charge for share based payments arose on the grant of share options to management, and was unusually high because a group of options issued in October 2004 were largely carry-overs from previous years.

5 Operating loss

The operating loss for the year has been arrived at after charging:

	2006	2005
	£	£
Auditor's remuneration	11,307	8,010
Directors' remuneration	57,280	20,683
Equity-settled renumeration	98,762	61,947
Provision for impairment of intangible assets	194,065	-
Depreciation	500	500

6 Staff costs

The average monthly number of persons employed (including executive directors) was:

	2006	2005
Technical	1	-
Administrative	1	1
	2	1

Their aggregate remuneration was:

	£	£
Wages and salaries	63,801	19,753
Social security costs	4,923	2,327
Other pension costs	930	930
	69,654	23,010

Details of directors' remuneration and share options are given in the Directors' Remuneration Report. No options over shares were exercised in the year.

7 Investment income

	2006	*2005*
	£	*£*
Interest on bank deposits	20,143	*84*
Interest on site re-instatement deposit	2,402	*2,350*
	22,545	*2,434*

8 Finance costs

	2006	*2005*
	£	*£*
Loan interest to Juno Limited	75,742	*70,580*
Other interest	27,900	*11*
	103,642	*70,591*

9 Taxation

Development of the Parys Mountain property during the year has generated trading losses for taxation purposes which may be offset against investment income and other revenues. Accordingly no provision has been made for Corporation Tax. There is a deferred tax asset at 31 March 2006 of £3.6 million which, in view of the group's trading results, is not reflected in the financial statements. There are also capital allowances, including mineral extraction allowances, exceeding £9 million unclaimed and available at 31 March 2006.

	2006	2005
	£	£
Current tax	-	-

Domestic income tax is calculated at 30% *(2005: 30%)* of the estimated assessed loss for the year. Taxation for other jurisdictions is calculated at the rates prevaling in the relevant jursidictions.

The total charge for the year can be reconciled to the accounting loss as follows:

	2006	2005
Loss before tax	(517,405)	(186,769)
Tax at the domestic income tax rate of 30% (2005: 30%)	(155,222)	(56,031)
Effect of different tax rates of subsidiary operations	(2,548)	-
Tax effect of expenses that are not deductible in determining taxable loss	48,530	-
Prior year current tax adjustment	18,584	-
Tax effect of tax losses carried forward	90,656	56,031
Tax expense for the year	-	-

10 Loss per ordinary share

All operations are continuing

As there is a loss for the year, basic and diluted EPS are the same and are calculated on the following data:

	2006	*2005*
	£	*£*
Loss		
Loss for the period	(517,405)	*(186,769)*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	128,492,891	*116,241,384*
Loss per share – basic & diluted	(0.4) pence	(0.2) pence

Impact of changes in accounting policy

Changes in the group's accounting policy during the year are described in detail in note 2. To the extent that those changes have had an impact on results for 2006 and 2005, they have had an impact on the amounts reported for loss per share. The recognition of share-based payments as expenses has increased the loss per share – basic and diluted by 0.08 pence (2004: 0.05 pence).

11 Intangible assets

Group - Mineral property development costs

	Parys Mountain	Labrador	Dolaucothi	Total
Cost	£	£	£	£
At 1 April 2004	12,223,442	-	193,565	12,417,007
Additions - own expenditure	57,094	-	500	57,594
At 1 April 2005	12,280,536	-	194,065	12,474,601
Additions - own expenditure	400,098	90,400	-	490,498
At 31 March 2006	12,680,634	90,400	194,065	12,965,099
Impairment provision				
At 1 April 2004 and 2005	(7,200,000)	-	-	(7,200,000)
Provided in year	-	-	(194,065)	(194,065)
At 31 March 2006	(7,200,000)	-	(194,065)	(7,394,065)
Carrying amount				
Net book value 2006	5,480,634	90,400	-	5,571,034
Net book value 2005	*5,080,536*	*-*	*194,065*	*5,274,601*

Parys Mountain development expenditure incurred by the group is carried in the financial statements at cost less an impairment provision. The directors have given careful consideration to the value at which this development expenditure should be shown and are satisfied that in the financial environment forecast to prevail over the next few years, the fair value of the project exceeds the value shown in the balance sheet. Development expenditures at Dolaucothi are shown at cost to the group on acquisition in 1997, plus expenditures since then at cost, less an impairment provision. This impairment provision was made this year, as the directors decided, in view of the current lack of activity, that it would be prudent to make a provision against all the Dolaucothi mineral development expenditure.
The realisation of these intangible fixed assets is subject to a number of significant potential risks, which are further set out in the risks section of the business review in the directors' report. Should a project prove unsuccessful, the value included in the balance sheet would be written down to its net realisable value.

12 Property, plant and equipment

Group and Company

Cost	Freehold land and property £	Plant & equipment £	Office equipment £	Vehicles £	Total £
At 1 April 2004	185,102	17,434	5,487	3,200	211,223
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 1 April 2005	185,102	17,434	5,487	3,200	211,223
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2006	185,102	17,434	5,487	3,200	211,223
Depreciation					
At 1 April 2004	-	17,434	5,487	2,200	25,121
Charge for the year	-	-	-	500	500
At 1 April 2005	-	17,434	5,487	2,700	25,621
Charge for the year	-	-	-	500	500
At 31 March 2006	-	17,434	5,487	3,200	26,121
Carrying amount					
At 31 March 2006	185,102	-	-	-	185,102
At 31 March 2005	*185,102*	*-*	*-*	*500*	*185,602*

The directors estimate that freehold land and property should be analysed as to £140,000 for land and £45,102 for property.

13 Subsidiaries

The subsidiaries of the company at 31 March 2006 were as follows:

Name of company	Country of incorporation	Percentage owned	Principal activity at 31 March 2005
Anglo Canadian Exploration (Ace) Limited	England & Wales	100%	Holder of the Dolaucothi property
Labrador Iron Mines Limited	Ontario, Canada	100%	Development of Labrador Iron property
Parys Mountain Mines (UK) Limited	England & Wales	100%	Development of the Parys Mountain property

14 Investments

Company	Shares at cost £	Amounts due £	Total £
At 1 April 2004	100,001	4,952,456	5,052,457
Added in year	-	11,594	11,594
At 31 March 2005	100,001	4,964,050	5,064,051
Added in year	-	328,167	328,167
Impairment provision in year	-	(190,139)	(190,139)
At 31 March 2006	100,001	5,102,078	5,202,079

The realisation of investments is dependent on finance being available for development and other factors as set out in more detail in note 11.

15 Deposit

	Group		Company	
	2006	***2005***	**2006**	***2005***
	£	***£***	**£**	***£***
Due from Isle of Anglesey County Council	111,679	*109,276*	111,679	*109,276*

This deposit is required and was made under the terms of the company's Section 106 Agreement with Isle of Anglesey Council which grants the planning permission for mining at Parys Mountain. It is repayable upon restoration of that part of the Parys site which has been used by the group. Interest is credited annually at current market rates. In 2005 this amount was shown as a current asset.

16 Other receivables

	Group		Company	
	2006	***2005***	**2006**	***2005***
	£	***£***	**£**	***£***
Other	10,800	*1,334*	10,800	*1,334*

The carrying value of the receivables approximates to their fair value.

17 Trade and other payables

	Group		Company	
	2006	***2005***	**2006**	***2005***
	£	***£***	**£**	***£***
Trade creditors	(59,216)	*(13,427)*	(59,216)	*(13,427)*
Property royalties and rentals	(272,624)	*(237,928)*	(20,000)	*(31,304)*
Other accruals	(220,668)	*(55,349)*	(137,684)	*(51,349)*
Salaries, social security and other taxes	(15,437)	*(25,664)*	(15,437)	*(25,664)*
Deferred trade creditors	(60,000)	*(90,483)*	(60,000)	*(90,483)*
	(627,945)	*(422,851)*	(292,337)	*(212,227)*

During the year the company negotiated an amendment to the terms of the loan from Juno Limited so that the notice period was increased to 367 days and the loan has therefore been classified as a non-current liability at 31 March 2006 (note 18). In the same amendment Juno Limited agreed not to require repayment of its loan from the proceeds of the share issues made during the year. The carrying value of the trade and other payables approximates to their fair value.

18 Loans

	Group		Company	
	2006	***2005***	**2006**	***2005***
	£	***£***	**£**	***£***
Juno Limited -				
Non-current liabilities *(2005 - current)*	(1,336,392)	*(1,260,650)*	(1,336,392)	*(1,260,650)*

The loans from Juno Limited are denominated in sterling, unsecured, carry interest at 10% and are repayable from any future financing undertaken by the company. The terms of the facility were approved by an independent committee of the board. The carrying value of the loans approximates to their fair value.

19 Long term provision

	Group		Company	
	2006	*2005*	2006	*2005*
	£	*£*	£	*£*
Provision for site reinstatement	(42,000)	-	-	-

The provision for site reinstatement covers the estimated costs of reinstatement at the Parys Mountain site of the work done and changes made by the company up to the date of the accounts. It is not intended to cover any reinstatement costs in respect of those areas of the site where the company has not carried out any activity or made any changes. In view of the historic nature of the area it is not anticipated that there will be any reinstatement of those areas of past mining activity; if there were to be any such work carried out, the company does not believe that it has any responsibility for funding it. The carrying value of the long term provision approximates to its fair value.

20 Share capital

	Ordinary shares of 1p		Deferred shares of 4p		Total
	Nominal value £	Number	Nominal value £	Number	Nominal value £
Authorised share capital					
At 1 April 2004 and 2005	1,560,000	156,000,000	7,320,000	183,000,000	8,880,000
Created 27 September 2005	280,000	28,000,000	-	-	280,000
At 31 March 2006	1,840,000	184,000,000	7,320,000	183,000,000	9,160,000
Issued and fully paid					
At 1 April 2004 and 2005	1,162,414	116,241,384	5,510,833	137,770,835	6,673,247
Issued 22 April 2005	116,000	11,600,000	-	-	116,000
Issued 8 February 2006	96,667	9,666,667	-	-	96,667
At 31 March 2006	1,375,081	137,508,051	5,510,833	137,770,835	6,885,914

The deferred shares are non-voting, have no entitlement to dividends and have no preferential right to return of capital on a winding up.

On 22 April 2005 the company completed a private placing of 11,600,000 ordinary shares at a price of 4 pence each, raising £464,000 before expenses. On 8 February 2006 the company completed a second private placing of 9,666,667 ordinary shares at 12 pence each, raising £1,160,000 before expenses.

A summary of options granted and outstanding, all of which are over ordinary 1 pence shares, is as follows:

Scheme	Number	Nominal Value £	Exercise price	Exercisable from	Exercisable until
Executive approved	200,000	2,000	5.00p	23 October 1996	22 October 2006
Executive approved	300,000	3,000	2.00p	3 May 2005	2 May 2012
Unapproved	600,000	6,000	2.00p	3 May 2002	2 May 2009
2004 Unapproved	6,900,000	69,000	4.13p	22 October 2004	21 October 2014
2004 Unapproved	2,100,000	21,000	10.625p	15 January 2007	14 January 2016
Total	10,100,000	101,000			

21 Share-based payments

Equity-settled share option plan

The group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant. The vesting period for options granted in the past two years has been one year. If the options remain unexercised after a period of 10 years from the date of grant, they expire. Options are forfeited if the employee leaves employment with the group before the options vest.

	Options	2006 Weighted average exercise price in pence	Options	2005 Weighted average exercise price in pence
Outstanding at beginning of period	8,000,000	3.91	1,100,000	3.91
Granted during the period	2,100,000	10.63	6,900,000	4.13
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	-	-
Outstanding at the end of the period	10,100,000	5.31	8,000,000	-
Exercisable at the end of the period	8,000,000	3.91	800,000	3.91

The options outstanding at 31 March 2006 had a weighted average exercise price of 5.31 pence *(2005 –3.91 pence)*, and a weighted average remaining contractual life of 8.3 years *(2005 – 8.9 years)*.

The inputs into the Black-Scholes model are as follows:

	2006	2005
Weighted average share price in pence	5.65	4.13
Weighted average exercise price in pence	5.65	4.13
Expected volatility	66%	70%
Expected life	3 years	3 years
Risk free rate	5%	5%
Expected dividends	None	None

Expected volatility was determined by calculating the historical volatility of the share price over the previous 3 years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.
The group recognised total expenses of £98,762 *(2005: £61,947)* related to equity-settled share-based payments transactions during the year.

22 Explanation of transition to IFRSs

This is the first year that the group has presented its financial statements under IFRS. The following disclosures are required in the year of transition from United Kingdom Generally Accepted Accounting Practices (UK GAAP) to International Financial Reporting Standards (IFRS). The last financial statements under UK GAAP were for the year ended 31 March 2005 and the date of transition to IFRS was therefore 1 April 2004.

Reconciliation of equity at 1 April 2004

(date of transition to IFRS):

	Notes	UK GAAP 1 April 2004 in IFRS format £	Transition to IFRS £	1 April 2004 restated under IFRS £
Assets				
Non-current assets				
Mineral property development costs		5,217,006	-	5,217,006
Property, plant and equipment		186,102	-	186,102
Deposit	(a)	-	106,926	106,926
		5,403,108	106,926	5,510,034
Current assets				
Other receivables	(a)	108,819	(106,926)	1,893
Cash and cash equivalents		1,266	-	1,266
		110,085	(106,926)	3,159
Total assets		5,513,193	-	5,513,193
Liabilities				
Current liabilities				
Trade and other payables		(1,456,989)	-	(1,456,989)
Loans		-	-	-
		(1,456,989)	-	(1,456,989)
Net current assets/(liabilities)		(1,346,904)	(106,926)	(1,453,830)
Total liabilities		(1,456,989)	-	(1,456,989)
Net assets		4,056,204	-	4,056,204
Equity				
Share capital		6,673,247	-	6,673,247
Share premium		5,737,146	-	5,737,146
Share based payment reserve		-	-	-
Currency translation reserve		-		-
Retained losses		(8,354,189)	-	(8,354,189)
Total shareholders' equity		4,056,204	-	4,056,204

(a) Deposit and Other receivables

The deposit has been reclassified from current assets to non-current assets as it meets the definition of non-current loans and receivables under IAS 39: 'Financial Instruments: Recognition and Measurement'.

Note 22 continued

Reconciliation of profit to income for the year ended 31 March 2005

(the last UK GAAP financial statements):

All operations are continuing	**Notes**	**UK GAAP 2005 in IFRS format £**	**Transition to IFRS £**	**2005 restated under IFRS £**
Revenue		-	-	-
Administration expenses	(a)	(56,665)	(61,947)	*(118,612)*
Other expenses		-	-	-
Operating loss		(56,665)	(61,947)	*(118,612)*
Investment income		2,434	-	*2,434*
Finance costs		(70,591)	-	*(70,591)*
Loss before tax		(124,822)	(61,947)	*(186,769)*
Tax		-	-	-
Loss for the period		(124,822)	(61,947)	*(186,769)*
Earnings per share				
Basic and diluted loss per share		(0.1)p	(0.1)p	*(0.2)p*

(a) Administration expenses
Administration expenses have been increased by £61,947 as a result of the income statement charge for the year in relation to the qualifying share options in issue, in accordance with the requirements of IFRS 2: 'Share-based Payments'. Further details are shown in note 21.

Note 22 continued

Reconciliation of equity at 31 March 2005

(date of last UK GAAP financial statements):

	Notes	UK GAAP 31 March 2005 in IFRS format £	Transition to IFRS £	31 March 2005 restated under IFRS £
Assets				
Non-current assets				
Mineral property development costs		5,274,601	-	5,274,601
Property, plant and equipment		185,602	-	185,602
Deposit	(a)	-	109,276	109,276
		5,460,203	109,276	5,569,479
Current assets				
Other receivables	(a)	110,610	(109,276)	1,334
Cash and cash equivalents		44,070	-	44,070
		154,680	(109,276)	45,404
Total assets		5,614,883	-	5,614,883
Liabilities				
Current liabilities				
Trade and other payables		(1,683,501)	-	(1,683,501)
Loans		-	-	-
		(1,683,501)	-	(1,683,501)
Net current assets/(liabilities)		(1,528,821)	(109,276)	(1,638,097)
Total liabilities		(1,683,501)	-	(1,683,501)
Net assets		3,931,382	-	3,931,382
Equity				
Share capital		6,673,247	-	6,673,247
Share premium		5,737,146	-	5,737,146
Share based payment reserve	(b)	-	61,947	61,947
Currency translation reserve		-	-	-
Retained losses		(8,479,011)	(61,947)	(8,540,958)
Total shareholders' equity		3,931,382	-	3,931,382

(a) Deposit and other receivables
The deposit has been reclassified from current assets to non-current assets as it meets the definition of non-current loans and receivables under IAS 39: 'Financial Instruments: Recognition and Measurement'.
(b) Share-based payment reserve
A share-based payment reserve of £61,947 has been created, representing the fair value of the share option liability at the year end in terms of IFRS2:'Share-based Payments'. Further details are shown in note 21.

23 Loss attributable to Anglesey Mining plc

The loss after taxation in the parent company amounted to £513,478 *(2005 restated - £186,769)*.

24 Material non cash transactions

There were no material non cash transactions.

25 Commitments

Other than commitments under leases (note 29) there is no capital expenditure authorised or contracted which is not provided for in these accounts *(2005 - nil)*.

26 Contingent liabilities

There are no contingent liabilities *(2005 - nil)*.

27 Risk management

The group's financial instruments comprise cash balances, a loan from the parent company and various items such as trade creditors which arise directly from trading operations. The group does not enter into derivative transactions and it is the group's policy that no trading in financial instruments be undertaken.
The main risks arising from the group's financial instruments are currency risk and interest rate risk. The board reviews and agrees policies for managing each of these risks and these are summarised below.

Interest Rate Risk
The group finances its operations through a mixture of equity, and loans from its parent Juno Limited. The group borrows from the parent at a fixed rate of interest of 10% per annum and as a result is not exposed to interest rate fluctuations

Liquidity Risk
As regards liquidity risk, the group's policy has been to ensure continuity of funding through a mixture of fresh issues of shares and the working capital agreement with Juno Limited.

Currency Risk
The functional currency of the group is pounds sterling and the loan from its parent is denominated in pounds sterling. As a result, the group has no currency exposure in respect of this loan. All the remaining financial assets and liabilities of the group are short term debtors and creditors. The group has excluded all short-term debtors and creditors from the disclosures and hence no numerical disclosures are required.

28 Related party transactions

Juno Limited
Juno Limited ("Juno") which is registered in Bermuda holds 42.1% of the company's share capital. The group has the following agreements with Juno: (a) a controlling shareholder agreement dated September 1996 and (b) a consolidated working capital agreement of 12 June 2002. Interest payable to Juno is shown in note 8 and the balance due to Juno is shown in note 18. There were no transactions between the group and Juno or its group during the year other than the accrual of interest due to Juno. During the year there was a change to the terms of the loan which is described in note 17. Danesh Varma is a director and, through his family interests, a significant shareholder of Juno.

Labrador Iron Properties
John Kearney is interested in the Labrador option agreement by virtue of his control of Energold Minerals Inc. ("Energold"), a company which has registered forty eight of the 92 mining claims which are the subject of the agreement. These claims are held by Energold which negotiated the rights to all of the mining claims from the underlying third party owners. John Kearney was responsible for staking the claims and securing the project. The parties to the joint venture are: Anglesey Mining plc (70%); Energold (10%); Kensam Enterprises Inc. (10%) and 3222594 Canada Inc. (10%). It is anticipated that shareholder approval will be sought prior to entering into any binding commitments on the part of the company in relation to the Labrador project.
There are no other contracts of significance in which any director has or had during the year a material interest.

29 Mineral leases

Parys

(a) Under lease and royalty agreements dated September 1997 the company was required to make an index linked lease payment in respect of the eastern portion of Parys Mountain which, until 31 March 2002, was approximately £19,500 per annum. The lease was terminable by the company by 12 months notice from its annual anniversary date and otherwise expired in 2070. A royalty of 6% of net profits from all mining production of base metals at Parys Mountain was also payable.

Since early 2000 the company has been negotiating with the landlord in respect of a reduction in the payments due under the lease. In March 2001 the landlord filed a statutory demand in respect of the unpaid rentals and the company served twelve month's notice of its intention to surrender the lease. The lease was over the eastern portion of Parys Mountain. Since the year end heads of agreement have been reached with the landlord in respect of a new lease which is expected to be signed shortly.

All the mineral reserves delineated to date are under the western portion of Parys Mountain, the freehold of which is owned by the company and which is unaffected by this matter. The mining rights are held by the company's subsidiary Parys Mountain Mines (U.K.) Limited.

(b) Under a mining lease from the Crown dated December 1991 the group makes an annual lease payment of £1,000. A royalty of 4% of gross sales of gold and silver from the lease area is also payable. The lease may be terminated at 12 months notice and otherwise terminates in 2020.

(c) Under a royalty agreement with Intermine Limited the group is obligated to make payments of Can$50,000 (c.£22,000) per annum until production commences at the Parys Mountain mine. A royalty of 4% of net profits (as defined after various deductions) generated from production at the mine is also payable. The group has an option to buy out the royalty and advance payments. The agreement may be terminated at 12 months notice on abandonment of the property. The company has not paid all of the amounts due to Intermine and has made settlement proposals to Intermine Limited but no agreement has yet been reached.

Dolaucothi

Under a mining lease from the Crown dated August 1997, a subsidiary has an obligation to make lease payments of £2,500 per annum and a royalty of 4% of gross sales of gold and silver from production at the Dolaucothi mine. The lease may be terminated at 12 months notice after May 2002 and otherwise terminates in 2011. Certain financial obligations relating to this lease have been guaranteed by the company.

30 Post balance sheet events

There are no significant post balance sheets events to report.

Notice of Annual General Meeting

Notice is hereby given that the annual general meeting of the company will be held at 12.00 noon on 26 September 2006 at the offices of Deloitte & Touche, Athene Place, 66 Shoe Lane, London EC4A 4TR for the following purposes:

As Ordinary Business

1. To receive and adopt the report and accounts for the year ended 31 March 2006.
2. To approve the directors' remuneration report.
3. To elect as a director Bill Hooley who was appointed during the year.
4. To elect as a director Roger Turner who was appointed during the year.
5. To re-elect as a director David Lean who is retiring by rotation.
6. To re-elect as a director Howard Miller who is retiring by rotation.
7. To re-elect as a director Danesh Varma.
8. To re-appoint Deloitte & Touche as auditors and to authorise the directors to fix their remuneration.

As Special Business

To consider and if thought fit to pass the following special resolution:

9. That the directors be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985 ("Act") to allot equity securities (within the meaning of section 94(2) of the Act) for cash, pursuant to the general authority conferred on them at the annual general meeting in 2005, as if section 89(1) of the Act did not apply to any such allotment, provided however that the power conferred by this resolution shall be limited to:

   (a) the allotment of equity securities which are offered to all the holders of issued ordinary shares of the company (at a date selected by the directors) where the equity securities respectively attributed to the holders of ordinary shares are as nearly as practicable in proportion to the number of ordinary shares held by them but subject to such exclusions and other arrangements that the directors may deem necessary or expedient in relation to fractional entitlements or on account of any legal or practical difficulties arising in connection with the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory; and

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £343,000;

   and shall expire, unless renewed or revoked before that date, on whichever is the earlier of the date 15 months from the date of the passing of this resolution or the completion of the next annual general meeting of the company held after the passing of this resolution save that the power conferred by this resolution shall enable the company to make an offer or agreement before the expiry or revocation of this power which would or might require equity securities to be allotted after such expiry or revocation and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding the expiry or revocation of such power.

By order of the board

Ian Cuthbertson

Company Secretary

11 August 2006

Notes to the notice of AGM

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his or her place. A proxy need not be a member of the company.
2. To be valid the enclosed form of proxy (together with any power of attorney or other written authority under which it is executed or an office or notarially certified copy of such power or authority) must be duly executed and deposited with the company's registrars, Capita Registrars, Northern House, Woodsome Park, Fenay Bridge, Huddersfield HD8 0LA, not later than 48 hours before the time appointed for holding the meeting.
3. Completion and return of the form of proxy will not prevent a member from attending the meeting and voting in person if he or she so wishes.
4. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001, only shareholders on the register of members 48 hours before the time of the meeting have the right to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to entries on the register of members after that time will be disregarded in determining the right of any person to attend or vote at the meeting.

Directors

John F. Kearney	Irish, aged 55, chairman and chief executive, is a mining executive with over 30 years experience in the mining industry. He is a director of several public resource companies including Minco plc, Conquest Resources Limited and Canadian Zinc Corporation. He is resident in Canada.
Ian Cuthbertson	aged 59, finance director and company secretary, is a chartered accountant. He has extensive previous experience in the international oilfield and construction industries and has been secretary of the company since 1988.
Bill Hooley	aged 59, Executive Director, is a mining engineering graduate from the Royal School of Mines and has extensive experience in many countries including the UK and Australia. He has been a director of a number of companies involved in the minerals industry. He is a Fellow of the Australasian Institute of Mining and Metallurgy.
David Lean	Australian, aged 59, non-executive director, is a chartered accountant. He has over 30 years experience in the commercial aspects of the mining industry most of which was with major base and precious metal mining houses. Currently he is involved in trading mineral products. He is a member of the audit committee.
Howard Miller	aged 62, non-executive director, a lawyer with over 35 years experience in the legal and financial sector in Africa, Canada and the UK. He has extensive experience in the financing of resource companies. He is chairman of Avnel Gold Mining Limited. He is a member of the remuneration committee and senior independent director.
Roger Turner	aged 63, non-executive director, is a mining engineer with more than 30 years experience in engineering, management and project development. He is a Camborne graduate and has an MSc in geology.. He was President of Nelson Gold Corporation and Oxus Gold plc and is currently chairman of Minco plc and Ovoca Gold plc.
Danesh Varma	Canadian, aged 56, non-executive director, is a chartered accountant and a member of the Chartered Institute of Taxation. He is chief financial officer of Minco plc and Canadian Zinc Corporation. He is a member of the audit and remuneration committees.

Solicitors	**Auditors**	**Bankers**
DLA Piper Rudnick Gray Cary UK LLP 101 Barbirolli Square Manchester M2 3DL	Deloitte & Touche Earlsfort Terrace Dublin 2 Ireland	HSBC Dinorben Square Amlwch, Anglesey LL68 9AH


Drilling on the White Rock at Parys Mountain


James Deposit Labrador

Anglesey Mining plc

Registered office	Parys Mountain, Amlwch, Anglesey, LL68 9RE, Wales
Corporate office	Telephone 01248 361333 Fax 01248 361419
Parys Mountain site	Telephone 01407 831275
London office	50 Gresham Street, London, EC2V 7AY Telephone 020 7397 8154
Registrars	Capita Registrars Northern House, Woodsome Park, Fenay Bridge, Huddersfield, HD8 0LA Phone 0870 162 3131 Fax 01484 600911
Web site	www.angleseymining.co.uk
E-mail	mail@angleseymining.co.uk
Company registered number	1849957
Shares listed	The London Stock Exchange — LSE:AYM

The Anglesey Mining web site at **www.angleseymining.co.uk** contains further information about the company and about Parys Mountain.