Anglesey Mining plc

New crushing and washing plant for iron ore at the James deposit near Schefferville, Labrador

Half yearly report 2010

Chairman's statement and management report - November 2010

We are pleased to report that during the half year ended 30 September 2010 and up to date, excellent progress has been made with the ongoing development of Labrador Iron Mines' (LIM's) iron ore projects in Western Labrador and Quebec, currently the group's main activity. Since on-site construction commenced in early September 2010, the rate of advance indicates that the plant and accommodation camp for the first phase of Stage 1 are on track to be substantially completed by the end of calendar 2010; mining and production activities are planned to commence in April 2011.

Labrador Iron Ore

Labrador Iron Mines, the group's 41% owned Toronto Stock Exchange listed associate, is advancing its Schefferville direct shipping iron ore project towards production. LIM had respected and did not try to cross the barrier that had been erected in June 2010 which had restricted normal access from the town of Schefferville to LIM's properties in Western Labrador and caused delays in the exploration and development of the projects. Following an agreement in early September with the Innu Matimekush–Lac John to remove the barriers, construction and installation work is being carried out on site.

Mine site preparation at the James Mine has commenced with the development of the haul road, clearing and grubbing of the entire mining site and exposing the ore body. Development of the first production bench in the mine will follow. Some small ore stock piles have been moved to Silver Yards and, together with the first ore mined from the bench development, will be stockpiled ahead of the primary crusher ready for feed to the processing plant at the commencement of production.

Construction of the beneficiation plant and associated facilities has progressed well since early September. All the piers for the conveyors have been installed, including those for the radial stackers and the secondary crusher, and most of the conveyor structures are in place. The steel structure for the secondary screens tower has been completed and the chutes, stairs and flooring for the transfer tower are all installed. All the major items of processing equipment have been installed, and the dome roof structure is being assembled at site and is expected to be installed shortly. This will enable installation of the piping, electrical and other work to be carried out during periods of poor winter weather.

The accommodation camp at Bean Lake has also progressed rapidly, is currently almost complete and should be available for use over the winter.

In September 2010 LIM entered into an Impact Benefits Agreement (IBA) with the Naskapi Nation of Kawawachikamach. Discussions continue with the Innu Matimekush-Lac John and with the Innu Takuaikan Uashat Mak Mani-Utenam towards concluding Impact Benefits Agreements. LIM has committed to negotiate in good faith and to respect the rights of the Innu, however, it should be emphasized that no formal IBA or other agreements have yet been signed between LIM and either Innu Uashat or Innu Matimekush and several outstanding issues remain to be resolved.

In the six months ended 30 September 2010 LIM made significant progress in its permitting activities with the Government of Newfoundland and Labrador and has now received from the Government of Newfoundland and Labrador all major permits that are required to advance the first phase of Stage 1 of its Schefferville Projects in Labrador through construction and into mining operations.

The 2010 summer exploration programme has been completed with 4,500 metres of drilling and 1,400 metres of trenching achieved at the Denault, Ruth 8, and Houston properties. Drilling at Houston has indicated some extensions to the resource and these, together with Denault results, will be incorporated into revised resource estimates when assay results are received.

As a result of recent progress, LIM believes it is on track to substantially complete construction of the processing plant and accommodation camp by the end of December and to commence production activities in April 2011. The target is production of about 2 million tonnes of iron ore in 2011, which assumes completion of construction, plant commissioning and a satisfactory start-up of mining operations in the second quarter of calendar 2011.

Parys Mountain

We continue to believe that there is a significant value in the group's 100% owned Parys Mountain zinc/copper/lead property and although the current management focus is on Labrador we are continuing to talk with interested parties in our efforts to realise that value for shareholders.

Financial

The loss for the six month period was £756,132 *(2009 - £368,100),* which included an exchange rate loss on cash held in Canadian dollars of £149,974 *(2009 – nil)* and the group's share of the loss in Labrador, largely comprising administration expenses, of £407,016 *(2009 - £226,880)*. Development expenses capitalised in respect of Parys Mountain amounted to £27,827 *(2009 - £52,245)*. The group has no revenues from the operation of its properties. At the period end the group had cash in treasury of £2.4 million and LIM had in excess of Canadian $35 million (£21 million).

Outlook

Recently there has been a strengthening in the price of iron ore, with prices reaching over US$160 per tonne (62% iron sinter fines CFR Chinese ports). Shipping rates from eastern North America to China in cape-size vessels is currently around $40 per tonne giving an indicated effective FOB price of around US$120 per tonne. The traditional annual benchmark pricing mechanism for iron ore has now been more or less abandoned with more and more iron ore being traded against a prior one month spot average determination.

The level of demand in China for all commodities, and in particular iron ore remains strong. Analysts' consensus seems to suggest price forecasts at or above current levels well into 2011, although some weakening in prices is possible. Worldwide iron ore demand is expected to continue to grow through 2012, continuously driven by China, while demand in Europe for iron and steel appears to be flat, but with some small increase forecast for 2011. These forecasts should work positively for LIM with first sales of lump ore and sinter fines expected towards the end of the second calendar quarter of 2011 into what appears will be a positive iron ore market.

The investment in Labrador Iron is the company's major asset. We believe that the commencement of production and ore sales by LIM will be a major milestone and that it will bring to the attention of the market the significant under valuation of Anglesey's shares.

John F Kearney

Chairman

25 November 2010

Anglesey Mining plc - Group

Condensed consolidated income statement

	Notes	Unaudited six months ended 30 September 2010	Unaudited Six months ended 30 September 2009	Audited Year ended 31 March 2010
All operations are continuing		£	£	£
Revenue		-	-	-
Expenses		(161,955)	(85,419)	(253,684)
Equity-settled employee benefits	6	-	(14,298)	(28,127)
Share of (loss) of associate	11	(407,016)	(226,880)	(203,173)
Gains on deemed disposals in associate	11	17,279	-	7,054,967
Profit on sale of shares in associate		-	-	1,733,096
Investment income		5,394	1,352	1,076
Finance costs		(59,860)	(42,855)	(99,818)
Foreign exchange loss		(149,974)	-	-
(Loss)/profit before tax		(756,132)	(368,100)	8,204,337
Tax	9	-	-	-
(Loss)/profit for the period		(756,132)	(368,100)	8,204,337
All attributable to equity holders of the company				
(Loss)/profit per share	7			
Basic - pence per share		(0.5)p	(0.2)p	5.4 p
Diluted - pence per share		(0.5)p	(0.2)p	5.3 p

Condensed consolidated statement of comprehensive income

(Loss)/profit for the period		(756,132)	(368,100)	8,204,337
Other comprehensive income:				
Exchange movement on foreign holdings		(1,213,105)	374,123	2,148,426
Total comprehensive (loss)/income for the period		(1,969,237)	6,023	10,352,763
All attributable to equity holders of the company				

Condensed consolidated statement of financial position

	Notes	Unaudited 30 September 2010 £	Unaudited 30 September 2009 £	Audited 31 March 2010 £
Assets				
Non-current assets				
Mineral property development	10	13,820,570	13,668,994	13,792,743
Property, plant and equipment		204,687	204,687	204,687
Interest in associate	11	20,330,748	13,970,113	21,868,314
Deposit		121,540	120,849	120,574
		34,477,545	27,964,643	35,986,318
Current assets				
Other receivables		17,563	2,933	8,327
Cash and cash equivalents		2,395,421	148,460	2,766,074
		2,412,984	151,393	2,774,401
Total assets		36,890,529	28,116,036	38,760,719
Liabilities				
Current liabilities				
Trade and other payables		(791,780)	(638,566)	(817,869)
		(791,780)	(638,566)	(817,869)
Net current assets/(liabilities)		1,621,204	(487,173)	1,956,532
Non-current liabilities				
Loan		(2,020,207)	(1,903,384)	(1,960,347)
Long term provision		(42,000)	(42,000)	(42,000)
		(2,062,207)	(1,945,384)	(2,002,347)
Total liabilities		(2,853,987)	(2,583,950)	(2,820,216)
Net assets		34,036,542	25,532,086	35,940,503
Equity				
Share capital		7,042,414	7,039,414	7,042,414
Share premium		8,097,973	8,095,198	8,097,973
Currency translation reserve		2,768,165	2,206,967	3,981,270
Retained earnings		16,127,990	8,190,507	16,818,846
Total shareholders' equity		34,036,542	25,532,086	35,940,503

Condensed consolidated statement of cash flows

	Notes	Unaudited six months ended 30 September 2010	Unaudited Six months ended 30 September 2009	Audited Year ended 31 March 2010
		£	£	£
Operating activities				
(Loss)/profit for the year		(756,132)	(368,100)	8,204,337
Adjustments for non-cash items:				
Investment revenue		(5,394)	(1,352)	(1,076)
Finance costs		59,860	42,855	99,818
Equity-settled employee benefits	6	-	14,298	28,127
Share of loss of associate	11	407,016	226,880	203,173
Gain on deemed disposal in associate	11	(17,279)	-	(7,054,967)
Profit on sale of shares in associate		-	-	(1,733,096)
Foreign exchange loss		149,974	-	-
		(161,955)	(85,419)	(253,684)
Movements in working capital				
(Increase) in receivables		(9,236)	(18)	(5,412)
(Decrease)/increase in payables		(26,089)	29,884	209,187
Cash utilised by operations		(197,280)	(55,553)	(49,909)
Net cash used in operating activities		(197,280)	(55,553)	(49,909)
Investing activities				
Interest received		4,428	52	51
Net proceeds from sale of shares in associate		-	-	2,729,945
Mineral property development		(27,827)	(52,245)	(175,994)
Net cash (used)/received in investing activities		(23,399)	(52,193)	2,554,002
Financing activities				
Proceeds from issue of shares		-	5,775	11,550
Loans		-	100,000	100,000
Net cash generated from financing activities		-	105,775	111,550
Net (decrease)/increase in cash and cash equivalents		(220,679)	(1,971)	2,615,643
Cash and cash equivalents at start of period		2,766,074	150,431	150,431
Foreign exchange movement		(149,974)	-	-
Cash and cash equivalents at end of period		2,395,421	148,460	2,766,074

Condensed consolidated statement of changes in group equity

All attributable to equity holders of the company

	Share capital £	Share premium £	Currency translation reserve £	Retained earnings £	Total £
Equity at 1 April 2009 - audited	7,036,414	8,092,423	1,832,844	8,542,452	25,504,133
Total comprehensive income for the year:					
Profit for the year	-	-	-	8,204,337	8,204,337
Exchange movement on foreign holdings	-	-	2,148,426	-	2,148,426
Total comprehensive income for the year	-	-	2,148,426	8,204,337	10,352,763
Shares issued for cash	6,000	6,000	-	-	12,000
Share issue costs	-	(450)	-	-	(450)
Equity-settled benefits credit:					
- associate	-	-	-	43,930	43,930
- company	-	-	-	28,127	28,127
Equity at 31 March 2010 - audited	7,042,414	8,097,973	3,981,270	16,818,846	35,940,503
Total comprehensive income for the period:					
(Loss) for the period	-	-	-	(756,132)	(756,132)
Exchange movement on foreign holdings	-	-	(1,213,105)	-	(1,213,105)
Total comprehensive income for the period:	-	-	(1,213,105)	(756,132)	(1,969,237)
Equity-settled benefits credit:					
- associate	-	-	-	65,276	65,276
- company	-	-	-	-	-
Equity at 30 September 2010 - unaudited	7,042,414	8,097,973	2,768,165	16,127,990	34,036,542
Comparative period					
Equity at 1 April 2009 - audited	7,036,414	8,092,423	1,832,844	8,542,452	25,504,133
Total comprehensive income for the period:					
(Loss) for the period	-	-	-	(368,100)	(368,100)
Exchange movement on foreign holdings	-	-	374,123	-	374,123
Total comprehensive income for the period:	-	-	374,123	(368,100)	6,023
Shares issued for cash	3,000	3,000	-	-	6,000
Share issue costs	-	(225)	-	-	(225)
Equity-settled benefits credit:					
- associate	-	-	-	1,857	1,857
- company	-	-	-	14,298	14,298
Equity at 30 September 2009 - unaudited	7,039,414	8,095,198	2,206,967	8,190,507	25,532,086

Notes to the accounts

1. Basis of preparation

This half-yearly financial report comprises the condensed consolidated financial statements of the group for the six months ended 30 September 2010. It has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority; the requirements of IAS 34 - Interim financial reporting (as adopted by the European Union) and using the going concern basis (and the directors are not aware of any events or circumstances which would make this inappropriate). It was approved by the board of directors on 25 November 2010. It does not constitute financial statements within the meaning of section 434 of the Companies Act 2006 and does not include all of the information and disclosures required for annual financial statements. It should be read in conjunction with the annual report and financial statements for the year ended 31 March 2010 which is available on request from the company or at www.angleseymining.co.uk.

The financial information contained in this report in respect of the year ended 31 March 2010 has been extracted from the report and financial statements for that year which have been filed with the Registrar of Companies. The report of the auditors on those accounts did not contain a statement under section 498(2) or (3) of the Companies Act 2006 and was not qualified. It included a reference in respect of the valuation of the Parys Mountain property to which the auditors drew attention by way of emphasis of matter. The half-yearly results for the current and comparative periods are unaudited.

2. Significant accounting policies

The accounting policies applied in these condensed consolidated financial statements are consistent with those set out in the annual report and financial statements for the year ended 31 March 2010. In preparing these financial statements any accounting assumptions and estimates made by management were consistent with those applied to the aforesaid annual report and financial statements.

3. Risks and uncertainties

The principal risks and uncertainties set out in the group's annual report and financial statements for the year ended 31 March 2010 remain the same for this half-yearly financial report and can be summarised as: development risks in respect of mineral properties, especially in respect of permitting and metal prices; liquidity risks during development; and foreign exchange risks. More information on these principal risks is to be found on pages 8 and 9 of the 2010 annual report which may viewed at www.anglesey mining.co.uk.

4. Statement of directors' responsibilities

The directors confirm to the best of their knowledge that:

a) the condensed consolidated financial statements have been prepared in accordance with IAS 34 as adopted by the European Union; and

b) the interim management report includes a fair review of the information required by the FSA's Disclosure and Transparency Rules (4.2.7 R and 4.2.8 R).

This report and financial statements were approved by the board on 25 November 2010 and authorised for issue on behalf of the board by Bill Hooley, Chief Executive Officer and Ian Cuthbertson, Finance Director.

5. Activities

The group is engaged in mineral property development and has no turnover. There are no minority interests or exceptional items.

6. Equity settled employee benefits

IFRS 2 "Share-based Payment" requires the recognition of equity settled share-based payments at fair value at the date of grant. The fair value of options expensed in these statements, where applicable, is determined by a Black-Scholes option pricing model using a volatility factor of 71% and an option life of 3 years as the significant assumptions.

7. Earnings per share

The calculation and reporting of basic and diluted earnings per share are in accordance with IAS 33. These earnings per share are computed by dividing the loss attributable to ordinary shareholders of £756,132 *(2009 £368,100)* by 153,158,051 *(2009 – 152,858,051)* - the weighted average number of ordinary shares in issue during the period. Where there are losses the effect of outstanding share options is anti-dilutive.

8. Business and geographical segments

There are no revenues. The cost of all activities charged in the income statement relates to exploration and development of mining properties which is the group's principal activity . The group's assets and liabilities and income statement are analysed as follows by geographical location, which is the basis of internal management reporting.

Assets and liabilities	Unaudited 30 September 2010			Audited 31 March 2010		
	UK	Canada - associate	Total	UK	Canada - associate	Total
	£	£	£	£	£	£
Assets	16,559,781	20,330,748	36,890,529	16,892,405	21,868,314	38,760,719
Liabilities	(2,853,987)	-	(2,853,987)	(2,820,216)	-	(2,820,216)
Net assets	13,705,794	20,330,748	34,036,542	14,072,189	21,868,314	35,940,503

	Unaudited six months ended 30 September 2010			Audited year ended 31 March 2010		
	UK	Canada - associate	Total	UK	Canada - associate	Total
	£	£	£	£	£	£
Expenses	161,955	-	161,955	253,684	-	253,684
Equity-settled employee benefits	-	-	-	28,127	-	28,127
Share of loss in associate	-	407,016	407,016	-	203,173	203,173
Gain on deemed disposals	-	(17,279)	(17,279)	-	(7,054,967)	(7,054,967)
Profit on sale of shares in associate	-	-	-	-	(1,733,096)	(1,733,096)
Investment income	(5,394)	-	(5,394)	(1,076)	-	(1,076)
Finance costs	59,860	-	59,860	99,818	-	99,818
Exchange rate loss	149,974	-	149,974	-	-	-
Loss/(profit) for the year	366,395	389,737	756,132	380,553	(8,584,890)	(8,204,337)

9. Deferred tax

There is an unrecognised deferred tax asset of £1.5 million which, in view of the group's trading results, is not considered to be recoverable in the short term. There are also capital allowances, including mineral extraction allowances, exceeding £11 million unclaimed and available. Because the recoverability of any taxation relative to these amounts from future operations is uncertain, no deferred tax asset is reflected in the condensed financial statements.

10. Development expenditure

Mineral development expenditure incurred by the group is carried in the condensed consolidated financial statements at cost, less an impairment provision if appropriate. The recovery of this expenditure is dependent upon the successful development and operation of the Parys Mountain project which is itself conditional on finance being available to fund such development.

11. Interest in associate

At 30 September 2010 the group had a 40.84% interest in Labrador Iron Mines Holdings Limited (LIM), a company registered in Ontario, Canada, which is independently managed and is accounted for in these financial statements as an associate company. LIM is the 100% owner and operator of a series of iron ore properties in Labrador and Quebec, some of which were formerly held and initially explored by the group. At 31 March 2010 the group's interest in LIM was 41.01%, The change in the group's percentage holding over the period results from the issue of shares by LIM in respect of the exercise of options and warrants. The fully diluted interest of the group in LIM was 39% *(31 March 2010 - 39%)*. The changes in the group's interest in LIM are:

	Unaudited 30 September 2010	Unaudited 30 September 2009	Audited 31 March 2010
	£	£	£
Values in group financial statements:			
Value brought forward from previous period	21,868,314	13,821,013	13,821,013
Group's share of (losses), adjusted to eliminate any fair value uplift and related taxation in associate's accounts	(407,016)	(226,880)	(203,173)
Group's share of equity-settled benefits included in (losses) above and now added back	65,276	1,857	43,930
Profit on deemed disposals following LIM share issues	17,279	-	7,054,967
Less: carrying value of LIM shares sold	-	-	(996,849)
Exchange rate movement	(1,213,105)	374,123	2,148,426
Amount carried in the group accounts - being the value of group's share of net assets of the associate without any fair value adjustment in respect of mineral properties	20,330,748	13,970,113	21,868,314

12. Events after the reporting period

None.

13. Related party transactions

None.

Anglesey Mining plc

Directors	John Kearney	Chairman
	Bill Hooley	Chief executive
	Ian Cuthbertson	Finance director
	David Lean	Non executive
	Howard Miller	Non executive
	Roger Turner	Non executive
	Danesh Varma	Non executive

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Company registration number 1849957