Contents

Holding company
Galileo Resources Plc

Country of incorporation and domicile
United Kingdom

Nature of business and principal activities
The Company acts as a holding company for subsidiary undertakings and investments engaged in the exploration of natural resources.

Directors, Officers and Advisers

Directors	Colin Bird *Chairman and Chief Executive Officer* Andrew Francis Sarosi *Finance & Technical Director* Christopher Molefe *Non-Executive Director* John Richard Wollenberg *Non-Executive Director*	
Secretary	**United Kingdom** Capita Company Secretarial Services Ltd 34 Beckenham Road Beckenham Kent BR3 4TU	**South Africa** Statucor (Pty) Ltd Riverwalk Office Park, Building C 41 Matroosberg Road Ashlea Gardens Pretoria, 0081
Registered Office	**United Kingdom** 4th Floor 2 Cromwell Place London SW7 2JE	**South Africa** Cnr Witkoppen and Waterford Place Unit 8, Block B, 1st Floor Stoney Ridge Office Park Paulshof, 2068
Auditors	**United Kingdom** Saffery Champness Lion House Red Lion Street, London WC1R 4GB	
Nominated Adviser	Beaumont Cornish Ltd 2nd Floor, Bowman House 29 Wilson Street, London EC2M 2SJ	
Joint Brokers	Beaumont Cornish Ltd 2nd Floor, Bowman House 29 Wilson Street, London EC2M 2SJ Shore Capital Stockbrokers Ltd Bond Street House 14 Clifford Street, London W1S 4JU	
Bankers	National Westminster Bank Plc 186 Brompton Road London SW3 1XJ	
Registrars	**United Kingdom** Neville Registrars Neville House, 18 Laurel Lane Halesowen, West Midlands B63 3DA	
Solicitors	**United Kingdom** Morgan Cole LLP Bradley Court Park Place Cardiff CF10 3DR	**South Africa** Falcon & Hume Incorporated Attorneys Block B, 7 Eton Road Sandhurst, Sandton JHB 2196
Incorporation No	05679987	

Chairman's Report

Colin Bird
Chairman and Chief Executive Officer

This is the first annual report of Galileo Resources Plc ("Galileo" or the "Company") since the reverse takeover of Skiptons Global Investment Ltd (BVI) ("Skiptons BVI") by General Industries Plc was completed with a name change to Galileo Resources Plc. The Company was admitted to trading on AIM on 28 September 2011.

The flagship project of the Company is the Glenover Rare Earth Project ("Glenover Project"), comprising a redundant open pit phosphate mine and adjacent farms in North West South Africa. The mine was previously worked by Gold Fields of South Africa Ltd ("Gold Fields"), one of the world's largest gold miners. A divestment programme led to Fer-Min-Ore (Pty) Ltd ("Fer-Min-Ore") acquiring all the rights to the mine and adjacent properties in 1999. Fer-Min-Ore agreed with Skiptons BVI, an earn-in acquisition programme, the rights of which were later sold to General Industries Plc and which formed the core of the reverse takeover.

The rationale for the earn-in programme was to test for the presence of Rare Earth Elements (REEs), which had been historically reported as present in the deposit by academics and Gold Fields in archived technical reports. The test work was predicated on previous grab samples from phosphate stockpiles on the mine, which demonstrated the presence of REEs in excess of 1.5% total rare earth oxides (TREO). The stockpiles have been independently estimated, subsequent to the Company's Admission to AIM, to be in excess of 2 million tonnes and therefore presented the prospect of early ore for process without attendant mining risk and cost.

The REE market is largely controlled by China, which has placed embargos on production by retaining the majority of production for internal use. This led to a volatile market during 2010/11 with prices rocketing as non-Chinese consumers and opportunists drove prices to record levels. The prospect of inadequate supply loomed in a market dependent on REE supply for military, high tech, medical, wind farms and mobile phones. The consumer panic proved to be generally unjustified and prices corrected in the latter part of 2011 and early 2012. Despite the sharp price correction, the basket price of most REE projects, above 1% TREO in ore grade, remains above gross metal values contained in most current producing platinum or gold projects worldwide.

Galileo, in acquiring the Glenover earn-in rights, was more focused on finding a large strategic resource outside China than in short-term fluctuations in REE price. With this in mind, the Company embarked on an aggressive diamond-drill programme, which resulted in the identification of more than 28 million tonnes of REE mineralisation (indicated and inferred) @ 1.24% TREO+Y_2O_3 (Yttrium Oxide) adjacent to the current mineable open pit and in the surface stockpiles. Further exploration, including drilling peripheral to and distant from the open pit, has identified more

REE mineralisation with values believed to be potentially viable in a larger context. The results of these drilling and exploration programmes are reported in more detail in the Company's Operations Report, which follows this Chairman's Report.

Galileo is very encouraged by these drilling results and intends to commence a preliminary economic assessment for the mining and processing of the resource, including environmental studies and financial modelling. This assessment is expected to commence during July 2012 and to be completed towards calendar year-end.

The Company has also acquired rights to an aggregate quarry in the Eastern Cape Province and to earn-in to certain iron ore and manganese exploration projects in Northern Cape Province. The quarry's development has a condition precedent of an off-take agreement with regional government, an agreement that remains pending. The prospecting rights to these exploration projects are currently being formalised. The Company intends to advance those projects, which are legally secure and have good strong technical fundamentals. In essence, the quarry and exploration rights are subordinated to the Glenover project.

The Group's loss for the year, before and after taxation and before taking items of other comprehensive income into account, was £1 835 935 (2011: £2 511). The Group's loss per share was 4 pence (2011: 0.02p). Operating expenses amounted to £1 836 034 (2011: £17 857) and include overheads and corporate costs attributable to the business. A share based payment charge of £787 139 (2011: £Nil) is included in the Group Statement of Comprehensive Income.

The Company entered (post balance sheet) into Share Exchange and Subscription Agreements with AIM-quoted Praetorian Resources Ltd ("Praetorian") for a placing of 2.5 million Galileo ordinary shares for cash, GBP1 000 000 and agreed to exchanged five million of its ordinary shares of GBP0.05 at a strike price of GBP0.40 for four million Praetorian ordinary shares of nil par value (with Subscription Shares of nil par value attached on 1 for 2 basis) at a price of GBP0.50.

The Company, on 4 July 2012, signed a Heads of Agreement (HoA) with Rare Earth International Ltd (REI) to earn-in interests in three rare earth projects in Zambia, Mozambique and Spain. The consideration for the earn-in is the issue of 5.25 million ordinary shares in Galileo. Under this HoA, Galileo has 30 days to conduct title due diligence, which is the only condition on which the HoA may be terminated.

Our plans for the coming year are to complete a preliminary economic assessment on Glenover and move into prefeasibility study as quickly as possible. Concurrently, the Company intends to explore the outer areas of the Glenover concession to assess the potential for a very large open-pittable REE resource, which the directors believe is rapidly evolving into a potentially world-class front-runner in the REE global arena.

I would like to thank employees, management and fellow directors for the hard work during the period of this review and assure shareholders that all our efforts are being directed towards positioning Glenover as one of the premier strategic REE projects outside of China and available for production within a relatively short time frame.

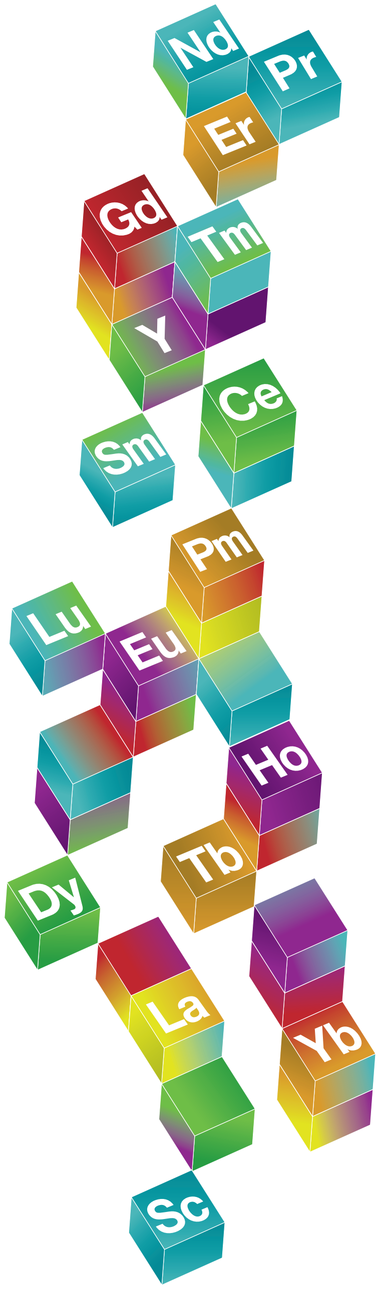
Colin Bird

Chairman and Chief Executive Officer

3 August 2012

Highlights

- Drilling for Resource Definition completed on Glenover Project
- SAMREC code compliant Mineral Resource Estimate (MRE) generated
- Total gross resource estimate of **28.9 million tonnes** (Mt) in INDICATED+INFERRED categories @ **1.24 %** total rare earth oxides plus yttrium oxide (TREO+Y_2O_3)
- Of which **16.8 Mt** in INDICATED category @ **1.45%** TREO+Y_2O_3
- Of which **7.4 Mt** in apatite breccia @ **2.20%** TREO+Y_2O_3, 17.6% phosphate (P_2O_5) and 0.47% niobium oxide (Nb_2O_5)
- **2.7 Mt** (INFERRED) in process-ready stockpiles on surface @ **1.94%** TREO+Y_2O_3 and 22.2% P_2O_5
- Work continues on upgrading categories in MRE
- Airborne geophysics and historic soil sampling data identify wider project area as target for additional rare earth potential
- Step-out exploration drilling commenced in wider area
- Rare earth minerals are Monazite, Bastnaesite, Synchysite and Aeschynite
- Metallurgical testwork commenced



Operations Report

Andrew Sarosi
Technical and Finance Director

During the period under review the Company acquired Skiptons Global Investment Ltd (BVI) and its wholly owned subsidiary Utafutaji Trading 112 (Pty) Ltd ("Utafutaji") by way of a reverse take-over. Utafutaji has the right to earn-in up to a 51% interest (less 6.76% allocated to its Black Economic Empowerment partner) in Glenover Phosphate (Pty) Ltd ("Glenover") and its Glenover Rare Earth Project for an expenditure of US$7 million with further options to increase its interest to 74% at determined prices.

Utafutaji acquired a 49% interest in Brightwater Trade and Invest 55 (Pty) Ltd ("Brightwater"), which holds the right to acquire a mining right relating to mining of Qokolweni stone aggregate quarry in the Eastern Cape Province of South Africa. Brightwater also has the right to a 74% earn-in interest in manganese and iron prospects for which certain shareholders in Brightwater both hold and have applied for prospecting rights.

Glenover Rare Earth Project

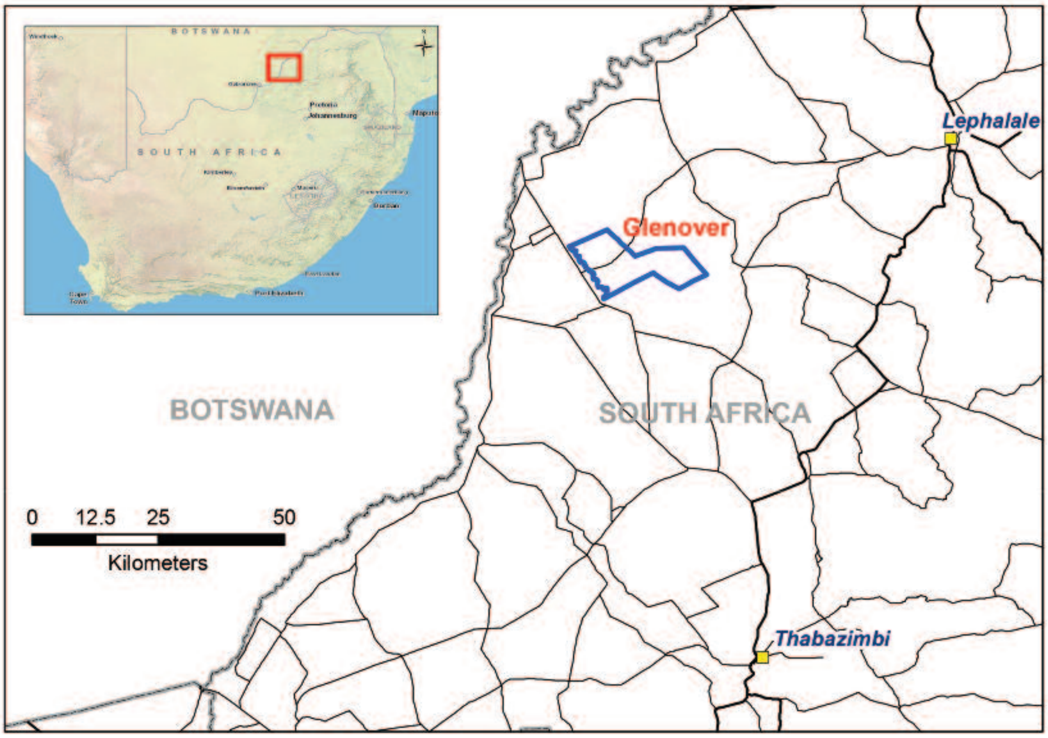
("Glenover Project" or "Project")

The Glenover Project is a joint venture with Fer-Min-Ore, the owner of the project properties including eight surface stockpiles ("Stockpiles") of rare earth-bearing-phosphate rock from the previous mining operation. Glenover holds the prospecting rights to the properties.

LOCATION AND GEOLOGY

The Project is situated approximately 60 kilometres (km) west of Lephalale and 88 km north of Thabazimbi in Limpopo Province, South Africa (close to the international border between South Africa and Botswana). The site is accessible from Johannesburg, 220 km to the south via modern tarred access roads and services, with gravel roads providing internal access to all portions of the project area.

The Project deposit is a circular, carbonatite/pyroxenite plug that has intruded into sedimentary shale and arenite (detrital sedimentary) rocks of the Waterberg Group and is prominently visible as a major circular feature on satellite images of the area. The deposit comprises a central iron-rich apatite breccia, a remnant from the previously mined open pit and is surrounded by a pyroxenite plug, into which carbonatite (a magmatic rock consisting mainly of calcium carbonate sometimes with magnesium carbonate) has intruded as a series of dykes and cone sheets.



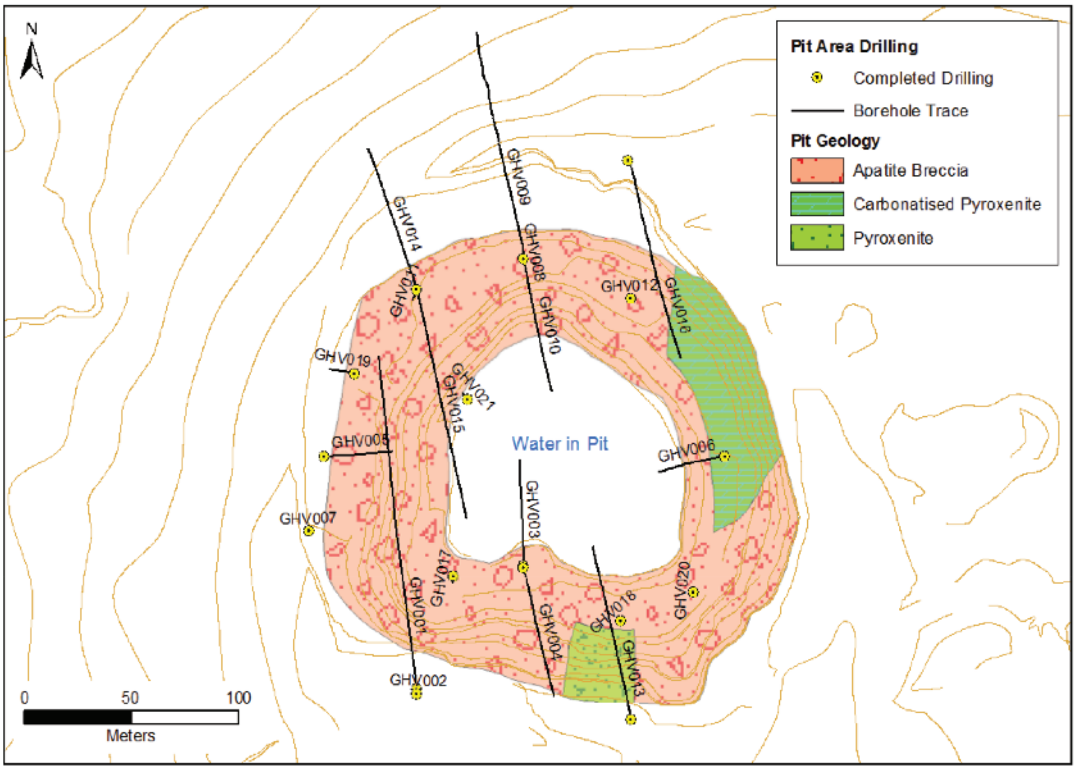
Glenover Rare Earth location

The properties that comprise the Glenover Project are shown in the table below

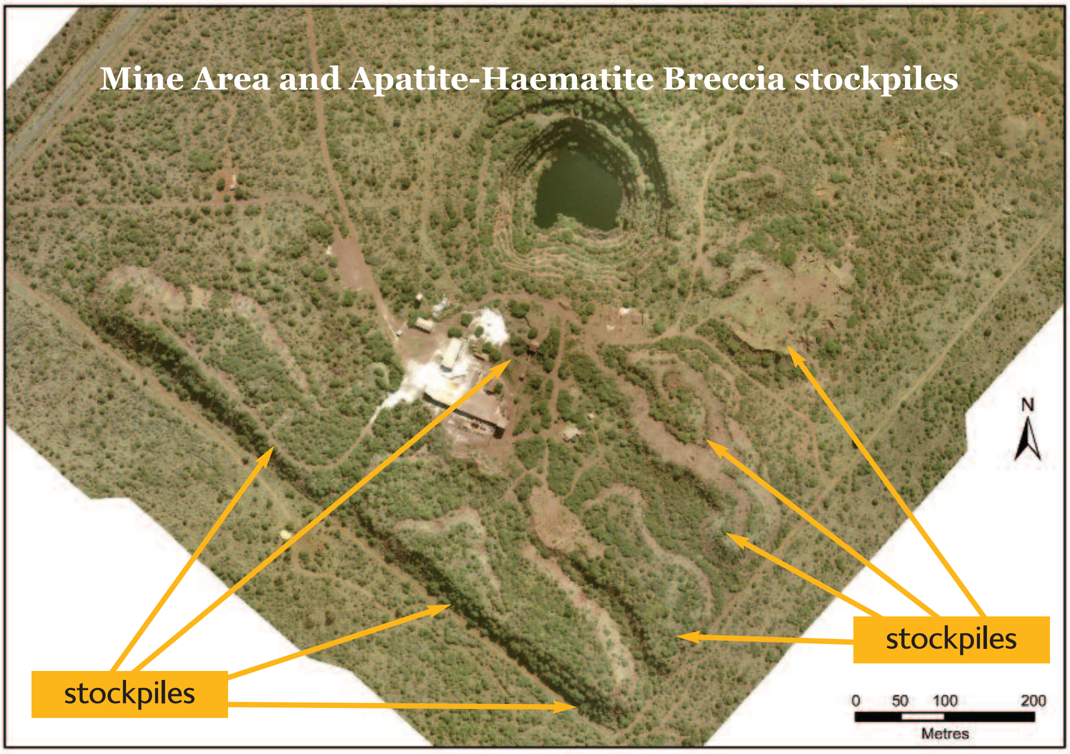
Farm Name	Farm Number	Area (ha)
Glenover	371 LQ	2683
Ouhoek	345 LQ	2446
Houndslow	372 LQ	2703
Efrida	378 LQ	2019
Eldorado	370 LQ	3098
Rosevalley	369 LQ	2853

EXPLORATION

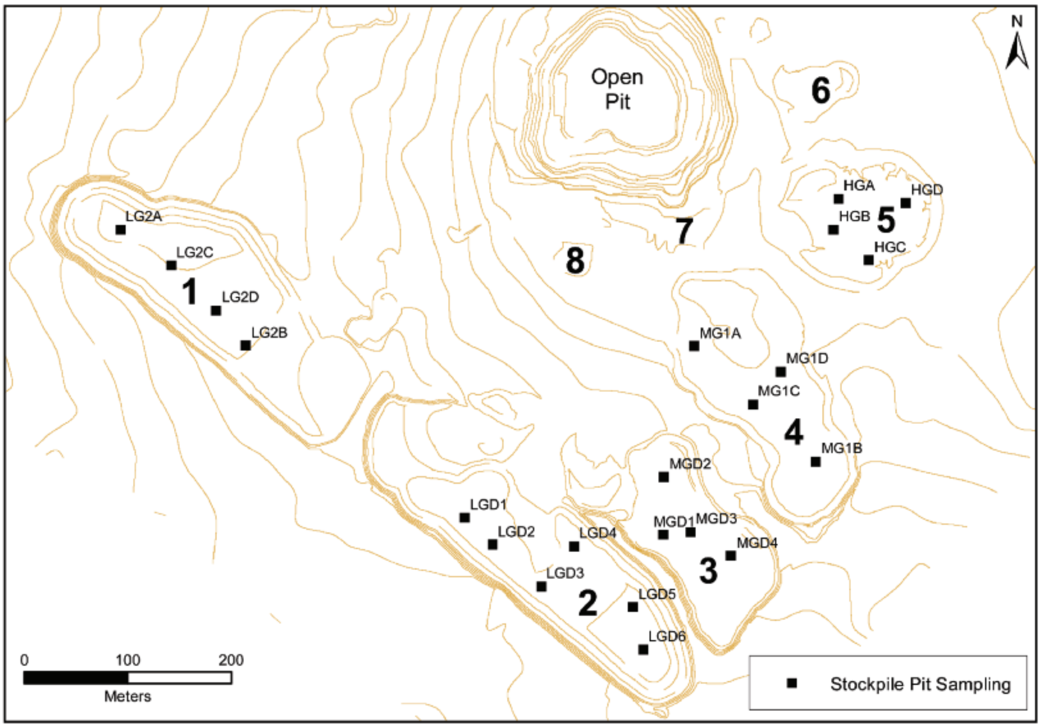
Following a review of historical data and an independent technical report on the Project, Glenover engaged Geo-Consult International (Pty) Ltd ("GeoConsult") to manage the resource definition drilling of the rare earth potential of the remnant open pit mine material and the Stockpiles. Glenover contracted out the drilling of 21 diamond-drill holes in and around the open pit area to define the extent and continuity of the remnant apatite-heamatite-rich breccia body, including some additional drilling in the surrounding carbonatite and pyroxenite rock types as potential sources of REEs. Five of eight stockpiles were sampled and the data were included in the resource definition.



Glenover completed drill programme



Aerial photograph of old pit and stockpiles

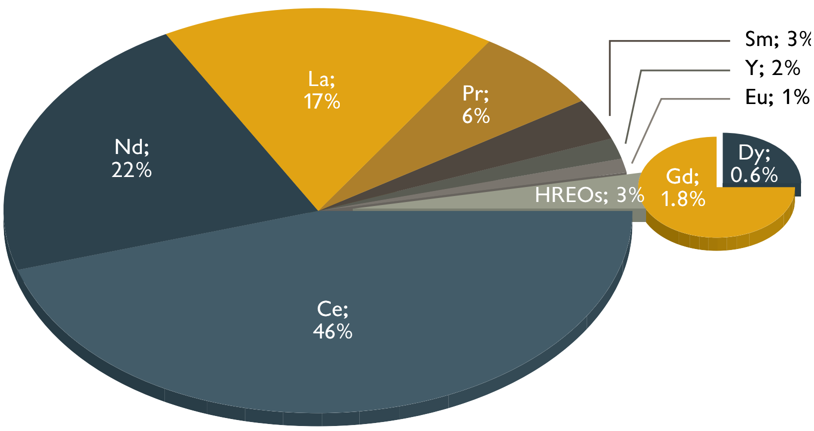


Sampling of five stockpiles

Proportions of the main REEs in drill core

REE	Proportion of total REE %		
Ce	46.1		Light REEs
Nd	21.9		Light REEs
La	17.3		Light REEs
Pr	6.0		Light REEs
Sm	3.3		Light REEs
Y	1.8	*	
Gd	1.8		Heavy REEs
Eu	0.8		Heavy REEs
Dy	0.6		Heavy REEs

* *Usually associated with HREEs*



MINERALOGY

Glenover commissioned SGS South Africa (Pty) Ltd to carry out a mineralogical characterisation study on two composite samples from the stockpiles; one representing high phosphate (P_2O_5) grade material (30% P_2O_5) and the other low P_2O_5 grade material (17% P_2O_5), in order to establish the deportment of the contained REEs, their mineralisation, liberation and association with other minerals present. The high and low grade P_2O_5 samples assayed respectively 1.7% TREO +Y_2O_3 and 2.3% TREO+Y_2O_3. The Stockpiles, having been mined are not only process ready, representing about three to four years initial production but also represent the remnant open pit resource and therefore fairly representative of the initial production that would be mined from the open pit.

The rare earths are present in five distinct phases

1 Rare earth phosphate mainly as the mineral **monazite (Cr,La,Nd,Pr,Y,Th)PO_4**

2 Rare earth calcium-rich carbonate with similarities to to the mineral **synchysite (Ca,Ce(CO_3)$_2$F**

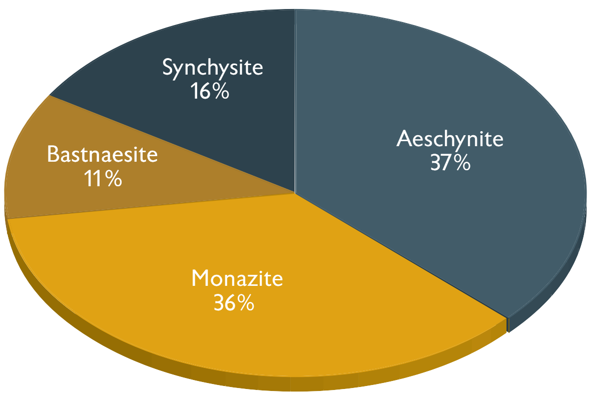
3 Rare earth calcium-poor carbonate similar to the mineral **bastnaesite (Ce,La,Y)CO_3F**

4 Rare earth titano niobate with similarities in composition to the mineral **aeschynite (Nd,Ce)(Ti,Nb)$_2$(O,OH)$_6$**

5 Rare earths associated with the phosphate mineral apatite

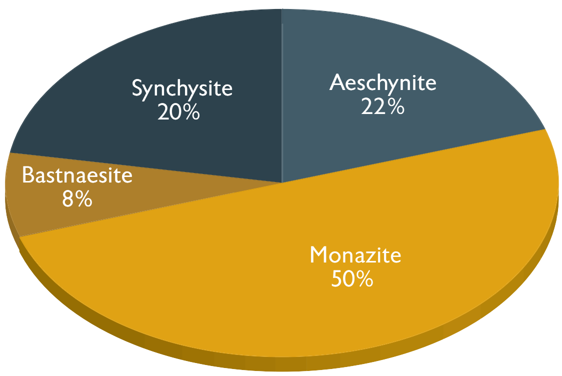
Rare Earth minerals ratio in low-grade stockpile

not including RE associated with apatite



Rare Earth minerals ratio in high-grade stockpile

not including RE associated with apatite



The REEs in the brecciated apatite (main phosphate mineral) in both low and high-grade samples are mainly Ce (cerium), La (lanthanum) and Nd (neodymium) in very low amounts: 0.5%, 0.2% and 0.2% respectively in the low-grade sample and 0.1% or less of each in the apatite of the high-grade sample. However, because of the abundance of apatite - around 40% in the low-grade sample (and 70% in the high grade) – it carries about, 35% of the Ce, 32% of the La and 10% of the Nd totals.

Liberation analysis of the samples indicated that the apatite gains are very well liberated and high apatite recoveries at reasonable grades should be achievable by means of physical separation, including flotation and magnetic separation. The haematite grains are slightly less liberated than the apatite but still fairly well liberated such that good separation of haematite and apatite should be possible. The different rare earth phases were reported as "surprisingly" well liberated at a relatively coarse particle size - d90 passing 500µ (microns). However, the REE phases are fine grained with about 60% of the grains smaller than 50µ in the low-grade material.

METALLURGICAL TESTWORK

Glenover commissioned Maelgwyn Minerals Services Ltd in South Africa to carry out metallurgical testwork on the samples of the low-grade stockpiles with the focus initially on the flotation of the apatite and its associated rare earth elements, with one of the objectives being to produce sufficient samples of phosphate concentrate for potential buyers to assess and propose off-take terms for high grade phosphate concentrate with by-product rare earth recovery. This work is ongoing.

AIRBORNE GEOPHYSICAL SURVEY

In October 2011 Glenover commissioned an airborne geophysical survey comprising high-resolution geophysics including both radiometrics and magnetics over the Project property. The survey was conducted at a flight height of 50 metres over an area of approximately 100 square kilometres at 50 metres line spacing totaling 3075 line kilometres. An independent interpretation of the survey concluded, *inter alia*, that :

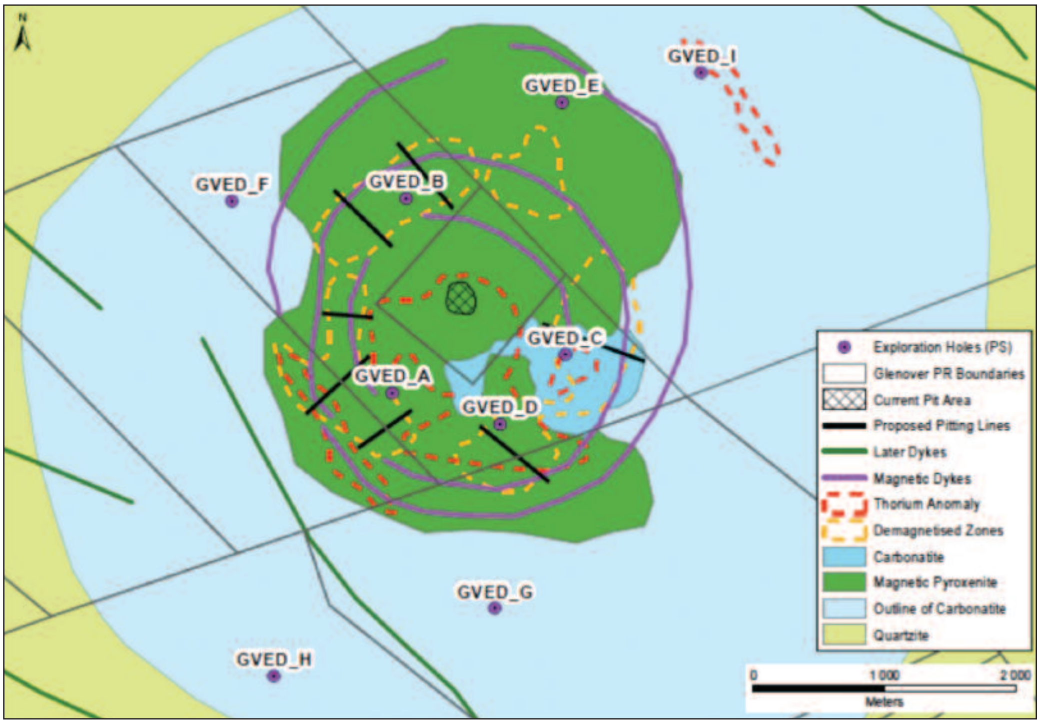
- detailed follow-up drilling is needed to identify the underlying rock types of the various lithologies highlighted in the survey;
- the Glenover Complex consists of a fairly uniform circular intrusive complex with the central and northern parts characterised by a later, highly magnetic intrusion underlain by interpreted magnetite pyroxenite;
- the geophysical signature of the Glenover deposit itself can be characterised as firstly a radiometric total count high with dominance in thorium. It is hosted within **very magnetic pyroxenite lithologies**, which have been intruded by carbonatite veins, which have led to **areas of strong de-magnetisation**;
- priority targets are identified as the **de-magnetised zones** within the central parts of the magnetite pyroxenite and especially south of the current mine area;
- a number of point source radiometric anomalies and a linear radiometric feature in the northeastern part of the Complex are further radiometric targets for investigation; and
- ground follow up using susceptibility and radiometric equipment combined with termite sampling and mineralogical study should allow the identification of a number of targets for drilling.

REVIEW OF HISTORIC SOIL SAMPLING DATA

Glenover commissioned an independent preliminary review of archived geochemical soil sampling data, that Fer-Min-Ore acquired in the purchase of the mine and property from Gold Fields. Much of the data were digitally captured and geo referenced to the current exploration grid. The review concluded, *inter alia*, that the bedrock geochemical borehole data pointed out REE anomalous zones within the Glenover carbonatite complex and could be used to guide further work in these areas. In addition, REE-bearing calcretes identified in the paleovalley to the south of the complex should be followed up and the reported presence of possible apatite breccia body and carbonatite plug on adjacent ground, represents a separate intrusion or faulted root of the pipe on Glenover.

STEP-OUT DRILLING EXPLORATION

Based on the review of the historic soil sampling data above and the airborne geophysical survey interpretation, Glenover embarked on exploration of the broader carbonatite complex in the area peripheral to the open pit and beyond the area drilled for resource definition extending radially some 1 to 1.5 km distant. Glenover commenced a six-borehole step-out drilling programme in order to assess the potential of this broader complex to host significant rare earths. This drilling was ongoing at the financial year-end.



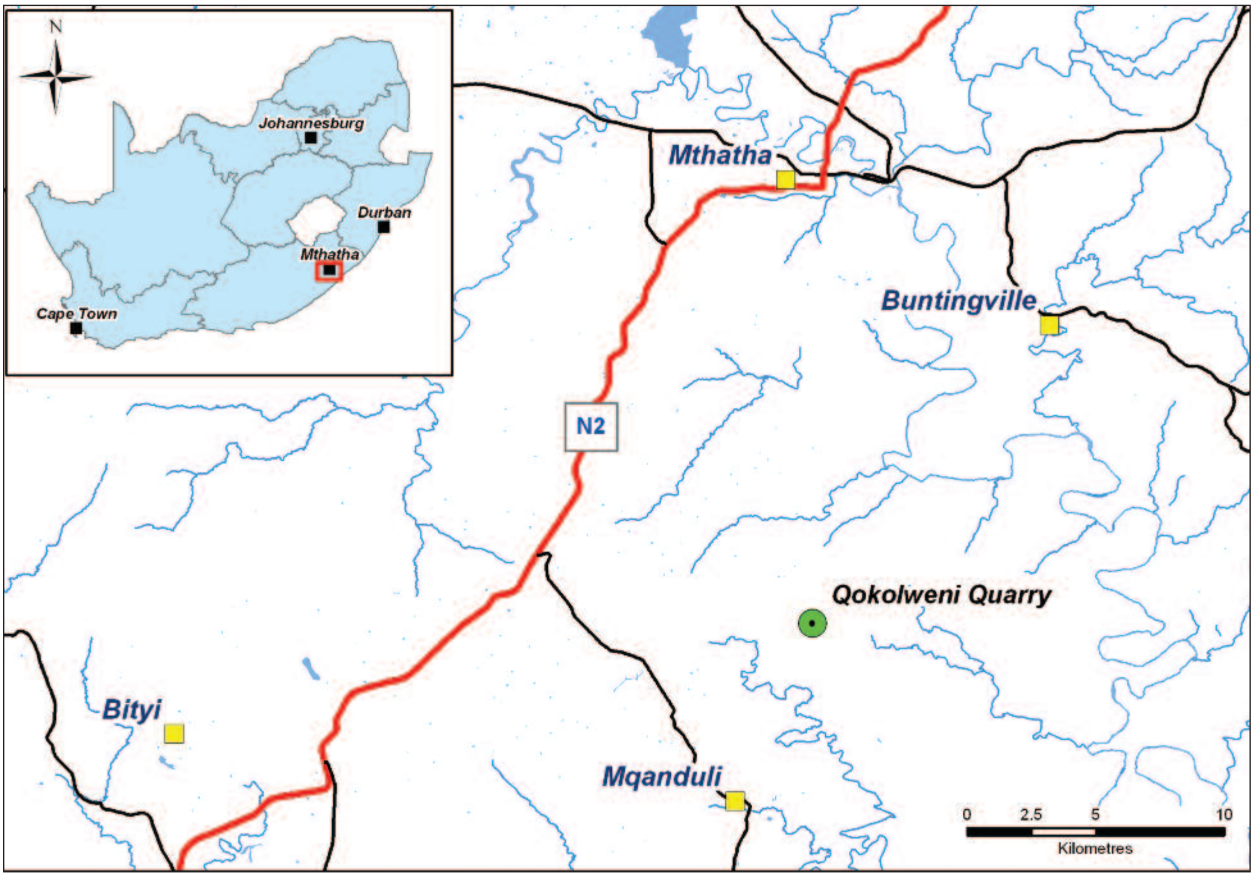
Interpretation of the airborne geophysics and borehole (GVED) drilling positions

Qokolweni Quarry Project

The Qokolweni dolerite quarry is located on Farm 313 in the hilly Qokolweni district, 18 km southeast of Mthatha in the Eastern Cape Province of South Africa. A new-order mining right is held over the property, in the name of Cannosia Trading 62 CC ("Cannosia"), a shareholder in Brightwater. A written agreement entered into between Cannosia and Brightwater to transfer the mining right to Brightwater is being implemented with an application having been made to the South African Department of Mineral Resources (DMR) to approve the transfer. This approval is pending.

The quarry targets an outcropping dolerite/norite sill on the top of a hill. The quarry, was previously mined to supply road aggregate and a box cut exposes the sill to a depth of 30 metres. The mining right covers a 14-hectare area and an estimated 40% of the dolerite in the mining right is fully exposed. The overburden soil is limited to a few scattered areas and is up to 1 metre thick.

Brightwater, in which Utafutaji has a 49% shareholding, has been shortlisted as an emerging quarry operator and conditionally placed in a regional development programme



Qokolweni Quarry Project location

with a guarantee for supply of material. Brightwater focused on securing the contract, the award of which will only be issued once the overall regional Roads Programme budget has been approved. The regional development projects are expected to go forward, but there is no indication of time lines. As at year-end there were no further obligations, in terms of the Brightwater shareholders agreement, for Galileo to pay further monies to Brightwater. Brightwater's undertakings under the shareholders agreement remain in force.

MANGANESE AND IRON ORE

The shareholders in Brightwater, not including Utafutaji, hold prospecting rights to eight manganese and iron ore prospects in Northern Cape Province, South Africa and have a further fourteen manganese and iron properties, four of which show economic potential. Applications for prospecting rights for these four properties have been submitted to the DMR. The granting of these rights is pending.

Box Cut in Qokolweni Quarry

POST BALANCE SHEET EVENTS

Mineral Resource Estimate

A SAMREC compliant Mineral Resource Estimate based on the results of the resource definition drilling was completed and announced on 14 April 2012.

The Resource Statement estimated the remnant open pit breccia and surrounding carbonatite resource and the **stockpiles** to contain a total **Indicated + Inferred** 28.9 million tonnes grading **1.24% TREO + Y_2O_3** of which 16.78 million tonnes were in the **Indicated Resource** category grading at **1.45 % TREO + Y_2O_3**. Of the **Indicated Resource**, 7.41 million tonnes grading **2.20% TREO + Y_2O_3** are contained in the **apatite breccia** and the balance of 9.37 million tonnes grading **0.88% TREO + Y_2O_3** are in the **carbonatite**.

The **Inferred Resource** is estimated at 12.14 million tonnes **grading 0.98 % TREO + Y_2O_3**, of which 2.68 million tonnes are contained in the **stockpiles** grading **1.94% TREO + Y_2O_3** and 8.74 million tonnes grading **0.66% TREO + Y_2O_3** are in the **pyroxenite** rocks.

Work-in-progress continues on upgrading the categories reported in the Mineral Resource Estimate.

The Mineral Resource Estimate is tabled below.

Classified Mineral Resources for the Glenover Rare Earth project

Rock Type	Resource Class	Tonnage Mt	TREO + Y_2O_3 (%)	P_2O_5 (%)	Nb_2O_5 (%)	Sc_2O_3 ppm
Apatite-Haematite Breccia	Measured	-	-	-	-	-
	Indicated	7.407	2.20	17.57	0.47	179.5
	Total Measured & Indicated	**7.407**	**2.20**	**17.57**	**0.47**	**179.5**
	Inferred	0.274	2.16	15.83	0.46	167.9
Carbonatite	Measured	-	-	-	-	-
	Indicated	9.374	0.86	3.50	0.18	63.8
	Total Measured & Indicated	**9.374**	**0.86**	**3.50**	**0.18**	**63.8**
	Inferred	0.453	0.80	4.24	0.15	66.3
Pyroxenite	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Total Measured & Indicated	**-**	**-**	**-**	**-**	**-**
	Inferred	8.735	0.66	5.31	0.11	71.6
Surface stockpiles	Measured	-	-	-	-	-
	Indicated	-	-	-	-	-
	Total Measured & Indicated	**-**	**-**	**-**	**-**	**-**
	Inferred	2.685	1.94	22.21	-	-
Total	Indicated	16.781	1.45	9.71	0.31	114.9
	Total Measured & Indicated	**16.781**	**1.45**	**9.71**	**0.31**	**114.9**
	Inferred	12.147	0.98	9.25	-	-
Total Resource		**28.928**	**1.24**	**9.52**	**-**	**-**

Further Mineralogy

The results of the resource definition drilling showed the non-brecciated rock types – carbonatite and pyroxenite –together host around 60% of the REE in the Resource and also potential economic levels of phosphate and the element Scandium (Sc) (the addition of small amounts of Sc (~0.5%) to aluminium increases the metal's strength dramatically by raising its melting point by 800°C). Glenover commissioned a laboratory in Canada, to carry out a mineralogical characterisation (including of Sc minerals), similar in scope to that executed on the Stockpile samples, on selected drill core samples of (synchysite-enriched) carbonatite and pyroxenite.

New samples of the low and high-grade stockpiles were also submitted for magnetic separation tests and further liberation analysis tests to establish an optimal mesh (size) of grind for particle liberation.

Project Economic Assessment

Glenover invited expressions of interest from independent engineering consultants to execute a preliminary economic assessment (PEA) of the project followed by prefeasibility and feasibility studies if appropriate. Proposals from four consultants were received and the contract awarded in July 2012 to UK based GBM Minerals Engineering Consultants Ltd.

Share Exchange and Subscription Agreements

The Company entered into Share Exchange and Subscription Agreements with AIM-quoted Praetorian Resources Ltd ("Praetorian") for a placing of 2.5 million Galileo ordinary shares for cash (announced on AIM 4 July 2012)

Galileo agreed to exchange five million of its ordinary shares of GBP0.05 at a strike price of GBP0.40 ("Exchange Shares") for four million Praetorian ordinary shares of nil par value (with Subscription Shares of nil par value attached on 1 for 2 basis) at a price of GBP0.50.

Praetorian agreed to subscribe, GBP1 million cash, for 2.5 million Galileo ordinary shares of par value GBP0.05 at GBP0.40 ("Issue Shares").

The issuance of the above aggregate 7.5 million Exchange and Issue new Galileo ordinary shares to Praetorian represents a shareholding of 9.03% of Galileo's enlarged issued share capital.

Heads of Agreement

The Company, on 4 July 2012, signed a Heads of Agreement (HoA) with Rare Earth International Ltd (REI) to earn-in interests in three rare earth projects in Zambia, Mozambique and Spain. The consideration for the earn-in is the issue of 5.25 million ordinary shares in Galileo at a strike price effective on the date of signing the HoA. Under this HoA, Galileo has 30 days to conduct title due diligence, which is the only condition on which the HoA may be terminated.

Andrew Francis Sarosi
Technical Director

3 August 2012

Directors' Report

The directors submit their report and the audited financial statements for the year ended 31 March 2012.

1. REVIEW OF ACTIVITIES

In the year under review, the Company (previously General Industries Plc) acquired BVI registered Skiptons Global Investment Ltd (BVI) through a reverse takeover by General Industries. Following completion of the acquisition, General Industries changed its name to Galileo Resources Plc, after the relevant shareholder's approvals had been received.

The business of the Group is reviewed, including a description of the principal risks and uncertainties facing the Group and details of the key performances indicators (financial and non-financial) of the Group. Details of the likely future developments of the Group have been addressed in the Chairman's Report and the Operations Report.

Principal activities

The Group and Company are principally engaged in exploration and exploitation of natural resources and seeking potential acquisitions.

Business review

The function of the business review is to provide a balanced and comprehensive review of the Group's performance and developments during the year and its position at the year end. The review also covers the principal risks and uncertainties faced by the Group. At this stage in the Company's development, the key performance indicators that the directors monitor on a regular basis are management of liquid resources, which are cash flows and bank balances.

The results of the Company for the year are set out in the audited financial statements on pages 28 to 53.

A review of the Group's operations during the year ended 31 March 2012 and future developments is contained in the Chairman's Report and in the Operations Report on pages 3 to 15.

Financial review

Net loss of the Group was ₤1 835 935 (2011: ₤2 511), after taxation of ₤Nil (2011: ₤ 1 400).

The directors have not recommended the payment of a dividend (2011: ₤Nil).

Risk review

The Board and the Executive Committee keep the risks inherent in an exploration business under constant review.

The principal risks for an exploration company and the measures taken by the Company to mitigate them are detailed below:

Exploration risk

Exploration risk is the risk of investing cash and resources on projects which may not provide a return. The Group addresses this risk by using its skills, experience and local knowledge to select only the most promising areas to explore.

Political risk

Political risk is the risk that assets will be lost through expropriation and unrest or war. The Group minimises political risk by operating in countries with relatively stable political systems, established fiscal and mining codes and a respect for the rule of law.

Commodity risk

Commodity risk is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground and process. The principal metals in the Group's portfolio are rare earth elements (REE) and phosphorus (as phosphate). The prices of these elements have decreased during the year but remain nevertheless relatively robust. The economics of all the Group's projects are kept under close review on a regular basis.

Financial risk

The three main types of financial risk faced by the Group are credit risk, liquidity risk and currency risk. Liquidity risk is the risk of insufficient working and investment capital. The Group's goal is to finance its exploration and activities from cash flow from operations but in the absence of such cash flow the Group relies on the issue of equity share capital and option agreements to finance its activities. Galileo secured additional funds by way of a placing during the year under review to advance exploration activities in order to develop a mineral resource estimate, initiate metallurgical test work and commence a preliminary economic assessment (PEA) of the Company's Glenover Project.

The Group finances its overseas operations by purchasing South African Rands with Pounds Sterling in the UK and transferring it to meet local operating costs.

The Group does not hedge its exposure and is therefore exposed to currency fluctuations between these two currencies and local currencies but this policy will be reviewed from time to time.

The Group maintains tight financial and budgetary control to keep its operations cost effective to mitigate these financial risks.

Strategic risk

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, the Group may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Group will acquire any interest in additional operations that would yield reserves or result in commercial mining operations. The Group expects to undertake sufficient due diligence where warranted to help ensure opportunities are subjected to proper evaluation.

Funding risk

The Group has raised funds via equity contributions from new and existing shareholders, thereby ensuring the Company remains a going concern until such time that an off take agreement/debt financial arrangement be entered into. The directors regularly review cash flow requirements to ensure the Company can meet financial obligations as and when they fall due.

Exploration risk

Mineral exploration and development of the Group's mineral exploration properties is speculative in nature and is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expenses and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able adequately to mitigate. The degree of risk reduces substantially when a Group's properties move from the exploration phase to the development phase.

Operational risk

Exploration and subsequent mining operations are subject to hazards normally encountered in exploration, development and production. Although it is intended to take adequate precautions during each stage of development to minimise risk, there is a possibility of a material adverse impact on the Group's operations and its financial results. The Group will develop and maintain policies appropriate to the stage of development of its various projects. Staffing and Key Personnel Risks Recruiting and retaining qualified personnel are critical to the Group's success. The number of persons skilled in the acquisition, exploration and development of mining properties is ltd and competition for such persons is intense. While the Group has good relations with its employees, these relations may be impacted by changes in the scheme of labour relations which may be introduced by the relevant governmental authorities. Adverse changes in such legislation may have a material adverse effect on the Group's business, results of operations and financial condition. Staff is encouraged to discuss with management matters of interest to the employees and subjects affecting day to day operations of the Group.

Mining risk

There is no guarantee that the minerals contained in the various assets can be mined either practically, technically or at a cost less than the realizable value of the contained minerals. The cost of development and access may preclude the development of the mine. Should a mine be developed there is no assurance that operations can continue since operations are dependent on product prices, direct operating cost and the cost of "stay in business" capital. Mining operations are often challenged by difficult roof conditions, variability of grade, excess water, small faulting. All of these factors could adversely affect mining production rate and therefore profitability. In extreme situations factors may exist which result in operation being terminated.

Processing risk

REEs are relatively difficult to process and as such require complex chemistry solutions to gain satisfactory recovery. The recovery of one element may be at the sacrifice of another rare earth element and no assurance can be given that the ultimate suite of elements that can be recovered can be done so economically. Should the Company elect to progress to recovery only to concentrate, then there is no assurance that a global market exists for the concentrate. Shareholders and investors should be aware that the cost of building a rare earth processing plant is considerably higher than other mineral processing plants and that the Company may not be able to raise sufficient finance to build such a plant.

Political stability

The Group is conducting its activities in South Africa. The directors believe that the Government of South Africa supports the development of natural resources by foreign investors and actively monitor the situation. However, there is no assurance that future political and economic conditions in South Africa will not result in the Government of South Africa adopting different policies regarding foreign development and ownership of mineral resources. Any changes in policy affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, may affect the Group's ability to develop the projects. The Company is complying with current South African Mining Charter Code of Practice and Black Economic Empowerment legislation (refer to note 3 of the directors' report).

Uninsurable risks

The Group may become subject to liability for accidents, pollution and other hazards against which it cannot insure or against which it may elect not to insure because of premium costs or for other reasons, such as in amounts, which exceed policy limits.

Security of tenure

The Group investigates its rights to explore and extract minerals from all of its material properties and, to the best of its knowledge, those rights are expected to be in good standing. However, no assurance can be given, that the Group will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdiction in which the Group operates will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments or other claimants. Although the Group is not currently aware of any existing title uncertainties with respect to any of its future material properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Group's future cash flows, earnings, results of operations and financial condition.

Market perception

Market perception of mining and exploration companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by issue of further shares in the Company.

Glenover licence

Glenover has six new order prospecting rights covering a surface area of 15 802 hectares. These mineral assets are located primarily on the farm Glenover 371 LQ but are also spread across other farms. The prospecting right to Glenover 371 LQ expires on 30 October 2012 while the other five prospecting rights expire on 31 October 2012. While the directors believe that Glenover will be in a position to extend these prospecting rights there is no guarantee that this will be the case. Failure to do so would have a material effect on the business of Glenover and the value of Company's investment in Glenover.

Environmental factors

All mining operations have some degree of an environmental risk. Although the directors have made reasonable search, no assurance can be given that no outstanding or intended claims against disturbance of the environment exists. REEs are often associated with radioactivity and the Glenover project has amongst other minerals, Thorium present which is radioactive. The directors have considered the significance of this and what potential problems may be presented due to the presence of radioactive minerals. They have concluded that the potential radioactivity will not prevent operations but no assurance can be given that the presence of radioactivity will impact on either capital or operating cost or both. In addition, the enlarged Group will also be subject, where appropriate, for clean-up costs and for any toxic or hazardous substances which may be produced as a result of its operation. Environmental legislation and permitting are evolving in a non-mining supportive manner which could result in onerous standards and enforcement which could result in fines, penalties and closure. As the Company develops it is the intention of the directors to carry out the appropriate base line studies with experts outsourced from independent environmental consultancies.

Reserve and resource estimates

The Group's future reported reserves and resources of Glenover are only estimates. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral and metal reserve and resource estimates are based on ltd sampling, and consequently, are uncertain because the samples may not be representative. Mineral and metal reserve and resource estimates may require revision (either up or down) based on actual production experience or further sampling. Any future reserve and/or resource figures will be estimates and there can be no assurance that the minerals are present, will be recovered or that it can be brought into profitable production. Furthermore, a decline in the market price for natural resources that the Group may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

2. GOING CONCERN

We draw attention to the fact that at 31 March 2012, the Group had accumulated losses of £1 826 515 (2011: £9 420 profit) however the assets exceed the liabilities due to equity funding from shareholders.

The Group has sufficient financial resources to enable it to continue in operational existence for the foreseeable future, to continue the current development programme and meet its liabilities as they fall due. The directors have further reviewed the Group's cash flow forecast. In the light of this review and the current financial position, they are satisfied that the Company and Group have or have access to adequate resources to continue in operational existence for the foreseeable future.

Accordingly, the directors consider it appropriate to continue to adopt the going concern basis in preparing these year-end financial statements. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. EVENTS AFTER THE REPORTING PERIOD

Other than the description of Glenover and events described in the Operation's Report and the transactions described below, the directors are not aware of any matter or circumstances arising that should be disclosed since the end of the financial year.

A Share Subscription and Funding Agreement will become effective in the new financial year which would introduce a Broad-Based Black Economic Empowered (BBBEE) partner, Galagen (Pty) Ltd ("Galagen"), into the Glenover shareholding. The Company will assist Galagen in purchasing an equity stake in Glenover with the issuance of Preference shares in Galagen. The rationale of this arrangement emanates for the requirements set forth in the Mining Charter of South Africa which sets out the framework, targets and timetable for increasing the participation of Historically Disadvantaged South Africans (HDSA's) in the mining industry, as well as enhancing the benefits of HDSA from the exploitation of mineral resources.

The conditions precedent in the said Shares Subscriptions and Funding Agreement will entitle Galileo to a shareholding of 46.74% and for Galagen a 26% shareholding, should the options be exercised at certain trigger dates.

The Company entered into Share Exchange and Subscription Agreements with AIM-quoted Praetorian Resources Ltd ("Praetorian") for a placing of 2.5 million Galileo ordinary shares for cash (Announced on AIM 4 July 2012) and to exchange five million of its ordinary shares of GBP0.05 each at a strike price of GBP0.40 ("Exchange Shares") for four million Praetorian ordinary shares of nil par value (with Subscription Shares of nil par value attached on 1 for 2 basis) at a strike price GBP0.50.

Praetorian agreed to subscribe GBP1 million cash, for 2.5 million Galileo ordinary shares of par value GBP0.05 at GBP0.40 ("Issue Shares").

The issuance of the above aggregate 7.5 million Exchange and Issue new Galileo ordinary shares to Praetorian represents a shareholding of 9.03% of Galileo's enlarged issued share capital.

The Company, on 4 July 2012, signed a Heads of Agreement (HoA) with Rare Earth International Ltd (REI) to earn-in interests in three rare earth projects in Zambia, Mozambique and Spain. The consideration for the earn-in is the issue of 5.25 million ordinary shares in Galileo at a strike price effective on the date of signing the HoA. Under this HoA, Galileo has 30 days to conduct title due diligence, which is the only condition on which the HoA may be terminated.

4. DIRECTORS' SHAREHOLDING ANALYSIS

Directors' direct and indirect interests in the ordinary shares of the Company, were as follows:

	At 31 March 2012		At 31 March 2011
Beneficial Owner	% Holding	Shares	Shares
Colin Bird	53.22	44 200 000	-
John Richard Wollenberg	3.37	2 800 000	1 550 000
The Cardiff Property Plc *	1.08	900 000	900 000
Total	**57.67**	**47 900 000**	**2 450 000**

* *John Richard Wollenberg and his family are 41.92% shareholders in The Cardiff Property Plc*

At reporting date, Colin Bird owns 53.22 per cent in aggregate of the enlarged share capital. This makes him a majority shareholder in Galileo with potentially significant influence over the affairs of the Company.

There were no changes in the directors' shareholdings as stated above between 1 April 2011 and 3 August 2012

Refer to Note 23 for Director's Emoluments and Securities issued and options granted to the directors.

5. CAPITAL STRUCTURE AND SHARE ISSUE

Authorised and issued share capital

On 26 September 2011 the Company allotted 14 500 000 ordinary shares to private investors at 23p each and the resultant premium of £2 610 000 was credited to the share premium account.

On 26 September 2011 the Company allotted 44 200 000 ordinary shares to private investors to acquire the whole of the issued share capital in Skiptons Global Investment Ltd (BVI) at 23p each and the resultant premium of £7 956 000 was credited to the share premium account.

On 26 September 2011 the Company allotted 300 000 ordinary shares to John Richard Wollenberg in lieu of fees at 23p each and the resultant premium of £54 000 was credited to the share premium account.

The Company allotted 4 857 143 ordinary shares to private investors at 35p each and the resultant premium of £1 457 143 was credited to the share premium account.

Allotment of Shares

As special business at the annual general meeting a resolution will be proposed to renew the power of your directors to allot equity securities, pursuant to section 551 of the Companies Act 2006, such power being ltd to equity securities having an aggregate nominal value of £2 500 000. This authority may be renewed for five years but, in common with modern corporate governance practice, it is your directors' intention that the resolution be ltd to one year and that its renewal be proposed at each annual general meeting.

Pre-emption Rights

As special business at the annual general meeting a resolution will be proposed to renew for a further year the power of your directors to allot equity securities for cash without first offering such securities to existing shareholders. The aggregate nominal amount of equity securities which may be allotted in this way shall not exceed £2 500 000.

Supplier Payment Policy

While the Company does not follow any standard code, its policy is to negotiate terms with all its suppliers and to ensure that they know the terms on which payment will take place when the business is agreed. It is our policy to abide by these terms. In most instances this requires payment within 30 days of the date of invoice. At the year-end no suppliers' invoices were outstanding.

6. NON-CURRENT ASSETS

Details of major changes in the nature of the non-current assets of the Company during the year were as follows:

6.1 Galileo Resources Plc

During the current financial period the Company (previously named General Industries Plc) acquired a 100% interest in Skiptons Global Investment Ltd (BVI) ("Skiptons"), which holds a 100% interest in Utafutaji Trading 112 (Pty) Ltd. Due to the Company's 100% interest in Skiptons, the acquisition will be accounted for as a subsidiary investment during the 2012 financial period.

6.2 Utafutaji Trading 112 (Pty) Ltd - Joint Venture in Glenover Phosphate (Pty) Ltd ("Glenover")

The key asset of Galileo is a joint venture (JV) with Fer-Min-Ore (Pty) Ltd ("Fer-Min-Ore") in Glenover's Glenover Rare Earth Project. Glenover has the prospecting rights to a large concession containing phosphates in the North West of South Africa. Within the project's concession is an open pit, formerly mined for phosphates by Gold Fields of South Africa Ltd in the 1980s and subsequently acquired by Fer-Min-Ore. Historical data suggested that the phosphate and surrounding rock minerals contained Rare Earth Elements (REEs), which was confirmed by independent sampling, earlier in 2012, of previously mined and stockpiled low grade phosphate on surface.

The presence of these stockpiles, which contain a significant resource of REEs represents a major potential benefit to the Company, since these stockpiles represent potential feed to a process plant without attendant mining risk. The concession area is a large carbonatite intrusion, which globally, outside of China, is a much sought after geological environment for hosting potential REE deposits.

6.3 Utafutaji Trading 112 (Pty) Ltd - Acquisition of Brightwater Trade and Invest 55 (Pty) Ltd

In the financial period under review, Utafutaji Trading 112 (Pty Ltd) acquired a 49% interest in Brightwater Trade and Invest 55 (Pty) Ltd, which holds the mining rights to an aggregate quarry in the Eastern Cape Province.

The quarry is a potential near-ready operation, contingent on meeting certain conditions precedent, including an assessment on the exploration areas prior to detailed exploration comprising, *inter alia*, mapping, rock sampling and, if appropriate, additional exploration drilling.

The Company also has conditional agreements in principal to acquire interests up to 74% in prospecting rights for certain iron ore and manganese concessions in the Northern Cape.

7. DIVIDENDS

No dividends were declared or paid to shareholder during the year.

8. DIRECTORS

The directors of the Company during the year and to the date of this report are as follows:

Name	Title	Change	Date
Colin Bird	Chairman & Chief Executive Officer	Appointed	26 September 2011
Andrew Francis Sarosi	Technical & Finance Director	Appointed	26 September 2011
Anthony Shakesby	Finance Director	Resigned	09 March 2012
Christopher Molefe	Non-executive Director	Appointed	26 September 2011
John Richard Wollenberg	Non-executive Director		
Ian Reynolds	Non-executive Director	Resigned	13 October 2011
Derek Joseph	Non-executive Director	Resigned	13 October 2011

9. SECRETARY

The secretary of the Company is Capita Company Secretarial Services Ltd, a division of Capita Registrars Ltd.

34 Beckenham Road
Beckenham
Kent BR3 4TU

10. AUDITORS

Saffery Champness were appointed auditors to the Company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at the annual general meeting.

11. DISCLOSURE OF INFORMATION TO AUDITORS

The directors, who held office at the date of approval of this Directors' Report, confirm that as far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

12. DIRECTORS RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 2006 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated annual financial statements support the viability of the Company. The directors have reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements and they are satisfied that the Group has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The Company's independent auditors, Saffery Champness audited the Group's consolidated annual financial statement, and their report is presented on pages 26 to 27.

The consolidated annual financial statements set out on pages 28 to 53, which have been prepared on the going concern basis, were approved by the board on 3 August 2012 and were signed on its behalf by:

Colin Bird Andrew Francis Sarosi

3 August 2012

Independent Auditors' Report to the Members

We have audited the Company's financial statements on pages 28 to 53. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report, the Operations Report and the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the Group and the parent Company as at 31 March 2012 and of the Group's loss for the year then ended; and
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Gaskell

Senior Statutory Auditor

For and on behalf of

Saffery Champness
Chartered Accountants
Statutory Auditors
Lion House
Red Lion Street
London
WC1R 4GB

3 August 2012

Statement of Financial Position

Figures in Pound Sterling	Note(s)	Group 2012	Group 2011	Company 2012	Company 2011
Assets					
Non-Current Assets					
Property, plant and equipment	3	897	-	282	-
Intangible assets	4	10 174 642	-	-	-
Investments in subsidiaries	5	-	-	10 166 000	-
Investment in joint ventures	6	1 519 841	-	-	-
Investments in associates	7	-	-	-	-
Loans to Group companies and other related entities	8	1 015 912	-	2 916 986	-
Other financial assets	9	5	91 365	-	91 365
		12 711 297	91 365	13 083 268	91 365
Current Assets					
Trade and other receivables	10	-	276 229	-	276 229
Cash and cash equivalents	11	2 722 932	831 434	2 468 652	831 434
		2 722 932	1 107 663	2 468 652	1 107 663
Total Assets		**15 434 229**	**1 199 028**	**15 551 920**	**1 199 028**
Equity and Liabilities					
Equity					
Share capital	12	3 777 859	585 002	3 777 859	585 002
Share premium	12	12 614 511	599 309	12 614 511	599 309
Reserves		791 761	-	787 139	-
Accumulated (loss)/profit		(1 826 515)	9 420	(1 693 345)	9 420
		15 357 616	1 193 731	15 486 164	1 193 731
Liabilities					
Current Liabilities					
Trade and other payables	14	76 613	5 297	65 756	5 297
Total Equity and Liabilities		**15 434 229**	**1 199 028**	**15 551 920**	**1 199 028**

Colin Bird   Andrew Francis Sarosi

3 August 2012

Statement of Comprehensive Income

Figures in Pound Sterling	Note(s)	Group 2012	Group 2011	Company 2012	Company 2011
Other income		19 164	-	19 164	-
Operating expenses		(1 836 034)	(17 857)	(1 732 204)	(17 857)
Operating loss	15	(1 816 870)	(17 857)	(1 713 040)	(17 857)
Investment revenue	16	10 295	16 746	10 295	16 746
Loss from equity accounted investments	6, 7	(29 340)	-	-	-
Finance costs	17	(20)	-	(20)	-
Loss before taxation		(1 835 935)	(1 111)	(1 702 765)	(1 111)
Taxation	18	-	(1 400)	-	(1 400)
Loss for the year		(1 835 935)	(2 511)	(1 702 765)	(2 511)
Other comprehensive income:					
Translation of foreign subsidiaries		4 622	-	-	-
Total comprehensive loss		**(1 831 313)**	**(2 511)**	**(1 702 765)**	**(2 511)**
Total comprehensive loss attributable to:					
Owners of the parent		(1 831 313)	(2 511)	(1 702 765)	(2 511)

Earnings per share

Per share information	Note(s)	Group 2012	Group 2011
Basic loss per share (pence)	19	(4)	(0.02)
Diluted loss per share (pence)	19	(4)	(0.02)

Statement of Changes in Equity

Figures in Pound Sterling	Share capital	Share premium	Total share capital
Group			
Balance at 01 April 2010	510 002	490 000	1 000 002
Changes in equity			
Total comprehensive income for the year	-	-	-
Issue of shares	75 000	140 000	215 000
Share issue and other statutory costs	-	(30 691)	(30 691)
Total changes	75 000	109 309	184 309
Balance at 01 April 2011	585 002	599 309	1 184 311
Changes in equity			
Total comprehensive income for the year	-	-	-
Issue of shares	3 192 857	12 077 143	15 270 000
Share issue and other statutory costs	-	(61 941)	(61 941)
Total changes	3 192 857	12 015 202	15 208 059
Balance at 31 March 2012	3 777 859	12 614 511	16 392 370
Note(s)	12	12	12

	Share capital	Share premium	Total share capital
Company			
Balance at 01 April 2010	510 002	490 000	1 000 002
Changes in equity			
Total comprehensive income for the year	-	-	-
Issue of shares	75 000	140 000	215 000
Share issue and other statutory costs	-	(30 691)	(30 691)
Total changes	75 000	109 309	184 309
Balance at 01 April 2011	585 002	599 309	1 184 311
Changes in equity			
Total comprehensive income for the year	-	-	-
Issue of shares	3 192 857	12 077 143	15 270 000
Share issue and other statutory costs	-	(61 941)	(61 941)
Total changes	3 192 857	12 015 202	15 208 059
Balance at 31 March 2012	3 777 859	12 614 511	16 392 370
Note(s)	12	12	12

Foreign currency translation reserve	Share based payment reserve	Total reserves	Accumulated (loss)/profit	Total equity
-	**-**	**-**	**11 931**	**1 011 933**
-	-	-	(2 511)	(2 511)
-	-	-	-	215 000
-	-	-	-	(30 691)
-	-	-	(2 511)	181 798
-	**-**	**-**	**9 420**	**1 193 731**
4 622	787 139	791 761	(1 835 935)	(1 044 174)
-	-	-	-	15 270 000
-	-	-	-	(61 941)
4 622	787 139	791 761	(1 835 935)	14 163 885
4 622	**787 139**	**791 761**	**(1 826 515)**	**15 357 616**
13				

-	**-**	**-**	**11 931**	**1 011 933**
-	-	-	(2 511)	(2 511)
-	-	-	-	215 000
-	-	-	-	(30 691)
-	-	-	(2 511)	181 798
-	**-**	**-**	**9 420**	**1 193 731**
-	787 139	787 139	(1 702 765)	(915 626)
-	-	-	-	15 270 000
-	-	-	-	(61 941)
-	787 139	787 139	(1 702 765)	14 292 433
-	**787 139**	**787 139**	**(1 693 345)**	**15 486 164**
13				

Statement of Cash Flows

Figures in Pound Sterling	Note(s)	Group 2012	Group 2011	Company 2012	Company 2011
Cash flows from operating activities					
Cash used in operations	21	(634 703)	(20 846)	(546 352)	(20 846)
Interest income		10 295	16 746	10 295	16 746
Finance costs		(20)	-	(20)	-
Net cash from operating activities		(624 428)	(4 100)	(536 077)	(4 100)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(897)	-	(282)	-
Loans advanced to Group companies		(1 015 912)	-	(2 916 986)	-
Foreign exchange loss		(104 802)	-	(104 802)	-
Purchase of investment in joint venture		(1 549 186)	-	-	-
Purchase of investment in associate		-	(361 757)	-	(361 757)
Net cash from investing activities		(2 670 797)	(361 757)	(3 022 070)	(361 757)
Cash flows from financing activities					
Proceeds on issue of shares, net of issuance costs	12	5 186 723	215 000	5 195 365	215 000
Total cash movement for the year		1 891 498	(150 857)	1 637 218	(150 857)
Cash at the beginning of the year		831 434	982 291	831 434	982 291
Total cash at end of the year	11	**2 722 932**	**831 434**	**2 468 652**	**831 434**

Accounting Policies

1. PRESENTATION OF CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, IFRIC interpretations issued by the International Accounting Standards Board, the Companies Act 2006 and International Accounting Standards. The consolidated annual financial statements have been prepared on the historical cost basis, except for financial instruments accounted for at their fair values, and incorporate the principal accounting policies set out below. Cost is based on the fair values of the consideration given in exchange for assets and they are presented in Pound Sterling.

These accounting policies are consistent with the previous period, except for the changes set out in note 28 "First-time adoption of International Financial Reporting Standards".

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3 Business combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal Group) that are classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Exploration and evaluation costs

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis. Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and exploitation of the area of interest;

or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if: (i) sufficient data exists to determine technical feasibility and commercial viability and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units ('CGU') to which the exploration activity related.

Exploration and evaluation assets are carried forward in the balance sheet under intangible assets.

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

Interests in joint ventures

A joint venture is a contractual agreement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled entities

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current assets held-for-sale and discontinued operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

When the Group loses joint control, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the consolidated annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the consolidated annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the consolidated annual financial statements.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Options granted

Management used the intrinsic value model to determine the value of the options at listing date and will use the Black Scholes Formula for subsequent options being granted. Additional details regarding the estimates are included in the note 13 - Share based payments.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Furniture and fixtures	5 years
Computer equipment	3 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.4 Investments in subsidiaries

Company consolidated annual financial statements

In the Company's separate consolidated annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.5 Financial instruments

Classification

The Group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to/(from) Group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to Group companies are classified as loans and receivables.

Loans from Group companies are classified as financial liabilities measured at fair value. The directors consider that the carrying amount of loans to and from Group companies approximates to fair value.

Inter-company loans bear no interest.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Trade and other receivables are classified as loans and receivables. The directors consider that the carrying amount of trade and other receivables approximates to fair value.

Trade and other payables

Trade and other payables principally comprise amounts outstanding for trade purchases and on-going costs. The directors consider that the carrying amount of trade and other payables approximates to fair value.

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. These are initially and subsequently recorded at fair value.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in the Statement of Comprehensive Income for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.8 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

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

1.9 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments granted do not vest until the counterparty completes a specified period of service, Group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.11 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated annual financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated annual financial statement is presented in Pound Sterling which is the Group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Pound Sterling, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pound Sterling by applying to the foreign currency amount the exchange rate between the Pound Sterling and the foreign currency at the date of the cash flow.

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.13 Going concern

The going concern basis has been adopted in preparing the consolidated annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These consolidated annual financial statements support the viability of the Company. The directors have reviewed the Group's financial position at the balance sheet date and for the period ending on the anniversary of the date of approval of these financial statements, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

The Company has chosen not to adopt early the following standards and interpretations, and will do so in future financial periods, subject to EU endorsement.

Management are in the process of assessing the impact of these standards, interpretations, and amendments of the reported results of the Company.

Standards	Details of amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	- Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading. - Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. - Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
IFRS 9 Financial Instruments	New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement.	1 January 2015
IFRS 10 Consolidated Financial Statements	New standard that replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013
IFRS 11 Joint Arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests in jointly controlled entities.	1 January 2013
IFRS 12 Disclosure of Interests in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.	1 January 2013
IFRS 13 Fair Value Measurement	New guidance on fair value measurement and disclosure requirements.	1 January 2013

IAS 1, Presentation of Financial Statements	- Clarification of statement of changes in equity. - New requirements to Group together items within OCI that may be reclassified to the profit or loss section of the Income Statement in order to facilitate the assessment of their impact on the overall performance of an entity.	1 July 2012
IAS 19 Employee Benefits	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	1 January 2013
IAS 27 Consolidated and Separate Financial Statements	- Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 28 Investments in Associates and Joint Ventures	- Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013

The Group has chosen to adopt the following standards and interpretations, and will apply these in the current financial period:

The amendments as set out below are considered not to be material:

Standards	Details of amendment	Annual periods beginning on or after
IAS 7 Statement of Cash Flows	- Classification of expenditures on unrecognised assets.	1 January 2010
IAS 10 Events after the Reporting Period	- Amendment resulting from the issue of IFRIC 17	1 July 2009
IAS 24 Related Party Disclosures	- Simplification of the disclosure requirements for Government-related entities - Clarification of the definition of a related party	1 January 2011
IAS 38 Intangible Assets	- Additional consequeantial amendments arising from revised IFRS 3 - Measuring the fair value of an intangible asset acquired in a business combination	1 July 2009
IAS 39 Financial Instruments: Recognition and Measurement	Clarifies two hedge accounting issues: - Inflation in a financial hedged item - A one-sided risk in a hedged item Amendments for embedded derivatives when reclassifying financial instruments.	1 July 2009

Figures in Pounds Sterling

3. PROPERTY, PLANT AND EQUIPMENT

Group

	2012 Cost	2012 Accumulated depreciation	2012 Carrying value	2011 Cost	2011 Accumulated depreciation	2011 Carrying value
Furniture and fixtures	282	-	282	-	-	-
Computer equipment	615	-	615	-	-	-
Total	897	-	897	-	-	-

Company

	2012 Cost/ valuation	2012 Accumulated depreciation	2012 Carrying value	2011 Cost/ valuation	2011 Accumulated depreciation	2011 Carrying value
Furniture and fixtures	282	-	282	-	-	-

Reconciliation of property, plant and equipment - Group - 2012

	Opening balance	Additions	Additions through business combinations	Total
Furniture and fixtures	-	282	-	282
Computer equipment	-	-	615	615
Total	-	282	615	897

Reconciliation of property, plant and equipment - Company - 2012

	Opening balance	Additions	Total
Furniture and fixtures	-	282	282

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the Company.

4. INTANGIBLE ASSETS

Group

	2012 Cost	2012 Accumulated impairment	2012 Carrying value	2011 Cost	2011 Accumulated impairment	2011 Carrying value
Exploration and evaluation assets (Note 26)	10 174 642	-	10 174 642	-	-	-

Reconciliation of exploration and evaluation assets - Group - 2012

	Opening balance	Additions through business combinations	Total
Skiptons Global Investment Ltd (BVI)	-	10 174 642	10 174 642

Figures in Pounds Sterling

5. INVESTMENTS IN SUBSIDIARIES

Name of company	Group 2012 % holding	Group 2011 % holding	Company 2012 Carrying amount	Company 2011 Carrying amount
Skiptons Global Investment Ltd (BVI)	100.00	-	10 166 000	-
Utafutaji Trading 112 (Pty) Ltd	100.00	-	-	-
Total			10 166 000	-

The carrying amounts of subsidiaries are shown net of impairment losses.

Galileo Resources Plc holds 100% of the issued share capital in Utafutaji Trading 112 (Pty) Ltd, incorporated in the Republic of South Africa, through its fully owned subsidiary, Skiptons Global Investment Ltd (BVI).

The principal activity of Utafutaji Trading 112 (Pty) Ltd is the same as that of Galileo Resources Plc.

6. INVESTMENT IN JOINT VENTURES

Name of company	Group 2012 % holding	Group 2011 % holding	Group 2012 Carrying amount	Group 2011 Carrying amount
Glenover Phosphate (Pty) Ltd	11.46	-	1 519 841	-

The carrying amounts of Joint ventures are shown net of impairment losses.

At the interim period this investment was treated as a loan from Utafutaji Trading 112 (Pty) Ltd to Glenover Phosphate (Pty) Ltd of £519 623. This loan is not repayable in cash, rather it will be converted into equity. Galileo's share of the equity accounted profit/loss for the Joint Venture is recognised from the date of acquisition on 4 July 2011.

Summary of the Group's interests in the joint venture.	Group 2012	Group 2011
Cost of Investment	1 549 141	-
Equity accounted loss for the year	(29 300)	-
Carrying value at year end	1 519 841	-
The Group's share of the joint venture investment in Glenover Phosphate (Pty) Ltd		
Current assets	9 606	-
Long-term assets	86 036	-
Current liabilities	(140 541)	-
Income	527	-
Expenses	(29 827)	-
Equity accounted loss for the year	**(29 300)**	

Figures in Pounds Sterling

7. INVESTMENTS IN ASSOCIATES

Name of company	Group 2012 % holding	Group 2011 % holding	Company 2012 Carrying amount	Company 2011 Carrying amount
Brightwater Trade and Invest 55 (Pty) Ltd	49.00	-	-	-

The carrying amounts of Associates are shown net of impairment losses.

Summary of Groups interest in the joint venture

Cost of investment			39	-
Equity accounted loss for the year			(39)	-
Carrying value at year end			-	-

Associates with less than 20% holding

Utafutaji Trading 112 (Pty) Ltd holds less than the required 20% in Glenover Phosphate (Pty) Ltd to be considered an associate. However, the company exercises significant influence over these entities as it has significant operating influence, or has authority to influence the policies and procedures of the company. Thus, the relationship between Utafutaji Trading 112 (Pty) Ltd and the above mentioned entity envelop significant influence, which constitutes an associate.

Unrecognised share of losses of associates

The Group has discontinued recognising its share of the losses of Brightwater Trade and Invest 55 (Pty) Ltd, as the equity portion of the losses from the joint venture has resulted in the investment being held at £ nil and the Group has no obligation for any losses of the associate. The total unrecognised losses for the current period amount to £68 770 (2011: £Nil). The accumulated unrecognised losses to date amount to £68 770 (2011: £Nil).

8. LOANS TO (FROM) GROUP COMPANIES AND OTHER RELATED ENTITIES

Subsidiaries				
Utafataji Trading 112 (Pty) Ltd	-	-	2 915 342	-
Skiptons Global Investment Ltd (BVI)	-	-	1 644	-
	-	-	2 916 986	-
Associates and Joint Ventures				
Brightwater Trade and Invest 55 (Pty) Ltd	346 630	-	-	-
Glenover Phosphate (Pty) Ltd	669 282	-	-	-
	1 015 912	-	-	-

9. OTHER FINANCIAL ASSETS

At fair value through profit or loss - designated				
Glenover Phosphate (Pty) Ltd	-	91 365	-	91 365
Galagen (Pty) Ltd	5	-	-	-
	5	91 365	-	91 365
Non-current assets				
At fair value through profit or loss – designated	5	91 365	-	91 365

The Group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2012 and 2011, as all the financial assets were disposed of at their redemption date.

Figures in Pounds Sterling

10. TRADE AND OTHER RECEIVABLES

	Group 2012	Group 2011	Company 2012	Company 2011
Trade receivables	-	5 837	-	5 837
Other sundry receivables	-	270 392	-	270 392
	-	276 229	-	276 229

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	Group 2012	Group 2011	Company 2012	Company 2011
Cash on hand	561	-	500	-
Cash at bank	2 722 371	831 434	2 468 152	831 434
	2 722 932	831 434	2 468 652	831 434

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating	Group 2012	Group 2011	Company 2012	Company 2011
F1 + (ZAF)	2 722 371	-	2 468 152	-
Not rated	561	-	500	-
	2 722 932	-	2 468 652	-

12. SHARE CAPITAL

On 26 September, pursuant to an Admission document dated 1 September 2011, the Company allotted 14 500 000 ordinary shares of 5 pence each at 23 pence to raise £3 335 000.

On the same date, 26 September 2011, the Company issued a further 44 200 000 ordinary shares of 5 pence each at 23 pence to acquire the whole of the issued share capital in Skiptons Global Investment Ltd (BVI) and, a further 300 000 ordinary shares of 5 pence each at 23 pence to John Richard Wollenberg in lieu of fees. The fair value of the subscription price was negotiated between the parties after receiving an assessment of the mineral assets for Skiptons by the competent person, namely Snowden Mining Industry Consultants (Pty) Ltd.

Issued (GBP)

	Group 2012	Group 2011	Company 2012	Company 2011
Ordinary shares as per share register	3 777 859	585 002	3 777 859	585 002
Share premium on Ordinary shares issued	12 614 511	599 309	12 614 511	599 309
	16 392 370	1 184 311	16 392 370	1 184 311

Significant changes in the share capital of the consolidated annual financial statements during the prior financial year were as follows:

Shares:	Issue Price	Nominal Value GBP 0.05	Share Premium	Total
Opening Balance as at 1 April 2011		585 002	599 309	1 184 311
14 500 000 shares raising of funds	GBP 0.23	725 000	2 610 000	3 335 000
44 200 000 ordinary shares to purchase Skiptons	GBP 0.23	2 210 000	7 956 000	10 166 000
300 000 ordinary shares to John Richard Wollenberg in lieu of fees	GBP 0.23	15 000	54 000	69 000
4 857 143 other issue of shares	GBP 0.35	242 857	1 457 143	1 700 000
Share issue and other listing costs applied against share premium		-	(61 941)	(61 941)
		3 777 859	12 614 511	16 392 370

Figures in Pounds Sterling

13. SHARE BASED PAYMENT RESERVE

Group Share Options	Year ended 31 March 2012	Year ended 31 March 2011
Granted during the year	4 945 000	-
Outstanding at the end of the year	4 945 000	-

All the options granted in the first grant vest immediately and are exercisable in whole or in part, at any time up to and including the fifth anniversary of the option certificate date. The majority of the options issued in the year have a nine and a half month vesting period.

Options outstanding as at 30 June 2011:	Exercisable from grant date
Options exercisable at GBP 0.23 on or before 01/09/2016	3 850 000
Options exercisable at GBP 0.23 on or before 19/01/2017	1 095 000
Total	**4 945 000**

	First Grant	Second Grant
Grant date	1 October 2011	19 January 2012
Basis of option valuation	Intrinsic value	Black-Scholes formula
Number of options	3 850 000	1 095 000
Share price at reporting period	37 pence	37 pence
Intrinsic value	14 pence	n/a
Exercise price	23 pence	23 pence
Expected volatility	n/a	46.69%
Risk free Interest rate	n/a	0.50%
Expected dividend	0	0
Fair value per option	n/a	0.1995
Intrinsic value of option	13 pence	n/a
Expiry date	1 September 2016	19 January 2017

Information on options granted during the year

Fair value for the options granted at 1 October 2011 was determined by using the intrinsic value of the options at the reporting date, a commonly used option pricing model where the fair value of the options cannot be measured reliably at the grant date. There was no share price at the date of the grant, on which to assess the expected volatility.

Fair value for the options granted at 19 January 2012 was determined by using the Black-Scholes formula, a commonly used option pricing model. The calculation of volatility used in the model is based upon the share price and equity instrument movements during the financial period. The following factors are all taken into consideration when the option valuation as per the Black-Scholes model is used:

- Weighted average share price,
- Exercise price,
- Expected volatility,
- Option life,
- Expected dividends,
- The risk-free interest rate,
- Stock price,

The above model applies to the options in the second grant.

Share based payments represent the value of unexercised share options to directors and employees. The charge for share options in the year amounted to £787 139 (2011: £Nil).

Figures in Pounds Sterling

14. TRADE AND OTHER PAYABLES

	Group 2012	Group 2011	Company 2012	Company 2011
Trade payables	10 857	-	-	-
Accrued expense	65 756	5 297	65 756	5 297
	76 613	5 297	65 756	5 297

15. OPERATING LOSS

Operating loss for the year is stated after accounting for the following:

	Group 2012	Group 2011	Company 2012	Company 2011
Employee costs	153 732	-	148 882	-
Loss on foreign exchange	100 178	-	104 802	-
Share based payments	787 139	-	783 740	-

16. INVESTMENT REVENUE

	Group 2012	Group 2011	Company 2012	Company 2011
Interest revenue				
Other interest	10 295	16 746	10 295	16 746

17. FINANCE COSTS

	Group 2012	Group 2011	Company 2012	Company 2011
Bank account & credit facilities	20	-	20	-

18. TAXATION

Major components of the tax expense

	Group 2012	Group 2011	Company 2012	Company 2011
Current				
Tax charge	-	-	-	-
Deferred				
Originating and reversing temporary differences	-	1 400	-	1 400
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting loss	(1 835 935)	(1 111)	(1 702 765)	(1 111)
Tax at the applicable tax rate of 20% (2011: 21%)	(367 187)	(233)	(340 553)	(233)
Tax effect of adjustments on taxable income				
Expenses not allowed for tax purposes	199 382	108	199 382	108
Subsidiaries operating in other tax jurisdictions	26 634	125	-	125
Tax losses carried forward	141 171	-	141 171	-

No provision has been made for tax in the current year as the group has no taxable income. The estimated tax loss available for set off against future taxable income is £732 408 (2011: £26 269). The Group has not reflected a deferred tax asset in respect of the losses carried forward as the Group is not expected to generate taxable profits in the foreseeable future.

Figures in Pounds Sterling

19. EARNINGS PER SHARE

	Group 2012	Group 2011	Company 2012	Company 2011

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where there is a discontinued operation, earnings per share is determined for both continuing and discontinued operations.

Basic loss per share

	Group 2012	Group 2011	Company 2012	Company 2011
From continuing operations (pence per share)	-4	-0.02	-	-

Basic loss per share was based on a loss of the Group of £1 831 304 (2011: £2 511) and a weighted average number of ordinary shares of 47 111 047. (2011: 585 002).

Reconciliation of loss for the year to basic earnings

	Group 2012	Group 2011	Company 2012	Company 2011
Loss for the year attributable to equity holders of the parent	1 831 304	2 511	-	-

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

Diluted earnings per share are equal to earnings per share because there are no dilutive potential ordinary shares in issue.

20. AUDITOR'S REMUNERATION

	Group 2012	Group 2011	Company 2012	Company 2011
Audit Fees:				
for parent	10 000	2 938	10 000	2 938
for subsidiaries	3 372	-	-	-
Fees payable for other services				
Tax services	-	881	-	881
Fees associated with listing	63 600	-	63 600	-

21. CASH USED IN OPERATIONS

	Group 2012	Group 2011	Company 2012	Company 2011
Loss before taxation	(1 835 935)	(1 111)	(1 702 765)	(1 111)
Adjustments for:				
Loss on foreign exchange	104 802	-	104 802	-
Loss from equity accounted investments	29 340	-	-	-
Interest received	(10 295)	(16 746)	(10 295)	(16 746)
Finance costs	20	-	20	-
Share based payment transactions	787 139	-	787 139	-
Share issue costs (Note 12)	(61 941)	-	(61 941)	-
Non-cash items	4 622	-	-	-
Changes in working capital:				
Decrease in trade and other receivables	276 229	1 002	276 229	1 002
Increase/(Decrease) in trade and other payables	71 316	(3 991)	60 459	(3 991)
	(634 703)	(20 846)	(546 352)	(20 846)

Figures in Pounds Sterling

22. RELATED PARTIES

Relationships

Holding company	Galileo Resources Plc
Subsidiaries	Skiptons Global Investment Ltd (BVI)
	Utafutaji Trading 112 (Pty) Ltd
Joint Venture	Glenover Phosphate (Pty) Ltd
Associate	Brightwater Trade and Invest 55 (Pty) Ltd

	Group		Company	
Related party transactions	2012	2011	2012	2011
Consideration for the acquisition of Skiptons Global Investment Ltd (BVI)				
Colin Bird	10 166 000	-	10 166 000	-
Loan accounts - Owing by related parties				
Glenover Phosphate (Pty) Ltd	669 282	-	-	-
Brightwater Trade and Invest 55 (Pty) Ltd	346 630	-	-	-

23. DIRECTORS' EMOLUMENTS

The directors' emoluments were as follows:

For 2012

	Directors' fees for services	Total
Colin Bird	12 500	12 500
Andrew Francis Sarosi	12 500	12 500
Anthony Shakesby	1 000	1 000
Christopher Molefe	7 500	7 500
John Richard Wollenberg	7 500	7 500
	41 000	41 000

In addition, John Richard Wollenberg was issued with shares valued at £69 000 during the period under review in lieu of unpaid fees. (Note 12)

For 2011

There were no directors' emoluments in the previous year.

Securities issued and options granted to directors

	Number of share options
Colin Bird	500 000
Christopher Molefe	250 000
John Richard Wollenberg	2 500 000
Andrew Sarosi	250 000

Figures in Pounds Sterling

24. RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 8, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder or return capital to shareholder or issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out under policies approved by the directors of the Group. The board identifies and evaluates financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an on-going review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 31 March 2012	Less than 1 year
Trade and other payables	10 857
Accrued expenses	65 756

At 31 March 2011	Less than 1 year
Trade and other payables	5 297

Company

At 31 March 2012	Less than 1 year
Accrued expenses	65 756

At 31 March 2011	Less than 1 year
Trade and other payables	5 297

Interest rate risk

The Group's interest rate risk arises from cash held and short term deposits.

The Company does not face any significant interest rate risk as it has no borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and other loans received. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group 2012	Group 2011	Company 2012	Company 2011
Trade & other receivables	-	276 229	-	276 229
Cash & cash equivalents	2 722 932	831 434	2 468 652	831 434
Other financial assets	5	91 365	-	91 365
Loans to Group companies and other related entities	1 015 912	-	2 916 986	-

Foreign exchange risk

The Group is exposed to fluctuations in foreign currencies arising from having deposits in various currencies as well as the purchase of goods and services in currencies other than the Group's measurement currency.

Galileo Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the South African Rand and British Pound. Galileo Group is exposed to currency risk on cash reserves, deposits received, trade receivables, and trade payables. The most significant of these being the inter-company loan which it holds with its subsidiary Utafataji Trading 112 (Pty) Ltd.

The Group does not hedge its foreign exchange as management is of the opinion that it would not have reduced these foreign currency fluctuations.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 March 2012, if the currency had weakened/strengthened by 10% against the Great British Pound with all other variables held constant, post-tax loss for the year would have been £1 835 935 (2011: £Nil) higher, mainly as a result of foreign exchange gains or losses on translation of Great British Pound denominated trade receivables, financial assets at fair value through profit or loss, debt securities classified as available-for-sale and foreign exchange losses or gains on translation of Great British Pound denominated borrowings.

Profit is more sensitive to movement in Pound Sterling/Great British Pound exchange rates in 2012 than 2011 because of the increased amount of Great British Pound-denominated borrowings.

The table below classifies the Groups foreign currency risk between the different functional currencies as at year end, and the respective balance thereof:

Exchange rates used for conversion of foreign items were:

ZAR : GBP (Average)	1 : 0.08428
ZAR : GBP (Spot)	1 : 0.08048

25. EMPLOYEE COST

	Group		Company	
	2012	2011	2012	2011
Wages and salaries	136 330	-	131 480	-
Social security costs	1 238	-	1 238	-
Share based payments	787 139	-	787 139	-
Total	924 707	-	919 857	-

The average number of employees during the year was 5 (2011:2).

Figures in Pounds Sterling

26. BUSINESS COMBINATIONS

	Group		Company	
Aggregated business combinations	2012	2011	2012	2011
Consideration paid				
Shares issued			(10 166 000)	
Share Capital			63	
At acquisition reserves			(8 705)	
Exploration and evaluation assets acquired (Note 4)			10 174 642	
Net cash outflow on acquisition				
Consideration			10 174 642	

Skiptons Global Investment Ltd (BVI)

On 01 September 2011 the Group acquired 100% of the voting equity interest of Skiptons Global Investment Ltd (BVI), through a reverse takeover, which resulted in the Group obtaining control over Skiptons Global Investment Ltd (BVI). Skiptons Global Investment Ltd (BVI) is principally involved in the mining exploration industry.

Following completion of the Acquisition, the name of the Company has been changed to Galileo Resources Plc after the relevant shareholder's approvals had been received.

The key asset of Galileo, which it holds via Skiptons in Utafutaji Trading 112 (Pty) Ltd, is a joint venture with Glenover Phosphate (Pty) Ltd, which has the rights to a large concession containing phosphates in the North West of South Africa. Within the mining licence is an open pit, formerly operated for phosphates by Gold Fields of South Africa in the 1980s and subsequently acquired by Fer-Min-Ore, our partners in the project. Historical data suggested that the phosphate and surrounding rock minerals contained Rare Earth Elements (REEs), which was confirmed by the sampling, earlier this year, of previously mined and stockpiled lower grade phosphate on surface.

The presence of these stockpiles, which contain a significant resource of REEs represents a major potential benefit to the Company, since these stockpiles represent potential feed to a process plant without mining risk. The concession area is a large carbonatite intrusion, which globally, outside of China, is a much sought after geological environment for hosting potential REE deposits.

The Company also has conditional agreements in principal to acquire interests up to 74% in prospecting rights for certain iron ore and manganese concessions and holds a 49% interest in an aggregate quarry in Eastern Cape Province. The quarry is a potential near-ready operation, contingent on meeting certain conditions precedent, including an assessment on the exploration areas prior to detailed exploration comprising, inter alia, mapping, rock sampling and, if appropriate, additional exploration drilling.

Skiptons Global Investments Ltd (BVI) contributed £Nil revenue and £99 196 loss before tax for the period between the date of acquisition and the balance sheet date.

Equity issued as part of consideration paid

44 200 000 ordinary shares of 5 pence each at 23 pence were used to acquire the whole of the issued share capital in Skiptons Global Investment Ltd (BVI).

27. COMMITMENTS

The directors are not aware of any commitments that need to be disclosed.

28. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. On principle these standards have been assessed and applied retrospectively and the 2011 comparatives contained in these consolidated annual financial statements do not differ from those published in the consolidated annual financial statements published for the year ended 31 March 2012.

Notes

Due to the balances reported in the 2011 financial year there are no material differences between the UK Generally Accepted Accounting Principles and IFRS statements that need specific explanation.

29. SEGMENTAL REPORTING ON INCOME AND LOSSES ATTRIBUTABLE TO VARIOUS OPERATIONAL SEGMENTS

All investments in associates and subsidiaries operate in one geographical location being South Africa, and are organised into one business unit from which the Group's expenses are incurred and future revenues are expected to be earned, being for the exploration for and extraction of its mineral assets through in-direct holdings. The reporting on these investments to the Chief Operating Decision Makers, the Board of directors, focuses on the use of the profit and loss and capitalisation of the respective projects.

Business segments

The Group's business is the exploration and development of Rare Earths, Aggregates and potentially Iron Ore and Manganese.

Geographical segments

An analysis of the profit/(loss) on ordinary activities before taxation and net assets is given below:

2012

Operational Segments	Profit/ (Loss) from operating activities (Rands)	Profit/ (Loss) from operating activities (GBP)	Country of operations
Glenover Phosphate (Pty) Ltd	(347 653)	(29 301)	South Africa
Brightwater Trade and Invest 55 (Pty) Ltd	(490)	(39)	South Africa
Corporate Costs	-	(1 806 595)	South Africa and United Kingdom
Total	(348 143)	(1 835 935)	

30. COMPARATIVE FIGURES

The comparative figures for the Group are the same as the Company, as the Galileo Group of Companies were purchased in the current financial year as described in note 26, Business combinations of the annual financial statements.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Galileo Resources Plc will be held at The Rembrandt Hotel, 11 Thurloe Place, Knightsbridge, London, SW7 2RS, on 3 September 2012 at 11:00 a.m., for the following purposes:

To consider and if thought fit, to pass the following resolutions. Resolutions 1 to 8 will be proposed as ordinary resolutions and 9 and 10 will be special resolutions:

1 To receive the reports of the directors and auditors and the financial statements for the year ended 31 March 2012.

2 To elect Colin Bird as a Director of the Company

3 To elect Andrew Sarosi as a Director of the Company

4 To elect Christopher Molefe as a Director of the Company

5 To re-elect John Richard Wollenberg as a Director of the Company

6 To re-appoint Saffery Champness Chartered Accountants as auditor of the Company from the conclusion of the meeting to the conclusion of the next meeting, at which the reports of the directors and auditors and the financial statements are laid before the Company.

7 To authorise the directors to determine the auditors remuneration

8 That the directors be generally and unconditionally authorised in substitution for any such authority previously granted pursuant to and in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot and grant options over shares in the Company provided that the authority hereby given:

(a) shall be ltd to equity securities having an aggregate nominal value of ₤2 500 000; and

(b) shall expire at the end of the next Annual General Meeting of the Company to be held in 2013 unless previously renewed or varied save that the directors may, notwithstanding such expiry, allot, grant options over or otherwise deal with or dispose of any equity securities under this authority in pursuance of an offer or agreement so to do made by the Company before the expiry of this authority.

Special resolution

9 That, subject to the passing of resolution 8, the directors be and they are hereby empowered in substitution for any such power previously granted pursuant to section 570 and section 573 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash pursuant to the authority referred to in resolution 9 above, as if section 561(1) of that Act or any pre-emption provisions contained in the articles of association of the Company or otherwise did not apply to any such allotment, provided that this power;

(a) shall be ltd to the allotment of equity securities up to an aggregate nominal amount of ₤2 500 000 of the Company; and

(b) shall expire on the date of the next Annual General Meeting of the Company or 15 months from the passing of this resolution, whichever is the earlier, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

10 Pursuant to the Company's articles of association that the Company be and is hereby unconditionally and generally authorised to make market purchases (as defined in section 693(4) of the Companies Act 2006) of ordinary shares of 5 pence each in the capital of the Company, provided that :

(a) the maximum number of ordinary shares hereby authorised to be acquired is 12 458 577, representing 15% of the present issued share capital of the Company as at 3 August 2012;

(b) the minimum price which may be paid for such shares is 5 pence per share, being the nominal value, which shall be exclusive of expenses;

(c) the maximum price which may be paid for such shares is, in respect of a share contracted to be purchased on any day, an amount (exclusive of expenses) equal to 105% of the middle market quotations for an ordinary share of the Company obtained from The London Stock Exchange for the five business days immediately preceding the day on which the share is contracted to be purchased;

(d) unless previously renewed, the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting or 12 months from the date of passing this resolution, if earlier; and

(e) the Company may enter into a contract or contracts to purchase its own shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

By order of the board

Registered office:

4th Floor
2 Cromwell Place
London SW7 2JE

3 August 2012

NOTES

1 *Copies of the directors' service contracts will be available for inspection at the registered office of the Company during usual business hours from the date of this notice until the date of the Annual General Meeting, and also during and at least fifteen minutes before the beginning of the Annual General Meeting.*

2 *If you are a member of the Company at the time, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.*

3 *A proxy does not need to be a member of the Company but must attend the Annual General Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Annual General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.*

4 *You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Neville Registrars Ltd and provide details.*

5 *A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter, which is put before the Annual General Meeting.*

6 *As at 16:00 hours on 3 August 2012, (being the last practicable date prior to publication of the notice of meeting) the Company's issued share capital comprised 83 057 183 ordinary shares of 5p pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 16:00 hours on 3 August 2012 is 83 057 183.*

7 *The Company may hold in treasury any of its own shares purchased pursuant to resolution 10. This would give the Company flexibility in the management of its capital base. Any shares purchased by the Company not held in treasury will be cancelled and the number of shares in issue reduced accordingly.*

8 *Shareholders who hold shares through CREST and who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so by using the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Ltd's specifications and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment of the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received at the Neville Registrars Ltd, CREST ID 7RA11, at least 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be). For this purpose the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear UK & Ireland Ltd does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a personal member or sponsored member or has appointed a voting service provider(s) to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2011.*

Form of Proxy

I/We being (an) ordinary shareholder(s) of **Galileo Resources Plc** hereby appoint the chairman of the meeting

or ....

(see Note 1 below) as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting to be held at The Rembrandt Hotel, 11 Thurloe Place, Knightsbridge, London, SW7 2RS on 3 September 2012 at 11:00 am and at any adjournment thereof, as indicated below:

	Resolutions	For	Against	Abstain
1	To receive the reports of the directors and auditors and the financial statements for the year ended 31 March 2012.			
2	To elect Colin Bird as a Director of the Company.			
3	To elect Andrew Francis Sarosi as a Director of the Company.			
4	To elect Christopher Molefe as a Director of the Company.			
5	To re-elect John Richard Wollenberg, as Director of the Company.			
6	To re-appoint Saffery Champness Chartered Accountants as auditor of the Company.			
7	To authorise the directors to determine the auditors remuneration.			
8	To authorise the directors to allot and issue shares pursuant to section 551 of the Companies Act 2006.			
9	To authorise the allotment of equity securities for cash pursuant to section 570 and section 573 of the Companies Act 2006.			
10	To authorise the Company to make market purchases (as defined in section 693 (4) of the Companies Act 2006) of ordinary shares of 5 pence each in the capital of the Company.			

Signed .... Date ....

Name(s) ....

Notes

1. Should a member wish to nominate any other person, strike out "the chairman of the meeting or" and insert the name of the alternative proxy who need not be a member of the Company.
2. Please indicate with an X in the boxes above how you wish your votes to be cast. In the absence of any specific direction, the proxy will vote or abstain as he/she thinks fit.
3. An appointment by a corporation must be under the common seal (if any) or, if none, under the hand of a duly authorised officer.
4. Any one of the joint holders may attend or appoint a proxy to attend at the meeting but the vote of the senior present, in person or by proxy, will be accepted to the exclusion of the other. Seniority shall be determined by the order in which the names stand in the register of shareholders in respect of the joint holding.
5. To be valid this proxy must be deposited at the registered office of Neville Registrars Ltd at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA at least 48 hours before the time appointed for holding the meeting or adjourned meeting (as the case may be).