



2010 Annual Report

Integrity

Transparency

Progress

EMED Mining Public Limited

AIM:EMED, TSX: EMD

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*EMED Mining is committed to responsible development of metal production in Europe, with an initial focus on **copper** at the Rio Tinto Copper Mine in Spain and **gold** at the Detva Gold Project in Slovakia.*

Listed on AIM and the TSX, EMED Mining is a growth oriented mining and exploration company.

EMED Mining Public Limited's Annual General Meeting ("AGM") will be held at 11.00am on 16 June 2011 at the Sheraton Centre Hotel, York Room, 123 Queen Street West in Toronto, Canada.

A Shareholder Briefing will also be held at 6.30pm on Monday 27 June 2011 at the Andaz Liverpool Street Hotel, 40 Liverpool Street, London, EC2M 7QN. Shareholders wishing to attend the briefing in London are requested to RSVP by emailing emed@bishopsgatecommunications.com.

Highlights

EMED Mining has formed at Rio Tinto one of the largest teams of mine development specialists in Europe. The Company is poised to trigger development of this large copper mine and has a pipeline of other projects. Our focus on social licensing of European mining is especially timely because European Union policy-makers are now prioritising the mining industry.

100%-owned Rio Tinto Copper Mine in Spain

- > The Rio Tinto Copper Mine provides EMED Mining with an excellent opportunity to produce ~37,000 tonnes per annum of copper at a relatively low total cost.
- > In March 2011, the Junta de Andalucía (“Andalucían Government”) advised that:
 - legal hurdles to the Company gaining Administrative Standing had been cleared and its application will now be formally processed;
 - the Company’s detailed submissions of the Project, including improvement, operating and environmental plans and the associated proposals for bonds, insurances and related undertakings will be now be formally processed; and
 - the Company should now assume formal responsibility for the maintenance and operation of the tailings dams at the Rio Tinto Mine.
- > Copper prices have continued to increase and the outlook is for demand to outstrip supply for at least several more years. At current copper prices of ~US\$4.00/pound, projected net operating cash flow is estimated to average US\$186 (€149) million per year under the current “base case” development plan.
- > Ore Reserves are estimated to total 123 million tonnes at 0.49% copper, containing 0.6 million tonnes of copper. Measured and Indicated Resources contain 0.9 million tonnes of copper.
- > EMED Mining has planned many improvements to the project and is also progressing work needed to expand production and extend mine life. Planned exploration drilling will evaluate the potential for the open pit to be expanded and one or more underground mines to be reactivated.

100%-owned Gold Development Project in Slovakia

- > The preliminary economics for developing a modern gold mine at Biely Vrch are attractive at a gold price of US\$1,000/ounce (gold price is currently >US\$1,400/ounce).
- > The permitting process for Biely Vrch has advanced to being granted Protective Deposit Status over the Biely Vrch gold deposit and the Company has applied for a Mining Lease.

Exploration

- > EMED Mining acquired an option over the Regua Tungsten Deposit in Portugal and has commenced the evaluation of the project.
- > KEFI Minerals Plc (19%-owned by EMED Mining) is exploring for gold and copper in Turkey and has applied for Exploration Licences in the very prospective Arabian Shield of Saudi Arabia.

Corporate

- > On 20 December 2010, EMED Mining commenced trading on the Toronto Stock Exchange (“TSX”) under the symbol “EMD”.
- > In conjunction with the TSX listing, EMED Mining raised a total of C\$35 (~£22 or ~€26) million via an Initial Public Offering in Canada, a concurrent Private Placement in the UK and subsequent exercise of an over-allotment option.
- > The start-up of the Rio Tinto Mine will require a finance package of €70 million (plus bonds, insurances and guarantees). Discussions have commenced with potential product off-take customers and project financiers.

Chairman's Letter

Dear Fellow Shareholder

EMED Mining is committed to building Europe's premier mining company through the responsible development of metal production, with our initial focus on copper, gold and critical raw materials.

In Spain, the established open-pit mine, processing plant and other infrastructure at the Rio Tinto Copper Mine provide an excellent opportunity to bring a large copper mine back into production at a relatively low total cost.

An important breakthrough was made in March 2011 when the Andalucían Government unblocked the permitting process, by stating that legal hurdles to the Company gaining Administrative Standing had been cleared, and that it would formally process the Company's detailed submissions lodged in mid-2010. EMED Mining is now working constructively with the regulatory authorities to complete the Rio Tinto permitting. Our target is to start preparing the plant, other infrastructure and human resources in 2011 for production in 2012, the exact timing of which will depend on the rate of the permitting process. We greatly appreciate the backing we have received from the local communities led by the mayors and the support of the labour unions.

Rio Tinto is a large and financially attractive copper mine. At the current copper price of about \$4.00/lb and under the current base case development plan, Rio Tinto's net operating cash flow is projected to average over US\$180 million annually.

In Slovakia, the Biely Vrch deposit at EMED Mining's Detva Gold Project is a potential greenfields development of an open-pit gold mine.

The permitting process for Biely Vrch has advanced to being granted Protective Deposit status, and an application has been submitted for a Mining Lease. The revised Scoping Study completed in June 2010 confirmed the attractive economics of developing Biely Vrch as a 60,000 ounce per annum gold mine at an average C1 cash cost of US\$530/ounce.

In September 2010 EMED Mining acquired an option over the Regua tungsten deposit in Portugal. We are now auditing the mineral resources, evaluating further exploration potential, completing a scoping study and assessing permitting prospects for the deposit. Tungsten has been classified by the European Commission as a critical raw material due to the tightness of global supply.

Over the last twelve months the market prices of our two key commodities, copper and gold, have risen further, reflecting both physical and investment demand. Between 30 April 2010 and 30 April 2011, copper rose from \$3.30 to \$4.23/lb (up 28%) and gold from \$1,179 to \$1,566/ounce (up 33%).

In December 2010 EMED Mining completed a C\$35 million equity raising and successful listing on the Toronto Stock Exchange. We are pleased to have gained a presence on the world's leading mining stock exchange. We welcome many North American funds and individuals as new shareholders

In recognition of our North American shareholders, we will be holding our AGM in Toronto on 16 June 2011. We will also hold a shareholder briefing in London on 27 June 2011.

I would like to thank Harry and his growing management team for their continuing commitment during the year. I am confident that they will soon see the fruits of all their work turning into physical developments. Thanks also to my fellow directors for their increased contributions and workload through the TSX listing.

Gordon Toll retired from the board in September 2010 because of his many other commitments. EMED Mining has benefitted significantly from his leadership as our first chairman between 2005 and 2008, and from his continuing practical counsel as a director.

Ronnie Beavor

Chairman

3 May 2010

Managing Director's Report

Our efforts during 2010 continued to be focused on bringing our two current projects into production.

In Spain, the Company's Rio Tinto Copper Mine provides an excellent opportunity to bring a large open-pit mine and established processing plant back into production at a relatively low total cost.

In Slovakia, the Biely Vrch deposit at the Company's Detva Gold Project is a potential greenfields development of a modern gold mine.

The prices for copper and gold have continued to set records over the past year and the outlook for both metals remains among the best of all metals.

Spain - Opportunity to Restart Major Copper Mine

Over the course of 2010, our plans to restart copper production gained increasing levels of support from key stakeholders. This public support has greatly helped the project develop more momentum. Our experienced team is working tirelessly and with deepened interaction with the authorities, communities and the labor unions.

We have cleaned up what was a corrupt site, maintained the site, prepared detailed start-up plans and protected public safety at the tailings dams which we inherited in substandard condition.

In mid-2010, EMED Mining submitted to the relevant authorities all of the technical and economic reports required for the regulatory process initiated in May 2009 for the grant of Administrative Standing.

In December 2010 the requested letter of non-opposition to the Administrative Standing application was signed by the fourth member of the Liquidation Commission of the company Minas de Rio Tinto ("MRT"), the last-approved owner/operator. This fulfilled a request of the mining regulatory authorities and the next step is for the authorities to grant administrative approval of the mineral rights acquired by EMED Mining in 2007 (i.e. - to grant Administrative Standing).

In early March 2011, the Andalusian Government announced it was satisfied as to the legality of the transmission of the Rio Tinto mineral rights to EMED Mining. We are appreciative of the impetus provided by this announcement and share the government's belief that this decision has "unblocked" the process of processing our application for Administrative Standing.

The Government has publicly stated that it wants to facilitate the mine start-up, subject to compliance with due process in all aspects. We are now focused on working with various Government departments and other stakeholders in order to expedite the necessary approvals to restart the mine.

In April 2011, the Andalusian Government requested the Company to:

- > provide further substantiation of estimates for project costs;
- > further review innovative alternatives for the improvement of concentrate grade and metal recoveries and the reduction of waste and seepage; and
- > commit to the rehabilitation of additional areas outside the currently proposed project area that have been affected by mining since 1982 by previous operators.

We are currently working with the Andalusian Government on these requests and plan to communicate in due course the consequences on project budget and timing. The Company's restart decision will also depend upon formalizing the right to use all project lands either by negotiation or by regulatory process, having appropriate financing in place, and receiving all necessary government consents and shareholder approvals.

We continue to prepare for the activities required to restart operations once the requisite permits are received. These activities include training and selection of personnel, awarding of mining contracts, refurbishment of the processing plant and other infrastructure and project financing.

We are currently aiming to complete permitting required to trigger site preparations by the end-2011 and to restart copper production over the course of 2012.

Our project team expanded during 2010 in line with the growing activities at the mine site and integrates local expertise with international experience. By working very closely with the regulatory authorities, EMED Mining plans to bring this established mine up to the high standards of a 21st century operation.

The Rio Tinto Copper Mine has excellent potential to significantly increase reserves and resources at the open pit and at one of the underground mines on the property. **Even though Rio Tinto has long been recognised as one of the world's largest "volcanic hosted massive sulphide" systems, there has been virtually no drilling or mining at depths greater than 250 metres below surface. Apart from the open-pit mine, several underground mines on the property are being evaluated for re-development.**

This package of assets provides the base for a long-life mining operation that should produce strong cash flow and many benefits for stakeholders such as the creation of substantial employment nearby.

Slovakia – Promising Gold Resource

The Biely Vrch Gold Deposit in Slovakia is currently our second key asset. EMED Mining discovered Biely Vrch and has been progressing development of this gold deposit in a cost-efficient and appropriate manner. Initial resources of 461,000 ounces of gold in the Indicated category and 596,000 ounces of gold in the Inferred Category have been estimated for Biely Vrch.

The preliminary economics for developing a modern gold operation at Biely Vrch are very attractive at a gold price of US\$1,000/ounce and even more so at current prices of more than US\$1,400/ounce. A key aspect of planning is environmental controls. We propose to avoid the need for tailings dams and build a cyanide neutralization circuit which will be held on standby solely for unforeseen rare weather conditions.

Our goal for 2011 is to advance permitting process for Biely Vrch and justify triggering a Final Feasibility Study, which will hopefully lead to development and production.

We are also looking at opportunities elsewhere in Europe that will allow us to capitalise on our in-depth experience with porphyry and other styles of gold deposits.

Outlook for EMED Mining

The mining industry in Europe is growing and we are determined to realize EMED Mining's ambition of becoming a major European-based mining company that will employ many more people. Every member of the Company's leadership team lives in Europe. We have built multi-cultural and multi-disciplinary teams with strong local leadership. All of our employees work hard to build trust with all stakeholders by progressing towards our goals with integrity and transparency.

The Company's key near-term priority is to safely and efficiently start copper production at the Rio Tinto Mine once EMED Mining has completed the regulatory approval process, financed the start-up and obtained shareholder approval.

Development of our Biely Vrch gold deposit in Slovakia would also create substantial value. Our Slovakian team is progressing further studies and permitting of Biely Vrch while continuing to test numerous prospects in a prolific district.

I am proud of the support from our shareholders, personnel, our families and our communities. Now we are all hopeful that we can commence creating real value soon by commencing metal production at our projects.

Harry Anagnostaras-Adams

Managing Director

3 May 2011

Social Responsibility

EMED Mining is committed to building Europe's premier mining company through the responsible development of metal production, with an initial focus on copper, gold and critical raw materials.

Operating in a socially responsible manner is central to our business model. Effective communication with a range of stakeholders is essential to ensuring that we fulfill these responsibilities.

We seek to reach consensus with local communities through a consultative and frank process at an early stage. Our major projects in Spain and Slovakia have regular newsletters aimed at keeping stakeholders informed of our activities. **We work diligently in accordance with our corporate ethos founded on integrity, transparency and progress.**

Following extensive consultation with stakeholders, the Company has committed to creating various sustainable enterprises near Rio Tinto following the mine restart. These projects will encourage local economic diversification and provide much-needed employment. The aim is to create enterprises that will continue long after mining at Rio Tinto is completed many years from now.

At EMED Mining's initiative, the historical mining towns of Minas de Riotinto in Spain, Banska Stiavnica in Slovakia and Broken Hill in Australia agreed to collaborate in a cultural exchange. In late 2010, exhibitions in Slovakia and Spain of paintings and photographs from these towns were the initial activities flowing from this initiative which is part of the Company's initiative to expand local tourism based on mining culture and heritage.

An international conference on "Best Available Techniques for Gold Ore Processing and Environmental Protection" was held in October 2010 in Banska Stiavnica. This successful conference was organised by EMED Slovakia, Euromines, Zvolen University and Slovak Mining Chamber.

EMED Mining focuses on sustainable development practices through compliance with European Union and other leading-edge international standards.

In early 2011, the International Cyanide Management Institute ("ICMI") announced that it had accepted the application of EMED Mining to become a signatory to the International Cyanide Management Code for the Manufacture, Transport and Use of Cyanide in the Production of Gold. The Code is a voluntary industry program for companies involved in the production of gold using cyanide and companies manufacturing and transporting this cyanide.

By becoming an ICMI signatory, EMED Mining commits to follow the Code's Principles and implement its Standards of Practice, and to have verification audits of its operation conducted by independent third-party auditors.

Developing our "social licence to operate" at every step of the way is crucial to turning our projects into profitable mining operations capable of making long-term contributions to the communities they serve as well as leaving a positive legacy in every respect and creating sustainable economic activity.

Financial Review

In conjunction with EMED Mining's dual listing on the TSX, a substantial equity raising was completed in late 2010. The Company is now financially well positioned to pursue its goals and progress towards the restart of the Rio Tinto Mine.

2010 Financial Results

In 2010 EMED Mining reported exploration costs and maintenance expenditure of €5.2 million (2009 €5.0 million) after minority interests. The total reported loss for the period was €10.2 million (2009 €9.6 million).

The Company has taken a conservative approach in its accounting policy towards goodwill on acquisition and exploration expenditure, as all such expenditures are written off on acquisition or when incurred pending a commitment to develop production operations. This policy is a major factor in the Company recording the net loss for the period.

At year-end, EMED Mining had cash and listed investments totaling €25.9 million (2009 €5.2 million).

Dual Listing on Toronto Stock Exchange

On 20 December 2010, EMED Mining commenced trading on the Toronto Stock Exchange ("TSX") under the symbol "EMD". The Company is now dual-listed on:

- > the TSX, the world's premier exchange for mining companies; and
- > AIM, the London Stock Exchange market for international growth companies.

In conjunction with the TSX listing, EMED Mining raised a total of C\$34.9 million via an Initial Public Offering in Canada, a concurrent Private Placement in the UK and subsequent exercise of the over-allotment option granted to the Company's Canadian Agents.

The preliminary and final Canadian Prospectus, as well as NI 43-101 Technical Reports on the Rio Tinto Copper Mine and the Biely Vrch Gold Deposit, are available on SEDAR under the Company's profile at www.sedar.com as well as on the Company's website.

Capital Structure

Two share placements were undertaken during 2010:

- > 83.6 million new ordinary shares were issued at 10.5p in April 2010, raising £8.8 million; and
- > In association with the TSX listing, 259.2 million new ordinary shares were issued at 8.5p in December 2010, raising C\$34.9 (~£21.9 or ~€25.8) million (including Canadian over-allotment option completed in January 2011).

As at 17 January 2011, EMED Mining had a total of 693 million shares on issue (935 million shares fully-diluted).

The Company's US\$8.5 million Convertible Loan facility is repayable on or prior to 31 December 2011. The principal amount has a fixed conversion price of 4.1p, equating to the potential issuance of 145.5 million shares if the facility is fully repaid via conversion into equity.

EMED Mining continues to have a strong and supportive shareholder base that is dominated by a group of international mining industry specialists in mine development, operation and marketing.

Operations Review - Spain

The Rio Tinto Copper Mine is located approximately 65km northwest of Seville in Andalucía, Spain.

EMED Mining, via its wholly-owned subsidiary EMED Tartessus, owns 100% of this established open pit mine, copper-concentrator plant and other infrastructure. It is a very large mine with Ore Reserves totaling 606,000 tonnes of contained copper and Measured and Indicated Resources totaling 933,000 tonnes of contained copper (inclusive of Ore Reserves).

EMED Mining has completed extensive technical work that is aimed at re-establishing Rio Tinto as a major, profitable copper mine producing approximately 37,000 tonnes per annum of copper-in-concentrate. Many improvements are planned to avoid the project's historical weaknesses, to add value to the project and to test further potential.

All of the communities surrounding the mine strongly support restarting the mine. Key Spanish trade unions, employer groups and political parties are increasingly active in lobbying the relevant government leaders and instrumentalities for the mine to be restarted.

The Rio Tinto Copper Mine provides an excellent opportunity to bring a large copper mine into production at a relatively low total cost at a time of global copper shortage and high local unemployment.

Spain - Steps to Restart Copper Production at Rio Tinto

The Company aims to commence mining and processing of ore following completion of the following steps:

- > Agreement in principle between the Company and the relevant authorities of permitting conditions and adjustment of the Project if and where appropriate;
- > Administrative Standing;
- > Commencement of personnel training programs and drilling programs for extending mine life;
- > Formal approval of the proposed project, taking into account reports to the Government by independent review agencies along with the outcome of formal public consultation;
- > Shareholder and financier approvals of the final project;
- > Completion of various site activities before commencing the planned program to restart the project. These activities include implementing procedures to ensure safety, detailed engineering and contract letting, full electrification of the site, fencing, replacement of asbestos cladding and painting of buildings, drilling below the current open pit to confirm the location of underground mine workings and to improve the reliability of geological data for grade control in initial production zones.
- > Triggering the six-month restart project execution program, upon receipt of formal land access rights;
- > Appointment and induction of the workforce and contractors;
- > Construction permits and operating licences to be issued as project execution proceeds and commissioning is carried out;
- > Eighteen-month ramp-up of production to the base case rate of processing 9 million tpa of ore and 37,000 tpa copper-in-concentrate; and
- > Concurrent assessment of project extension or expansion opportunities, based largely on the results of drilling in the vicinity of the existing open pit and underground mines.

The achievement of this rigorous timetable is reliant on timely commitment by relevant regulatory authorities.

The Company must also formalise its responsibilities over third party lands and settle compensation for its owners via the regulatory framework (utilising compulsory acquisition if necessary), without

causing delays to the project timetable. This last step is necessary because while the company owns the mine, the plant and the land containing the mineral deposit, a number of land areas that form an integral part of mining and waste management operations are owned by third parties.

The restart is expected to be relatively straight-forward from an operational perspective, with an established infrastructure and processing facility that can be readily restarted, albeit with aspects to be updated to incorporate mining industry improvements that have been developed over the past 20 years.

The economic benefits potentially flowing from the Rio Tinto Copper Mine provide a strong incentive to expedite implementation of the start-up and then expansion with a view to extending planned life beyond the current 14 years.

Spain - NI 43-101 Technical Report for Rio Tinto

Since becoming involved with the Rio Tinto Copper Mine in 2007, EMED Mining has engaged a number of technical experts as part of its due diligence on the project.

In November 2010, Behre Dolbear International Ltd completed the report entitled "Amended and Restated NI 43-101 Technical Report on Reopening the Rio Tinto Copper Mine, Huelva Province, Spain" dated November 17, 2010.

As detailed in the Behre Dolbear Technical Report, key anticipated production parameters for the Rio Tinto Copper Mine are:

- > Ramp-up to a 9 million tonne per annum throughput over a two-year period;
- > Ore Reserve = 123 million tonnes at 0.49% copper, containing 606,000 tonnes of copper;
- > Waste-to-ore strip ratio – 1.1 to 1.0;
- > Concentrate grade averaging 22%; and
- > Contained copper in concentrate averaging ~37,000 tonnes per annum.

Spain - Financial Outcomes for Rio Tinto

Forecast operating costs are tabulated below (life-of-mine averages).

	US\$/lb
Site Operating Cash Cost	1.06
Transport, Smelting & Other	0.31
Total C1 Cash Cost	1.37
Depreciation, Amortisation & Provisions	0.20
Total C3 Cash Cost	1.57

A breakdown of the estimated capital expenditure required to restart copper production at the Rio Tinto Copper Mine is tabulated below.

	€M	US\$M
Repairs and initial plant improvements	45	56
Bonding for environmental and social guarantees	24	30
Counterparty settlements (on permitting)	13	17
Total	82	103

The estimated funding required to start copper production at the Rio Tinto Mine aggregates to approximately US\$103 (€82) million. Finance facilities of US\$120 million are planned to fulfil those requirements and provide on-going group working capital and standby capacity.

Financial modelling of these production and cost parameters results in the following key outcomes for the 9Mtpa base case:

At Cu price =	US\$4.50/lb	US\$3.50/lb	US\$2.50/lb
C3 Cost	US\$1.57/lb	US\$1.57/lb	US\$1.57/lb
At exchange rate =	US\$1.00=€0.80	US\$1.00=€0.80	US\$1.00=€0.80
Average annual operating cash flow	€178M	€122M	€62M
Project IRR	132%	86%	41%
Project NPV at 10%	€846M	€523M	€210M
Project NPV at 10%	£0.77/share*	£0.48/share*	£0.19/share*

* On a fully diluted basis (935 million shares), with €1.00 = £0.85.

The current copper price is approximately US\$4.00/lb. The above estimates include capital expenditure, bonding and the discharge of relevant pre-existing liens.

The Rio Tinto Copper Mine is forecast to generate very strong operating cash flows. It is notable that average annual operating cash flows at a copper price of US\$3.00/lb are forecast to be greater than the capital expenditure required to restart the operation.

Spain – Upside Potential for Rio Tinto Mine

The Rio Tinto Mine currently has JORC Code-compliant:

- > Ore Reserves totaling 123 million tonnes at 0.49% copper, containing 606,000 tonnes of copper; and
- > Measured and Indicated Resources totaling 203 million tonnes at 0.46% copper, containing 933,000 tonnes of copper (inclusive of Ore Reserves).

The Ore Reserve estimate was based on an assumed copper price of US\$2/lb compared to current copper prices in excess of US\$4/lb.

Significant potential has been identified to expand the current 14-year base-case mine life project life or annual production or both.

Upon being granted Administrative Standing, EMED Mining plans to commence the following drilling program:

- > Grade control drilling within the planned open pit to improve grade distribution data and verify the location of historical underground mine workings for detailed mine planning in preparation for commencement of mining;
- > Drilling within and adjacent to the planned open pit that is targeted at increasing current Mineral Resources as well as delineating additional Ore Reserves; and
- > Initial scout drilling down-plunge of historical underground mine workings that is aimed at exploring untested underground potential.

Rio Tinto is one of the world's largest volcanic-hosted massive sulphide systems and has been mined since antiquity. This major mineralised system has not been drilled or mined below 250 metres vertical depth.

A 60,000 metre drilling program is planned to investigate these exploration targets with the following objectives:

- > Increasing resources and reserves at potential open-pit mining depths by filling in gaps within the current data and drilling the untested host rocks adjacent to the existing resources;
- > Defining initial resources that would be potentially mined by underground methods; and
- > Justifying an expansion of the processing plant to treat approximately 15 million tonnes per annum following completion of appropriate studies in due course.

Drilling of five different areas in and around the currently planned Cerro Colorado open pit is considered to have the exploration potential to increase the resources that are likely to be accessed via open-pit mining by 40% to 60% to approximately 285 to 325 million tonnes with an overall grade in a range of 0.45% to 0.50% copper. There is also potential to re-develop one or more of the underground mines on the property.

These exploration targets were estimated following a review of the extensive historical data and geological interpretation. It is uncertain if further exploration will define additional resources as these exploration targets are conceptual in nature and further exploration work is required in order to define and report additional Mineral Resources in accordance with the JORC Code and the NI 43-101 Standard.

Spain – Strategy and Outlook for 2011

The Rio Tinto Mine presents an exceptional opportunity for EMED Mining to commence copper production at relatively low start-up cost.

The global shortage of copper underpins a strong long-term outlook for copper prices, which have recently been setting record prices and has traded at greater than US\$4.00/lb since early December 2010. At current copper prices of approximately US\$4.00/lb, the Rio Tinto Copper Mine's projected net operating cash flow is estimated to average US\$186 (€149) million per year under the current "base case" development plan.

The Company has widespread political and administrative support and is backed by the local communities.

The principal regulatory steps still required are:

- > Agreement in principle between the Company and the relevant authorities of permitting conditions and adjustment of the Project if and where appropriate;
- > Administrative Standing;
- > Formal approval of the proposed project, taking into account reports to the Government by independent review agencies along with the outcome of formal public consultation; and
- > Construction permits and operating licences to be issued as project execution proceeds and commissioning is carried out.

The Company must formalise its responsibilities over all third party lands and settle compensation for its owners via the regulatory framework, without causing delays to the project timetable.

Prior to triggering the start-up, the Company must complete many tasks including permitting, contract tendering, project financing, recruitment and shareholder approvals. The Company then expects operations to restart approximately six months later upon satisfactory conclusion of permitting and access to finance.

The Board is confident of success as all major legitimate stakeholders are supportive and EMED Mining has undertaken to manage the restart to the highest standards observing high operating, safety and environmental performance standards.

Operations Review - Slovakia

EMED Mining is progressing towards the development of its 100%-owned Biely Vrch gold deposit, which contains Indicated Resources of 461,000 ounces (17.7 million tonnes at 0.81g/t gold) and Inferred Resources of 596,000 ounces (24.0 million tonnes at 0.77g/t gold).

In parallel with progressing the required permitting studies and approvals, EMED Mining is working towards reaching various agreements with local parties directly impacted by the development of Biely Vrch.

Strong relationships have been established with the Slovak government, the local communities, business chambers, scientific societies and other stakeholders in this historic mining district.

Slovakia – Detva Gold Project

The Biely Vrch gold deposit is located within the Detva Licence area in central Slovakia.

Geology and Gold Mineralisation

The mineralisation style at Biely Vrch is of the porphyry gold type, which is rare globally and exemplified by several multi-million ounce deposits in the Maricunga belt of northern Chile. These deposits typically occur in clusters and are usually large (>100 million tonnes), low-grade (0.7g/t to 1.8g/t gold), bulk-mineable deposits.

Every drillhole within the deposit was mineralised throughout its entire length. Mineralisation continues below the reported resources and also remains open below the depth of drilling conducted to date. The gold grade increases with depth and holes in the core of the deposit ended in mineralisation with grades of more than 1.5g/t gold.

A six-hole geotechnical drilling program was carried out at Biely Vrch during 2010, which provided additional data for modelling the planned open pit.

Scoping Study

In June 2010, AMC Consultants (UK) Ltd completed an updated Scoping Study which takes into account community consultation and project refinements by EMED Mining.

The revised Scoping Study has confirmed the attractive economics of developing a mine at Biely Vrch based on a gold price of US\$1,000/ounce (currently ~US\$1,400/ounce). The envisaged project has the following parameters:

- > Initial capital cost of approximately US\$64 million;
- > 3.0 million tonne per annum, heap-leach operation;
- > Open-pit mine with average waste to ore stripping ratio of 0.84 to 1.0;
- > Processing a total of 27.5 million tonnes at an average grade of 0.86g/t gold;
- > Overall gold recoveries averaging 81%;
- > Average cash operating cost ±US\$530/ounce; and
- > Gold production averaging 60,000 ounces per annum.

The Scoping Study is preliminary in nature and includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorised as ore reserves, and there is no certainty that the preliminary assessment will be realised.

The Mineral Resource estimate for Biely Vrch is based on relatively wide-spaced drilling. Approximately 1,000m of drilling is estimated to be required to upgrade the Biely Vrch Inferred Resource estimate to Indicated Resource status.

In November 2010, Behre Dolbear International Ltd completed the report entitled "Amended and Restated NI 43-101 Technical Report on the Biely Vrch Gold Deposit, Detva Licence Area in Slovakia" dated November 17, 2010.

Permitting Progress

In July 2010, the European Commission announced the rejection of a proposed ban on the use of cyanide for mining activities in Europe. This decision reduces the permitting risks across the Company's projects in Europe. Recently the Commission confirmed there is a comprehensive set of rules in place ensuring that the extractive industries operate in an environmentally sound manner.

In September 2010, EMED Mining's Biely Vrch gold deposit was given "exclusive deposit" status, which is the first statutory step of the permitting process and gives priority to the land being used for mining activities over all other land uses.

In November 2010, the Biely Vrch gold deposit was granted a Protective Deposit Status and EMED Mining's subsidiary EMED Slovakia was awarded a Corporate Authorisation for Mining Activities. These permitting advances do not guarantee that mining activities will ultimately be approved, but both are essential preconditions for the Company's application for a Mining Lease Area over Biely Vrch and are significant permitting milestones. The mining lease is a significant milestone on the permitting road map, although it is not a mining/operational permit. The application for the granting of a Mining Lease Area has been submitted in January 2011.

The Company and its environmental consultants are preparing the Preliminary Environmental Impact Assessment for Biely Vrch.

EMED Mining is also seeking formal in-principle support for its plans from Slovakian authorities before proceeding to a full feasibility study and development planning.

Slovakia - Exploration

EMED Mining currently holds five licences in Central Slovakia covering an area totalling 449km². This region is a prolific mining district that has historically yielded over 120 million ounces of silver and 3 million ounces of gold.

Exploration drilling during 2010 consisted of eight drill holes on the Company's 100%-owned Banska Stiavnica and Hodrusa exploration licences. This drilling tested for epithermal gold mineralisation and wide zones of Rozalia-style gold mineralisation that may be amenable to larger scale, bulk underground mining methods. Assays results unfortunately indicated that follow-up drilling of these targets is not warranted.

The 2011 drilling program is planned to test several new gold prospects in Central Slovakia. Also it includes one deep drill hole through the centre of the high grade core at Biely Vrch.

EMED Slovakia's team is aiming to apply its valuable experience and successful techniques to similar geological settings, with emphasis on Czech Republic and Hungary. Other opportunities in Europe are being evaluated.

Operations Review - Cyprus

The Company's exploration licences in Cyprus are focused on the Troodos Ophiolite complex and the targeted mineralisation style is volcanic-hosted massive sulphide copper deposits.

EMED Mining's most advanced project in Cyprus is the 95%-owned Klirou Copper-Zinc Project which is located approximately 20km southwest of Nicosia. The Klirou mineral resource extends from the surface to approximately 200 metres below surface. However, EMED Mining is not yet in a position to issue a resource estimate for Klirou under the NI 43-101 reporting standard.

EMED Mining continues to assess its large geological database of historical copper mining in Cyprus. Although the Company's focus is currently on the Rio Tinto Copper Mine located in Spain, it will continue low-cost reconnaissance on various opportunities in Cyprus.

Operations Review - Portugal

In September 2010, EMED Mining obtained an exclusive option to acquire the Regua Tungsten Deposit which is located 400km north of Lisbon and 95km east of Porto. The deposit has not been previously mined and is located close to infrastructure with good road access.

During the option period EMED Mining intends to evaluate the exploration potential, audit the mineral resources, complete a scoping study, assess the prospects for permitting and conduct initial drilling aimed at extending known mineralisation.

The Regua Tungsten Deposit consists of scheelite (CaW₀₄) mineralisation. A resource estimate for Regua was reported in 2008 by ASX-listed Tamaya Resources (previous owner of the vendor, Iberian Resources Portugal Minerais Unipessoal LDA). However, EMED Mining is not yet in a position to issue a resource estimate for Regua under the NI 43-101 reporting standard.

The Regua Tungsten Deposit remains open laterally and at depth. There are reasonable prospects that further drilling will extend the known mineralisation.

Tungsten has been classified as a critical raw material by the European Commission, due to the tightness of global supply. The Iberian Peninsula has historically been one of the major sources of tungsten supply outside of China.

KEFI Minerals Plc (19% owned)

KEFI Minerals is exploring for copper and gold in Turkey and Saudi Arabia.

In order to expand its exploration activities into the Kingdom of Saudi Arabia, KEFI Minerals formed the Gold and Minerals (“G&M”) Joint Venture during 2009. A leading Saudi construction and investment group is the joint venture partner, Abdul Rahman Saad Al-Rashid & Sons Company Limited (“ARTAR”).

The primary target of this new alliance with ARTAR is the discovery and development of a >1 million ounce gold deposits in the under-explored Precambrian Arabian Shield of Saudi Arabia. KEFI Minerals is the operating partner with a 40% interest with ARTAR holding the remaining 60% and providing local support services.

Following extensive review of historical data and field reconnaissance, the G&M Joint Venture has lodged 21 Exploration Licence Applications (“ELA”) in Saudi Arabia covering approximately 100km² each.

Turkey and Saudi Arabia are both under-explored countries with excellent potential for discovery of major gold and copper mines. The concentrated and disciplined exploration approach of the KEFI Minerals’ team provides technical excellence that is leveraged via its carefully structured strategic alliances.

EMED Mining spun-off KEFI Minerals in late 2006 and retains a 19% shareholding.

KEFI Minerals has the AIM code “KEFI”. Further information is available on KEFI Minerals’ website (www.kefi-minerals.com).

Resources and Reserves

EMED Mining's Mineral Resources and Ore Reserves are estimated in accordance with the NI 43-101 Reporting Standard and the JORC Code.

Spain - Rio Tinto Copper Resources and Reserves

In November 2010, Behre Dolbear International Ltd completed the report entitled "Amended and Restated NI 43-101 Technical Report on Reopening the Rio Tinto Copper Mine, Huelva Province, Spain" dated November 17, 2010 prepared by Denis Acheson B.Sc.Eng., B.A. (Hons), MMMSA, Richard J. Fletcher M.Sc., FAusIMM, MIMMM, C.Geol., C.Eng., Julian Bennett, B.Sc.Eng., ARSM, FIMMM, C.Eng. and John Tait B.Sc.Eng., M.Sc., P.Eng., each of whom is a "qualified person" and "independent" as those terms are defined in NI 43-101. This report was filed with various regulatory authorities as part of the process for EMED Mining's dual listing on the TSX and is available on SEDAR under the Company's profile at www.sedar.com as well as on the Company's website at www.emed-mining.com.

As detailed in the Behre Dolbear Technical Report, Mineral Resources and Ore Reserves for the Rio Tinto Copper Mine are:

Mineral Resource Estimate for Cerro Colorado Deposit

Resource Category	Tonnes (millions)	Copper Grade (%)	Copper Tonnes (000s)
Measured	47.6	0.38	179
Indicated	155.4	0.49	755
Measured and Indicated	203.1	0.46	933
Inferred	2.1	0.50	10

Ore Reserve Estimate for Rio Tinto Mine

Reserve Category	Tonnes (millions)	Copper Grade (%)	Copper Tonnes (000s)
Proved	39	0.38	148
Probable	84	0.54	458
Total	123	0.49	606

Mineral Resources are inclusive of Ore Reserves. Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

Slovakia – Biely Vrch Gold Resources

The initial Mineral Resources for Biely Vrch were estimated in February 2009.

In November 2010, Behre Dolbear International Ltd completed the report entitled "Amended and Restated NI 43-101 Technical Report on the Biely Vrch Gold Deposit, Detva Licence Area in Slovakia" dated November 17, 2010, prepared by Richard Fletcher J.Sc., FAusIMM, MIMMM, C.Geol., E.Eng. and Julian Bennett, B.Sc.Eng., ARSM, FIMMM, C.Eng., each of whom is a "qualified person" and "independent" as those terms are defined in NI 43-101. This report was filed with various regulatory authorities as part of the process for EMED Mining's dual listing on the TSX and is available on SEDAR under the Company's profile at www.sedar.com as well as on the Company's website at www.emed-mining.com.

Approximately 62% of the resource is in the oxide zone, with the remainder in the primary zone.

Resource Category	Tonnes (millions)	Gold Grade (g/t)	Contained Gold (ounces)
Indicated	17.7	0.81	461,000
Inferred	24.0	0.77	596,000

Mineral Resources that are not Ore Reserves do not have demonstrated economic viability.

Qualified Persons for Reporting of Resources

Information in this report as regards the Rio Tinto Mine that relates to Mineral Resource estimates is based on information compiled by Mr. Pat Stephenson, BSc (Geology) and Mr. Ron Cunneen, BSc (Geology), with Mr. Stephenson taking responsibility for the Mineral Resource estimates and Mr. Cunneen taking responsibility for the data on which the estimates are based.

Mr. Stephenson is Regional Manager, Vancouver and Principal Geologist with AMC Mining Consultants (Canada) Ltd and a full-time employee of that company. He is a Fellow of The Australasian Institute of Mining and Metallurgy.

Mr. Cunneen is Head of Exploration for EMED Mining and a full-time employee of that company. He is a Member of The Australian Institute of Geoscientists.

Information in this report as regards the Rio Tinto Mine that relates to Ore Reserve estimates is based on information compiled by Mr. Andy Robb, BSc (Mining Engineering). Mr. Robb is Principal Mining Consultant with AMC Consultants and a full-time employee of that company. He is a Member of the Australasian Institute of Mining and Metallurgy.

Mr. Stephenson, Mr. Cunneen and Mr. Robb have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are undertaking to qualify as "Competent Persons" as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code") and "Qualified Persons" as defined in the "National Instrument 43-101 of the Canadian Securities Administrators" ("NI 43-101") and "CIM Definition Standards For Mineral Resources and Mineral Reserves" of December 2005 as prepared by the CIM Standing Committee on Reserve Definitions of the Canadian Institute of Mining.

Mr. Stephenson, Mr. Cunneen and Mr. Robb consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

References in this report as regards the Mineral Resources or exploration results and potential in Slovakia, Cyprus or elsewhere have been approved for release by Mr. Ron Cunneen.

EMED MINING PUBLIC LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

EMED MINING PUBLIC LIMITED

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS **Year ended 31 December 2010**

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EMED MINING PUBLIC LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	R.H. Beevor H. Anagnostaras-Adams J.E. Leach Dr. R. Bhappu R. Davey A. Mehra	Non-Executive - Chairman Managing Director Finance Director Non-Executive Director Non-Executive Director (Appointed 22 April 2010) Non Executive Director
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Company Secretary: Inter Jura CY (Services) Limited

Auditor: Moore Stephens Stylianou & Co
Certified Public Accountants - CY
58 Arch. Makarios III Avenue
Iris Tower
6th Floor, Office 602
1075 Nicosia, Cyprus

**Auditor Canadian
Securities Laws:** MSCM LLP
701 Evans Avenue, 8th Floor
Toronto, ON M9C 1A3
Canada

Registered Office: 1 Lampousas Street
CY1095
Nicosia, Cyprus

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report for EMED Mining Public Limited ("EMED Mining" and or "the Company") and its subsidiaries (the "Group") together with the consolidated financial statements of the Group for the year ended 31 December 2010.

Incorporation and Principal Activity

EMED Mining was incorporated in Cyprus on 17 September 2004 and is a company with limited liability under the Companies Law of Cyprus, Cap. 113. The Company was listed on the Alternative Investment Market ("AIM") of the London Stock Exchange in May 2005.

On the 20 December 2010 EMED Mining closed an initial public offering in Canada of 180,970,000 ordinary shares at an issue price of CAD\$0.135 (approximately 8.5 pence) per Ordinary Share for aggregate gross proceeds of CAD\$24.4 million (approximately €18.3 million). At the same time the Company also raised €6 million through the AIM market, making a total raising of €24.4 million. The Company is now dual-listed in London on AIM and in Toronto on the Toronto Stock Exchange ("TSX").

The principal activity of the Group is to explore for and develop natural resources, with a focus on base and precious metals in certain belts of mineralization spanning Europe, the Middle East and Central Asia.

EMED Mining is led by international mining industry specialists with corporate headquarters in Cyprus, the site of the Group's first project. Cyprus is geographically central to the Company's areas of interest and is a member of both the European Union and the British Commonwealth. EMED Mining has a strong commitment to the responsible development of metal production operations in Europe, with an initial focus on copper and gold.

Review of Operations

During the past 12 months EMED Mining has made further progress on its two major projects: the Rio Tinto copper mine in Spain and the Biely Vrch gold project in Slovakia.

At Rio Tinto, EMED Mining's primary effort has been on planning and permitting the re-start of the existing copper mine and processing plant. During the year, the Government of Andalucía, local municipalities and the relevant labour union have publicly expressed support for the restart of copper production. In December 2010 the requested letter of non-opposition to the Administrative Standing application was signed by the fourth member of the Liquidation Commission of the company Minas de Rio Tinto ("MRT"), the last-approved owner/operator. This fulfils a request of the mining regulatory authorities and the next step is for the authorities to grant administrative approval of the mineral rights acquired by EMED Mining in 2007. In January 2011, the Department of Culture and Heritage of the Junta de Andalucía provided a favourable report regarding the Company's plans for the Rio Tinto Copper Mine.

Once the Company has received the necessary government permits for triggering the restart, a six month ramp-up to first production is planned. EMED's target is to start preparing the plant, other infrastructure and human resources in 2011 for production in 2012, the exact timing of which will depend on the rate of permitting. The Company has budgeted re-start costs (capital improvements, repairs and working capital combined) of €82 million, which should be largely fundable from bank or off-take facilities.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

EMED Mining is progressing towards the development of its 100%-owned Biely Vrch gold deposit, which contains Indicated Resources of 461,000 ounces and Inferred Resources of 596,000 ounces. In parallel with progressing the required permitting studies and approvals. EMED Mining is working towards reaching various agreements with local parties directly impacted by the development of Biely Vrch. The initial capital cost is estimated to be approximately US\$64 million for a 3Mtpa heap-leach operation producing approximately 60,000 ounces of gold per annum at an estimated average cash cost of ±US\$530 per ounce.

In September 2010, EMED Mining obtained an exclusive option to acquire the Regua tungsten deposit which is located 400km north of Lisbon and 95km east of Porto in Portugal. The deposit has not been previously mined and is located close to infrastructure with good road access.

In Cyprus, EMED Mining continues to assess its large geological database of historical copper mining. Discussions are progressing with stakeholders over the entire island in a manner appropriate to the current re-unification efforts.

Results

As at 31 December 2010, the Group had cash of €21.5 million (2009: €3.6 million) and listed shares that had a market value of €4.4 million. During 2010, the Group incurred exploration and care and maintenance expenditure of €5.2 million (2009: €5.0 million) and net operating expenditure of €3.4 million (2009: €2.1 million).

EMED Mining continues to take a conservative approach in its accounting policy towards exploration expenditure. All such expenditures are written off when incurred pending the Directors' decision to commence project development. This policy is a major factor in EMED Mining recording a net loss for 2010 of €10.2 million (2009: net loss €9.6 million) after minority interests.

Development permit costs for the Rio Tinto Mine have been capitalised.

The financial results are summarised as follows:

	2010	2009
	EUR 000's	EUR 000's
Exploration expenditure	1,431	2,161
Care and maintenance expenditure	3,779	2,881
Net operating expenditure	3,401	2,093
Net foreign exchange transaction loss	8	528
Net finance costs	1,185	947
Shareholder communications and ongoing listing costs	294	198
Share-based benefits	1,197	1,628
Impairment of intangible assets	310	-
Tax	(1,372)	(875)
Loss for the period	<u>10,233</u>	<u>9,561</u>

The Group's full results for the year are set out on page 34.

The increase in assets during the year is due to an increase in property, plant and equipment of €17.8 million at the Rio Tinto Copper Mine and an increase in cash reserves of €18 million. The increase in plant and equipment is mainly due to the agreement entered into with the Department of Social Security in Spain. Under the terms of the agreement, the Department of Social Security has agreed not to enforce the liens held by it against the relevant assets now owned by EMED Tartessus provided that the outstanding debt of €16.9 million is repaid in full over a five year period. This transaction has given rise to the increase in long term liabilities.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Share Capital

Details on authorized and issued share capital are disclosed in Note 17 of the consolidated financial statements.

Two significant share placements were completed during 2010:

- The issue of 83.5 million new ordinary shares at 10.5p in May 2010, raising €10.1 million; and
- The issue of 241.1 million new ordinary shares at 8.5p in December 2010, raising €24 million.

At 31 December 2010, EMED Mining had a total of 673 million shares on issue (915 million shares fully-diluted).

Future Developments

The Company's key near-term priority is to safely and efficiently start copper production at the Rio Tinto Mine once EMED Mining has completed the regulatory approval process, financed the start-up and obtained shareholder approval.

Our excellent team at the Rio Tinto Mine integrates local expertise with international experience. By working very closely with the regulatory authorities, EMED Mining plans to bring this established mine up to the high standards of a 21st century operation.

Development of our Biely Vrch gold deposit in Slovakia would also create substantial value. Our Slovakian team is progressing further studies and permitting of Biely Vrch, while continuing to test numerous prospects in a prolific district.

Board of Directors

The names and particulars of the qualifications and experience of each director at the end of the financial year are set out below. All directors, except Mr. Davey who was appointed on 22 April 2010, held office from the start of the financial year to the date of this report. In accordance with the Company's Articles of Association, one third of the board of directors must resign each year. The Company's directors, Mr. J. Leach and Dr.R.Bhappu will resign from their current positions at the forthcoming Annual General Meeting and, being eligible, will offer themselves for re-election. The remaining directors, presently members of the Board, will continue in office.

Ronald (Ronnie) Beevor, BA (Hons)

Non-Executive Chairman, British and Australian Citizen based in Australia.

Mr. Beevor serves as the Chairman of the Board. He is also Chairman of the Audit and Financial Risk Committee and a member of the Corporate Governance, Nominating and Compensation Committee.

Mr. Beevor is an investment banker with extensive involvement in the natural resources industry globally. He was Head of Investment Banking at NM Rothschild & Sons (Australia) Limited between 1997 and 2002 and is currently a Senior Advisor to Gryphon Partners Advisory. He is also a director of Bannerman Resources Limited, Rey Resources Limited, Talison Lithium Limited and Unity Mining Limited. Mr. Beevor has an honours degree in Philosophy, Politics and Economics from Oxford University and qualified as a Chartered Accountant in London in 1972.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Aristidis (Harry) Anagnostaras-Adams, B. Comm., MBA

Managing Director, Australian Citizen based in Cyprus and Spain.

Mr. Anagnostaras-Adams serves as Managing Director and Chief Executive Officer of the Company. He has served as Deputy Chairman of the Australian Gold Council, is a Fellow of the Australian Institute of Management and of the Australian Institute of Company Directors. In January 2005 he moved to Europe to establish and lead EMED Mining.

Since 2006, Mr. Anagnostaras-Adams has also served as Non-Executive Chairman of AIM-listed, KEFI. Mr. Anagnostaras-Adams has previously served as Managing Director of Gympie Gold Limited ("**Gympie Gold**"), Executive Director of investment company Pilatus Capital Ltd., General Manager of resources investment group Clayton Robard Limited Group, Senior Investment Manager of Citicorp Capital Investors Australia Ltd. and serves (or has served) as a non-executive Director of many other public and private companies across a range of industries.

Mr. Anagnostaras-Adams has a Bachelor of Commerce (in Systems and Finance) from the University of New South Wales, Australia. He qualified as a Chartered Accountant while working with PricewaterhouseCoopers and has a Master of Business Administration from the Australian Graduate School of Management where he was awarded the John Story Memorial Prize as outstanding graduate.

John Leach, B.A. (Economics), MBA.

Finance Director, Canadian and Australian citizen based in Cyprus and Spain.

Mr. Leach has over 25 years' experience in senior financial and executive director positions within the mining industry internationally. Mr. Leach serves on the Board of KEFI Minerals plc (since 2006) and is a former member of the boards of Resource Mining Corporation Limited (2006 to 2007) and Gympie Gold Limited (1995 to 2003).

Mr. Leach holds a Bachelor of Arts (Economics) and a Master of Business Administration and is a member of the Institute of Chartered Accountants (Australia), the Canadian Institute of Chartered Accountants and is a Fellow of the Australian Institute of Directors.

Dr. Ross Bhappu, B.Sc., M.Sc., Ph.D.

Non-Executive Director, American Citizen based in USA.

Dr. Bhappu serves as a Non-Executive Director of the Company and is Chairman of the Corporate Governance, Nominating and Compensation Committee and is a member of the Physical Risks Committee and the Audit and Financial Risk Committee.

Dr. Bhappu is a Partner with RCF and has extensive experience in the mining industry working for both senior and junior mining companies.

Prior to joining RCF in early 2001, he held various commercial and technical roles including chief executive officer of a start-up copper mining company, Director of Business Development for Newmont Mining Corporation ("**Newmont**") and he served in both technical and financial roles for Cyprus Minerals Company. He serves on the boards of RCF's portfolio companies Traxys SA and Molycorp Inc. (where he serves as Chairman) and was previously a director of Anglo Asian Mining Plc and Constellation Copper Corporation. Dr. Bhappu holds a Ph.D. in Mineral Economics from the Colorado School of Mines and Bachelor of Science and Master of Science degrees in Metallurgical Engineering and Metallurgy, respectively, from the University of Arizona.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Roger Davey, ACSM, MSc., C.Eng., Eur.Eng., MIMMM.

Non-Executive Director, British citizen based in the UK.

Mr. Davey serves as a Non-Executive Director of the Company. Mr. Davey is also Chairman of the Physical Risks Committee and is a member of the Audit and Financial Risk Committee.

Mr. Davey has over thirty years experience in the mining industry. He is presently an Assistant Director and the Senior Mining Engineer at NM Rothschild & Sons. Mr. Davey has served as Director, Vice-President and General Manager of Minera Mincorp S.A., Operations Director of Greenwich Resources plc, London; Production Manager for Blue Circle Industries in Chile; and various production roles from graduate trainee to mine manager, in Gold Fields of South Africa (1971 to 1978). Mr. Davey is a director of GoldQuest Mining Corp., Orosur Mining Inc. and Alexander Mining Plc, and was formerly a director of Serabi Mining Plc.

Mr. Davey is a graduate of the Camborne School of Mines, England (1970), with a Master of Science degree in Mineral Production Management from Imperial College, London University, (1979) and a Master of Science degree from Bournemouth University (1994). He is a Chartered Engineer (C.Eng.), a European Engineer (Eur. Ing.) and a Member of the Institute of Materials, Minerals and Mining (MIMMM).

Ashwath Mehra, B.Sc.

Non-Executive Director, British Citizen based in Switzerland.

Mr. Mehra is the Chief Executive Officer of MRI. The MRI Group is a commodities group with annual turnover of approximately \$3 billion. Mr. Mehra has worked in the minerals industry for 25 years, starting his career with Philipp Brothers (now Phibro LLC) after which he spent 10 years with Glencore International AG, where he was a senior partner and ran the Nickel and Cobalt Divisions. He has substantial experience in projects and project finance and has worked on equity and bond issues.

Mr. Mehra holds a Bachelors degree in Economics and Philosophy from the London School of Economics and Political Science.

During the past three years Mr. Mehra has held the following listed company directorships, Northern Iron Limited (Since May 2007), Champion Minerals (Since October 2010) and Unquote.

Directors' Interests

The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of persons connected with them in ordinary shares as at the date of this report are as follows:

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Name	2010		2009	
	Number of existing ordinary shares '000	Percentage of issued share capital	Number of existing ordinary shares '000	Percentage of issued share capital
R. Beevor	6,150	0.9%	6,150	1.4%
H. Anagnostaras-Adams	5,800	0.8%	5,800	1.4%
J. Leach	1,460	0.2%	1,460	0.3%
G. Toll	6,667	0.9%	6,667	1.6%
R. Davey	-	-	-	-
A. Mehra	-	-	-	-

The Directors to whom options over ordinary shares have been granted and the number of ordinary shares subject to such Options as at the date of this report are as follows:

Grant Date	Expiration Date	Exercise Price	R. Beevor '000	H. A-Adams '000	J. Leach '000	R. Bhappu '000	A. Mehra '000	G. Toll '000	R. Davey '000
09 May 2005	09 May 2011	8.0p	1,250	4,000	-	-	-	-	-
28 Apr 2006	28 Apr 2012	13.5p	200	1,500	150	-	-	200	-
26 Feb 2007	26 Feb 2013	13.5p	500	1,000	300	-	-	-	-
11 May 2007	11 May 2013	15.0p	-	2,500	-	-	-	-	-
23 Jul 2007	23 Jul 2013	20.0p	-	-	1,000	-	-	-	-
27 Jul 2007	27 Jul 2013	10.0p	-	-	200	-	-	-	-
31 Dec 2007	31 Dec 2013	22.0p	400	1,000	400	-	-	200	-
23 Mar 2009	22 Mar 2013	4.1p	1,000	2,000	1,500	500	500	-	-
09 Jun 2009	09 Jun 2013	8.0p	500	2,000	1,450	250	250	-	-
25 Jan 2010	24 Jan 2014	13.4p	600	1,800	1,200	367	367	366	-
22 Apr 2010	21 Apr 2014	13.4p	-	-	-	-	-	-	500
20 Dec 2010	19 Dec 2014	12.0p	800	2,000	1,000	400	400	-	400
			5,250	17,800	7,200	1,517	1,517	766	900

Options, except those noted below, expire six or four years after grant date and are exercisable at the exercise price in whole or in part up to one third in the first year from the grant date, two thirds in the second year from the grant date and the balance thereafter.

On 11 May 2007, 2.5 million options exercisable at 15 pence were issued to Mr. H. Anagnostaras-Adams, Managing Director. These options vested when the Company acquired 100% ownership of the Rio Tinto Mine. The options expire 11 May 2013 and can be exercised at any time.

On 23 July 2007, 1 million options exercisable at 20 pence were issued to Mr. J. Leach, Finance Director. These options vested when the Company acquired 100% ownership of the Rio Tinto Mine. The options expire 23 July 2013 and can be exercised at any time.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Directors' Interests (Continued)

On 23 March 2009, 2 million options were issued to Mr. H. Anagnostaras-Adams, Managing Director, 1.5 million options were issued to Mr. J. Leach, Finance Director, 1 million to Mr. R. Beevor (Chairman) and 500,000 each to Messrs. R. Bhappu, A. Mehra and G. Toll, Non-Executive Directors. These options are exercisable at 4.1 pence and expire four years after the date of issue.

On 9 June 2009, 2 million options were issued to Mr. H. Anagnostaras-Adams, Managing Director, 1.45 million options were issued to Mr. J. Leach, Finance Director, 500 000 to Mr. R. Beevor (Chairman) and 250,000 each to Messrs. R. Bhappu, A. Mehra and G. Toll, Non-Executive Directors. These options are exercisable at 8 pence and expire four years after the date of issue.

On 25 January 2010, 1.8 million options were issued to Mr. H. Anagnostaras-Adams, Managing Director, 1.2 million options were issued to Mr. J. Leach, Finance Director, 600,000 to Mr. R. Beevor (Chairman) and 367,000 each to Messrs. R. Bhappu and A. Mehra and 366,000 to G. Toll, Non-Executive Directors. These options are exercisable at 13.4 pence and expire four years after the date of issue.

On 22 April 2010, 500,000 options were issued to Mr. R. Davey, a Non-Executive Director. These options are exercisable at 13.4 pence and expire four years after the date of issue.

On 20 December 2010, 2 million options were issued to Mr. H. Anagnostaras-Adams, Managing Director, 1 million options were issued to Mr. J. Leach, Finance Director, 800 000 to Mr. R. Beevor (Chairman) and 400,000 each to Messrs. R. Bhappu, A. Mehra and R Davey, Non-Executive Directors. These options are exercisable at 12 pence and expire four years after the date of issue

In 2009, Mr. H. Anagnostaras-Adams and Mr. G. Toll, both then Directors of the Company exercised options over 1,000,000 ordinary shares and 2,000,000 ordinary shares, respectively. The options were exercised at prices ranging from 4.13 pence per ordinary share to 8 pence per ordinary share.

Directors' and Executive Officers Emoluments

In compliance with the disclosure requirements of the listing requirements of AIM, the aggregate remuneration paid to the directors and executive officers of EMED Mining for the year ended 31 December 2010 is set out on page 26.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

31 December 2010

	Short Term Benefits Salary & Fees	Other Compensation	Share Based Payments Incentive Options	Total
	EUR 000's	EUR 000's	EUR 000's	EUR 000's
Directors' and Executive Officers				
H Anagnostaras-Adams	265	249	151	665
J Leach	179	131	90	400
W Enrico	225	119	79	423
D Constantinides	151	54	42	247
F Fernandez Torres	51	8	59	118
Non-Executive				
R Beevor	39	-	55	94
R Bhappu	18	-	31	49
A Mehra	18	-	31	49
G Toll	13	-	17	30
R Davey	14	-	26	40
	973	561	581	2,115

31 December 2009

	Short Term Benefits Salary & Fees	Other Compensation	Share Based Payments Incentive Options	Total
	EUR 000's	EUR 000's	EUR 000's	EUR 000's
Directors' and Executive Officers				
H Anagnostaras-Adams	182	97	286	565
J Leach	125	37	171	333
W Enrico	216	68	37	321
D Constantinides	110	-	64	174
Non-Executive				
R Beevor	29	-	85	114
R Bhappu	16	-	29	45
A Mehra	16	-	29	45
G Toll	14	-	37	51
	708	202	738	1,648

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Shareholders holding more than 3% of share capital

The Shareholders holding more than 3% of the share capital of the Company as at 31 December 2010 were:

Name	Number of existing shares 000	% of issued share capital
RBC Dexia IS Global Securities	62,800	9.3%
Resource Capital Funds ("RCF")	51,274	7.6%
RMB Australia Holdings Limited	31,819	4.7%
MRI Investment AG	31,540	4.7%
TD Waterhouse Nominees (Europe) Limited	29,064	4.3%
OZ Minerals	27,039	4.1%
Scotia Capital Inc	23,880	3.6%
Directors and Management	<u>15,978</u>	<u>2.3%</u>
	273,394	40.6%

Corporate governance

The Directors are aware of the Combined Code 2003 applicable to listed companies. The Directors note that as an AIM company there is no requirement to adopt the Combined Code. The Directors intend to comply with its main provisions as far as is practicable having regard to the size of the Group. The Board remains accountable to the Company's shareholders for good corporate governance.

The Board of Directors

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policy and strategy. The Board holds at least six formal meetings in each calendar year and is supplied with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary. A number of the Group's key strategic and operational decisions are reserved exclusively for the decision of the Board.

The Board consists of two executive directors who hold operating positions in the Company (the Managing Director and the Finance Director) and four non-executive Directors, who bring a breadth of experience and knowledge, all of whom are independent of management and three of whom are independent of any business or other relationship which could interfere with the exercise of their independent judgement. The Board regularly reviews key business risks including the financial risks facing the Group in the operation of its business.

The Company has adopted a model code for Directors' dealings which is appropriate for a TSX and AIM listed company. The Directors intend to comply with Rules 21 and 31 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Board Committees

The Company's Audit and Financial Risk Management Committee comprises Mr. R. Beevor (Chair), Dr. R. Bhappu and Mr. R. Davey. The Audit Committee is responsible for ensuring that appropriate financial reporting procedures are properly maintained and reported on, for meeting with the Group's auditors and reviewing their reports on the Group's financial statements and the internal controls and for reviewing key financial risks.

The Company's Corporate Governance, Nominating and Compensation Committee, comprises Dr. R. Bhappu (Chair), Mr. R. Beevor and Mr. A. Mehra. The Remuneration Committee is responsible for reviewing the performance of the executives, setting their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant.

The Company's Physical Risk Management Committee comprises Mr. R. Davey (Chair), Dr. R. Bhappu, and Mr. A. Mehra. The Physical Risks Committee is responsible for reviewing the compliance with regulatory and industry standards for environmental performance and occupational health and safety of personnel and the communities affected by the Company.

Directors' responsibilities for the financial statements

Cyprus company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for maintaining proper accounting records, for safeguarding the assets of the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Cyprus governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

EMED MINING PUBLIC LIMITED

REPORT OF THE BOARD OF DIRECTORS

Creditors' payment terms

The Company does not have a specific policy towards our suppliers and does not follow any code or standard practice. However, terms of payment with suppliers are settled when agreeing overall terms of business, and the Company seeks to abide by the terms of the contracts to which it is bound.

Political donations

No political donations were made during the 2010 financial year.

Subsequent Events

EMED Mining's listing on the TSX was completed in January 2011 with the issue of a further 18.1 million new ordinary shares to various institutional investors at 8.5p raising €1.8 million before expenses.

In early March 2011, the Andalucía Government announced it was satisfied as to the legality of the transmission of the Rio Tinto mineral rights to EMED Mining. The Company shares the Government's belief that this decision has "unblocked" the process of granting Administrative Standing. EMED's target is to start preparing the plant, other infrastructure and human resources in 2011 for production in 2012, the exact timing of which will depend on the rate of permitting.

Auditors

The auditors, MOORE STEPHENS STYLIANOU & CO, have expressed their willingness to continue in office and a resolution approving their reappointment and giving authority to the Board of Directors to fix their remuneration will be proposed at the next Annual General Meeting.

The auditor for the purposes of Canadian securities laws, MSCM LLP, has expressed their willingness to continue in office and a resolution to ratify their appointment will be proposed at the next Annual General Meeting.

By Order of the Board

Original Signed by:

Inter Jura CY (Services) Limited,
Secretary
Nicosia, Cyprus, 30 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMED MINING PUBLIC LIMITED

Report on the Consolidated and Company's Separate Financial Statements

We have audited the consolidated financial statements of EMED Mining Public Limited ("the Company") and its subsidiaries ("the Group") on pages 34 to 72 which comprise the consolidated statement of financial position of the Group and the Company as at 31 December 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and Company's separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMED MINING PUBLIC LIMITED

Opinion

In our opinion, the consolidated and the Company's Separate financial statements give a true and fair view of the financial position of EMED Mining Public Limited and its subsidiaries as of 31 December 2010, and of its financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and the requirements of the Cyprus Companies Law, Cap 113.

Emphasis of Matter

Without qualifying our opinion we draw attention to the fact that certain mining assets and deferred tax associated with the Rio Tinto project acquired during the year as set out in notes 10 and 8 may require write down in value in the future should the project not proceed.

Without qualifying our opinion we draw attention to the fact that the financial statements have been prepared on a going concern basis. This basis may not be appropriate because its validity depends principally on the discovery of economically viable mineral deposits, obtain the necessary mining licences and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Group's exploration activities. The financial information does not include any adjustment that would arise from a failure to complete either option. Details of the circumstances relating to this fundamental uncertainty are described in the accounting policies. Our opinion is not qualified in this respect.

Report on Other Legal Requirements

Pursuant to the requirements of the Cyprus Companies Law, Cap. 113, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company.
- The Company's consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 19 to 29 is consistent with the consolidated financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 156 of the Cyprus Companies Law, Cap.113 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Original Signed by:

Nicosia, Cyprus, 30 March 2011

**MOORE STEPHENS STYLIANOU & CO
CERTIFIED PUBLIC ACCOUNTANTS - CY**

Independent Auditors' Report

To the Shareholders of
EMED Mining Public Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of EMED Mining Public Limited, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of EMED Mining Public Limited as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to the fact that the consolidated financial statements have been prepared on a going concern basis. This basis may not be appropriate because its validity depends principally on the discovery of economically viable mineral deposits, obtaining the necessary mining licenses, and the availability of subsequent funding to extract the resource or, alternatively, the availability of funding to extend the Company's exploration activities. The consolidated financial statements do not include any adjustments that would arise from a failure to complete either option. Details of the circumstances relating to this fundamental uncertainty as described in Note 2 of the consolidated financial statements. Our opinion is not qualified in respect of this matter.

Other matter

The consolidated financial statements as at December 31, 2009 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their audit report dated May 11, 2010.

Original Signed by:

"MSCM LLP"

**Chartered Accountants
Licensed Public Accountants**

Toronto, Ontario
March 30, 2011

EMED MINING PUBLIC LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Year ended 31 December 2010

	Notes	2010 EUR 000	2009 EUR 000
Revenue			
Exploration costs		(1,431)	(2,161)
Care and maintenance expenditure		(3,779)	(2,881)
Gross loss		(5,210)	(5,042)
Administration expenses		(4,727)	(3,631)
Impairment of intangible assets	11	(310)	-
Share of results of associates		(165)	(288)
Operating loss	4	(10,412)	(8,961)
Net foreign exchange loss		(8)	(528)
Finance income	6	3	16
Finance costs	7	(1,188)	(963)
Loss before tax		(11,605)	(10,436)
Tax	8	1,372	875
Net loss for the year		(10,233)	(9,561)
Attributable to:			
Equity holders of the parent		(10,228)	(9,557)
Minority interest		(5)	(4)
Net loss for the year		(10,233)	(9,561)
Other comprehensive income:			
Exchange differences on translating foreign operations		(4)	4
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(10,237)	(9,557)
Loss per share (cents)	9	(2)	(3)

EMED MINING PUBLIC LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2010

	Notes	The Group 2010 EUR 000	The Company 2010 EUR 000	The Group 2009 EUR 000	The Company 2009 EUR 000
ASSETS					
Non-current assets					
Property, plant and equipment	10	26,037	91	8,263	138
Intangible assets	11	5,761	-	3,239	-
Deferred tax	8	4,057	-	2,685	-
Deferred financing expenses		-	-	284	284
Investment in subsidiaries	12	-	4,245	-	4,245
Investment in associates	13	282	880	447	880
		<u>36,137</u>	<u>5,216</u>	<u>14,918</u>	<u>5,547</u>
Current assets					
Available-for-sale financial assets	14	38	-	38	-
Trade and other receivables	15	1,067	207	434	32,870
Deferred financing expenses		284	284	284	284
Cash at bank and in hand	16	21,533	20,794	3,561	3,090
		<u>22,922</u>	<u>21,285</u>	<u>4,317</u>	<u>36,244</u>
Total assets		<u>59,059</u>	<u>26,501</u>	<u>19,235</u>	<u>41,791</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	17	2,059	2,059	1,078	1,078
Share premium	17	79,492	79,492	48,531	48,531
Share options reserves	18	5,015	5,015	3,471	3,471
Accumulated losses		(51,904)	(68,136)	(41,667)	(18,555)
Total equity attributable to equity holders of the parent		<u>34,662</u>	<u>18,430</u>	11,413	34,525
Non-controlling interest		<u>(101)</u>	-	(96)	-
Total equity		<u>34,561</u>	<u>18,430</u>	11,317	34,525
Non-current liabilities					
Trade and other payables	19	13,867	-	-	-
Borrowings	20	-	-	6,876	6,876
		<u>13,867</u>	-	<u>6,876</u>	<u>6,876</u>
Current liabilities					
Trade and other payables	19	3,518	958	1,042	390
Borrowings	20	7,113	7,113	-	-
		<u>10,631</u>	<u>8,071</u>	<u>1,042</u>	<u>390</u>
Total liabilities		<u>24,498</u>	<u>8,071</u>	7,918	7,266
Total equity and liabilities		<u>59,059</u>	<u>26,501</u>	<u>19,235</u>	<u>41,791</u>

On 30 March 2011, the Board of Directors of EMED MINING PUBLIC LIMITED authorized these financial statements for issue.

Original Signed by:
H. Anagnostaras-Adams
Managing Director

EMED MINING PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2010

	Share capital EUR 000	Share premium EUR 000	Share options reserve EUR 000	Accumulated losses EUR 000	Exchange Difference reserve EUR 000	Total EUR 000	Non- controlling interest EUR 000	Total equity EUR 000
At 1 January 2009	795	40,680	1,843	(31,997)	(113)	11,208	(92)	11,116
Total comprehensive income for the year	-	-	-	(9,561)	4	(9,557)	(4)	(9,561)
Issue of share capital	283	8,199	-	-	-	8,482	-	8,482
Share issue costs	-	(348)	-	-	-	(348)	-	(348)
Recognition of share based payments	-	-	1,628	-	-	1,628	-	1,628
At 31 December 2009 / 1 January 2010	1,078	48,531	3,471	(41,558)	(109)	11,413	(96)	11,317
Total comprehensive income for the year	-	-	-	(10,233)	(4)	(10,237)	(5)	(10,242)
Issue of share capital	981	34,375	-	-	-	35,356	-	35,356
Share issue costs	-	(3,414)	-	-	-	(3,414)	-	(3,414)
Recognition of share based payments	-	-	1,544	-	-	1,544	-	1,544
At 31 December 2010	2,059	79,492	5,015	(51,791)	(113)	34,662	(101)	34,561

EMED MINING PUBLIC LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2010

	Share capital EUR 000	Share premium EUR 000	Share options reserve EUR 000	Accumulated losses EUR 000	Total EUR 000
At 1 January 2009	795	40,680	1,843	(16,249)	27,069
Total comprehensive income for the year	-	-	-	(2,306)	(2,306)
Issue of share capital	283	8,199	-	-	8,482
Share issue costs	-	(348)	-	-	(348)
Recognition of share based payments	-	-	1,628	-	1,628
At 31 December 2009 / 1 January 2010	1,078	48,531	3,471	(18,555)	34,525
Total comprehensive income for the year	-	-	-	(49,581)	(49,581)
Issue of share capital	981	34,375	-	-	35,356
Share issue costs	-	(3,414)	-	-	(3,414)
Recognition of share based payments	-	-	1,544	-	1,544
At 31 December 2010	2,059	79,492	5,015	(68,136)	18,430

EMED MINING PUBLIC LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS Year ended 31 December 2010

	Notes	2010 EUR 000	2009 EUR 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(11,605)	(10,436)
Adjustments for:			
Depreciation of property, plant and equipment	10	82	77
Impairment of intangible assets	11	310	-
Share-based benefits	18	1,544	1,628
Purchase of services with settlement in shares		240	1,601
Share of loss from associates		165	288
Loss on sale of associate		-	89
Interest income	6	(3)	(16)
Impairment of other receivables		-	983
Exchange difference on translation of subsidiaries		(10)	(2)
Deferred financing expense		284	(568)
Exchange difference on borrowings		237	-
Operating loss before working capital changes		(8,756)	(6,356)
Changes in working capital:			
Trade and other receivables		(633)	1,891
Trade and other payables		914	(693)
Cash flows used in operations		(8,475)	(5,158)
Tax paid		-	-
Net cash used in operating activities		(8,475)	(5,158)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(2,426)	(836)
Proceeds from disposal of property, plant and equipment	10	-	1
Purchase of intangible assets	11	(2,522)	(1,230)
Acquisition of available-for-sale financial assets		-	(38)
Acquisition of associate		-	(551)
Proceeds from disposal of associate		-	227
Interest received	6	3	16
Net cash used in investing activities		(4,945)	(2,411)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		34,459	6,931
Listing and issue costs		(3,067)	(348)
Repayment of borrowings		-	(3,223)
Proceeds from borrowings		-	6,350
Net cash from financing activities		31,392	9,710
Net increase in cash and cash equivalents		17,972	2,141
Cash and cash equivalents:			
At beginning of the year	16	3,561	1,420
At end of the year	16	21,533	3,561

EMED MINING PUBLIC LIMITED

COMPANY STATEMENT OF CASH FLOWS Year ended 31 December 2010

	Notes	2010 EUR 000	2009 EUR 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(49,581)	(2,306)
Adjustments for:			
Depreciation of property, plant and equipment	10	53	51
Impairment of intangible assets	11	310	-
Share-based benefits	18	1,544	1,628
Purchase of services with settlement in shares		240	1,601
Loss on sale of associate		-	89
Interest income	6	(3)	(11)
Impairment of other receivables		-	983
Impairment of receivables from subsidiaries		47,389	-
Deferred financing expense		284	(568)
Exchange difference on borrowings		237	-
Operating loss before working capital changes		473	1,467
Changes in working capital:			
Trade and other receivables		(14,725)	(8,019)
Trade and other payables		567	(720)
Cash flows used in operations		(13,685)	(7,272)
Tax paid		-	-
Net cash used in operating activities		(13,685)	(7,272)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(6)	(1)
Proceeds from disposal of property, plant and equipment	10	-	9
Acquisition of associate		-	(551)
Proceeds from disposal of associate		-	227
Interest received	6	3	11
Net cash used in investing activities		(3)	(305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		34,459	6,931
Listing and issue costs		(3,067)	(348)
Repayment of borrowings		-	(3,233)
Proceeds from borrowings		-	6,350
Net cash from financing activities		31,392	9,700
Net increase in cash and cash equivalents		17,704	2,123
Cash and cash equivalents:			
At beginning of the year	16	3,090	967
At end of the year	16	20,794	3,090

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **Year ended 31 December 2010**

1. Incorporation and principal activities

Country of incorporation

EMED Mining Public Limited (the "Company") was incorporated in Cyprus on 17 September 2004 as a private company with limited liability under the Companies Law, Cap. 113 and was converted to a public limited liability company at 26 January 2005. Its registered office is at, 1 Lambousa Street, Nicosia, Cyprus. The Company was listed on the Alternative Investment Market ("AIM") of the London Stock Exchange in May 2005 and the TSX on 20 December 2010.

Principal activities

The principal activity of the Company and its subsidiaries ("the Group") is to explore for and develop natural resources, with a focus on base and precious metals in the regions of Western and Central Europe, the Middle East and Western Asia.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied throughout the period presented in these consolidated financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Going concern

The Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company or the Group has adequate resources to continue in operational existence for the foreseeable future.

The financial information has been prepared on the going concern basis, the validity of which depends principally on the discovery of economically viable mineral deposits, obtaining the necessary mining licences and on the availability of subsequent funding to extract the resource or alternatively on the availability of funding to extend the Group's exploration activities. The financial information does not include any adjustment that would arise from a failure to complete either option. Changes in future condition could require write downs of the carrying values of property, plant and equipment, intangible assets and deferred tax.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2010. This adoption did not have a material effect on the accounting policies of the Company.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards (continued)

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

i) Standards and Interpretations adopted by the EU

New standards

- IAS 24 (revised): "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).

Amendments

IFRS Interpretations Committee

- Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters" (effective for annual periods beginning on or after 1 July 2010).
- Amendments to IAS 32 "Financial Instruments: Presentation - Classification of rights issues" (effective for annual periods beginning on or after 1 February 2010).
- Improvements to IFRSs issued in 2010 (except for the amendments to IFRS 3 (2008), IFRS 7, IAS 1 and IAS 28) (Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate).

New IFRICs

- Amendment to IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction" - Prepayments of a Minimum Funding Requirement (effective for annual periods beginning on or after 1 January 2011).
- IFRIC 19: "Extinguishing Financial Liabilities with Equity Instruments" (effective for annual periods beginning on or after 1 July 2010).

(ii) Standards and Interpretations not adopted by the EU

New standards

- IFRS 9 "Financial Instruments" issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. (effective for annual periods beginning on or after 1 January 2013).

Amendments

- Amendments to IAS 12 - "Deferred tax": Recovery of Underlying Assets: (effective for annual periods beginning on or after 1 January 2012).
- Amendments to IFRS 1 – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (effective for annual periods beginning on or after 1 July 2011).
- IFRS 7 (Amendment) Financial Instruments: Disclosures - Transfers of Financial Assets (Effective for annual periods beginning on or after 1 July 2011).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the consolidated financial statements of the Company.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Business Combinations:

(i) Acquisitions

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

(ii) Goodwill

Purchased goodwill is capitalized and classified as an asset on the consolidated statement of financial position. Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised.

Goodwill is reviewed for impairment on an annual basis. When the directors consider the initial value of the acquisition to be negligible, the goodwill is written off to the consolidated statement of comprehensive income immediately. Trading results of acquired subsidiary undertakings are included from the date of acquisition. Goodwill is deemed to be impaired when the present value of the future cash flows expected to be derived is lower than the carrying value. Any impairment is charged to the consolidated statement of comprehensive income immediately.

Investments in subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified. This policy only applies to the "Company" financial statements.

Investments in associate companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are initially recognized at cost and are accounted for by the equity method of accounting.

Revenue recognition

Revenues earned by the Group are recognised on the following bases:

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to the consolidated statement of comprehensive income as incurred.

Foreign currency translation

(i) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euros, which is the Group's functional and presentation currency.

(ii) Foreign currency translation

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

(iii) Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Acquisitions of assets

All assets acquired, including property, plant and equipment other than goodwill and intangibles, are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value, except where the notional price at which they could be placed in the market is a better indication of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over their estimated useful life. The annual depreciation rates used are as follows:

Plant and machinery	10%-20%
Motor vehicles	20%
Furniture, fixtures and office equipment	10%-20%

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the statement of comprehensive income of the year in which they were incurred. The cost of major renovations and other subsequent expenditures are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in consolidated statement of comprehensive income.

Intangible assets

Intangible assets relate to mineral rights acquired and permits in respect of projects that are at the pre-development stage. Intangible assets acquired through a business combination or an asset acquisition are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights, and the fair value can be measured reliably on initial recognition. No depreciation charge is recognised in respect of intangible assets.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Exploration costs

The Group has adopted the provisions of IFRS 6 "Exploration for and Evaluation of Mineral Resources" for expenses and exploration costs. The Group's stage of operations as at the year end and as at the date of approval of these consolidated financial statements have not yet met the criteria for capitalization of exploration costs. Care and maintenance costs are expensed in the statement of comprehensive income.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Share-based compensation benefits

IFRS 2 "Share-based Payment" requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date.

The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimates for the effects of non-transferability, exercise restrictions and behavioural considerations.

For 2010, the impact of share-based payments was a net charge to income of €1,197,570 (2009: €1,627,245) and €383,041 share issue costs charged to share premium. At 31 December 2010, the equity reserve recognized for share based payments amounted to €5,014,824 (2009: €3,470,488).

Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Investments

The Group classifies its investments in equity and debt securities in the following categories: financial assets at fair value through profit or loss, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every reporting date.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Impairment of trade receivables is established when there is objective evidence as a result of a loss event that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The impairment is recognised in the income statement.

Available-for-sale financial assets

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless Management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Regular way purchases and sales of investments are recognised on the trade-date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in the consolidated statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in profit or loss and then in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the consolidated statement of comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity and recognised in profit and loss. Impairment losses recognised on equity instruments are not subsequently reversed.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

2. Accounting policies (continued)

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Trade payables

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Provisions

Provisions are recognised when the Group has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial Risk Management

Financial risk factors

The Group is exposed to interest rate risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group has no significant interest-bearing assets. The Group is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

Fixed rate instruments

	2010	2009
	EUR 000	EUR 000
Financial liabilities	<u>7,113</u>	<u>6,876</u>

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2010 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or Loss	
	2010	2009	2010	2009
	EUR 000	EUR 000	EUR 000	EUR 000
Financial liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

3. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

31 December 2010	Carrying amounts EUR 000	Contractual cash flows EUR 000	3 or less months EUR 000	3 – 12 months EUR 000	1 – 2 years EUR 000	2 – 5 years EUR 000	More than 5 years EUR 000
Convertible Note	7,113	7,646	-	7,646	-	-	-
Trade and other Payables	17,385	17,386	1,956	1,563	6,411	7,456	-
	24,498	25,032	1,956	9,209	6,411	7,456	-
31 December 2009	Carrying amounts EUR 000	Contractual cash flows EUR 000	3 or less months EUR 000	3 – 12 months EUR 000	1 – 2 years EUR 000	2 – 5 years EUR 000	More than 5 years EUR 000
Convertible Note	6,876	8,320	-	-	8,320	-	-
Trade and other Payables	1,042	1,042	1,042	-	-	-	-
	7,918	9,362	1,042	-	8,320	-	-

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, the Canadian Dollar and the British Pound. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2010 EUR 000	2009 EUR 000	2010 EUR 000	2009 EUR 000
United States Dollar	7,113	6,876	97	55
Canadian Dollar	-	-	11,198	-
Great Britain Pound	-	-	3,471	486
Australian Dollar	-	-	1	1

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

3. Financial risk management (continued)

Currency risk (continued)

Sensitivity analysis

A 10% strengthening of the Euro against the following currencies at 31 December 2010 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or Loss	
	2010 EUR 000	2009 EUR 000	2010 EUR000	2009 EUR000
United States Dollar	702	682	702	682
Canadian Dollar	(1,120)	-	(1,120)	-
Great Britain Pound	(347)	(48)	(347)	(48)
Australian Dollar	-	-	-	-

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Capitalisation of exploration and evaluation costs

Under the Group's accounting policy, exploration and evaluation expenditure is not capitalised until the point is reached at which there is a high degree of confidence in the project's viability and it is considered probable that future economic benefits will flow to the Group.

Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project net of any related impairment provisions are written off.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

Critical accounting estimates and judgements (continued)

Impairment review of asset carrying values

Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year.

Where the recoverable amounts of Group cash generating units are assessed by analyses of discounted cash flows, the resulting valuations are particularly sensitive to changes in estimates of long term commodity prices, exchange rates, operating costs, the grouping of assets within cash-generating units and discount rates.

Contingencies

Material contingencies facing the Group are set out in Note 24 of the consolidated financial statements. A contingent liability arises where:

- i) a past event has taken place for which the outcome will be confirmed only by the occurrence or non-occurrence of one or more uncertain events outside of the control of the Group; or
- ii) a present obligation exists but is not recognised because it is not probable that an outflow of resources will be required to settle the obligation.

A provision is made when a loss to the Group is likely to crystallise. The assessment of the existence of a contingency and its likely outcome, particularly if it is considered that a provision might be necessary, involves significant judgement taking all relevant factors into account.

Share-based compensation benefits

Share-based compensation benefits are accounted for in accordance with the fair value recognition provisions of IFRS 2 'Share-based Payment'. As such, share-based compensation expense for equity-settled share-based payments is measured at the grant date based on the fair value of the award and is recognized as an expense over the vesting period. The fair value of such share-based awards at the grant date is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimates for the effects of non-transferability, exercise restrictions, behavioural considerations and expected volatility.

4. Expenses by nature

	2010	2009
	EUR 000	EUR 000
Exploration costs	1,431	2,161
Care and maintenance expenditure	3,779	2,881
Depreciation of property, plant and equipment (Note 10)	82	77
Share Option-based employee benefits	1,197	1,628
Auditors' remuneration	43	35
Directors remuneration	546	381
Loss on sale of associate	-	89
Other expenses	2,859	1,421
Total expenses	9,937	8,673

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

5. Business and geographical segments

Business segments

The Group has only one distinct business segment, being that of mineral exploration and development.

Geographical segments

The Group's exploration activities are located in Cyprus, Georgia, Greece, Spain and Slovakia and its administration and management is based in Cyprus.

	Cyprus EUR 000	Spain EUR 000	Slovakia EUR 000	Georgia EUR 000	Europe EUR 000	Consol. EUR 000	Total EUR 000
2010							
Operating loss	(3,340)	(5,264)	(1,311)	(5)	(25)	-	(9,945)
Financial income	3	-	-	-	-	-	3
Financial costs	(829)	(357)	(2)	-	-	-	(1,188)
Loss for the year	(4,166)	(5,621)	(1,313)	(5)	(25)	-	(11,130)
Share of results from associates							(165)
Impairment of intangible assets							(310)
Loss before tax							(11,605)
Tax							1,372
Net Loss for the year							(10,233)
Total assets	21,770	37,102	135	1	51	-	59,059
Total liabilities	(8,086)	(16,388)	(5)	(3)	(16)	-	(24,498)
Depreciation of fixed assets	53	15	14	-	-	-	82
2009							
Operating loss	(2,581)	(3,562)	(1,031)	(15)	(15)	(1,997)	(9,201)
Financial income	11	5	-	-	-	-	16
Financial costs	(961)	-	(2)	-	-	-	(963)
Loss for the year	(3,531)	(3,557)	(1,033)	(15)	(15)	(1,997)	(10,148)
Share of results from associates							(288)
Loss before tax							(10,436)
Tax							875
Net Loss for the year							(9,561)
Total assets	4,986	14,082	73	39	55	-	19,235
Total liabilities	(7,271)	(638)	(4)	(2)	(3)	-	(7,918)
Depreciation of fixed assets	51	12	14	-	-	-	77

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

6. Finance income	2010	2009
	EUR 000	EUR 000
Interest income	<u>3</u>	<u>16</u>
	3	16

7. Finance costs	2010	2009
	EUR 000	EUR 000
Sundry finance expenses	<u>401</u>	<u>48</u>
Loan interest	<u>530</u>	<u>432</u>
Loan expenses	<u>257</u>	<u>483</u>
	1,188	963

8. Tax	2010	2009
	EUR 000	EUR 000
Current tax:		
Deferred tax due to tax losses	<u>1,372</u>	<u>875</u>
Total charge for the year	1,372	875

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2010	2009
	EUR 000	EUR 000
Loss before tax	<u>(11,605)</u>	<u>(9,561)</u>
Tax calculated at the applicable tax rates	(2,402)	(1,649)
Tax effect of expenses not deductible for tax purposes	414	471
Tax effect of tax loss for the year	2,490	1,380
Tax effect of allowances and income not subject to tax	(340)	(107)
Tax effect of utilization of tax losses brought forward that are deferred over the next five years	(162)	(95)
Deferred tax	<u>1,372</u>	<u>875</u>
Tax charge	1,372	875

Due to tax losses sustained in the period, no tax liability arises on the Group. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years. As at 31 December 2010, the balance of tax losses which is available for offset against future taxable profits amounts to €44,420,749 (2009: €35,218,320).

Tax year	Cyprus EUR 000	Georgia EUR 000	Greece EUR 000	Slovakia EUR 000	Spain EUR 000	Total EUR 000
Losses b/f	1,378	-	-	-	-	1,378
2005	2,016	-	-	451	-	2,467
2006	2,149	216	13	632	-	3,010
2007	7,939	168	9	1,948	-	10,064
2008	2,964	164	21	3,243	5,410	11,802
2009	1,939	14	15	1,031	3,498	6,497
2010	2,233	5	12	1,311	5,642	9,203
	<u>20,618</u>	<u>567</u>	<u>70</u>	<u>8,616</u>	<u>14,550</u>	<u>44,421</u>

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

8. Tax (continued)

Deferred Tax Asset

	2010 EUR 000	2009 EUR 000
At 1 January	2,685	1,810
Charge for current year	1,372	875
At 31 December	<u>4,057</u>	<u>2,685</u>

Cyprus

The corporation tax rate is 10%. Under certain conditions interest income may be subject to defence contribution at the rate of 10%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

Caucasus

The corporation tax rate is 15%. Due to no profit and no losses sustained in the period, no tax liability arises in the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income in the following five years.

Georgia

The corporation tax rate is 15%. Due to tax losses sustained in the period, no tax liability arises in the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income in the following five years. Per local tax legislation, geological and associated administrative expenses are deferred for tax purposes over a period of 5 years. Therefore, there is a deferred expense of €85,403 (USD113,191) available for offsetting in future periods.

Greece

The corporation tax rate is 24%. Due to tax losses sustained in the period, no tax liability arises in the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income in the following five years.

Slovakia

The corporation tax rate is 19%. Due to tax losses sustained in the period, no tax liability arises in the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income in the following years.

Spain

The corporation tax rate is 30%. Due to tax losses sustained in the period, no tax liability arises in the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income in the following years. Deferred tax has been fully recognised on tax losses.

9. Loss per share

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	2010 EUR 000	2009 EUR 000
Net loss attributable to equity shareholders	<u>(10,228)</u>	<u>(9,557)</u>
Weighted number of ordinary shares for the purposes of basic loss per share (000's)	<u>419,051</u>	<u>280,615</u>
Loss per share:		
Basic and fully diluted loss per share (cents)	<u>(2)</u>	<u>(3)</u>

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

10. Property, plant and equipment

	Land and buildings EUR 000	Plant and machinery EUR 000	Motor vehicles EUR 000	Furniture, fixtures and office equipment EUR 000	Total EUR 000
2010					
The Group					
Cost					
At 1 January 2010	1,259	6,913	163	123	8,458
Additions	16,984	846	-	26	17,856
At 31 December 2010	18,243	7,759	163	149	26,314
Depreciation					
At 1 January 2010	-	69	72	54	195
Charge for the year	-	32	29	21	82
At 31 December 2010	-	101	101	75	277
Net book amount at 31 December 2010	18,243	7,658	62	74	26,037
2009					
Cost					
At 1 January 2009	1,259	6,088	172	112	7,631
Additions	-	825	-	11	836
Disposals	-	-	(9)	-	(9)
At 31 December 2009	1,259	6,913	163	123	8,458
Depreciation					
At 1 January 2009	-	38	48	40	126
Charge for the year	-	31	32	14	77
Disposals	-	-	(8)	-	(8)
At 31 December 2009	-	69	72	54	195
Net book amount at 31 December 2009	1,259	6,844	91	69	8,263

	Land and buildings EUR 000	Plant and machinery EUR 000	Motor vehicles EUR 000	Furniture, fixtures and office equipment EUR 000	Total EUR 000
2010					
The Company					
Cost					
At 1 January 2010	-	158	92	39	289
Additions	-	-	-	6	6
At 31 December 2010	-	158	92	45	295
Depreciation					
At 1 January 2010	-	69	49	33	151
Charge for the year	-	32	15	6	53
At 31 December 2010	-	101	64	39	204
Net book amount at 31 December 2010	-	57	28	6	91
2009					
Cost					
At 1 January 2009	-	158	101	38	297
Additions	-	-	-	1	1
Disposals	-	-	(9)	-	(9)
At 31 December 2009	-	158	92	39	289
Depreciation					
At 1 January 2009	-	38	39	31	108
Charge for the year	-	-	(8)	-	(8)
Disposals	-	31	18	2	51
At 31 December 2009	-	69	49	33	151
Net book amount at 31 December 2009	-	89	43	6	138

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

10. Property, plant and equipment (continued)

The above fixed assets are located in Cyprus, Spain and Slovakia.

The value to the Company of the assets located in Spain all directly relates to the ability of the Group to obtain a mining licence and restart mining operations. Should the Group not be able to do either, adjustments to the carrying value of assets (tangible and intangible) will have to be made. The value of the adjustments can not be estimated at present.

11. Intangible assets

The Group 2010	Permits of Rio Tinto Mine EUR 000	Acquisition of mineral rights EUR 000	Goodwill EUR 000	Total EUR 000
Cost				
On 1 January 2010	3,239	-	10,023	13,262
Additions	2,522	310	-	2,832
At 31 December 2010	5,761	310	10,023	16,094
Provision for impairment				
On 1 January 2010	-	-	10,023	10,023
Charge for the year	-	310	-	310
At 31 December 2010	-	310	10,023	10,333
Closing net book value	5,761	-	-	5,761
2009				
Cost				
On 1 January 2009	2,009	-	10,023	12,032
Additions	1,230	-	-	1,230
At 31 December 2009	3,239	-	10,023	13,262
Provision for impairment				
On 1 January 2009	-	-	10,023	10,023
At 31 December 2009	-	-	10,023	10,023
Closing net book value	3,239	-	-	3,239

Proyecto Rio Tinto ("Rio Tinto Mine")

On 11 May 2007, EMED Mining announced an opportunity for the Company to acquire, in stages, 100% of Rio Tinto Mine through the Company's Spanish associate EMED Tartessus S.L.

The evaluation costs of Rio Tinto Mine consist of all expenditure incurred up to 31 December 2007 that were necessary to evaluate the project and include the incorporation costs of the Spanish subsidiary EMED Tartessus S.L. These amounts were fully provided for as at 31 December 2007 since the Group had no beneficial interest if it did not exercise its option to acquire Rio Tinto Mine. However, on 30 September 2008, the Company moved to 100% ownership by acquiring the remaining 49 per cent of the issued capital of its EMED Tartessus S.L. which owns 100% of the Rio Tinto Mine. EMED Tartessus S.L. is now a wholly owned subsidiary. This resulted in reversing the previous year's provision of initial evaluation costs and has formed part of the Group's cost of investment.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

11. Intangible assets (continued)

As part of the purchase consideration, 39,140,000 new ordinary shares of the Company were issued to MRI Investment AG, a member of the MRI Group at an issue price of 21 pence each. This resulted in goodwill amounting to €9,333,000 which the Company has fully provided for since the mining licence has not yet been obtained.

Further deferred consideration totaling up to €43,883,382 is to be paid by the Group on the occurrence of the following events:

- €8,833,333 when both (a) the authorisation from the Junta de Andalucía to restart mining activities in the Rio Tinto Mine has been granted and (b) EMED Tartessus or another company in the Group has secured senior debt finance and guarantee facilities for a sum sufficient for the acquisition and re-start of mining operations at the Mine. These milestones will effectively remain a matter of discretion of the Company and will not in practice be triggered until approval from the Company's shareholders has been received for the restart;
- with the balance of the consideration being paid in equal annual or quarterly installments over the following six years (the "Payment Period"); and
- in consideration for agreeing to defer the above installments over 6 years and for MRI's consent to the arrangements being entered into in connection with the Convertible Loan Facility, the Company agreed to potentially pay further deferred consideration of up to €15,900,000 in regular installments over the Payment Period depending upon the price of copper. Any such additional payment will only be made if, during the relevant period, the average price of copper per tonne is \$6,613.86 or more (\$3.00/lb).

The Company also acquired the benefit of certain loans owed to members of the MRI Group which were incurred in relation to the operation of the Rio Tinto Mine amounting to €9,116,617. These loans have been acquired at their face value, such consideration to be paid once the authorisation from the Junta de Andalucía to restart mining activities in the Rio Tinto Mine has been granted and Restart has been achieved.

The funds required to make these payments, should EMED Mining proceed with the restart, would be sourced from planned banking facilities and from project cash flow.

The restart of mining operations remains subject to the following conditions:

- Regulatory approvals by the Junta de Andalucía Government, support of the local community and approvals by the relevant statutory authorities in respect of performance bonds;
- Settlement satisfactory to EMED Mining of the Rio Tinto Mine-vendor's liabilities, liens and contractual arrangements with a number of third parties including landholders. These various obligations arose over several years as a result of the funding of ongoing care and maintenance, bankruptcy and litigation amongst some parties;
- Completion of technical due diligence for:
 - i. planning the restart of the mine, processing plant and product marketing operations;
 - ii. planning for a fast-track approach to site rehabilitation where reasonable to be undertaken concurrently with ongoing long-term production; and
 - iii. completion of all due diligence to EMED Mining's satisfaction including environmental considerations and infrastructure needs.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

11. Intangible assets (continued)

EMED Tartessus SL has submitted its proposals for the restart of production to the Government. A shareholder meeting will be called at the appropriate time to seek approval to proceed if all conditions precedent have been met to the satisfaction of the Government and the Company.

Carrying Value of Intangible Assets

The ultimate recoupment of balances carried forward in relation to areas of interest or all such assets including intangibles is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Company conducts impairment testing on an annual basis unless indicators of impairment are present at the reporting date.

In considering the carrying value of the assets at the Rio Tinto Copper Project, including the intangible assets and any impairment thereof, the Company assessed the carrying values having regard to (a) the current recovery value (less costs to sell) and (b) the net present value of potential cash flows from operations. In both cases, the estimated net realisable values exceeded current carrying values and thus no impairment has been recognised.

Regua Tungsten Deposit in Portugal

On 21 September 2010, the Company announced that it had entered into an option agreement dated 15 September 2010, pursuant to which Iberian Resources Portugal Minerais Unipessoal LDA ("Iberian Portugal") has granted the Company an option to acquire a 100% interest in all of the assets (including the mineral licence and assets located thereon and all mining information) held by it in respect of the Regua Tungsten Deposit in Portugal. As consideration for the grant of the option, the Company has issued 2,500,000 ordinary shares at a deemed issue price of GBP0.105. The option may be exercised by the Company at any time prior to 31 December 2011 (the "Option Period") upon a further payment by the Company to Iberian Portugal of €750,000, in cash or ordinary shares at the Company's election. The Company will also make a cash payment of €100,000 or such higher amount to cover costs incurred by Iberian Portugal during the Option Period. In order to earn an interest in the Regua Tungsten Deposit, the Company must spend: (i) a minimum of €250,000 on the project during the Option Period, and (ii) a further €1,500,000 over the three years following the exercise of the option.

The acquisition of mineral rights consist of all expenditures incurred up to 31 December 2010 for the purchase of the above option. These amounts were impaired as at 31 December 2010 since the Company has no beneficial interest on the Regua Tungsten Deposit in Portugal until it exercises its option.

12. Investment in subsidiaries

	2010	2009
	EUR 000	EUR 000
<u>The Company</u>		
Opening amount at cost	4,245	4,245
Additions/(Disposals)	-	-
Closing amount at cost	<u>4,245</u>	<u>4,245</u>

EMED MINING PUBLIC LIMITED

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12. Investment in subsidiaries (continued)

Subsidiary Companies	Date of incorporation/ acquisition	Country of incorporation	Effective proportion of shares held
Eastern Mediterranean Minerals (Cyprus) Ltd	28 Feb 2005	Cyprus	95%
Tredington Ventures Ltd	28 Feb 2005	Cyprus	95%
Winchcombe Ventures Ltd	28 Feb 2005	Cyprus	95%
Eastern Mediterranean Resources (Caucasus) Ltd	11 Nov 2005	Georgia	100%
Georgian Mineral Development Company Ltd	27 Dec 2005	Georgia	100%
	/11 Feb 2006		
Eastern Mediterranean Resources A.E. (Greece)	21 June 2005	Greece	100%
Eastern Mediterranean Resources (Slovakia) S.R.O.	10 July 2005	Slovakia	100%
Slovenske Kovy S.R.O.	30 Mar 2007	Slovakia	100%
Slovenske Nerasty Spol S.R.O	14 Apr 2007	Slovakia	100%
EMED Mining Spain S.L.	12 Apr 2007	Spain	100%
EMED Tartessus S.L.	12 Apr 2007	Spain	100%
	/30 Sep 2008		
EMED Marketing Ltd	08 Sep 2008	Cyprus	100%
EMED Holdings (UK) Ltd	10 Sep 2008	United Kingdom	100%

Eastern Mediterranean Resources Romania SRL was deregistered on the 23 August 2010.

EMED Mining Armenia LLC was sold on 30 July 2010.

13. Investment in associates

	2010	2009
	EUR 000	EUR 000
The Group		
At 1 January	447	499
Additions at cost	-	551
Disposals	-	(315)
Share of results	(165)	(288)
Closing amount based on equity accounting	282	447
The Company		
At 1 January	880	644
Additions	-	551
Disposals	-	(315)
Closing amount	880	880

Company name	Date of incorporation	Country of incorporation	Effective proportion of shares held
Kefi Minerals Public Plc	24 October 2006	United Kingdom	20%

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

13. Investment in associates (continued)

Amounts relating to associates:	2010	2009
	EUR 000	EUR 000
Total assets	1,112	497
Total liabilities	(250)	(308)
	862	189
Loss for the period	(815)	(1,017)

14. Available-for-sale financial assets

On 1 January	2010	2009
Additions	EUR 000	EUR 000
	38	-
Balance at 31 December	-	38
	38	38

	Fair values	Cost	Fair values	Cost
	2010	2010	2009	2009
	EUR 000	EUR 000	EUR 000	EUR 000
Investment in funds	38	38	38	38
	38	38	38	38

Available-for-sale financial assets, comprising principally investment in funds, are fair valued annually at the end of each reporting period. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the end of the reporting period or unless they will need to be sold to raise operating capital.

15. Trade and other receivables

	2010	2009
	EUR 000	EUR 000
The Group		
Receivables from associates	7	19
Deposits and prepayments	266	98
VAT	794	317
	1,067	434
The Company		
Receivables from own subsidiaries	47,389	32,597
Impairment of receivables from own subsidiaries	(47,389)	-
Receivables from associates	7	19
Deposits and prepayments	-	60
VAT	200	194
	207	32,870

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

16. Cash and cash equivalents

	2010 EUR 000	2009 EUR 000
The Group		
Cash at bank and on hand	<u>21,533</u>	<u>3,561</u>
The Company		
Cash at bank and on hand	<u>20,794</u>	<u>3,090</u>

17. Share capital

	Number of shares 000	Share Capital EUR 000	Share premium EUR 000	Total EUR 000			
Authorised							
Ordinary shares of GBP0.0025 each	<u>1,000,000</u>	<u>2,500</u>	-	<u>2,500</u>			
Issued and fully paid							
At 1 January 2009	<u>240,560</u>	<u>795</u>	<u>40,680</u>	<u>41,475</u>			
Issue Date	Price (GBP)						
15 Jan.	.043	Share placement	a)	789	2	35	37
27 Jan.	.041	Share placement	b)	859	2	35	37
8 Feb.	.039	Share placement	c)	2,201	6	92	98
20 Feb.	.034	Share placement	d)	2,541	7	92	99
10 Mar.	.032	Share placement	e)	2,787	8	91	99
23 Mar.	.040	Share placement	f)	3,785	10	151	161
24 Apr.	.041	Share placement	g)	332	1	14	15
27 Apr.	.051	Share placement	h)	1,683	5	90	95
11 May.	.048	Share placement	i)	2,073	6	105	111
25 May.	.052	Share placement	j)	1,874	5	104	109
5 Jun.	.041	Share placement	k)	3,725	11	162	173
25 Jun.	.041	Share placement	l)	739	2	34	36
8 Jul.	.041	Share placement	m)	2,224	7	100	107
21 Jul.	.075	Share placement	n)	1,054	4	88	92
21 Jul.	.041	Share placement	o)	2,209	6	99	105
4 Aug.	.041	Share placement	p)	1,178	3	54	57
13 Aug.	.075	Share placement	q)	38,170	111	3,227	3,338
28 Nov.	.133	Share placement	r)	823	2	118	120
24 Dec.	.110	Share placement	s)	27,727	76	3,274	3,350
24 Dec.	.080	Option exercise	t)	1,000	3	85	88
24 Dec.	.070	Option exercise	u)	2,000	6	149	155
Share issue costs			v)	-	-	(348)	(348)
At 31 December 2009/1 January 2010				<u>340,333</u>	<u>1,078</u>	<u>48,531</u>	<u>49,609</u>
Issue Date	Price (GBP)						
24 Feb.	.112	Share placement	a)	1,015	3	126	129
24 Feb.	.120	Option exercise	b)	34	-	5	5
3 May.	.105	Share placement	c)	83,571	240	9,851	10,091
4 May.	.114	Share placement	d)	980	3	125	128
18 Aug.	.083	Share placement	e)	1,356	4	133	137
18 Aug.	.050	Option exercise	f)	1,000	3	57	60
2 Dec.	.088	Share placement	g)	1,282	4	130	134
2 Dec.	.105	Share placement	h)	2,500	7	302	309
20 Dec.	.085	Share placement	i)	180,970	539	17,786	18,325
20 Dec.	.085	Share placement	j)	60,126	178	5,860	6,038
Share issue costs				-	-	(3,414)	(3,414)
At 31 December 2010				<u>673,167</u>	<u>2,059</u>	<u>79,492</u>	<u>81,551</u>

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

17. Share capital (continued)

Authorised capital

Under its Memorandum the Company fixed its share capital at 1,000 ordinary shares of nominal value of CY£1 each.

On 22 November 2010 shareholders approved an increase in the authorized share capital of the Company from GBP1,750,000 to GBP2,500,000 by the creation of 300,000,000 new ordinary shares of GBP0.0025 each in the capital of the Company ranking pari passu with the existing ordinary shares of GBP0.0025 each in the capital of the Company.

On 23 March 2009 shareholders approved an increase in the authorised share capital of the Company from GBP1,000,000 to GBP1,750,000 by the creation of 300,000,000 new ordinary shares of GBP0.0025 each in the capital of the Company ranking pari passu with the existing ordinary shares of GBP0.0025 each in the capital of the Company.

On 26 May 2008 the Company passed the following special resolution:

That the authorized share capital of the Company be increased from GBP500,000 divided into 200,000,000 shares of GBP 0.0025 each, by GBP500,000 by the creation of 200,000,000 new ordinary shares of GBP0.0025 each, resulting to GBP1,000,000 divided into 400,000,000 shares of GBP0.0025 each.

Issued capital

2010

- a) On 24 February 2010 1,014,921 shares at GBP 0.0025 were issued at a price of GBP 0.1116. Upon the issue an amount of €125,786 was credited to the Company's share premium reserve.
- b) On 24 February 2010 34,000 shares at GBP 0.0025 were issued upon exercise of share options at a price of GBP 0.120. Upon the issue an amount of €4,538 was credited to the Company's share premium reserve.
- c) On 3 May 2010 83,571,429 shares at GBP 0.0025 were issued at a price of GBP 0.105. Upon the issue an amount of €9,850,982 was credited to the Company's share premium reserve.
- d) On 4 May 2010 979,964 shares at GBP 0.0025 were issued at a price of GBP 0.1137. Upon the issue an amount of €125,318 was credited to the Company's share premium reserve.
- e) On 18 August 2010 1,355,998 shares at GBP 0.0025 were issued at a price of GBP 0.0833. Upon the issue an amount of €132,591 was credited to the Company's share premium reserve.
- f) On 18 August 2010 1,000,000 shares at GBP 0.0025 were issued upon exercise of share options at a price of GBP 0.050. Upon the issue an amount of €57,475 was credited to the Company's share premium reserve.
- g) On 2 December 2010 1,281,939 shares at GBP 0.0025 were issued at a price of GBP 0.0884. Upon the issue an amount of €129,870 was credited to the Company's share premium reserve.
- h) On 2 December 2010 2,500,000 shares at GBP 0.0025 were issued at a price of GBP 0.105. Upon the issue an amount of €302,375 was credited to the Company's share premium reserve.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

17. Share capital (continued)

- i) On 20 December 2010 180,970,000 shares at GBP 0.0025 were issued at a price of GBP 0.085. Upon the issue an amount of €17,785,954 was credited to the Company's share premium reserve.
- j) On 20 December 2010 60,126,386 shares at GBP 0.0025 were issued at a price of GBP 0.085. Upon the issue an amount of €5,860,198 was credited to the Company's share premium reserve.

2009

- a) On 15 January 2009 788,778 shares at GBP 0.0025 were issued at a price of GBP 0.0425. Upon the issue an amount of €34,748 was credited to the Company's share premium reserve.
- b) On 27 January 2009 859,350 shares at GBP 0.0025 were issued at a price of GBP 0.0406. Upon the issue an amount of €34,683 was credited to the Company's share premium reserve.
- c) On 8 February 2009 2,200,556 shares at GBP 0.0025 were issued at a price of GBP 0.0391. Upon the issue an amount of €91,856 was credited to the Company's share premium reserve.
- d) On 20 February 2009 2,540,720 shares at GBP 0.0025 were issued at a price of GBP 0.0344. Upon the issue an amount of €91,709 was credited to the Company's share premium reserve.
- e) On 10 March 2009 2,787,304 shares at GBP 0.0025 were issued at a price of GBP 0.0318. Upon the issue an amount of €90,633 was credited to the Company's share premium reserve.
- f) On 23 March 2009 3,785,274 shares at GBP 0.0025 were issued at a price of GBP 0.0397. Upon the issue an amount of €150,629 was credited to the Company's share premium reserve.
- g) On 24 April 2009 331,756 shares at GBP 0.0025 were issued at a price of GBP 0.0408. Upon the issue an amount of €14,088 was credited to the Company's share premium reserve.
- h) On 27 April 2009 1,682,944 shares at GBP 0.0025 were issued at a price of GBP 0.0506. Upon the issue an amount of €90,603 was credited to the Company's share premium reserve.
- i) On 11 May 2009 2,073,209 shares at GBP 0.0025 were issued at a price of GBP 0.048. Upon the issue an amount of €105,577 was credited to the Company's share premium reserve.
- j) On 25 May 2009 1,874,126 shares at GBP 0.0025 were issued at a price of GBP 0.0516. Upon the issue an amount of €103,891 was credited to the Company's share premium reserve.
- k) On 5 June 2009 3,724,709 shares at GBP 0.0025 were issued at a price of GBP 0.0413. Upon the issue an amount of €161,861 was credited to the Company's share premium reserve.
- l) On 25 June 2009 738,880 shares at GBP 0.0025 were issued at a price of GBP 0.0413. Upon the issue an amount of €33,542 was credited to the Company's share premium reserve.
- m) On 8 July 2009 2,224,268 shares at GBP 0.0025 were issued at a price of GBP 0.0413. Upon the issue an amount of €100,110 was credited to the Company's share premium reserve.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

17. Share capital (continued)

Issued capital (continued)

- n) On 21 July 2009 1,054,392 shares at GBP 0.0025 were issued at a price of GBP 0.0747. Upon the issue an amount of €88,356 was credited to the Company's share premium reserve.
- o) On 21 July 2009 2,208,632 shares at GBP 0.0025 were issued at a price of GBP 0.0413. Upon the issue an amount of €98,978 was credited to the Company's share premium reserve.
- p) On 4 August 2009 1,177,810 shares at GBP 0.0025 were issued at a price of GBP 0.0413. Upon the issue an amount of €53,696 was credited to the Company's share premium reserve.
- q) On 13 August 2009 38,170,001 shares at GBP 0.0025 were issued at a price of GBP 0.075. Upon the issue an amount of €3,226,701 was credited to the Company's share premium reserve.
- r) On 28 November 2009 823,056 shares at GBP 0.0025 were issued at a price of GBP 0.1331. Upon the issue an amount of €118,264 was credited to the Company's share premium reserve.
- s) On 24 December 2009 27,727,273 shares at GBP 0.0025 were issued at a price of GBP 0.11. Upon the issue an amount of €3,273,981 was credited to the Company's share premium reserve.
- t) On 24 December 2009, 1,000,000 shares at GBP 0.0025 were issued, upon exercise of share options, at the exercise price of GBP 0.08. Upon the issue an amount of €85,126 was credited to the Company's share premium reserve.
- u) On 24 December 2009, 2,000,000 shares at GBP 0.0025 were issued, upon exercise of share options, at the average exercise price of GBP 0.0704. Upon the issue an amount of €149,053 was credited to the Company's share premium reserve.

Warrants

The Company has issued warrants to advisers to the Group. Warrants, noted below expire five or one and a half years after grant date and are exercisable at the exercise price.

2009

On 13 August 2009, 1.83 million warrants were issued to Fox Davies Capital which expire five years after the grant date, and are exercisable at any time within that period.

On 24 December 2009, 1.243 million warrants were issued to Fox Davies Capital which expire five years after the grant date, and are exercisable at any time within that period.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

17. Share capital (continued)

2010

On 4 May 2010, 4.55 million warrants were issued to Fox Davies Capital which expire five years after the grant date, and are exercisable at any time within that period.

On 20 December 2010, 7.23 million warrants were issued to Canaccord Genuity Corp which expire 1.5 years after the grant date, and are exercisable at any time within that period.

On 20 December 2010, 1.39 million warrants were issued to GMP Securities which expire 1.5 years after the grant date, and are exercisable at any time within that period.

On 20 December 2010, 0.65 million warrants were issued to Paradigm Capital which expire 1.5 years after the grant date, and are exercisable at any time within that period.

Details of share warrants outstanding as at 31 December 2010:

Grant date	Expiry date	Exercise price	Number of warrants 000's
13 August 2009	12 August 2014	7.5p	1,237
24 December 2009	23 December 2014	11p	1,833
04 May 2010	03 May 2015	10.5p	4,554
20 December 2010	19 June 2012	CAD0.135	9,278
			<u>16,902</u>

Warrants:-

- outstanding at 1 January 2010:	3,070
- granted during the reporting period	13,832
	<u>16,902</u>

The estimated fair values of the warrants were calculated using the Black & Scholes option pricing model. The inputs into the model and the results are as follows:

	Weighted average share price	Weighted average exercise price	Expected volatility	Expected life (years)	Risk free rate	Expected dividend yield	Discount factor	Estimated fair value
20 Dec. 2010	CAD0.135	CAD0.135	45%	1	2.25%	Nil	Nil	1.82p
4 May. 2010	10.50p	10.50p	45%	1	2.75%	Nil	Nil	3.03p
24 Dec. 2009	11.00p	11.00p	105.13%	5	5%	Nil	30%	6.19p
13 Aug. 2009	7.50p	7.50p	111.59%	5	5%	Nil	30%	6.87p

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

18. Share Option Plan

Details of share options outstanding as at 31 December 2010:

Grant date	Expiry date	Exercise price GBP	Number of share options 000's
9 May 2005	9 May 2011	0.080	8,589
11 August 2005	11 August 2011	0.100	200
28 April 2006	28 April 2012	0.135	3,530
8 September 2006	8 September 2012	0.090	1,000
8 September 2006	8 September 2012	0.110	1,000
25 January 2007	25 January 2013	0.120	1,500
26 February 2007	26 February 2013	0.135	3,750
11 May 2007	11 May 2012	0.120	1,000
11 May 2007	11 May 2013	0.150	2,500
26 June 2007	26 June 2013	0.187	500
26 June 2007	26 June 2013	0.170	625
23 July 2007	23 July 2013	0.200	1,000
21 September 2007	21 September 2012	0.170	911
31 December 2007	31 December 2013	0.220	4,640
15 January 2008	14 January 2014	0.200	1,000
7 May 2008	6 May 2013	0.200	1,712
1 September 2008	1 September 2014	0.200	1,050
23 March 2009	22 March 2011	0.245	1,000
23 March 2009	22 March 2011	0.280	1,000
23 March 2009	22 March 2013	0.041	9,500
9 June 2009	8 June 2013	0.080	6,250
25 January 2010	24 January 2014	0.134	11,725
22 April 2010	21 April 2014	0.134	500
01 July 2010	30 June 2014	0.080	2,000
12 October 2010	11 October 2014	0.10	2,150
20 December 2010	19 December 2014	0.120	11,250
Total			79,882

	Number of shares 000's
Outstanding options at 1 January 2010:	54,416
- granted during 2010	27,625
- cancelled during 2010	(1,125)
- exercised during 2010	(1,034)
Outstanding options at 31 December 2010	79,882

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

18. Share option plan (continued)

2010

On 25 January 2010, each of the Directors and certain of the management and employees have been or are to be granted options to subscribe at any time until 24 January 2014 for an aggregate total of 9,975,000 ordinary shares at an exercise price per ordinary share of 13.4 pence.

On 25 January 2010 certain consultants were granted to subscribe at any time until 24 January 2014 for up to 1,750,000 new ordinary shares at an exercise price of 13.4 pence per ordinary share, expiring on 24 January, 2014.

On 22 April 2010, Roger Davey (director) was granted options to subscribe at any time until 21 April 2014 for an aggregate total of 500,000 ordinary shares at an exercise price per ordinary share of 13.40 pence.

On 1 July 2010, Rob Williams (management) was granted options to subscribe at any time until 30 June 2014 for an aggregate total of 2,000,000 ordinary shares at an exercise price per ordinary share of 8 pence. These options are only exercisable after satisfactory settlement of certain commercial matters and successful project permitting in Spain.

On 12 October 2010 certain consultants were granted to subscribe at any time until 11 October 2014 for up to 2,150,000 new ordinary shares at an exercise price of 10 pence per ordinary share, expiring on 11 October, 2014 exercisable only after satisfactory settlement of certain commercial matters and successful project permitting in Spain.

On 20 December 2010, each of the Directors and certain of the management and employees have been or are to be granted options to subscribe at any time until 19 December 2014 for an aggregate total of 11,250,000 ordinary shares at an exercise price per ordinary share of 12 pence.

2009

On 23 March 2009 MRI was granted (i) an option to subscribe at any time until 23 March 2011 for up to 1,000,000 ordinary shares at a subscription price per ordinary share of 24.5p; and (ii) an option to subscribe at any time until 23 March 2011 for up to 1,000,000 ordinary shares at a subscription price per ordinary share of 28p.

On 23 March 2009 a consultant was granted option to subscribe at any time until 23 March 2011 for up to 750,000 new ordinary shares at an exercise price of 5p per ordinary share, expiring on 23 March, 2011 exercisable only after satisfactory settlement of certain commercial matters and successful project permitting in Spain.

On 23 March 2009, each of the Directors and certain of the management and employees have been or are to be granted options to subscribe at any time until 23 March 2013 for an aggregate total of 10,000,000 ordinary shares at an exercise price per ordinary share of 4.13 pence.

On 9 June 2009, each of the Directors and certain of the management and employees have been or are to be granted options to subscribe at any time until 8 June 2013 for an aggregate total of 6,500,000 ordinary shares at an exercise price per ordinary share of 8 pence.

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of ordinary shares.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

18. Share option plan (continued)

The estimated fair values of the options were calculated using the Black & Scholes option pricing model. The inputs into the model and the results are as follows:

	Weighted average share price	Weighted average exercise price	Expected volatility	Expected life (years)	Risk free rate	Expected dividend yield	Discount factor	Estimated fair value
20 Dec. 2010	12.00p	12.00p	45%	2.5	2.25%	Nil	Nil	3.58p
12 Oct. 2010	10.00p	10.00p	45%	2.5	2.25%	Nil	Nil	2.82p
1 Jul. 2010	8.00p	8.00p	45%	2.5	2.25%	Nil	Nil	2.39p
22 Apr. 2010	12.00p	13.40p	45%	2.5	2.25%	Nil	Nil	3.11p
25 Jan. 2010	13.40p	13.40p	45%	2.5	2.25%	Nil	Nil	4.00p
09 Jun. 2009	7.82p	8.00p	104.52%	4	5.00%	Nil	30%	4.00p
23 Mar. 2009	4.53p	4.13p	100.27%	4	3.50%	Nil	Nil	3.26p
23 Mar. 2009	4.53p	28.00p	100.27%	2	2.75%	Nil	30%	0.47p
23 Mar. 2009	4.53p	24.50p	100.27%	2	2.75%	Nil	30%	0.53p
23 Mar. 2009	4.53p	5.00p	100.27%	2	2.75%	Nil	Nil	2.31p
1 Sep. 2008	21.50p	20.00p	68.16%	6	5.00%	Nil	30%	10.07p
7 May. 2008	23.75p	20.00p	69.36%	5	4.98%	Nil	30%	10.82p
15 Jan. 2008	19.75p	23.80p	65.96%	6	4.98%	Nil	30%	8.35p
31 Dec. 2007	22.00p	22.00p	65.96%	6	4.27%	Nil	30%	9.76p
18 Dec. 2007	19.00p	50.00p	65.42%	4	4.27%	Nil	30%	3.85p
21 Sept. 2007	17.00p	17.00p	61.93%	5	5.00%	Nil	30%	6.47p
23 Jul. 2007	14.00p	20.00p	57.88%	6	6.35%	Nil	30%	5.13p
26 Jun. 2007	13.50p	18.66p	57.88%	6	6.32%	Nil	30%	5.09p
26 Jun. 2007	13.50p	17.00p	57.88%	6	6.32%	Nil	30%	5.30p
11 May. 2007	13.25p	12.00p	57.88%	5	6.07%	Nil	30%	5.43p
11 May. 2007	13.25p	15.00p	57.88%	6	6.07%	Nil	30%	5.37p
26 Feb. 2007	11.83p	13.50p	60.00%	6	5.85%	Nil	30%	4.19p
25 Jan. 2007	11.10p	12.00p	57.88%	6	5.97%	Nil	30%	4.56p
8 Sept. 2006	9.00p	11.00p	46.0%	6	4.90%	Nil	20%	5.51p
8 Sept. 2006	9.00p	9.00p	46%	6	4.90%	Nil	20%	5.86p
28 Jun. 2006	9.50p	13.50p	37%	6	4.80%	Nil	20%	3.30p
28 Apr. 2006	9.50p	13.50p	37%	6	4.70%	Nil	20%	3.25p
11 Aug. 2005	8.88p	10.00p	20%	6	4.40%	Nil	20%	3.18p
9 May. 2005	8.75p	8.00p	15%	6	4.40%	Nil	20%	2.50p

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

19. Trade and other payables

	2010 EUR 000	2009 EUR 000
The Group		
Current trade and other payables		
Trade payables	1,883	974
Other payables*	1,563	-
Accruals	72	68
Non current trade and other payables	3,518	1,042
Other payables*	13,867	-
The Company		
Current trade payables	928	338
Accruals	30	35
Amount due to subsidiary	-	17
	958	390

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

*On 25 May 2010 EMED Tartessus S.L recognized a debt with the Social Security's General Treasury in Spain amounted to €16.9 million incurred by a previous owner to stop the execution process by Public Auction of the land initiated by that entity.

20. Borrowings

	2010 EUR 000	2009 EUR 000
Current borrowings		
Convertible Note	7,113	-
	7,113	-
Non-current borrowings		
Convertible Note	-	6,876
Maturity of non-current borrowings		
Between one to two years	-	6,876
Between two and five years	-	-
After five years	-	-
	-	6,876

Convertible Note Facility

On the 4 March 2009 the Company entered into a Convertible Loan Agreement with RCF and RMB to provide a borrowing facility of up to US\$8.5 million (the 'Facility').

The Facility was arranged to provide funds for the Rio Tinto copper project in Spain, gold project in Slovakia and for general working capital purposes.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **Year ended 31 December 2010**

Convertible Note Facility (continued)

Loans made under the Facility are repayable on or prior to 31 December 2011. Amounts drawn down under the Facility may be converted at the discretion of each Lender into ordinary shares at the Conversion Price of 4.13 pence per ordinary share.

Interest is payable at a rate of 7.5% on funds drawn down with an annual commitment fee of 3.0 % on any undrawn amounts. The establishment fee was US\$212,500 paid by the issue of 3,785,274 new ordinary shares.

The balance of the Convertible Note as at 31 December 2010 is €7,113,124 (US\$8,660,204).

Interest can be paid in cash or shares at the election of the Company or the Lenders. In the case of shares, the price of such shares will be based upon the volume weighted average market price at the time of the payment. Interest during the 2010 year of US\$639,564 was paid by the issue of 4,632,822 new ordinary shares.

Loans under the Facility are secured against the shares of the Company's subsidiaries, the Company's principal bank account, and certain assets of the Company's Slovakian subsidiaries.

The drawdown of the Facility is subject to the warranties made by the Company and certain of its subsidiaries, no event of default outstanding at the date of drawdown and the Company not suffering any material adverse effects.

YA Loan

On 18 December, 2007 the Company entered into an agreement with YA Global Investments L.P. ("YA") to provide a loan of US\$5 million.

During 2009 the Company repaid the YA loan in full, primarily from the proceeds of the August share placement.

21. Acquisition of subsidiaries

There were no acquisitions during 2010 or 2009.

22. Discontinued operations

2010

There were discontinued operations during 2010 due to the deregistration of Eastern Mediterranean Resources Romania SRL on 23 August 2010 and the disposal of EMED Mining Armenia LLC on 30 July 2010. Both operations were immaterial to the Group as the two companies were dormant.

2009

There were no discontinued operations during 2009.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

23. Related party transactions

The following transactions were carried out with related parties:

23.1 Compensation of key management personnel

The total remuneration of the Directors and other key management personnel was as follows:

	2010	2009
	EUR 000	EUR 000
Directors' fees	546	382
Directors' other benefits	380	134
Option-based benefits to directors	401	637
Other key management personnel fees	427	327
Option-based and other benefits to other key management personnel	361	169
	<u>2,115</u>	<u>1,649</u>

Share-based benefits

The directors and key management personnel have been granted options as set out in Note 18.

23.2 Transactions with KEFI Minerals PLC.

The Company has an ongoing service agreement with KEFI Minerals PLC for provision of management and other professional services.

	2010	2009
	EUR 000	EUR 000
Transactions with KEFI Minerals PLC	<u>117</u>	<u>101</u>

24. Contingent liabilities

As part of the acquisition cost of a 95% share in Eastern Mediterranean Minerals (Cyprus) Limited, an additional contingent consideration of €616,200 is payable by the Company one month after the date on which Eastern Mediterranean Minerals (Cyprus) Limited first receives revenue of €1,027,000 from or in respect of specific exploration tenements.

On 23 September 2010, EMED Tartessus was notified of a Statement of Objections and Opening of File initiated by the Andalucían Water Authority following allegations by third parties of unauthorized discharges from the Rio Tinto Copper Mine to the public water course. The Opening of File was suspended pending the outcome of the related judicial claims and in March 2011, all the judicial claims were dismissed against the Company. It is expected that the administrative file open against the company will also be dismissed in due course. The Company has obtained legal advice and will continue to vigorously defend these allegations. The sanction proposed in the Statement of Objections is potentially a fine of €450,000 and damages in the amount of €1,171,712.60. These amounts have not been accrued in the consolidated financial statements.

25. Commitments

On 15 September 2010, the Company was granted an option to acquire a 100% interest in all of the assets (including the mineral licence and assets located thereon and all mining information) held by it in respect of the Regua Tungsten Deposit in Portugal. The option may be exercised by the Company at any time prior to 31 December 2011 (the "Option Period") upon a further payment by the Company to Iberian Portugal of €750,000, in cash or ordinary shares at the Company's election. The Company will also make a cash payment of €100,000 or such higher amount to cover costs incurred by Iberian Portugal during the Option Period. In order to earn an interest in the Regua Tungsten Deposit, the Company must spend: (i) a minimum of €250,000 on the project during the Option Period, and (ii) a further €1,500,000 over the three years following the exercise of the option.

EMED MINING PUBLIC LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS Year ended 31 December 2010

26. Events after the reporting period

On the 11 January 2011 the syndicate of agents led by Canaccord Genuity Corp, GMP Securities L.P. and Paradigm Capital Inc. exercised the over-allotment option granted to them. The Company issued an additional 18,145,500 ordinary shares at 8.5 pence (CAD\$0.135) each to cover over-allotments and received additional gross proceeds of approximately €1.8 million.

On 14 January 2011 the Company issued 1,832,680 ordinary shares to Fox Davies Capital Limited upon exercise of warrants. These warrants had an exercise price of 7.5 pence and were issued to Fox Davies Capital Limited on 12 August 2009.

On 21 January 2011 the Company completed the following issues:

a) An issue of 367,493 new shares of GBP 0.0025 to the partners of Mahuroda LLP (previously NWCF LLP), which exercised its option to purchase the shares at a price of 8 pence per share pursuant to the terms of an option agreement between NWCF LLP and the Company dated 6 May 2005.

b) An issue of 5,553,571 new shares of GBP 0.0025 to Fox Davies Capital Limited which has exercised its option to purchase 1,000,000 shares at a price of 9 pence per share and 4,553,571 shares at a price of 10.5 pence per share pursuant to the terms of the option agreements between Fox Davies Capital and the Company dated September 2006 and April 2010.

c) An issue of 1,043,025 new shares of GBP 0.0025 to Resource Capital Fund IV L.P. and RMB Australia Holdings Limited at a price of 10.86 pence per share as payment of interest of US\$160,203 pursuant to the convertible secured loan facility between the parties dated 4 March 2009.

On 21 January 2011 application has been made for the admission of the 6,964,089 ordinary shares to trading on the AIM market of the London Stock Exchange. Following admission, the Company has a total of 700,110,605 ordinary shares in issue.

On 17 January 2011 the Department of Culture and Heritage of the Junta de Andalucia has provided a favourable report regarding the Company's plans for the Rio Tinto Copper Mine, by which it has approved the Company's proposed mining activities as detailed in various submissions. The approval is subject to certain conditions that are largely aimed at ensuring that the extensive heritage at Rio Tinto is clearly documented and then preserved or studied appropriately as mining, processing and rehabilitation are carried out responsibly.

In early March 2011, the Andalucía Government announced it was satisfied as to the legality of the transmission of the Rio Tinto mineral rights to EMED Mining. The Company shares the Government's belief that this decision has "unblocked" the process of granting Administrative Standing. EMED's target is to start preparing the plant, other infrastructure and human resources in 2011 for production in 2012, the exact timing of which will depend on the rate of permitting.