BioEnergy Africa Ltd

Annual Report 2008/2009

Reg No. 1402067

DIRECTORS AND ADVISERS

Directors

Philippe Edmonds MA (Cantab)	Chairman
Andrew Groves	Non-executive director
Izak Cornelis Holtzhausen	Development director

Secretary

Philip Enoch MA (Oxon)

Assistant secretary

Odan Managements (B.V.I.) Ltd

Registered Office

Romasco Place
Wickhams Cay 1
PO Box 3140, Road Town
Tortola, British Virgin Islands

Nominated Advisor

Seymour Pierce Limited
20 Old Bailey
London EC4M 7EN

Broker

Haywood Securities
3rd Floor Ryder Court
14 Ryder Street
London SW1Y 6QB

Auditor

Baker Tilly UK Audit LLP
Registered Auditor
2 Bloomsbury Street
London WC1B 3ST

Solicitors

As to English Law

Salans LLP
Millennium Bridge House
2 Lambeth Hill
London EC4V 4AJ

As to BVI Law

Conyers Dill & Pearman
Romasco Place
Wickhams Cay 1
PO Box 3140, Road Town
Tortola, British Virgin Islands

Registrars

Capita Registrars (Jersey) Limited
12 Castle Street
St. Helier
Jersey
JE2 3RT

CHAIRMAN'S STATEMENT

Since listing on AIM in September 2008, the Company has made considerable progress at its Massingir Project in Mozambique ('Massingir') with the aim of fulfilling the conditions set out in the initial DUAT granted by the Government of Mozambique, to develop the 30,000 hectare site. These initiatives focussed primarily on satisfying various development requirements including land clearance, irrigation and initial nursery sugar cane planting, as well as infrastructural and social programmes.

The first phase of estate development has centred on site clearing, which has advanced well over the period. As of July, more than 500 hectares had been cleared and over 100 hectares planted. Additionally, we implemented family drip systems for the production of vegetables in 625 sq m blocks in accordance with our social responsibility mandate and planted maize on irrigated land for the local community. As part of our active social programme, we also initiated cattle dipping and veterinary services on the borders of the project for use by local people and the nomadic tribes who previously used the estate for grazing their livestock.

With the ability for companies in this sector to raise finance for highly capital intensive projects curtailed, the Board took the decision to reduce overheads in order to preserve cash whilst continuing to evaluate the various options available to us in order to maximise the value of the Company. With this in mind, the Board is reviewing its development plan to ensure the capital raised in August 2008 is preserved while at the same time promoting the requirements of the DUAT.

In line with this strategy of reducing overheads and safeguarding our remaining cash, we made the decision to restructure the Board. Nick Brooks and Jorge Neves stepped down from the Board, leaving the day-to-day operations of Massingir to Corne Holtzhausen, Development Director, who has been involved in the running of the Company since its inception.

Financial Performance

For the 23 month period under review, BioEnergy Africa is reporting a pre-tax loss of US$7.7 million. Cash balances at the period end were US$11.3 million.

Outlook

While we recognise the quality and significant inherent value of the Massingir Project we remain cognisant of the economic climate and prevailing market conditions and therefore continue to evaluate how best to create value for our shareholders.

We will of course keep in touch with our shareholders regarding progress, and thank all those invested in BioEnergy Africa or involved in its development throughout this challenging period.

Phil Edmonds
Chairman

29 September 2009

DIRECTORS' REPORT

The directors of BioEnergy Africa Limited ("BioEnergy" or the "Company") hereby present their report together with the audited financial statements for the period from 27 April 2007 to 31 March 2009 for the Company and its subsidiaries (altogether the "Group").

Principal activities

The Company was incorporated on 27 April 2007. The principal activity of the Group during the period was the acquisition of 94% of the share capital of Procana Limitada, which has an agreement with the Government of Mozambique to develop ethanol from sugar cane in Missangir, Mozambique.

Business review and future developments

A review of the Group's performance, key performance indicators and prospects is given in the Chairman's Statement. Development activity since the acquisition has focussed on those requirements of the investment agreement that need to be fulfilled to obtain the full licence to use and develop the land (a "DUAT"). A review of the risks and uncertainties impacting on the Group's long term performance is included in the Corporate Governance statement on page 6. Details of the Group's exposure to foreign exchange and other financial risks are included in note 3.

Results and dividend

The Group results for the period ended 31 March 2009, show a loss before taxation of $7,742,000. The directors do not recommend a dividend.

Directors

The directors who served during the period were:

PH Edmonds	Chairman	Appointed 11 August 2008
N Brooks	Chief Executive Officer	Appointed 1 December 2008 Resigned 30 March 2009
AS Groves	Non-executive director	Appointed 13 August 2008
IC Holtzhausen	Development director	Appointed 11 July 2008
J Neves	Executive director	Appointed 1 December 2008 Resigned 30 March 2009

Directors' interests

The directors serving during the period had the following beneficial interests in the shares of the Company:

	Ordinary shares of no par value	
	31 March 2009	At date of appointment
PH Edmonds	6,000,000	2,000,000
N Brooks	-	-
AS Groves	6,000,000	2,000,000
IC Holtzhausen	-	-
J Neves	-	-

DIRECTORS' REPORT (continued)

The directors' interests in share options of the Company as at 31 March 2009 were as follows:

	Date of grant	Exercise price	Number of ordinary shares of no par value
PH Edmonds	31 July 2008	30p	2,000,000
	01 December 2008	12.5p	2,000,000
AS Groves	31 July 2008	30p	2,000,000
	01 December 2008	12.5p	2,000,000
IC Holtzhausen	31 July 2008	30p	2,000,000
	01 December 2008	12.5p	2,000,000

All options have vested and are exercisable until 5 years after the date of grant.

On 1 December 2008, 5,000,000 and 10,000,000 options were granted to N Brooks and J Neves with an exercise price of 12.5p. These options were subject to various performance and holding criteria and have lapsed upon resignation.

Directors' indemnities

The Company made qualifying third party indemnity provisions for the benefit of its directors during the period, which remain in force at the date of this report.

Employee Involvement Policies

The Group places considerable value on the awareness and involvement of its employees in the Group's performance. Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Group and that are of interest and concern to them as employees.

Creditors payment policy and practice

The Group's policy is to ensure that, in the absence of dispute, all suppliers are dealt with in line with the terms agreed with suppliers. Suppliers are made aware of the terms of payment. The number of days of average daily purchases included in trade payables at 31 March 2009 was 20 days.

Political and charitable donations

No charitable or political donations were made in the period.

DIRECTORS' REPORT (continued)

Social and community issues

The Group recognises the value of employment and training to continued economic growth. The Group is developing policies to ensure its expertise and specialist skills and facilities are made available to the broader community.

Certain specific provisions of its investment agreement with the Government of Mozambique require the Group to create favourable infrastructure and operating conditions in relation to the farming of cattle for the Project's local community.

In addition there is land adjacent to the estate on which there was a disused 150 hectares irrigation project established by donors to allow the local population to grow vegetables but which has since fallen into disrepair. The Group has refurbished the irrigation scheme and provides agricultural assistance to the local community.

Statement as to disclosure of information to the auditor

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Auditor

Baker Tilly UK Audit LLP was appointed as auditor during the period and has indicated its willingness to continue in office. A resolution to reappoint them is proposed at the Annual General Meeting.

Electronic communications

The maintenance and integrity of the Company's website is the responsibility of the directors; the work carried out by the auditor does not involve consideration of these matters and accordingly, the auditor accepts no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The Company's website is maintained in compliance with AIM Rule 26.

On behalf of the Board

PH Edmonds
Chairman
29 September 2009

CORPORATE GOVERNANCE STATEMENT

The directors recognise the value and importance of effective corporate governance and observe the principal provisions of the Combined Code to the extent that they consider them to be appropriate for a Group of this size and stage of development and will follow, as far as possible, the recommendations on corporate governance made by the Quoted Companies Alliance. Set out below is a summary of how, at 31 March 2009, the Group was dealing with corporate governance issues.

The Board of Directors

The Group is led and controlled by a board comprising the chairman, one executive director and one non-executive director. The board is responsible for formulating, reviewing and approving the Group's strategy, budgets and corporate actions.

There are no matters specifically reserved to the board for its decision, but no decision of any consequence is made other than by the directors.

Board Committees

The Board intends to appoint a remuneration committee and an audit committee with delegated duties and responsibilities as and when appropriate.

The Group has adopted a share dealing code for directors' dealings which is appropriate for an AIM quoted company. The Directors comply with Rule 21 of the AIM Rules relating to directors' dealings and take all reasonable steps to ensure compliance by the Group's applicable employees.

In light of the size of the board, the directors do not consider it necessary at this stage to establish a Nomination Committee. Any new directors are appointed by the whole board.

There is no agreed formal procedure for the directors to take independent professional advice at the Group's expense.

The Company's directors submit themselves for re-election at the Annual General Meeting at regular intervals in accordance with the Company's Articles of Association.

Directors' Remuneration

Details of the remuneration of each director are set out in note 7 to the financial statements.

PH Edmonds and AS Groves have entered into appointment letters with the Company. The letters of appointment are terminable on twelve month's notice. The annual fee for PH Edmonds and AS Groves is US$50,000 each. IC Holtzhausen has entered into a consultancy agreement with the Company which may be terminated with six months notice by the Company and 12 Months notice by IC Holtzhausen. The annual fee is £25,000.

Relations with Shareholders

The chairman is the Group's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting, private investors are given the opportunity to question the board.

Internal Control

The board acknowledges its responsibility for establishing and monitoring the Group's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Group's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

CORPORATE GOVERNANCE STATEMENT

Internal Control (continued)

The board reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No weakness in internal financial control has resulted in material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

In light of this control environment the Board considers that there is no current requirement for a separate internal audit function.

Going Concern

Having made appropriate enquiries and having examined the major areas which could affect the Group's financial position, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future. For this reason the directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Risks and Uncertainties

There are a number of risks and uncertainties facing the Group, principally the following:

Foreign exchange
The Group conducts its operations in jurisdictions other than its reporting currency and therefore is subject to fluctuations in exchange rates. Some of the countries in which the Group operates maintain strict controls on access to foreign currency and the repatriation of funds.

Risks associated with operating in central and southern Africa
Changes in government, monetary policies, taxation, exchange control and other laws can have a significant impact on the Group's assets and operations. Several countries in eastern and southern Africa are liable to experience periods of political instability, and there can be no guarantees as to the level of future political stability. Changes to government policies and applicable laws could adversely affect the operations and/or financial condition of the Group. The jurisdictions in which the Group might operate in the future may have less developed legal systems than more established economies, which could result in risks such as (i) effective legal redress in the courts being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to the Group's licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed.

Funding

The Group is dependent on obtaining future equity capital or debt funding sufficient to continue its contemplated development, production and sales and to provide sufficient future working capital. The Company's ability to raise such funding will vary according to a number of factors including: the success or otherwise of agricultural production; the processing of any sugar cane produced; stock market conditions; ethanol prices; and access to facilities required to transport any produced materials to point of sale. Under the terms of the Investment Agreement entered into with the Government of Mozambique the Company, in conjunction with the other shareholders in ProCana, is required to introduce a total of US$510,042,136 over 15 years. In the event the Company and the other shareholders of ProCana Limitada do not comply with the terms of the Investment Agreement it may be terminated and this may have an adverse effect on the operations of the Group, its results of operations and its financial condition.

CORPORATE GOVERNANCE STATEMENT

Risks and Uncertainties (continued)

Whilst the Directors are satisfied that the working capital available to the Group will be sufficient for the foreseeable future, completion of project as outlined in the Investment Agreement will require further fundraising.

Project Risks

Agricultural production by its nature contains elements of significant risk. Commercial and successful operations are therefore dependent upon numerous factors including access to a bulk water supply, the suitability of the soil and weather conditions for the production of sugar cane of economically viable quality and in economically viable quantities, access to competent operational management and title risk.

The Group has been granted a provisional guarantee to enable it to use 750 million m^3 of water per annum from the Massingir dam. A final water concession will only be granted after acceptance of the final design and completion of an environmental impact assessment. In order to implement the proposed bulk water supply, a main supply canal has to be constructed from the Massingir Dam over a distance of approximately 56kms and connected to the dam outflow. This will require the consent of the Government of Mozambique and will in itself constitute a considerable civil engineering project.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Articles require the board to keep sufficient accounting records to give a true and fair view of the state of the Company's affairs and to show and explain its transactions in accordance with both the BVI Companies Act 2004 and the UK Companies Act. Accordingly the directors are required to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of the profit or loss for that period.

The directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Group financial statements are required by IFRS as adopted by the European Union to present fairly the financial position and performance of the Group; applicable law provides in relation to the financial statements that references to the financial statements giving a true and fair view are references to their achieving a fair presentation.

The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Group.

In preparing the Group financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS adopted by the EU; subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. The directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOENERGY AFRICA LIMITED

We have audited the non statutory Consolidated financial statements on pages 12 to 32 which comprise the Consolidated Income Statement, the Consolidated Balance sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Recognised Income and Expense, and the related notes. These non statutory financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with our engagement letter with the Company dated 18th June 2009. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement and Corporate Governance Statement that is cross referenced from the Business Review and Future Development section of the Directors' Report.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the non statutory financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BIOENERGY AFRICA LIMITED (Continued)

Opinion

In our opinion:

- the non statutory financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 March 2009 and of its loss for the period then ended;
- the Consolidated financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the information given in the Directors' Report is consistent with the non statutory financial statements.

Emphasis of matter

Without qualifying our opinion we draw attention to the intangible fixed asset Note 12 on page 27 and the critical accounting estimates and judgement narrative in Note 4 on page 23 of the financial statements. The financial statements have been prepared on the basis that the Group obtains a definitive DUAT for a fifty year period, replacing the provisional DUAT expiring in October 2009. The outcome of these matters cannot presently be determined, and the financial statements do not include any adjustments that might result if the Group's right to the intangible asset in Mozambique was rescinded.

Baker Tilly UK Audit LLP
Registered auditor
2 Bloomsbury Street
London
WC1B 3ST

29 September 2009

CONSOLIDATED INCOME STATEMENT
For the period ended 31 March 2009

	Note	Period to 31 March 2009 $'000
Operating expenses		(1,785)
Operating loss	6	(1,785)
Other gains and losses	8	(6,294)
Finance income	9	441
Finance costs	9	(104)
Loss before taxation		(7,742)
Income tax expense	10	-
Loss for the period		(7,742)
Loss for the period attributable to equity holders of the parent company	20	(7,683)
Loss for the period attributable to minority interests	21	(59)
Loss per share		
- Basic and diluted (cents)	11	(6.8)

All financial results presented are from continuing operations.

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
For the period ended 31 March 2009

	Period to 31 March 2009 $'000
Foreign exchange translation differences	(5,414)
Net income recognised directly in equity	(5,414)
Loss for the period	(7,742)
Total recognised income and expense for the period	(13,156)
Attributable to the equity holders of the parent company	(12,772)
Attributable to minority interests	(384)
Total recognised income and expense for the period	(13,156)

The notes on pages 15 to 32 form part of the financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 March 2009

	Note	2009 $'000
ASSETS		
Non-current assets		
Intangible assets	12	43,146
Property, plant and equipment	13	6,822
Total non-current assets		49,968
Current assets		
Inventories	14	153
Trade and other receivables	15	1,951
Cash and cash equivalents	15	11,270
Total current assets		13,374
TOTAL ASSETS		63,342
LIABILITIES		
Current liabilities		
Trade and other payables	16	(784)
NET ASSETS		62,558
EQUITY		
Issued capital	17	72,199
Share based payment reserve	18	650
Translation reserve	19	(5,089)
Retained earnings	20	(7,683)
Total equity attributable to the equity holders of the parent company		60,077
Minority interests	21	2,481
		62,558

The notes on pages 15 to 32 form part of the financial statements.

The financial statements on pages 12 to 32 were approved and authorised for issue by the Board of Directors on 29 September 2009 and were signed on its behalf.

PH Edmonds
Chairman
29 September 2009

CONSOLIDATED CASH FLOW STATEMENT
For the period ended 31 March 2009

	Period to 31 March 2009 $'000
OPERATING ACTIVITIES	
Loss before tax	(7,742)
Adjustments for:	
- Depreciation of property, plant and equipment	98
- Profit on foreign exchange	(26)
- Share based payment charge	650
-.Other gains and losses	6,294
- Net interest income	(337)
Operating cash flow before movements in working capital	(1,063)
Working capital adjustments:	
- Increase in inventories	(91)
- Increase in receivables	(13)
- Increase in payables	651
Cash used in operations	(516)
Finance cost	
Interest received	337
Net cash used in operating activities	(179)
INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(3,865)
Net cash used in investing activities	(3,865)
FINANCING ACTIVITIES	
Proceeds from issue of share capital	28,557
Share issue costs	(2,065)
Repayment of debt	(4,884)
Net cash flow from financing activities	21,608
Net increase in cash and cash equivalents	17,564
Cash and cash equivalents at start of the period	-
Effect of foreign exchange rate changes	(6,294)
Cash and cash equivalents at end of the period	11,270

The notes on pages 15 to 32 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

1. General information

BioEnergy Africa Limited is incorporated in the British Virgin Islands under the British Virgin Islands Business Companies Act 2004. The address of the registered office is given on page 1. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on page 2.

The Company was incorporated on 27 April 2007. Accordingly the financial statements are for the 23 month period ended 31 March 2009.

These financial statements have been presented in US Dollars because this is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

At the date of authorisation of these financial statements, the following Standards and Interpretations that have not been applied in these financial statements were in issue but not yet effective or endorsed (unless otherwise stated):

IFRS 1	First time Adoption of IFRS – Amendment; Cost of an investment in a subsidiary, jointly-controlled entity or associate (endorsed)
IFRS 1	Revised IFRS 1 First-time Adoption of IFRS
IFRS 2	Share Based Payment – Amendments relating to vesting conditions and cancellations (endorsed)
IFRS 3	Business Combinations – Comprehensive revision on applying the acquisition method
IFRS 7	Financial Instruments: Disclosures – Amendment; Reclassification of Financial Assets (endorsed)
IFRS 7	Financial Instruments: Disclosures – Amendment; Reclassification of Financial Assets – Effective date and transition
IFRS 7	Financial Instruments: Disclosures – Amendment; Improving Disclosures About Financial Instruments
IFRS 8	Operating Segments (endorsed)
IAS 1	Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income (endorsed)
IAS 1	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation (endorsed)
IAS 23	Borrowing Costs – Comprehensive revision to prohibit immediate expensing (endorsed)
IAS 27	Consolidated and Separate Financial Statements – Amendments arising from IFRS 3
IAS 27	Consolidated and Separate Financial Statements – Amendment; Cost of an investment in a subsidiary, jointly-controlled entity or associate (endorsed)
IAS 28	Investments in Associates – Consequential amendments arising from amendments to IFRS 3
IAS 31	Interest in Joint Ventures – Consequential amendments arising from amendments to IFRS 3
IAS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and obligations arising on liquidation (endorsed)
IAS 39	Financial Instruments: Recognition and Measurement – Amendment; Reclassification of Financial Assets (endorsed)
IAS 39	Financial Instruments: Recognition and Measurement – Amendment; Reclassification of Financial Assets – Effective date and transition

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

1. General Information (continued)

IAS 39	Financial Instruments: Recognition and Measurement – Amendment; Eligible hedged items
IFRIC 15	Agreements for the construction of real estate assets
IFRIC 16	Hedges of net investment in a foreign operation
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group, except for some additional segment disclosures when IFRS 8 comes into effect for periods commencing on or after 1 January 2009.

2. Significant accounting policies

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

Basis of consolidation
(i) Subsidiaries
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

(ii) Transactions eliminated on consolidation
Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

2. Summary of significant accounting policies (continued)

Foreign currency translation
(i) Functional and presentational currency
The individual financial statements of each Group company are presented in the currency of the primary economic environment in which it operates ("the functional currency"). The consolidated financial statements are presented in US Dollars.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency of the entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at period end exchange rates are recognised in the income statement.

(iii) Consolidation
For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case exchange rates at the date of the transactions are used. Exchange differences arising from the translation of the net investment in foreign operations are recognised in the Group's translation reserve, a separate component of equity. Such translation differences are recognised as income or expense in the period in which the operation is disposed of.

The following exchange rates have been used in preparing the consolidated financial statements:

	Average Rate	Closing Rate
Mozambican Meticais: USD	25.05	26.77

Revenue recognition
Revenue is recognised when revenue and associated costs can be measured reliably and future economic benefits are probable. Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed. Delivery occurs when the products have arrived at the specified location, and the risks and rewards of ownership have been transferred to the customer.

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

Leasing
Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2. Summary of significant accounting policies (continued)

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs capitalised is the:

- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised shall not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Taxation
The Company is resident for taxation purposes in the British Virgin Islands and its income is subject to British Virgin Island income tax, presently at a rate of zero. The income of overseas subsidiaries will be subject to tax at the prevailing rate in each jurisdiction.

The tax expense represents the sum of the current tax expense and deferred tax expense.

Tax currently payable is based on the taxable profit for the period. Taxable profit differs from accounting profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

2. Summary of significant accounting policies (continued)

Taxation (continued)
Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based upon tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax relates to income tax levied by the same tax authorities on either: the same taxable entity or different taxable entities which intend to settle current tax assets and liabilities on a net basis or to realise and settle them simultaneously in each future period when the significant deferred tax assets and liabilities are expected to be realised or settled.

Intangible assets
Intangible assets are carried at cost and are amortised over the period of economic benefit up to 50 years. The value of intangible assets is reviewed for impairment whenever there are indications of circumstances which might give rise to an impairment. Any impairment is recognised immediately in the income statement.

Property, plant and equipment
All items of property, plant and equipment are stated at historical cost less depreciation (see below) and impairment. Historical cost includes expenditure that is directly attributable to the acquisition. Subsequent costs are included in the asset's carrying value when it is considered probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each item, as follows:

Leasehold Land improvements	2% or the period of the lease as appropriate
Buildings	5%
Assets under construction	Not depreciated
Plant and equipment	20% – 33.3%
Motor vehicles	20%
Office furniture and equipment	10% – 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement.

Impairment of property, plant and equipment
Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

2. Summary of significant accounting policies (continued)

Inventories
Inventories relate to sugar cane seedlings and fertilizer stocks and are stated at cost including expenditure bringing them to their existing location and condition in the sugar cane nurseries.

Financial assets

Trade and other receivables
Trade and other receivables are not interest bearing and are initially recognised at their fair value and are subsequently stated at amortised cost using the effective interest method as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

Financial liabilities

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

Provisions
Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of the resources will be required to settle the obligation and the amount can be reliably estimated.

Equity Instruments
An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share-based payments
The Group issues equity-settled share-based payments to certain employees. These payments are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant and the value is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest and adjusted for non market based vesting conditions.

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

3. Financial risk factors

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of these is to finance the Group operations and expansion. The Group has other financial instruments such as trade receivables and trade payables which arise directly from normal trading.

The Group has not entered into any derivative or hedging instruments.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk (including interest rate risk and currency risk). The Board reviews and agrees policies for managing each of these risks and these are summarised below.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

3. Financial risk factors (continued)

Credit risk
Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables. The Group's principal deposits were held at Banks with a high credit rating to diversify from a concentration of credit risk. Receivables are regularly monitored and assessed for recoverability.

Liquidity risk
The Group's policy throughout the period has been to ensure that it has adequate liquidity by careful management of its working capital. At 31 March 2009 the Group held cash deposits of $11.3m. All deposits have a term of less than one month.

Market risk
The significant market risk exposures to which the Group is exposed are interest rate risk, and foreign currency risk. These are discussed further below:

Interest rate risk
The Group finances its operations through the use of cash deposits at variable rates of interest for a variety of short term periods, depending on cash requirements. The rates are reviewed regularly and the best rate obtained in the context of the Group's need. The weighted average interest rate on deposits was 3.56%.

The exposure of the Group's financial assets to interest rate risk is as follows:

	2009 $'000
Financial assets at floating rates	12,343

Foreign currency risk
The Group conducts its operations in other jurisdictions where the local currency is different from the Group's reporting currency and therefore is subject to fluctuations in exchange rates. These risks are monitored by the board on a regular basis. The Group does not hedge against the effects of exchange rates.

The exposure of the Group's financial assets and liabilities to currency risk is as follows:

	GBP $'000	US$ $'000	MTN $'000	Rand $'000	Total $'000
Cash and cash equivalents	10,466	748	51	5	11,27 0
Trade and other receivables	1,421	-	530	-	1,951
Total financial assets at 31 March 2009	11,887	748	581	5	13,22 1
Trade payables	-	19	4	27	50
Other payables	498	-	236	-	734
Total financial liabilities at 31 March 2009	498	19	240	27	784

Fair values
The Directors have reviewed the financial statements and have concluded that there is no significant difference between the book values and the fair values of the assets and liabilities of the Group as at 31 March 2009.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

3. Financial risk factors (continued)

Capital risk management
The Group's objectives, when managing share capital and cumulative reserves ("Capital") is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group places funds which are not required in the short term on deposit at the best interest rates it is able to secure.

The Group plans its capital requirements regularly. The requirement for capital is satisfied by the issue of shares.

The Group has no short term borrowings and does not currently have any borrowing facilities.

The Group is under no obligation to meet any externally imposed capital requirements.

Sensitivity analysis
Financial instruments affected by market risk include cash and cash equivalents, trade and other receivables and trade and other payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's financial instruments (at period end) to changes in market variables, being exchange rates and interest rates.

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity
- all financial instruments are carried at amortised cost and therefore carrying value does not change as interest rates move
- translation of foreign subsidiaries and operations into the Group's presentation currency have been excluded from this sensitivity.

Exchange rates:	Income Statement	Equity
2009	$'000	$'000
+ 5% US$ Sterling	(572)	(572)
- 5% US$ Sterling	572	572
+ 5% US$ MTN	(16)	(16)
- 5% US$ MTN	16	16

Interest rates:

The group does not hold any financial assets other than cash whose value is affected by changes in interest rates.

	Income Statement	Equity
2009	$'000	$'000
+ 20 bp increase in interest rates	22	22
+ 50 bp increase in interest rates	56	56
- 20 bp increase in interest rates	(22)	(22)
- 50 bp increase in interest rates	(56)	(56)

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- fluctuating trade receivable and trade payable balances
- fluctuating cash balances
- changes in currency mix

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. 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:

The Group has included in intangible assets the cost attributed to the Investment Agreement concluded with the Government of Mozambique pursuant to which the Group's subsidiary ProCana Limitada ("Procana"), is entitled to develop 30,000ha in Massingir district, encompassing 24,500ha of planted sugar cane, ethanol from sugar cane plant and related transport infrastructures. The Investment Agreement also provides that the Company is required to introduce $510m of investment over 15 years.

The ability of companies in the Bio–Energy sector to raise finance for highly capital intensive projects has been curtailed in the current market. Notwithstanding this and a volatile oil price, the Board continue to see value in the Massingir project over the medium term. In the Board's view the current valuation remains a reasonable estimate and it continues to evaluate the various options open to the Group to realise the value of the project over the long term.

ProCana has been granted a provisional DUAT in respect of the estate land and is seeking a definitive DUAT for a fifty year period.

In accordance with the terms of the provisional DUAT, the full DUAT is conditional upon certain specific provisions of the investment agreement relating to the creation of favourable infrastructure and operating conditions in relation to the farming of cattle for the project's local community.

Sanctions for non compliance with the obligations under the Investment Agreement depend on the nature of the breach. In the event of non-fulfilment of the Company's obligations relating to provision of suitable favourable conditions for the local community, approval for the next phase of the project may be withheld by the Government of Mozambique.

In the event that the definitive DUAT is not issued, the Company's ability to raise the additional capital may be adversely affected. Such uncertainty could lead to an impairment of the Intangible Assets and those elements of Property, plant and equipment directly attributable to the project.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

5. Segment reporting

The directors consider that the Group's bioenergy activities in Africa are a single business and geographical segment.

6. Operating loss

Operating loss has been arrived at after charging / (crediting):

	Period to 31 March 2009 $'000
Depreciation of property, plant and equipment	98
Net foreign exchange (gains)/ losses	(26)
Staff costs (see note 7)	1,089

Amounts payable to Baker Tilly UK Audit LLP and their associates in respect of both audit and non-audit services as follows:

	Period to 31 March 2009 $'000
Group:	
Audit services	
- Non statutory audit of consolidated accounts	70
Other services	
- Transaction services	187
	257
Comprising:	
Audit services	70
Non-audit services	187
	257

The amount noted above for transaction services has been charged to the issued share capital as part of share issue costs as this represents costs incurred on the Company's fundraising when listing on the Alternative Investment Market.

NOTES T THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

7. Staff costs

The average monthly number of employees (including executive directors) employed by the Group for the period was as follows:

	2009 Number
Office and management	19
Operational	118
	137

The aggregate remuneration comprised:	Period to 31 March 2009 $'000
Wages and salaries	831
Share based payment charge	650
Compensation for loss of office	230
	1,711
Less staff costs capitalised and included in assets in course of construction	(622)
	1,089

Directors' remuneration:

	Period to 31 March 2009		
	Fees	Share-based payment	Total
P H Edmonds	31	217	248
N Brooks	72	-	72
A S Groves	31	217	248
I C Holtzhausen	35	216	251
J Neves	39	-	39
	208	650	858

On 30 March 2009, N Brooks and J Neves resigned. Termination payments of $155,000 and $75,000 respectively were made

8. Other gains and losses

	Period to 31 March 2009 $'000
Foreign exchange loss	6,294

The Company held the proceeds from the initial fundraising in sterling whilst it evaluated its investment opportunities.

9. Finance income and costs	Period to 31 March 2009 $'000
Finance income:	
- Interest income on short-term bank deposits	441
Finance costs:	
- Interest payable on borrowings from related parties	(104)
Net finance income	337

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

10. Income tax expense

	Period to 31 March 2009 $'000
Loss before tax:	(7,742)
Tax at the Mozambican corporation tax rate (30%)	(2,323)
Tax effect of expenses that are not deductible	15
Tax effect of losses not allowable	2,057
Tax effect of losses not recognised in overseas subsidiaries (net of effect of different rates)	251
Tax expense for the period	-

The Group has operations in a number of overseas jurisdictions where it has incurred taxable losses of $837,000. To date no deferred tax asset has been recognised as the requirements of IAS 12-Income Taxes have not been met.

The Company is resident for taxation purposes in the British Virgin Islands and its income is subject to British Virgin Island income tax, presently at a rate of zero.

11. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	Period to 31 March 2009 $'000
Loss for the purposes of basic earnings per share (loss for the period attributable to equity holders of the parent)	7,683
Number of shares	
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	112,643,383
Loss per share	6.8 cents

Due to the loss incurred in the period, there is no dilutive effect of share options.

The directors consider that a more relevant measure of loss per share is based on the losses incurred post the IPO on 8th September 2008 and the weighted average number of shares in issue since that date. This is calculated as follows:

Loss attributable to the equity holders of the parent	6,816
Weighted average number of ordinary	312,431,200
Loss per share post IPO	2.2 cents

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

12. Intangible assets

	$'000
Additions	47,748
Foreign exchange movement	(4,602)
At 31 March 2009	43,146

On 12 August 2008 the Company acquired 94% of the issued share capital of ProCana Limitada (see note 23). Intangible assets represent the Investment Agreement for the Massingir Fuel Energy Project concluded between the Government of Mozambique and ProCana Limitada.

13. Property, plant and equipment

	Leasehold land improvements $'000	Assets under construction $'000	Farm Equipment $'000	Other assets $'000	Total $'000
COST					
Additions	789	6,065	414	311	7,579
Exchange differences	(133)	(473)	(34)	(26)	(666)
31 March 2009	656	5,592	380	285	6,913
DEPRECIATION					
Charge for the period	2	-	64	32	98
Exchange differences	-	-	(4)	(3)	(7)
31 March 2009	2	-	60	29	91
Net book value					
31 March 2009	654	5,592	320	256	6,822

Assets under construction comprise bulk water works, drip irrigation system, design and consulting costs in respect of an ethanol plant and the clearing and preparation of farmland, together with associated administrative costs. Costs relating to assets under construction are amortised over the expected productive life of the asset and commences once the project is operating at normal capacity.

A depreciation charge of $98,000 has been included in operating expenses in the income statement for the current period.

At 31 March 2009, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to $4m.

14. Inventory

	2009 $'000
Sugar Cane Seed Beds	153

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

15. Financial assets

	Loans and receivables 2009 $'000
Current assets	
Other receivables	1,951
Cash and cash equivalents	11,270
	13,221

Included in other receivables is $1,421,000 in relation to unpaid share capital, all of which has been received since the year end. The directors consider that the carrying amount of other financial assets approximates their fair value.

16. Financial liabilities

Trade and other payables	2009 $'000
Trade payables	50
Other payables	357
Accruals and deferred income	377
	784

Trade payables, other payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The directors consider that the carrying amount of financial liabilities approximates their fair value.

The average credit period taken for trade purchases is 20 days. All amounts are due for payment within 30 days.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

17. Share capital

	Ordinary shares of no par value Allotted and issued	
	Number	$'000
At 27 April 2007	1,000	-
Issue of Shares	312,430,200	72,199
At 31 March 2009	312,431,200	72,199

On incorporation on 27 April 2007, the company had an authorised share capital of 500,000,000 ordinary shares of no par value.

Between incorporation and 18 February 2008 20,000,000 ordinary shares were issued for nil consideration to Ely Place Nominees Limited to be held in trust to be issued as incentives to employees or in connection with future transactions by the Company.

Between 21 February 2008 and 12 August 2008, a further 58,425,600 ordinary shares were issued fully paid for cash at a price of 12.5 pence per ordinary share constituting the pre IPO funding round.

On 21 July 2008 at an extraordinary general meeting the authorised share capital was increased to1,000,000,000 ordinary shares of no par value.

On 12 August 2008, 185,180,000 ordinary shares were issued fully paid in consideration for the acquisition of 94% of the issued share capital of ProCana Limitada.

On 1 September 2008, 68,825,600 ordinary shares were issued fully paid for cash at 12.5 pence per ordinary share.

Share capital issued during the period is stated net of issue costs of $2,065,000
The Company has one class of ordinary share which carries no right to fixed income.

Share Options:
At 31 March 2009, the following options over ordinary shares of no par value have been granted to directors and employees and remain unexercised:

Date of grant	Number of shares	Exercise price	Exercise period
31 July 2008	6,000,000	30p	31 July 2008 to 30 July 2013
01 December 2008	6,000,000	12.5p	01 December 2008 to 30 November 2013

A further 20,000,000 options are held by Ely Place Nominees Limited to be distributed among the employees of, directors of and consultants to the Company, as instructed by the board.

Warrants
On 5 March 2008, as part of the broking agreement, Hayward Securities (UK) Limited were granted warrants over 2,785,536 ordinary shares with an exercise price of 12.5p per share. The option lapsed unexercised on 20 February 2009.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

18. Share based payment reserve

	2009 $'000
Share based payment – employees	650
At 31 March 2009	650

The value attributed to share options during the period is credited to the share based payment reserve.

19. Translation reserve

	2009 $'000
Exchange difference on overseas operations	(5,414)
Attributable to minority interests (see note 21)	325
31 March 2009	(5,089)

Movements in the value of the Group's net investment in overseas subsidiaries are taken to this reserve.

20. Retained earnings

	2009 $'000
Loss for the period	(7,683)
31 March 2009	(7,683)

21. Minority Interests

	2009
Additions (see note 23)	2,865
Loss for the period	(59)
Movements in translation reserve attributable to minority interests	(325)
31 March 2009	2,481

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 March 2009

22. Share based payments

Equity-settled share option plan

The Group unapproved share option scheme was established to provide equity incentives to the directors of, employees of and consultants to the group. The scheme is administered by the board. The options are exercisable during a period (being not less than one year), but not longer than five years from the date of grant. Options are forfeited if the employee leaves the Group before the options vest.

	Options Number	Weighted average exercise price
Granted during the period	27,000,000	16.2p
Lapsed during the period	(15,000,000)	12.2p
Options at the end of the period	12,000,000	21.3p
Exercisable at 31 March 2009	12,000,000	21.3p

At 31 March 2009 the weighted average remaining contractual life of the options outstanding was 4.5 years.

The fair value of the options was determined using the Black-Scholes option pricing model using the following assumptions:

- Share price at the date of grant is the market price or based on 12.5p being the market price on IPO in respect of options granted before the IPO.
- The risk free interest rate is based on 5 year gilt rate at the date of grant and ranged from 3.13% to 4.84%
- The annual dividend yield is expected to be nil based on management's immediate intention to reinvest operating cash flows.
- The annual volatility is derived from the daily share prices of the Company's comparators over the year preceding the date of grant and ranged from 31.9% to 59.7%
- The expected period until exercise is based on 50% of the exercise period for each tranche of options

There are no performance conditions attached to the unexercised options at the period end.

23. Acquisition of subsidiary

On 20 March 2008, the company entered into a share exchange agreement in respect of the acquisition of 94% of the share capital in ProCana Limitada. Completion of this agreement was conditional upon consent to the transaction being given by the Government of Mozambique. The requisite consent was given on 15 July 2008, following which the Company acquired 94% of the share capital of ProCana Limitada in consideration for the issue by the Company of 185,180,000 ordinary shares on 12 August 2008.

The transaction has been accounted for as an acquisition of Assets.

24. Related party disclosures

PH Edmonds and AS Groves, directors of the Company, are also directors and shareholders of Central African Mining and Exploration Company Plc ("CAMEC").

IC Holtzhausen holds 1% of the share capital of ProCana Limitada.

On 8 August 2008 the Company entered into an agreement with CAMEC pursuant to which CAMEC agreed to provide administrative and support services to the Company for a fee of £10,000 per annum. At 31 March 2009 the amount due by the Company to CAMEC was $nil

On 11 August 2008 ProCana Limitada entered into a working capital loan agreement with CAMEC, which was superseded and replaced by a further working capital loan agreement dated 26 August. The agreement provided for a facility of up to $22m to be made available for a period of two years to 1 September 2010. On 11 August 2008, $4,187,160 being the sum of all amounts previously advanced by CAMEC to ProCana Limitada was rolled into this facility. The facility accrues interest at a rate of 7% per annum and carries a facility fee of $50,000. At 31 March 2009 the principal outstanding under this facility was $44,000 and accrued interest and fees amounted to $112,000. Following the end of the period the outstanding amounts were repaid and the facility was withdrawn.

On 11 August 2008 ProCana Limitada entered into a working capital loan agreement with Exploracoes Minerias de Mocambique Limitada ("EMM"), a subsidiary of CAMEC. The agreement provided for a facility of up to $500,000 to be made available for a period of two years to 1 September 2010. On 11 August $428,965 being the sum of all amounts previously advanced by EMM to ProCana Limitada was rolled into this facility. The facility accrues interest at a rate of 7% per annum and carries a facility fee of $2,500. At 31 March 2009 the principal outstanding under this facility was $28,000 and accrued interest and fees amounted to $10,500. Following the end of the period the outstanding amounts were repaid and the facility was withdrawn.

On 12 August 2008, the Company acquired from CAMEC its 50% holding in the share capital of ProCana Limitada as consideration for the issue of 98,500,000 ordinary shares.

At 31 March 2009, $710,000 was due from AS Groves in respect of unpaid share capital. This has been included within other receivables and has been received since the period end.

Remuneration of key management personnel
The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 *'Related Party Disclosures'*. Further information about the remuneration of individual directors is provided in note 7.

	2009 $'000
Short-term employee benefits	208
Termination benefits	230
Share-based payment	650
	1,088