



Baobab Resources plc

Interim Results for the 6 Months Ended 31 December 2009

Baobab Resources Plc. ("Baobab" or the "Company"), the iron ore, base and precious metals explorer with a portfolio of exploration projects in Mozambique, is pleased to announce its Interim Results for the six months ended 31 December 2009.

Highlights

- Baobab continues to strengthen foothold as a prominent exploration company in Mozambique, focusing efforts at its Tete iron/vanadium/titanium project;
- Maiden JORC Inferred Resource of 47.7Mt covering 500m portion of the 8km long Massamba Group trend.
- 400 – 700Mt Exploration Target estimated for greater Massamba Group area.
- Independent metallurgical and financial modelling studies point towards the viable production of high quality iron/vanadium and titanium concentrate products.
- Commencement of scout drilling campaign.

The 31 December 2009 Interim Financial Report is available on the Company's website www.baobabresources.com. Extracts from these financial statements are set out below.

25 March 2010

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BAOBAB RESOURCES plc
INTERIM RESULTS FOR THE 6 MONTHS ENDED
31 DECEMBER 2009

DIRECTORS' REPORT

Baobab Resources plc has made significant progress during the period in Mozambique, focusing its efforts on the Tete iron/vanadium/titanium Project. Work completed by the Company has culminated in the estimation of a 47.7mt maiden Inferred Mineral Resource and a 400mt to 700mt Exploration Target in the Massamba Group area. Independent scoping metallurgical studies and financial modelling indicates positive project economics in the production of high quality magnetite (iron and vanadium) and ilmenite (titanium) concentrate commodities.

During August and November 2009 the Company raised a total of £3.28m before expenses from the issue of shares.

The Board and management team remain committed to building a long term, sustainable exploration and mining business in Mozambique.

Project Report

Tete Iron Ore Project

The Tete project is located immediately north of the Zambezi River and the Provincial capital of Tete and comprises three contiguous Exploration Licences that straddle the central portion of the Tete Mafic Complex, covering an area of approximately 632km².

Tete is fast becoming a major investment centre and an emerging mining and industrial hub of southern Africa. Baobab's project shares licence boundaries with mining majors Vale and Riversdale/Tata Steel who are developing the mega coal projects of Moatize and Benga (combined resources in excess of 8 billion tonnes). Mining is due to commence in 2011 with both thermal and metallurgical coal extracted for domestic consumption and export respectively.

Low tariff hydro-electric power is readily available from the 2,075 megawatt Cahora Bassa dam. Studies are underway to expand the dam's capacity by an additional 1,300 megawatts. A new 1,500 megawatt scheme at Mphanda N'kuwa, also on the Zambezi, is in advanced planning stages and due to commence production in 2015.

Coal fired power plants have been proposed for Moatize and Benga. Riversdale has announced that the Benga power station will commence production in 2013 at an initial capacity of 500 megawatts with an option to expand to 2,000 megawatts.

The railway connecting Tete with the port of Beira is being refurbished, as is the port. The deep water port of Nacala and railway linking the port with the interior is also being refurbished under the auspices of the World Bank.

International Finance Corporation (IFC), a member of the World Bank group, participated in a placement in November 2008 subsequent to which they became the Company's second largest single shareholder. In January 2009 Baobab consolidated this strategic partnership through a joint venture agreement whereby IFC will maintain a 15% equity in the project by contributing to Tete project funding.

The project contains two areas of magnetite-ilmenite mineralisation; the Singore area to the south and the Massamba Group trend in the north. The 8km long Massamba Group trend is



composed of a series of five prospects including Chitongue Grande and Pequeno, Caangua, Chimbala and South Zone that have experienced little or no historical exploration.

Baobab commenced exploration activities at the Tete Project in 2008 completing an aeromagnetic survey, field mapping and sampling and metallurgical test work. The Company focused its 2009 activities on the Massamba Group area.

Diamond Drilling

Diamond drilling at the Chitongue Grande prospect, one of five deposits that make up the Massamba Group, commenced in April 2009. The programme was composed of 15 holes (3092m) drilled at an inclination of 60 degrees along 4 northwest-southeast traverses spaced 100m and 200m apart covering a strike length of approximately 500m.

Drilling intersected stacked packages of magnetite-ilmenite mineralisation intercalated with gabbroic and anorthositic country rock. The packages dip at moderate angles of 10 degrees to 30 degrees southeast from surface and are composed of individual horizons, varying in width from 0.5m to 30m. Vertical, fine grained mafic dykes intrude the area. Mineralisation remains open down dip on all sections.

Sample preparation was completed by ACT-UIS laboratories in Tete, Mozambique prior to despatch to ALS Chemex laboratories in Perth, Western Australia for Davis Tube Recovery (DTR) and XRF analysis.

Resource Estimate

Internationally respected consultants, Coffey Mining Pty Ltd ('Coffey'), were commissioned to complete a resource estimate based on the completed drilling programme at Chitongue Grande. Their estimate of an Inferred Mineral Resource compiled in accordance with the JORC Code is tabulated below.

The mineralised horizons contain internal partings of non-mineralised waste material which have not been sampled. Some of this material may not be preferentially mineable and would therefore act as a dilutant. Without sampling the intermediate waste partings, it has not been possible to predict what the expected weight recovery and recovered grades might be. However, based on the completed estimation, the expected average recovery for the magnetite portion of the mineralised material will be in the order of 20% with the average concentrate grade in the order of 63.7% Fe, 0.68% V₂O₅, 4.86% TiO₂, 1.3% SiO₂, 2.75% Al₂O₃, 0.001% P and 0.37% S.

<p style="text-align: center;">Tete Iron Ore Project Chitongue Grande Titano-Magnetite Prospect Mineral Resources Grade Tonnage – 15th September 2009 Reported within Material Type Horizons (Fresh, Transitional, Oxidised) Whole Rock Grade Estimates Derived by Ordinary Kriging No Lower Grade Cutoff Applied Resource Classification Based on JORC Code (2004) Guidelines</p>															
Resource Classification	Material Type	Tonnage (Mt)	Fe (%)	V ₂ O ₅ (%)	TiO ₂ (%)	SiO ₂ (%)	Al ₂ O ₃ (%)	P (%)	LOI (%)	CaO (%)	K ₂ O (%)	MgO (%)	Mn (%)	Na ₂ O (%)	S (%)
Inferred	Fresh	42.3	25.1	0.18	9.55	27.9	12.27	0.024	-0.31	4.55	0.72	4.38	0.19	2.20	0.30
	Transition	3.7	26.1	0.19	10.65	28.2	12.69	0.018	1.43	3.71	0.55	2.87	0.17	2.11	0.02
	Oxidised	1.7	27.1	0.20	11.03	27.2	12.65	0.019	1.17	3.50	0.51	2.62	0.18	2.01	0.02
Total		47.7	25.3	0.18	9.69	27.9	12.32	0.023	-0.12	4.44	0.70	4.19	0.19	2.18	0.26



Exploration Target Study

Coffey also assessed the exploration target potential of the Massamba Group area for iron / vanadium (in the form of magnetite) and titanium (in the form of ilmenite) mineralisation. While the Chitongue Grande drill hole data and resource modelling were used to assist in the characterisation of mineralisation, the resource area was not included in the area of assessment.

Due to the very high magnetic susceptibility of the targeted mineralisation, Coffey elected to utilize the Company’s high resolution aeromagnetic coverage as the primary means of assessing the potential, complemented by geological mapping, rock chip sampling and drill hole data.

Southern Geoscience Consultants completed an inversion modelling exercise of the airborne geophysical data, generating three dimensional isosurfaces for a range of magnetic susceptibilities (SI). Coffey compared the isosurfaces with the resource model at Chitongue Grande and concluded that the magnetic susceptibilities of 0.25SI and 0.3SI best encapsulated the interpreted mineralisation.

Coffey has used the 0.25SI and 0.3SI isosurfaces to digitise volumes to 250m below surface and model a range of tonnages using a density of 3.2 and a gangue discount of 40% (as presented below). An exclusion zone, with a radius of 1.2km centered on the Chitongue Grande resource, was not included in the modeling. Coffey elected not to model nor report grades in this study.

MASSAMBA GROUP AREA			
Indicative Tonnages (Excluding Chitongue Grande Resource area)			
Magnetic Susceptibility (SI)	To Depth (m)	Density (g/cm3)	Tonnage (Mt - rounded)
0.25	-250	3.2	700
0.3	-250	3.2	400

The information in this report relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the term(s), Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource, in cases other than the Chitongue Grande deposit.

Conceptual Scoping study

Coffey was then commissioned to complete a desk top scoping study based on the drill hole analytical results, 2008 bulk sample test work and limited petrographic analysis of drill core.

The preliminary petrography report and Davis Tube Recovery (DTR) analysis of Chitongue Grande drill core demonstrated amenability to the production of two separate concentrate products through a primary Low Intensity Magnetic Separation (LIMS) circuit, followed by the re-processing of the non-magnetic tails through a gravity separation and High Intensity Magnetic Separation (HIMS) circuit. The concentrate characteristics would be:

- **LIMS:** a high grade magnetite ferro-vanadium concentrate grading 67% - 70% Fe, 0.6% - 1.0% V₂O₅ and 1.3% to 3.5% TiO₂ at a mass recovery of 20 - 25%. All other deleterious elements would be within acceptable limits.
- **HIMS:** an ilmenite concentrate grading 50% TiO₂ and 10% - 15% Fe at a mass recovery of 8% - 14%.

Although the Chitongue Grande results indicated a 20% to 25% mass recovery, the bulk sampling test work from Chitongue Pequeno and Caangua prospects and rock chip DTR analysis from other areas within the project (completed during 2008) reported considerably higher mass recoveries in excess of 50% for the ferro-vanadium concentrate. It is considered that significant improvement of the overall mass recovery may be achieved if the Chitongue Grande feed is blended with other, high recovery feed stocks in the proposed processing plant.

The study concluded that there were a number of processing options that could be applied to the Tete deposit and that there was considerable upside that may yet result from further optimisation of various processing route options via laboratory test work. The ilmenite concentrate in particular may then be further processed through roasting, chemical or pyrometallurgical processing methods to produce a higher grade concentrate.

Coffey also completed a financial modelling exercise, drawing together the results of the resource estimate and exploration target assessment and mineral process analysis. Additional parameters were based on a suite of industry standard assumptions.

A base case scenario of a 300Mt resource and 10Mtpa mill throughput producing magnetite and ilmenite concentrates was modelled. The analysis indicates that the Tete project is likely to be economically viable based on US\$0.90/dmtu* (significantly less than current prices), a magnetite mass recovery of 30% and a 15% credit for the V₂O₅ component of the ferro-vanadium concentrate. It is Coffey's belief that an overall mass recovery in excess of 30% would be achievable based on the work completed to date over the Tete project area.

The study has identified key sensitivities that influence the project economics. These include; strip ratio, mass recovery, concentrate grade, commodity prices, resource base and mill through put.

* dmtu: *Dry Metric Tonne Unit*

Scout Drilling Programme – South Zone

The South Zone prospect was first recognised by the Company during its 2008 high resolution aeromagnetic survey, as a 2.5km long north-south zone of high magnetic response immediately south of the known Massamba Group prospects. An initial field verification survey in late 2008 mapped out large, previously unrecorded massive magnetite-ilmenite outcrops.

Detailed mapping during November 2009 has further resolved the geological parameters of the prospect: primary iron, vanadium and titanium mineralisation occurs as cumulate sequences within the gabbro / anorthosite suite. The enrichment of the ore bearing minerals of magnetite and ilmenite varies from 10% to 90% over widths ranging from one to in excess of fifty metres. The mineralisation is similar to that observed in the Chitongue Grande drill core and appears to be steeply dipping.

A secondary phase of mineralisation, in the form of a vertical massive magnetite-ilmenite intrusive dyke, outcrops as a chain of small ridges along the western margin of the magnetic anomaly. The dyke has an apparent thickness in excess of 20m and appears to crosscut the primary mineralisation.

Three diamond drill holes (TDH0016 to 18) have been completed to date at South Zone for an aggregate total of 532.5m, targeting the downdip extensions to outcrops of the massive intrusive style mineralisation. Drilling has intersected significant widths of both the primary and secondary styles of mineralisation. DTR analysis of mineralised zones returned significant concentrate intercepts including:



- **TDH0016: 14.7m @ 60.0% Fe, 0.65% V₂O₅, 9.05% TiO₂ from 24.5m (28.3% mass recovery)**
- **TDH0017: 43.5m @ 64.5% Fe, 0.66% V₂O₅, 6.23% TiO₂ from 56m (36.6% mass recovery)**
- **TDH0018: 55.0m @ 62.9% Fe, 0.73% V₂O₅, 5.07% TiO₂ from 25.0m (23.3% mass recovery)**

Reconnaissance Exploration – Singore Prospect

The Singore area lies approximately 12km to the south and southeast of the Massamba Group. The area has been divided into two contiguous prospects; Singore West and Singore East. While massive magnetite-ilmenite outcrops underlying Singore West have experienced limited historical exploration (trenching and mapping in the 1960's and 1980's), the Singore East area, where geophysical imaging outlines significant magnetic lineations traceable over distances of up to 6km, remains entirely unexplored.

In November/December 2009, Baobab commenced reconnaissance field investigations of the Singore East area, focusing on three linear, northeast oriented, zones of strong magnetic response (SELIN01, SELIN02 and SELIN03). Substantial widths of magnetite-ilmenite mineralisation, up to 50m wide, were mapped at the eastern-most zone (SELIN01) over a strike length of 850m. At SELIN02, located 2km to the west of SELIN01, mineralisation up to 15m wide was traced over 600m of strike, while at SELIN03, 1.5km west of SELIN02, two coherent zones of mineralisation, each approximately 300m long, were mapped out. A total of 26 rock chip samples were collected for analysis. DTR concentrate grades included:

- **62.5% Fe, 5.41% TiO₂, 0.98% V₂O₅, 42.9% Mass Recovery (sample 011277)**
- **64.1% Fe, 4.61% TiO₂, 0.97% V₂O₅, 47.7% Mass Recovery (sample 011292)**
- **62.6% Fe, 6.04% TiO₂, 1.01% V₂O₅, 51.9% Mass Recovery (sample 011293)**

The outcome of the reconnaissance work at Singore East is particularly encouraging as it has opened up highly prospective, virgin exploration ground close to the Company's area of core activity. While the Massamba Group remains the focus of the 2010 drilling campaign, Baobab's technical team will be rapidly developing the knowledge base at Singore with the view to targeting scout drill holes as soon as practicable.

Forward Programme

While the Company has rapidly advanced the Tete project over the past 12 months, there remains a significant amount of work to complete a comprehensive assessment.

It is the Company's objective is to rapidly advance the Tete project towards feasibility studies over the coming 12 to 18 months. The next cycle of exploration activities will include:

- ~12,000m diamond and reverse circulation (RC) scout drilling programme in the Massamba Group area (Chimbala and South Zone prospects) to improve confidence in Exploration Target
- Priority 1 areas to be followed up with step-out resource drilling targeting 300Mt
- Continued metallurgical test work and market studies to determine optimal process flow sheets
- Ongoing scoping studies



- Opening preliminary negotiations with government departments, suppliers, end users and key stake holders
- Preliminary assessment of high priority aeromagnetic targets in the Singoe area

Considering all factors, the Tete Project has confirmed itself this year to be of high potential and Baobab will continue to rapidly advance its development during the coming year.

Mundonguara Copper/Gold/Nickel Project

During 2008 the Company announced a Stage 1 JORC Inferred Mineral Resource Estimate on the 1km long Mine portion of the Mundonguara Project of 3.1Mt @ 1.4% copper, 0.11 g/t gold, 2.1g/t silver.

This resource estimate, in conjunction with a soil geochemical survey, geophysical interpretation, trenching and RC drilling results indicate that the Mundonguara System is significantly larger than previously recognized, with mineralization remaining open at depth and along strike.

Potential for significant tonnages of ore exists in three areas:

- Down plunge extensions of exploited ore zones within the mine where drilling has confirmed their continuity.
- Western strike extension of the System for an additional +2km.
- Structurally off-set continuations of the mine sequence approximately 2.5km to the northeast where MMI soil geochemical sampling has identified copper anomalies of a similar tenor as those overlying the mine. These continuations represent a further 1.5km of strike potential.

During 2009 Mundonguara exploration work was largely suspended due to limited funding opportunities in the wake of the financial crisis.

Baobab is keen to progress the potential of Mundonguara with diamond and RC drilling budgeted for the coming year, which will assess the western strike potential of the copper system as well as drill testing the coincidence of extensive nickel-in-soil anomalism and induced polarity (IP) anomalies.

Greenfield Projects

At the **Changara Project** (Sedex / Broken Hill Type Base & Precious Metals) an extensive soil sampling survey completed in 2008 delineated significant multi-element anomalies, traceable over strike lengths of up to 2.5km, and associated with lower Proterozoic lithological margins, fold closures and dome/intrusive features. Some 12 first priority multi-element lead/zinc/copper targets are identified for infill soil sampling and geological mapping.

A comprehensive stream sediment programme was completed over the **Sussundenga/Bandire Project** area (lode gold targets) during the reporting period, identifying numerous drainage catchments for follow-up field work.

Geological mapping program is scheduled for the **Senga Senga** licenses (Telfer Type gold/copper model).

It is the Company's objective to secure joint venture agreements in order to accelerate exploration of the greenfields assets.



Outlook

Over the past 12 months the Company has developed the Tete project from a concept to a Company flagship. While there is still a significant amount of work ahead, the salient fundamentals of the project continue to fall into place:

- The maiden 47.7Mt Inferred Resource and 400 – 700Mt Exploration Target exceeds perceived requirements with respect to resource scale.
- Metallurgical test work points towards the viable production of discrete, high quality magnetite/vanadium and titanium concentrate products with potentially significant downstream upside.
- The project is strategically located to access existing and expanding infrastructure and complementary resources.
- Ideal partnership with the IFC for a project of this scale.

2010 will be an exciting year for Baobab as the Company continues to drive the Tete project towards feasibility. Funding secured during the reporting period, in conjunction with the ongoing commitment by IFC, means the Company is fully funded to complete planned scout drilling and metallurgical campaigns. Current market sentiment and longer term iron ore and related metals forecasts are positive, making the bulk commodity space an exciting arena in which to be working.

Baobab also owns a suite of enviable base and precious metal assets in its portfolio. The Company is confident that it will be able to move them forward by way of further institutional support and joint venture initiatives.

Ben James
Managing Director

25 March 2009

Competent Persons Statement

The information in this release that relates to Exploration Results is based on information compiled by Managing Director Ben James (BSc). Mr James is a Member of the Australasian Institute of Mining and Metallurgy, is a Competent Person as defined in the Australasian Code for Reporting of exploration results and Mineral Resources and Ore Reserves, and consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 6 MONTHS ENDED 31 DECEMBER 2009**

	Consolidated 6 Months Ended 31 Dec 09 (Unaudited) GBP	Consolidated 6 Months Ended 31 Dec 08 (Unaudited) GBP	Consolidated Year Ended 30 June 09 (Audited) GBP
Continuing operations			
Other Operating Income	21,541	13,357	285,525
Exploration Expenses	(434,843)	(529,083)	(1,265,810)
Administrative Expenses	(373,683)	(332,846)	(571,085)
Loss from operations before tax	(786,985)	(848,572)	(1,551,370)
Income tax expense	-	-	-
Loss for the period attributable to equity holders	(786,985)	(848,572)	(1,551,370)
Other comprehensive income			
Foreign currency translation differences	141,276	(48,330)	(12,200)
Other comprehensive income(loss) for the period, net of tax	141,276	(48,330)	(12,200)
Total comprehensive loss for the period attributable to equity holders	(645,709)	(896,902)	(1,563,570)
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Loss per share (basic and diluted)	(0.63)	(1.23)	(1.86)
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Total Number of shares on Issue	158,931,836	85,078,502	96,078,502
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Weighted average number of shares	125,669,103	68,774,154	83,423,709



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2009**

	Consolidated 31 Dec 09 (Unaudited) GBP	Consolidated 31 Dec 08 (Unaudited) GBP	Consolidated 30 June 09 (Audited) GBP
Non-Current Assets			
Property, Plant & Equipment	41,004	82,464	58,271
Mineral Properties	-	-	-
Total Non-Current Assets	41,004	82,464	58,271
Current Assets			
Trade and other receivables	338	3,172	1,559
Cash and cash equivalents	2,949,946	466,288	528,760
Total Current Assets	2,950,284	469,460	530,319
Total Assets	2,991,288	551,924	588,590
Current Liabilities			
Trade and other payables	204,806	159,726	377,326
Total Current Liabilities	204,806	159,726	377,326
Total Liabilities	204,806	159,726	337,326
Net Assets	2,786,482	392,198	211,264
Equity			
Share Capital	4,108,325	727,790	960,785
Share Premium	4,247,623	4,029,617	4,247,623
Reserves – options and warrants	594,905	490,209	521,518
Reserves – foreign currency translation	42,771	(138,059)	(98,505)
Accumulated loss	(6,207,142)	(4,717,359)	(5,420,157)
Total Equity	2,786,482	392,198	211,264



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE 6 MONTHS ENDED 31 DECEMBER 2009**

	Consolidated 6 Months Ended 31 Dec 09 (Unaudited) GBP	Consolidated 6 Months Ended 31 Dec 08 (Unaudited) GBP	Consolidated Year Ended 30 June 09 (Audited) GBP
Cash flows from operating activities			
Net Loss for the period	(786,985)	(848,572)	(1,551,370)
Movement in Trade and Other Receivables	1,218	70,411	73,110
Depreciation	24,397	28,632	54,663
Movement in Trade and other Payables	(172,524)	(67,910)	149,691
Mineral Properties Written Off	-	498,315	1,010,992
Currency translation adjustment	141,280	(48,830)	(12,200)
Non Cash Benefits	73,387	-	31,309
Net cash used in operating activities	(719,227)	(367,954)	(520,125)
Cash flows from investing activities			
Purchases of Mineral Properties	-	(498,315)	(1,010,992)
Purchases of property, plant and equipment	(7,127)	-	-
Net cash flows used in investing activities	(7,127)	(498,315)	(1,010,992)
Cash flows from financing activities			
Proceeds from issues of shares	3,285,020	500,000	951,000
Share Issue Costs	(137,480)	(30,500)	(30,500)
Net cash flows from financing activities	3,147,540	469,500	1,196,820
Net increase/(decrease) in cash and cash equivalents	2,421,186	(396,769)	(334,297)
Cash and cash equivalents at beginning of the period	528,760	863,057	863,057
Cash and cash equivalents at end of the period	2,949,946	466,288	528,760



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Warrants & Option Reserve £	Foreign Currency Translation Reserve £	Retained Earnings £	Total Equity £
Balance at 1 July 2008	650,785	3,637,123	490,209	(86,305)	(3,868,787)	823,025
Translation Reserves	-	-	-	(12,200)	-	(12,200)
Net income recognised directly in equity	-	-	-	(12,200)	-	(12,200)
Net loss for the year	-	-	-	-	(1,551,370)	(1,551,370)
Total comprehensive income for the period	-	-	-	(12,200)	(1,551,370)	(1,563,570)
Share issued	310,000	610,500	-	-	-	920,500
Exploration share based compensation	-	-	31,309	-	-	31,309
30-Jun-09	960,785	4,247,623	521,518	(98,505)	(5,420,157)	211,264

	Share Capital £	Share Premium £	Warrants & Option Reserve £	Foreign Currency Translation Reserve £	Retained Earnings £	Total Equity £
Balance at 1 July 2009	960,785	4,247,623	521,518	(98,505)	(5,420,157)	211,264
Translation Reserves	-	-	-	141,276	-	141,276
Net income recognised directly in equity	-	-	-	141,276	-	141,276
Net loss for the year	-	-	-	-	(786,985)	(786,985)
Total comprehensive income for the period	-	-	-	141,276	(786,985)	(645,709)
Share issued	3,147,540	-	-	-	-	3,147,540
Share based compensation	-	-	73,387	-	-	73,387
31-Dec-09	4,108,325	4,247,623	594,905	42,771	(6,207,142)	2,786,482



NOTES TO THE INTERIM FINANCIAL REPORT

Note 1 ACCOUNTING POLICIES

The interim results are unaudited and do not comprise full accounts within the meaning of Section 434 of the Companies Act 2006. They are prepared under International Financial Reporting Standards Accounting Principles and in accordance with accounting policies set out in the financial statements for the year ended 30 June 2009 and these policies will be used for the year ended 30 June 2010.

Note 2 SUBSEQUENT EVENTS

In January 2010 the Company issued 4,200,000 unlisted incentive options to certain Directors and employees. These options were issued at an exercise price of 10 pence with an expiry date of 30th June 2013.

Note 3 DIVIDENDS

No interim dividend is being paid or proposed.

Note 4 LOSS PER SHARE

Loss per share has been calculated on weight average number of Ordinary Shares in issue.