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10 June 2009

KEFI MINERALS PLC
("KEFI MINERALS" or the "COMPANY")

RESULTS FOR YEAR ENDED 31 DECEMBER 2008

KEFI Minerals, the AIM quoted gold and copper exploration Company with projects in Turkey, is pleased to announce results for the year ended 31 December 2008.

HIGHLIGHTS

- Formation of a joint venture on the Artvin Project in Turkey with Canadian based Centerra Gold Inc
- Drilling at both Artvin and Derinin Tepe Projects yielding encouraging mineralisation
- Improvement of the exploration portfolio in Turkey with the addition of two new project areas
- Evaluation of numerous joint venture and acquisition opportunities in Turkey and the surrounding region culminating in the formation of a joint venture in the Kingdom of Saudi Arabia in 2009

KEFI Minerals' Managing Director, Jeff Rayner, commented:

"Looking to 2009, the year will be a very active one for the Company.

Our objectives are to rapidly assess the Company's current projects in Turkey and to advance them as warranted by results; to conduct initial exploration of the large (1,000 km2) Saudi Arabian exploration licence applications; and to identify the most prospective areas in Turkey and Saudi Arabia for potential acquisition and evaluation.

Our team continues to strive towards these objectives with an appropriate focus on the balance between costs and the potential returns generated"

Enquiries

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Chairman's Statement

Despite the global financial crisis, KEFI Minerals has continued to make steady progress towards its key objective of discovering and developing economic mineral deposits.

The global financial crisis has caused severe challenges for KEFI Minerals, following the downturn in equity markets for exploration companies and the consequent effect on our funding capability.

Our small team of dedicated professionals is targeting large epithermal gold or porphyry gold-copper systems analogous to several >1 million ounce gold deposits recently discovered and developed in Turkey. This is being done in a manner that is cost effective and minimises risk for our Company, whilst maximising the odds of making a significant discovery.

The Company's progress on exploring its projects in Turkey and assessing numerous opportunities during the year has been accomplished during a period of extreme contraction in the global financial markets. In response to these challenges, your Board has taken action to further reduce costs on an already low cost base.

Exploration Strategy

In 2008 KEFI Minerals concentrated on exploring the prolific minerals endowment of Turkey. Turkey is widely recognised as being stable and foreign investment-friendly, and as having a long mining history, prospective geology, excellent infrastructure, and favourable mining, tax and investment laws.

We examined many proposals from owners of exploration properties in Turkey who are interested in partnering with our Company. This process also led us to consider many opportunities in the region surrounding Turkey and to the launch of a major new initiative in Saudi Arabia.

KEFI Minerals' exploration strategy is based on the following concepts:

- Combining strong international and local knowledge in exploration models and techniques;
- Selecting areas within prospective stratigraphic and structural settings with a high potential for gold mineralisation in particular;
- Exploring projects as a package rather than individual isolated prospects;
- Rapidly identifying, prioritising and assessing targets; and
- Creating effective working relationships and further developing knowledge using an established local team.

The object of this strategy is to add value for shareholders by:

- Advancing our projects to resource stage through drilling;
- Targeting resources of >1 million ounces of gold in particular, or equivalent through exploration; and
- Identifying and fostering high-quality joint venture opportunities, with both international and local partners, in order to source capital and manage financing costs.

Strategic Alliances

KEFI Minerals leverages its technical expertise and available funding by entering into strategic alliances. Its first such alliance was with EMED Mining Public Limited of which I am Managing Director and which provides commercial, technical and administrative support and personnel on a cost-recovery basis, thus enabling the KEFI Minerals' staff to minimise overheads and focus on exploration.

In 2008, the Company expanded on its approach of forming strategic alliances with appropriate partners. The Artvin Joint Venture was formed in October 2008 with a subsidiary of Centerra Gold Inc. ("Centerra"), a Canadian-based gold mining and exploration company. Centerra has the right to earn up to 70% interest in the property by spending US$6 million over five years.

In 2009, this approach is set to continue. The mineral potential in the Kingdom of Saudi Arabia is of interest to the Company and a new joint venture was announced in May 2009 with Abdul Rahman Saad Al-Rashid & Sons Company Ltd. ("ARTAR"), a leading Saudi construction and investment group.

The primary target of the new joint venture (known as "GEMCO") is the discovery and development of a >1 million ounce gold deposits in the under explored Precambrian Arabian Shield of Saudi Arabia. KEFI Minerals is the operating partner with a 40% interest with Abdul Rahman Saad Al-Rashid & Sons Company Ltd. holding the remaining 60% and providing local support services.

The GEMCO partners have over the past year have developed the initial database, conducted initial field reconnaissance and lodged applications for approximately 1,000 km^2 of exploration licences.

Funding

KEFI Minerals completed a private placement raising £585,000 in March 2009. Exploration expenditure at our Artvin Project is planned to be funded entirely by Centerra.

EMED Mining remains supportive and participated in this placing to retain its 32% interest in KEFI Minerals. EMED Mining is owned by a range of mining industry specialists, primarily from Australia, South Africa, United States and the United Kingdom.

Outlook

KEFI Minerals' aim is to add value to our projects and create wealth for our stakeholders through the cost-effective acquisition or discovery and subsequent development of mineral resources.

In 2009, the Company will continue the progress in areas where its technical excellence is leveraged via its carefully structured strategic alliances. The strength in the gold market (with the current gold price in the vicinity of US$900 per ounce), combined with the opportunities identified by the Company, provides us with an exciting opportunity to create exceptional value for shareholders – subject to the Company continuing its tight focus and risk-management.

I remain optimistic that the depth and quality of your Company's projects, its opportunities and the experience of your Board and executive team will enable your Company to weather the current challenges and become a stronger organisation that warrants your support.

I would like to thank our shareholders, management and the families behind them for their patience and support. It is hard enough to build an organisation at the best of times. To do so during the current global financial crisis calls for special commitment and performance from special people. And we are fortunate to have such a team.

Harry Anagnostaras-Adams
Chairman

Managing Director's Statement

During 2008, our team focused on exploration of our projects in Turkey coupled with discrete preparations for the formation of a new joint venture in Saudi Arabia.

Key accomplishments during 2008 include:

- Forming a Joint Venture on the Artvin Project with Centerra Gold.
- Drilling at our Artvin and Derinin Tepe Projects both intercepting encouraging mineralisation;
- Improving our exploration portfolio in Turkey with the addition of two new project areas and relinquishing two other project areas;
- Evaluating numerous joint venture and acquisition opportunities in Turkey and the surrounding region but successfully focusing on forming the GEMCO joint venture in the Kingdom of Saudi Arabia, which was announced in May 2009.

Health and Safety

No lost time injuries were sustained by employees or contractors during the course of the Company's exploration activities during the year.

KEFI Minerals promotes awareness of positive health and safety practices with all employees and actively encourages continuous improvements in this area.

Environment

All of the Company's exploration activities are undertaken with the aim of minimising any environmental impact. A key aspect of the Company's Exploration Environmental Policy is to rehabilitate all project areas disturbed by our exploration activities. For example, drill sites have been acccordingly rehabilitated as soon as practicable after the completion of drilling.

Exploration Portfolio

In **Turkey**, KEFI Minerals' four most advanced projects are:

- Artvin in northeast Turkey which is very prospective for both volcanic-hosted massive sulphide and porphyry copper style deposits;
- Derinin Tepe in western Turkey which is a low-sulphidation, epithermal gold-silver deposit that was mined by the Romans using a primitive method of cut-and-fill mining;
- Bakir Tepe in southwestern Turkey which is prospective for Cyprus-style volcanic-hosted massive sulphide copper-gold-zinc deposits; and
- Yatik in western Turkey which is prospective for low-sulphidation, epithermal gold-silver mineralisation.

The Company's Gumushane, Muratdag and Hasancelebi Projects in Turkey are at an earlier stage of evaluation. The Meyvali and Karalar tenements were relinquished during the year following geochemical surveys that downgraded their prospectivity.

During the year, KEFI Minerals acquired seven new Exploration Licences (78 km^2) at Bakir Tepe and a single Exploration Licence (20 km^2) at Hasancelebi through successfully bidding in Government licence auctions and through applying for vacant ground. The Company now has granted title covering 454km^2 in area.

KEFI Minerals makes considerable efforts towards upgrading its exploration portfolio. Our geologists evaluated numerous opportunities during 2008. The most prospective of these exploration properties and mines were visited and sampled by our team. However, the majority of these projects did not meet our exploration requirements or we were unable to meet the expectations of the vendors.

In the **Kingdom of Saudi Arabia**, the GEMCO partners have lodged 10 applications for exploration licences that cover 100 km^2 each. These areas all contain historic workings for gold and some have historic copper workings.

Subject to regulatory permitting, exploration in Saudi Arabia is planned to comprise initial prospecting of some targets that have already been identified.

Major gold deposits in the Precambrian Arabian-Nubian Shields include Centamin's Sukari deposit (>13 million ounces) and Ma'adens' Mahd adh Dhahab mine (>6 million ounces) and Ma'adens' recently discovered deposits which total more than 8 million ounces.

Exploration Approach

KEFI Minerals encourages prospectors and miners to contact us with proposals and aims to respond to them promptly and fairly.

Our proprietary database and experienced exploration team enables us to rapidly filter and evaluate exploration properties that are offered to us as well as assessing tenements relinquished by other explorers.

KEFI Minerals owns an extensive exploration database which contains information regarding approximately 100 further prospective sites in Turkey. Unlike most countries, Turkey does not have an open-file reporting system whereby exploration data from previous work on an area can be made available to the current titleholder. KEFI Minerals' database thus provides a competitive advantage in identifying prospective areas for project generation in Turkey.

We will continue to evaluate advanced opportunities and to monitor the exploration licence status of geologically prospective areas on an ongoing basis so that KEFI Minerals can acquire further exploration opportunities as soon as they become available.

Our approach includes working with strategic partners whose assets and skills complement the strong exploration skills of our team, as exemplified by our recent GEMCO joint venture in Saudi Arabia.

Over the past year, the GEMCO partners have created a substantial database of historic workings, geology, geophysics, remote sensing, prospect geology, alteration studies, and structural interpretation. This database, combined with limited initial field reconnaissance, enabled the extensive ancient workings to be rapidly assessed for the potential to host major mineral deposits.

This has allowed for rapid identification and quality assessment of extensive ancient workings and selective targeting for potentially major mineral deposits, with 10 ELA's (1,000 km^2) submitted.

Outlook for 2009

Looking to 2009, the year will be a very active one for the Company and we will continue our exploration focus whilst aiming to progress one or more of our projects towards production.

The primary objectives for 2009 are:

- to rapidly assess the Company's current projects in Turkey and to advance them as warranted by results;
- to conduct initial exploration of the large (1,000 km2) Saudi Arabian exploration licence applications; and
- to identify the most prospective areas in Turkey and Saudi Arabia for potential acquisition and evaluation.

Our team continues to strive towards these objectives with an appropriate focus on the trade-off between costs and the potential returns generated if our efforts are successful.

Jeffrey Rayner
Managing Director

Copies of the annual report and accounts will be dispatched to shareholders on or around 10 June 2009 and will be available from the Company's website – www.kefi-minerals.com from that date. The Company's Annual General Meeting is to be held at the offices of Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA at 12.00pm on 3 July 2009.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2008

	Notes	31.12.08 GBP'000	24.10.06-31.12.07 GBP'000
Revenue		-	-
Exploration costs		(677)	(797)
Gross loss		(677)	(797)
Administrative expenses		(563)	(488)
- share-based benefits		(89)	(167)
Impairment charge – goodwill		-	(364)
Operating loss	4	(1,329)	(1,816)
Foreign exchange profit		185	93
Finance income	7	12	39
Finance costs	8	(5)	(3)
Loss before tax		(1,137)	(1,687)
Tax	9	-	-
Net loss for the year		(1,137)	(1,687)
Loss per share (GBP)	10	0.01	0.02

The company has taken advantage of the exemption conferred by section 230 of Companies Act 1985 from presenting its own income statement. Loss after taxation amounting to £718,919 (2007: £738,391) has been included in the financial statements of the parent company.

BALANCE SHEETS
31 December 2008

	Notes	The Group 2008 GBP'000	The Company 2008 GBP'000	The Group 2007 GBP'000	The Company 2007 GBP'000
ASSETS					
Non-current assets					
Property Plant and Equipment	11	36	-	47	-
Goodwill	12	-	-	-	-
Fixed asset investments	13	-	2	-	2
Trade and other receivables	14	-	1,651	-	1,136
		36	1,653	47	1,138
Current assets					
Trade and other receivables	14	109	-	43	-
Cash and cash equivalents	15	293	288	502	472
		402	288	545	472
Total assets		438	1,941	592	1,610
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	16	1,296	1,296	1,088	1,088
Share premium	16	1,347	1,347	991	991
Share options reserve	17	256	256	167	167
Exchange difference reserve		(292)	-	(86)	-
Accumulated losses		(2,824)	(1,457)	(1,687)	(738)
Total equity		(217)	1,442	473	1,508
Non-current liabilities					
Advances received	18	266	266	-	-
		266	266	-	-
Current liabilities					
Trade and other payables	19	389	233	119	102
		389	233	119	102
Total liabilities		655	499	119	102
Total equity and liabilities		438	1,941	592	1,610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2008

	Share capital GBP'000	**Share premium GBP'000**	**Share options reserve GBP'000**	**Accumulated losses GBP'000**	**Exchange Difference reserve GBP'000**	**Total GBP'000**
Exchange difference on translation of subsidiaries	-	-	-	-	(86)	(86)
Net income recognized directly in equity	-	-	-	-	(86)	(86)
Net loss for the period	-	-	-	(1,687)	-	(1,687)
Total recognized income and expense for the year	-	-	-	(1,687)	(86)	(1,773)
Recognition of share based payments	-	-	167	-	-	167
Issue of share capital	1,088	1,396	-	-	-	2,484
Share issue costs	-	(405)	-	-	-	(405)
At 31 December 2007	1,088	991	167	(1,687)	(86)	473
Exchange difference on translation of subsidiaries	-	-	-	-	(206)	(206)
Net income recognized directly in equity	-	-	-	-	(206)	(206)
Net loss for the year	-	-	-	(1,137)	-	(1,137)
Total recognized income and expense for the year	-	-	-	(1,137)	(206)	(1,343)
Recognition of share based payments	-	-	89	-	-	89
Issue of share capital	208	416	-	-	-	624
Share issue costs		(60)	-	-	-	(60)
At 31 December 2008	1,296	1,347	256	(2,824)	(292)	(217)

COMPANY STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2008

	Share capital GBP'000	Share premium GBP'000	Share options reserve GBP'000	Accumulated losses GBP'000	Total GBP'000
Net loss for the period	-	-	-	(738)	(738)
Total recognized income and expense for the year	-	-	-	(738)	(738)
Recognition of share based payments	-	-	167	-	167
Issue of share capital	1,088	1,396	-	-	2,484
Share issue costs	-	(405)	-	-	(405)
At 31 December 2007	1,088	991	167	(738)	1,508
Net loss for the year	-	-	-	(719)	(719)
Total recognized income and expense for the year	-	-	-	(719)	(719)
Recognition of share based payments	-	-	89	-	89
Issue of share capital	208	416	-	-	624
Share issue costs		(60)	-	-	(60)
At 31 December 2008	1,296	1,347	256	(1,457)	1,442

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2008

	Notes	31.12.08 GBP'000	24.10.06-31.12.07 GBP'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(1,137)**	(1,687)
Adjustments for:			
Depreciation of property, plant and equipment	11	**23**	13
Share-based benefits	17	**89**	167
Impairment charge – goodwill		**-**	364
Interest income	7	**(12)**	(39)
Exchange difference on translation of subsidiaries		**(218)**	(86)
		(1,255)	(1,268)
Changes in working capital:			
Trade and other receivables		**(66)**	(76)
Trade and other payables		**270**	119
		204	43
Net cash used in operating activities		**(1,051)**	(1,225)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment	11	**-**	(64)
Proceeds from disposal of property, plant and equipment	11	**-**	7
Acquisition of subsidiaries	20	**-**	(334)
Advances from Centerra Gold (KB) Inc.	18	**266**	-
Interest received	7	**12**	39
Net cash generated/(used) in investing activities		**278**	(352)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**624**	2,484
Listing and issue costs		**(60)**	(405)
Net cash from financing activities		**564**	2,079
Net (decrease)/increase in cash and cash equivalents		**(209)**	502
Cash and cash equivalents:			
At beginning of the period	15	**502**	-
At end of the period	15	**293**	502

COMPANY CASH FLOW STATEMENT

Year ended 31 December 2008

	Notes	31.12.08 GBP'000	24.10.06-31.12.07 GBP'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(712)**	(738)
Adjustments for:			
Share-based benefits	17	**89**	167
Interest income	7	**(12)**	(39)
		(635)	(610)
Changes in working capital:			
Trade and other receivables		**(515)**	(1,136)
Trade and other payables		**124**	102
		(391)	(1,034)
Net cash used in operating activities		**(1,026)**	(1,644)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries	20	**-**	(2)
Advances from Centerra Gold (KB) Inc.	18	**266**	-
Interest received	7	**12**	39
Net cash from investing activities		**278**	37
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**624**	2,484
Listing and issue costs		**(60)**	(405)
Net cash from financing activities		**564**	2,079
Net (decrease)/increase in cash and cash equivalents		**(184)**	472
Cash and cash equivalents:			
At beginning of the period	15	**472**	-
At end of the period	15	**288**	472

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2008

1. Incorporation and principal activities

Country of incorporation
KEFI Minerals Plc (the "Company") was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28 Eastcastle Street, London W1W 8DH.

Principal activities
The principal activities of the Group for the period are:
- To explore for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- To evaluate mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- To develop, operate mineral deposits and market the metals produced.

2. Accounting policies

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

Basis of preparation and consolidation
The company and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They comprise the accounts of KEFI Minerals Plc and all its subsidiaries made up to 31st December 2008. The company and the consolidated financial statements have been prepared under the historical cost convention.

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

The financial information has been prepared on the going concern basis, the validity of which depends principally on the discovery of economically viable mineral deposits and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Company's exploration activities. The financial information does not include any adjustments that would arise from a failure to complete either option.

Functional and presentational currency

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

Foreign currency translation

(1) Foreign currency translation

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

(2) Foreign operations

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

Revenue recognition

Revenue consists of the amounts receivable from exploration tenements, technical data, precious and base metals sold.

The Group had no sales/revenue during the period under review.

Interest income

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

Tangible fixed assets

Tangible fixed assets are stated at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition less depreciation.

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

Furniture, fixtures and office equipment	10%
Motor Vehicles	20%

Acquisitions and goodwill

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

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

Goodwill is reviewed for impairment on an annual basis. When the directors consider the initial value of the acquisition to be negligible, the goodwill is written off to the Income Statement immediately. Trading results of acquired subsidiary undertakings are included from the date of acquisition.

Goodwill is deemed to be impaired when the present value of the future cash flows expected to be derived is lower than the carrying value. Any impairment is charged to the Income Statement immediately.

Finance costs
Interest expense and other borrowing costs are charged to the income statement as incurred.

Tax
The tax payable is based on taxable profit for the period. Taxable profit differs from net 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.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 generally recognized for all taxable differences and deferred tax assets are recognized to the extent that taxable profits will be available against which deductible temporary differences can be utilized.

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

Investments
Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Exploration costs
The Group has adopted the provisions of IFRS 6 “Exploration for and Evaluation of Mineral Resources”. The Group’s stage of operations as at the period end and as at the date of approval of these financial statements have not yet met the criteria for capitalisation of exploration costs.

Share-based compensation benefits
IFRS 2 “Share-based Payment” requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each balance sheet date. The total amount expensed is recognised over the vesting period, which is the period over which performance conditions are to be satisfied.

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

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

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

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

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

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

3. Financial risk management

Financial risk factors

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

Interest rate risk

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

Interest rate risk (continued)

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

	2008	**2007**
Variable rate instruments	GBP'000	GBP'000
Financial assets	**293**	502

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2008 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

	Equity 2008	**Profit or Loss 2008**	**Equity 2007**	**Profit or Loss 2007**
Variable rate instruments	GBP'000	GBP'000	GBP'000	GBP'000
Financial assets	**4**	**4**	8	8

Liquidity risk

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

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

31 December 2007	**Carrying amounts**	**Contractual cash flows**	**3 months or less**	**3 – 12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000	GBP'00 0	GBP'000
Trade and other payables	53	53	53	-	-	-	-
	53	53	53	-	-	-	-

31 December 2008							
Trade and other payables	389	389	389	-	-	-	-
Advances received from Centerra Gold (KB) Inc (Note 18)	266	-	-	-	-	-	-
	655	389	389	-	-	-	-

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

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

	Liabilities 2008	**Assets 2008**	**Liabilities 2007**	**Assets 2007**
	GBP’000	GBP’000	GBP’000	GBP’000
Euro	**12**	1	-	3
United States Dollar	**-**	-	-	5
New Turkish Lira	**156**	103	-	11

Sensitivity analysis
A 10% strengthening of the British Pound against the following currencies at 31 December 2008 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the loss and equity.

	Equity 2008	**Profit or Loss 2008**	**Equity 2007**	**Profit or Loss 2007**
	GBP’000	GBP’000	GBP’000	GBP’000
Euro	**1**	**1**	-	-
United States Dollar	**-**	**-**	-	-
New Turkish Lira	**5**	**5**	(1)	(1)

Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of cash and cash equivalents (note 15) and equity attributable to equity holders of the parent, comprising issued capital (note 16), reserves (notes 16 and 17) and accumulated losses.

Fair value estimation
The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the balance sheet date.

4. Operating loss

	2008	**2007**
	GBP’000	GBP’000
Operating loss is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 11)	**23**	13
Share-based employee benefits	**89**	167
Staff costs including directors in their executive capacity	**490**	540
Auditors' remuneration - audit	**27**	24

- interim review	**5**	3
- listing fees	**-**	26
- subsidiary audit fees	**3**	2

5. Staff costs

	2008	2007
	GBP'000	GBP'00 0
Salaries	**137**	74
Social insurance costs and other funds	**22**	12
	159	86

6. Business and geographical segments

Business segments
The Group has only one distinct business segment, being that of mineral exploration.

Geographical segments
The Group's exploration activities are located in Turkey and Bulgaria and its administration and management is based in Cyprus.

	Cyprus	Turkey	Bulgaria	Consolidation	Total
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
2008					
Operating loss	(710)	(618)	(1)	-	(1,329)
Financial income	12	-	-	-	12
Financial costs	(4)	(1)	-	-	(5)
Foreign Exchange profit/(loss)	(16)	162	39	-	185
Net loss for the period	(718)	(457)	38	-	(1,137)
Total assets	1,941	148	7	(1,658)	438
Total liabilities	492	1,650	165	(1,659)	648
Depreciation of fixed assets	-	23	-	-	23

	Cyprus	Turkey	Bulgaria	Consolidation	Total
	GBP'000	GBP'000	GBP'000	GBP'000	GBP'000
2007					
Operating loss	(775)	(676)	(1)	(364)	(1,816)
Financial income	39	-	-	-	39
Financial costs	(2)	(1)	-	-	(3)
Foreign Exchange profit/(loss)	-	83	10	-	93
Net loss for the period	(738)	(594)	9	(364)	(1,687)
Total assets	1,610	118	6	(1,142)	592
Total liabilities	102	996	160	(1,139)	119
Depreciation of fixed assets	-	13	-	-	13

7. Finance income

	2008	2007
	GBP'000	GBP'000
Interest income	**12**	39
	12	39

8. Finance costs

Sundry finance costs	**5**	3
	5	3

9. Tax

	GBP'000	GBP'000
Loss before tax	(1,137)	(1,687)
Tax calculated at the applicable tax rates	(159)	(225)
Tax effect of expenses not deductible for tax purposes	23	59
Tax effect of tax loss for the year	64	66
Tax effect of allowances and income not subject to tax	(39)	(3)
Tax effect of tax losses brought forward	-	(7)
Tax effect on exploration expenses taxed separately	111	110
Charge for the year	0	0

The Directors believe that the company is resident in Cyprus for tax purposes.

A deferred tax asset of GBP430,735 (2007: GBP255,737) has not been accounted for due to the uncertainty over the timing of future recoverability.

Cyprus
The corporation tax rate is 10%. Under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax, thus having an effective tax rate burden of approximately 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15%.

Due to tax losses sustained in the period, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following years. As at 31 December 2008, the balance of tax losses which is available for offset against future taxable profits amounts to GBP1,302,758 (2007: GBP661,799).

Bulgaria
Mediterranean Minerals (Bulgaria) EOOD, the 100% subsidiary of the Company, is resident in Bulgaria for tax purposes.

The corporation tax rate is 10%. Due to tax losses sustained in the period, no tax liability arises on the Mediterranean Minerals (Bulgaria) EOOD. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following five years. As at 31 December 2008, the balance of tax losses which is available for offset against future taxable profits amounts to GBP165,490 (2007: GBP164,694).

Turkey
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket (Doğu Akdeniz Mineralleri), the 100% subsidiary of Mediterranean Minerals (Bulgaria) EOOD, and ultimately 100% subsidiary of the Company, is resident in Turkey for tax purposes.

The corporation tax rate is 20%. Under local tax legislation, exploration costs are can only be set off against income from mining operations. As at 31 December 2008, the balance of exploration costs that is available for offset against future income from mining operations amount to GBP1,419,549 (2007: GBP865,440).

10. Loss per share
The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2008	**2007**

	GBP'000	GBP'000
Net loss attributable to equity shareholders	**1,137**	1,687

	'000	'000
Average number of ordinary shares for the purposes of basic earnings per share	**122,708**	102,392

Earnings per share:	GBP	GBP
Basic and fully diluted losses per share	**0.01**	0.02

The effect of share options on earnings per share is anti-dilutive; no separate disclosure is required.

11. Property Plant and Equipment

The Group	**Motor vehicles** GBP'000	**Furniture, fixtures and office equipment** GBP'000	**Total** GBP'000
Cost			
Additions	47	17	64
Disposals	(7)	-	(7)
At 31 December 2007 / 1 January 2008	40	17	57
Exchange difference on translation of subsidiaries	5	2	7
At 31 December 2008	45	19	64
Accumulated Depreciation			
Charge for the period	11	2	13
On disposal	(3)	-	(3)
At 31 December 2007 / 1 January 2008	8	2	10
Charge for the period	18	5	23
Exchange difference on translation of subsidiaries	(4)	(1)	(5)
At 31 December 2008	22	6	28
Net Book Value at 31 December 2008	23	13	36
Net Book Value at 31 December 2007	32	15	47

The above fixed assets are located in Turkey.

The Company has no fixed assets.

12. Intangible assets - goodwill

	Total GBP'000
Cost	
Additions	364
Provision for impairment	(364)
At 31 December 2007 / 1 January 2008	-
Additions	-
Provision for impairment	-
At 31 December 2008	-

13. Investment in subsidiaries

The Company	2008 GBP'000	2007 GBP'000
Cost and Net Book Value		
At 1 January	2	-
Additions (note 20)	-	2
At 31 December	2	2

Subsidiary companies	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Mediterranean Minerals (Bulgaria) EOOD	8/11/2006	Bulgaria	100%-Direct
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket	8/11/2006	Turkey	100%-Indirect

On 8 November 2006, the Company entered into an agreement to acquire from EMED Mining Public Limited the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company.

Mediterranean Minerals (Bulgaria) EOOD owns 100% of the share capital of Doğu Akdeniz Mineralleri, a private limited liability company incorporated in Turkey, engaging in activities for exploration and developing of natural resources.

Significant aggregate amounts in respect of subsidiaries:

	GBP'000
Net liabilities 1 January 2007	(458)
Net loss for the year	(574)
Net liabilities at 31 December 2007	(1,032)
Loss for the year	(638)
Net liabilities at 31 December 2008	(1,670)

Pre-acquisition reserves, mainly, exploration costs incurred by the subsidiaries prior to acquisition amounted to GBP364,000.

The movement in the net assets of subsidiaries is based on their audited financial statements which have been prepared on the basis of International Financial Reporting Standards (IFRSs) as adopted by the European Union and the IFRSs as issued by IASB.

14. Trade and other receivables

The Group	2008 GBP'000	2007 GBP'000
Other receivables	**99**	39
Deposits and prepayments	**10**	4
	109	43

The Company	2008	2007
Owed by group companies	**1,651**	1,136

15. Cash and cash equivalents

The Group	2008 GBP'000	2007 GBP'000

Cash at bank and in hand	**293**	502
The Company		
Cash at bank and in hand	**288**	472

16. Share capital

	Number of shares '000	Share Capital GBP'000	Share premium GBP'000	Total GBP'000
Authorised				
Ordinary shares of GBP0.01 each	300,000	3,000	-	3,000
Issued and fully paid				
Foundation shares	42,000	420	36	456
Initial Public Offering	46,667	467	933	1,400
Issued				
19 February 2007 at GBP0.03	11,667	117	233	350
12 March 2007 at GBP0.03	250	2	5	7
4 June 2007 at GBP0.035	1,000	10	25	35
4 June 2007 at GBP0.035	1,250	12	32	44
3 October 2007 at GBP0.032	6,000	60	132	192
Share issue costs	-	-	(405)	(405)
At 31 December 2007 / 1 January 2008	108,834	1,088	991	2,079
Issued 8 May 2008 at GBP0.03	20,812	208	416	624
Share issue costs	-	-	(60)	(60)
At 31 December 2008	129,646	1,296	1,347	2,643

Authorised capital

Under its Memorandum the Company fixed its share capital at 200,000,000 ordinary shares of nominal value of GBP 0.01 each.

On 23 April 2008 the Company passed the following special resolution:
That the authorized share capital of the Company be increased from GBP2,000,000 divided into 200,000,000 shares of GBP 0.01 each, by GBP1,000,000 by the creation of 100,000,000 new ordinary shares of GBP0.01 each, resulting in GBP3,000,000 divided into 300,000,000 shares of GBP0.01 each.

Issued capital

During the Seed Round the Company issued 42,000,000 shares.

On admission of the Company to AIM in December 2006, 46,666,667 shares were issued at the price of GBP 0.03. Upon the issue an amount of GBP 933,333 was credited to the Company's share premium reserve.

On 19 February 2007 11,666,667 shares of GBP 0.01 were issued at a price of GBP 0.03. Upon the issue an amount of GBP 233,333 was credited to the company's share premium reserve.

On 12 March 2007 250,000 shares of GBP 0.01 were issued to Mr. Omer Celenk at the price of GBP 0.03. Upon the issue an amount of GBP5,000 was credited to the Company's share premium reserve.

On 4 June 2007 1,000,000 shares of GBP 0.01 were issued to Malcolm Stallman at the price of GBP 0.035. Upon the issue an amount of GBP25,000 was credited to the Company's share premium reserve.

On 4 June 2007 1,250,000 shares of GBP 0.01 were issued for Muratdag Licence in Turkey at the price of GBP 0.035. Upon the issue an amount of GBP31,250 was credited to the Company's share premium reserve.

On 3 October 2007 6,000,000 shares of GBP 0.01 were issued at a price of GBP 0.032. Upon the issue an amount of GBP 132,000 was credited to the company’s share premium reserve.

On 8 May 2008 20,812,242 shares of GBP 0.01 were issued at a price of GBP 0.03. Upon the issue an amount of GBP 416,245 was credited to the company’s share premium reserve.

Warrants
In conjunction with the issue of shares on 8 May 2008 the Company issued 10,406,121 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.05 per share.

17. Share option plan

Details of share options outstanding as at 31 December 2008:

Grant date	Expiry date	Exercise price	Number of shares
		GBP	000's
12 December 2006	12 December 2012	0.0300	16,000
12 March 2007	11 March 2013	0.0350	250
18 April 2007	17 April 2013	0.0350	1,200
04 June 2007	03 June 2013	0.0350	500
08 October 2007	07 October 2010	0.0400	300
24 June 2008	23 June 2014	0.0325	250
Total			18,500

The options, except for those noted below which expire after three years, expire six years after grant date and are exercisable at the exercise price in whole or in part no more than one third after one year from the grant date, two thirds after two years from the grant date and the balance after three years from the grant date.

	Number of shares
	000's
Outstanding options at 1 January 2008	18,250
- granted	250
- cancelled/forfeited	-
- exercised	-
Outstanding options at 31 December 2008	18,500

The Company has issued share options to directors, employees and advisers to the Group. All options, except those noted below, expire six years after grant date and are exercisable at the exercise price in whole or in part no more than one third from the grant date, two thirds after two years from the grant date and the balance after three years from the grant date.

On 8 October 2007, 19,531 options were issued to W.H. Ireland Limited which expire three years after the grant date, and are exercisable at any time within that period.

On 8 October 2007, 280,469 options were issued to Loeb Aaron & Company Limited which expire three years after the grant date, and are exercisable at any time within that period.

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

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

	24 Jun. 08	8 Oct. 07	4 Jun. 07	18 Apr. 07	12 Mar. 07	18 Dec. 06
Closing share price at issue date	3.25p	3.00p	3.62p	3.88p	3.30p	3.88p
Weighted average exercise price	3.25p	4.00p	3.50p	3.50p	3.50p	3.00p

Expected volatility	147.60%	85.58%	68.06%	68.06%	68.06%	50%
Expected life	6 yrs	3 yrs	6 yrs	6yrs	6yrs	6yrs
Risk free rate	5.00%	4.75%	6.08%	5.95%	5.73%	5.97%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Discount factor	30%	30%	30%	30%	30%	30%
Estimated fair value	2.13p	1.06p	1.71p	1.85p	1.50p	1.427p

Expected volatility was estimated based on the likely range of volatility of the share price.

For 2008, the impact of share-based payments is a net charge to income of £89,000. At 31 December 2008, the equity reserve recognized for share based payments amounted to £256,000.

18. Advances Received

On 22 October 2008, the company entered into a Joint Venture Agreement ("Joint Venture Agreement") in respect of its 100%-owned Artvin Project ("the Project") with Centerra Gold (KB) Inc("Centerra"), a wholly-owned subsidiary of Centerra Gold Inc., a Canadian-based gold mining and exploration company which is listed on the Toronto Stock Exchange.

The Artvin Project is located in the Artvin Province of north eastern Turkey and comprises 15 tenements, which cover approximately 254km^2 within the eastern portion of the Eastern Pontide Belt. The Eastern Pontide Belt is a major metallogenic province in the eastern Black Sea coastal region and is prospective for volcanic-hosted massive sulphide (VHMS) deposits, porphyry copper-gold deposits and epithermal gold-silver mineralisation.

Under the terms of the Joint Venture Agreement, the licences relating to the Project area are to be transferred to the new KEFI group subsidiary Kackar Madencilik Sanayi ve Ticaret Limited Sirketi ("Kackar"), incorporated in Turkey on 15 January 2009 and Centerra has the exclusive right to acquire up to a 70% shareholding in this subsidiary. In order to acquire the initial 50% shareholding in Kackar Centerra must spend US$3.0 million over three years with a minimum expenditure of US$0.5 million in the first year. Centerra may then elect to acquire an additional 20% shareholding through the expenditure of a further US$3.0 million over the next two years. The joint venture is in respect of a one-kilometre area of interest which extends from the outer boundary of the Project area.

KEFI Minerals is the manager of the Project and Centerra has the right to become manager at any time. Once Centerra has earned its 50% or 70% shareholding in Kackar, KEFI and Centerra will fund their respective percentage interests of future expenditure subject to dilution for non-participation in such expenditure. If either party's interest is diluted to less than 10%, that party's interest will automatically be converted to a 3% net smelter return royalty, in which case the other party has the right to purchase half of the royalty (1.5%) for US$1.5 million.

The Joint Venture Agreement contains certain warranties given by KEFI and its group companies in respect of the Project and while KEFI is the Manager of the Project and majority shareholder in the Kackar any advances made by Centerra which are not expended on the Project are repayable in certain circumstances. The Joint Venture Agreement also contains a number of matters concerning the business of Kackar for which Centerra's consent must be obtained.

The cumulative expenditure from Centerra Gold (KB) Inc until 31 December 2008 amounted to £266,310.

19. Trade and other payables

	2008	2007
The Group	GBP'000	GBP'000
Trade payables	**203**	53
Accruals	**44**	9
Payable to related companies (Note 21)	**142**	57
	389	119
The Company		
Trade payables	**61**	45
Accruals	**30**	-
Payable to related companies (Note 21)	**142**	57
	233	102

20. Acquisition of subsidiaries

On 8 November 2006, the Company entered into an agreement to acquire from EMED Mining Public Limited (formerly Easter Mediterranean Resources Public Ltd) the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company. This issue of shares was also partly in satisfaction of indebtedness due to EMED Mining Public Ltd.

The consolidated net assets of Bulgaria and Turkey at the date of acquisition and at 31 December 2005 were as follows:

	8.11.06	**31.12.05**
	GBP'000	GBP'000
Cost of investment	2	
Less: Fair values of net liabilities acquired	362	
Goodwill	364	
The net liabilities acquired were as follows:		
Cash at bank and in hand	6	12
Payable to EMED Mining Public Ltd	(334)	(167)
Payable to Kefi Minerals Plc	(34)	-
	(362)	155
Consideration – shares issued at premium	336	
Cash and cash equivalents acquired	(6)	
Net consideration in shares on acquisition	330	

21. Related party transactions

The following transactions were carried out with related parties:

21.1 Compensation of key management personnel

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

	2008	**2007**
	GBP'000	GBP'000
Directors' fees	**163**	158
Share-based benefits to directors	**57**	114
Other key management personnel fees	**93**	163
Share-based benefits to other key management personnel	**11**	19
	324	454

The Company has an ongoing service agreement with EMED Mining Public Ltd for provision of management and other professional services (Note 23).

Share-based benefits

The directors and key management personnel have been granted ordinary share options that expire six years after grant date and are exercisable at the exercise price in whole or in part no more than one third after one year from the grant date, two thirds after two years from the grant date and the balance after three years from the grant date. No options have been exercised during the period from grant date to 31 December 2008.

21.2 Payable to related parties	**2008**	**2007**

Name	Nature of transactions	GBP'000	GBP'000
EMED Mining Public Ltd	Finance	**142**	57

21.3 Transactions with related parties		**2008**	**2007**
Name	Nature of transactions	GBP'000	GBP'000
EMED Mining Public Ltd	Provision of management services and other professional services	**57**	50

21.4 Purchases geological survey data	**2008**	**2007**
	GBP'000	GBP'000
Data acquisition	**-**	13

In June 2007, the Company issued the first tranche of shares in settlement of its obligations under the terms of the agreement disclosed in Note 21. The amount disclosed above, represents the share of a director. The transaction was made on commercial terms and conditions.

22. Contingent liabilities

In 2006, EMED Mining Public Ltd acquired a proprietary geological database that covers extensive parts of Turkey and Greece and also EMED transferred to the Company that part of the geological database that relates to areas in Turkey.

Under the agreement, the Company has undertaken to make a payment of approximately GBP46,000 (AUD105,000) for each tenement it is subsequently awarded in Turkey and which was identified from the database. The maximum number of such payments required under the agreement is four, resulting in a contingent liability of up to GBP184,000. These payments are to be settled by issuing shares in the Company. To date, only one tranche of shares have been issued under this agreement in June 2007 for GBP43,750 (AUD105,000) (Note 16).

Under the joint venture agreement with Centerra Gold (KB) Inc (see note 18) there are certain warranties given by KEFI and its group companies whereby KEFI, while manager and majority shareholder in the project, must in certain circumstances repay any advances made by Centerra not expended on the Project. As at 31 December such unexpended balances stood at Nil.

23. Relationship deed

A Relationship Deed between EMED and the Company dated 7 November 2006, by which EMED agrees not to operate in Bulgaria and Turkey, and the Company agrees not to operate in Albania, Armenia, Azerbaijan, Cyprus, Greece, Hungary, Iran, Oman, Romania, Saudi Arabia, Serbia or Slovakia the "EMED Area".

The Relationship Deed provides that EMED has the right to appoint one non-executive director of the Company. It also provides EMED with a right of first refusal in respect of funding any proposed mining or exploration project of the Company. The Relationship Deed provides that the Company shall refer any opportunity to conduct mining or exploration activity in the EMED Area to EMED, and EMED shall refer any such opportunity in Bulgaria or Turkey to the Company.

EMED has since granted the Company the right to explore in Saudi Arabia in return for which it will receive, to the extent possible under legislation in Saudi Arabia, first right of refusal over participation in any projects developed (or not taken up) by the joint venture established on May 28, 2009 in that country with Abdul Rahman Saad Al-Rashid & Sons Company Limited. (see Note 25)

24. Capital commitments

The Group has no capital or other commitments as at 31 December 2008.

25. Subsequent events

On 9 March 2009, the company completed an issue of 58,434,004 new shares at a price of 1p to raise an additional £584 340. There were no other material subsequent events which have a bearing on the understanding of the financial statements.

A joint venture agreement was signed on 28 May 2009 with Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR") to explore in Saudi Arabia and a joint venture company, Gemco Limited ("Gemco") has been established for this purpose. KEFI Minerals is the operating partner with a 40 per cent shareholding and ARTAR holding the remaining 60 per cent. (The "Gemco Joint Venture")

26. Standards effective but not in force

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

Standard / Interpretation	**Effective for annual periods beginning on or after**
(i) Adopted by the European Union	
Improvements to IFRSs – 2008	1 January 2009
Amendments to IFRS 1 and International Accounting Standard (IAS) 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"	1 July 2009
Amendment to IFRS 2 "Share Based Payment: Vesting Conditions and Cancellations"	1 January 2009
IFRS 8 "Operating Segments"	1 January 2009
IAS 1 (Revised) "Presentation of Financial Statements"	1 January 2009
IAS 23 (Revised) "Borrowing Costs"	1 January 2009
Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations arising on Liquidation"	1 January 2009
International Financial Reporting Interpretation Committee (IFRIC) 13 "Customer Loyalty Programmes"	1 July 2008
(ii) Not adopted by the European Union	
IFRS 1 (Revised) "First Time Adoption of International Financial Reporting Standards"	1 January 2009
IFRS 3 (Revised) "Business Combinations"	1 July 2009
IAS 27 (Revised) "Consolidated and Separate Financial Statements"	1 July 2009
Amendment to IAS 39 "Eligible Hedged Items"	1 July 2009
Amendment to IAS 39 "Reclassification of Financial Assets: Effective date and Transition"	1 July 2008
IFRIC 15 "Agreements for the Construction of Real Estate"	1 January 2009
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"	1 October 2008
IFRIC 17 "Distributions of Non cash Assets to Owners"	1 July 2009

IFRIC 18 “Transfers of Assets from Customers”	1 July 2009

The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Group except from the application of IAS 1 (Revised) “Presentation of Financial Statements” which will have a material effect on the presentation of the financial statements.

27. Statutory Information

The financial information set out above does not constitute the Company’s statutory accounts for the period ended 31 December 2008, but is derived from those accounts. Statutory accounts for 2008 will be delivered to the Registrar of Companies following the Company’s Annual General Meeting. The auditors have reported on those accounts and their report was not qualified, but drew attention by way of emphasis to going concern uncertainties disclosed in Note 2.