ANNUAL REPORT AND ACCOUNTS **2008**

GCM RESOURCES

GCM's vision is:

to maximise shareholder value by developing the Phulbari Coal Project and investing in coal mining and other related projects which provide opportunities for positive returns.

GCM Resources plc ("GCM") is a London-based resource exploration and development company with its Phulbari Coal Project poised for development once the Government of Bangladesh provides approval. It also has a portfolio of coal business investments in South Africa and China, and uranium interests in West Africa, Sweden and Australia. GCM's shares are quoted on the Alternative Investment Market ("AIM").

Ticker code : GCM

This document contains certain forward looking statements with respect to the financial condition, results and business of the Group. These statements involve known and unknown risks, uncertainties, assumptions and other factors set forth in this document that are beyond the Group's control.

In light of these risks, uncertainties and assumptions, actual results could be materially different from any future results expressed or implied by these forward looking statements which speak only as at the date of this report. Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information or future events. The Group cannot guarantee that its forward looking statements will not differ materially from actual results.

CORPORATE STRATEGY

- GCM is primarily **FOCUSED ON AND COMMITTED TO** the development of the Phulbari Coal Project ("the Project") in Bangladesh. Through its contribution to energy security and power generation the Project will be a catalyst for significant and sustained economic growth

- GCM will strive to **STRENGTHEN AND DEVELOP** the Group's other investments and pursue other interests on a global scale, thereby adding to shareholder value

- Throughout its operations GCM is committed to meeting the **STRICTEST SOCIAL AND ENVIRONMENTAL STANDARDS** and contributing to the **SUSTAINABLE DEVELOPMENT** priorities of the countries where it operates

- GCM will utilise the wealth of **EXPERIENCE AND EXPERTISE** of its management team by operating and managing projects

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Group Annual Report and Accounts 2008:

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KEY DEVELOPMENTS

- The draft Coal Policy is being reviewed by the Government of Bangladesh. **GCM remains committed to the Phulbari Coal Project** and continues to work closely with all stakeholders as the Group waits to proceed with the development stage

- GCM **increased its strategic investment in Peoples Telecommunications and Information Services Ltd**, now holding 37 % of the enlarged capital of the company, up from 26.5 %

- GCM **accepted Regent Pacific Group Limited's ("RPG") share offer** for the whole of CCEC Ltd shares in respect of its 6 % holding in CCEC Ltd. GCM now holds 2 % of RPG

- GCM **purchased 13% of the capital of Aura Energy Limited ("Aura").** Aura has uranium exploration interests in Sweden, West Africa and Australia. The Aura / GCM Africa Alliance grew as it was **granted three uranium exploration licence areas** in Mauritania. There are also 11 further licences pending in Mauritania and three in Niger

- GCM's **investment in Coal of Africa Limited** (previously GVM Metals) increased substantially in value from a cost of £4.8 million in December 2006

- In December 2007 the Company **changed its name to GCM Resources plc** to remain consistent with the Company's strategy and corporate branding

- **Polo Resources Limited acquired 29.72% of the share capital of GCM** on 25 March 2008 as it expanded its interests in strategically located coal projects

CHIEF EXECUTIVE'S STATEMENT

STEVE BYWATER
Chief Executive

GCM is committed to the Phulbari Coal Project in Bangladesh, the development of which is awaiting approval from the Bangladesh Government.

INTRODUCTION

GCM is committed to the Phulbari Coal Project in Bangladesh, the development of which is awaiting approval from the Bangladesh Government. The draft Coal Policy, which is currently being reviewed by the Government, will set the direction for the country's coal sector development. Given the importance of this in the development of the Bangladeshi economy, the agreement of the draft Coal Policy remains high on the political agenda.

While GCM continues to work with the Government and people of Bangladesh to prepare for the development phase of the Phulbari Coal Project, we continue to review investments in other related opportunities around the world. In addition to the investment in Coal of Africa Limited which was acquired during the year ended 30 June 2007, GCM now also has investments in Aura Energy Limited and Regent Pacific Group Limited.

We aim to develop all our projects in a safe and sustainable way, paying full regard to the interests and concerns of local communities and the environment in which we operate.

FINANCIAL RESULTS

The Group made a profit of £864,000 after tax for the twelve months to 30 June 2008 (June 2007: loss of £923,000). The profit was primarily due to the gain made on disposal of GCM's interest in CCEC Ltd, when Regent Pacific Group Limited acquired the whole share capital of CCEC Ltd.

Exploration expenditure relating to the Phulbari Coal Project amounted to £2,494,000 for the twelve months to 30 June 2008 (June 2007: £3,286,000).

The Income Statement, Statement of Changes in Equity, Balance Sheet and Cash Flow Statement are included on pages 24 to 27.

STRATEGY

Since my last statement there has been an increase in demand in Bangladesh for energy. GCM believes the development of the coal basin at Phulbari in Northwest Bangladesh will be part of the solution to Bangladesh's energy security by delivering affordable coal to the domestic market. We remain committed to working in partnership with relevant stakeholders to develop a world-class coal mine that meets the highest social and environmental standards.

Additionally over the past twelve months we have continued to implement our diversification strategy by making investments in other related opportunities around the world. GCM has acquired stakes in Coal of Africa Limited, Aura Energy Limited and Regent Pacific Group Limited as part of this strategy. The price of coal and other energy resources have increased significantly over the past few months and forecasters expect this trend to continue in the near term. We believe these investment opportunities and our commodity focus will benefit our shareholders.

Further details of these investments and GCM's stake in Peoples Telecommunications and Information Services Ltd can be found on pages 12 and 13.

OUTLOOK

We look forward to positive news on the Bangladesh Coal Policy and approval of the Phulbari Coal Project's Scheme of Development. We aim over the next few years to deliver shareholder value and benefits to all stakeholders by turning the Phulbari Coal Project into a highly productive mine which will help drive Bangladesh's economic growth at this critical time for the country.

As the review period for the Bangladesh Coal Policy continues we will identify further investments that demonstrate synergies with our current energy assets. We aim to work with our new partners to bring projects on line and increase their investment potential.

Through all our projects we aim to help bring about further economic and social development for all stakeholders. We will do this in a safe and sustainable way, paying full regard to the interests and concerns of local communities and the environment in which we operate.

GCM is also committed to its employees and values their contribution to the Company's development and growth. On behalf of the Board I would like to thank all of our employees for their hard work, commitment and patience over the past twelve months.

On behalf of the Board

Steve Bywater
Chief Executive

THE PHULBARI COAL PROJECT

We remain committed to working with all stakeholders to provide a new and reliable source of energy for Bangladesh

PROJECT OVERVIEW

The world is experiencing a serious energy crisis. The price of oil has recorded an all time high and there is huge pressure on energy demand due to increasing global population growth and rapid levels of urbanisation and industrialisation. The situation within Bangladesh is even more acute and there seems to be little possibility of immediate improvement.

One of the main reasons for the present power shortage is constrained gas supplies. Gas accounts for almost 86% of power generation in Bangladesh.[1] However, this gas supply is now running out and Bangladesh needs to turn to other energy sources. One viable option available is the extraction and use of large coal reserves for power generation. Many of the world's top industrial countries are heavily dependent on coal for generating electricity and Bangladesh could follow suit by extracting and utilizing the country's untapped coal reserves to ensure national energy security and fuel the engine of economic growth. Five coal fields have been discovered in north west Bangladesh. Phulbari is a deposit which may be exploited with proven safe open-pit mine technology.

GCM has established a world class coal resource near the regional town of Phulbari in North West Bangladesh, approximately 350 kilometres from the country's capital, Dhaka. The resource is calculated at 572 million tonnes, in accordance with the 2004 Code of the JORC Committee of the Australasian Institute of Mining & Metallurgy. Of this 288 million tonnes is classified Measured, 244 million tonnes Indicated and 40 million tonnes Inferred.

The mine life is expected to be in excess of thirty years, with available production of fifteen million tonnes per annum at full capacity.

The coal at Phulbari varies between High Volatile A and High Volatile B bituminous rank with both thermal and semi-soft coking coal products. The coal products are suitable for a mine mouth power station, domestic industrial markets and international markets.

The Company is still awaiting approval of the Scheme of Development for the Project.

Additional work has been completed on improving various social development plans.

The Indigenous Peoples Development Plan and Resettlement Plan, completed in April 2006, continue to be independently reviewed and updated. The Indigenous Peoples Development Plan has also been translated into Bangla for the benefit of the local community.

[1] Reference: Power Cell, Government of Bangladesh, June 2005.

BANGLADESH POLITICAL SITUATION UPDATE

Since October 2006, Bangladesh has been governed by Caretaker Governments. Following a period of protests and strikes the elections scheduled for January 2007 were cancelled. The current Caretaker Government has committed to holding them by the end of December 2008, although no announcement has been made as at the date of this report.

On 21 June 2007, the Caretaker Government announced the formation of an eight member team to review, make recommendations and finalise the draft Coal Policy for submission to the Energy Ministry. The team was formed in an effort to help address the energy crisis the country is continuing to experience.

The committee forwarded their recommendation to the Energy Ministry on 8 January 2008. On this same day a new Energy Advisor was appointed.

The Energy Ministry finalised their recommendations on the Coal Policy on 22 June 2008 and forwarded this to the Ministries of Forest and Environment, Law, Land, Finance, Commerce, Power and National Board of Review with a request letter to give their opinion and join the first inter-ministerial meeting on 26 June 2008.

The Policy was forwarded to the Council of Advisers for approval on 15 July 2008. On 13 August 2008 the Council of Advisers returned the Coal Policy to the Energy Ministry for further scrutiny as no decision was made.

The main objectives of the Coal Policy are to facilitate the development of the coal sector and bring energy security to Bangladesh through the use of coal as the primary fuel for power generation.

A newly elected government would replace the caretaker administration currently in power, and would have the authority to address the country's acute energy shortage. A growing population and economy with an associated increase in demand for energy, has posed a significant challenge for Bangladesh with limited capacity to meet this growing demand. Production of coal at Phulbari would play a part in assisting to reduce Bangladesh's dependence on imported coal and help offset the country's reliance on dwindling reserves of natural gas. The remaining gas reserve would be freed up for more strategic and higher value-adding uses.

The development of the Phulbari Coal Project remains our primary objective in achieving our vision and we remain committed to working with all stakeholders to provide a new and reliable source of energy to fuel the growth of the Bangladesh economy.

< Conceptual style for new housing

CORPORATE RESPONSIBILITY

The Company's corporate responsibility efforts have concentrated on wider engagement in preparation for the development stage of the Phulbari coal project.

GCM understands that managing the potential social and environmental impacts of a mining operation and enhancing the project's contributions to sustainable development over the long term help reduce social and environmental risks to operations. Doing so can also help build and maintain constructive relations with local stakeholders. Such an approach is critical to ensuring any mining project's long term success.

GCM is committed to:

- Developing projects that meet the highest international social and environmental performance standards
- Promoting social, environmental and economic benefits at a national, regional and local level
- Working in partnership with relevant stakeholders
- Supporting the efforts of host country governments that choose to implement the Extractive Industries Transparency Initiative
- The principles of operating transparently

During the financial year the Company's corporate responsibility efforts have concentrated on wider engagement and further improvement of systems and plans in preparation for the development stage of the Phulbari Coal Project.

MANAGING POTENTIAL SOCIAL, ENVIRONMENTAL AND ECONOMIC IMPACTS

As detailed in previous reports, an Environmental and Social Impact Assessment incorporating, amongst others, a detailed Resettlement Plan and an Indigenous People's Development Plan has been prepared for the Phulbari Coal Project. These comprehensive studies and plans were built from the grassroots upwards and cover the timely resettlement, rehabilitation, livelihood restoration and compensation for the communities and businesses affected by the Project. These plans have been, and continue to be, independently reviewed and updated to ensure compliance with international standards such as the Equator Principles. In particular, the Resettlement Action Plan is being modified to include implementation of the feedback and recommendations we have received from specialist external review. Some modifications are being incorporated into the existing Resettlement Plan, but others can only be implemented once the Project is formally approved by the Government of Bangladesh and the stakeholder engagement activities can be restarted.

During this pre-development phase, the company continues to collect some baseline data. For example routine air and water sampling and tidal measurements are routinely taken at the three potential coal handling sites in Khulna, Noapara and Batiaghata.

BUSINESS NETWORKS

Awareness of corporate responsibility is growing in Bangladesh and GCM is contributing to this process directly and through various business networks. GCM's subsidiary, Asia Energy Corporation (Bangladesh) Pty Limited ("Asia Energy"), is an active participant in a new business network created by the CSR Centre of the Bangladesh Enterprise Institute and has also engaged with the British Business Group and provided support to a development project led by the British High Commission. Through such networks Asia Energy is able to learn from others and contribute to new ideas and initiatives.

As well as learning from other responsible business leaders, GCM ensures that it keeps abreast of evolving sustainable development best practice within both the mining industry and the broader international community. Staff are kept informed of, and trained on, the latest developments. During the year all senior management have had training on human rights and how social and environmental management plans have been developed to protect such rights.

STAKEHOLDER ENGAGEMENT

GCM continues to engage with stakeholders both in Bangladesh and internationally and to respond directly to interested parties seeking constructive engagement. In Bangladesh, staff have held project briefings for NGOs, and frequently met with representatives of Government, universities and the business community. In so doing, GCM seeks to communicate its commitment to managing the social and environmental impact of the project to international standards. Asia Energy has issued statements in all the major newspapers in Bangladesh setting out these commitments in detail.

The website www.phulbaricoal.com continues to receive visitors and many of these raise questions through the online comments form.

A stakeholder database has been created to record all stakeholder engagement. This is also a grievance management system; it is used to log grievances and systematically notify the relevant managers that need to respond to local stakeholder concerns.

SOCIAL INVESTMENT

Once the Phulbari Coal Project receives approval, the implementation of a comprehensive social and environmental management programme will begin. In preparation for this, Asia Energy has begun to work with various local area NGOs and NGO groups on different initiatives including community development, health, education and occupational training programmes. These initiatives, while small, help identify which programmes are successful, the practical difficulties involved, and the capacity of local NGOs. This experience provides helpful additional background for the Company to ensure that its Management Plans will be executed effectively.

Social investments this year have included:

- Training programmes provided by NGOs to marginal farmers and further research on agricultural production opportunities
- The Dinajpur District Sports Association cricket and volley ball tournaments
- Support towards capital costs of a new class room at the Rangpur Chamber of Commerce School and College
- Support towards the Talent Pool Scholarship for secondary students in Lalmonirhat District
- Assistance provided to the Rangpur district administration towards construction of a new building for the Rangpur Diabetes Association
- Corporate sponsorship has been pledged for an "Eye Camp" to be conducted in Northern Bangladesh before the end of 2008 under the auspices of the Rotary Club
- Sponsorship in the Project area of a blood donors' registration programme to database donors' details and blood groups
- Assistance provided for programmes to enhance "Indigenous Peoples Day" celebrations, channelled through two Phulbari area NGOs who specialize in work programmes for indigenous people
- Asssistance to a group of NGOs in the Greater Dinajpur area with their observation of the "World Environment Day" and building of awareness of environmental conservation among the local people

Conceptual design for new health centre
v

INVESTMENTS

REGENT PACIFIC GROUP LIMITED

Regent Pacific Group Limited ("RPG") is a diversified mining group focused on China. RPG explores for and mines copper, zinc, gold, silver, lead and coal. Its principal assets are located in Yunnan, Inner Mongolia and Xinjiang Provinces.

RPG owns a 40% equity interest in the Dapingzhang Mine in Yunnan Province, China. The Dapingzhang Mine is a world class volcanogenic massive sulphide deposit, which will be the driver for RPG's growth over the short to medium term. It is a producing mine with recoverable copper, zinc, lead, gold and silver.

In addition, RPG owns a 90.5% equity interest in the Yinzishan Mine in Yunnan Province, China. The Yinzishan mine has historically been mined as a small-scale shallow underground mine. The geological setting and ore characteristics are similar to those seen at Dapingzhang. Diamond drilling at Yinzishan commenced in April 2007.

In December 2007, RPG successfully completed a takeover of CCEC Ltd of which GCM had a 6% investment. This resulted in a gain in value of 110% on GCM's initial investment. The investment now represents a 2% stake of RPG which was valued at £2,875,000 (as at 30 June 2008)[1]. Steve Bywater was appointed to the Board on 12 February 2008.

COAL OF AFRICA LIMITED

Coal of Africa Limited ("CoAL"), formerly GVM Metals Limited, is primarily focused on the acquisition, exploration and development of metallurgical and thermal coal projects in South Africa. CoAL was incorporated in Western Australia and listed on the Australian Stock Exchange in 1980. Since 2005, CoAL has also been quoted on both AIM and JSE markets, allowing further growth in its coal assets.

GCM holds an interest of 20,300,000 shares, 6% of the issued share capital of CoAL. Steve Bywater is Non-Executive Deputy Chairman of CoAL.

The investment provides GCM with a significant stake in the South African coal sector and the opportunity to assist in the development of coal mines in South Africa.

The investment made by GCM has already experienced significant value appreciation. GCM has invested (including costs) £4,783,000 which was valued at £40,600,000 (as at 30 June 2008)[1].

Aerial view of Coal of Africa Limited's Mooiplaats coal project

[1] Refer to Note 20 for details of post-balance sheet movement in the fair value of available-for-sale investments.

AURA ALLIANCE AND INVESTMENT

Aura Energy Limited ("Aura") is an ASX listed uranium exploration company, which has a portfolio of exploration properties that are being actively explored for calcrete, shale and sandstone-hosted uranium deposits. The company is currently exploring in Western Australia, Sweden and West Africa.

The Aura / GCM Africa Alliance commenced in April 2007 to identify, acquire and develop uranium projects in Africa. GCM's initial obligation was to provide funding of £165,000 for the first two years' activities of the Alliance. GCM has since agreed to provide further funding up to £150,000.

Aura will identify and present project opportunities to the Alliance and GCM will have the right to decide whether it wishes to progress to the detailed exploration stage. New project specific joint ventures between Aura and GCM will be established for these licences under which GCM will initially solely fund exploration, with Aura retaining the right to participate at 30% (or, at Aura's election, lower) interest.

Uranium, as a fuel for power generation, is expected to have a growing demand, and this diversification adds to GCM's portfolio of energy interests.

GCM's involvement adds mining and technical expertise to the Aura team to take the prospects forward to feasibility study and ultimately development. The Alliance has already been actively pursuing opportunities in Mauritania and Niger. In May 2008 it was announced that the Alliance had been granted three uranium exploration licence areas in Mauritania. The licences cover 3600 km^2 in Mauritania which is known for uranium mineralisation and multiple radiometric uranium anomalies. The Alliance has a further 11 applications for licences in Mauritania, plus three applications for licences pending in Niger.

In May 2008 GCM announced that it had subscribed for 5,587,000 shares, representing 13% of the enlarged share capital of Aura. The proceeds of the subscription will be utilised in the drilling and analysis work programme for Aura's Swedish properties plus the calcrete uranium projects in Western Australia. The other areas' work programmes are fully funded from internal funds or JV partners.

This investment, which cost £812,000, was valued at £632,000 (as at 30 June 2008)[1].

PEOPLESTEL

Peoples Telecommunications and Information Services Ltd ("PeoplesTel") has a licence to operate fixed, wireless local loop along with voice data, image and all forms of telecommunication services in Bangladesh. PeoplesTel has been in operation since 1989 as rural operator, and since 2003 has operated PSTN licenses for four zones in Bangladesh (North-West, North-East, South-West and South-East). PeoplesTel aims to provide reliable, widespread, convenient and cost-effective telephone services to the people in Bangladesh – irrespective of where they live.

PeoplesTel is currently undertaking a rapid expansion plan having secured a licence for the Dhaka area in March 2008, which allows it to operate throughout Bangladesh. Its plan for the next five years is to provide world class voice and data services across Bangladesh, targeting one million new subscribers.

PeoplesTel is an exciting investment opportunity which also brings significant benefits to the development of the Phulbari Coal Project by ensuring that modern and extensive telecommunication networks and infrastructure are in place across all areas (mine site, transport corridor, port operations etc.) of the Project.

Upon approval by the Bangladesh Board of Investment ("BOI") in February 2007, GCM subscribed for 26.5% of the equity in PeoplesTel. The £2.6 million investment was approved by the BOI and GCM invested a further £2 million in cash in February 2008, increasing the total equity position to 37%, and enabling PeoplesTel to acquire the Dhaka City Licence.

[1] Refer to Note 20 for details of post-balance sheet movement in the fair value of available-for-sale investments.

BOARD OF DIRECTORS

GERARD HOLDEN

Non-Executive Chairman

Gerard joined the Company as Chairman following a distinguished career with Barclays Group where he worked for over twenty years. In his last role as Managing Director and Global Head of Mining & Metals, he was instrumental in building Barclays Capital into a leading position in the Mining and Metals community around the world. British-born, Gerard has a B.Sc. in Chemical Engineering from University College London and he is an Associate of the Chartered Institute of Bankers. He was previously Executive Chairman of Brinkley Mining plc and Lonrho Africa plc. Gerard is actively involved in providing advisory services to the global natural resources sector.

STEVE BYWATER

Chief Executive

Steve has had a distinguished career in the resources industry developing and operating a total of fourteen large-scale open pit mining operations. Before joining GCM in January 2006, he was Chief Operating Officer for Rio Tinto Coal Australia. In this position Steve oversaw seven mining operations, producing sixty million tonnes of saleable coal a year. He was previously General Manager Operations for Robe River Mining, which subsequently became a subsidiary of Rio Tinto in 2000. He was also General Manager, Mine Operations, for Hamersley Iron Limited and General Manager at Mount Isa Mines in both Mining and Metallurgical Operations. His position at Robe River Mining included management of both the port and rail facilities.

Steve has a B.Sc. in Engineering Geology and Geotechnics from Portsmouth University and a M.Sc. in Rock Mechanics and Excavation Engineering from Newcastle-upon-Tyne University. He is a Fellow of both the Australasian Institute of Mining and Metallurgy and the Australian Institute of Management. Steve is also a Director of Coal of Africa Limited, Regent Pacific Group Limited and CCEC Ltd.

GARY LYE

Chief Operating Officer

Gary is a qualified geologist and geotechnical engineer with a Master's Degree in Rock Mechanics from the Royal School of Mines in London. He previously held senior mining positions with several leading mining companies. This included roles as Strategic Mine Development Manager with Kalgoorlie Consolidated Gold Mines at their Super Pit operations in Kalgoorlie, Western Australia, and as Manager of Mining Research for CRA in Perth, Western Australia. Gary has also had fifteen years experience at CRA's Bougainville Copper Mine in Papua New Guinea.

BILL MCINTOSH

Executive Director - Technical

Bill is a widely respected mining engineer with thirty five years international experience who has played a key role in mining projects in Colombia, Indonesia, Zimbabwe, Argentina, India and Australia. The majority of his career has been involved with open cut coal mining developments, and he has lived and worked in Asia for more than ten years, including being General Manager – Mining and Acting Managing Director for PT Kaltim Prima Coal – now the largest coal mining enterprise in Indonesia. Bill has a mining engineering degree from the University of Melbourne and a M.Sc. in Mining from Queen's University in Canada. He is a member of the Australasian Institute of Mining and Metallurgy as well as being a Chartered Professional (Management).

GRAHAM TAGGART

Finance Director and Company Secretary

Graham is a qualified Chartered Accountant with twenty six years experience in the resources industry. Prior to joining GCM, Graham was Chief Financial Officer and Company Secretary for Rio Tinto Coal Australia, where he was responsible for a group producing some sixty million tonnes per annum of thermal and coking coal. He was previously General Manager Commercial and Chief Financial Officer for PT Kaltim Prima Coal (producing twenty million tonnes of thermal coal per annum), and before that he was Director Finance for PT Kelian Equatorial Mining (producing five hundred thousand oz of gold per annum), both Indonesian based.

DAVID LENIGAS

Non-Executive Director

David holds a Bachelor of Applied Science Degree in Mining Engineering. He was a founding Joint Managing Director of GCM and has served as Chairman, Managing Director and Chief Executive officer of numerous other companies. He is Executive Chairman of Lonrho plc and its subsidiaries, Chairman of Leni Gas & Oil plc, Templar Minerals Limited, Executive Director of Vatukoula Gold Mines plc (previously River Diamonds Limited), Non-Executive Chairman of Hot Tuna International plc, Immersion Technologies plc and Lonrho Mining Limited.

OUR PEOPLE

GCM is committed to utilising and retaining the wealth of experience and expertise of its management team and the contractors and consultants with whom it has established effective partnerships.

GCM's management team has a combined experience of over one hundred years in evaluating projects, feasibility studies, and managing, mining and financing projects across a variety of resources.

The Company has focussed on utilising contractors and consultants whilst awaiting approval of the Phulbari Coal Project. In Bangladesh, the Company has remained committed to investing in its people. This is evidenced by:

- Bonus payment structure in Bangladesh
- Human Rights training held in Bangladesh
- 97% of nationals employed in Bangladesh

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 June 2008.

PRINCIPAL ACTIVITIES

GCM Resources plc was incorporated as a Public Limited Company on 26 September 2003 and admitted to AIM on 19 April 2004.

The Company's principal activities are that of a holding company and, through its subsidiaries, development of the Phulbari Coal Project in Bangladesh and investment in companies working in Bangladesh, China, Africa, Australia and Sweden.

BUSINESS REVIEW

A detailed review of activities, our strategy and projects are included on pages 6 to 13.

KEY DEVELOPMENTS

- The draft Coal Policy is being reviewed by the Government of Bangladesh. GCM remains committed to the Phulbari Coal Project and continues to work closely with all stakeholders as the Group waits to proceed with the development stage

- GCM increased its strategic investment in Peoples Telecommunications and Information Services Ltd, now holding 37% of the enlarged capital of the company, up from 26.5%

- GCM accepted Regent Pacific Group Limited's ("RPG") share offer for the whole of CCEC Ltd shares in respect of its 6% holding in CCEC Ltd . GCM now holds 2% of RPG

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- GCM's investment in Coal of Africa Limited (previously GVM Metals Limited) increased substantially in value from a cost of £4.8 million since December 2006

- In December 2007 the Company changed its name to GCM Resources plc to remain consistent with the Company's strategy and corporate branding

- Polo Resources Limited acquired 29.72% of the share capital of GCM on 25 March 2008 as it expanded its interests in strategically located coal projects

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates in the mining industry, and in politically changing and unstable regions. These both carry inherent risks associated with them. Not all can be controlled or mitigated by the Group, but at times may have an impact on the performance and reputation of the Group.

The Directors believe the following, although not exhaustive, to be the key risks facing the Group.

Political instability in the regions we are operating and investing in

The Group is awaiting approval of the Scheme of Development for the Phulbari Coal Project. An inherent risk associated with this is timing of and/or gaining Government approval. While awaiting a decision we are actively reviewing new investment opportunities in other regions globally.

We review all potential investment opportunities and perform a risk assessment to ensure the political, environmental and social risks are identified. These can include changes in laws, taxation policies, renegotiation of contracts or changes to mining leases and permits. All of the aforementioned can adversely affect the viability of a project.

Exploration and project development

The Group continues to explore for and invest in projects. There is no guarantee that existing and future expenditures will be recouped. Failure to do so would have a materially adverse affect on the Group's results.

Health, safety and environment

The Group is committed to developing projects that meet the highest international social and environmental standards as detailed in our Corporate Responsibility section on pages 10 and 11.

Increasing requirements and new regulations could increase costs and therefore adversely affect the economics of a project and financial results of the Group.

We recognise the importance of engaging and approaching all stakeholders, establishing and maintaining strong relationships with local stakeholders and acknowledging our responsibilities to host communities.

FUTURE OUTLOOK

The Group is committed to developing the Phulbari Coal Project once approval is granted by the Government of Bangladesh.

Until approval is granted, GCM will continue to remain focused on our corporate strategy and actively review opportunities where possible with a view to increasing shareholder value.

We will maintain our ready position to develop the Phulbari Coal Project when approval occurs.

RESULTS

The Group recorded its first profit since incorporation, amounting to £864,000 for the year ended 30 June 2008 (2007: loss of £923,000). The profit is due to the gain made on disposal of the Group's interest in CCEC Ltd, when Regent Pacific Group Limited acquired the whole share capital of CCEC Ltd. In consideration the Group received 68,867,000 shares in Regent Pacific Group Limited.

The financial position of the Group as at 30 June 2008 was £73,376,000 in net assets, a £23,582,000 increase for the year (2007: £49,784,000). The substantial strengthening of the Group's financial position was largely driven by high performing investments. Exploration and evaluation expenditure relating to the Phulbari Coal Project amounted to £2,494,000 for the year (2007: £3,286,000).

DIVIDENDS

The Directors did not recommend the payment of a dividend.

GOING CONCERN

Based on a review of the Group's budgets and cash flow plans, the Directors are satisfied that the Group has sufficient resources to continue its operations and to meet its commitments for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

EMPLOYEES

The Group is committed to ensuring open communication with employees in matters that affect their interests.

A bonus payment scheme is in place in the Bangladesh subsidiary to strengthen employees' involvement and commitment to the Project.

DIRECTORS

	Appointed	Resigned
Executive Directors		
Steve Bywater	10 February 2006	-
Graham Taggart	3 April 2006	-
Gary Lye	10 November 2005	-
William McIntosh	20 December 2004	-
Non-Executive Directors		
Gerard Holden	9 May 2006	-
David Lenigas	5 November 2003	-
Neil Herbert	11 March 2008	28 May 2008

Directors' remuneration

Directors' remuneration for the year ended 30 June 2008 was:

	Directors fees £	Services £	Total £	2007 £
Gerard Holden	31,791	56,004	87,795	88,649
Steve Bywater	154,894	414,408	569,302	527,438
Graham Taggart	106,211	271,831	378,042	346,708
Gary Lye	33,413	98,200	131,613	121,453
William McIntosh	31,791	139,246	171,037	139,339
David Lenigas	31,791	36,000	67,791	71,453
Neil Herbert	7,443	-	7,443	-
Total	397,334	1,015,689	1,413,023	1,295,040

Services provided by Directors included technical support and consulting services.

Directors' interests

The Directors who held office at 30 June 2008 had the following interests in the ordinary shares and options of the Group:

	2008 Shares	2008 Options	2007 Shares	2007 Options
Gerard Holden	46,666	200,000(1)	26,666	200,000
Steve Bywater	-	1,000,000(1)	-	1,000,000
Graham Taggart	-	500,000(1)	-	500,000
Gary Lye*	2,000	120,000(1)	2,000	120,000
William McIntosh*	25,000	25,000(2)	25,000	25,000
David Lenigas	190,000	180,000(2)	160,000	180,000

(1) Exercise price of £1.35, expiry date 29 November 2011

(2) Exercise price of £0.75, expiry date 18 April 2009

* Conditional shares are held by Gary Lye (2008 and 2007: 30,000) and William McIntosh (2008 and 2007: 80,000).

SUBSTANTIAL SHAREHOLDINGS

As at 10 September 2008 the Group was aware of the following substantial interests or holdings of 3% or more of the voting rights of the ordinary called-up share capital of the Company.

	Number of Shares	% of Issued Capital
Polo Resources Limited	15,220,985	29.84
Morgan Stanley	5,341,385	10.47
UBS AG	4,972,182	9.75
ABN Amro Bank N.V	2,425,000	4.75
Credit Suisse	1,999,661	3.92

ENVIRONMENTAL RESPONSIBILITY

The Group is aware of the potential impact that its subsidiary companies' existing and future operations may have on the environment. The Group ensures that it and its subsidiaries at a minimum comply with the local regulatory requirements and the revised Equator Principles (www.equator-principles.com) with regard to the environmental and social impacts. For detailed information please refer to pages 10 and 11 for our Corporate Responsibility activities.

CORPORATE GOVERNANCE

The Company was successfully admitted to AIM on 19 April 2004. The Directors consider the Corporate Governance procedures are appropriate for the size and stage of development of the Group.

Code of Practice

The Listing Rules of the Financial Services Authority incorporate the Combined Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Group is not required to comply with the Combined Code, the Group's corporate governance procedures take due regard of the principles of Good Governance set out in the Combined Code in relation to the size and the stage of development of the Group.

The Board of Directors

The Board of Directors is currently comprised of six members; four Executive Directors and two Non-Executive Directors including the Chairman, Mr Gerard Holden. Each of the Executive Directors has a wealth of minerals exploration and development experience. The Non-Executive Directors similarly have a wealth of experience both in the minerals industry and in finance and corporate development.

The structure of the Board ensures that no one individual or group dominates the decision making process.

Board meetings

The Board meets regularly through the year, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the Group's forecast and budget, major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to Board meetings. The Board delegates certain of its responsibilities to the Board committees which have clearly defined terms of reference, and are listed below.

For the 12 months ended 30 June 2008, the Board met 10 times in relation to normal operational matters.

All Directors have access to the advice and services of the Group's solicitors and the Company Secretary. Any Director may take independent professional advice at the Group's expense in the furtherance of their duties.

Retirement by rotation

One third of Directors are required to retire at every Annual General Meeting ("AGM") of the Company by rotation, and may be re-elected by ordinary resolution.

The Audit Committee

The Audit Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises the Non-Executive Directors and is responsible for ensuring that the financial performance of the Group is properly monitored and reported on.

The Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board of Directors' on senior executives' remuneration. It comprises the Non-Executive Directors and Chief Executive. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Group and to ensure the reliability of financial information for both internal use and external publication. While the Directors are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Group, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation through regular reviews by senior management of performance relative to forecasts.

Business risk

The Board regularly evaluates and reviews business risks when reviewing project timelines. The types of risks reviewed include:

- Regulatory and compliance obligations
- Environmental requirements
- Legal risks relating to contracts, licences and agreements
- Risks associated with potential investments
- Insurance risks – the Group holds insurance coverage for potential employee and liability claims
- Political risks arising from operating in Bangladesh – refer to Note 1 for further information

Treasury policy

The Group finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Refer to note 1 for further information.

Capital management

Capital comprises equity attributable to the equity holders of the parent. The Group does not hold loans, finance leases, or other non-current finance obligations.

	2008 £000	2007 £000
Equity	73,376	49,784
Capital	73,376	49,784

Upon approval of the Phulbari Coal Project funding will be sought from a mix of equity and finance sources. The objective of the Group's capital management will be to manage gearing levels and capital ratios in order to support its business, maximise shareholder value and maintain a healthy capital position.

Relations with shareholders

The Board attaches great importance to maintaining good relationships with its shareholders. The Group's activities are detailed in the Annual Report and financial statements, the Interim Report and market announcements. Market sensitive information is always released to all shareholders concurrently in accordance with stock exchange rules. The AGM will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Group maintains a corporate website where information on the Group is regularly updated and all announcements are posted. The Group welcomes communication from its shareholders.

Creditor payment policy

It is the Group's policy to settle the terms of payment with suppliers when agreeing the terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them. At 30 June 2008, the Company and Group had an average of 30 days purchases outstanding in trade creditors.

Website disclosure

The Group has a website www.gcmplc.com on which statutory information, press releases and background information on the Group and its operations can be found.

Annual General Meeting

The Notice of the Company's AGM will be distributed to shareholders together with the Annual Report. Full details of the Resolutions proposed at that meeting can be found in the Notice.

Auditors

The auditors to the Group, Ernst and Young LLP, have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the AGM.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' report are listed on page 14 and 15. Having made enquiries of fellow Directors and of the Group's auditors, each of these Directors confirms that:

- to the best of each Director's knowledge and belief, there is no information (that is, information needed by the Group's auditors in connection with preparing their report) of which the Group's auditors are unaware; and

- each Director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Group's auditors are aware of that information.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the consolidated financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Directors are required to prepare Group financial statements for each financial year which present fairly the financial position of the Group and the financial performance and cash flows of the Group for that period. In preparing those Group financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and

- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the Group financial statements comply with the Companies Act 1985. They 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.

On behalf of the Board,

Steve Bywater
Chief Executive

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR YEAR ENDED 30 JUNE

	Notes	2008 £000	2007 £000
Operating expenses			
Exploration costs		139	42
Share based payments		-	833
Administrative expenses		1,806	1,541
Operating loss	3	**(1,945)**	**(2,416)**
Profit on disposal of investment	6	2,486	-
Finance revenue	7	742	1,163
Profit/(loss) before tax		**1,283**	**(1,253)**
Taxation	8	419	(330)
Profit/(loss) for the year		**864**	**(923)**
Earnings/(loss) per share			
Basic (pence per share)	9	1.8p	(1.9)p
Diluted (pence per share)	9	1.6p	(1.9)p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE

	Share Capital £000	Share premium account £000	Other reserves £000	Accumulated losses £000	Total £000
Balance at 1 July 2006	4,877	42,664	346	(1,811)	46,076
Change in fair value of available-for-sale financial assets	-	-	4,656	-	4,656
Tax on items taken directly to equity	-	-	(1,304)	-	(1,304)
Share based payments	-	-	375	833	1,208
Loss for the financial year	-	-	-	(923)	(923)
Equity share options exercised	4	22	-	-	26
Share issue costs refundable	-	45	-	-	45
Balance at 30 June 2007	**4,881**	**42,731**	**4,073**	**(1,901)**	**49,784**
Change in fair value of available-for-sale financial assets	-	-	31,587	-	31,587
Tax on items taken directly to equity	-	-	(8,148)	-	(8,148)
Transfer to income statement on disposal of available-for-sale financial assets	-	-	(2,486)	-	(2,486)
Share based payments	-	-	122	-	122
Profit for the financial year	-	-	-	864	864
Equity share warrants exercised	220	1,433	-	-	1,653
Balance at 30 June 2008	**5,101**	**44,164**	**25,148**	**(1,037)**	**73,376**

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE

	Notes	2008 £000	2007 £000
Current assets			
Cash and cash equivalents	10	10,047	16,932
Receivables	11	776	551
Total current assets		**10,823**	**17,483**
Non-current assets			
Property, plant and equipment	12	241	310
Intangible assets	13	23,710	21,216
Financial assets	14	48,799	12,068
Total non-current assets		**72,750**	**33,594**
Total assets		**83,573**	**51,077**
Current liabilities			
Payables	15	643	306
Total current liabilities		**643**	**306**
Non-current liabilities			
Deferred tax liabilities	8	9,554	987
Total non-current liabilities		**9,554**	**987**
Total liabilities		**10,197**	**1,293**
Net assets		**73,376**	**49,784**
Equity			
Share capital	18	5,101	4,881
Share premium account		44,164	42,731
Other reserves	18	25,148	4,073
Accumulated losses		(1,037)	(1,901)
Total equity		**73,376**	**49,784**

Steve Bywater
Chief Executive

CONSOLIDATED CASH FLOW STATEMENT

FOR YEAR ENDED 30 JUNE

	Notes	2008 £000	2007 £000
Cash flows from operating activities			
Profit (loss) before tax		1,283	(1,253)
Adjusted for:			
Depreciation of non-current assets		15	14
Share based payments		-	833
Profit on disposal of investment		(2,486)	-
Finance revenue		(742)	(1,163)
		(1,930)	**(1,569)**
Movements in working capital:			
Increase in operating receivables		(77)	(72)
Increase in operating payables		211	105
Cash used in operations		**(1,796)**	**(1,536)**
Interest received		770	1,096
Net cash used in operating activities		**(1,026)**	**(440)**
Cash flows from investing activities			
Payments for property, plant and equipment		(19)	(47)
Payments for intangible assets		(2,172)	(3,112)
Payments for investments		(5,321)	(7,623)
Net cash used in investing activities		**(7,512)**	**(10,782)**
Cash flows from financing activities			
Issue of ordinary share capital		1,653	26
Refund of share issue costs		-	45
Net cash generated by financing activities		**1,653**	**71**
Total decrease in cash and cash equivalents		**(6,885)**	**(11,151)**
Cash and cash equivalents at the start of the year		16,932	28,083
Cash and cash equivalents at the end of the year	10	**10,047**	**16,932**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GCM Resources plc ("GCM") is domiciled in England and Wales, was incorporated as a Public Limited Company on 26 September 2003 and admitted to AIM on 19 April 2004.

The financial report was authorised for issue by the Directors on 17 September 2008, and the Consolidated Balance Sheet was signed on the Board's behalf by Steve Bywater.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union as they apply to the financial statements of the Group for the year ended 30 June 2008 and applied in accordance with the Companies Act 1985. The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 30 June 2008.

The functional and presentation currency of the Group is pounds sterling, and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

Political and economic risks

The Group is awaiting approval of its Scheme of Development for the Phulbari Coal Project ("Project") in Bangladesh. The section headed Phulbari Coal Project on pages 8 and 9 includes a summary of the current political situation.

GCM's wholly owned subsidiary Asia Energy Corporation (Bangladesh) Pty Limited has a contract with the Government of Bangladesh under which it has the right to explore for, develop, and mine coal in the Phulbari region of Bangladesh. If the Group does not secure approval for development of a mine, the Group would be required to impair all of its intangible mining assets.

The Group has taken legal advice concerning the Phulbari Contract pertaining to any proposed cancellation or breach of contract. The Directors believe that they have a legally binding agreement and consequently will endeavour to secure approval for development. They believe approval will ultimately be secured.

Accordingly, the Directors consider that it is appropriate not to record any impairment in respect of its intangible assets.

Going concern

The Directors are of the opinion that the Group has sufficient funds for the foreseeable future to meet its obligations as they fall due. The Group has lodged the Feasibility Study and Scheme of Development for approval with the Government of Bangladesh in line with the Group's contractual obligations. The multi stakeholder advisory committee has reviewed the draft Coal Policy and submitted their recommendations to the Government on 8 January 2008. The Energy Ministry finalised their recommendations on the Coal Policy on 22 June 2008 and sent it to other Government Ministries for their opinions. The Policy was forwarded to the Council of Advisers on 15 July 2008 for approval. On 13 August 2008 the Council of Advisers returned the draft Coal Policy to the Energy Ministry for further scrutiny as no decision was made.

The Group has received no notification from the Government of Bangladesh of any changes to the terms of the Company's Contract and the Directors do not believe that there are any grounds for the Contract to be cancelled. The Directors believe that approval for development will be granted.

Development of the Project will require further funding. The Directors are of the opinion that the current funding is sufficient to determine the appropriate funding arrangements, secure financing commitment from interested parties and, following approval of the Scheme of Development, to commence initial Project development. The process to determine and secure the optimal funding arrangements will continue after Project approval.

The Directors continue to assess and review alternative opportunities and new investments.

On this basis, the Directors believe that the adoption of the going concern basis is justified.

Use of assumptions and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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 revision and future periods if the revision affects both current and future periods.

Intangibles
When intangibles are tested for impairment on an annual basis, estimates are used to determine the likelihood of project approval, and the net return on investment. The estimated return on investment takes into account estimated recoverable reserves, coal prices, development and production costs, capital investment requirements, interest rates, discount rates, and environmental and social costs among other things.

Share based payments
Note 19 outlines the factors used to determine the valuation of options and conditional shares.

Basis of consolidation

The Group financial statements consist of the consolidated financial statements of the Company and entities controlled by the Company (its subsidiaries).

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct or indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. The financial statements of subsidiaries used in preparation of the consolidated financial statements are prepared for the same reporting year as the parent company, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from them, are eliminated.

Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives in the current and comparative periods are as follows:

- field equipment 3 - 15 years
- office furniture and equipment 3 - 15 years
- vehicles 5 - 7 years

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Intangible assets

Acquired intangible assets, are measured initially at cost and are amortised on a straight-line basis over their estimated useful lives.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as exploration and evaluation assets on an area of interest basis.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the expenditures are expected to be recouped through successful development and mining of the area of interest, or by its sale; or

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

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

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial assets

Financial assets in the scope of IAS 39 are classified as financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; or as available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. When financial assets are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The measurement of financial assets depends on their classification, as follows:

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as either fair value through profit and loss or available for sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as such or are not classified as financial assets at fair value through profit or loss, held-to-maturity assets, or loans and receivables. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is de-recognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Fair values
The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis and pricing models. Otherwise assets will be carried at cost.

Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced, with the amount of the loss recognised in administration costs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Available-for-sale financial assets
If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the income statement.

Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income statement.

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised:

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currency transactions

Transactions in currencies other than pounds sterling are recorded at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Share based payments

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the recipients become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. Where the equity-settled share-based payment is directly attributable to exploration and evaluation activities, the movement in cumulative expense since the previous balance sheet date is capitalised, with a corresponding entry in equity. Otherwise, the movement in cumulative expense is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

New standards and interpretations not applied

IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

	Effective date
International Accounting Standards (IAS / IFRSs)	
IFRS 1 First time Adoption of International Financial Reporting Standards and Consolidated and Separate Financial Statements	1 January 2009
IFRS 2 Amendment to IFRS 2 – Vesting Conditions and Cancellations	1 January 2009
IFRS 3 Business Combinations (revised January 2008)	1 July 2009
IFRS 8 Operating Segments	1 January 2009
IAS 1 Presentation of Financial Statements (revised September 2007)	1 January 2009
IAS 23 Borrowing Costs (revised March 2007)	1 January 2009
IAS 27 Consolidated and Separate Financial Statements (revised January 2008)	1 July 2009
IAS 32 Financial Instruments: Disclosure and Presentation and IAS 1 Presentation of Financial Statements	1 January 2009
Improvements to IFRSs (May 2008)	1 January 2009
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2009
International Financial Reporting Interpretations Committee (IFRIC)	
IFRIC 13 Customer Loyalty Programmes	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

The amendment to IFRS 2 restricts the definition of vesting conditions to include only service conditions (requiring a specified period of service to be completed) and performance conditions (requiring the other party to achieve a personal goal or contribute to achieving a corporate target). All other features are not vesting conditions, and whereas a failure to achieve such a condition was previously regarded as a forfeiture (giving rise to a reversal of amounts previously charged to profit) it must be reflected in the grant date fair value of the award and treated as a cancellation, which results in either an acceleration of the expected charge, or a continuation over the remaining vesting period, depending on whether the condition is under the control of the entity or counterparty. The amendment is mandatory for periods beginning on or after 1 January 2009 and the Group is currently assessing its impact on the financial statements, although it is not expected to be material.

The Group does not anticipate early adoption of the revised IFRS 3 and so will apply it prospectively to all business combinations on or after 1 July 2009. Whilst it is not possible to estimate the outcome of adoption, the key features of the revised IFRS 3 include a requirement for acquisition-related costs to be expensed and not included in the purchase price; and for contingent consideration to be recognised at fair value on the acquisition date (with subsequent changes recognised in the income statement and not as a change to goodwill). The standard also changes the treatment of non-controlling interest (formerly minority interests) with an option to recognise these at full fair value as at the acquisition date and a requirement for previously held non-controlling interests to be fair valued as at the date control is obtained, with gains and losses recognised in the income statement.

IFRS 8 requires segment disclosure based on information presented to the Board. Whilst this is not expected to change the segment information currently provided, the future structure of the Group may change which would then impact the segment information provided.

Whilst the revised IAS 1 will have no impact on the measurement of the Group's results or net assets it is likely to result in certain changes in the presentation of the Group's financial statements from 2009 onwards.

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

2. SEGMENT ANALYSIS

The Group operates in one principal business segment being coal exploration and evaluation. The Group operates within one principal geographical segment, being Bangladesh. The Bangladesh operations are supported by management and administrative functions in the United Kingdom and Australia.

There was no segment revenue during the financial year. The result for the period relates to one principal business segment and one principal geographical segment.

The Group also holds investments in companies with projects in China, Africa, Australia and Sweden.

3. OPERATING LOSS

	2008 £000	2007 £000
The operating loss is stated after charging:		
Directors' remuneration [1]	868	502
Share based payments [2]	-	833
Other staff costs [3]	110	26
Depreciation of property plant and equipment [4]	15	14
Exploration costs	139	42
Operating lease rentals [5]	73	72

(1) Total Directors' remuneration for 2008 financial year was £1,413,000 of which £868,000 was expensed and £545,000 was capitalised (2007: £793,000 capitalised).

(2) Total share based payments costs for 2008 was £122,000 which was fully capitalised (2007: £375,000 capitalised).

(3) Staff costs for 2008 financial year was £444,000 of which £110,000 was expensed and £334,000 capitalised (2007: £285,000 capitalised).

(4) Total depreciation for 2008 was £89,000 of which £15,000 was expensed and £74,000 capitalised (2007: £66,000 capitalised).

(5) Operating lease rentals for 2008 financial year were £145,000 of which £73,000 was expensed and £72,000 capitalised (2007: £63,000 capitalised).

4. AUDITORS' REMUNERATION

The Group paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Group.

		2008 £000	2007 £000
Audit of the Group financial statements		**57**	**79**
Other fees to auditors:	- auditing the accounts of subsidiaries	10	9
	- corporate advisory	130	-
		140	**9**

5. DIRECTORS' REMUNERATION AND STAFF COSTS

Directors' remuneration

	2008 £000	2007 £000
Directors remuneration	1,413	1,295
Aggregate gains made by Directors on the exercise of options	-	10

Further breakdown of these amounts is provided in the Directors' Report.

Staff costs

	2008 £000	2007 £000
Wages and salaries	433	309
Social security costs	11	2
	444	**311**

The average monthly number of employees during the year was:

	2008 Number	2007 Number
Exploration and evaluation	68	66
Administration	7	6
	75	**72**

6. PROFIT ON DISPOSAL OF INVESTMENT

On 14 December 2007 the whole of the shares of CCEC Ltd were acquired by Regent Pacific Group Limited ("RPG"), in exchange for shares in RPG. As a result, the Group has disposed of its interest in CCEC Ltd, and now holds 68,867,000 shares in RPG.

	2008 £000	2007 £000
CCEC Ltd		
Sale proceeds - shares	4,754	-
Asset disposed	(4,751)	-
Disposal costs	(3)	-
Transfer from Other reserves on disposal	2,486	-
Profit on disposal of investment	**2,486**	**-**

7. FINANCE REVENUE

	2008 £000	2007 £000
Bank interest receivable	742	1,163

8. TAXATION

Tax on profit (loss) on ordinary activities

	2008 £000	2007 £000
Tax charged (credited) in the income statement		
Deferred tax:		
UK corporation tax	(288)	(84)
Foreign tax	-	-
	(288)	**(84)**
Amounts underprovided in previous years	12	-
Tax on ordinary activities	**(276)**	**(84)**
Origination and reversal of temporary differences	695	(222)
Effective change in tax rate	-	(24)
Total deferred tax	**695**	**(246)**
Tax charge (credit) in the income statement	**419**	**(330)**
Tax relating to items charged to equity		
Deferred tax:		
Available-for-sale financial assets	8,148	1,304
Total deferred tax	**8,148**	**1,304**
Tax charge in statement of changes in equity	**8,148**	**1,304**

Reconciliation of the tax charge in the income statement

	2008 £000	2007 £000
Profit (loss) on ordinary activities before tax	1,283	(1,253)
UK corporation tax @ 28% (2008) and @ 30% (2007)	359	(376)
Non-deductible expenditure	12	1
Unrecognised deferred tax assets	36	21
Amounts underprovided in previous years	12	-
Reduction in deferred taxes due to reduction in tax rate	-	24
Total tax expense reported on the income statement	**419**	**(330)**

Unrecognised deferred tax assets

The Group incurred share based payments expenditure in the 2007 financial year, which will be tax deductible when the underlying equity instruments are exercised. A deferred tax asset totalling £233,000 has not been recognised.

Expenditure relating to the Phulbari Coal Project will be deductible against future income. The net deferred tax asset amounting to £206,000 has not been recognised.

A deferred tax asset for these items will be recognised should it become more likely than not that taxable profit or timing differences, against which they may be deducted, arise.

Deferred tax

The deferred tax included in the balance sheet is as follows:

	2008 £000	2007 £000
Deferred tax asset		
Tax losses carried forward	594	318
Revaluation of available-for-sale financial assets	577	-
	1,171	**318**
Deferred tax liability		
Revaluation of available-for-sale financial assets	10,029	1,304
Deferred capital gain	696	-
Accelerated capital allowances	-	1
	10,725	**1,305**
Disclosed on the balance sheet		
Deferred tax asset	-	-
Deferred tax liability	9,554	987
	9,554	**987**

The deferred tax included in the income statement is as follows:

	2008 £000	2007 £000
Deferred capital gain	696	-
Accelerated capital allowances	(1)	-
Interest adjustment	-	(263)
Tax losses carried forward	-	17
Deferred income tax expense (credit)	**695**	**(246)**

9. EARNINGS PER SHARE

	2008 £000	2007 £000
Profit (loss) for the period	**864**	**(923)**
	Thousands	**Thousands**
Weighted average number of shares		
Number of shares with voting rights	48,854	48,774
Dilutive potential ordinary shares:		
- Options	2,205	2,196
- Warrants	2,157	2,205
- Conditional shares	198	210
Diluted weighted average number of shares	**53,414**	**53,385**
Earnings per share		
Basic (pence per share)	1.8p	(1.9)p
Diluted (pence per share)	1.6p	(1.9)p

There were no potentially dilutive shares for the year ended 30 June 2007 as the Group made a loss.

10. CASH AND CASH EQUIVALENTS

	2008 £000	2007 £000
Cash at bank and in hand	**10,047**	**16,932**

11. RECEIVABLES

	2008 £000	2007 £000
Security deposits	47	45
Prepayments and accrued income	540	385
Other receivables	189	121
	776	**551**

12. PROPERTY PLANT AND EQUIPMENT

	Buildings £000	Plant and equipment £000	Lease premium £000	Total £000
Cost				
At 1 July 2006	55	386	20	461
Additions	22	25	-	47
At 30 June 2007	**77**	**411**	**20**	**508**
Additions	-	20	-	20
At 30 June 2008	**77**	**431**	**20**	**528**
Depreciation				
At 1 July 2006	(3)	(114)	(1)	(118)
Provided during the year	(4)	(71)	(5)	(80)
At 30 June 2007	**(7)**	**(185)**	**(6)**	**(198)**
Provided during the year	(5)	(79)	(5)	(89)
At 30 June 2008	**(12)**	**(264)**	**(11)**	**(287)**
Net book value at 30 June 2008	**65**	**167**	**9**	**241**
Net book value at 30 June 2007	**70**	**226**	**14**	**310**

13. INTANGIBLE ASSETS

	Exploration & evaluation expenditure £000	Mineral rights £000	Total £000
Cost			
At 1 July 2006	16,783	1,147	17,930
Additions – exploration & evaluation	3,286	-	3,286
At 30 June 2007	**20,069**	**1,147**	**21,216**
Additions – exploration & evaluation	2,494	-	2,494
Cost and net book value at 30 June 2008	**22,563**	**1,147**	**23,710**
Cost and net book value at 30 June 2007	**20,069**	**1,147**	**21,216**

14. FINANCIAL ASSETS

	2008 £000	2007 £000
Available-for-sale investment		
Listed equity shares[1]	44,106	9,439
Unlisted equity shares [2]	4,693	2,629
	48,799	**12,068**

(1) Listed equity investments are valued at bid price as at the 30 June 2008 close.

(2) Unlisted equity shares have been recorded at cost for the years ended 30 June 2007 and 2008.

Details of Group undertakings

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of incorporation	Ownership interest 2008	2007
Subsidiaries			
Asia Energy Corporation Pty Limited	Australia	100%	100%
Asia Energy Corporation (Bangladesh) Pty Limited*	Australia	100%	100%
Asia Energy (Bangladesh) Private Limited*	Bangladesh	100%	100%
Asia Mining (Bangladesh) Private Limited**	Bangladesh	100%	100%
Asia Energy Holdings Private Limited	Singapore	100%	100%
South African Coal Limited	United Kingdom	100%	100%
Bangladesh Telecommunications Limited	United Kingdom	100%	100%
China Coal Limited	United Kingdom	100%	100%
Available-for-sale financial asset			
Peoples Telecommunication and Information Services Ltd (Peoplestel)	Bangladesh	37%	26.5%

* Indirectly held through Asia Energy Corporation Pty Limited

** Indirectly held through Asia Energy Corporation (Bangladesh) Pty Limited

The investment in PeoplesTel has been accounted for as an available-for-sale financial asset as GCM does not have significant influence. The investment will be treated as an associate upon obtaining board representation.

15. PAYABLES

	2008 £000	2007 £000
Trade and other payables	**643**	**306**

16. FINANCIAL INSTRUMENTS

The Group holds cash as a liquid resource to fund the obligations of the Group. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure forecasts. Although the Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk, it reviews its currency exposures periodically.

Interest rate risk

The interest rate maturity profile of the financial assets of the Group is as follows:

	2008 £000	2007 £000
Floating rate – within 1 year		
Cash and cash equivalents	9,933	16,873
Receivables	42	41

Other financial instruments of the group are non-interest bearing and are therefore not subject to interest rate risk.

Equity price risk

The Group holds listed equity investments classified as available-for-sale. The equity investments are quoted on AIM, the Hong Kong Stock Exchange, the Australian Stock Exchange and the Johannesburg Stock Exchange. Accordingly sensitivity analysis, in respect of listed equity investments, is based on the assumption that if the respective market increased/decreased by 5%, the equity share price of the relevant companies would move according to the historical correlation with the market it is listed on. Profit (loss) after tax would not be affected as all the listed equity investments have been classified as available for sale.

	Increase/decrease in market index %	Effect on equity £000
2008	+5%	(802)
	-5%	802
2007	+5%	313
	-5%	(313)

The historical correlation between investments and the respective market for the year ended 30 June 2008 was negative due to a significant appreciation in the share price of Coal of Africa Limited, whereas AIM overall decreased during the year.

Credit risk

The Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk.

Liquidity risk

The Group ensures that it has sufficient cash to meet all its commitments when required. The table below summarises the maturity profile of the Group's financial liabilities as 30 June 2008 and 2007.

	Within 30 days £000	1 to 3 months £000	3 to 12 months £000	Total £000
2008				
Payables	265	353	25	643
2007				
Payables	244	53	9	306

Foreign currency risk

The following table demonstrates the sensitivity to a 5% change in the Hong Kong dollar and Australian dollar exchange rates with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets) and the Group's equity (due to changes in the fair value of available for sale investments).

	Increase/decrease in exchange rate %	Effect on profit before tax %	Effect on equity £000
2008			
Australian Dollar	+5%	(2)	21
	-5%	2	(21)
Hong Kong Dollar	+5%	-	103
	-5%	-	(103)
2007			
Australian Dollar	+5%	(2)	(2)
	-5%	2	2
Hong Kong Dollar	+5%	-	-
	-5%	-	-

Fair values of financial assets and liabilities

All financial assets and liabilities of the Group have been recorded at their book value, which equates to their fair value.

	Book value 2008 £000	Fair value 2008 £000	Book value 2007 £000	Fair value 2007 £000
Financial assets				
Cash and cash equivalents	10,047	10,047	16,932	16,932
Receivables	274	274	166	166
Available-for-sale investments	48,799	48,799	12,068	12,068
Financial liabilities				
Creditors	643	643	306	306

17. COMMITMENTS

Operating lease commitments

The Group has entered into operating leases on land and buildings and office equipment. These leases have a duration of between one and three years. Future minimum rentals on these operating leases are as follows:

	2008 £000	2007 £000
Operating leases expiring		
Within one year	143	105
After one year but not more than five years	99	40
After five years	-	-
	242	**145**

In addition, under the terms of the Prospecting License agreement with the Bangladesh authorities for contract license areas B, G and H respectively, an annual fee of 100 Taka (£0.73 at year-end exchange rate) is payable for each hectare within the license area. The Group currently leases 5,480 hectares within these license areas.

Other commitments

In April 2007 the Group formed an alliance with Aura Energy Limited to identify and acquire uranium projects in Africa. The agreement specified that £165,000 will be provided by the Group and a two year initial term of the alliance. The Group has since agreed to provide further funding up to £150,000.

As at 30 June 2008, the Group has provided £139,000 for the alliance (2007: £42,000). In accordance with the Group's policy on exploration costs, the expenses have been recognised in the income statement when incurred.

18. AUTHORISED AND ISSUED SHARE CAPITAL

	2008 thousands	2008 £000	2007 thousands	2007 £000
Authorised				
Ordinary shares of 10p each	200,000	20,000	200,000	20,000
Allotted, called up and fully paid				
At 1 July	48,806	4,881	48,771	4,877
Issued on exercise of options and warrants	2,205	220	35	4
At 30 June	**51,011**	**5,101**	**48,806**	**4,881**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Reserves

Share capital

The balance held in share capital relates to the nominal net proceeds on issue of the Company's equity share capital, comprising £0.10 ordinary shares.

Share premium account

The share premium account represents the premium received over the nominal value of ordinary shares on issue of the Company's equity.

The share premium account has been reduced by expenditure associated with issuing shares such as listing costs.

Other reserves

This reserve records the equity component of options and conditional shares awarded which have not yet been settled. It also includes unrealised fair value changes on available-for-sale investments, net of deferred tax.

	2008 £000	2007 £000
Share based payments not settled	843	721
Net movement in available-for-sale financial assets	24,305	3,352
	25,148	**4,073**

19. SHARE BASED PAYMENTS

Options

For the options issued, when an option vests the option holder is entitled to receive one ordinary share per option upon exercise. All options are equity-settled. There were no options awarded during the year ended 30 June 2008 (2007: 1,820,000).

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

	2008 Options thousands	2008 WAEP	2007 Options thousands	2007 WAEP
At 1 July	2,205	£1.25	2,140	(1)£3.40
Granted	-		1,820	£1.35
Exercised	-		(35)	£0.75
Cancelled	-		(1,720)	£4.04
Outstanding at end of year	**2,205**	**£1.25**	**2,205**	**£1.25**
Exercisable at end of year	**2,205**	**£1.25**	**2,205**	**£1.25**

(1) The 2,140,000 options outstanding at 1 July 2006 have not been valued in accordance with IFRS 2 Share-based Payment as the options were vested before the Group's IFRS transition date, being 1 July 2006.

The options outstanding at 30 June 2008 have an exercise price in the range of £0.75 and £1.35 (2007: £0.75 and £1.35) and a weighted average contractual life of three years (2007: four years).

Warrants

2,205,000 warrants were exercised during the financial year as shown below:

	2008 thousands	2007 thousands
Warrants		
At 1 July	2,205	2,205
Granted	-	-
Exercised	(2,205)	-
At 30 June	**-**	**2,205**

The exercise price on warrants issued was £0.75 and the funds received by the Company as a result of the exercise was £1,653,000 (2007: nil).

Conditional shares scheme

Under the conditional shares scheme ordinary shares will be issued conditional upon the Group achieving certain milestones. The awards granted are classified as equity-settled, and therefore the fair value is determined at the date of the grant, as required by IFRS 2. The grant details of the conditional shares are as follows:

	25 August 2005	9 March 2006	1 December 2007
Share price at grant date	£6.32	£4.99	£0.81
Conditional shares awarded	180,000	30,000	15,000
Lapsed	(20,000)	-	-
	160,000	**30,000**	**15,000**

The cost related to the conditional shares at 30 June 2008 is calculated at £784,000 (2007: £662,000) after taking into account:

- Expected timeframe for milestones to be achieved
- Probability of successful completion of milestones
- The conditional shares awarded to employees are subject to their employment at the time milestones are reached

The movement in the cost of conditional shares amounting to £122,000 is directly attributable to the Phulbari Coal Project, and accordingly capitalised on this basis.

20. POST-BALANCE SHEET EVENTS

Aura Energy Limited

The Group has purchased an additional 1,826,000 shares in Aura Energy Limited ("Aura") throughout the period 25 July 2008 to 10 September 2008. As at 10 September 2008 the Group had a 17% stake in Aura. The June 2008 financial statements have not been adjusted.

Fair value of available-for-sale investments

Due to the volatility in global equity markets, listed investments held by the Group have reduced in fair value subsequent to the balance sheet date. As at 10 September 2008 the impact to equity is a contraction of £12,396,000. The June 2008 financial statements have not been adjusted.

21. CONTINGENT LIABILITIES

The Group is obliged to pay Deepgreen Minerals Corporation Proprietary Limited $1USD per tonne of coal produced and sold from the Phulbari mine.

The Directors are of the opinion that a provision is not required in respect of these matters, as the amount is not capable of reliable measurement.

22. RELATED PARTY TRANSACTIONS

Directors' interests - Fingals Cave Pty Ltd

Consulting services were provided to the Group by Fingals Cave Pty Ltd, including the provision of the services of Mr W McIntosh, a Director of GCM Resources plc. £139,000 was incurred during the year ended 30 June 2008 (2007: £114,000) in relation to these services. As at 30 June 2008, £28,000 was owing to Fingals Cave Pty Ltd (2007: £15,000).

Other related party transactions

	2008 £000	2007 £000
Entities with significant influence over the Group		
Expenditure reimbursed from related party	38	-
Amount owed by related party	31	-

23. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

GCM Resources plc Group has prepared the consolidated financial statements for the year ended 30 June 2008 in accordance with International Financial Reporting Standards ("IFRS") for the first time.

The general principle in adopting IFRS is that all applicable accounting standards should be applied fully retrospectively. IFRS 1 First time adoption of International Financial Reporting Standards allows certain exemptions which companies are allowed to apply.

The exemptions the Group has applied are as follows:

- IFRS 2 Share-based Payments has not been applied to equity settled share-based awards granted before 7 November 2002 or vested before 1 July 2006;
- IFRS 3 Business Combinations has not been applied retrospectively to business combinations prior to 1 July 2006

The following information details the impact of the transition from UK GAAP to IFRS for the comparative year ended 30 June 2007, and the date of transition, being 30 June 2006.

RESTATED IFRS CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	2007 Reported under UK GAAP	Deferred Tax IAS 12 (IFRS Adjustment)	2007 Restated under IFRS
	£000	£000	£000
Administrative expenses	2,416	-	2,416
Operating loss	**(2,416)**	**-**	**(2,416)**
Finance revenue	1,163	-	1,163
Loss before tax	**(1,253)**	**-**	**(1,253)**
Taxation	(1)	331	330
Loss for the period	**(1,254)**	**331**	**(923)**
Earnings per share			
Basic loss per share	(2.6)p	(0.7)p	(1.9)p
Diluted loss per share	(2.6)p	(0.7)p	(1.9)p

CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2007

	2007 Reported under UK GAAP	Financial instruments IAS 39 (IFRS Adjustment)	Deferred Tax IAS 12 (IFRS Adjustment)	Restated under IFRS
	£000	£000	£000	£000
Current assets				
Cash and cash equivalents	16,932	-	-	16,932
Receivables	551	-	-	551
Total current assets	**17,483**	**-**	**-**	**17,483**
Non-current assets				
Property, plant and equipment	310	-	-	310
Intangible assets	21,216	-	-	21,216
Financial assets	7,412	4,656	-	12,068
Total non-current assets	**28,938**	**4,656**	**-**	**33,594**
Total assets	**46,421**	**4,656**	**-**	**51,077**
Current liabilities				
Payables	306	-	-	306
Total current liabilities	**306**	**-**	**-**	**306**
Non-current liabilities				
Deferred tax liabilities	-	1,304	(317)	987
Total non-current liabilities	**-**	**1,304**	**(317)**	**987**
Total liabilities	**306**	**1,304**	**(317)**	**1,293**
Net assets	**46,115**	**3,352**	**317**	**49,784**
Equity				
Share capital	4,881	-	-	4,881
Share premium account	42,731	-	-	42,731
Other reserves	721	3,352	-	4,073
Accumulated losses	(2,218)	-	317	(1,901)
Total equity	**46,115**	**3,352**	**317**	**49,784**

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2006

(Opening balance sheet for IFRS)

	Reported under UK GAAP	Deferred Tax IAS 12 (IFRS Adjustment)	Restated under IFRS
	£000	£000	£000
Current assets			
Cash and cash equivalents	28,083	-	28,083
Receivables	201	-	201
Total current assets	**28,284**	**-**	**28,284**
Non-current assets			
Property, plant and equipment	343	-	343
Intangible assets	17,930	-	17,930
Deferred tax asset	1	(1)	-
Total non-current assets	**18,274**	**(1)**	**18,273**
Total assets	**46,558**	**(1)**	**46,557**
Current liabilities			
Payables	468	-	468
Total current liabilities	**468**	**-**	**468**
Non-current liabilities			
Deferred tax liabilities	-	13	13
Total non-current liabilities	**-**	**13**	**13**
Total liabilities	**468**	**13**	**481**
Net assets	**46,090**	**(14)**	**46,076**
Equity			
Share capital	4,877	-	4,877
Share premium account	42,664	-	42,664
Other reserves	346	-	346
Accumulated losses	(1,797)	(14)	(1,811)
Total equity	**46,090**	**(14)**	**46,076**

Review of main changes arising from adoption of IFRS

The following describes the most significant adjustments arising from transition to IFRS.

(a) Financial instruments (IAS 39)

An investment previously held at cost under UK GAAP has been recorded at fair value as at 30 June 2007. The resulting increase in assets at 30 June 2007 is:

	2007 £000
Movement in fair value of investments	4,656
Less: Deferred tax liability (Note (b) below)	(1,304)
Net movement in assets	**3,352**

As the investment is classified as "available-for-sale" the movement in fair value and deferred tax adjustment have been taken to equity in accordance with IAS 12.

(b) Deferred tax (IAS 12)

Under UK GAAP, deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date and which could give rise to an obligation to pay more or less taxation in the future.

Deferred tax liabilities under IAS 12 are recognised in respect of all temporary difference at the balance sheet date between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or carried forward tax losses can be utilised.

Due to this change in method as at 30 June 2006, a deferred tax liability of £13,000 was recorded.

As at 30 June 2007, the deferred tax liabilities and deferred tax assets recorded are as follows:
The deferred tax liability arising from the application of IAS 39 (as described above), was reduced by the carried forward tax losses as at 30 June 2007:

	£000
Deferred tax liability	
Fair value movement (as described in note (a) above)	1,304
Deferred tax asset	
Tax losses carried forward	(317)
Net deferred tax liability	**987**

(c) Earnings per share

The calculation of the basic loss per ordinary share of 1.9p is based on a loss of £923,000 to 30 June 2007 and the weighted average number of ordinary shares outstanding of 48,773,667 for the year ended 30 June 2007. As the Group made a loss there are no potentially dilutive shares.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GCM RESOURCES PLC

We have audited the group financial statements of GCM Resources plc for the year ended 30 June 2008 which comprises the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 23. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of GCM Resources plc for the year ended 30 June 2008.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

Our responsibility is to audit the group 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 group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited group financial statements. The other information comprises only the Chief Executive's Statement, the Phulbari Coal Project review, the Corporate Social Responsibility statement, Investments review, Our People statement, Board of Directors statement and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group 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 group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the group 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 group 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 group financial statements.

Opinion

In our opinion:

- the group 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 30 June 2008 and of its loss for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the group financial statements.

Emphasis of matter – recoverability of mining assets

While not qualifying our opinion, we draw attention to note 1 in the financial statements concerning the material uncertainty over GCM Resources plc's Contract with the Bangladesh Government and consequently the recoverability of the intangible exploration assets. The recoverability of these assets is dependent on the Group being permitted to develop the mine at Phulbari and at present there is a risk that the government may cancel the existing Contract. The intangible assets are included in the balance sheet at £23,710,000 and in the event that the Contract was cancelled, these and related amounts would be fully impaired.

The ultimate outcome of these matters cannot be presently determined and no impairment charge has been recorded in the current year financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor
London
17 September 2008

The maintenance and integrity of GCM Resource plc's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

COMPANY FINANCIAL STATEMENTS 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those 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 applicable UK Accounting Standards have been followed, 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 company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

COMPANY BALANCE SHEET
AS AT 30 JUNE

	Notes	2008 £000	2007 £000
Fixed assets			
Tangible assets	5	36	48
Investments	6	12,452	4,700
		12,488	**4,748**
Current assets			
Debtors	7	28,269	25,674
Current asset investments	8	42	41
Cash at bank and in hand		9,933	16,873
		38,244	**42,588**
Creditors: amounts falling due within one year	9	(480)	(270)
Net current assets		**37,764**	**42,318**
Total assets less current liabilities		**50,252**	**47,066**
Deferred tax liabilities	4	(102)	-
Net assets		**50,150**	**47,066**
Capital and reserves			
Called up share capital account	10	5,101	4,881
Share premium account	11	44,164	42,731
Other reserves	11	843	721
Profit and loss account	11	42	(1,267)
Equity shareholders' funds		**50,150**	**47,066**

Steve Bywater
Director

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

GCM Resources plc was incorporated as a Public Limited Company on 26 September 2003 and admitted to AIM on 19 April 2004.

The financial report was authorised for issue by the Directors on 17 September 2008.

Basis of preparation of financial statements

The Company financial statements of GCM Resources plc are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

No profit and loss account is presented for GCM Resources plc as permitted by section 230 of the Companies Act 1985.

Political and economic risks

The Group is awaiting approval of the scheme of development for the Phulbari project in Bangladesh. The section headed Phulbari Coal Project on pages 8 and 9 gives a summary of the current political situation.

GCM's wholly owned subsidiary Asia Energy Corpration (Bangladesh) Pty Limited has a contract with the Government of Bangladesh under which it has the right to explore for, develop, and mine coal in the Phulbari region of Bangladesh. If the Group does not secure approval for development of a mine, the Group would be required to impair all of its intangible mining assets.

The Group has taken legal advice concerning the Phulbari contract pertaining to any proposed cancellation or breach of contract. The Directors believe that they have a legally binding agreement and consequently will endeavour to receive approval for development. They believe approval will ultimately be secured.

Accordingly, the Directors consider that it is appropriate not to record any impairment in respect of the intangible assets in the Group balance sheet, or related intercompany investments and receivables in the Company balance sheet.

Going concern

The Directors are of the opinion that the Group has sufficient funds for the foreseeable future to meet its obligations as they fall due. The Group has lodged the Feasibility Study and Scheme of Development for approval with the Government of Bangladesh in line with the Group's contractual obligations. The multi stakeholder advisory committee has reviewed the draft Coal Policy and submitted their recommendations to the Government on 8 January 2008. The Energy Ministry finalised their recommendations on the Coal Policy on 22 June 2008 and sent it to other Government Ministries for their opinions. The Policy was forwarded to the Council of Advisers on 15 July 2008 for approval. On 13 August 2008 the Council of Advisers returned the Coal Policy to the Energy Ministry for further scrutiny as no decision was made.

The Group has received no notification from the Government of Bangladesh of any changes to the terms of the Company's Contract and the Directors do not believe that there are any grounds for the Contract to be cancelled. The Directors believe that approval for further development will be granted.

Development of the Project will require further funding. The Directors are of the opinion that the current funding is sufficient to determine the appropriate funding arrangements, secure financing commitment from interested parties and, following approval of the Scheme of Development to commence initial Project development. The process to determine and secure the optimal funding arrangements will continue after Project approval.

The Directors continue to assess and review alternative opportunities and new investments.

On this basis, the Directors believe that the adoption of the going concern basis is justified.

Tangible fixed assets

All fixed assets are stated at cost less accumulated depreciation and impairment loss.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value of each asset evenly over its expected useful life as follows:

Office furniture and equipment	-	over 3 to 15 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred tax

The tax charge is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation purposes and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax in the future. In particular:

- deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account, with the exception of foreign currency differences directly attributable to exploration and evaluation activities, which are capitalised.

Share based payments

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the recipients become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. Where the equity-settled share-based payment is directly attributable to exploration and evaluation activities, the movement in cumulative expense since the previous balance sheet date is capitalised, with a corresponding entry in equity. Otherwise, the movement in cumulative expense is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

2. RESULT OF THE PARENT COMPANY

The parent company recorded a £1,309,000 profit for year ended 30 June 2008 (2007: loss of £2,013,000).

3. AUDITORS' REMUNERATION

The Company paid the following amounts to its auditors in respect of the audit of the company financial statements.

	2008 £000	2007 £000
Audit of the company financial statements	5	5

4. DEFERRED TAX

Deferred tax assets and liabilities are recognised as follows:

	2008 £000	Movement for the year £000	2007 £000
Deferred tax assets:			
Tax losses	594	276	318
Share based payments	233	-	233
	827	**276**	**551**
Deferred tax liabilities:			
Deferred capital gain	696	696	-
Accelerated capital allowances	-	(1)	1
	696	**695**	**1**
Net deferred tax assets (liabilities)	**131**	**(419)**	**550**
Deferred tax assets not recognised	(233)	317	(550)
Net deferred tax assets (liabilities) recognised	**102**	**102**	**-**

Unrecognised deferred tax assets as at 30 June 2008 amount to £233,000 (2007: £550,000). Deferred tax assets will be recognised should it become more likely than not that taxable profit or timing differences, against which they may be deducted, arise.

5. TANGIBLE FIXED ASSETS

	Office furniture and equipment £000	Lease premium £000	Total £000
Cost			
Opening balance	44	20	64
Additions	3	-	3
At 30 June 2008	**47**	**20**	**67**
Depreciation			
Opening balance	(10)	(6)	(16)
Provided during the period	(10)	(5)	(15)
At 30 June 2008	**(20)**	**(11)**	**(31)**
Net book value at 30 June 2008	**27**	**9**	**36**
Net book value at 30 June 2007	**34**	**14**	**48**

6. INVESTMENTS

	Subsidiary undertakings £000	Other investments £000	Total £000
Cost			
Opening balance	2,071	2,629	4,700
Additions	122	9,895	10,017
Disposals	-	(2,265)	(2,265)
As at 30 June 2008	**2,193**	**10,259**	**12,452**
Net book value at 30 June 2008	**2,193**	**10,259**	**12,452**
Net book value at 30 June 2007	**2,071**	**2,629**	**4,700**

The costs of share based payment transactions is capitalised as an investment in the Company's subsidiary. The effect for the current year is the addition of £122,000 (2007: £375,000).

Details of the investments in which the Group holds 20% or more of the nominal value of any class of share capital are as follows:

	Country of incorporation	Ownership interest 2008	Ownership interest 2007
Subsidiaries			
Asia Energy Corporation Pty Limited	Australia	100%	100%
Asia Energy Corporation (Bangladesh) Pty Limited*	Australia	100%	100%
Asia Energy (Bangladesh) Private Limited*	Bangladesh	100%	100%
Asia Mining (Bangladesh) Private Limited**	Bangladesh	100%	100%
Asia Energy Holdings Private Limited	Singapore	100%	100%
South African Coal Limited	United Kingdom	100%	100%
Bangladesh Telecommunications Limited	United Kingdom	100%	100%
China Coal Limited	United Kingdom	100%	100%
Investments			
Peoples Telecommunication and Information Services Ltd ("Peoplestel")	Bangladesh	37%	26.5%

* Indirectly held through Asia Energy Corporation Pty Limited

** Indirectly held through Asia Energy Corporation (Bangladesh) Proprietary Limited

The investment in PeoplesTel has been accounted for as an investment as GCM does not have significant influence. The investment will be treated as an associate upon obtaining board representation.

7. DEBTORS

	2008 £000	2007 £000
Amounts due from subsidiaries	27,557	25,188
Other debtors	190	120
Prepayments and accrued income	522	366
	28,269	**25,674**

8. CURRENT ASSET INVESTMENTS

	2008 £000	2007 £000
Security deposits	**42**	**41**

Security deposits represent rental deposits on premises in the United Kingdom.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £000	2007 £000
Trade and other creditors	**480**	**270**

10. AUTHORISED SHARE CAPITAL

	2008 thousands	2008 £000	2007 thousands	2007 £000
Authorised				
Ordinary shares of 10p each	200,000	20,000	200,000	20,000
Allotted, called up and fully paid				
At 1 July	48,806	4,881	48,771	4,877
Issued on exercise of options and warrants	2,205	220	35	4
At 30 June	**51,011**	**5,101**	**48,806**	**4,881**

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

11. RESERVES

	Share Capital £000	Share premium account £000	Other reserves £000	Retained earnings £000	Total £000
Balance at 1 July 2007	4,881	42,731	721	(1,267)	47,066
Equity share warrants exercised	220	1,433	-	-	1,653
Share based payments	-	-	122	-	122
Profit for the financial year	-	-	-	1,309	1,309
Balance at 30 June 2008	**5,101**	**44,164**	**843**	**42**	**50,150**

12. SHARE BASED PAYMENTS

Options

For the options issued, when the option is vested the option holder is entitled to receive one ordinary share per option upon exercise. All options are equity-settled. There were no options awarded during the year ended 30 June 2008 (2007: 1,820,000).

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year.

	2008 Options thousands	2008 WAEP	2007 Options thousands	2007 WAEP
At 1 July	2,205	£1.25	2,140	(1)£3.40
Granted	-		1,820	£1.35
Exercised	-		(35)	£0.75
Cancelled	-		(1,720)	£4.04
Outstanding at end of year	**2,205**	**£1.25**	**2,205**	**£1.25**
Exercisable at end of year	2,205	£1.25	2,205	£1.25

(1) The 2,140,000 options outstanding at 1 July 2006 have not been valued in accordance with FRS 20 Share-based Payment as the options were vested before 1 July 2006.

The options outstanding at 30 June 2008 have an exercise price in the range of £0.75 and £1.35 (2006: £0.75 and £1.35) and a weighted average contractual life of 3 years (2007: 4 years).

Warrants

2,205,000 warrants were exercised during the financial year as shown below:

	2008 thousands	2007 thousands
At 1 July	2,205	2,205
Granted	-	-
Exercised	(2,205)	-
At 30 June	**-**	**2,205**

The exercise price on warrants issued was £0.75 and the funds received by the Company as a result of the exercise was £1,653,000 (2007: nil).

Conditional shares scheme

Under the conditional shares scheme ordinary shares will be issued conditional upon the Group (the parent Company and its subsidiaries) achieving certain milestones. The awards granted are classified as equity-settled, and therefore the fair value is determined at the date of the grant, as required by FRS 20. The grant details of the conditional shares are as follows:

	25 August 2005	9 March 2006	1 December 2007
Share price at grant date	£6.32	£4.99	£0.81
Conditional shares awarded	180,000	30,000	15,000
lapsed	(20,000)	-	-
	160,000	**30,000**	**15,000**

The cost related to the conditional shares at 30 June 2008 is calculated at £784,000 (2007: £662,000) after taking into account:

- Expected timeframe for milestones to be achieved
- Probability of successful completion of milestones
- The conditional shares awarded to employees are subject to their employment at the time milestones are reached

The movement in the cost of conditional shares amounting to £122,000 is directly attributable to its subsidiary, Asia Energy Corporation (Bangladesh) Pty Limited and accordingly allocated to the subsidiary.

13. COMMITMENTS

Operating lease commitments

The Company has entered into operating leases on buildings and office equipment. These leases have a duration of between one and three years. Future minimum rentals on these operating leases are as follows:

	2008 £000	2007 £000
Operating leases expiring		
Within one year	79	62
After one year but not more than five years	62	18
After five years	-	-
	141	**80**

Other commitments

During April 2007, the Company formed an alliance with Aura Energy Limited to identify and acquire uranium projects in Africa. The agreement specified that £165,000 will be provided by the Company and a two year initial term of the alliance. The Company has since agreed to provide further funding up to £150,000.

As at 30 June 2008, the Company has provided £139,000 as exploration expenses (2007: £42,000). In accordance with the Company's policy on exploration costs, the expenses have been recognised in the income statement when incurred.

14. POST-BALANCE SHEET EVENTS

Aura Energy Limited

The Group has purchased an additional 1,826,000 shares in Aura Energy Limited ("Aura") throughout the period 25 July 2008 to 10 September 2008. As at 10 September 2008 the Group had a 17% stake in Aura. The June 2008 financial statements have not been adjusted.

15. RELATED PARTY TRANSACTIONS

Directors' interests - Fingals Cave Pty Ltd

Consulting services were provided to the Company (and its subsidiaries) by Fingals Cave Pty Ltd, including the provision of the services of Mr W McIntosh, a Director of the Company. £139,000 was incurred during the year ended 30 June 2008 (2007: £114,000) in relation to these services. As at 30 June 2008, £28,000 was owing to Fingals Cave Pty Ltd (2007: £15,000).

Other related party transactions

	2008 £000	2007 £000
Entities with significant influence over the Company		
Expenditure reimbursed from related party	38	-
Amount owed by related party	31	-

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GCM RESOURCES PLC

We have audited the parent company financial statements (the "financial statements") of GCM Resources plc for the year ended 30 June 2008 which comprises the Company Balance Sheets and the related notes 1 to 15. These 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 Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the directors' report, the Chief Executive's Statement, the Phulbari Project and Investments sections. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company'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.

Opinion
In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 30 June 2008 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

Emphasis of matter – recoverability of investment and inter-company loan
While not qualifying our opinion, we draw attention to note 1 in the financial statements concerning the material uncertainty over GCM Resources plc's Contract with the Bangladesh Government and consequently the recoverability of the investment and the inter-company balances. The recoverability of these assets is dependent on the Group being permitted to develop the mine at Phulbari and at present there is a risk that the government may cancel the existing Contract. The assets are included in the balance sheet at £24,931,000 and in the event that the Contract was cancelled, these and related amounts would be fully impaired.

The ultimate outcome of these matters cannot be presently determined and no impairment charge has been recorded in the current year financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered auditor

London
17 September 2008

GCM
RESOURCES

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This Report and Accounts is printed on materials from sustainable resources