



**SIRIUS EXPLORATION PLC**  
("Sirius Exploration" or "The Company")

*Sirius Exploration acquires and explores mineral properties*

**AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2006**

**AN EXCELLENT YEAR**

**RESULTS**

- Flotation on AIM in August 2005
- £865,000 gross funds raised during the year
- All planned exploration completed on time and within budget
- Increase in net assets to £334,958 (2005: £198,170)

**HIGHLIGHTS**

- Joint venture, with Phelps Dodge, completed exploration program at Osogovo and Kadiica, two projects in Macedonia
- New claim filed at Kalin Kamen (Eastern boundary of Osogovo), which will be wholly owned by Sirius Exploration
- Exploitable grade copper deposit located at Kadiica with the possibility of a mine within two to three years
- Agreement signed with Rio Tinto for exclusive use of their exploration database relating to Macedonia for a twelve month period

**STRATEGY**

- Sirius Exploration will continue its successful policy of joint ventures and agreements with major mining companies
- Plans to use board's corporate finance skills to look for acquisitions

- Asking AGM for a substantial increase in the authorised share capital
- Seeking the next generation of targets

***For further information:*****Sirius Exploration Plc**

Richard Poulden (Chairman)

[richard.poulden@siriusexploration.com](mailto:richard.poulden@siriusexploration.com)

Jonathan Harrison (Financial Director)

Tel: 01892 542 444

Mobile: 07879 447 601

Mobile: 07803 206085

**Beaumont Cornish**

Roland Cornish, (Chairman)

Tel: 020 7628 3396

**Cubitt Consulting**

Brian Coleman-Smith / Nia Thomas / Allison Reid Tel: 020 7367 5100

Website: [www.siriusexploration.com](http://www.siriusexploration.com)[Sirius Share Price](#)***Notes to editor:*****Sirius Exploration**

Sirius Exploration PLC (AIM: SXX) is quoted on the Alternative Investment Market of the London Stock Exchange Ltd in London. The Company acquires and explores mineral properties. The Company is exploring for copper on its porphyry copper mineral properties located in Macedonia.

The Company has a joint venture with Phelps Dodge and has completed a drilling program at exploration sites in Macedonia. Sirius Exploration has an agreement with Rio Tinto to explore their Macedonian database to identify further exploration opportunities.

**Phelps Dodge**

Phelps Dodge is one of the world's leading producers of copper and molybdenum, the largest producer of molybdenum-based chemicals and continuous-cast copper rod, and among the leading producers of magnet wire and carbon black. The company and two divisions, Phelps Dodge Mining Co. and Phelps Dodge Industries, employ approximately 15,500 people worldwide.

**Rio Tinto**

Rio Tinto is a world leader in finding, mining and processing the earth's mineral resources. Major products include aluminium, copper, diamonds, energy products (coal and uranium), gold, industrial minerals (borax, titanium dioxide, salt, talc and zircon), and iron ore. The Group's activities span the world but are strongly represented in Australia and North America with significant businesses in South America, Asia, Europe and southern Africa.

Rio Tinto comprises wholly owned subsidiaries (such as Borax, Comalco, Hamersley, Rio Tinto Coal Australia, Kennecott and Rio Tinto Iron & Titanium), partly owned subsidiaries (Coal & Allied and Palabora) and non-managed, (Escondida) and joint ventures (Grasberg) in which public shareholders, other companies or governments are partners.

## **SIRIUS EXPLORATION PLC**

### **AUDITED PRELIMINARY RESULTS FOR THE YEAR ENDED 31 MARCH 2006**

#### **CHAIRMAN'S STATEMENT**

This has been an excellent year for your company.

We floated on AIM on 1 August 2005 in the extremely difficult conditions of the market at that time. Including funds raised at the time of flotation and funds subsequently raised up to the end of July 2006 we have raised a total of £865,000 gross.

We have completed the planned exploration on time and within budget. Details of our exploration activities are included in the operational review by Dr Nicholas Badham, your Managing Director but I set out a summary below.

#### **Exploration Macedonia**

Working with our partner Phelps Dodge we completed our drilling program at both Osogovo and Kadiica, our two exploration properties in Macedonia. At Osogovo we established that there was indeed a large copper porphyry deposit but that it was probably too low grade to be of interest even at current prices. However other survey work suggested the presence of some rich copper skarns on the eastern boundary of our claim. In order to ensure that these will fall within your company's claim area we filed a new claim called Kalin Kamen. This extends the existing Osogovo claim to the east and north. Kalin Kamen will be wholly owned by your company once the claim is processed.

At Kadiica the results were more exciting. Our exploration work there established not only the existence of a supergene blanket but also of a higher grade deposit within the core of the blanket. The next stage of work at Kadiica will be to delineate the higher grade deposit at the southern end and then follow this with experimental mining. We believe that there is a probability of being able to create a small mine at Kadiica within the next two to three years.

Lastly, in March 2006 we signed an agreement with Rio Tinto for the exclusive use of their exploration database relating to Macedonia for a twelve month period. Whilst Rio did not find anything of interest for them as a result of their exploration, Sirius criteria for a suitable target are very different from those of Rio and review is underway.

#### **Future Strategy**

We intend to continue our successful policy of joint ventures and agreements with the major mining companies. However we also intend to utilise your board's corporate finance skills in looking for acquisitions. These may be small, one-project companies which cannot find funding in today's markets. Alternatively they could be small or medium sized companies on less attractive exchanges than AIM. To this end we are asking in the AGM for a substantial increase in the authorised capital of the Company: you can be assured we will use it wisely.

In conclusion I would like to thank all the Directors and staff of Sirius for their hard work over the past year and beyond and thank you, my fellow shareholders, for your continuing support.

**Richard Poulden**  
**Chairman**

### 3 August 2006 MANAGING DIRECTOR'S OPERATIONAL REVIEW

Your company's principal activity has been work on the joint venture of two properties held with Phelps Dodge Corporation in Macedonia. The essence of the joint venture agreement is that we would jointly test the two properties for a target large enough for their corporate development. Should this not be present the properties would be handed over to Sirius to explore as we wished. We believe that the targets are attractive to Sirius at both properties and that Phelps Dodge, who are currently transferring one to Sirius as in the agreement, will shortly agree to hand-over the other.

At **Osogovo**, hole 5 was completed to 389m. It has passed through skarn and marginal porphyry and was in a zone of decreasing, low grades. The hole was terminated by mutual agreement before the planned end-of-hole at 600m. Assays are congruent with those from the previous 4 Phelps Dodge holes and indicate that the Osogovo porphyry is a large low grade ( $\ll 0.2\%$  Cu) system with little opportunity to contain a tonnage suitable for Phelps Dodge.

At the same time as the final drilling the geology of the eastern flanks was being reinterpreted to show the Sasa Mine Pb-Zn-Ag deposit to be the distal skarn replacements of reactive beds around the margins of the porphyry. This is supported by anecdotal evidence from the mine that the ore became more cupriferous at depth and closer to the porphyry. Consequently, we agreed with Phelps Dodge an unscheduled magnetic orientation survey on 3 east-west lines from the centre of the porphyry out to the old workings of the Sasa Mine. These 3 test lines showed a low over the porphyry and distal skarn but a significant high over the extrapolated area of the contact between porphyry and reactive beds. This interpreted as proximal skarn mineralisation. Further to this evidence of a Communist-era borehole in the centre of this magnetic high showed that there was cupriferous skarn in the reactive bed in this area – 16.4m of 1.7% Cu including 6.1m of 3.5% Cu.

Phelps Dodge do not consider a copper skarn body to be of sufficient size to interest them. They have therefore issued formal notification to hand over the claim to Sirius. In accordance with the hand over process, your Company is in the process of forming a Macedonian subsidiary company and we have lodged application for the narrow area between the Sasa mineralisation and the porphyry known as the **Kalin Kamen** claim. We have received notification that we are the first applicant and that this is being processed.

Once the Osogovo and Kalin Kamen claims are confirmed to be held in Sirius's sole name we will undertake a ground magnetic survey of the entire eastern contact of the porphyry, where there is potential for the reactive bed to have been cut by the mineraliser. This will hopefully corroborate the anomaly located by the test lines and define the target for drilling. We will then repeat the Communist-era hole and extend then as directed by the results of the geophysical survey. It is our intention to complete these investigations during 2006/07.

At **Kadiica**, a ground magnetic survey was completed over the entire porphyry complex. This defines the mineralised segment of the complex as a low within which there are no internal disruptions of the type caused by post-mineral intrusives. We conclude from this that the porphyry system is not disrupted.

The 3 joint venture holes (9, 10, 11) were properly completed to target depths. Analysis of all 11 holes corroborates the conclusion above that there are no internal, post-mineral intrusions in the complex. The 3 new holes continue to indicate a large, low grade porphyry mineralisation ( $\sim 0.1\%$  Cu) with no higher grade focus and no space for a Phelps Dodge sized body. Phelps Dodge have indicated informally that they feel there is no target at Kadiica left for them and that they will hand over the claim to Sirius. Final terms are being discussed.

All 9 drill holes into the mineralised body show consistently a leached cap underlain by secondary copper enrichment. Holes 3 and 6 are beyond the boundaries of the mineralised complex and contain only supergene iron enrichments above mineralised wall rocks. However, all the other

holes intersected (going downwards) leached cap, enrichment blanket and primary (albeit low grade) copper mineralisation.

The secondary enrichment blanket is flat-lying and appears to be north-south elliptical and open to the north. We feel that the evidence above that there are no internal disruptions justifies the assumption of lateral continuity of this blanket.

While the average grade of the blanket is approximately 0.2% Cu there is a consistent higher grade shoot towards the base of the profile.

Hole	Blanket Thickness	Best Intersection
1	110-157m	21.0m @ 0.77% Cu
2	149-260m	20.1m @ 0.44% Cu
9	85-148m	21.0m @ 0.34% Cu
10	110-200m	12.0m @ 0.40% Cu
11	118-169m	24.0m @ 0.21% Cu including 3.0m @ 0.5%

In summary, this higher grade shoot would seem to have an average grade of 0.54% Cu, although the number of piercement points prevent us doing anything more than making such broad arithmetical estimates.

These data suggest that there is a coherent enrichment blanket at shallow depth beneath the top of Kadiica Hill and that it contains a richer north south trending keel which is open to the north.

At present copper prices your Company believes that it could have a small economic resource in this rich keel. We therefore intend to define it's southern end more precisely with some short RC holes in 2006/07 and then test it for mining adit. This will allow us to investigate optimum mining methods while at the same time obtaining a suitably large sample for test leaching. At the same time we will follow up small soil and rock chip gold anomalies generated by Phelps Dodge's exploration. Some have the potential to be from auriferous mineralisation in vuggy silica around the top and sides of the porphyry.

In summary, your management feels that we have had a most successful year not only in completing all the programmes planned but also in discovering two targets which could make attractive small deposits for Sirius.

In addition to the Macedonian exploration, your management has been diligent in reviewing data and submissions from other companies around the world seeking the next generation of targets.

**Dr Nicholas Badham BA (Hons.Oxon) PHD, Chartered Geologist**  
**Managing Director**  
**3 August 2006**

## SIRIUS EXPLORATION PLC

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 2006

	Notes	Period ended 31 March 2006 £	Period ended 31 March 2005 £
<b>Turnover</b>		-	-
Administrative expenses		(301,740)	(272,766)
<b>Operating loss</b>		(301,740)	(272,766)
Interest receivable		3,749	234
<b>Loss on ordinary activities before taxation</b>		(297,991)	(272,532)
Tax on loss on ordinary activities	3	-	-
<b>Loss for the financial year</b>	7	(297,991)	(272,532)
<b>Loss per share</b>			
Basic and diluted loss per share - pence	2	(0.6)	(14.8)

All of the company's operations are classed as continuing. There were no gains or losses in the year other than those included in the above profit and loss account.

## SIRIUS EXPLORATION PLC

## BALANCE SHEET as at 31 MARCH 2006

	Notes	2006 £	2005 £
<b>Fixed assets</b>			
Intangible fixed assets	4	355,175	147,600
Tangible fixed assets	5	813	-
		<hr/>	<hr/>
		355,988	147,600
		<hr/>	<hr/>
<b>Current assets</b>			
Debtors		23,318	32,555
Cash at bank		21,944	22,226
		<hr/>	<hr/>
		45,262	54,781
<b>Creditors:</b> amounts falling due within one year		(66,292)	(4,211)
		<hr/>	<hr/>
<b>Net current assets</b>		(21,030)	50,570
		<hr/>	<hr/>
<b>Net assets</b>		334,958	198,170
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	6	132,545	102,223
Share premium account	7	772,936	368,479
Profit and loss account	7	(570,523)	(272,532)
		<hr/>	<hr/>
<b>Shareholders' funds</b>	7	334,958	198,170
		<hr/>	<hr/>

## SIRIUS EXPLORATION PLC

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	2006 £	2005 £
<b>Net cash outflow from operating activities</b>	8	(231,591)	(276,110)
<b>Returns on investments</b>			
Interest received		3,749	234
<b>Capital expenditure</b>			
Payments to acquire intangible fixed assets		(207,219)	-
<b>Net cash outflow before financing</b>		(435,061)	(275,876)
<b>Financing</b>			
Issue of ordinary share capital		434,779	298,102
<b>(Decrease)/increase in cash</b>	9	(282)	22,226

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2006

### 1. Basis of preparation and financial information

The financial information in this preliminary announcement has been prepared in accordance with the accounting policies set out in the financial statements of Sirius Exploration Plc for the financial year ended 31 March 2006.

The financial information in this document does not constitute the company's statutory accounts for the financial year ended 31 March 2006 or for the period ended 31 March 2005, but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar of Companies and those for 2006 will be delivered following the company's Annual General Meeting. The auditors have reported on these accounts; their reports were unqualified and did not contain statements under sections 237 (2) or (3) of the Companies Act 1985.

### 2. Loss per share

The basic loss per share is based upon a loss of £297,991 (2005: £272,532) and the weighted average number of ordinary shares of 48,507,355 (2005: 1,845,739) in issue during the year. As a result of the loss for the year there is no dilutive effect of the warrants in issue.

### 3. Taxation on loss on ordinary activities

	£	£
Corporation tax payable based on the loss for the year at 19% (2005: 30%)	-	-
	<hr/>	<hr/>
<i>Taxation reconciliation</i>		
Loss on ordinary activities before taxation	(297,991)	(272,532)
	<hr/>	<hr/>
Loss on ordinary activities multiplied by the standard rate of corporation taxation in the UK of 19% (2005: 30%)	(56,618)	(81,760)
<i>Taxation effects of:</i>		
Expenses not deductible for tax purposes	331	4,226
Capital allowances in excess of depreciation	(43)	-
Trading losses not utilised	56,330	77,534
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

The company has an unrecognised deferred tax asset of £103,327 (2005: £77,534) relating to trading losses not utilised. The deferred tax asset has not been recognised in the accounts due to the uncertainty surrounding its recoverability. The deferred tax asset can be recovered against suitable future trading profits.

<b>4. Intangible fixed assets</b>		<b>Exploration costs £</b>
At 1 April 2005		147,600
Additions		207,575
		<hr/>
At 31 March 2006		355,175
		<hr/>
<b>5. Tangible fixed assets</b>		<b>Computer and diagnostic equipment £</b>
<b>Cost</b>		
At 1 April 2005		-
Additions		980
		<hr/>
At 31 March 2006		980
		<hr/>
<b>Depreciation</b>		
At 1 April 2005		-
Charge for the year		167
		<hr/>
At 31 March 2006		167
		<hr/>
<b>Net book value</b>		
At 31 March 2006		813
		<hr/> <hr/>
<b>Net book value</b>		
At 31 March 2005		-
		<hr/> <hr/>
<b>6. Called up share capital</b>	<b>£</b>	<b>£</b>
<b>Authorised</b>		
80,000,000 ordinary shares of 0.25p each	200,000	200,000
	<hr/>	<hr/>
<b>Allotted and called up</b>		
53,017,886 (2005: 40,889,136) ordinary shares of 0.25p each	132,545	102,223
	<hr/>	<hr/>

On 1 August 2005 the company issued 10,100,000 ordinary shares for a consideration of £505,000.

On 15 September 2005 the company issued 670,000 ordinary shares for a consideration of £33,500.

On 29 September 2005 the company issued 528,750 ordinary shares for a consideration of £26,438.

On 30 September 2005 the company issued 400,000 ordinary shares for a consideration of £20,000.

On 4 January 2006 the company issued 140,000 ordinary shares for a consideration of £7,000.

On 22 February 2006 the company issued 290,000 shares for a consideration of £14,500.

As at 31 March 2006, 2,525,000 warrants were outstanding. Each warrant is convertible into one ordinary share at an exercise price of 5p per ordinary share with an exercise period expiring on 1 August 2006.

#### 7. Reconciliation of shareholders' funds and movement in reserves

	<b>Share capital £</b>	<b>Share premium account £</b>	<b>Profit and loss account £</b>	<b>Share holders' funds £</b>
At 31 March 2005	102,223	368,479	(272,532)	198,170
Loss for the year	-	-	(297,991)	(297,991)
Share capital issued in the year	30,322	576,116	-	606,438
Share issue costs	-	(171,659)	-	(171,659)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	132,545	772,936	(570,523)	334,958
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#### 8. Reconciliation of operating loss to net cash outflow from operating activities

	<b>Year ended 31 March 2006 £</b>	<b>Period ended 31 March 2005 £</b>
Operating loss	(301,740)	(272,766)
Depreciation charge	167	-
Increase in debtors	9,237	(7,555)
Increase in creditors	60,745	4,211
	<hr/>	<hr/>
Net cash outflow from operating activities	(231,591)	(276,110)
	<hr/> <hr/>	<hr/> <hr/>

<b>9. Analysis of net funds</b>	<b>At 31 March 2005 £</b>	<b>Cashflow £</b>	<b>At 31 March 2006 £</b>
Cash at bank	22,226	(282)	21,944
	<hr/>	<hr/>	<hr/>

<b>10. Reconciliation of net cash flow to movement in net funds</b>	<b>£</b>	<b>£</b>
Net funds at 1 April 2005	22,226	-
Decrease in cash in the year	(282)	22,226
	<hr/>	<hr/>
Net funds at 31 March 2006	21,944	22,226
	<hr/> <hr/>	<hr/> <hr/>

### **11. Post balance sheet event**

On 25 May 2006, the Company issued 100,000 ordinary shares of 0.25p each for a total consideration of £5,000.

On 4 July 2006, the Company issued 6,250,000 ordinary shares of 0.25p each at 4p per share for a total consideration of £250,000. On the same day, the Company issued 80,000 ordinary shares of 0.25p each at 5p per share for a total consideration of £4,000.

On 19 July 2006, 4,000 warrants were exercised at the exercise price of 5p per ordinary share for a total consideration of £200.

### **12. Annual Report**

The Annual Report will be posted to shareholders on Friday, 4 August 2006. Further copies are available from the Company's Registered Office: Sirius Exploration Plc, Acton Offices, Halmore, Gloucestershire GL13 9HU.

### **13 The Annual General Meeting**

The Annual General Meeting will be held on Wednesday, 30 August 2006.

### **14 Company's Website**

[www.siriusexploration.com](http://www.siriusexploration.com)

[Sirius Share Price](#)