

AVENTINE RESOURCES PLC (formerly MINMET PLC)

**ANNUAL REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

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AVENTINE RESOURCES PLC (formerly MINMET PLC)

CHAIRMAN'S STATEMENT

Following the turbulence the Company experienced in 2008 for well documented reasons 2009 was equally difficult but in a different context.

Having returned to the Board during 2008, replacing entirely the previous Board, Mr Neville and I had a number of serious problems to grasp and try to resolve.

The strategy that we inherited was to raise capital to develop and complete the investment in the Gas assets in the Tucumcari Basin. The Board examined this strategy in great detail and after much analysis decided to abandon it. The economic environment made it increasingly difficult to raise capital for any project and in the context of falling Gas prices, compared to when the asset was purchased, made it doubly so.

Previously Aventine Resources Plc (as Minmet Plc) had followed a successful strategy of acquiring attractive assets, adding value and then disposing of these assets to other, listed companies for shares. Such shares could then, over time, be sold thus monetising those assets increasing the financial strength of the business.

The Board decided therefore to return to this strategy. Clearly the focus to start with was to concentrate on finding a satisfactory solution for Tucumcari. This of course still required a modest amount of funds to be raised for working capital. Whilst costs have been very tightly controlled, effectively to a bare minimum, finding a solution and building on the strategy needed capital.

It has proved extremely difficult to raise capital, albeit the markets themselves have been enormously difficult, and the economic environment has not been one of stability. The yoke we carried was that potential investors despite being keen to invest in the company and the strategy we had set out, would not commit when there were liabilities on the balance sheet.

On appointment to the Board in 2008 the new board discovered significant liabilities in the Company. These for the most part dominated our position and remained unresolved until recently.

Having resolved the majority of the outstanding debts we now have a remarkably clean balance sheet and a plan to go forward. You will note in Special Resolution 6 that we are recommending the disposal of our shareholding in Tucumcari Exploration LLC for equity in an OTC listed company. We have also negotiated to realign ownership from 75%/25% in favour of Tucumcari LLC, to 50%/50% in consideration for our initial investments and loans. This means that the new company is clean, debt free and a single entity.

An appropriate management team is in place and funding is being negotiated. This gives the project a valuable lease of life, an appropriate management team to take it forward and the chance to hopefully realise the value for shareholders

Overall therefore we believe that the company now has a realistic chance of success. With potentially large equity investment in a listed entity, and a clean balance sheet, and extremely low overheads we are cautiously optimistic. However, we should point out that the hard work is not over and we still have hurdles to climb but after a very difficult period and much disappointment we are on track to restoring the company to health and delivering value for all shareholders.

J Liwosz
Chairman
Aventine Resources plc (formerly Minmet plc)

Date: 13 April 2011

AVENTINE RESOURCES PLC (formerly MINMET PLC)

DIRECTORS' REPORT

The Directors of Aventine Resources plc (“Aventine” or the “Company”) present their annual report, together with audited financial statements, for the year ended 31 December 2009 for the Company and its subsidiary undertakings (the “Group”).

Principal Activity

Aventine Resources Plc and its subsidiaries were initially involved in the development of Oil and Gas Exploration and Production projects. During the latter part of 2008 and 2009 the Group strategy was changed with the intention of realising its oil and gas and other mining interests. During 2009 there were no operational activities

Review of Business and Future Developments

A detailed review of activities for the year and future prospects of the Group is contained in the Chairman’s review and review of activities.

Principal Risks and Uncertainties

The Group’s activities are carried out principally in Ireland and North America. Accordingly the principal risks and uncertainties are considered to be the following:

Exploration Risk

Exploration and development activities may be delayed or adversely affected by factors outside the Group’s control, in particular: discovery and development of economic quantities of natural resources climatic conditions, performance of joint venture partners or suppliers; availability, delays or failures in installing and commissioning plant and equipment; unknown geological conditions; remoteness of location; actions of host governments or other regulatory authorities (relating to, inter alia, the grant, maintenance or renewal of any required authorisations, environmental regulations or changes in law), together with the Group’s ability to raise sufficient funds to develop the projects.

Commodity Price Risk

The demand for, and price of oil and gas is dependent on global and local supply and demand, actions of governments or cartels and general global economical and political developments.

Political Risk

As a consequence of activities in different parts of the world, the Group may be subject to political, economic and other uncertainties, including but not limited to terrorism, war or unrest, changes in national laws and energy policies and exposure to different legal systems.

PERFORMANCE REVIEW AND KEY PERFORMANCE INDICATORS

The Company changed its name to Aventine Resources plc (formerly Minmet plc) at the Annual General Meeting of the Company held on 14 April 2010.

The results for the year ended 31 December 2009 are set out in the Consolidated Statement of Comprehensive Income on page 10 of this annual report.

FUTURE DEVELOPMENTS

A review of future developments of the business is included within the Chairman’s Review and Review of Activities.

DIRECTORS AND SECRETARY

The Company’s Directors and Secretary as at the date of this report are as set out below:

M P Neville (British), Executive Director

J F Liwosz (British), Chairman, Executive Director and Company Secretary

George LaMoureaux was appointed as an executive director of the Company on 1 May 2009 and he resigned as a director on 16 October 2009.

James McCartan was appointed as a director and Non-executive Chairman on 16 October 2009. He resigned on 18 February 2011

The following Directors were in office at the date of approval of the financial statements:

AVENTINE RESOURCES PLC (formerly MINMET PLC)

DIRECTORS' REPORT (CONTINUED)

Michael P Neville

Michael Neville specialises in strategy, mergers and acquisitions and turn-around situations. He has extensive experience in the capital markets and is a director of a number of private and public companies. He has in the past worked for companies such as Cable and Wireless plc, United Utilities plc and other high profile organisations, and he has been involved in large and small scale fund raisings as well as numerous corporate transactions in various parts of the world.

John F Liwosz

John Liwosz trained as an engineer in the auto and aircraft industry. After a period in technical publishing, Mr. Liwosz spent fifteen years in senior management positions in the telecoms industry, including the role of deputy Managing Director at Norweb Telecom, part of United Utilities plc. Mr. Liwosz has been and is a director of a number of private and public companies advising on commercial and financial strategy.

DIRECTORS' AND SECRETARY'S INTERESTS

The Directors and their spouses and minor children have no interest in the capital of the Company and its subsidiaries.

Transactions Involving Directors

There have been no contracts or arrangements of significance during the year in which the Directors of the Company were interested in other than as disclosed in Note 25 to the financial statements.

Substantial Shareholdings

The Directors are aware of the following shareholdings that are greater than 3% of the issued share capital of the Company as at 31 December 2009:

Fiske Nominees Limited	17.88%
Kevin Anderson (beneficial holdings)	16.38%
HSBC Global Custody Nominee (UK) Limited	5.91%
Tradefex Limited	3.61%

The Fiske Nominees Limited holding in the Company includes 8,300,000 shares held as part of the dissolution of the Gold Oil Joint Venture Arrangements. The proceeds of these shares when sold will be paid to the Company.

The Directors are not aware of any other holding of 3% or more of the share capital of the Company.

Subsidiary Undertakings

Details of the Company's subsidiaries are set out in Note 15 to the financial statements.

Political Donations

There were no political donations during the year (2008: Nil).

Directors' Responsibility Statement

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. As required by AIM and IEX rules and as permitted by company law, the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRS'S), as adopted by the EU (EU IFRS) and have elected to prepare the Company financial statements in accordance with EU IFRS, as applied in accordance with the provisions of the Irish Companies Acts, 1963 to 2009 ("the Companies Acts").

The Group and Company financial statements are required by law and EU IFRS to present fairly the financial position and performance of the Group; the Companies Acts provide, in relation to such financial statements, that references in the relevant part of the Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

DIRECTORS' REPORT (CONTINUED)

In preparing each of the Group and Company 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; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

Under applicable law the Directors are also responsible for preparing a Directors' Report and reports relating to Directors' remuneration and corporate governance that comply with that law and those rules.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that its financial statements comply with the Companies Acts. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Corporate and financial information included on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate Governance

The Directors are committed to maintaining the highest standards of corporate governance commensurate with the size, stage of development and financial status of the Group.

The Board is responsible for the supervision and control of the Company and is accountable to the shareholders. The Board has reserved decision-making on a variety of matters, including determining strategy for the Group, reviewing and monitoring executive management performance and monitoring risks and controls.

The Board has three Directors, comprising two executive Directors and one non-executive Director. The Board met formally on twelve occasions during the period ended 31 December 2009. An agenda and supporting documentation was circulated in advance of each meeting. All the Directors bring independent judgement to bear on issues affecting the Group and all have full and timely access to information necessary to enable them to discharge their duties. The Directors have a wide and varying array of experiences in the industry.

During the period under review the roles of the Chairman and Chief Executive were not combined, and there was a clear division of responsibilities between them. Subsequent to Mr. McCartan's resignation as Director and Chairman in February 2011 the roles of Chairman and Chief Executive have been combined.

Internal Control

The Board is responsible for maintaining the Group's system of internal control to safeguard shareholders investments and Group assets.

The Directors have overall responsibility for the Group's system of internal control and have delegated responsibility for the implementation of this system to executive management. This system included financial controls that enable the Board to meet its responsibilities for the integrity and accuracy of the Group's accounting records.

The Group's system of internal financial control provide reasonable, though not absolute assurance that assets are safeguarded, transactions authorised and recorded properly and that material errors or irregularities are either prevented or detected within a timely period. Having made appropriate enquiries, the Directors consider that the system of internal financial, operational and compliance controls and risk management operated effectively during the period covered by the financial statements and up to the date on which the financial statements were signed.

The internal control system includes the following key features, which have been designed to provide internal financial control appropriate to the Group's business:

- budgets are prepared for approval by the Board
- expenditure and income are compared to previously approved budgets;
- a detailed investment approval process which requires Board approval of all major capital projects and regular review of the physical performance and expenditure on these projects;

AVENTINE RESOURCES PLC (formerly MINMET PLC)

DIRECTORS' REPORT (CONTINUED)

- all commitments for expenditure and payments are compared to previously approved budgets and are subject to approval by personnel designated by the Board of Directors;
- cash flow forecasting is performed on an ongoing basis to ensure efficient use of cash resources;

DIRECTORS REMUNERATION

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors.

The Directors' total remuneration for the 12-month period ended 31 December 2009 was US\$195,000 (2008: US\$1,993,000). Details of remuneration to individual Directors who served during the year are detailed below:

Directors	Salary & Fees	
	2009 US\$ '000	2008 US\$ '000
M Neville	108	116
J Liwosz	87	77
J McCartan	-	-
P Maddocks * (resigned)	-	512
J King * (resigned)	-	665
D Barrett * (resigned)	-	483
P Gardener * (resigned)	-	140
G LaMoureaux (resigned)	-	-

* Under service agreements dated 15 December 2007 between each of these former Directors and the Company, the Company was required to give 12 months notice of termination of employment. The total annual salary payable under these agreements was US\$1,396,000 prior to the payment of any bonus.

Also as part of their service agreements, each of these former Directors had agreed that a proportion of their salary and payment for services be deferred for the first six months of this agreement. As consideration for such deferral the Directors were entitled to receive a premium equivalent to 100% of the value of the deferred element which was to be payable by the issue and allotment of new shares in the Company at an issue price equivalent to the average mid market price of the Company's shares traded during the previous ten days.

On 12 February 2010 these former directors and the Company agreed that the Company compromise all and any liability to them on the basis that the Company would issue to them a 5% Convertible Loan Note maturing on 30 September 2011 with these former directors having the right at their discretion to convert the Loan into ordinary shares at price equivalent to 10% discount to the then current market price if the shares are traded on a recognized market or at such other price as shall be mutually agreed at the time of conversion if the shares are not traded.

In February 2011, the company agreed with the former directors to settle all outstanding claims they had against the company by the issue of ordinary shares in the company as follows

	Number of Ordinary Shares Issued
D. Barrett	2,823,419
P. Maddocks	1,881,071
P. Gardener	520,922
J. King	3,066,588

In addition and by separate agreement all outstanding matters with James McCartan have been settled by the issue of 500,000 ordinary shares in the company.

All the shares were issued to the former directors in February 2011.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

DIRECTORS' REPORT (CONTINUED)

GOING CONCERN

The Directors have reviewed the Group's finances and are satisfied that the Group and the Company have adequate resources to continue in operational existence, at the projected level of activity, for the foreseeable future. On this basis they consider it appropriate to prepare the financial statements on the going concern basis.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

Aventine's policy is to conduct activities in an environmentally responsible manner and to minimise disturbance to the communities in which we operate. Our overall objective is to develop our business whilst having full regard to the environment and taking into account the views of all affected interests.

We are committed to being ethical and responsible members of the communities in which we operate and to being fair to our employees who we recognise are entitled to work in a positive environment with equal opportunities and absence of discrimination.

POST BALANCE SHEET EVENTS

Post balance sheet events of note are identified and discussed in Note 28 to the financial statements – Events after the Balance Sheet Date.

BOOKS AND ACCOUNTING RECORDS

The Directors are responsible for ensuring proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. The Directors, through the use of appropriate procedures and systems and the employment of competent persons, have ensured that measures are in place to secure compliance with these requirements. These books and accounting records are maintained at 18 Fitzwilliam Place, Dublin 2.

PAYMENTS TO SUPPLIERS

The Group's policy is to agree terms and conditions with suppliers in advance; payment is then made in accordance with the agreement provided the supplier has met the terms and conditions.

CLOSE COMPANY STATUS

So far as the Directors are aware, the Company is not a close company within the meaning of the Taxes Consolidation Act, 1997.

AUDITORS

The Auditors, LHM CaseyMcGrath, Chartered Certified Accountants, continue in office in accordance with Section 160 (2) of the Companies Act 1963.

Signed on behalf of the Board:

J Liwosz
Director

M Neville
Director

Date: 13 April 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AVENTINE RESOURCES PLC (formerly MINMET PLC)

We have audited the Group and Company financial statements of Aventine Resources Plc for the year ended 31 December 2009 which comprise of the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, Company Statement of Financial Position and the related notes 1 to 29 (Group) and the related notes 1 to 11 (Company). These financial statements have been prepared under the accounting policies set out on pages 14 - 23.

This report is made solely to the Company's members as a body in accordance with Section 193 of the Companies Act, 1990. 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 the audit 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 or 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 law and International Financial Reporting Standards as adopted by the European Union (IFRSs), are set out in the Statement of Directors' Responsibilities on pages 4.

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 Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards as adopted by the European Union and are properly prepared in accordance with the Companies Acts 1963 to 2009. We also report to you whether in our opinion: proper books of account have been kept by the Company; whether at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not given and, where practicable, include such information in our report.

We read the 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 and the Chairman's Statement and Review of Activities. We consider the implications for our audit 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 opinion

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

We were unable to obtain sufficient appropriate audit evidence to enable us to form an opinion as to the appropriateness of:

- the going concern basis used in preparing the financial statements; and
- the carrying value of:
 - i. the intangible assets of US\$24,408,000 included in the consolidated statement of financial position and
 - ii. investments in subsidiaries of US\$9,751,000 included in the company statement of financial position and
 - iii. amounts due by group undertakings of US\$6,161,000 included in the company statement of financial position;all of which are dependent on the successful discovery and development of economic oil and gas reserves, including the ability of the group to raise sufficient finance to develop those reserves.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AVENTINE RESOURCES PLC (formerly MINMET PLC)**

Because of the significance of the matters referred to above, we are unable to form an opinion as to whether:

- 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 affairs of the Group as at 31 December 2009 and of the loss of the Group for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2009;
- the Parent Company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Parent Company's affairs as at 31 December 2009;
- there did or did not exist at 31 December 2009 a financial situation which under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the Company.

We have obtained all the information and explanations we consider necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The Company's balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

LHM Casey McGrath
Chartered Certified Accountants
And Registered Auditors,
6 Northbrook Road,
Dublin 6,
Ireland.

14 April 2011

AVENTINE RESOURCES PLC (formerly Minmet Plc)**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009**

		2009	2008
	<i>Notes</i>	<u>US\$'000</u>	<u>US\$'000</u>
Continuing Operations			
Revenue	3	-	-
Cost of sales		-	-
Gross profit		<u>-</u>	<u>-</u>
Investment revenue	6	14	49
Impairment of exploration and evaluation assets	13	-	(504)
Other gains/ (losses)	7	179	(3,221)
Administration expenses	8	(353)	(5,967)
Loss before tax		<u>(160)</u>	<u>(9,643)</u>
Income tax expense	9	-	-
Loss for the year from continuing operations		<u>(160)</u>	<u>(9,643)</u>
Discontinued operation			
(Loss)/profit after tax for the year from a discontinued operation	10	(6)	565
LOSS FOR THE YEAR		<u><u>(166)</u></u>	<u><u>(9,078)</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 13 April 2011 and signed on its behalf by:

J Liwosz
Director

M Neville
Director

AVENTINE RESOURCES PLC (formerly MINMET PLC)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		2009	2008
	<i>Notes</i>	<u>US\$'000</u>	<u>US\$'000</u>
ASSETS			
Non-current assets			
Property, plant and equipment	12	-	3
Intangible assets	13	23,408	23,408
		<u>23,408</u>	<u>23,411</u>
Current Assets			
Available-for-sale investments	16	214	19
Trade and other receivables	17	17	296
Cash and cash equivalents	18	291	686
		<u>522</u>	<u>1,001</u>
TOTAL ASSETS		<u>23,930</u>	<u>24,412</u>
EQUITY AND LIABILITIES			
Issued capital	19	18,821	18,821
Share premium	19	43,276	43,276
Other reserves	20	793	638
Retained earnings	21	(41,045)	(40,879)
Total equity		<u>21,845</u>	<u>21,856</u>
Current liabilities			
Trade and other payables	22	2,085	2,556
Total liabilities		<u>2,085</u>	<u>2,556</u>
TOTAL EQUITY AND LIABILITIES		<u>23,930</u>	<u>24,412</u>

The financial statements were approved and authorised for issue by the Board of Directors on 13 April 2011 and signed on its behalf by:

J Liwosz
 Director

M Neville
 Director

AVENTINE RESOURCES PLC (formerly MINMET PLC)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

Attributable to equity holders of the parent

	Issued capital US\$'000	Share premium US\$'000	Other reserves US\$'000	Retained earnings US\$'000	Total equity US\$'000
Balance at 1 January 2008	18,821	43,276	4,622	(33,320)	33,399
Changes in equity for 2008					
Retained loss for the year	-	-	-	(9,078)	(9,078)
Gain transferred to income statement on sale of investment	-	-	(3,115)	-	(3,115)
Share-based payments	-	-	650	-	650
Transfer of share-based payments	-	-	(1,519)	1,519	-
Balance at 31 December 2008	18,821	43,276	638	(40,879)	21,856
Changes in equity for 2009					
Retained loss for the year	-	-	-	(166)	(166)
Unrealised gains on investments	-	-	155	-	155
Balance at 31 December 2009	18,821	43,276	793	(41,045)	21,845

AVENTINE RESOURCES PLC (formerly MINMET PLC)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008
	<i>Notes</i>	<u>US\$'000</u>	<u>US\$'000</u>
Operating activities			
Loss before tax from continuing operations		(160)	(9,643)
(Loss)/profit before tax from discontinued operations	10	(6)	565
		<u>(166)</u>	<u>(9,078)</u>
Loss before tax			
Adjustment to reconcile loss before tax to net cash flows			
Depreciation	12	3	7
Share-based payment expense	24	-	650
Loss on discontinued operations	26	6	-
Gain / (loss) on disposal of investments and other assets		(179)	2,968
Net foreign exchange loss / (gain)		16	(72)
Amortisation and impairment of intangible fixed assets	13	-	504
Amortisation and impairment of available-for-sale investments		14	379
Interest income	6	(14)	(49)
Working capital adjustments:			
Decrease / (Increase) in trade and other receivables		279	(284)
(Decrease) / Increase in trade and other payables		(471)	2,004
Income tax paid		-	-
		<u>(512)</u>	<u>(2,971)</u>
Net cash flows from operating activities			
Investing activities			
Proceeds from available-for-sale investments		45	2,517
Purchase of intangible assets	13	-	(2,607)
Proceeds from disposal of other assets		88	-
Interest received		14	49
		<u>147</u>	<u>(41)</u>
Net cash flows used in investing activities			
Net decrease		(365)	(3,012)
Effect of exchange rate changes on cash held in foreign currencies		(30)	72
Cash and cash equivalents at the beginning of the year		686	3,626
		<u>291</u>	<u>686</u>
Cash and cash equivalents at the year end	18	291	686

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BACKGROUND

Aventine Resources plc (“Aventine” or the “Company”) and its subsidiary undertakings (the “Group”) are involved in the development of Oil and Gas Exploration. The Company is a public limited company incorporated in the Republic of Ireland under the Companies Acts, 1963 to 2009.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

As permitted by the European Union and in accordance with AIM and IEX Rules, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU (IFRS). The individual financial statements of the Company (“Company financial statements”) have been prepared in accordance with the IFRSs as adopted by the EU and as applied in accordance with the Companies Acts, 1963 to 2009 which permits a company, that publishes its company and group financial statements together, to take advantage of the exemption in Section 148(8) of the Companies Act, 1963, from presenting to its members its company Income Statement and related notes that form part of the approved company financial statements.

The IFRSs adopted by the EU as applied by the Company and the Group in the preparation of these financial statements are those that were effective at 31 December 2009.

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

IAS1 (as revised in 2007) Presentation of financial statements

IAS1 (2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

IFRS 8 Operating Segments

IFRS 8 is a disclosure standard that has resulted in a redesignation of the Group’s reportable segments (see note 4).

Amendments to IAS7 Statement of Cash Flows (adopted in advance of effective date 1 January 2010)

The amendments (part of improvements to IFRSs (2009)) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows.

Consequently, cash flows in respect of development costs that do not meet the criteria in IAS 38 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows. No restatement was required as a result of these amendments.

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Improvements to IFRSs (2008)

The improvements have led to a number of changes in the detail of the Group’s accounting policies – some of which are changes in terminology only, and some of which are substantive but have no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

IAS 23 (As revised 2007) Borrowing Costs

The revised standard required the capitalisation of borrowing costs, to the extent they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. This revised standard has no effect on the financial statements of the Group as the Group has no borrowings.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following provides a brief outline of the likely effect on future financial statements of relevant IFRSs and interpretations adopted by the EU which are not yet effective and have not been adopted in these financial statements:

IAS 17 Leases

As part of the Improvements to IFRSs (2009) issued in April 2009, the International Accounting Standards Board amended the requirements of IAS17 Leases regarding the classification of leases of land. Prior to amendment, IAS17 generally required leases of land with an indefinite useful life to be classified as operating leases. This was inconsistent with the general principles of IAS17. These amendments are effective for financial periods beginning on or after 1 January 2010, and they are applied retrospectively to unexpired leases at 1 January 2010 if the necessary information was available at the inception of the lease. Otherwise, the revised Standard will be applied based on the facts and circumstances existing on 1 January 2010 (i.e. the date of adoption of the amendments) and the Group will recognise assets and liabilities related to land leases newly classified as finance leases at their fair values on that date; and differences between those fair values will be recognised in retained earnings.

The Directors anticipate that these amendments to IAS17 will be adopted in the Group's financial statements for the period beginning 1 January 2010. The amendment is not expected to have an impact on the Group financial statements.

IFRS 2 Share Based Payment

In June 2009, the IASB issued amendments to IFRS 2 Share-Based Payment. These amendments clarify the scope of IFRS2, as well as the accounting for Group cash-settled share based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another Group entity or shareholder has the obligation to settle the award. The Directors anticipate that these amendments will be adopted in the Group's financial statements for the period beginning 1 January 2010. The amendment is not expected to have an impact on the Group financial statements.

IFRS3 Business Combinations (Revised 2008)

This standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively. The new standard introduces changes to the accounting requirements for business combinations, but still requires use of the purchase method, and will have a significant effect on business combinations occurring in reporting periods beginning on or after 1 July 2009.

IAS 27 Consolidated and Separate Financial Statements

The revised standard introduces changes to the accounting requirements for the loss of control of a subsidiary and for changes in the Group's interest in subsidiaries. This standard is effective from 1 July 2009. Management does not expect the standard to have a material effect on the Group's financial statements.

Basis of Preparation

The Group and Company financial statements are prepared on the historical cost basis, except for available-for-sale assets, which are carried at fair value. The accounting policies have been applied consistently by Group entities.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PRINCIPLES OF CONSOLIDATION

The Group's consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control over the operating and financial decisions is obtained and cease to be consolidated from the date on which control is transferred out of the Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of the acquisition or up to the effective date of the disposal, as appropriate. All intra-group transactions, balances, incomes and expenses are eliminated on consolidation.

The financial year-ends of the Group's subsidiaries are coterminous.

Business Combinations

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

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The Group elected to avail of the exemption under IFRS 1 First-time Adoption of International Financial Reporting Standards whereby business combinations prior to the transition date (1 January 2006) were not restated.

Interests in joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Where a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint venture (continued)

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investments is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Revenue recognition

Revenue comprises the invoiced value of goods supplied and services rendered to external customers, and exclude intercompany sales and value added tax. Revenue from the sale of products and services is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes.

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

Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in US Dollars. US Dollar is the presentation currency of the Group, while Euro is the functional currency of the Company. US Dollars are given as it is recognised as the industry wide standard for presentation of the financial statements for exploration companies.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of non-monetary items, are included in the income statement for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in US Dollars using exchange rates prevailing at the balance sheet date. Income and expense items are retranslated using the average exchange rates during the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised in the profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. On disposal of a foreign operation, accumulated currency translation differences are recognised in the Group Income Statement as part of the overall gain or loss on disposal.

When a monetary item forms part of a net investment in a foreign operation, exchange differences are recognised in equity.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currencies (Continued)

Translation differences arising are presented as a separate component of equity in the foreign currency translation reserve in the Group Balance Sheet.

Taxation (current and deferred)

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on the profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

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

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

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that future profits will allow the deferred tax asset to be recovered.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Intangible Assets

Exploration and evaluation assets arising from a business combination are recognised as an intangible asset and initially measured at estimated fair value, generally based on the excess of the cost of the business combination over the Group's interest in the net fair value of the other identifiable assets, liabilities and contingent liabilities recognised, unless a more reliable indicator of fair value is available. The costs of exploration properties, which include the costs of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as intangible assets as part of exploration and evaluation assets.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets (Continued)

Mineral properties relate to those properties where commercial extraction is demonstrable. Mineral properties acquired in a business combination are recognised as an intangible asset, being the excess of the present value of the economic reserves over the allocated amount of related property, plant and equipment and exploration and evaluation costs.

Exploration and evaluation assets are carried forward during the exploration and evaluation stage and are assessed for impairment in accordance with the indicators of impairment as set out in IFRS 6 '*Exploration for and Evaluation of Mineral Resources*'. In circumstances where a property is abandoned, the cumulative capitalised costs relating to the property are written off in the period. No amortisation is charged prior to the commencement of production.

When a project reaches the development stage, all costs which have been capitalised to date and included in exploration and evaluation assets, are assessed for impairment. If they are not impaired, then they are reclassified as either tangible assets or intangible assets. Costs which are deemed to be intangible assets are written off over the life of the estimated oil and gas reserve on a unit of production basis (accounted for under IAS 38 '*Intangible assets*'). Costs which are tangible are accounted for under IAS 16 '*Property, Plant and Equipment*'.

Certain assets, which would in normal circumstances be classified as financial assets, are classified as intangible assets where management have concluded that to comply with IAS 39 and classify these items as financial assets would be so misleading that it would conflict with the objective of the financial statements to present fairly the financial position, financial performance and cash flows of the Group.

Non Current Assets

Land is stated at cost less any recognised impairment loss. Other assets are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is provided on the cost of depreciable property, plant and equipment at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life at the following rates:

Buildings	10%
Vehicles, plant and machinery	15 - 25%
Office equipment	20 - 33 $\frac{1}{3}$ %

For mineral properties and mine development assets, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Such assets are depreciated on a unit of production basis.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Upon sale or retirement of property, plant and equipment, the cost and related accumulated depreciation are eliminated from the financial statements. Any resulting gains or losses are included in the income statement.

The cost of maintenance, repairs and replacement of minor items of property, plant and equipment are charged to the income statements as incurred. Renewals and asset improvements are capitalised.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of tangible and intangible assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit and loss immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the profit and loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials only. Net realisable value is the estimated proceeds of sale less all further costs to completion, and less all costs to be incurred in marketing, selling and distribution.

Trade and other receivables and payables

Trade and other receivables and payables are measured at initial recognition at fair value, and subsequently measured at amortised cost.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost including transaction costs.

The investments of the Group are classified as available for sale, consisting of both quoted and unquoted investments, and are measured at fair value. For available for sale investments, gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period. Impairment losses recognised in the income statement for equity investments classified as available for sale are not subsequently reversed through the income statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. Investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured are carried at cost and at each balance sheet date are assessed for evidence of any impairment.

Cash and cash equivalents

Cash and cash equivalents consist of cash balances, deposits and short-term, highly liquid investments with an original maturity of three months or less. Cash and cash equivalents are held for the purpose of meeting short-term cash commitments.

Equity instruments

Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based payments

The Group has applied the requirements of IFRS 2 'Share-based Payment'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2005. There were no equity instruments granted after 7 November 2002 that vested before 1 January 2005.

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

Where the value of the goods and services received in exchange for the share-based payment cannot be reliably estimated the fair value is measured by use of a valuation model (Black-Scholes). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Operating Leases

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants received in respect of non-current assets have been deducted from the cost of the asset to arrive at the carrying value of the asset.

Segmental Information

In 2009, the Group adopted IFRS 8 Operating Segments. The Group has three reportable segments which are subject to varying risks and returns. The three geographical segments are Europe, North America and the Rest of the World. The Group operates in one business segment, mining and natural resource exploration.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical accounting judgements

The following are the critical accounting judgements, apart from those involving estimates (see below), that the Directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

* ***Impairment of intangible assets and investments***

The assessment of intangible assets and investments for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of the recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use. As outlined in note 13 the development of projects require on-going funding, the availability of which requires judgements in ascertaining whether a project is impaired. Details of any impairment of intangible assets are also provided in note 13.

* ***Going Concern***

The financial statements have been prepared on a going concern basis - see note 2.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. ORGANISATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have significant risks of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

* ***Going concern***

The financial statements have been prepared on a going concern basis – see note 2.

* ***Fair presentation of intangible assets***

Certain assets, which would in normal circumstances be classified as financial assets, are classified as intangible assets where management have concluded that to comply with IAS 39 and classify these items as financial assets would be so misleading that it would conflict with the objective of the financial statements to present fairly the financial position, financial performance and cash flows of the Group.

* ***Fair presentation of intangible assets (Continued)***

The Group has complied with all applicable Standards and Interpretations, except that it has departed from certain requirements of IAS 39 to achieve fair presentation of the financial statements.

The Group has interests in certain part developed gas and pipeline infrastructure in the Tucumcari Basin New Mexico, USA. These assets derive from direct investments, advances and certain security granted in respect of refundable deposits arising from other transactions. The value of these assets is dependent on the valuation of the Tucumcari project, and the successful discovery and development of its gas reserves. In the interest of fair presentation, all of these interests have been aggregated and included in 'Intangible Exploration and Evaluation Assets' in the Group's balance sheet. The total amount of these assets, which would in normal circumstances be classified as financial assets in accordance with IAS 39, which are classified as intangible asset is US\$23,408,000 (2008: US\$23,408,000).

* ***Recoverability of intangible assets***

The directors are aware that by its nature that there is an inherent valuation uncertainty in relation to mining and exploration expenditure as to the value of an asset. Having reviewed the exploration and evaluation assets and exploration expenditure at 31 December 2009 the Directors have not recognised any further impairment loss (2008: US\$504,000 in respect of projects in Brazil) as the fair value was equivalent to the carrying amount. The main focus of the Group is currently the Tucumcari project.

The Group's activities are subject to a number of significant potential risks including:

- Uncertainties over development and operational costs – as with all such exploration projects there are inherent uncertainties in respect of the Tucumcari project. Commercial discoveries of gas reserves have yet to be established and the Independent Valuation (see note 13) is based on contingent resources and not reserves. The number of wells that would be required to develop these resources, if commerciality is established, also remains uncertain.
- Operational and environmental risks
- Funding Risks

The realisation of these intangible assets is dependent on the successful development of economic reserves, including the ability to raise finance to develop the projects and/or sale of the projects. Having reviewed the exploration and evaluation assets at 31 December 2009 the Directors are satisfied that the fair value of these intangible assets is not less than the carrying amount.

* ***Measurement of fair value for available for sale financial investments***

The estimation of fair value for available for sale investments is determined based on quoted market prices for assets where quoted market prices exist. The price obtainable for disposal of all holdings in a share may give rise to a discount on the quoted stock market price. No discount has been recognised in respect of the prices used in determining the fair value.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

* **Share based payments**

The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Group is the Black-Scholes model.

2. GOING CONCERN

The financial statements are prepared on a going concern basis, which assumes the continuing availability of funding sufficient for the continuance of operations at their current level. This assumption depends on the successful arrangement of funding facilities for the Company that are currently being negotiated by the Board. The directors are confident of the successful outcome and therefore believe that the going concern is appropriate.

The financial statements do not include any adjustment to the carrying amount or classification of assets and liabilities should the Company be unable to continue as a going concern.

3. REVENUE

An analysis of the Group's revenue for the year (excluding investment revenue - see note 6) for both continuing and discontinuing operations is as follows:

	2009 US\$'000	2008 US\$'000
Continuing Operations		
Administration services	-	-
	-----	-----
	-	-
	-----	-----
Discontinued operations (note 10)		
Mining and natural resource exploration	(6)	278
	-----	-----
	(6)	278
	=====	=====

4. SEGMENTAL INFORMATION

The Group operates in one business segment, mining and natural resource exploration. The Group operates in three geographical segments that are subject to risks and returns that vary by segment. Geographical analysis of sales and profits is based on market/destination. There is no material difference between this analysis and the split of sales and profits/(losses) by origin.

Segment revenue and segment result

	Segment Revenue		Segment result	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Continuing Operations				
Europe	-	-	(160)	(5,967)
North America	-	-	-	(3,172)
Rest of world	-	-	-	(504)
Total for continuing operations	-----	-----	-----	-----
	-	-	(160)	(9,643)
	-----	-----		
Income tax			-	-
Loss for the year (continuing operations)			-----	-----
			(160)	(9,643)
			-----	-----

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SEGMENTAL INFORMATION (Continued)

	Segment Revenue		Segment result	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Discontinued Operations				
Europe	-	278	-	278
North America	-	-	-	-
Rest of world	-	-	-	-
Total for discontinued operations	-	278	-	278
(Loss)/profit on disposal of operation			(6)	287
(Loss)/profit after tax (discontinued operations)			(6)	565
Consolidated revenue and loss	-	278	(166)	(9,078)

There was no inter-segmental revenue.

Segment assets and segment liabilities

	Assets		Liabilities	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Europe		1,004	(2,085)	(2,556)
North America	23,408	23,408	-	-
Rest of world	-	-	-	-
Consolidated	23,408	24,412	(2,085)	(2,556)

The North America asset balances relate to the Group's activities, the largest of which is Tucumcari. Further geographical analyses of the intangible assets are outlined in note 13.

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Europe	3	7	-	-
North America	-	-	-	3,104
Rest of world	-	-	-	16
	3	7	-	3,120

As explained in note 13, the Group has certain interests in a project in Tucumcari, New Mexico; all such interests have been included above within North America. In addition to the depreciation and amortisation reported above, impairment losses of US\$504,000 were incurred in 2008.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. EMPLOYEES

The average number of persons employed by the Group during the year (including executive directors) is set out below:

	2009	2008
Management	3	3
Field and administration	1	1
	<u>4</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	2009 US\$'000	2008 US\$'000
Wages and salaries	421	2,351
Social welfare costs	16	34
	<u>437</u>	<u>2,385</u>

Directors' emoluments	2009 US\$'000	2008 US\$'000
Remuneration and other emoluments	195	1,993
Employers PRSI	0	0
	<u>195</u>	<u>1,993</u>

6. INVESTMENT REVENUE

	2009 US\$'000	2008 US\$'000
Continuing Operations		
Interest Income	14	49
	<u>14</u>	<u>49</u>

Interest Income earned relates to cash and cash equivalent balances.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. OTHER GAINS AND LOSSES

	2009 US\$'000	2008 US\$'000
Continuing Operations		
Gross gain/ (loss) on disposal of available-for-sale investments	31	(6,225)
Transfer from investment revaluation reserve on disposal (note 20)	-	3,115
	<hr/>	<hr/>
Gain/ (loss) on disposal of available-for-sale investments	31	(3,110)
Foreign Exchange losses	-	(111)
Gains on disposals of other assets (see note below)	148	-
	<hr/>	<hr/>
	<u>179</u>	<u>(3,221)</u>

The gain/ (loss) on disposal of investments are as a result of the sale of shares held (see note 16).

On 17 June 2009 the Group sold its interest in its farm-in rights in Cuiaba in Brazil to Ashburton Minerals Limited ("Ashburton") for a consideration of AUD\$350,000 that was settled by cash consideration of AUD\$100,000 and the issue and allotment of 8,333,333 shares in Ashburton. These assets were held at a carrying value of US\$ nil at the date of the disposal.

8. ADMINISTRATION EXPENSES

	2009 US\$'000	2008 US\$'000
Continuing Operations		
Operating expenses (see below)	(84)	3,582
Wages & Salaries	437	2,385
	<hr/>	<hr/>
	<u>353</u>	<u>5,967</u>

	2009 US\$'000	2008 US\$'000
Operating expenses by nature		
Depreciation	3	7
Auditor's remuneration	60	60
Other expenses including professional fees	(147)	3,515
	<hr/>	<hr/>
Total operating expenses	<u>(84)</u>	<u>3,582</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. INCOME TAX

The tax assessed for the year is lower than the standard rate of corporation tax prevailing in the period in the Republic of Ireland of 12.5% (2008: 12.5%).

No charge to corporation tax arises in the current year as the Group has incurred losses. No tax charge arose in the prior year as the amount of unutilised losses forward more than exceed any tax liability on profits arising in the prior year.

No deferred tax asset has been recognised on accumulated tax losses as the recoverability of any assets is not likely in the foreseeable future. The amounts not recognised are US\$2,420,000(2008: US\$2,400,000). The tax asset not recognised is analysed as follows:

	2009 US\$'000	2008 US\$'000
Deferred tax asset arising from:		
Losses forward	2,420	2,400
	<u>2,420</u>	<u>2,400</u>
	2009 US\$'000	2008 US\$'000
Continuing Operations		
Loss on ordinary activities before taxation	(160)	(9,643)
	<u>(160)</u>	<u>(9,643)</u>
Corporation tax at standard rate 12.5%	(20)	(1,205)
Effects of:		
Tax losses forward	20	778
Items not subject to tax	-	427
	<u>20</u>	<u>1,205</u>
Income tax expense recognised in Consolidated Income Statement	<u>-</u>	<u>-</u>
	2009 US\$'000	2008 US\$'000
Discontinued Operations		
Profit/ (loss) on ordinary activities before taxation (Note 10)	(6)	565
	<u>(6)</u>	<u>565</u>
Corporation tax at standard rate 12.5%	(1)	71
Effects of:		
Tax losses forward	1	-
Utilisation of unused tax losses carried forward	-	(71)
	<u>1</u>	<u>(71)</u>
Income tax expense recognised in Consolidated Income Statement	<u>-</u>	<u>-</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. DISCONTINUED OPERATIONS

2009 Disposal – Liquidation of Portamento Guld AB

Portamento Guld AB a non trading subsidiary of the Company was liquidated during 2009.
The results of the discontinued operations included in the Consolidated Income Statement are set out below.

	2009 US\$'000	2008 US\$'000
Profit for the year from discontinued operations		
Revenue	-	278
Expenses	-	-
Profit on disposal of net smelter royalty	-	287
	<hr/>	<hr/>
Profit before tax	-	565
Attributable income tax expense	-	-
	<hr/>	<hr/>
	-	565
	<hr/>	<hr/>
Loss on disposal of operation	(6)	-
	<hr/>	<hr/>
Loss for the year from discontinued operations	(6)	565
	<hr/> <hr/>	<hr/> <hr/>
Cash flows from discontinued operations		
Net cash flow from operating activities	-	278
Net cash flow from investing activities	(6)	287
	<hr/>	<hr/>
Net cash	(6)	565
	<hr/> <hr/>	<hr/> <hr/>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/ (crediting):

	2009 US\$'000	2008 US\$'000
Depreciation and amortisation		
Depreciation of property, plant and equipment	3	7
Impairment of exploration and evaluation assets	-	504
Impairment of available-for-sale investments	14	198
Total	<u>17</u>	<u>709</u>
Attributable to:		
Continuing operations	17	205
Discontinuing operations	-	504
	<u>17</u>	<u>709</u>
Directors' remuneration		
For services as directors	195	561
Compensation for loss of office	-	994
Share-based payments	-	242
Total directors' emoluments	<u>195</u>	<u>1,797</u>
Attributable to:		
Continuing operations	195	1,993
Discontinuing operations	-	-
	<u>195</u>	<u>1,993</u>
Auditors' remuneration		
Audit related	60	60
Non-audit related	-	-
Total auditors' remuneration	<u>60</u>	<u>60</u>
Attributable to:		
Continuing operations	60	60
Discontinuing operations	-	-
	<u>60</u>	<u>60</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

12. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment US\$'000	Total US\$'000
Cost		
At 1 January 2008	117	117
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 1 January 2009	117	117
Additions	-	-
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2009	117	117
	<hr/>	<hr/>
Depreciation		
At 1 January 2008	107	107
Charge for the year	7	7
Disposals	-	-
	<hr/>	<hr/>
At 1 January 2009	114	114
Charge for the year	3	3
Disposals	-	-
	<hr/>	<hr/>
At 31 December 2009	117	117
	<hr/>	<hr/>
Carrying amount		
31 December 2009	-	-
	<hr/> <hr/>	<hr/> <hr/>
31 December 2008	3	3
	<hr/> <hr/>	<hr/> <hr/>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS

	Exploration & Evaluation US\$'000	Other Intangibles US\$'000	Total US\$'000
Cost			
At 1 January 2008	47,631	-	47,631
Additions (See analysis below)	3,120	-	3,120
Disposals	(513)	-	(513)
	<u>50,238</u>	<u>-</u>	<u>50,238</u>
At 1 January 2009	50,238	-	50,238
Additions	-	-	-
Disposals	-	-	-
	<u>50,238</u>	<u>-</u>	<u>50,238</u>
At 31 December 2009	50,238	-	50,238
	<u>50,238</u>	<u>-</u>	<u>50,238</u>
Impairment & Amortisation			
At 1 January 2008	26,326	-	26,326
Impairment	504	-	504
Amortisation	-	-	-
	<u>26,830</u>	<u>-</u>	<u>26,830</u>
At 1 January 2009	26,830	-	26,830
Impairment	-	-	-
Amortisation	-	-	-
	<u>26,830</u>	<u>-</u>	<u>26,830</u>
At 31 December 2009	26,830	-	26,830
	<u>26,830</u>	<u>-</u>	<u>26,830</u>
Carrying amount			
31 December 2009	<u>23,408</u>	<u>-</u>	<u>23,408</u>
31 December 2008	<u>23,408</u>	<u>-</u>	<u>23,408</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS (Continued)

Regional Analysis

	Sweden	Ireland	Romania	Brazil	USA	Peru	Total
	<i>US\$'000</i>						
At 1 January 2008	-	-	-	488	20,817	-	21,305
Additions	-	-	-	16	3,104	-	3,120
Disposal	-	-	-	-	(513)	-	(513)
Amortisation	-	-	-	-	-	-	-
Impairment	-	-	-	(504)	-	-	(504)
At 31 December 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,408</u>	<u>-</u>	<u>23,408</u>
	<i>US\$'000</i>						
At 1 January 2009	-	-	-	-	23,408	-	23,408
Additions	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Amortisation	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
At 31 December 2009	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,408</u>	<u>-</u>	<u>23,408</u>

The Group's activities during the year mainly focused on prospecting for oil and gas reserves in North America. The recovery of exploration and evaluation expenditure is dependent on the successful discovery and development of mineral and oil & gas reserves in the projects involved, which in turn depends on the availability of adequate funding being made available. Where projects prove unsuccessful, the related value included in the balance sheet would be written off.

Tucumcari

The Group has interests in certain part developed gas and pipeline infrastructure in the Tucumcari Basin New Mexico USA. These assets derive from direct investments, advances and certain security granted in respect of refundable deposits arising from other transactions. The value of these assets is dependent on the valuation of the Tucumcari project, and the successful discovery and development of its gas reserves.

In the interest of fair presentation, all of these interests have been aggregated and included in 'Intangible Exploration and Evaluation Assets' in the Group's balance sheet. Refer to Note 1 – Key sources of estimation uncertainty for further explanation of this presentation. The various interests in Tucumcari project are as follows:

	US\$'000
Initial Investment (note a)	3,350
Purchase of Tucumcari Option & Advances (note b)	6,566
Further working capital advances during 2008 (note b)	2,839
Alaska Oil & Gas Resources Limited (note c)	4,350
Gold Oil Plc (note d)	6,105
Aragon Industries Limited (note e)	198
	<u>23,408</u>

A. Investment in Tucumcari – US\$3.35 million

In March 2006 the Group acquired a 25% interest in Tucumcari Investments Limited ("TIL") and advanced a loan of US\$2.75 million to TIL to enable TIL to acquire and part fund its wholly owned subsidiary, Tucumcari Exploration LLC's ("TUCX") acquisition of certain gas and pipeline assets pursuant to a chapter 11 Plan from the Estates of CKG Exploration LLC and CKG Pipeline LLC.

Subsequently, in July and September 2006 the Group sold its interest in two stages and assigned the benefit of its loan to TIL to Charms Investments Limited (CIL) for a consideration of US\$3.35 million.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS (Continued)

In the Group's Balance Sheet as at 31 December 2006 this amount was classified as an available-for-sale investment. The value of this asset is dependent on the valuation of the Tucumcari Project and accordingly this amount has been aggregated with the other Tucumcari interests and classified as intangible exploration and evaluation in the Group's Balance Sheet as at 31 December 2007.

On 17 January 2008 Minmet (Isle of Man) Limited ("MIOM") and CIL entered into a cancellation agreement whereby the sale of the Group's interest in TIL and the assignment of the loan to TIL to CIL was cancelled with the result that the Group reinstated its 25% interest in TIL and took a reassignment of its shareholders loan to TIL.

At the same time the resulting shareholding structure of TIL and TUCX was simplified by means of a Restructuring and Exchange Agreement dated 17 January 2008 ("the Restructuring and Exchange Agreement") between MIOM, Peter Maddocks and TUCX whereby Minmet agreed that the Group's 25% interest in TIL be cancelled and TUCX agreed to issue and allot membership units in TUCX giving the Group a 25% direct holding in TUCX.

B. Purchase of Tucumcari Option & Advances – US\$6.566 million

In October 2007 the Group paid a refundable deposit US\$6m to acquire an option to purchase the remaining 75% of TUCX.

On the 17 January 2008 the Group and TIL entered into the Tucumcari Option Agreement whereby TIL granted the Group and option to purchase TIL's 75% interest in TUCX for a consideration having regard to the net discounted value of TUCX to be established following the preparation of a Competent Persons Report (CPR). The Tucumcari Option was exercisable at any time within three months after delivery of the CPR. Upon exercise of the Tucumcari Option, the consideration would be payable as to the amount required to satisfy the aggregate of the liabilities secured by the TUCX Share Charge in cash and as to the balance in new ordinary shares in the Company.

In addition, the Group agreed to provide working capital and make certain payments to TUCX by way of secured loan to meet its ongoing financial needs within a budget of US\$3m. At 31 December 2008, US\$2.839m had been advanced as demands to fund working capital requirements of the project.

Security for the repayment of the deposit (in the event that the Tucumcari Option Agreement was not exercised) and the secured loans to be advanced to TUCX were granted by TIL over its 75% shareholding in TUCX and it was agreed that the share charge granted by TIL over its shares in TUCX dated 2 October 2007 ("the TUCX Share Charge") (as part of the Westcoast Guarantee security described below) be extended to include the refundable deposit paid to TIL and the loans to be made by the Group to TUCX.

C. Alaska Oil & Gas Resources Limited – US\$4.35 million

On 23 August 2007, the Group entered into a conditional agreement with Carbon Energy Investments Limited ("Carbon") for the sale and purchase of Alaska Oil & Gas Resources Limited ("Alaska") for a consideration of \$87.5m payable as to \$4.35m in cash and the balance in new shares in the capital of the Group to be issued at Completion ("the Alaska Purchase Agreement"). Alaska has interests in three prospects (Kitchen, East Kitchen and North Alexander) in the Cook Inlet in Alaska ("the prospects").

On signing of the Alaska Purchase Agreement the Group paid a returnable deposit of \$4.35m and Carbon agreed to procure security for the repayment of the returnable deposit with the security being a charge in favour of Minmet over 50% of the shares of Tucumcari Investments Limited.

The Alaska Purchase Agreement was subsequently cancelled pursuant to an agreement with Carbon on 31 December 2007 ("the Alaska Cancellation Agreement"). Under the terms of the Alaska Cancellation Agreement, the returnable deposit of US\$4.35m is to be repaid by Carbon within 180 days of 31 December 2007 together with interest accruing from 1 March 2008 until repayment. Additionally the original security granted over shares in TIL was cancelled and new security for the repayment of the deposit and any interest was granted by Carbon and TIL by extending the scope of TUCX share charge.

In addition, under the Alaska Cancellation Agreement, Aventine Resources Plc is entitled to receive new ordinary shares (to the value of US\$4.35m) in the intended listed company that will develop the Prospects. This entitlement has not been recognised in the financial statements.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS (Continued)

Due to the fact that the returnable deposit is secured over the shares in TUCX the amount of the deposit (US\$4.35m) was included in intangibles during 2007.

Under the Alaska Cancellation Agreement, Aventine is entitled to receive new ordinary shares (to the value of US\$4.35m) in a proposed listed company that will develop the Alaska assets. In the opinion of the Directors, this represents a contingent asset and accordingly has not been recognised in the financial statements.

D. Gold Oil Plc – US\$6.105 million

On 9 February 2007, Minmet Plc entered into a Joint Venture Agreement with Gold Oil Plc (“Gold Oil”). The transaction involved inter alia:

- Gold Oil selling information relating to oil and gas exploration opportunities in Cuba and Latin America to Minmet for a cash consideration of STG£1.35m;
- Gold Oil subscribing for 10 million new ordinary shares in Minmet at a price of £0.135 per share, paid for from the above cash; and
- Gold Oil subscribing for 12.75 million new shares in Minmet at a price of £0.135 per share being satisfied by the issue and allotment of 22,950,000 new ordinary shares in the capital of Gold Oil to Minmet.

On 2 October 2007, Westcoast Group Limited (“Westcoast”) purchased 14.45 million shares in Minmet Plc from Gold Oil. On the same date, Gold Oil and Minmet agreed to terminate their joint venture arrangements in Cuba and Latin America. The book value of Minmet’s investment in Gold Oil and the Joint Venture amounted to STG£3.151m (US\$6.105m).

Under the terms of the agreements between Minmet and Gold Oil dealing with the termination of the joint venture, it was agreed that Gold Oil would place 8.3 million shares which it held in Minmet with brokers so that such shares could be sold with the proceeds of sale being paid to Minmet.

Minmet also agreed to deposit its 22,950,000 ordinary shares in Gold Oil with a broker, with instructions to have these placed in the market and the proceeds distributed to Gold Oil.

As part of the termination of the Joint Venture arrangements it was recognised that Minmet would make a loss on the book value of its investment in Gold Oil and the Joint Venture. Consequently in a effort to ensure the Group did not make a loss in effecting the transaction, Westcoast agreed to guarantee and indemnify Minmet against all and any losses Minmet may incur as a result of the shares being sold at a price less than the carrying value at the balance sheet date (US\$6.105 million) by entering into a deed of Guarantee and Indemnity dated 2 October (“the Westcoast Guarantee”).

In the event that Minmet incurs a loss following the sale of the shares Westcoast shall make good such losses to Minmet pursuant to the Westcoast Guarantee within three months of the date of such loss being realised.

As security for the Westcoast Guarantee, Westcoast procured that its associated company TIL would grant security over its shares in TUCX by means of a Share Charge dated 2 October 2007 (“the TUCX Share Charge”).

Due to the fact that the Westcoast Guarantee is secured over TIL’s shares in TUCX, the full extent of the liability on a worst case basis (US\$6.105 million) was included in intangibles during the year.

On 30 September 2009, the Company entered into an agreement with Westcoast to release Westcoast from its obligations under the above guarantee. Under the terms of this agreement, Minmet was to receive 62,291,000 (US\$6.29m) fully paid and non-assessable shares of common stock in Trilliant Exploration Corporation “Trilliant”, a company incorporated pursuant to the laws of the state of Nevada, USA. This deal subsequently fell through and was never consummated.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. INTANGIBLE ASSETS (Continued)

E. Aragon Industries Limited

On 14 December 2007, Minmet Plc paid an amount of STG£100,000 to acquire an option (“the Aragon Option”) from Blackhawk Industries Limited (“Blackhawk”) to acquire 10% of the issued share capital of Aragon Industries Limited (“Aragon”). At the direction of Blackhawk this amount was paid to Mr. Leslie Greyling.

Aragon and its associated companies have entered into joint venture agreements in Borneo and the Philippines in infrastructure projects including substantial oil and gas activities. The terms of the option are that the consideration is STG£3m payable by the issue and allotment of new shares in Minmet. The option price was exercisable any time before 30 September 2008. The option price is refundable if Minmet chooses not to exercise the option and Blackhawk shall procure that TIL guarantees such sum.

Due to the fact that the refundable deposit is secured over TIL’s shares in TUCX, the amount of the deposit of US\$0.198m (STG£0.1m) was included in intangibles during 2007. This deposit has not yet been repaid.

Impairment Charge

The Directors are aware that by its nature that there is an inherent valuation uncertainty in relation to mining and exploration expenditure as to the value of an asset. Having reviewed the exploration and evaluation assets and exploration expenditure at 31 December 2009 the Directors recognised an impairment loss of US\$0 (2008: US\$504,000 in respect of projects in Brazil) as the fair value was less than the carrying amount.

The Board commissioned an independent report and valuation of the Tucumcari project. In May 2008 the Directors received the independent evaluation of resource and production potential in respect of the Randal’s Ranch and Walker Ranch leases in the Tucumcari Basin in New Mexico USA from Gaffney Cline & Associates (GCA) dated 22 May 2008. GCA has applied evaluation standards commensurate with those required by AIM (as the company was listed on AIM at this time). Details of the GCA report are available on the Aventine website.

A valuation based on the findings of the GCA Report which was prepared for Management, indicated a range of values that, in the opinion of the Directors, supported their opinion at 31 December 2009 that the fair value of the Group’s interests in the Tucumcari Basin was not less than the carrying value of US\$23,408,000.

At the date of approval of the financial statements, in the opinion of the Directors, the carrying value of the above intangible assets is not impaired

Risks & Uncertainties

The Group’s activities are subject to a number of significant potential risks including:

- Uncertainties over development and operational costs – as outlined above the Directors have received an independent evaluation report and valuation in respect of the Tucumcari assets. As with all such exploration projects there are inherent uncertainties in respect of this project. Commercial discoveries of gas reserves have yet to be established and the Independent Valuation is based on contingent resources and not reserves. The number of wells that would be required to develop these resources, if commerciality is established, also remains uncertain.
- Operational and environmental risks
- Funding Risks

The realisation of these intangible assets is dependent on the successful development of economic reserves, including the ability to raise finance to develop the projects. Having reviewed the exploration and evaluation assets at 31 December 2009 the Directors are satisfied that the fair value of these intangible assets is not less than the carrying amount.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. COMMITMENTS AND CONTINGENCIES

Alaska Oil & Gas Resources Limited – Contingent Asset

Under the Alaska Cancellation Agreement Aventine is entitled to receive new ordinary shares (to the value of US\$4,350,000) in a proposed listed company that will develop the Alaska assets. In the opinion of the Directors, this represents a contingent asset and accordingly has not been recognised in the financial statements.

15. SUBSIDIARIES

Details of the Company's subsidiaries are as follows:

Subsidiary	Activity	Country of Incorporation and Registered Office	Percentage Ownership	
			2009	2008
Anagram Limited	Dormant	Empire House Palace Road Douglas Isle of Man IM2 44D	100%	100%
Dormant Minerals AB	Dormant	c/o & Redovisning AB Skolgatan 11 921 31 Lycksele Sweden	100%	100%
European Metals and Minerals Limited	Dormant	Empire House Palace Road Douglas Isle of Man IM2 44D	100%	100%
Mineradora de Bauxita Limitada	Dormant	Rua João de Freitas, 314 Santo Antônio Belo Horizonte Minas Gerais Brazil.	100%	100%
Connary Minerals Limited	Dormant	18 Fitzwilliam Place, Dublin 2. Ireland.	100%	100%
Minmet (Isle of Man) Limited	Investment Company	Empire House Palace Road Douglas Isle of Man IM2 44D	100%	100%

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. SUBSIDIARIES (Continued)

Subsidiary	Country of	Incorporation and Registered Activity Office	Percentage Ownership	
			2009	2008
Overseas Oil & Gas Resources Limited	Dormant	Mill Mall Suite 6, Wickhams Cay 1 Road Town Tortola British Virgin Islands	100%	100%
Portamento Guld AB	Dormant	c/o Rådab Råd & Redovisning AB Skolgatan 11 921 31 Lycksele Sweden	-	100%

During 2008 the Group disposed of the 100% interest in Achill Resources Limited (formerly European Minerals and Metals Limited); refer to notes 10 and 26. During 2009 Portamento Guld AB was wound-up.

16. AVAILABLE-FOR-SALE INVESTMENTS

	2009 US\$'000	2008 US\$'000
Quoted Investments		
At 1 January	19	8,998
Revaluation	155	(74)
Impairment	(14)	(198)
Additions	68	-
Disposals	(14)	(8,707)
At 31 December	<u>214</u>	<u>19</u>

Quoted investments

The fair value of the quoted ordinary shares is determined by reference to published price quotations in an active market.

The Group does not hold more than 20% of the issued capital of any individual quoted investment and does not exert a significant influence over any of the companies for which it maintains a shareholding.

Cross Lake Minerals Ltd ("Cross Lake")

At 31 December 2008 the Group held 200,000 shares in Cross Lake. The market value of this investment at 31 December 2008 was US\$1,642. During 2009 Cross Lake obtained court protection under the Companies' Creditors Arrangement Act ("Canada"). The Company delisted its shares from the Toronto Stock Exchange during 2009. In June 2009 Cross Lake Minerals Limited changed its name to BC Limited. At 31 December 2009 the Group held 200,000 shares in BC Limited. The Directors consider the investment to be impaired and have provided for it in full.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. AVAILABLE-FOR-SALE INVESTMENTS (Continued)

Ashburton Minerals Limited ("Ashburton")

As at 31 December 2009 the Group held 7,942,665 (2008: 1,609,332) ordinary shares in Ashburton. The market value of this investment at 31 December 2009 was US\$141,845 (2008: US\$6,000). Subsequent to the year end the Group disposed of its entire shareholding in Ashburton.

Crucial Plan plc ("Crucial Plan")

At 31 December 2008 the Group held 3,333,333 shares in Crucial Plan. The market value of this investment at 31 December 2008 was US\$1,642. Crucial Plan was an AIM listed company but went into liquidation in 2009 and the Group's investment has been written off.

17. TRADE AND OTHER RECEIVABLES

	2009 US\$'000	2008 US\$'000
Trade receivables	-	-
Other receivables	17	296
	<u>17</u>	<u>296</u>

In the opinion of the Directors, at 31 December 2009, the value of the above receivables are not less than their carrying value and were not past due and not impaired. In the opinion of the Directors the above approximates to fair value.

18. CASH AND CASH EQUIVALENTS

	2009 US\$'000	2008 US\$'000
Cash at bank and in hand	<u>291</u>	<u>686</u>

The Group does not have lines of credit with financial institutions.

19. ISSUED CAPITAL

	Share capital	
	2009 US\$'000	2008 US\$'000
Authorised:		
180,000,000 ordinary shares of €0.01 each	2,372	2,372
69,458,000 deferred shares of €0.24 each	21,970	21,970
	<u>24,342</u>	<u>24,342</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. ISSUED CAPITAL (Continued)

	Share capital		Share premium	
	2009 US\$'000	2008 US\$'000	2009 US\$'000	2008 US\$'000
Ordinary shares allotted, called-up and fully paid:				
Opening balance	18,821	18,821	43,276	43,276
Issued during the year	-	-	-	-
Closing balance	<u>18,821</u>	<u>18,821</u>	<u>43,276</u>	<u>43,276</u>
Represented by:				
92,248,000 (2006: 69,458,000) ordinary shares of €0.01 each	1,040	1,040	43,276	43,276
69,458,000 deferred shares of €0.24 each	17,781	17,781	-	-
Closing balance	<u>18,821</u>	<u>18,821</u>	<u>43,276</u>	<u>43,276</u>

Issue of shares

No shares were issued during the current or preceding year.

Deferred Shares

The holders of deferred shares are not entitled to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. The deferred shares do not entitle their holders to receive any dividend or other distribution. The deferred shares on a return of assets in a winding up entitle the holder only to repayment of the amounts paid up on such shares after repayment of the capital paid up on the ordinary shares plus the payment of €10,000 per ordinary share.

Warrants

At the balance sheet date for both 2009 and 2008 no warrants were outstanding.

20. RESERVES

	2009 US\$'000	2008 US\$'000
Capital conversion reserve	87	87
Investment revaluation reserve	155	-
Share-based payment reserve	-	-
Foreign currency translation reserve	551	551
Closing balance 31 December	<u>793</u>	<u>638</u>
Capital conversion reserve		
Opening balance 1 January	87	87
Movements during the year	-	-
Closing balance 31 December	<u>87</u>	<u>87</u>

This reserve arose upon renominialisation of share capital.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. RESERVES (Continued)

	2009 US\$'000	2008 US\$'000
Investment revaluation reserve		
Opening balance 1 January	-	3,115
Increase arising on revaluation of available-for-sale investments	155	-
Cumulative loss transferred to income statement on sale of available-for-sale investments	-	(3,115)
Closing balance 31 December	<u>155</u>	<u>-</u>

The investments revaluation reserve arises on the revaluation of available-for-sale quoted financial assets. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, and is effectively realised, is recognised in profit and loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit and loss.

Share-based payment reserve

Opening balance 1 January	-	869
Charge during the year	-	-
Acceleration of charge	-	650
Transfer to retained earnings	-	(1,519)
Closing balance 31 December	<u>-</u>	<u>-</u>

This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration and provided to consultants and advisors hired by the Group from time to time as part of the consideration paid.

Foreign currency translation reserve

Opening balance 1 January	551	551
Movements during the year	-	-
Closing balance 31 December	<u>551</u>	<u>551</u>

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21. RETAINED EARNINGS

	2009 US\$'000	2008 US\$'000
Opening balance 1 January	(40,879)	(33,320)
Net (loss)/profit attributable to members of the parent entity	(166)	(9,078)
Transfer from share based payments reserve	-	1,519
Closing balance 31 December	<u>(41,045)</u>	<u>(40,879)</u>

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The loss retained for the year dealt with in the financial statements of the Company was US\$670,000 (2008: loss of US\$6,820,000).

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. TRADE AND OTHER PAYABLES

	2009	2008
	US\$'000	US\$'000
Trade payables and accruals	2,079	2,552
Payroll taxes	6	4
Closing balance 31 December	<u>2,085</u>	<u>2,556</u>

Included in the above is an amount of US\$2,059,000 (2008: US\$1,040,000) which is past due. In the opinion of the Directors the above approximates to fair value.

23. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and short-term deposits, certain refundable deposits, trade receivables and trade payables. The main risk arising from the Group's financial instruments is currency risk. It is the Group's policy not to enter into derivative instruments or to trade in financial instruments.

Funds are transferred to fund exploration costs and are translated into local currencies on a monthly basis thereby reducing cash held in local currencies and the Group's exposure to currency movements.

The Group held the following net foreign currency monetary assets/liabilities at 31 December:

	2009	2008
	US\$'000	US\$'000
Cash at bank		
Pounds sterling	207	154
Euro	53	100
Swedish kronor	11	7
Canadian dollars	-	387
US Dollars	12	32
Other currencies	8	6
Total	<u>291</u>	<u>686</u>

Certain refundable deposits meet the definition of a financial instrument. Hence, in the interest of fair presentation these have been aggregated and included in "Intangible Exploration and Evaluation Assets" in the Group's Balance Sheet, as they relate to an overall interest that the Group has in certain part developed gas and pipeline infrastructure in the Tucumcari Basin, New Mexico, USA. In the opinion of the Directors, these items have been included at their fair value and details relating to them are disclosed in note 13.

As outlined in note 16, the Group holds quoted investments which have been included at their fair value at the balance sheet date. Fair value is determined by reference to published prices. No discount has been recognised in determining fair value. The investments are held in exploration companies whose share prices are subject to volatility. In the opinion of the Directors, at the 31 December 2009, there has not been any indication of impairment in respect of these investments.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. FINANCIAL INSTRUMENTS (Continued)

	2009 US\$'000	2008 US\$'000
Receivables		
Euro	17	296
	<u>17</u>	<u>296</u>
	2009 US\$'000	2008 US\$'000
Payables		
Pounds sterling	2,085	2,556
Total	<u>2,085</u>	<u>2,556</u>

Bank deposits earn interest based on bank short term deposits rates. The Group's exposure to interest rate risk is subject to movements in short term interest rates and cash balances.

24. SHARE-BASED PAYMENTS

The Group has applied the requirements of IFRS 2 'Share-based Payment'. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were vested at 1 January 2005.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is capitalised as the transaction relates to the payment of goods and services which qualify to be recognised as an asset.

Fair value is measured by use of a Black-Scholes model.

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant. The exercise period for the options granted is 10 years from the adoption date (22 May 2003) of the Aventine plc Share Option Scheme (being 21 May 2013). The vesting period for options granted is staggered with the total option amount vesting 2 years after the initial granting of the option.

There were no new share options issued during 2009 or 2008.

During 2008, 9,882,480 share options lapsed. This was treated as a cancellation of the share options and an acceleration of the charge. The acceleration of the charge amounted to \$650,000.

	2009 Options	Weighted average exercise price Euro cent	2008 Options	Weighted average exercise price Euro cent
Outstanding at beginning of year	1,844,160	10	11,726,640	10
Cancelled during the year	-	-	-	-
Granted during the year	-	-	-	-
Lapsed during the year	-	-	(9,882,480)	10
Outstanding and exercisable at year end	<u>1,844,160</u>	<u>10</u>	<u>1,844,160</u>	<u>10</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. RELATED PARTY TRANSACTIONS

Transactions between the Company and its Subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Included in the Company Balance Sheet are the following amounts receivable from subsidiary undertakings:

	2009 US\$'000	2008 US\$'000
Connary Minerals Limited	2,039	2,039
Dormant Minerals AB	77	77
European Metals and Minerals Limited	282	282
Minmet (Isle of Man) Limited	37,027	37,551
Overseas Oil and Gas Resources Limited	8	8
Portamento Guld AB	-	23
Provisions against group receivables	(33,272)	(33,272)
Total	<u>6,161</u>	<u>6,708</u>

Investment in Crucial Plan Plc (refer to note 16)

The Group's investment in Crucial Plan Plc is a related party transaction because Peter Maddocks, the Company's former Chairman was also a Director of Crucial Plan Plc at the time of Aventine's investment in Crucial Plan. Bamb Investments Limited, ("Bamb") a company controlled by Peter Maddocks was the beneficial owner of 23.66% of Crucial Plan at the time of the investment. Bamb's interest in Crucial Plan was diluted to approximately 15% after Aventine made its investment. The Group wrote off its investment in Crucial Plan during 2009, as Crucial Plan went into liquidation.

Disposal of Achill Resources Limited (refer to notes 10 and 26)

On 19 November 2008 the Company disposed of its subsidiary Achill Resources Limited to Mr T O'Gorman, a shareholder in the Company at fair value. At 1 January 2009 Mr T. O 'Gorman owed US\$287,500 in relation to this transaction. This was paid in full during the year. At 31 December 2009 the balance outstanding was Nil.

Compensation of key management personnel

Key management personnel are deemed to be the Board of Directors as they are responsible for planning, directing and controlling the activities of the Group.

The remuneration of key management (including former directors) is as follows:

	2009 US\$'000	2008 US\$'000
Short-term employee benefits	203	1,993
Termination benefits	-	-
Share-based payment	-	-
	<u>203</u>	<u>1,993</u>

Amounts owing to former Directors and Key Management at year end were US\$966,712 (2008 : US\$966,712). In addition there was a charge in the 2008 Income Statement in respect of share option of €650,000 relating to key management.

Under service agreements dated 15 December 2007 between certain Directors and the Company, the Company was required to give 12 months notice of termination of employment. The total annual salary payable under these agreements was US\$1,396,000 prior to the payment of any bonus.

Also as part of these service agreements, each of the Directors had agreed that a proportion of their salary and payment for services be deferred for the first six months of this agreement. As consideration for such deferral the Directors were entitled to receive a premium equivalent to 100% of the value of the deferred element which was to be payable by the issue and allotment of new shares in the Company at an issue price equivalent to the average mid market price of the Company's shares traded during the previous ten days.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. RELATED PARTY TRANSACTIONS (Continued)

In February 2011, the company agreed with the former directors to settle all outstanding claims they had against the company by the issue of ordinary shares in the company as follows

	Number of Ordinary Shares Issued
D. Barrett	2,823,419
P. Maddocks	1,881,071
P. Gardener	520,922
J. King	3,066,588

In addition and by separate agreement all outstanding matters with James McCartan have been settled by the issue of 500,000 ordinary shares in the company.

All the shares were issued to the former directors in February 2011.

On 12 February 2010 the former directors and the Company agreed that the Company compromise all and any liability to them on the basis that the Company would issue to them a 5% Convertible Loan Note maturing on 30 September 2011 with the former directors having the right at their discretion to convert the Loan into ordinary shares at price equivalent to

10% discount to the then current market price if the shares are traded on a recognized market or at such other price as shall be mutually agreed at the time of conversion if the shares are not traded.

26. DISPOSAL OF A BUSINESS

During 2009 Portamento Guld AB was wound up. The carrying value of the assets of Portamento Guld AB at the date of disposal were US\$6,000. There were no outstanding liabilities on the disposal date.

During 2008 the group disposed of Achill Resources Limited. Details of the disposal are as follows:

Carrying amount of net assets sold

	US\$'000
<u>Assets</u>	
Net Sales Royalty interest in gold production at the Björkdal mine in Sweden	-
1,355,377 shares in GoldQuest Mining Corp at market value of CAD0.08 / share	87,954
<u>Liabilities</u>	
Net book value of Group receivable from Achill Resources Limited transferred to the purchaser of Achill Resources Limited	4

The cash consideration received was US\$287,500

27. NON-CASH TRANSACTIONS

Sale of Cuiaba Assets

On 17 June 2009 the Group sold its interest in its farm-in rights in Cuiaba in Brazil to Ashburton Minerals Limited ("Ashburton") for a consideration of AUD\$350,000 that was settled by cash consideration of AUD\$100,000 and the issue and allotment of 8,333,333 shares in Ashburton.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28. EVENTS AFTER THE BALANCE SHEET DATE

The investment in Ashburton Minerals PLC was sold at market price during 2010

29. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 13 April 2011

AVENTINE RESOURCES PLC (formerly MINMET PLC)

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009**

		2009	2008
	<i>Notes</i>	<u>US\$'000</u>	<u>US\$'000</u>
Fixed Assets			
Tangibles assets	2	-	3
Investment in subsidiaries	3	9,751	10,114
		<u>9,751</u>	<u>10,117</u>
Current Assets			
Debtors	4	6,179	6,719
Cash at bank and on hand		98	336
		<u>6,277</u>	<u>7,055</u>
Creditors: (amount due within 1 year)	5	(2,064)	(2,538)
		<u>4,213</u>	<u>4,517</u>
Net Current Assets		<u>4,213</u>	<u>4,517</u>
Net Assets		<u><u>13,964</u></u>	<u><u>14,634</u></u>
Capital and Reserves			
Called-up share capital	6	18,821	18,821
Share premium account	6	43,276	43,276
Capital conversion reserve fund	7	87	87
Profit and loss account – (deficit)	7	(48,220)	(47,550)
Share-based payments reserve	7	-	-
Shareholders' Funds		<u><u>13,964</u></u>	<u><u>14,634</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 13 April 2011 and signed on its behalf by:

J Liwosz
Director

M Neville
Director

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE COMPANY FINANCIAL STATEMENT

1. ACCOUNTING POLICIES

The significant accounting policies of the Company are as follows:

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Acts, 1963 to 2009 and Generally Accepted Accounting Practices in Ireland (“Irish GAAP”). The following paragraphs describe the principle accounting policies under Irish GAAP, which have been applied consistently.

Tangible Fixed Assets

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided on the cost of assets in equal annual instalments over their estimated useful lives at the following annual rates:

Office equipment	20 - 33 $\frac{1}{3}$ %
------------------	-------------------------

Investments

Fixed asset investments, including investments in subsidiaries, are stated at cost and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Foreign Currency

The reporting currency of the Company is US Dollars. Transactions in foreign currencies (currencies other than US Dollars) are recorded at exchange rates ruling on the date of those transactions. Assets and liabilities denominated in foreign currencies are translated into US Dollars at rates of exchange ruling at the balance sheet date. The results of undertakings denominated in foreign currencies are translated into US Dollars at average rates of exchange. The adjustment to year-end rates is taken to reserves. Exchange differences that arise on the retranslation of balance sheets of such undertakings at the beginning of the year, and equity additions and withdrawals during the financial year, are dealt with as a movement in reserves. Other translation differences are dealt with in the profit and loss account.

Share-based Payment

The Company has applied the requirements of FRS 20 “Share-Based Payment”. The accounting policy applicable to share-based payments is consistent with that applied under IFRS and is accordingly addressed in detail on pages 47-48 of the Group financial statements.

Taxation

Corporation tax is provided on taxable profits at current rates.

Deferred taxation is recognised on a full provision basis in respect of all timing differences that have originated but not reversed at the balance sheet date, except as otherwise required by the relevant accounting standard.

Deferred tax assets are only recognised to the extent that on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE COMPANY FINANCIAL STATEMENT (CONTINUED)

2. TANGIBLE FIXED ASSETS

	Office Equipment US\$'000
Cost	
At 1 January 2009	117
Additions	-
Disposals	-
At 31 December 2009	<u>117</u>
Depreciation	
At 1 January 2009	114
Charge for the year	3
At 31 December 2009	<u>117</u>
Net book value	
31 December 2009	<u>-</u>
31 December 2008	<u>3</u>

3. INVESTMENT IN SUBSIDIARIES

	2009 US\$'000	2008 US\$'000
Unquoted shares at cost and net book value		
At 1 January	34,279	34,279
Additions	-	-
Disposals	(3,645)	-
At 31 December	<u>30,634</u>	<u>34,279</u>
Impairment		
At 1 January	24,165	24,165
Charge for the year	-	-
Disposals	(3,282)	-
At 31 December	<u>24,165</u>	<u>24,165</u>
Net book value		
Opening balance	<u>10,114</u>	<u>10,114</u>
Closing balance	<u>9,751</u>	<u>10,114</u>

Details of the Company's wholly owned subsidiaries are set out at note 15 to the consolidated financial statements. In the opinion of the Directors, at 31 December 2009, the value of the above investments are not less than their carrying value.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE COMPANY FINANCIAL STATEMENT (CONTINUED)

4. DEBTORS

	2009 US\$'000	2008 US\$'000
Amounts falling due within one year:		
Amounts owed by Group undertakings	6,161	6,709
Other debtors	18	10
	<u>6,179</u>	<u>6,719</u>

The value of the amounts owed by Group undertakings to the Company is dependent on the successful discovery and development of mineral reserves. In the opinion of the Directors, at 31 December 2009, the value of the above receivables are not less than their carrying value.

5. CREDITORS: (Amounts due within 1 year)

	2009 US\$'000	2008 US\$'000
Amounts falling due within one year:		
Trade creditors and accruals	2,058	2,534
Payroll taxes	6	4
	<u>2,064</u>	<u>2,538</u>

6. ISSUED CAPITAL

Details in respect of called-up share capital are presented in the share capital note (note 19) to the Group financial statements.

7. MOVEMENT ON SHAREHOLDERS' FUNDS

	Called-up Share Capital US\$'000	Share premium US\$'000	Capital conversion reserve fund US\$'000	Profit and loss account US\$'000	Share- based payments reserve US\$'000	Total US\$'000
At 1 January 2008	18,821	43,276	87	(42,223)	843	20,804
Issue of shares	-	-	-	-	-	-
Retained loss for the year	-	-	-	(6,820)	-	(6,820)
Share-based payments	-	-	-	-	650	650
Transfer to profit & loss account	-	-	-	1,493	(1,493)	-
At 31 December 2008	<u>18,821</u>	<u>43,276</u>	<u>87</u>	<u>(47,550)</u>	<u>-</u>	<u>14,634</u>

	Called-up Share Capital US\$'000	Share premium US\$'000	Capital conversion reserve fund US\$'000	Profit and loss account US\$'000	Share- based payments reserve US\$'000	Total US\$'000
At 1 January 2009	18,821	43,276	87	(47,550)	-	14,634
Issue of shares	-	-	-	-	-	-
Retained loss for the year	-	-	-	(670)	-	(670)
Share-based payments	-	-	-	-	-	-
Transfer to profit & loss account	-	-	-	-	-	-
At 31 December 2009	<u>18,821</u>	<u>43,276</u>	<u>87</u>	<u>(48,220)</u>	<u>-</u>	<u>13,964</u>

AVENTINE RESOURCES PLC (formerly MINMET PLC)

NOTES TO THE COMPANY FINANCIAL STATEMENT (CONTINUED)

7. MOVEMENT ON SHAREHOLDERS' FUNDS (Continued)

In accordance with Section 148(8) of the Companies Act, 1963 and Section 7(1A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual profit and loss account to the Annual General Meeting and from filing it with the Registrar of Companies. The loss retained for the year dealt with in the financial statements of the Company was US\$670,000 (2008: loss of US\$6,820,000).

8. FINANCIAL RISK MANAGEMENT

The Company is exempt from the requirements of this standard as the parent company's financial statements are presented together with the parent's consolidated financial statements.

9. DEFERRED TAXATION

No deferred tax asset has been recognised on accumulated tax losses as the recoverability of any assets is not likely in the foreseeable future. The amounts not recognised are US\$1,083,750 (2008: US\$1,000,000).

10. RELATED PARTY TRANSACTIONS

All related party transactions have been disclosed in the consolidated financial statements.

Amounts owing to former Directors and Key Management at year end of were US\$1,954,000 (2008: US\$1,993,000).

Details of amounts receivable from subsidiary undertakings are disclosed in note 25 to the Group financial statements.

11. APPROVAL OF ACCOUNTS

The Board of Directors approved and authorised for issue the Company financial statements in respect of the year ended 31st December 2009 on 13 April 2011.

AVENTINE RESOURCES PLC (formerly MINMET PLC)

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