



UMC Energy Plc

Registered Number 05331770

Financial Statements

For the year ended 31 December 2008

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2008

The original exploration plan for 2008 had involved a drilling programme designed to validate the CEA indicated resource at Folakara. However, following a review of strategic priorities, it was decided to suspend this programme in favour of a more comprehensive programme of fieldwork designed to evaluate the full range of drill targets/opportunities in the total tenement package.

An airborne spectrometric survey had been flown over the entire Makay tenements (~9,400 sq km) at a 400m spacing and 80m elevation using the Medusa spectrometric airborne system with a total of over 23,000 line kms in 2007.

The processing and analysis of the Medusa airborne radiometric data for both the Folakara and Makay tenements began in late 2007 and continued in 2008. The base line data was reprocessed to produce colour images of the uranium channel and stacked profiles of the uranium and uranium / thorium ratio. From this data, a total of 29 anomalies at Folakara and 21 anomalies in the Makay tenements were identified as being of interest for field investigation.

Two periods of helicopter supported field work were undertaken in August and October 2008 when conditions were best suited to this work. This programme involved conducting initial ground radiometrics and spot surface sampling on the identified anomalies at Folakara and Makay that were identified from the airborne data.

The programme at Folakara was successful in locating 28 (of the 29) identified targets. Ground traversing with a spectrometer was undertaken in the vicinity of the anomaly, indicative assays taken with the spectrometer and in several cases grab surface samples collected. Outcomes of this work include:

- Several additional sites of potential mineralisation have been located. These sites warrant further testing.
- The mineralisation is more widespread than previously understood.
- The assays (spectrometer and laboratory) of the areas of interest highlight a strong correlation with vanadium and low levels of thorium which is characteristic of uranium deposits.
- The work supports the earlier thesis of mineralisation (deposits) at a grade of several hundred ppm U₃O₈.

The programme at Makay was successful in locating 16 (of the 21) identified targets, as a mechanical failure with the helicopter required the premature cessation of the programme. The same process as undertaken at Folakara was carried out at Makay. Outcomes of this work include:

- A large area of potential mineralisation is indicated by 5 sites in the north-east of the tenements over an area measuring approximately 50km x 10km. Each of these sites has the potential to host small/medium sized uranium deposits.

CHAIRMAN'S STATEMENT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2008

- The presence of low thorium and high vanadium levels suggest that the potential mineralization is of the right type and supports the concept of being in close proximity to a uranium deposit.

The 2008 field work was used as the basis for determining the boundaries of tenement retention in 2009. With these criteria, approximately 50% of the Folakara tenement (~200sq kms) and 25% of the Makay tenements (~750 sq kms) are being retained for 2009.

As has been widely reported in the press, Madagascar is presently experiencing a period of political upheaval and uncertainty. Although the Company has not, in any way, been negatively affected by these events, it has resolved to take a cautious approach to exploration and accordingly does not expect to undertake any material exploration activities in Madagascar during this period of uncertainty.

Chris Kyriakou
Chairman
29 April 2009