Vane Holdings Plc

Interim Report – September 2004

Highlights

- Listed on AIM in June 2004 raising £3.288m
- At the reporting end, group has cash balances of £2.64m
- All work programmes are on schedule and under budget
- Completed 38-hole drilling programme on Diablito gold-silver prospect in Mexico
- First production planned for Q1 2005
- Follow-up exploration work at prospective Guadalcazar gold prospect in Mexico significantly progressed
- Drilling on Guadalcazar scheduled to commence early in 2005
- Option acquired on the Mina Charay gold-silver prospect in Mexico

Chairman's Statement

It gives me great pleasure to report VANE Holdings' first interim financial results following your Company's successful flotation on to AIM in June 2004. During this time we have made significant progress towards achieving our objectives as set out when listing.

In our prospectus we stated that our primary intention would be to confirm the existence of a suitable grade and tonnage in order to fast track the Diablito gold-silver prospect in Nayarit, Mexico, for early production.

Since June, our efforts have been focused on completing a 38-hole drilling programme on Diablito and mineralised quartz vein material was intersected at all but two locations drilled. Holes at locations No. 4 and 5 collared in post mineral alluvium were inadvertently placed in the footwall of the 40° south-dipping quartz vein. The core has been split and assayed for gold and silver content. Check assays continue to confirm the original results that were published in two separate press releases dated 29th September 2004 and 25th October 2004. I am pleased to report that the values obtained confirm the continuity and extent of the mineralisation, and indicate that, as anticipated, Diablito represents a small but very high dollar value prospect which remains open at depth.

At present we intend to initiate production of siliceous ore suitable for use as smelter flux early in the first quarter of 2005. By shipping ore directly to a smelter, we will minimise capital requirements by eliminating the need for an on-site concentrating (milling) facility.

Follow-up exploration of our Guadalcazar gold prospect in San Luis Potosi, Mexico has continued. The work completed to date includes pitting and geochemical rock chip, water and mesquite tree sampling. A programme of ground geophysics has been completed, which included magnetics, VLF (very low frequency) and gravity surveys. The results of these work programmes are being analysed to identify drilling targets. Drilling is planned to commence early in 2005.

During the 3rd quarter ending September 30th, VANE secured an option on the Mina Charay gold-silver prospect in Sinaloa, Mexico. This is an un-drilled prospect where the work to date has indicated the presence of primarily gold-silver mineralisation both in veins and in larger brecciated areas having the potential to be mined as an open-pit operation. The geology of Mina Charay is characterised by a thick sequence of volcanic rocks of Tertiary age. This sequence is cut by a steep fault zone believed to be the same structure that controls the gold-silver

mineralisation. This structure extends into a zone of brecciated andesite and rhyolite which is intensely silicified, fractured and cut by a stockwork of quartz veinlets carrying values in gold and silver as well as geochemically anomalous values of lead, zinc, molybdenum and mercury. Other veins, known to occur in the immediate area, some parallel with the Mina Charay vein, have not yet been explored. Surface sampling has been completed and has exposed previously unknown mineralisation. Upon receipt of analytical results a drill programme will be formalised with drilling scheduled to begin in November.

The listing in June raised a total of £3.288 million net of expenses and, at the reporting period end, with all our work programmes on schedule and under budget, the group had cash balances of £2.64 million, well within the budgeted expenditure. We continue to fund the ongoing programme of exploration and development and we have sufficient cash resources to maintain the tempo of this programme until Diablito enters production and begins to generate revenue for the group.

Having brought together an experienced team of explorationists and operators, established excellent local working relationships in the areas under investigation in Mexico and given the results described above, we believe that the Company's share price performance since listing has failed to reflect the developing value of our exploration projects in Mexico. We are fortunate to be able to anticipate early cash flow from gold and silver production at Diablito, and possibly early production from Mina Charay, while Guadalcazar's promising potential as a multi-million ounce gold deposit has yet to be drill tested.

We are committed to our strategy of early cash flow to help fund the next major mineral discovery. Meanwhile, we wish to record our thanks for the patient and continuing support of all of our shareholders.

Michael Spriggs
Chairman
16th November 2004

Consolidated Profit and Loss Account

£'000's	Notes	Unaudited 6 months ended 30-Sep-04	Unaudited 6 months ended 31-Mar-04
Administrative Expenses		(316)	(208)
Operating Loss	3	(316)	(208)
Interest receivable and similar income		29	1
Interest payable and similar charges		(1)	(2)
Loss on ordinary activities before taxation		(288)	(209)
Taxation		-	-
Loss on ordinary activities after taxation	4	(288)	(209)
Loss per share			
Basic and Diluted		(0.213p)	(0.186p)

Statement of Total Recognised Gains and Losses

£'000's	Unaudited 6 months ended 30-Sep-04	Unaudited 6 months ended 31-Mar-04
Loss for the Financial Period	(288)	(209)
Currency translation differences on foreign exchange currency investments	9	-
Total recognised gains and losses relating to the period	(279)	(209)

Consolidated Balance Sheet

£'000's	Notes	Unaudited As at 30-Sep-04	Unaudited As at 31-Mar-04
Fixed Assets			
Intangible fixed assets	5	11,473	11,073
Current Assets			
Debtors		103	24
Cash at bank		2,639	46
		2,742	70
Creditors: amounts falling due within 1 year		(89)	(106)
Net Current Assets		2,653	(36)
Total assets less current liabilities		14,126	11,037
Capital and Reserves			
Called up share capital	6	14,614	11,246
Share Premium	7	-	-
Profit and Loss Account		(488)	(209)
Equity Shareholders' funds		14,126	11,037

Consolidated Cash Flow Statement

£'000's	Unaudited 6 months ended 30-Sep-04	Unaudited 6 months ended 31-Mar-04
Net cash outflow from operating activities	(323)	(250)
Returns on investment and servicing of finance		
Interest received	29	1
Interest paid	(1)	(2)
Net cash flow from returns on investment and servicing of finance	28	(1)
Taxation	-	-
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(400)	-
Net cash flow from capital expenditure and financial investment	(400)	-
Financing		
Proceeds of share issue	3,705	-
Expenses of share issue	(417)	-
Net cash flow for financing activities	3,288	-
Increase / (decrease) in cash for the period	2,593	(251)
Reconciliation of net cash flow to movement in net funds		
Increase / (decrease) in cash in period	2,593	(251)
Opening net funds	46	297
Closing net funds	2,639	46

Notes to the Accounts

1. The financial information contained in this interim report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

   The consolidated financial statements incorporate those of Vane Holdings Plc and its subsidiary undertakings for the period.

   The six months figures for the period ended 30th September 2004 and 31st March 2004, which have not been audited, use the same accounting policies as used by the Group for the year ended 30 September 2003. The interim accounts were approved by the Directors on 16th November 2004.

2. The figures for the 6 month period to March 2004 are presented for consistency of comparison as if the Company was the head company for the whole of the period. In fact Vane Minerals Limited and its subsidiaries were acquired by Vane Holdings Plc as part of a capital restructuring in December 2003.

3. The Group's operating loss is derived from its continuing operations where the principal activity is the evaluation, acquisition and development of mineral exploration targets, principally gold and silver targets abroad, from its base in the United Kingdom. The operating loss includes £80,392 of expenses charged to the Profit and Loss account in respect of non-recurring costs of the listing.

4. The calculation of the basic and diluted loss per ordinary share is based on the loss after taxation of £288,000 (31 March 2004: loss £209,000) and on the weighted average number of ordinary shares in issue during the period of 134,916,549 (31 March 2004: 112,462,000).

5. Intangible assets include adjustment for fair value on acquisition of subsidiaries (AVEN Associates LLC in the United States and Vane Minerals Limited in the UK) and capitalisation of property development costs incurred by Minerales Vane S.A. de C.V., the Mexican subsidiary of Vane Minerales Limited.

AVEN Associates LLC

	Value	Adj	at Acq
Net assets acquired	£	£	£
Intangible fixed assets	-	49,783	49,783
Cash at bank	217	-	217
Net assets	217	49,783	50,000
Consideration			
Cash paid			50,000

Vane Minerals Limited

	Initial book value	Fair value Adj	Fair value at Acq
Net assets acquired	£	£	£
Intangible fixed assets	184,000	10,888,000	11,072,000
Current assets	330,000	-	330,000
Current liabilities	(156,000)	-	(156,000)
Net assets	358,000	10,888,000	11,246,000
Consideration			
Shares issued at par			11,246,000

6. The company was admitted to AIM on June 2nd 2004, and on the same date a total of 33,681,823 shares were placed at 11p per share.

7. The share premium account was used in its entirely to offset the placing and admission costs.

8. Reconciliation of Movement in Equity Shareholders' Funds

£'000's	Unaudited	Unaudited
	6 months ended 30-Sep-04	6 months ended 31-Mar-04
Loss for Period	(288)	(209)
Effect of currency exchange movements	9	-
Share Issue	3,705	-
Expenses of share issue not shown in Profit and Loss Account	(337)	-
Net increase / (decrease) in shareholders' funds	3,089	(209)
Opening Shareholders' Funds	11,037	11,246
Closing Shareholders' Funds	14,126	11,037

9. Reconciliation of operating loss to operating cash flow

£'000's	Unaudited	Unaudited
	6 months ended 30-Sep-04	6 months ended 31-Mar-04
Operating loss	(316)	(208)
Increase in debtors	(79)	9
Decrease in creditors	(17)	(51)
Share issue costs written off	80	-
Exchange difference	9	-
Operating cash flow	(323)	(250)

Directors, Secretary and Advisers

Directors:	Michael Jeremy Spriggs, Non-Executive Chairman Steven Danforth Van Nort, Chief Executive Officer Leavitt Clark Arnold, Executive Director Matthew Charles Idiens, Executive Director Robert Parkyn Jeffcock, Non-Executive Director David Richard Bonner Ingmire, Non-Executive Director
Company Secretary:	Matthew Charles Idiens
Company Number:	4573663
Registered Office:	2 Park Lane Leeds LS3 1ES
Nominated Adviser and Broker:	Seymour Pierce Limited Bucklersbury House 3 Queen Victoria Street London EC4N 8EL
Solicitors to the Company:	Hammonds 2 Park Lane Leeds LS3 1ES
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Registrars:	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
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