Registered number: 05315922

ALECTO MINERALS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2014

ALECTO MINERALS PLC

CONTENTS

ALECTO MINERALS PLC

COMPANY INFORMATION

Directors	Mark Wellesley-Wood (Non-Executive Chairman) (appointed 30 September 2014) Mark Jones (Chief Executive Officer) Dominic Doherty (Executive Director) (appointed 8 July 2014) Toby Howell (Non-Executive Director)
Company Secretary	Heytesbury Corporate LLP
Registered Office	47 Charles Street London W1J 5EL
Company Number	05315922
Bankers	Barclays Bank plc 127 Edgware Road London W2 2HT
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	Beaufort Securities Limited 131 Finsbury Pavement London EC2A 1NT
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Ronaldsons LLP 55 Gower Street London WC1E 6HQ

ALECTO MINERALS PLC

CHAIRMAN'S STATEMENT

As a gold and base metal exploration and development company focussed on West and East Africa, Alecto Minerals plc ("Alecto" or the "Company") has demonstrated its ability to create value via a combination of strategic acquisitions and low cost exploration.

Our strategy remains focussed on establishing joint venture opportunities for the advancement of our projects or early monetisation of opportunities, as we believe our current portfolio consists of a number of attractive assets and accordingly, we have decided to minimise drilling expenditure as we evaluate such opportunities. This renewed focus will allow us to seek to create value across our current portfolio without incurring further non-essential expenditure. In addition, our over-arching strategy continues to be that of becoming a gold producer in Africa in the near term and we continue to identify and evaluate a number of appropriate projects.

Key Project Developments

In 2014, our exploration efforts were focused on seeking to expand our knowledge of and to increase our resource base across Alecto's portfolio.

At our 100% owned Kossanto East Gold Project ("Kossanto East"), following completion of the 2013/2014 field season, we were particularly pleased to have been able to increase the pre-existing independent JORC inferred resource estimate for the project by 131% at an average direct cost of approximately US$4.70 per ounce. Accordingly, the JORC inferred resource for Kossanto East is now 6.72Mt at an average grade of 1.14g/t Au, representing 247,000 oz Au at a 0.5g/t Au cut-off. In line with our strategy, post the period end we signed a co-operation agreement with Desert Gold Ventures Inc., a TSX.V quoted mineral exploration company and titleholder of the Farabantourou Gold Permit which is situated adjacent to Kossanto East, with a view to jointly developing both deposits to bring them into potential future production.

Following the acquisition of the Kerboulé Gold Project ("Kerboulé") in Burkina Faso in November 2014, for an initial consideration of £350,000 settled through the issue of new ordinary shares, we proceeded to undertake an analysis of the historic drilling results for the project. Post the period end, we announced that Wardell Armstrong International ("WAI") had compiled an independent assessment of the *in situ* mineralisation (non-JORC) of 6.2Mt grading at 1.16g/t Au for 230,758 oz Au, at a cut-off grade of 0.5g/t Au. This (non-JORC) resource estimate was based on the results obtained from modelling historical drilling work conducted by the previous owners of the project and implies an initial acquisition cost to Alecto for Kerboulé, prior to any deferred consideration, of approximately US$2.25 per resource ounce of gold.

Accordingly, subject to completion of a JORC Mineral Resource estimate for Kerboulé in due course, the Company has the potential to approximately double its existing independent JORC inferred resource estimate when combining it with the inferred JORC resource estimate of 247,000 oz Au at an average grade of 1.14g/t Au for Kossanto East.

During 2014, we also discovered multiple high grade gold targets at our wholly owned Kossanto West Gold Project ("Kossanto West"). Significant high-grade intercepts were encountered from 761 metres of scout RAB drilling, completed across 38 holes, on the Toukwatou prospect within the Massakama target. Intercepts from the drill programme included 6 metres @ 4.23 g/t Au from 9 metres depth on hole TRABL01/1, 12 metres @ 3.34 g/t Au from 6 metres depth on hole TRABL05/3 and 6 metres @7.835 g/t Au from 24 metres depth on hole TRABL06/8. The mineralisation encountered is associated with an intensely quartz veined felsic intrusive. Encouragingly, we have attracted interest from a number of possible joint venture partners for this asset.

In February 2015, it was disappointing to report that Centamin plc ("Centamin") had served formal notice to terminate its earn-in joint venture agreement in respect of our promising Ethiopian properties; the Wayu Boda and Aysid Metekel licences. Centamin's investment was insufficient to trigger any equity rights, Alecto therefore continue to hold 100% ownership. We continue to believe in the prospectivity of the blocks and are actively seeking a new partner to continue the planned exploration programmes.

The Company continues to seek a joint venture partner for its Wad Amour iron, oxide, copper, gold project in Mauritania following the renewal of its permits in August 2014.

Financial Review

The loss before taxation for the Group for the year ended 31 December 2014 amounted to £962,148 (31 December 2013: £1,242,540). The Group's cash position as at 31 December 2014 was £114,258 (2013: £624,155).

During the period, we announced that the equity swap agreement between ourselves and YA Global Master SPV Ltd ("Yorkville") had been terminated by mutual consent. No further payments are due between Yorkville and the Company and Yorkville remains interested in 33,875,003 ordinary shares.

In January 2015, we successfully raised a further £600,000 (before expenses) by way of placing, via the Company's broker, of 200 million new ordinary shares at 0.3 pence per share. The net proceeds augmented our working capital and are enabling us to progress discussions with potential joint venture partners for the advancement or early monetisation of opportunities across our gold portfolio.

CHAIRMAN’S STATEMENT

Outlook

In response to the depressed gold market, management has taken steps to reduce the Group’s monthly burn rate and thus preserve the optionality of our current portfolio. Whist it has been a challenging year in respect of the gold price performance and operating constraints in the countries in which we do business, your Board is confident that the current ‘exploration drought’ will come to an end and the potential value of our assets will once again be reflected in the Company’s share price.

The Board also continues to seek to identify and evaluate potential attractive opportunities to expand the Company’s asset base and thereby exploit the currently depressed sector valuations, including working towards securing a more advanced stage project that can potentially be funded through to near term production.

I would like to take this opportunity to thank shareholders for their support in these difficult times and our management team for their hard work on shareholders’ behalf.

Mark Wellesley-Wood
Chairman

11 May 2015

ALECTO MINERALS PLC

GROUP STRATEGIC REPORT

The Directors of the Company and its subsidiary undertakings (which together comprise the "Group") present their Strategic Report on the Group for the year ended 31 December 2014.

Strategic approach

The Group's aim is to create value for shareholders through the exploration and development of economic mineral deposits. The Group's strategy is to continue to progress the development of its existing projects in East and West Africa and to evaluate its existing and new mineral resource opportunities with a view to securing potential joint venture arrangements and/or other corporate activity.

Organisation overview

The Group's business is directed by the Board and is managed on a day-to-day basis by the Chief Executive Officer. The Board monitors compliance with objectives and policies of the Group through monthly performance reporting, budget updates and periodic operational reviews.

The Board comprises the Chief Executive Officer, one Executive Director and two Non-Executive Directors.

The Corporate Head Office of the Group is located in London, UK and provides corporate support services to the overseas operations. The Groups' overseas operations are managed out of two overseas hubs; East African operations are managed through the Group's office in Addis Ababa, Ethiopia and West African operations are managed out of Bamako, Mali.

Review of business

In November 2014, the Group completed the significant acquisition of Gazelle Resources Inc. and its wholly owned subsidiary Societe Miniere de Kerboulé SARL ("SMK") from Kaizen Discovery Inc. by way of all share consideration. Pursuant to this transaction, the Group assumed ownership of the Kerboulé Gold Project, an advanced exploration asset in northern Burkina Faso.

Activity for the year has been principally focussed on the Group's recently acquired exploration licences in Mali, with drill programmes at the Kossanto East, delivering a 131% increase on the pre-existing (June 2013) independent JORC inferred resource estimate. Furthermore, multiple high grade gold targets were identified at our Kossanto West and the Group have attracted interest from a number of possible joint venture partners for this asset. Further details of the key developments made throughout the year are set out in the Chairman's Statement.

Principal risks and uncertainties

Exploration risks

The exploration and mining business is controlled by a number of global factors, principally supply and demand which, in turn, is a key driver of global mineral prices; these factors are beyond the control of the Group. Exploration is a high-risk business and there can be no guarantee that any mineralisation discovered will result in proven and probable reserves or go on to be the basis for an operating mine. At every stage of the exploration process our projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure, thereby ensuring that funds are only applied to high priority targets.

The principal assets of the Group, comprising its mineral exploration licences, are subject to certain financial and legal commitments. If these commitments are not fulfilled the licences could be revoked. They are also subject to legislation defined by the respective governments of the countries in which the Group operates; if such legislation is changed it could adversely affect the value of the Group's assets.

Resource estimates

The Group's reported resources are only estimates. No assurance can be given that the estimated resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are based on limited sampling and as a result are uncertain because the samples may not be fully representative of the full resource. Mineral resource estimates may require revision (either up or down) in future periods based on further drilling or actual production experience.

Any future resource figures will also be estimates and there can be no assurance that the minerals are present, will be recovered or that they can be brought into profitable production. Furthermore, a sustained decline in the market price for natural resources, particularly gold, could render reserves containing relatively low grades of such resources uneconomic to recover.

Country risk

The Group's licences and operations are located in foreign jurisdictions: Burkina Faso; Mali; Mauritania and Ethiopia. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalism, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the area in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection in the countries in which it operates and has licences.

Burkina Faso and Mali have both recently experienced political instability which, to date, has not caused, but may in the future cause, disruption to the Group's activities. The Group meets its work and expenditure obligations, prioritises local in-country employment and maintains good relationships at all levels within the respective governments, administrative bodies and with other stakeholders. The Board actively monitors political and regulatory developments in these countries.

Mauritania has suffered recent political unrest. Although the current regime is stable and proactively supports foreign investment, there is no guarantee that this situation will continue. The Group maintains an active dialogue with the Government in Mauritania and believes the level of risk in relation to this area to be acceptable. The Group also minimises inflation and exchange rate risks in relation to Mauritania by negotiating all material contracts in Euros and ensuring minimal financial assets are kept in the Mauritanian currency.

Ethiopia has experienced relative stability within the country in recent years. In terms of risk, relations with neighbouring countries are tense, most notably with Eritrea whom they accuse of supporting Islamist rebels in Somalia. The Group maintains an active dialogue with the Ethiopian Government and believes the level of risk in relation to this area to be acceptable. The Group also minimises inflation and exchange rate risks in relation to Ethiopia by negotiating all material contracts in Pounds Sterling and ensuring that minimal financial assets are kept in the Ethiopian currency.

Dependence on key personnel

The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the services of key personnel and/or the inability to attract additional qualified personnel as the Group grows could have an adverse effect on future business and financial conditions.

Uninsured risk

The Group, as a participant in exploration and development programmes, may become subject to liability for hazards that cannot be insured against or third party claims that exceed the insurance cover. The Group may also be disrupted by a variety of risks and hazards that are beyond its control, including geological, geotechnical and seismic factors, environmental hazards, industrial accidents, occupation and health hazards and weather conditions or other acts of God.

Funding risk

The Group has historically raised sufficient funds to enable it to undertake exploration activities on its Mali, Mauritanian and Ethiopian licence areas. To date, the sources of funding available to the Group have principally comprised the issue of equity capital in the Company, either via an equity placing or debt convertible into equity, or securing partners to fund exploration and development costs and the Group believes that these will continue to be the main sources of funding going forward. However, the Company's ability to raise further funds will depend on the success of the Group's exploration activities and its investment strategy. The Company may not be successful in procuring funds on terms which are attractive to it and, if such funding is unavailable, the Group may be required to reduce the scope of its exploration activities or relinquish some of the exploration licences it holds for which it may incur fines or penalties.

Financial risks

The Group's operations expose it to a variety of financial risks that include market risk (foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Financial performance review

The loss of the Group for the year ended 31 December 2014 before taxation amounted to £962,148 (31 December 2013: £1,242,540).

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2015.

The three main KPIs for the Group are set out below. These allow the Group to monitor costs and plan future exploration and development activities:

GROUP STRATEGIC REPORT

	2014	2013
Cash and cash equivalents	**£114,258**	£624,155
Administrative expense as a percentage of total assets	**10.0%**	10.9%
Exploration costs capitalised as intangible assets	**£7,217,039**	£5,581,135

Cash has been used to fund the Group's operations and facilitate its investment activities (as set out in the Consolidated Cash Flow Statement on page 19). On 15 January 2015, the Company raised a further £600,000 (gross) through the issue of 200,000,000 new ordinary shares.

Administrative expenses as a percentage of total assets have remained relatively consistent to the prior year.

Exploration costs capitalised consist of the acquisition of exploration assets through business combinations (refer to Note 26 to the Financial Statements for more information) and exploration expenditure on the Group's exploration licences.

The Group Strategic Report was approved by the Board on 11 May 2015.

Mark Jones
Chief Executive Officer

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the audited Financial Statements, for the year ended 31 December 2014.

Principal activity

The principal activity of the Group is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production.

Dividends

The Directors do not recommend the payment of a dividend for the year (31 December 2013: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2014, who include the current Directors as shown in the Company Information on page 2, had, at that time, the following beneficial interests in the shares of the Company:

	31 December 2014		1 January 2014[5]	
	Ordinary Shares	**Options**	Ordinary Shares	Options
Michael Johnson [1]	**n/a**	**n/a**	23,258,028	-
Mark Wellesley-Wood [2]	**-**	**-**	-	-
Toby Howell	**427,500**	**2,300,000**	427,500	2,300,000
Michael Ware [3]	**n/a**	**n/a**	-	2,375,000
Mark Jones	**750,000**	**-**	750,000	-
Dominic Doherty [4]	**511,166**	**-**	-	-

(1) Resigned 30 September 2014.
(2) Appointed 30 September 2014.
(3) Resigned 8 July 2014.
(4) Appointed 8 July 2014.
(5) 1 January 2014 or later date of appointment.

Further details on outstanding options can be found in Note 17 to the Financial Statements.

Financial risk management

Details of the Group's management policies can be found in the Strategic Report.

Corporate responsibility

Environmental

Alecto undertakes its exploration activities in a manner that seeks to minimise or eliminate negative environmental impacts and that seeks to maximise positive impacts of an environmental nature. Alecto is a mineral explorer, not a mining company. Hence, the environmental impact associated with its activities is currently minimal. To ensure proper environmental stewardship on its projects, Alecto conducts certified baseline studies prior to all drill programmes and ensures that areas explored are properly maintained and conserved.

Health and safety

Alecto operates a comprehensive health and safety programme to ensure the wellness and security of its employees. The control and eventual elimination of all work related hazards requires a dedicated team effort involving the active participation of all employees. A comprehensive health and safety programme is the primary means for delivering best practices in health and safety management. This programme is regularly updated to incorporate employee suggestions, lessons learned from past incidents and new guidelines related to new projects with the aim of identifying areas for further improvement of health and safety management. This results in continuous improvement of the health and safety programme. Employee involvement is recognised as fundamental in recognising and reporting unsafe conditions and avoiding events that may result in injuries and accidents.

DIRECTORS' REPORT

Going Concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing the Annual Report and Financial Statements. Further details on their assumptions and their conclusion thereon are included in the statement on going concern included in Note 2.3 to the Financial Statements.

Directors' and Officers' Indemnity Insurance

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors and officers. These were made during the previous period and remain in force at the date of this report.

Events after the Reporting Date

Events after the reporting date are set out in Note 31 to the Financial Statements.

Provision of Information to the Auditor

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, PKF Littlejohn LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006. PKF Littlejohn has signified its willingness to continue in office as auditor.

This report was approved by the Board on 11 May 2015 and signed on its behalf.

Mark Jones
Chief Executive Officer

ALECTO MINERALS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company, and of the profit or loss of the Group for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the Financial Statements comply with the Act. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of 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 United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 with regard to disclosure on the Company's website.

This statement was approved by the Board on 11 May 2015 and signed on its behalf.

Mark Jones
Chief Executive Officer

ALECTO MINERALS PLC

CORPORATE GOVERNANCE REPORT

The Board currently comprises two Executive Directors and two Non-Executive Directors, one of whom is the Chairman. The Directors recognise the importance of sound corporate governance and seek to observe the requirements of the UK Corporate Governance Code, as published by the Financial Reporting Council, to the extent they consider appropriate in light of the Group's size, stage of development and resources.

The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Board has a wide range of experience directly related to the Group and its activities and its structure ensures that no one individual or group dominates the decision making process.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Group's strategy, financial activities and operating performance.

Board Committees

The Company has established an Audit Committee and a Remuneration Committee. In light of the size of the Board, the Directors do not consider it necessary to establish a Nomination Committee. However, this will be kept under regular review.

Audit Committee

The Audit Committee, comprising Mark Wellesley-Wood (Non-Executive Chairman), who replaced Michael Johnson, and Toby Howell (Non-Executive Director), reviews the Group's annual and interim financial statements before submission to the Board for approval. The Committee also reviews regular reports from management and the external auditor on accounting and internal control matters. Where appropriate, the Committee monitors the progress of action taken in relation to such matters. The Committee also recommends the appointment, and reviews the fees, of the external auditor. The Committee keeps under review the cost effectiveness and the independence and objectivity of the external auditor. A formal statement of independence is received from the external auditor each year.

Remuneration Committee

The Remuneration Committee, comprising Mark Wellesley-Wood, who replaced Michael Johnson, and Toby Howell, is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration, determining the payment of bonuses, considering the grant of options under any share option scheme and, in particular, the price per share and the application of performance standards which may apply to any such grant, paying due regard to the interests of shareholders as a whole and the performance of the Group.

Internal Controls

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

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. Project milestones and timelines are regularly reviewed.

Securities Trading

The Group has adopted a share dealing code for dealings in shares by directors and senior employees which is appropriate for an AIM-quoted company. The Board will comply with Rule 21 of the AIM Rules for Companies relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

Relations with Shareholders

The Board is committed to providing effective communication with the Company's shareholders. Significant developments are disseminated through stock exchange announcements and regular updates of the Company's website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALECTO MINERALS PLC

We have audited the Financial Statements of Alecto Minerals plc for the year ended 31 December 2014 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – Going Concern

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2.3 to the Financial Statements concerning the Company's ability to continue as a going concern. The Group incurred a net loss of £962,148 during the year ended 31 December 2014 and, at that date, the Group's net assets amounted to £7,588,682, which comprise almost entirely of non-current assets, and the Group's net current assets were £328,090. These conditions, along with the other matters explained in Note 2.3 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALECTO MINERALS PLC

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Alistair Roberts (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London
E14 4HD

11 May 2015

ALECTO MINERALS PLC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2014 **Company number: 05315922**

	Note	Group 2014 £	Group 2013 £	Company 2014 £	Company 2013 £
Non-Current Assets					
Property, plant and equipment	6	**198,547**	223,616	**174**	2,364
Intangible assets	7	**7,640,824**	5,964,192	**-**	-
Investment in subsidiaries	8	**-**	-	**8,362,083**	6,547,238
Trade and other receivables	10	**21,601**	20,192	**-**	-
Available-for-sale financial assets	9	**14,400**	21,000	**14,400**	21,000
		7,875,372	6,229,000	**8,376,657**	6,570,602
Current Assets					
Trade and other receivables	10	**329,176**	124,273	**313,739**	122,937
Derivative financial instruments	11	**-**	250,000	**-**	250,000
Cash and cash equivalents	12	**114,258**	624,155	**103,194**	561,229
		443,434	998,428	**416,933**	934,166
Total Assets		**8,318,806**	7,227,428	**8,793,590**	7,504,768
Equity attributable to the Owners of Parent Company					
Share capital	16	**4,186,796**	4,157,432	**4,186,796**	4,157,432
Share premium	16	**11,147,543**	7,509,266	**11,147,543**	7,509,266
Share option reserve	17	**100,365**	47,316	**100,365**	47,316
Available-for-sale financial asset reserve		**(35,600)**	(29,000)	**(35,600)**	(29,000)
Translation reserve		**(36,520)**	9,049	**-**	-
Retained losses		**(7,773,902)**	(6,824,423)	**(6,694,489)**	(5,907,757)
Total Equity		**7,588,682**	4,869,640	**8,704,615**	5,777,257
Current Liabilities					
Trade and other payables	13	**115,344**	1,393,008	**88,975**	1,377,511
Borrowings	14	**-**	350,000	**-**	350,000
		115,344	1,743,008	**88,975**	1,727,511
Non-current liabilities					
Deferred income tax liabilities	15	**614,780**	614,780	**-**	-
		614,780	614,780	**-**	-
Total Liabilities		**730,124**	2,357,788	**88,975**	1,727,511
Total Equity and Liabilities		**8,318,806**	7,227,428	**8,793,590**	7,504,768

The Financial Statements were approved and authorised for issue by the Board on 11 May 2015 and were signed on its behalf by:

Mark Jones
Chief Executive Officer

The Notes on pages 21 to 51 form part of these Financial Statements.

ALECTO MINERALS PLC

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2014

Continued operations	Note	**2014** £	2013 £
Revenue		**243,961**	-
Cost of sales		**-**	-
Gross profit		**243,961**	-
Administration expenses	18	**(835,124)**	(789,213)
Impairment of intangible assets	7	**-**	(337,398)
Loss on foreign exchange		**(194,346)**	(116,482)
Other net losses	21	**(158,512)**	-
Operating Loss		**(944,021)**	(1,243,093)
Finance income	22	**399**	553
Finance costs	14	**(18,526)**	-
Loss Before Income Tax		**(962,148)**	(1,242,540)
Income tax expense	23	**-**	-
Loss for the Year		**(962,148)**	(1,242,540)
Attributable to Owners of the Parent		**(962,148)**	(1,242,540)
Earnings Per Share Attributable to Owners of the Parent During the Year			
Basic and Diluted Earnings Per Share (pence)	24	**(0.120) p**	(0.306) p

The loss for the Company for the year was £799,401 (31 December 2013: £786,388).

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement and Statement of Comprehensive Income.

The Notes on pages 21 to 51 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Note	**2014**	2013
		£	£
Loss for the year		**(962,148)**	(1,242,540)
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(45,569)**	130,313
Change in value of available-for-sale financial assets	9	**(6,600)**	(29,000)
Total Comprehensive Income for the Year Attributable to Owners of the Parent, net of tax from Continuing Activities		**(1,014,317)**	(1,141,227)

The Notes on pages 21 to 51 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Attributable to owners of the parent						
	Share capital £	Share premium £	Share option reserve £	Available-for-sale financial asset reserve £	Translation reserve £	Retained losses £	Total equity £
As at 1 January 2013	**2,509,388**	**6,717,310**	**40,322**	**-**	**(121,264)**	**(5,582,036)**	**3,563,720**
Loss for the year	-	-	-	-	-	(1,242,540)	(1,242,540)
Other comprehensive income							
Currency translation differences	-	-	-	-	130,313	-	130,313
Change in value of available-for-sale financial assets	-	-	-	(29,000)	-	-	(29,000)
Total comprehensive income for the year	**-**	**-**	**-**	**(29,000)**	**130,313**	**(1,242,540)**	**(1,141,227)**
Proceeds from share issue	791,304	358,696	-	-	-	-	1,150,000
Issue costs	-	(110,000)	-	-	-	-	(110,000)
Loan note conversion	60,870	39,130	-	-	-	-	100,000
Share based payments	795,870	504,130	7,147	-	-	-	1,307,147
Expired options	-	-	(153)	-	-	153	-
Transactions with owners, recognised directly in equity	**1,648,044**	**791,956**	**6,994**	**-**	**-**	**153**	**2,447,147**
As at 31 December 2013	**4,157,432**	**7,509,266**	**47,316**	**(29,000)**	**9,049**	**(6,824,423)**	**4,869,640**
As at 1 January 2014	**4,157,432**	**7,509,266**	**47,316**	**(29,000)**	**9,049**	**(6,824,423)**	**4,869,640**
Loss for the year	-	-	-	-	-	(962,148)	(962,148)
Other comprehensive income							
Currency translation differences	-	-	-	-	(45,569)	-	(45,569)
Change in value of available-for-sale financial assets	-	-	-	(6,600)	-	-	(6,600)
Total comprehensive income for the year	**-**	**-**	**-**	**(6,600)**	**(45,569)**	**(962,148)**	**(1,014,317)**
Proceeds from share issue	10,000	1,490,000	-	-	-	-	1,500,000
Issue costs	-	(98,380)	23,380	-	-	-	(75,000)
Loan note conversion	3,204	365,321	-	-	-	-	368,525
Share based payments	16,160	1,881,336	42,338	-	-	-	1,939,834
Expired options	-	-	(12,669)	-	-	12,669	-
Transactions with owners, recognised directly in equity	**29,364**	**3,638,277**	**53,049**	**-**	**-**	**12,669**	**3,733,359**
As at 31 December 2014	**4,186,796**	**11,147,543**	**100,365**	**(35,600)**	**(36,520)**	**(7,773,902)**	**7,588,682**

The Notes on pages 21 to 51 form part of these Financial Statements.

ALECTO MINERALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Attributable to equity shareholders					
	Share capital £	Share premium £	Share option reserve £	Available-for-sale financial asset reserve £	Retained losses £	Total equity £
As at 1 January 2013	**2,509,388**	**6,717,310**	**40,322**	**-**	**(5,121,522)**	**4,145,498**
Loss for the year	-	-	-	-	(786,388)	(786,388)
Other comprehensive income						
Change in value of available-for-sale financial assets	-	-	-	(29,000)	-	(29,000)
Total comprehensive income for the year	**-**	**-**	**-**	**(29,000)**	**(786,388)**	**(815,388)**
Proceeds from share issue	791,304	358,696	-	-	-	1,150,000
Issue costs	-	(110,000)	-	-	-	(110,000)
Loan note conversion	60,870	39,130	-	-	-	100,000
Share based payments	795,870	504,130	7,147	-	-	1,307,147
Expired options	-	-	(153)	-	153	-
Transaction with owners, recognised directly in equity	**1,648,044**	**791,956**	**6,994**	**-**	**153**	**2,447,147**
As at 31 December 2013	**4,157,432**	**7,509,266**	**47,316**	**(29,000)**	**(5,907,757)**	**5,777,257**
As at 1 January 2014	**4,157,432**	**7,509,266**	**47,316**	**(29,000)**	**(5,907,757)**	**5,777,257**
Loss for the year	-	-	-	-	(799,401)	(799,401)
Other comprehensive income						
Change in value of available-for-sale financial assets	-	-	-	(6,600)	-	(6,600)
Total comprehensive income for the year	**-**	**-**	**-**	**(6,600)**	**(799,401)**	**(806,001)**
Proceeds from share issue	10,000	1,490,000	-	-	-	1,500,000
Issue costs	-	(98,380)	23,380	-	-	(75,000)
Loan note conversion	3,204	365,321	-	-	-	368,525
Share based payments	16,160	1,881,336	42,338	-	-	1,939,834
Expired options	-	-	(12,669)	-	12,669	-
Transaction with owners, recognised directly in equity	**29,364**	**3,638,277**	**53,049**	**-**	**12,669**	**3,733,359**
As at 31 December 2014	**4,186,796**	**11,147,543**	**100,365**	**(35,600)**	**(6,694,489)**	**8,704,615**

The Notes on pages 21 to 51 form part of these Financial Statements.

ALECTO MINERALS PLC

CASH FLOW STATEMENTS
For the year ended 31 December 2014

		Group		Company	
		2014	2013	**2014**	2013
	Note	**£**	£	**£**	£
Cash flows from operating activities					
Loss before taxation		**(962,148)**	(1,242,540)	**(799,401)**	(786,388)
Adjustments for:					
Finance income		**(399)**	(553)	**(399)**	(553)
Finance costs		**18,526**	-	**18,526**	-
Depreciation	6	**69,945**	27,403	**2,190**	4,645
Loss on settlement of derivative financial instrument		**180,542**	-	**180,542**	-
Profit on sale of property, plant and equipment		**(27,445)**	-	**-**	-
Impairment of exploration assets	7	**-**	337,398	**-**	-
Share options expense		**42,337**	7,147	**42,337**	7,148
Share based payments		**66,022**	50,000	**66,022**	50,000
Increase in trade and other receivables		**(193,327)**	(70,748)	**(190,802)**	(79,913)
(Decrease)/Increase in trade and other payables		**(62,606)**	43,759	**(57,062)**	28,530
Loss on foreign exchange		**86,728**	287,485	**-**	-
Net cash used in operations		**(781,825)**	(560,649)	**(738,047)**	(776,531)
Cash flows from investing activities					
Interest received		**399**	553	**399**	553
Acquisition of subsidiaries (net of cash acquired)		**1,027**	22,887	**-**	-
Loans granted to subsidiary undertakings		**-**	-	**(1,214,845)**	(732,739)
Purchase of intangible assets	7	**(1,264,139)**	(885,886)	**-**	-
Proceeds from sale of property, plant and equipment		**41,593**	-	**-**	-
Purchase of property, plant and equipment	6	**-**	(34,117)	**-**	(1,687)
Net cash used in investing activities		**(1,221,120)**	(896,563)	**(1,214,446)**	(733,873)
Cash flows from financing activities					
Proceeds from issue of share capital		**1,569,458**	1,000,000	**1,569,458**	1,000,000
Transaction costs of share issues		**(75,000)**	(110,000)	**(75,000)**	(110,000)
Proceeds from borrowings		**-**	350,000	**-**	350,000
Net cash generated from financing activities		**1,494,458**	1,240,000	**1,494,458**	1,240,000
Net decrease in cash and cash equivalents		**(508,487)**	(217,212)	**(458,035)**	(270,404)
Cash and cash equivalents at beginning of year		**624,155**	848,059	**561,229**	831,633
Exchange gains on cash and cash equivalents		**(1,410)**	(6,692)	**-**	-
Cash and cash equivalents at end of year	12	**114,258**	624,155	**103,194**	561,229

The Notes on pages 21 to 51 form part of these Financial Statements.

CASH FLOW STATEMENTS
For the year ended 31 December 2014

Major non-cash transactions

On 23 January 2014, the Company issued 7,000,000 options valid for three years from, and exercisable six months after, the date of grant at an exercise price of 1.58 pence.

On 30 January 2014, the Company issued 79,113,924 new ordinary shares of 0.01 pence each fully paid ("Ordinary Shares") at a price of 1.58 pence per share as deferred consideration for a business acquisition made in a prior period.

On 24 February 2014, the Company issued the following warrants to advisers as consideration for services provided to the Company:

- 3,000,000 warrants exercisable for 2.7 years from the date of grant at an exercise price of 1 pence each;
- 5,000,000 warrants exercisable for 3 years from the date of grant at an exercise price of 1.5 pence each; and
- 7,730,327 warrants exercisable for 5 years from the date of grant at an exercise price of 1.925 pence each.

On 28 March 2014, the Company issued 20,000,000 new Ordinary Shares at a price of 1.25 pence per share as consideration for business acquisitions. See Note 26.

On 23 July 2014, the Company issued 32,045,742 new Ordinary Shares on conversion of a convertible loan note and associated interest.

On 16 November 2014 the Company issued 54,996,857 new Ordinary Shares at 0.6364 pence per share as consideration for a business acquisition. See Note 26.

On 24 November 2014 the Company issued a further 4,714,016 Ordinary Shares at 0.6364 pence per share as payments to a consultant in lieu of cash fees.

On 16 December 2014 the Company issued 2,777,143 new Ordinary Shares at 0.63 pence per share as payment to a consultant of the Company in lieu of cash fees.

The Notes on pages 21 to 51 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

1. General information

The principal activity of Alecto Minerals plc ("the Company") and its subsidiaries (together "the Group") is the exploration and development of precious and base metals. The Company's shares are quoted on the AIM market of the London Stock Exchange plc. The Company is incorporated and domiciled in the UK.

The address of its registered office is 47 Charles Street, London, W1J 5EL.

2. Summary of Significant Accounting Policies

The principal Accounting Policies applied in the preparation of these Financial Statements are set out below. These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of Preparation of Financial Statements

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The Consolidated Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss.

The Financial Statements are presented in UK Pounds Sterling rounded to the nearest pound.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 4.

2.2. Basis of Consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the audited management accounts of all of its subsidiary undertakings made up to 31 December 2014.

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss in the Income Statement.

Investments in subsidiaries are accounted for at cost less impairment.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group. All intercompany transactions and balances between Group enterprises are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

2.3. Going Concern

The Group's business activities together with the factors likely to affect its future development, performance and position are set out in the Chairman's Statement on pages 3 to 4. In addition, Note 3 to the Financial Statements include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating steady revenue streams, an operating loss has been reported and an operating loss is expected in the 12 months subsequent to the date of these financial statements, the Directors believe, having considered all available information including cash flows prepared by management, that the Group, having raised £600,000 (gross) in January 2015, has sufficient funds to meet its expected committed and contractual expenditure through to the end of 2015, and are confident that they will be able to raise additional funding to provide additional working capital to continue its current exploration programme as well as additional works.

Based on the Board's assessment that the cash flow budgets can be achieved and that the necessary funds will be raised, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 December 2014.

Should the Group be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for further liabilities which might arise and to classify fixed assets as current.

The Financial Statements do not include any adjustments that may be required should the Group be unable to continue as a going concern. If the Group were unable to continue as a going concern, then adjustments would be necessary to write assets down to their recoverable amounts, non-current assets and liabilities would be reclassified as current assets and liabilities and provisions would be required for any costs associated with closure.

Going concern is referred to in the auditor's report starting on page 12 as an emphasis of matter.

2.4. New and Amended Standards

(a) New and amended standards and interpretations issued

A number of new standards and amendments to standards and interpretations are effective for the financial year beginning on or after 1 January 2014 and have been applied in preparing these Financial Statements.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

IAS 27, 'Separate Financial Statements', replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10. The revised standard includes the requirements relating to separate financial statements.

Amendments to IAS 36, 'Impairment of Assets', require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. The amendments also incorporate the requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.

All other new standards and amendments to standards and interpretations effective for the financial year beginning on or after 1 January 2014 are not material to the Group and Company and therefore not applied in preparing these financial statements.

(b) New and amended standards and interpretations issued but not yet effective for the financial year beginning on or after 1 January 2014 and not early adopted

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Company and Group intend to adopt these standards, if applicable, when they become effective. Unless stated below, there are no IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

Standard	Impact on initial application	Effective date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	*1 January 2016
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	*1 January 2016
IAS 16 (Amendments)	Property, plant and equipment: Bearer Plants	*1 January 2016
IAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions	*1 July 2014
IAS 27 (Amendments)	Separate Financial Statements	*1 January 2016
IAS 28 (Amendments)	Investments in Associates and Joint Ventures	*1 January 2016
IAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	*1 January 2016
IAS 41 (Amendments)	Agriculture: Bearer Plants	*1 January 2016
IFRS 9 (Amendments)	Financial Instruments	*1 January 2018
IFRS 10 (Amendments)	Consolidated Financial Statements	*1 January 2016
IFRS 10 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	*1 January 2016
IFRS 12 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 14	Regulatory Deferral Accounts	*1 January 2016
IFRS 15	Revenue from Contracts with Customers	*1 January 2017
Annual Improvements	2010 – 2012 Cycle	*1 July 2014
Annual Improvements	2011 – 2013 Cycle	*1 July 2014
Annual Improvements	2012 – 2014 Cycle	*1 July 2016

* Subject to EU endorsement

The Group is evaluating the impact of the new or amended standards above. The new or amended standards are not expected to have a material impact on the Group's results or shareholders' funds.

2.5. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.6. Foreign Currencies

(a) Functional and presentation currency

Items included in the Financial Statements of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The functional currency of the UK parent entity is Pounds Sterling and the functional currency of the BVI subsidiary is US Dollars. The currency of Mauritania is the Mauritanian Ouguiya; however all material contracts with the Mauritanian subsidiary are denominated in Euros which is, therefore, its functional currency. The currency of Ethiopia is the Ethiopian Birr, which is therefore the functional currency of the Ethiopian subsidiaries. The currency of Mali is the Central African Franc, which is therefore the functional currency of the Malian subsidiary. The currency of Burkina Faso is the Central African Franc, which is therefore the functional currency of the Burkina Faso subsidiary. The Financial Statements are presented in Pounds Sterling, rounded to the nearest pound, which is the Company's functional and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where such items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or costs'. All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets measured at fair value, such as equities classified as available for sale, are included in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position sheet;

- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of monetary items receivable from foreign subsidiaries for which settlement is neither planned nor likely to occur in the foreseeable future are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

2.7. Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Exploration and evaluation

The Group recognises expenditure as exploration and evaluation assets when it determines that those assets will be successful in finding specific mineral resources. Expenditure included in the initial measurement of exploration and evaluation assets and which are classified as intangible assets relate to the acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling and activities to evaluate the technical feasibility and commercial viability of extracting a mineral resource. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration and evaluation assets are recorded and held at cost.

Exploration and evaluation assets are assessed annually for impairment. The assessment is carried out by allocating exploration and evaluation assets to cash generating units, which are based on specific projects or geographical areas.

Whenever the exploration for and evaluation of mineral resources in cash generating units does not lead to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities of that unit, the associated expenditures are written off to the Income Statement.

2.8. Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Depreciation is provided on all property, plant and equipment to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis at the following annual rates:

Field equipment – 20% straight line
Motor vehicles – 20% straight line
Computer equipment – 20-50% straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains' in the Income Statement.

2.9. Impairment of non-financial assets

Intangible assets that have an indefinite useful life, for example, exploration and evaluation intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10. Financial Assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables; and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date. These are classified as non-current assets. The Group's loans and receivables comprise trade and other receivables, restricted assets and cash and cash equivalents in the Statement of Financial Position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets carried at fair value through profit or loss is initially recognised at fair value, and transaction costs are expensed in the Income Statement. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value unless the Group is precluded from doing so as, in the case of unlisted equity securities, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. In such circumstances available-for-sale financial assets are held at cost and reviewed annually for impairment.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the Income Statement within ‘Other (Losses)/Gains – Net’ in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Income Statement as “gains and losses from investment securities.”

Interest on available-for-sale securities calculated using the effective interest method is recognised in the Statement of Comprehensive Income as part of other income. Dividends on available-for-sale equity instruments are recognised in the Income Statement as part of other income when the Group’s right to receive payments is established.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset, or a group of financial assets, is impaired. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal repayments;
- the disappearance of an active market for that financial asset because of financial difficulties;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio; or
- for assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost.

(i) Assets carried at amortised cost

The amount of impairment is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset’s original effective interest rate. The asset’s carrying amount is reduced, and the loss is recognised in the Income Statement. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the Income Statement.

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement – is removed from equity and recognised in the Income Statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.11. Trade and Other Receivables

Trade and other receivables are amounts due from third parties in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12. Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

2.13. Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand, and are subject to an insignificant risk of changes in value.

2.14. Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15. Share Based Payments

The Group operates a number of equity-settled, share-based schemes, under which the entity receives services from employees or third party suppliers as consideration for equity instruments (options and warrants) of the Group. The fair value of the third party suppliers' services received in exchange for the grant of the options is recognised as an expense in the Statement of Comprehensive Income or charged to equity depending on the nature of the service provided. The value of the employee services received is expensed in the Income Statement and its value is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense or charge is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement or equity as appropriate, with a corresponding adjustment to a separate reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium when the options are exercised.

2.16. Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

2.17. Taxation

There has been no tax credit or expense for the period relating to current or deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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 and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax assets and liabilities are not discounted.

2.18. Operating leases

Leases of assets under which a significant amount of the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Operating lease payments are charged to the income statement on a straight-line basis over the period of the respective leases.

2.19. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services supplied in course of ordinary business, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for the Group’s activities described below.

Revenue is recognised in respect of amounts recharged to project strategic partners in accordance to their contractual terms.

2.20. Finance income

Interest income is recognised using the effective interest method.

2.21. Borrowings

Compound Financial Instruments

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder. The number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to their initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition, except on conversion or expiry.

3. Financial Risk Management

3.1. Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the London based management team under policies approved by the Board of Directors.

Market Risk

(a) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro, Central African Franc, Ethiopian Birr, Mauritanian Ouguiya and the Pound Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group negotiates all material contracts for activities in relation to its subsidiaries in either Pounds Sterling or Euros which in the Directors' opinion are more stable than the respective local currencies. The Group also holds minimal liquid assets in Central African Franc, Mauritanian Ouguiya and Ethiopian Birr. The Group does not hedge against the risks of fluctuations in exchange rates. The volume of transactions is not deemed sufficient to enter into forward contracts. The Group has not sensitised the figures for fluctuations in foreign exchange rates as the Directors are of the opinion that these fluctuations would not have a significant impact on the financial statements of the Group at the present time. The Directors will continue to assess the effect of movements in exchange rates on the Group's financial operations and initiate suitable risk management measures where necessary.

(b) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group as available-for-sale and fair value through the profit or loss.

The Group's investments in equity of other entities that are publicly traded are quoted on AIM. There is a limited volume of shares traded in the Group's investee and if the Group was to dispose of a significant percentage of its shares this could have a substantial impact on the realisable value of these shares.

The Group does not have a substantial portfolio of shares and manages its price risk by undertaking specific company research prior to investing. The Group's quoted equity investment is held for long term growth which the Directors believe mitigates the risk of crystallising short term speculative reductions in value.

The table below summarises the impact of increases/decreases in the AIM index on the Group's other comprehensive income for the year. The analysis is based on the assumption that the AIM index had increased/decreased by 10% with all other variables held constant and all the Group's quoted equity investments moved according to the historical correlation with the index.

	2014		2013	
Index	**Impact on post tax losses**	**Impact on other comprehensive income**	Impact on post tax losses	Impact on other comprehensive income
	£	**£**	£	£
AIM	**-**	**1,440**	-	2,100

Other comprehensive income would increase/decrease as a result of gains/losses on listed equity securities classified as available-for-sale. Post tax losses would increase/decrease as a result of the utilisation of tax losses arising from the movement in fair value of listed equity securities classified as available-for-sale.

(c) Interest rate risk

As the Group has no borrowings other than compound financial instruments, it is not exposed to interest rate risk on financial liabilities. The Group's interest rate risk arises from its cash held on short-term deposit, which is not significant.

Credit Risk

Credit risk arises from cash and cash equivalents as well as outstanding receivables. Management does not expect any losses from non-performance of these receivables.

The amount of exposure to any individual counter party is subject to a limit, which is assessed by the Board.

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

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations (see Note 2.3). Controls over expenditure are carefully managed.

3.2. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to enable the Group to continue its exploration and evaluation activities, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the issue of shares or sell assets to reduce debts.

At 31 December 2014 the Group had borrowings of £nil (2013: £350,000) and defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

3.3. Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that are measured at fair value. The Group does not have any liabilities measured at fair value.

	2014			2013		
Assets	**Level 1**	**Level 2**	**Total**	Level 1	Level 2	Total
	£	**£**	**£**	£	£	£
Available-for-sale financial assets	**14,400**	**-**	**14,400**	21,000	-	21,000
Financial assets at fair value through profit or loss						
- Derivative financial instruments	**-**	**-**	**-**	-	250,000	250,000
Total assets	**14,400**	**-**	**14,400**	21,000	250,000	271,000

(i) Financial instruments in Level 1

The fair value of financial instruments traded in an active market is based on quoted market prices at the Statement of Financial Position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise AIM quoted equity investments classified as available-for-for sale financial assets.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available, and rely as little possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments; and
- the fair value of derivative financial instrument is calculated based on the Company's quoted market price and a prescribed formula in accordance with the respective equity swap agreement.

4. Critical Accounting Estimates and Judgements

The preparation of the Financial Statements in conformity with IFRSs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses during the year. Actual results may vary from the estimates used to produce these Financial Statements.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant items subject to such estimates and assumptions include, but are not limited to:

Estimated Impairment of Goodwill

Goodwill has a carrying value of £423,785 (2013: £383,057). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7 to the Financial Statements.

Management has concluded that no impairment charge is necessary to the carrying value of goodwill. See Note 7 to the Financial Statements.

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2014 of £7,217,039 (2013: £5,581,135). Such assets have an indefinite useful life as the Group has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7 to the Financial Statements. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have concluded that no impairment would be required and provided against the exploration assets.

Share based payment transactions

The Group has made awards of options and warrants over its unissued share capital to certain Directors and employees as part of their remuneration package. Certain warrants have also been issued to shareholders as part of their subscription for shares and suppliers for various services received.

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 17 to the Financial Statements.

Fair value of derivative financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The fair value of the equity swaps is calculated using the prescribed formula in the equity swap agreement and the Company's prevailing market price at the year end.

The Equity swaps have been fully satisfied during the year. They have no carrying value at the year end (2013: £250,000). The other income amount, representing the gain on re-measuring to fair value was deemed immaterial and therefore not recognised in the Income Statement.

Available-for-sale financial assets

Available-for-sale financial assets have a carrying value at 31 December 2014 of £14,400 (2013: £21,000). The Group holds listed equity securities as available-for-sale financial assets.

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of the short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

Management has concluded that there is no impairment charge necessary to the carrying value of available-for-sale financial assets.

Compound financial instruments

In order to calculate the split for convertible loans between the financial liability and equity components, management is required to discount the contractual stream of future cash flows under the convertible loan note instrument at an estimated rate of interest applicable to instruments which do not have any associated conversion option.

The values of the liability and equity conversion component were determined at the date the loan notes were issued. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible loan. The residual amount, representing the value of the equity conversion option was deemed immaterial and therefore not included in shareholders' equity.

Contingent consideration

As part of the acquisition of Gazelle Resources Inc, the Group has entered into a contractual arrangement with Swala Resources Inc ('Swala'), in which, under certain milestones being reached, would result in the Group paying further consideration of $1.5m. For full details on the arrangement, please see Note 27.

The Directors have reviewed the progress of the project and consider reaching the milestones unlikely. Given this, the Directors have assessed the fair value of the contingent consideration to be nil; it is unlikely that the Company will have any additional liability arising.

5. Segment Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the year the Group had interests in five geographical segments; the United Kingdom, Mauritania, Ethiopia, Burkina Faso and Mali. Activities in the UK are mainly administrative in nature whilst the activities in Ethiopia, Mauritania, Burkina Faso and Mali relate to exploration and evaluation work.

2014	**Burkina Faso £**	**Ethiopia £**	**Mauritania £**	**Mali £**	**UK £**	**Intra-segment balances £**	**Total £**
Revenue	-	243,961	-	-	-	-	**243,961**
Administrative expenses	(20,014)	(46,503)	(4,662)	(125,168)	(638,777)	-	**(835,124)**
Gain/(loss) on foreign exchange	(81,112)	1,765	111,011	(226,010)	-	-	**(194,346)**
Other gains/(losses)	-	-	-	27,445	(185,957)	-	**(158,512)**
Profit/(loss) from operations per reportable segment	(101,126)	199,223	106,349	(323,733)	(824,734)	-	**(944,021)**
Capital expenditure	13,955	53,290	72,441	1,124,453	-	-	**1,264,139**
Reportable segment assets	5,394,155	845,525	1,147,089	5,879,446	8,793,590	(13,740,999)	**8,318,806**
Reportable segment liabilities	5,014,300	651,114	1,677,620	3,495,232	88,975	(10,197,117)	**730,124**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2014

2013	Ethiopia £	Mauritania £	Mali £	UK £	Intra-segment balances £	Total £
Revenue	-	-	-	-	-	**-**
Administrative expenses	(29,863)	(18,530)	94,993	(835,813)	-	**(789,213)**
Impairment of intangible assets	-	(332,046)	(5,352)	-	-	**(337,398)**
Loss on foreign exchange	(2,405)	(109,434)	(4,643)	-	-	**(116,482)**
Loss from operations per reportable segment	(32,268)	(460,010)	84,998	(835,813)	-	**(1,243,093)**
Capital expenditure	250,281	70,929	597,106	1,687	-	**920,003**
Reportable segment assets	799,427	999,362	2,729,431	7,504,768	(4,805,560)	**7,227,428**
Reportable segment liabilities	722,385	1,602,063	397,714	1,727,511	(2,091,885)	**2,357,788**

A reconciliation of adjusted loss from operations per reportable segment to loss before tax is provided as follows:

	2014 £	2013 £
Loss from operations per reportable segment	**(944,021)**	(1,243,093)
Finance income	**399**	553
Finance costs	**(18,526)**	-
Loss for the year before taxation	**(962,148)**	(1,242,540)

6. Property, Plant and Equipment

	Group				Company
	Field equipment £	Vehicles £	Computer equipment £	Total £	Computer equipment £
Cost					
As at 1 January 2013	17,470	32,124	9,254	58,848	9,254
Acquired through acquisition of subsidiary	172,120	55,191	7,631	234,942	-
Additions	2,010	30,420	1,687	34,117	1,687
Foreign exchange differences	(690)	(390)	(31)	(1,111)	-
As at 31 December 2013	190,910	117,345	18,541	326,796	10,941
Acquired through acquisition of subsidiary	111,716	113,940	14,926	240,582	-
Additions	-	-	-	-	-
Disposals	-	(39,073)	-	(39,073)	-
Foreign exchange differences	(13,299)	(9,892)	(9,982)	(33,173)	-
As at 31 December 2014	**289,327**	**182,320**	**23,485**	**495,132**	**10,941**

	Group				Company
	Field equipment	Vehicles	Computer equipment	Total	Computer equipment
	£	£	£	£	£
Depreciation					
As at 1 January 2013	4,892	2,165	3,932	10,989	3,932
Acquired through acquisition of subsidiary	32,998	26,544	5,507	65,049	-
Charge for the year	12,488	10,073	4,842	27,403	4,645
Foreign exchange differences	(133)	(107)	(21)	(261)	-
As at 31 December 2013	50,245	38,675	14,260	103,180	8,577
Acquired through acquisition of subsidiary	56,281	101,388	9,828	167,497	-
Charge for the year	43,238	23,606	3,101	69,945	2,190
Disposals	-	(25,618)	-	(25,618)	-
Foreign exchange differences	(2,176)	(6,405)	(9,838)	(18,419)	-
As at 31 December 2014	**147,588**	**131,646**	**17,351**	**296,585**	**10,767**
Net book value					
As at 31 December 2013	140,665	78,670	4,281	223,616	2,364
As at 31 December 2014	**141,739**	**50,674**	**6,134**	**198,547**	**174**

Depreciation expense of £69,945 (2013: £27,403) has been charged in administration expenses (Note 18).

7. Intangible Assets

Exploration and evaluation assets are all internally generated.

	Group	
	2014	2013
Exploration & Evaluation Assets - Cost and Net Book Value	**£**	£
At 1 January	5,581,135	3,222,346
Additions	1,264,139	885,886
Acquired through acquisition of subsidiary (at fair value) (Note 26)	490,000	1,942,398
Impairment	-	(337,398)
Foreign exchange differences	(118,235)	(132,097)
At 31 December	**7,217,039**	5,581,135

	Group	
	2014	2013
Goodwill - Cost and Net Book Value	**£**	£
At 1 January	383,057	19,571
Acquired through acquisition of subsidiary (on consolidation) (Note 26)	-	239,759
Acquired through acquisition of subsidiary (at fair value) (Note 26)	40,728	123,727
At 31 December	**423,785**	383,057

Exploration projects in Burkina Faso, Mali, Ethiopia and Mauritania are at an early stage of development and, with the exception of the JORC Code compliant inferred resource estimate of 247,000 oz Au for the Kossanto Project in Mali as at 31 December 2014, no JORC or non-JORC compliant resource estimates were available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

- The Group's right to explore in an area has expired, or will expire in the near future without renewal;
- No further exploration or evaluation is planned or budgeted for;
- A decision has been taken by the Board to discontinue exploration and evaluation in an area due to the absence of a commercial level of reserves; and
- Sufficient data exists to indicate that the book value will not be fully recovered from future development and production.

An impairment review of exploration and evaluation assets is carried on out an annual basis in order to ensure that it is valued at the lower of cost and recoverable amount. Following their assessment, the Directors concluded that no impairment charge was necessary at the year end. This included the Group's two gold exploration licences in Mauritania for which no significant exploration activity has been conducted over the past two years.

8. Investments in Subsidiary Undertakings

	Company	
	2014	2013
	£	£
Shares in Group Undertakings		
At 1 January	**3,840,001**	1,340,001
Additions (Note 26)	**600,000**	2,500,000
At 31 December	**4,440,001**	3,840,001
Loans to Group undertakings	**3,922,082**	2,707,237
At 31 December	**8,362,083**	6,547,238

Investments in Group undertakings are stated at cost, which is the fair value of the consideration paid, less any impairment provision.

Details of Subsidiary Undertakings

Name of subsidiary	Country of incorporation and place of business	Parent company	Registered capital	Proportion of share capital held	Nature of business
Alecto Holdings International Limited	British Virgin Islands	Alecto Minerals plc	Ordinary shares US$1	100%	Dormant
Alecto Guinea Holdings Limited	British Virgin Islands	Alecto Minerals plc	Ordinary shares US$1	100%	Dormant
Alecto Mauritania Limited	Mauritania	Alecto Holdings International Limited	Ordinary shares MOU 1,000,000	100%	Exploration
AME West Africa Limited	United Kingdom	Alecto Minerals plc	Ordinary shares £100	100%	Dormant
Caracal Gold Mali SARL	Mali	AME West Africa Limited	Ordinary shares XOF 1,526,649,300	100%	Exploration
Nubian Gold Exploration Limited	United Kingdom	Alecto Minerals plc	Ordinary shares £100,000	100%	Exploration
Rift Valley Resources Limited	United Kingdom	Alecto Minerals plc	Ordinary shares £100,000	100%	Exploration
NewMines Holdings Limited	Nevis	Alecto Minerals plc	Ordinary shares €923,373	100%	Dormant
Tobon Tondo SARL	Mali	NewMines Holdings Limited	Ordinary shares XOF 1,000,000	100%	Exploration
Gazelle Resources Inc	British Virgin Islands	Alecto Minerals plc	Ordinary shares US$1	100%	Dormant

Name of subsidiary	Country of incorporation and place of business	Parent company	Registered capital	Proportion of share capital held	Nature of business
Societe Miniere de Kerboulé SARL	Burkina Faso	Gazelle Resources Inc	Ordinary shares XOF 1,000,000	100%	Exploration

9. Available-for-Sale Financial Assets

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
At 1 January	**21,000**	50,000	**21,000**	50,000
Net losses transferred to equity	**(6,600)**	(29,000)	**(6,600)**	(29,000)
At 31 December	**14,400**	21,000	**14,400**	21,000
Less: non-current portion	**(14,400)**	(21,000)	**(14,400)**	(21,000)
Current portion	**-**	-	**-**	-

All available-for-sale financial assets are UK listed equity securities denominated in Pounds Sterling.

Losses of £6,600 (2013: £29,000) were due to a change in fair value.

10. Trade and Other Receivables

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Trade receivables	**116,728**	-	**116,728**	-
Prepayments	**20,446**	33,595	**18,818**	33,595
Restricted assets	**21,601**	20,192	**-**	-
VAT receivable	**177,958**	81,907	**177,958**	81,907
Security deposits	**1,253**	8,536	**-**	7,200
Other receivables	**12,791**	235	**235**	235
At 31 December	**350,777**	144,465	**313,739**	122,937
Less: non-current portion	**(21,601)**	(20,192)	**-**	-
Current portion	**329,176**	124,273	**313,739**	122,937

Trade and other receivables are all due within one year. The fair value of all receivables is the same as their carrying values stated above.

The Group has provided bank guarantees as security for the minimum spend requirements on the Mauritanian exploration licences. The guarantees are not released until the end of the licence period. The balance held via bank guarantee at 31 December 2014 is £21,601 (31 December 2013: £20,192) and is included within restricted assets.

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
UK Pounds	**313,739**	123,020	**313,739**	122,937
Central African Franc	**15,437**	1,253	**-**	-
	329,176	124,273	**313,739**	122,937

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. At 31 December 2014 all trade and other receivables were fully performing.

11. Derivative Financial Instruments

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Equity swaps	**-**	250,000	**-**	250,000

Derivative financial instruments of £250,000 in 2013 related to amounts receivable pursuant to an equity swap agreement. On 16 December 2014 the equity swap agreement was terminated and settled, resulting in a net loss to the Company for the period of £180,542.

12. Cash and Cash Equivalents

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Cash at bank and in hand	**114,258**	624,155	**103,194**	561,229

All of the Company's cash at bank is held with institutions with an AA credit rating.

13. Trade and Other Payables

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Trade payables	**50,738**	63,470	**37,014**	63,470
Other payables	**1,716**	1,250,001	**1,065**	1,250,001
Accrued expenses	**62,890**	79,537	**50,896**	64,040
	115,344	1,393,008	**88,975**	1,377,511

Trade payables include amounts due of £5,019 (2013: £13,771) in relation to exploration and evaluation activities.

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14. Borrowings

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
7% convertible loan notes	**-**	350,000	**-**	350,000
	-	350,000	**-**	350,000

On 4 October 2013, the Company issued 350,000 convertible loan notes at a par value of £1 per loan note accruing interest daily at a rate of 7% per annum. On 23 July 2014, the loan notes and accrued interest of £18,526 were converted into 32,045,742 new Ordinary Shares in the Company.

15. Deferred tax

An analysis of deferred tax liabilities is set out below.

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
Deferred tax liabilities				
- Deferred tax liability after more than 12 months	**614,780**	614,780	**-**	-
Deferred tax liabilities	**614,780**	614,780	**-**	-

The gross movement on the deferred tax account is as follows:

	Group		Company	
	2014	2013	**2014**	2013
	£	£	**£**	£
At 1 January	**614,780**	614,780	**-**	**-**
Acquisition of subsidiary	**-**	-	**-**	**-**
As at 31 December	**614,780**	614,780	**-**	**-**

The movement in the deferred tax liability during the year is as follows:

	Group	Company
Deferred income tax liabilities	**Fair value gains £**	**Fair value gains £**
As at 1 January 2013	614,780	-
Acquisition of subsidiary	-	-
As at 31 December 2013	614,780	-
As at 31 December 2014	**614,780**	**-**

The Group has additional capital losses of approximately £440,000 (2013: £440,000) and other losses of approximately £5,126,000 (2013: £4,293,000) available to carry forward against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

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16. Share Capital

Group and Company

	Number of shares	Ordinary shares	Share premium	Total
		£	£	£
Issued and fully paid				
As at 1 January 2013	358,483,993	2,509,388	6,717,310	9,226,698
Issue of new shares – 4 October 2013	13,043,478	91,304	58,696	150,000
Issue of new shares – 4 October 2013	108,695,652	760,870	489,130	1,250,000
Issue of new shares – 4 October 2013	8,695,652	60,870	39,130	100,000
Issue of new shares – 6 November 2013 (1)	100,000,000	700,000	190,000	890,000
Issue of new shares – 22 November 2013(2)	5,000,000	35,000	15,000	50,000
As at 31 December 2013	**593,918,775**	**4,157,432**	**7,509,266**	**11,666,698**
Issue of new shares – 17 January 2014(3)	100,000,000	10,000	1,391,620	1,401,620
Issue of new shares – 30 January 2014	79,113,924	7,911	1,242,089	1,250,000
Issue of new shares – 28 March 2014	20,000,000	2,000	248,000	250,000
Issue of new shares – 23 July 2014	32,045,742	3,204	365,321	368,525
Issue of new shares – 16 November 2014	59,710,873	5,971	374,029	380,000
Issue of new shares – 9 December 2014	2,777,143	278	17,218	17,496
As at 31 December 2014	**887,566,457**	**4,186,796**	**11,147,543**	**15,334,339**

(1) Includes issue costs of £60,000

(2) Includes an implementation fee of £50,000

(3) Includes issue costs of £98,380

On 8 January 2014 at a General Meeting of the Company shareholders approved a share capital reorganisation to sub-divide and re-designate each of the issued ordinary shares of 0.7 pence in the capital of the Company into sixty-nine deferred shares of 0.01 pence each and one Ordinary Share of 0.01 pence each.

On 17 January 2014 the Company raised £1,500,000 (gross) through the issue of 100,000,000 new Ordinary Shares of 0.01 pence each fully paid (‘Ordinary Shares’) at a price of 1.5 pence per share.

On 30 January 2014, the Company issued 79,113,924 new Ordinary Shares at a price of 1.58 pence per share as deferred consideration for a business acquisition made in a prior period.

On 28 March 2014, the Company issued 20,000,000 new Ordinary Shares at a price of 1.25 pence per share as consideration for business acquisitions.

On 23 July 2014, the Company issued 32,045,742 new Ordinary Shares on conversion of the convertible loan note and associated interest.

On 16 November 2014 the Company issued 54,996,857 new Ordinary Shares at 0.6364 pence per share as consideration for business acquisitions. See Note 26.

On 24 November 2014 the Company issued a further 4,714,016 Ordinary Shares at 0.6364 pence per share as payments to a consultant in lieu of cash fees.

On 16 December 2014 the Company issued 2,777,143 new Ordinary Shares at 0.63 pence per share as payment to a consultant of the Company in lieu of cash fees.

17. Share Based Payments

Share options and warrants outstanding and exercisable at the end of the year have the following expiry dates and exercise prices:

Vesting date	Expiry date	Exercise price in £ per share	Shares 2014	Shares 2013
1 January 2012	31 December 2016	0.04300	**7,550,000**	7,550,000
1 January 2013	31 December 2016	0.04800	**4,500,000**	4,500,000
1 January 2014	31 December 2016	0.06300	**2,250,000**	2,250,000
21 May 2012	20 May 2014	0.03100	**-**	38,000,000
25 June 2012	24 June 2014	0.03100	**-**	9,380,645
8 October 2012	7 October 2014	0.01550	**-**	5,922,581
6 November 2013	5 November 2016	0.01000	**3,000,000**	3,000,000
23 January 2014	23 January 2017	0.01580	**7,000,000**	-
24 February 2014	5 November 2016	0.01000	**3,000,000**	-
23 January 2014	22 January 2017	0.01500	**5,000,000**	-
24 February 2014	23 February 2019	0.01925	**7,730,327**	-
			40,030,327	70,603,226

The Company and Group have no legal or constructive obligation to settle or repurchase the options in cash.

The fair value of the share options and warrants was determined using the Black Scholes valuation model. The parameters used are detailed below:

	2014 Warrants	2014 Warrants	2014 Warrants	2014 Warrants	2013 Warrants
Granted on:	23/1/2014	24/02/2014	24/02/2014	24/02/2014	6/11/2013
Life (years)	3 years	2 years	3 years	5 years	3 years
Share price (pence per share)	1.85p	1.45p	1.45p	1.45p	1p
Risk free rate	2.25%	2.25%	2.25%	2.25%	2.25%
Expected volatility	26%	24%	26%	24%	17%
Expected dividend yield	-	-	-	-	-
Marketability discount	20%	20%	20%	20%	20%
Total fair value (£000)	29	12	11	14	7

The expected volatility is based on historical volatility for the six months prior to the date of granting. The risk free rate of return is based on zero yield government bonds for a term consistent with the option life.

A reconciliation of options and warrants granted is shown below:

	2014 Number	**2014** Weighted average exercise price (£)	2013 Number	2013 Weighted average exercise price (£)
Outstanding as at 1 January	**70,603,226**	0.032	69,554,593	0.033
Expired	**(53,303,226)**	0.029	(1,951,367)	0.040
Granted	**22,730,327**	0.016	3,000,000	0.010
Outstanding as at 31 December	**40,030,327**	0.027	70,603,226	0.032
Exercisable at 31 December	**40,030,327**	0.027	70,603,226	0.032

	2014				2013			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.05	**0.025**	**37,780,327**	**2.44**	**2.44**	0.031	68,353,226	1.05	1.05
0.05 – 0.10	**0.063**	**2,250,000**	**2.00**	**2.00**	0.063	2,250,000	3.00	3.00

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Income Statement for the year ended 31 December 2014 of £42,337 (2013: £7,148) and a charge to Share Premium of £23,380 (2013: £nil).

18. Expenses by Nature

Group	2014 £	2013 £
Directors' fees (Note 19)	**117,422**	175,025
Employee salaries (Note 20)	**25,210**	31,648
Social security costs (Note 20)	**16,844**	16,754
Audit & accountancy	**56,415**	37,320
Consultancy and professional fees	**174,616**	233,452
Operating lease charges	**24,426**	24,322
Other establishment expenses	**55,235**	35,074
AIM related fees	**137,813**	137,636
Depreciation	**69,945**	27,403
Travel & subsistence	**51,470**	35,339
Share option expenses	**42,337**	7,148
Other expenses	**63,391**	28,092
Total administrative expenses	**835,124**	789,213

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates:

	Group	
	2014 £	2013 £
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	**35,000**	30,000
Fees payable to the Company's auditor and its associates for tax services	**1,000**	1,000

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19. Directors' Remuneration

	Directors' Fees		Options Issued	
	2014	2013	**2014**	2013
	£	£	**£**	£
Executive Directors				
Damian Conboy(1)	**-**	70,525	**-**	-
Mark Jones(2)	**29,750**	7,500	**-**	-
Michael Ware (5)	**32,315**	60,000	**-**	-
Dominic Doherty (6)	**44,487**	-	**-**	-
Non-executive Directors				
Toby Howell	**37,683**	49,000	**-**	-
Malcolm James(3)	**-**	9,000	**-**	-
Michael Johnson(4)	**15,000**	22,500	**28,835**	-
Mark Wellesley-Wood (7)	**9,667**	-	**-**	-
	168,902	218,525	**28,835**	-

(1) Resigned 20 June 2013.
(2) Appointed 2 October 2013.
(3) Resigned 4 April 2013.
(4) Appointed 4 April 2013. Resigned 30 September 2014.
(5) Resigned 8 July 2014.
(6) Appointed 8 July 2014.
(7) Appointed 30 September 2014.

The Directors of the Company are considered to be key management personnel.

No pension benefits are provided for any Director.

Of the above Directors' remuneration costs, £51,480 (2013: £43,500) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

Included in Directors' Remuneration is £nil (2013: £25,525) relating to termination benefits.

20. Employees

	Group	
	2014	2013
Staff costs (excluding Directors)	**£**	£
Salaries and wages	**240,743**	165,977
Social security costs	**57,291**	25,687
Pension costs	**-**	-
	298,033	191,664

The average monthly number of employees during the year was 21 (2013: 5).

Of the above staff costs, £255,978 (2013: £143,262) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

21. Other Net Losses

	Group	
	2014	2013
	£	£
Loss on settlement of equity swap agreement	**180,542**	-
Gain on disposal of property, plant and equipment	**(27,445)**	-
Other losses	**5,415**	-
	158,512	-

22. Finance Income

	Group	
	2014	2013
	£	£
Interest received from Bank	**399**	553
	399	553

23. Income Tax

No income tax charge to the Income Statement arises due to the losses incurred. No deferred tax asset has been recognised on accumulated tax losses, as the recoverability of any assets is not likely in the foreseeable future.

	Group	
Income tax expense	**2014**	2013
	£	£
Tax on loss for the year	-	-

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profits of the consolidated entities as follows:

	Group	
	2014	2013
	£	£
Loss before tax	**(962,148)**	(1,242,540)
Tax at the applicable rate of 22.56% (2013: 23.25%)	**(217,061)**	(288,891)
Effects of:		
Expenditure not deductible for tax	**35,856**	28,741
Depreciation in excess of capital allowance/ (capital allowances in excess of depreciation)	**15,193**	2,058
Net tax effect of losses carried forward	**257,271**	301,486
Utilisation of previously unrecognised tax losses	**(91,259)**	(43,394)
Tax charge	**-**	-

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The tax charge relating to components of other comprehensive income is as follows:

	2014			2013		
	Before tax £	**Tax charge £**	**After tax £**	Before tax £	Tax charge £	After tax £
Available-for-sale financial assets (Note 9)	**14,400**	**-**	**14,400**	29,000	-	29,000
Other comprehensive income	**14,400**	**-**	**14,400**	29,000	-	29,000
Current tax		**-**			-	
Deferred tax (Note 15)		**-**			-	

No deferred tax asset was recognised on the fair value loss attributable to the available-for-sale financial asset as this was deemed immaterial.

24. Earnings per Share

The calculation of earnings per share of (0.120) pence (2013: (0.306) pence) is calculated by dividing the loss attributable to shareholders of £962,148 (2013: £1,242,540) by the weighted average number of Ordinary Shares of 801,201,925 (2013: 406,179,049) in issue during the period.

In accordance with IAS 33, basic and diluted earnings per share are identical as the effect of the exercise of share options would be to decrease the earnings per share. Details of share options that could potentially dilute earnings per share in future periods are set out in Note 17.

The Company is committed to the issuance of ordinary shares to a consultant should certain conditions be met in future periods. The issuance of these Ordinary Shares could potentially dilute earnings per share. Further details of this arrangement are set out in Note 28.

25. Financial Instruments by Category

Group - 31 December 2014 **Assets per Statement of Financial Position**	**Loans and receivables**	**Assets at fair value through the profit or loss**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	-	14,400	**14,400**
Trade and other receivables (excluding prepayments)	308,731	-	-	**308,731**
Cash and cash equivalents	114,258	-	-	**114,258**
Total	422,989	-	14,400	**437,389**

Group - 31 December 2014 **Liabilities per Statement of Financial Position**	**At amortised cost**	**Total**
Trade and other payables (excluding non-financial liabilities)	115,344	**115,344**
Total	115,344	**115,344**

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Group - 31 December 2013 **Assets per Statement of Financial Position**	**Loans and receivables**	**Assets at fair value through the profit or loss**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	-	21,000	**21,000**
Derivative financial instruments	-	250,000	-	**250,000**
Trade and other receivables (excluding prepayments)	110,870	-	-	**110,870**
Cash and cash equivalents	624,155	-	-	**624,155**
Total	735,025	250,000	21,000	**1,006,025**

Group - 31 December 2013 **Liabilities per Statement of Financial Position**	**At amortised cost**	**Total**
Borrowings	350,000	**350,000**
Trade and other payables (excluding non-financial liabilities)	1,393,008	**1,393,008**
Total	1,743,008	**1,743,008**

Company - 31 December 2014 **Assets per Statement of Financial Position**	**Loans and receivables**	**Assets at fair value through the profit or loss**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	-	14,400	**14,400**
Derivative financial instruments	-	-	-	**-**
Trade and other receivables (excluding prepayments)	294,921	-	-	**294,921**
Cash and cash equivalents	103,194	-	-	**103,194**
Total	398,115	-	14,400	**412,515**

Company - 31 December 2014 **Liabilities per Statement of Financial Position**	**At amortised cost**	**Total**
Trade and other payables (excluding non-financial liabilities)	88,975	**88,975**
Total	88,975	**88,975**

Company - 31 December 2013 **Assets per Statement of Financial Position**	**Loans and receivables**	**Assets at fair value through the profit or loss**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	-	21,000	**21,000**
Derivative financial instruments	-	250,000	-	**250,000**
Trade and other receivables (excluding prepayments)	89,342	-	-	**89,342**
Cash and cash equivalents	561,229	-	-	**561,229**
Total	650,571	250,000	21,000	**921,571**

Company - 31 December 2013 **Liabilities per Statement of Financial Position**	**At amortised cost**	**Total**
Borrowings	350,000	**350,000**
Trade and other payables (excluding non-financial liabilities)	1,377,511	**1,377,511**
Total	1,725,511	**1,725,511**

26. Business Combinations

NewMines Holdings Limited

On 28 March 2014, the Group acquired 100% of the share capital of NewMines Holdings Limited ('NewMines') for £250,000. NewMines is registered in Nevis and via its wholly owned subsidiary Tobon Tondo S.U.A.R.L. holds 250 sq. km. of gold exploration licences in western Mali. As a result of this acquisition the Group is expected to increase its presence in this market and commodity.

The goodwill of £9,182 arising from the acquisition is attributable to the expected upside potential of developing the licence areas through further exploration. None of the goodwill is expected to be deductible for tax purposes.

The following table summarises the consideration paid for NewMines and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration at 27 March 2014	£
Cash	-
Equity instruments (20,000,000 ordinary shares at 1.25 pence per share)	250,000
Total consideration (Note 8)	**250,000**

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	-
Trade and other receivables	818
Exploration assets (included within Intangible Assets) (Note 7)	240,000
Total identifiable net assets	**240,818**
Goodwill (Note 7)	**9,182**
Total consideration	**250,000**

The fair value of the 20,000,000 Ordinary Shares issued as consideration for NewMines was based on the agreed price of 1.25 pence per Ordinary Share.

The fair value of the exploration assets of £240,000 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks and the application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licences and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration assets acquired.

Had NewMines been consolidated from 1 January 2014, the revenue shown in the consolidated income statement would have remained the same and an additional loss for the period of £85,459 would have been recorded.

Gazelle Resources Inc

On 27 November 2014, the Group acquired 100% of the share capital of Gazelle Resources Inc ("Gazelle") for £350,000. Gazelle is registered in the British Virgin Islands and, via its wholly owned subsidiary Societe Miniere de Kerboulé SARL ("SMK") holds 399.5 sq. km. of gold exploration licences in Burkina Faso, which includes Kerboulé. As a result of this acquisition the Group is expected to increase its presence in this market and commodity.

The goodwill of £31,545 arising from the acquisition is attributable to the expected upside potential of developing the licence areas through further exploration. None of the goodwill is expected to be deductible for tax purposes.

The following table summarises the consideration paid for Gazelle and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

Consideration at 27 November 2014	£
Cash	-
Contingent consideration (Note 27)	-
Equity instruments (54,996,857 ordinary shares at 0.6364 pence per share)	350,000
Total consideration (Note 8)	**350,000**

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	1,027
Trade and other receivables	110,760
Property, plant & equipment (Note 6)	73,085
Payables	(116,417)
Exploration assets (included within Intangible Assets) (Note 7)	250,000
Total identifiable net assets	**318,455**
Goodwill (Note 7)	**31,545**
Total consideration	**350,000**

The fair value of the 54,996,857 Ordinary Shares issued as consideration for Gazelle was based on the agreed price of 0.6364 pence per Ordinary Share.

The fair value of the exploration assets of £250,000 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks and the application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licences and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration assets acquired.

Had Gazelle been consolidated from 1 January 2014, revenue shown in the consolidated income statement would have remained the same and an additional loss for the period of £1,700,910 would have been recorded.

27. Contingencies

Electrum Limited

The Group has entered into a contractual arrangement with Electrum Limited ("Electrum") in relation to the acquisition of Caracal Gold Mali SARL. Upon the Group establishing a proven and probable JORC compliant reserve greater than 500,000 ounces of gold in respect of the acquired gold exploration licences in south-west Mali, which includes Kossanto East and Kossanto West the Group is obligated to pay Electrum £1.25 million to be satisfied by the allotment of new Ordinary Shares in the Company.

Swala Resources Inc

The Group has entered into a contractual arrangement with Swala Resources Inc ("Swala") in relation to the acquisition of Gazelle Resources Inc., which includes Kerboulé. Upon the Group establishing any of the following:

a) 250,000 ounce gold JORC proven reserve or equivalent resource estimate at a minimum cut-off of 0.5 grams per tonne of gold;
b) 1 million ounce gold JORC inferred resource or equivalent resource estimate at a minimum cut-off of 0.5 grams per tonne of gold; or
c) commercial production of 75,000 ounces of gold;

the Group is obligated to pay Swala US$1.5 million to be satisfied, solely at the discretion of the Company, either in cash or by the allotment of new ordinary shares in the Company.

VAT Registration

The Company is in discussions with HM Revenue & Customs ("HMRC") in connection with the status of its VAT registration. HMRC is investigating whether the company was entitled to have reclaimed input VAT and in March 2014 issued a notice of assessment to the Company. At 31 December 2014, VAT receivable amounted to £177,958 (2013: £81,907). The Directors are confident they will be able to satisfactorily respond to all matters raised by HMRC on the basis that they believe the registration in place to be fully justified. In the opinion of the Directors the outcome of the discussions is unlikely to result in the Company having to refund any VAT previously reclaimed.

28. Commitments

(a) Licence agreements

On 23 November 2010, the Group acquired three gold exploration licences and, on 13 December 2010, two uranium exploration licences in Mauritania. These licences were for a period of three years from the date of grant and included commitments to pay annual land royalty fees in the second and third year and adhere to minimum spend requirements. The two uranium exploration licences were not renewed during the prior year and one gold exploration licence was not renewed in 2014, hence these licences have been fully impaired. On 11 August 2014 the remaining two gold exploration licences were renewed for a further three year period.

At the end of the licence period, the Group has the right to renew the licence or, if a defined resource has been established, apply for a mining licence for the target area. Upon grant of any mining licence the Mauritanian Government will receive a 10% shareholding of the rights and benefits of the licence area. The Mauritanian Government also has the option to purchase an additional 10% of the rights and benefits at the market rate upon granting of the mining licence.

On 20 May 2011, the Group acquired Nubian Gold Exploration Limited, which owns a gold and related minerals exploration licence in Ethiopia that was issued on 29 April 2011. This licence was renewed for a further three years from 29 April 2014 and includes commitments to pay annual land royalty fees and adhere to minimum spend requirements.

On 22 November 2011, the Group acquired Rift Valley Resources Limited, which owns a gold and related minerals exploration licence in Ethiopia that was issued on 10 August 2011. This licence was for a period of three years from the date of grant. The licence was renewed for a further three years from 28 October 2014 and includes commitments to pay annual land royalty fees and adhere to minimum spend requirements.

On 4 October 2013, the Group acquired AME West Africa Limited which, via its wholly owned subsidiary, Caracal Gold Mali SARL, owns gold and related minerals exploration licences in Mali. With the exception of one licence area which is in the process of being renewed, these licences have been recently renewed and include commitments to pay annual land royalty fees.

On 28 March 2014, the Group acquired NewMines Holdings Limited which, via its wholly owned subsidiary, Tobon Tondo SARL, owns a gold and related mineral exploration licence in Mali. This licence includes commitments to pay annual land royalty fees.

On 27 November 2014, the Group acquired Gazelle Resources Inc which, via its wholly owned subsidiary, Societe Miniere de Kerboulé SARL, owns gold and related mineral exploration licences in Burkina Faso. These licences include commitments to pay annual land royalty fees.

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For the year ended 31 December 2014

At 31 December 2014 the future aggregate minimum royalty fee payments and minimum spend requirements are as follows:

Group	Land royalty fees £	Minimum spend requirement £	Total £
Not later than one year	46,155	-	46,155
Later than one year and no later than five years	124,639	-	124,639
Total	**170,794**	**-**	**170,794**

(b) Bank guarantees

The Group has provided bank guarantees as security for the minimum spend requirements on the Mauritanian exploration licences. The guarantees are not released until the end of the licence period. The balance held via bank guarantee at 31 December 2014 is £21,601 (31 December 2013: £20,192) and is included within restricted assets (Note 10).

(c) Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Group	2014 £	2013 £
Intangible assets	**260,000**	260,000

The Group has entered into a contractual arrangement with O'Connor International Limited ("OCI") for consultancy work in the normal course of trade in respect of the Mauritanian licence areas acquired during the prior years. An amount of £130,000 for each gold licence, £260,000 in aggregate, remains committed under this contract. The payment of this fee is contingent on the issuance of a feasibility study by the Company indicating the economic feasibility for the relevant licence area. These amounts are to be paid via the issuance of new Ordinary Shares in the Company and will become payable on the date the relevant conditions are met unless the agreement is terminated prior to the conditions being met.

(d) Royalty agreements

As part of the contractual arrangement with OCI noted above, the Group has agreed to pay OCI a royalty on revenue for each gold licence acquired based on the total ounces of gold sold equal to US$1 for every US$250 of the sale price per ounce. These royalties will become payable when the licence areas move into production and resources are sold from any of these areas.

As part of the acquisition of Caracal Gold Mali SARL ("Caracal"), the Group has assumed contractual commitments to provide a 1% net revenue royalty on the first 300,000 ounces of gold generated from its gold exploration licences in Mali held by Caracal.

As part of the acquisition of Gazelle Resources Inc detailed in Note 26, the Group has assumed contractual commitments to provide a 3% net smelter return ("NSR") royalty on its gold exploration licences in Burkina Faso. Half of the NSR, which equates to 1.5% may be bought back at any time at the discretion of the Group in increments of 0.5% for the sum of US$500,000 per increment.

(d) Operating lease commitments

The Company leases office premises under a non-cancellable operating lease agreement. The lease is on a fixed term expiring in May 2015. The lease expenditure charged to the Income Statement during the year is disclosed in Note 18.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

Group	**2014** £	2013 £
Not later than one year	**6,250**	5,252
Later than one year but not later than five years	**-**	8,608
Total lease commitment	**6,250**	13,860

29. Related Party Transactions

Savannah Resources plc

As disclosed in Note 28, the Company leases office premises under a non-cancellable operating lease agreement. This lease agreement is between the Company and Savannah Resources plc ('Savannah'), a significant shareholder of the Company as at 31 December 2014. Savannah was paid £16,600 (2013: £3,750) by the Company in connection with the operating lease agreement.

Yorkville

In the prior year the Company entered into an equity swap agreement with Yorkville, a significant shareholder of the Company as at 31 December 2014, whereby the Company would receive a base amount of £250,000 to be settled across 12 monthly payments based on a formula related to the difference between the prevailing market price of the Company's ordinary shares in any month and a benchmark share price of 1.10 pence. For more information refer to Note 11.

Loans to Group undertakings

Amounts receivable as a result of loans granted to subsidiary undertakings are as follows:

	2014 £	2013 £
Alecto Holdings International Limited	**1,630**	1,400
Alecto Mauritania Limited	**1,676,826**	1,600,662
Nubian Gold Exploration Limited	**312,340**	355,133
Rift Valley Resources Limited	**338,771**	364,890
Caracal Gold Mali SARL	**1,562,369**	385,152
NewMines Holdings Limited	**677**	-
Tobon Tondo SARL	**7,874**	-
Societe Miniere de Kerboulé SARL	**21,595**	-
	3,922,082	2,707,237

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For the year ended 31 December 2014

Loans granted to subsidiary undertakings during the year comprised the following types of transactions:

	Repayments £	Cash advances £	Beneficial payments £	Consulting services £	Total £
Alecto Holdings International Limited	-	-	230	-	**230**
Alecto Mauritania Limited	-	38,619	9,392	28,153	**76,164**
Nubian Gold Exploration Limited	(118,480)	17,022	23,126	35,539	**(42,793)**
Rift Valley Resources Limited	(124,596)	32,629	31,514	34,334	**(26,119)**
Caracal Gold Mali SARL	-	418,866	487,391	270,960	**1,177,217**
NewMines Holdings Limited	-	-	677	-	**677**
Tobon Tondo SARL	-	-	-	7,874	**7,874**
Societe Miniere de Kerboulé SARL	-	6,643	-	14,952	**21,595**
	(243,076)	513,779	552,330	391,812	**1,214,845**

These amounts are interest free and repayable in Sterling when sufficient cash resources are available in the subsidiaries.

All intra Group transactions are eliminated on consolidation.

Other transactions

J Cubed Ventures Limited, a company of which Mark Jones is a director and beneficial owner, was paid a fee of £97,500 (2013: £52,500) for consulting services provided to the Company. A balance of £2,000 was outstanding at the year-end (2013: £9,000).

30. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

31. Events after the Reporting Date

On 15 January 2015 the Company raised £600,000 (gross) through the issue of 200,000,000 new Ordinary Shares at a price of 0.3 pence per share.

On 12 February 2015 the Company was given notice by Centamin plc of its intention to terminate the joint venture agreement with regard to the development of the Company's licences in the Ethiopia and accordingly on 13 May 2015 the agreement will be formally terminated.

On 27 April 2015 the Company issued 12,497,143 new Ordinary Shares to a consultant to the Company, in lieu of fees amounting to £17,496.