# Aurum Mining Plc

Company No. 05059457

## ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

# Annual Report and financial statements

for the year ended 31 March 2014

## Contents

# Company information

| | | |
|---|---|---|
| **Directors** | Sean Finlay | Non-Executive Chairman |
| | Chris Eadie | Chief Executive Officer |
| | Haresh Kanabar | Non-Executive Director |
| | Mark Jones | Non-Executive Director |

**Company Secretary and Registered Office**

Haresh Kanabar
22 Great James Street
London
WC1N 3ES

**Company Number**

05059457

**Nominated Adviser and Broker**

W H Ireland Limited
24 Martin Lane
London
EC4 0DR

**Auditors**

BDO LLP
55 Baker Street
London
W1U 7EU

**Solicitors**

Wragge Lawrence Graham & Co LLP
4 More London Riverside
London
SE1 2AU

**Registrars**

Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
West Midlands
B63 3DA

**Website**

www.aurummining.net

# Review of activities

for the year ended 31 March 2014

The period under review has been a time of restructuring and transformation for Aurum as the Board looks to adapt the strategy and direction of the Company to ensure its growth and development in spite of the very challenging market conditions that continue to adversely impact the junior mining sector.

As outlined in the Company's Interim financial results announcement, which was released in December 2013, the prevailing market conditions have provided the Board with an extremely frustrating backdrop against which to operate and as a result, and despite the strength and prospectivity of the Company's gold and tungsten portfolio, the Board took the difficult decision to change the strategic direction of the Company to give it the optimal chance of achieving its strategic objectives.

Initially, and as a direct result the lack of availability of commercial funding, the Board adopted a strategy of looking for strategic investors and partners to help fund the Company's asset portfolio. The first step in this process was completed in October 2013, when the Company completed a deal with Plymouth Minerals Limited ("Plymouth") (ASX: PLH) as partner for Aurum on the Morille tungsten project. While disappointed that the Company could not develop the Morille project on a standalone basis, the Board felt that the 'farmout' deal negotiated with Plymouth fulfilled the key criteria and objectives – it raised some upfront cash for the Company, gave the Company a healthy ongoing carry in the project while reducing the Company's need to fund the asset, and gives Aurum a healthy share in the upside of the project should Plymouth dispose of the project in the next two years.

More recently, and following detailed engagement with the Company's key stakeholders the Board has taken the view that it must take further action in order to ensure that the Company can grow and develop. As a result, the Board, while working closely in conjunction with the Company's major Shareholder, is now looking at identifying and completing a transformational deal that will guarantee the future of the Company. Given the precarious state of the junior natural resources sector, the Board is looking at both natural resource and non-natural resource deals and this will be the focus of the next period. The key is to find a deal that will give the Company a sustainable and long-term future, freeing the Company from the structural change occurring in the junior mining market. The Board is in discussions with a number of parties about potential deals and very much hopes that it will be in a position to complete a deal by the end of the calendar year. It is probable that the completion of a deal will require the approval of shareholders in accordance with the AIM rules.

In tandem with this approach, the Company will seek to derive value from the successful exploration work done on the gold projects to date. Aurum is working closely with its joint venture partner Ormonde Mining plc ("Ormonde") (AIM: ORM) to achieve this. There have been a number of discussions with interested parties around structuring a deal for Aurum's interest and participation in the gold projects and a number of these discussions are on-going. Currently activity on the gold projects is at a very low level, and during this transitional period Aurum will not be funding the projects – this will lead to a small immaterial dilution in its interest on the gold projects. To date, Aurum's interests in the three gold projects have been diluted by just over a half of one percent.

Shareholders in AIM listed junior mining companies have faced a long period of falling valuations and increased dilution with no end in sight for the ongoing downturn. The future for many juniors is bleak. Aurum however, has significant support from its major shareholder who is aligned with the Board's strategy.

## Morille tungsten project

As highlighted above, the Company was very pleased to have identified and completed a deal with Plymouth as the partner for Aurum on the Morille tungsten project.

The Board felt that, in addition to the deal structure giving Aurum what it wanted to get out of the partnering arrangement, most importantly a sizeable carried interest in the project, that Plymouth also had the necessary capital to drive the project forward and a management team who have the necessary skill set to deliver on the project and to therefore realise value from Aurum's residual stake in the project. Plymouth is looking to aggressively pursue its exploration programme at Morille, something that Aurum was not able to achieve given its financial limitations.

The Board has, to date, been impressed by the energy and enthusiasm of Plymouth and the exploration work carried out by Plymouth to date has yielded some very promising results. The Board looks forward to updating the market with further exploration updates in the near future.

The key terms of Aurum's 'farmout' deal with Plymouth were as follows:

- Plymouth paid Aurum €300,000 to acquire an 80% interest in the Morille project of which €250,000 was paid upfront and the balance is payable in October 2014 when Plymouth will issue Aurum shares in Plymouth with a value of €50,000.
- Aurum retains a 20% carried interest in the Morille project. Plymouth have retained the right to acquire this 20% at any stage for £2,500,000 in cash, until the decision to mine is made.
- Once a decision is reached to proceed with a mining project at Morille, Aurum can choose to dispose of its interest, fund its 20% percentage, or convert to a 0.5% net smelter return ("NSR").
- Should Plymouth dispose of its interest in the Morille project within the first 24 months of owning it, Aurum will be eligible for a 30% share of Plymouth's profits from the disposal.

In conclusion the Board was frustrated that Aurum could not pursue the Morille project itself, but it feels the deal with Plymouth gives the Company a large residual stake in a project in which it believes there is significant potential, a point already proved by the initial exploration success that Plymouth has already had.

The first phase drilling programme at Morille has been completed and 61 Reverse Circulation ("RC") holes were drilled as part of the programme, totalling 3,982 metres ("m"). Numerous significant near-surface scheelite intercepts were identified and the programme has identified multiple follow-up targets for future exploration and resource definition drilling, which will be tackled as part of the second phase drilling programme.

Significant assay results from drilling programme include:

- 4m @ 1.29% $WO_3$ from 61m and 4m @ 0.31% $WO_3$ from 68m (MAC-RC 046)
- 2m @ 0.30% $WO_3$ from 18m (MAC-RC-045)
- 7m @ 1.28% $WO_3$ from 67m (WES-RC-040)
- 6.25m @ 0.29% $WO_3$ from 26.75m (DDH M010)
- 1.45m @ 0.95% $WO_3$ from 19.35m (DDH M001)
- 5m @ 0.24% $WO_3$ (*incl* 2m @ 0.42% $WO_3$) from 28m (MAC-RC-009)

One of the really encouraging aspects of the first phase drilling programme is that shallow high-grade scheelite mineralisation has been proven in situ both outside of, and as extensions to, the historic operating mines on the Morille project area. Results validate that historic mining at Morille was constrained by landholders and not mineralisation/mine depletion.

The Morille project covers a large geographical area (57 $km^2$) and there are multiple exploration targets – the first phase of drilling targeted only 6 of 16 known historic mine areas within the 57 project area. While highly prospective, the Board was cognisant of how much drilling, and hence financial resource will be required to gain a comprehensive understanding of the opportunity of the project and for resource drilling and this was one of the key attractions of the deal with Plymouth.

A second phase drilling programme is planned over coming months and this will be supported by follow up geophysical and metallurgical work. The Board looks forward to keeping the market updated on progress at Morille.

## Gold projects

Over the last couple of years, the joint venture between Ormonde and Aurum has made substantial progress on each of its three gold projects and has raised the prospect that the joint-venture could be on the brink of three considerable new gold discoveries in North West Spain. The near surface mineralisation identified at the Peralonso and Cabeza license areas are of particular interest as both have the potential for high grade resource and for rapid and low cost development. The recent work carried out at Pino highlights that, as hoped, the project may have considerable scale.

All three gold projects are highly prospective and have clearly defined follow up targets for exploration drilling – as mentioned the Board is now looking at a number of options to facilitate the funding of these.

During the recent period, a majority of the exploration work has been carried out at the Cabeza, and this remains one of the key follow up targets for the joint venture. The Board very much hopes that a mechanism to fund exploration work at Cabeza and the other permit areas can be found.

Initial exploration work at Cabeza has indicated it to be an exploration target of great promise and the Board is extremely optimistic about its potential. Soil geochemistry, prospecting, geophysics and trenching work carried out have all indicated that the permit area has the potential to host a large, previously unrecognised, near surface gold system but a comprehensive follow up drilling campaign is required.

## Key financials

For the twelve months to 31 March 2014, the Group reported a loss of £530,000 compared to a loss of £690,000 for the same period in 2013. The loss for the current year includes a £52,000 accounting loss resulting from discontinued operations.

Cash at the end of March 2014 was circa £214,000.

During this period of transition, cash management and cost control have remained key priorities for the Company. During the period, administrative costs have been materially reduced, including significant reductions in Directors' salaries. The full impact of these cost reductions will be visible in the 2015 financial year numbers.

## Corporate

The Board would like to extend its thanks to Ormonde who continue to be a strong joint venture partner for Aurum. The Board recognises the value of a joint venture with a Company who have a well-established footprint in Spain and a logistical strength from which the joint venture benefits.

The Board would also like its Shareholders and advisers for their on-going support during this challenging period.

## Qualified person

Sean Finlay, Professional Geologist, Chartered Engineer, Chairman of Aurum Mining plc, and a qualified person as defined in the Guidance Note for Mining, Oil and Gas Companies, June 2009, of the London Stock Exchange, has reviewed and approved the technical information contained in this report.

On behalf of the Board

**Sean Finlay**
Chairman

**Chris Eadie**
Chief Executive Officer

15 August 2014

# Strategic report

for the year ended 31 March 2014

## Principal activity

The Group's principal activity in the year under review comprised the exploration of gold and tungsten projects in north west Spain. The gold projects are held through joint venture with Ormonde.

The Group currently retains a 20% carried interest in the Morille tungsten project following its farmout deal with Plymouth.

## Business review and future developments

A detailed review of activities for the year and future prospects of the Group are included in the Review of Activities Report on pages 3 to 5.

## Principal risks and uncertainties

The Group's activities are carried out in Spain and United Kingdom. Accordingly the principal risks and uncertainties are considered to be the following:

### Exploration risk

Exploration activities are high risk undertaking and there can be no guarantee that exploration will result in the discovery of an economically viable ore body. Exploration activities may be delayed or adversely affected by factors outside the Group's control, in particular; climatic conditions, performance of joint venture partners or suppliers, unknown geological conditions, actions of host governments or other regulatory authorities relating to the grant, maintenance or renewal of any required authorizations, environmental regulations or changes in law.

### Financing risk

The Board is looking at a number of options to ensure future funding is secured, though there are no guarantees that adequate finance will be available to the Group to support its strategy.

## Key performance indicators (KPIs)

Costs: The Board and management monitor actual against budgeted costs on a monthly basis.

Finance: Control of bank and cash balances is a priority for the Group and these are budgeted and monitored closely to ensure that the Group maintains adequate liquidity to meet financial commitments as they arise.

Performance: The Board monitor the progress of the projects against the business plan on a monthly basis.

At this stage in its development, quantitative key performance indicators are not an effective way to measure the Group's performance.

On behalf of the Board

**Chris Eadie**
Chief Executive Officer

15 August 2014

# Report of the Directors

for the year ended 31 March 2014

The Directors present their report together with the audited financial statements for the year ended 31 March 2014.

## Dividends

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

## Strategic report

A review of the business and future developments of the Company are included within the Strategic Report and the Review of Activities Report on pages 3 to 6.

## Directors and Directors' interests

The Directors of the Company during the year and their beneficial interests in the ordinary shares of the Company for the year were as follows:

| | Number of shares held at 31 March 2014 | Number of shares held at 31 March 2013 |
|---|---|---|
| C Eadie | 1,000,001 | 1,000,001 |
| M Jones | 2,746,946 | 2,746,946 |
| S Finlay | 666,055 | 666,055 |
| H Kanabar | 841,668 | 841,668 |

The Directors' interests in the share options of the Company at 31 March 2014 and 31 March 2013 are as follows:

| | Number of options at 1 April 2013 | Number of options granted during the year | Number of options exercised during the year | Number of options at 31 March 2014 | Exercise Price | Date of grant | First date of exercise | Final date of exercise |
|---|---|---|---|---|---|---|---|---|
| C Eadie | 2,000,000 | – | – | 2,000,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| M Jones | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| S Finlay | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| H Kanabar | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |

The remuneration of Directors during the year is disclosed in note 7.

## Donations

The Group made no political donations during the period (2013: £nil).

## Going concern

Following a review of the Group's operations, its current financial position and cash flow forecasts, the Directors do not believe that the Group currently has sufficient cash resources to continue in operational existence for the next twelve months. However in addition to having assets for potential sale and further consideration from the part disposal of the Morille tungsten project falling due, the Directors have also been provided with a Letter of Support from the Group's major Shareholder which commits to underwrite the Group's underlying operating costs for a period of twelve months from the signing of these financial statements.

Based on the above the Directors have formed a view that the Group will have financial resources available to it, in the twelve months from the date of signing these financial statements, to enable the Group to meet its financial commitments as they arise. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

Further disclosure is provided in Note 1 of the financial statements.

## Events after the reporting date

Details of this are included in the Review of Activities Report on pages 3 to 5.

## Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 21 of the financial statements.

## Statement as to disclosure of information to auditors

The Directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information on which the auditors are unaware. Each of the Directors has confirmed that they have taken all steps that he ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

## Annual General Meeting

The Company proposes to convene the Annual General Meeting for 12 noon on 29 September 2014 at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU. Notice of the Annual General Meeting is attached at the end of this document.

The special business to be proposed at the Annual General Meeting relates to the following matters:

**Resolution 5**

The current authority of the Directors to issue shares will expire at the Company's 2014 Annual General Meeting. Resolution 5, which is proposed as an ordinary resolution, is to provide the Directors with authority to issue new ordinary shares up to an aggregate nominal value of £470,973.10 representing approximately one-third of the current issued share capital of the Company. This authority will expire on the earlier of the next annual general meeting of the Company or 30 September 2015.

**Resolution 6**

The current power of the Directors to issue shares on a non pre-emptive basis will expire at the Company's 2014 Annual General Meeting. Resolution 6, which is proposed as a special resolution, is to approve a disapplication of statutory pre-emption rights in respect of the issue of new ordinary shares or sale of treasury shares for cash up to an aggregate nominal value of £282,583.86 representing approximately 20 per cent. of the current issued share capital of the Company. The Directors have no current intention to issue shares pursuant to this authority but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change. This authority will expire on the earlier of the next annual general meeting of the Company or 30 September 2015.

**Resolution 7**

Resolution 7, which is proposed as a special resolution, is to authorise the Company to purchase up to 21,179,660 ordinary shares in the market, representing 14.99 per cent. of the current issued ordinary share capital of the Company, at a price not less than the nominal value of the ordinary shares (being one pence) and not more than 5 per cent. above the average of the middle market quotations of the Company's ordinary shares derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made. The Company may either cancel any shares that it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). This authority will expire on the earlier of the next annual general meeting of the Company or 30 September 2015. The Directors have no present intention of making such purchases, but consider that it is prudent to have this authority so as to be able to act at short notice if circumstances change. The authority would, however, only be exercised if the Directors believe that to do so would be in the best interests of shareholders generally.

## Auditors

BDO LLP has expressed its willingness to continue in office as auditors and a resolution to appoint BDO will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

**Chris Eadie**
Chief Executive Officer

15 August 2014

# Corporate governance statement

for the year ended 31 March 2014

The Company, being listed on AIM, is not required to comply with the UK Corporate Governance Code ("the Code") issued in May 2010. However the Company has given consideration to the provisions set out in the Code. The Directors support the objectives of the Code and intend to comply with those aspects that they consider relevant to the Group's size and circumstances but do not consider it necessary to comply with the code in its entirety. Details of these are set out below. A statement of the Directors' responsibilities in respect of the financial statements is set out on page 11. Below is a brief description of the role of the Board and its committees, including a statement regarding the Group's system of internal financial control.

## The Board of Directors

The Board currently comprises one Executive and three Non-Executive Directors.

The Board meets approximately every one to two months and is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

## Internal Financial Control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are appropriate to the nature and scale of the operations of the Group.

## The Audit Committee

An Audit Committee has been established which comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for ensuring that the financial performance of the Group is properly reported on and monitored, and for meeting the auditors and reviewing the reports from the auditors relating to accounts and internal controls. The Committee also reviews the Group's annual and interim financial statements before submission to the Board for approval. The role of the Audit Committee is also to consider the appointment of the auditors, audit fees, scope of audit work and any resultant findings.

## The Remuneration Committee

The Remuneration Committee comprises two Non-Executive Directors – Haresh Kanabar (who chairs the Committee) and Sean Finlay. It is responsible for reviewing the performance of the Executive Directors and for setting the scale and structure of their remuneration, paying due regard to the interests of Shareholders as a whole and the performance of the Group. The remuneration of the Chairman and the Non-Executive Directors is determined by the Board as a whole, based on a review of the current practices in other companies.

## The Nomination Committee

The Nomination Committee comprises two Non-Executive Directors – Sean Finlay (who chairs the Committee) and Haresh Kanabar. The Committee is responsible for reviewing the size, structure and composition of the Board of Directors, succession planning and identifying and monitoring candidates for all Board vacancies.

# Statement of Directors' responsibilities

for the year ended 31 March 2014

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 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. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# Report of the independent auditors

**To the members of Aurum Mining Plc**

We have audited the financial statements of Aurum Mining Plc for the year ended 31 March 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows 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 auditors

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

## Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

## Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 March 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 disclosures made in note 1 to the financial statements concerning the Group's and the Company's ability to continue as a going concerns. The Directors have reviewed the financial position of the Group and the Company and acknowledge that additional funds need to be raised from the sale of assets, the issue of further equity or debt instruments or from funds provided by the Company's major Shareholder. Although the directors are confident of being able to obtain additional funds, this cannot be guaranteed and there are no legally binding agreements in place relating to the raising of additional funds. These circumstances indicate the existence of a material uncertainty, which may cast significant doubt on the Group and Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

# Report of the independent auditors

**To the members of Aurum Mining Plc**

continued

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## 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.

**Anne Sayers** (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

15 August 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# Consolidated income statement

for the year ended 31 March 2014

| | Notes | 2014 £'000 | 2013 £'000 |
|---|---|---|---|
| Administrative expenses | | (479) | (624) |
| **Operating loss** | 5 | (479) | (624) |
| Finance income | 8 | 1 | 9 |
| **Loss for the year before taxation** | | (478) | (615) |
| **Taxation** | 9 | – | – |
| **Loss for the year from continuing operations** | | (478) | (615) |
| **Loss for the year from discontinued operations** | 4 | (52) | (75) |
| **Loss attributable to the equity shareholders of the parent company** | | (530) | (690) |
| **Loss per share expressed in pence per share** | | | |
| **From continuing operations** | | | |
| Basic and Diluted | 10 | (0.34p) | (0.49p) |
| **From discontinued operations** | | | |
| Basic and Diluted | 10 | (0.03p) | (0.06p) |
| **Total operations** | | | |
| Basic and Diluted | 10 | (0.37p) | (0.55p) |

The notes on pages 20 to 39 form part of these financial statements.

# Consolidated statement of comprehensive income

for the year ended 31 March 2014

| | 2014<br>£'000 | 2013<br>£'000 |
|---|---|---|
| **Loss after taxation for the financial year** | (530) | (690) |
| **Items that will or may be reclassified to P&L:** | | |
| Exchange translation differences on consolidation of Group entities | – | – |
| **Other comprehensive income** | – | – |
| **Total comprehensive expense attributable to the equity shareholders of the parent company** | (530) | (690) |

The notes on pages 20 to 39 form part of these financial statements.

# Consolidated and Company statement of financial position

as at 31 March 2014

| | Note | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Intangible assets | 12 | 899 | 1,000 | 899 | 740 |
| Investments in subsidiaries | 13 | – | – | – | 2 |
| Investments | 14 | 64 | – | 64 | – |
| Amounts owed by subsidiaries | 15 | – | – | – | 282 |
| **Total non-current assets** | | 963 | 1,000 | 963 | 1,024 |
| **Current assets** | | | | | |
| Receivables | 16 | 62 | 57 | 62 | 33 |
| Cash and cash equivalents | 21 | 214 | 698 | 214 | 694 |
| **Total current assets** | | 276 | 755 | 276 | 727 |
| **Total assets** | | 1,239 | 1,755 | 1,239 | 1,751 |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | 113 | 99 | 113 | 95 |
| **Total current liabilities** | | 113 | 99 | 113 | 95 |
| **Total liabilities** | | 113 | 99 | 113 | 95 |
| **Net assets** | | 1,126 | 1,656 | 1,126 | 1,656 |
| **Capital and reserves attributable to the equity holders of the company** | | | | | |
| Share capital | 19 | 1,413 | 1,413 | 1,413 | 1,413 |
| Share premium | | 11,585 | 11,585 | 11,585 | 11,585 |
| Retained deficit | | (11,872) | (11,342) | (11,872) | (11,342) |
| **Total Equity** | | 1,126 | 1,656 | 1,126 | 1,656 |

The financial statements were approved by the Board of Directors and authorised for issue on 15 August 2014. They were signed on its behalf by:

**Chris Eadie**
Chief Executive Officer

Company number: 05059457

The notes on pages 20 to 39 form part of these financial statements.

# Consolidated statement of changes in equity

for the year ended 31 March 2014

| | Share capital £'000 | Share premium £'000 | Retained deficit £'000 | Total equity £'000 |
|---|---|---|---|---|
| At 1 April 2012 | 1,182 | 11,172 | (10,665) | 1,689 |
| Total comprehensive expense for the year | – | – | (690) | (690) |
| Share based payments | – | – | 13 | 13 |
| Issue of shares net of issue costs (see note 19) | 231 | 413 | – | 644 |
| **At 31 March 2013** | 1,413 | 11,585 | (11,342) | 1,656 |
| Total comprehensive expense for the year | – | – | (530) | (530) |
| **At 31 March 2014** | 1,413 | 11,585 | (11,872) | 1,126 |

The notes on pages 20 to 39 form part of these financial statements.

# Company statement of changes in equity

for the year ended 31 March 2014

| | Share capital £'000 | Share premium £'000 | Retained deficit £'000 | Total equity £'000 |
|---|---|---|---|---|
| At 1 April 2012 | 1,182 | 11,172 | (10,665) | 1,689 |
| Total comprehensive expense for the year | – | – | (690) | (690) |
| Share based payments | – | – | 13 | 13 |
| Issue of shares net of issue costs (see note 19) | 231 | 413 | – | 644 |
| **At 31 March 2013** | 1,413 | 11,585 | (11,342) | 1,656 |
| Total comprehensive expense for the year | – | – | (530) | (530) |
| **At 31 March 2014** | 1,413 | 11,585 | (11,872) | 1,126 |

The following describes the nature and purpose of each reserve within owners' equity for both the Company and the Group.

| Reserve | Description and purpose |
|---|---|
| Share capital | Amounts subscribed for share capital at nominal value. |
| Share premium | Amounts subscribed for share capital in excess of nominal value. |
| Retained deficit | Cumulative net gains and losses recognised in the income statement less distributions made. |

The Company has taken advantage of the exemption provided under Section 408 of the Companies Act 2006 not to publish its individual income statement, statement of comprehensive income and related notes. The Company's loss for the year was £530,000 (2013: loss of £690,000).

The notes on pages 20 to 39 form part of these financial statements.

# Consolidated and Company statements of cash flows

for the year ended 31 March 2014

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>£'000 | 2013<br>£'000 | 2014<br>£'000 | 2013<br>£'000 |
| **Cash flows from operating activities** | | | | |
| Loss for the year before tax | (530) | (690) | (530) | (690) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | – | 1 | – | 1 |
| Finance income | (1) | (9) | (1) | (9) |
| Impairment losses | – | – | – | 75 |
| Disposal of subsidiaries (see note 4) | 30 | – | 52 | – |
| Share based payments | – | 13 | – | 13 |
| Exchange differences | 1 | 8 | 1 | 8 |
| **Cash flow from operating activities before changes in working capital** | (500) | (677) | (478) | (602) |
| Increase in other receivables | 37 | – | 13 | 24 |
| Increase/(decrease) in trade and other payables | 14 | (22) | 18 | (26) |
| **Net cash flow used in operating activities** | (449) | (699) | (447) | (604) |
| **Investing activities** | | | | |
| Ormonde joint venture payments | (159) | (305) | (159) | (305) |
| Expenditure on tungsten project | – | (260) | – | – |
| Disposal of subsidiary net of cash (see note 4) | 124 | – | 186 | – |
| Increase in loans to subsidiaries | – | – | (60) | (357) |
| Investment in subsidiaries | – | – | – | (2) |
| Interest income | – | 1 | – | 1 |
| **Net cash flow used in investing activities** | (35) | (564) | (33) | (663) |
| **Financing activities** | | | | |
| Proceeds from issue of share capital | – | 694 | – | 694 |
| Expenses paid in connection with share issues | – | (50) | – | (50) |
| **Net cash flow from financing activities** | – | 644 | – | 644 |
| **Net decrease in cash and cash equivalents** | (484) | (619) | (480) | (623) |
| **Cash and cash equivalents at the beginning of the year** | 698 | 1,317 | 694 | 1,317 |
| Effect of exchange rate changes on cash and cash equivalents | – | – | – | – |
| **Cash and cash equivalents at the end of the year** | 214 | 698 | 214 | 694 |

The notes on pages 20 to 39 form part of these financial statements.

## 1 Accounting policies

The Company is a public limited Company incorporated and domiciled in the United Kingdom. The address of its registered office is 22 Great James Street, London, WC1N 3ES. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These financial statements for the year ended 31 March 2014 have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs).

### Functional and presentational currency

The Group financial statements are presented in Great Britain Pounds Sterling, and all values are rounded to the nearest thousand Pounds (£'000) except when otherwise indicated. The functional currencies of the individual Group companies are:

| Company | Functional currency |
|---|---|
| Aurum Mining Plc | Great Britain Pound Sterling (GBP) |
| Castilla Mining SLU | Euro |
| Morille Mining SLU | Euro |
| Tormes Mining SLU | Euro |

### Basis of accounting and adoption of new and revised standards

(a) **Standards, amendments and interpretations effective in 2013:**

The following new standards and amendments to standards are mandatory for the first time for the Group for the financial year beginning 1 January 2013. Except as noted, the implementation of these standards did not have a material effect on the Group:

| Standard | Impact on initial application | Effective date |
|---|---|---|
| IAS 1 (Amendment) | Presentation of items of other comprehensive income | 1 July 2012 |
| IFRS 13 | Fair value measurement | 1 January 2013 |
| IAS 19 (Amendment 2011) | Employee benefits | 1 January 2013 |
| IFRS 7 (Amendment 2011) | Disclosures – offsetting financial assets and financial liabilities | 1 January 2013 |

(b) **Standards, amendments and interpretations that are not yet effective and have not been early adopted:**

| Standard | Impact on initial application | Effective date |
|---|---|---|
| IAS 32 (Amendment 2011) | Offsetting financial assets and financial liabilities | 1 January 2014 |
| IFRS 11 | Joint arrangements | 1 January 2014* |
| IFRS 10 | Consolidated financial statements | 1 January 2014* |
| IFRS 12 | Disclosure of interest in other entities | 1 January 2014* |
| IAS 27 (Amendment 2011) | Separate financial statements | 1 January 2014* |
| IAS 28 (Amendment 2011) | Investments in associates and joint ventures | 1 January 2014* |
| IFRIC 21 | Levies | 1 January 2014 |
| IFRS 9 | Financial instruments | n/a |

*Effective date 1 January 2014 for the EU.

The Group does not expect the pronouncements to have a material impact on the Group's earnings or shareholders' funds.

## 1 Accounting policies (continued)

**Going concern**

Following a review of the Group's and Company's operations, its current financial position and cash flow forecasts, the Directors do not believe that the Group and Company currently has sufficient cash resources to continue in operational existence for the next twelve months. However in addition to having assets for potential sale and further consideration from the part disposal of the Morille tungsten project falling due as well as the option of issuing further equity, the Directors have also been provided with a Letter of Support from the Group's major Shareholder which commits to underwrite the Group's and Company's underlying operating costs for a period of twelve months from the signing of these financial statements.

Based on the above the Directors have formed a view that the Group and Company will have financial resources available to it, in the twelve months from the date of signing these financial statements, to enable the Group and Company to meet its financial commitments as they arise. Accordingly, the Directors continue to adopt the going concern basis for the preparation of these financial statements.

There are no legally binding agreements in place for the above which indicates the existence of a material uncertainty which may cast significant doubt about the Group and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern, which would principally relate to the impairment of intangible assets.

**Foreign currency transactions**

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at the fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined.

The income statements of individual Group companies with functional currencies other than Pound Sterling are translated into Pound Sterling at the rate approximating the rate ruling at the date of the transaction and the reporting translated at the rate of exchange ruling on the reporting date. Exchange differences which arise from retranslation of the opening net assets and results of such subsidiary undertakings are taken to other comprehensive income. On disposal of such entities, the deferred cumulative amount recognised in equity relating to that particular operation is recognised in the income statement.

**Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated profit and loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses and intra-group unrealised profits and losses are eliminated on consolidation.

Subsidiaries are deconsolidated from the date on which control ceases.

1 **Accounting policies** (continued)

**Property, plant and equipment**

Property, plant and equipment, is stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price plus any directly attributable costs to bring the asset into working condition and location for its intended use.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset over its useful life:

| | |
|---|---|
| Office and computer equipment | 20% to 33% per annum |

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

**Investments in subsidiaries**

Investments in subsidiary undertakings are shown at cost less provisions for impairment. The cost of acquisition includes directly attributable professional fees and other expenses incurred in connection with the acquisition.

**Operating leases**

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the term of the lease.

**Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**Financial instruments**

Financial assets and financial liabilities are recognised in the Group or Company's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

**Financial assets**

The Group or Company's financial assets fall into two categories, loans and receivables and available for sale financial assets which are discussed below. The Group or Company does not have any held to maturity or fair value through profit or available for sale financial assets.

(a) **Loans and receivables**

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

(b) **Available for sale financial assets**

These comprise of the Group's investments in entities not qualifying as subsidiaries, associate or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in the income statement. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be readily measured are measured at cost.

## 1 Accounting policies (continued)

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments with less than three months original maturity that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

**Financial liabilities and equity**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group or Company's financial liabilities fall into one category, financial liabilities held at amortised cost, which is discussed below.

**Financial liabilities held at amortised cost**

Financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. The Group or Company's financial liabilities are trade payables and other short term liabilities.

**Equity instruments**

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

**Provisions**

Provisions are recognised when the Group or Company has a present obligation as a result of a past event, and it is probable that the Group or Company will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**Finance income and expense**

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognised as it accrues, calculated in accordance with the effective interest rate method.

Finance costs comprise interest expense on borrowings, the accumulation of interest on provisions and foreign exchange losses. All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs.

**Income taxes**

The charge for taxation is based on the profit or loss for the year and takes into account deferred tax. Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax based in the computation of taxable profit or loss, and is accounted for using the balance sheet method.

Deferred tax assets are only recognised to the extent that it is probable that future tax profit will be available in the foreseeable future against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the reporting date.

**National Insurance on share options**

To the extent that the share price as at the reporting date is greater than the exercise price of outstanding options, provision for any National Insurance contributions has been made based on the prevailing rate. The provision is accrued over the performance period attaching to the award.

## 1 Accounting policies (continued)

**Pension contribution**

The Group does not enter into any pension scheme arrangements. The Group does make payments in lieu of pensions for certain individuals; these costs are expensed as incurred.

**Share-based payments**

In order to calculate the charge for share-based payments as required by IFRS2, the Group makes estimates principally relating to assumptions used in its option-pricing model as set out in note 20.

The cost of equity-settled transactions with suppliers of goods and services is measured by reference to the fair value of the good or service received, unless that fair value cannot be estimated reliably. The fair value of the good or service received is recognised as an expense as the Group receives the good or service. The cost of equity-settled transactions with employees, and transactions with suppliers where fair value cannot be estimated reliably, is measured by reference to the fair value of the equity instrument. The fair value of equity-settled transactions with employees is recognised as an expense over the vesting period. The fair value of the equity instrument is determined at the date of grant, taking into account market based vesting conditions. The fair value is determined using an option pricing model.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each reporting date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous reporting date is recognised in the income statement, with a corresponding entry in equity.

**Joint ventures**

Joint ventures are those ventures in which the Group holds an interest on a long term basis which are jointly controlled by the Group and one or more venturers under a contractual arrangement. When these arrangements do not constitute entities in their own right, the consolidated financial statements reflect the relevant proportion of costs, revenues, assets and liabilities applicable to the Group's interests in accordance with IAS 31. The Group's exploration, development and production activities are generally conducted jointly with other companies in this way.

**Pre-production assets**

Pre-production assets are categorized as intangible assets on the statement of financial position. Pre-licence expenditure is expensed as directed by IFRS 6. Expenditure on licence acquisition costs, geological and geophysical costs, costs of drilling exploration, appraisal and development drilling, and an appropriate share of overheads are capitalised in the relevant cash-generating unit. These costs which relate to the exploration, appraisal and development of mining interests are initially held as intangible non-current assets pending determination of commercial viability. On commencement of production these costs are transferred to Production assets.

## 1 Accounting policies (continued)

**Impairment tests**

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units) as disclosed in the Notes. As a result, some assets are tested individually for impairment and some are tested at cash generating unit level.

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

## 2 Accounting estimates and judgements

The preparation of financial information in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial information and the reported amounts of expenses during the reporting periods. Although these estimates are based on management's best knowledge of the amounts, event or actions, actual results ultimately may differ from those estimates. The key accounting estimates and judgments are set out below:

(a) **Carrying value of mineral properties and development costs**

The Group assesses at each reporting period whether there is any indication that there may be facts or circumstances relating to these assets which may be impaired. If such indication exits, the Group estimates the recoverable amount of the asset. In the early stages of exploration an indication of impairment may arise from drilling and assay results or from management's decision to terminate the project. The recoverable amount is assessed by reference to the higher of 'value in use' where a project is still expected to be developed into production and 'fair value less cost to sell'.

(b) **Deferred development costs**

The Group has to apply judgement in determining whether exploration and evaluation expenditure should be capitalised within intangible assets as deferred development cost or expensed. The Group has a policy of capitalising all deferred development costs. Management therefore exercises judgement based on the nature, type and purpose of the exposure incurred. The total value of deferred development costs capitalised as at each of the reporting dates is set out in Note 12.

(c) **Share-based payments**

In determining the fair value of share-based payments made during the period, a number of assumptions have been made by management. The details of these assumptions are set out in Note 20.

(d) **Going concern**

In assessing whether the Group is a going concern and confirming the basis of preparation for the year a number of judgements have been made. The details of these judgments are set out in Note 1.

## 3 Segmental information

The Group had three reportable segments: Corporate and Investment, Gold and Tungsten Exploration and Evaluation.

Corporate and Investment – The head office activities of the Group and all non-current assets allocated to corporate activities in the United Kingdom.

Exploration and Evaluation – Gold exploration and evaluation activities carried out with partners under the Group's farm in agreement.

Exploration and Evaluation – Tungsten exploration and evaluation.

The operating results of these segments are regularly reviewed by the Group's chief operating decision maker in order to make decisions about the allocation of resources and access their performance. The Executive Director is considered to be the chief operating decision maker.

The accounting policies of these segments are in line with those described in note 1.

The segment results as follows:

| **Year ended 31 March 2014** | **Corporate and Investment £'000** | **Gold Exploration and Evaluation £'000** | **Tungsten Exploration and Evaluation £'000** | **Group £'000** |
|---|---|---|---|---|
| Loss on sale of discontinued operations | – | – | (30) | (30) |
| Operating expenses | (479) | – | (22) | (501) |
| Segment result | (479) | – | (52) | (531) |
| Finance income | | | | 1 |
| Finance expenses | | | | – |
| Loss for the year | | | | (530) |

| **Year ended 31 March 2013** | **Corporate and Investment £'000** | **Gold Exploration and Evaluation £'000** | **Tungsten Exploration and Evaluation £'000** | **Group £'000** |
|---|---|---|---|---|
| Operating expenses | (624) | – | (75) | (699) |
| Segment result | (624) | – | (75) | (699) |
| Finance income | | | | 9 |
| Finance expenses | | | | – |
| Loss for the year | | | | (690) |

## 3 Segmental information (continued)

The segment assets and liabilities and capital expenditure are analysed as follows:

| Year ended 31 March 2014 | Corporate and Investment £'000 | Gold Exploration and Evaluation £'000 | Tungsten Exploration and Evaluation £'000 | Group £'000 |
|---|---|---|---|---|
| Segment assets | 276 | 899 | 64 | 1,239 |
| Segment liabilities | (113) | – | – | (113) |
| Segment net assets | 163 | 899 | 64 | 1,126 |
| Capital expenditure | – | – | – | – |

| Year ended 31 March 2013 | Corporate and Investment £'000 | Gold Exploration and Evaluation £'000 | Tungsten Exploration and Evaluation £'000 | Group £'000 |
|---|---|---|---|---|
| Segment assets | 755 | 740 | 260 | 1,755 |
| Segment liabilities | (99) | – | – | (99) |
| Segment net assets | 656 | 740 | 260 | 1,656 |
| Capital expenditure | – | – | – | – |

## 4 Discontinued operations

On 30 October 2013, Aurum disposed of an 80% interest in Morille tungsten project through the disposal of 80% of its wholly owned subsidiary Morille. Morille was a wholly owned subsidiary of Aurum Mining PLC which was held indirectly through a wholly owned subsidiary Castilla Mining SLU ('Castilla'). Prior to the transaction, the Company effected a reorganisation of the Group in order to leave Aurum with a 20% residual shareholding in Morille following the transaction with Plymouth.

The principle elements of the reorganisation were:

(a) Aurum acquired a direct 20% Shareholding in Morille from Castilla, in October 2013.

(b) Following the above step, Aurum disposed of 100% of Castilla (and therefore an 80% interest in Morille) to Plymouth (a company listed on the ASX).The disposal to Plymouth was for a total consideration of €300,000 (£251,000 at exchange rate of 1.195 euros to GBP) of which €50,000 has been deferred for 12 months and will be settled by issue of shares in Plymouth.

For the avoidance of doubt post the reorganisation Aurum was left with a 20% direct interest in Morille and the remaining 80% is owned by Plymouth.

Further details on these transactions can be found in the Review of Activities on pages 3 to 5 and Note 14 – Investments.

## 4 Discontinued operations (continued)

Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

| Group | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Consideration received:** | | |
| Consideration Cash | 188 | – |
| Consideration Option fee (cash) | 21 | – |
| Deferred consideration (payment in Plymouth shares on 31/10/14) | 42 | – |
| Fair value of investment retained | 64 | – |
| **Total consideration** | 315 | – |
| **Net assets disposed:** | | |
| Non-current assets | 318 | – |
| Trade and other receivables | 6 | – |
| Legal costs directly attributable to sale of Castilla/Morille Mining | 21 | – |
| **Total net assets disposed of** | 345 | – |
| **Loss on disposal of discontinued operations** | (30) | – |

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Results of discontinued operations:** | | |
| Operating expenses | (22) | (75) |
| Loss from selling operations after tax | (30) | – |
| **Loss from discontinued operations** | (52) | (75) |
| **The cash flow statements includes the following amounts relating to discontinued operations:** | | |
| Cash flow used in operating activities | (22) | (75) |
| Cash flow from investing activities | 124 | (260) |
| Cash flow from financing activities | – | – |
| **Total cash flows from discontinued operations** | 102 | (335) |

## 5 Operating loss

Operating loss is stated after charging:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Depreciation | – | 1 |
| Operating lease expense | 30 | 30 |
| External auditors' remuneration | | |
| – Audit fee for the annual audit of the company and group financial statements | 22 | 24 |
| – Other taxation services | 4 | 6 |
| Share-based payments (all equity settled) | – | 13 |

The Group has a policy in place for the award of non-audit work to the auditors, which requires approval of the audit committee.

## 6 Staff costs

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Wages and salaries | 286 | 440 | 286 | 440 |
| Social security costs | 28 | 21 | 28 | 21 |
| Pension costs | 10 | 11 | 10 | 11 |
| Share based payments | – | 13 | – | 13 |
| | 324 | 485 | 324 | 485 |

Staffs costs include Directors' salaries, fees, benefits and share based payments and are shown gross.

The share-based payment charge for the year was £nil (2013: £13,000).

The weighted average monthly number of employees, including executive Directors, employed by the Group and the Company during the year was:

| | Group 2014 | Group 2013 | Company 2014 | Company 2013 |
|---|---|---|---|---|
| Administration | 5 | 5 | 5 | 5 |
| Total | 5 | 5 | 5 | 5 |

## 7 Directors' emoluments – Group and Company

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Directors' emoluments | 238 | 335 |
| Social security costs | 22 | 8 |
| Pension costs | 10 | 11 |
| Total Directors' emoluments | 270 | 354 |
| Share based payments | – | – |
| | 270 | 354 |

The remuneration of Directors during the year was as follows:

| | Directors' emoluments 2014 £ | Share based payments 2014 £ | Pension costs 2014 £ | Total 2014 £ | Total 2013 £ |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| C Eadie | 155,250 | – | 9,843 | 165,093 | 209,250 |
| **Non-Executive Directors** | | | | | |
| M Jones | 26,750 | – | – | 26,750 | 44,000 |
| S Finlay | 29,872 | – | – | 29,872 | 49,000 |
| H Kanabar | 26,750 | – | – | 26,750 | 44,000 |
| Total 2014 | 238,622 | – | 9,843 | 248,465 | 346,250 |
| Total 2013 | 335,000 | – | 11,250 | – | 346,250 |

No share options were granted to the Directors during the year (2013: nil) and no share options were exercised during the year (2013: nil). For further information refer to the Directors' report or note 20.

The highest paid Director received emoluments (excluding share based payments) totalling £165,093 (2013: £209,250).

M Jones is paid via J Cubed Ventures Ltd, a private service company.

S Finlay is paid via Mostop Ltd, a private service company.

H Kanabar is paid via Poonam & Roshni Ltd, a private service company.

Directors' interests and share options are disclosed in the Directors' report.

In 2014 and 2013 key management personnel are considered to be Directors only.

## 8 Finance income and expenses

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Finance income** | | |
| Bank interest receivable | – | 1 |
| Total interest income calculated using effective interest method | – | 1 |
| Exchange gains | 1 | 8 |
| | 1 | 9 |

## 9 Taxation

No current or deferred tax charge has arisen in the current year.

The Company and the Group have incurred tax losses for the year and a corporation tax charge is not anticipated. At 31 March 2014, the Group had tax losses of £6.6m (2013: £6.3m) carried forward which can be used against future profits. The majority of these losses arose in a jurisdiction with a lower tax rate than in the UK. However, these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognized in relation to these losses.

The total of potential deferred tax assets relating to tax losses which have not been recognised for in the financial statements amount to £1.5m (2013: £1.4m).

The Directors believe that there have been no breaches of foreign tax regulations and that all necessary provisions have been made in these accounts.

**Current taxation**

The tax assessed for the year is different from the standard rate of Corporation Tax in the UK. The differences are explained below:

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Loss before taxation | (530) | (690) |
| Loss at the standard rate of Corporation tax in the UK of 23% (2013: 24%) | (122) | (166) |
| Effects of: | | |
| Expenses not deductible for tax purposes | – | 23 |
| Unutilised tax losses carried forward | 122 | 143 |
| Current tax charge | – | – |

The Group did not recognise any deferred tax assets or liabilities at 31 March 2014 or 2013.

## 10 Loss per share

Basic loss per share is calculated by dividing the loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

For diluted loss per share, the weighted average number of shares in issue is adjusted to assume conversion of all the dilutive potential ordinary shares. The potential dilutive shares are anti-dilutive in 2013 and 2014 as the Company is loss making.

At the reporting date there were 4,450,000 (2013: 4,450,000) potentially dilutive ordinary shares. Dilutive potential ordinary shares include share options and warrants.

| Net loss attributable to equity holders of the parent: | 2014 £'000 | 2013 £'000 |
|---|---|---|
| From continuing operations | (478) | (615) |
| From discontinued operations | (52) | (75) |
| From total operations | (530) | (690) |

| Weighted average number of shares: | 2014 Number | 2013 Number |
|---|---|---|
| Weighted average number of shares | 141,291,930 | 125,086,829 |

## 11 Property, plant and equipment

| Group and Company | Office and computer equipment £'000 |
|---|---|
| **Cost** | |
| At 1 April 2012 | 24 |
| At 1 April 2013 and 31 March 2014 | 24 |
| **Depreciation** | |
| At 1 April 2012 | 23 |
| Charge for the year | 1 |
| At 1 April 2013 and 31 March 2014 | 24 |
| **Net book value** | |
| At 31 March 2014 | – |
| At 31 March 2013 | – |
| At 31 March 2012 | 1 |

## 12 Intangible assets

| Group | Gold exploration £'000 | Tungsten project £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 April 2012 | – | – | – |
| Additions | 740 | 260 | 1,000 |
| At 31 March 2013 | 740 | 260 | 1,000 |
| Additions | 159 | 57 | 216 |
| Disposal | – | (317) | (317) |
| At 31 March 2014 | 899 | – | 899 |
| **Net book value** | | | |
| At 31 March 2014 | 899 | – | 899 |
| At 31 March 2013 | 740 | 260 | 1,000 |
| At 31 March 2012 | – | – | – |

| Company | Gold exploration £'000 | Tungsten project £'000 | Total £'000 |
|---|---|---|---|
| **Cost** | | | |
| As at 1 April 2012 | – | – | – |
| Additions | 740 | – | 740 |
| At 31 March 2013 | 740 | – | 740 |
| Additions | 159 | – | 159 |
| At 31 March 2014 | 899 | – | 899 |
| **Net book value** | | | |
| At 31 March 2014 | 899 | – | 899 |
| At 31 March 2013 | 740 | – | 740 |
| At 31 March 2012 | – | – | – |

On 14 March 2011 the Company entered into a joint venture agreement with Ormonde, and since entering into the joint venture Aurum has earned a 60% interest in two permit areas in the Zamora province (Pino) and a 54% interest in the two permit areas in the Salamanca province (Cabeza and Peralonso).

Under the terms of the joint venture agreement, funding of the projects is now carried out on a pro-rata basis by Aurum and Ormonde in line with each party's interest in the various projects.

Given the challenging market conditions and after taking into account the available cash resources of the Company the Board is not currently committing further funds to the gold projects. This will result in a dilution of Aurum's interest in these projects, but given the current low levels of activity by the joint venture this dilution will be minimal. The Board will keep this situation under constant review and is looking at other ways of funding the joint venture including strategic partnerships and corporate alliances.

The Directors have reviewed the carrying value of the exploration assets and consider them to be fairly stated and not impaired at 31 March 2014. The recoverability of the intangible assets is dependent upon the future realisation or disposal of the gold resources.

## 13 Investment in subsidiaries

The Company had the following subsidiary undertakings at 31 March 2014 and 31 March 2013 which have been included in the consolidated financial statements:

| | Percentage interest 2014 % | 2013 % | Country of incorporation | Activity |
|---|---|---|---|---|
| Castilla Mining SLU | – | 100% | Spain | Investment Holding company |
| Morille Mining SLU | – | 100% | Spain | Tungsten |
| Tormes Mining SLU | 100% | 100% | Spain | Dormant |

Morille Mining SLU.was held indirectly prior to disposal of 80% to "Plymouth".

Tomes Mining SLU was held directly following disposal and was dissolved in April 2014.

## 14 Investments

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Investment in Morille Mining | 64 | – | 64 | – |

Following the disposal of 80% stake in the Morille tungsten project to Plymouth, the Company has retained a 20% interest in the project through Aurum's 20% shareholding in Morille Mining SLU.

Further details on this transaction are outlined in the Review of Activities and Note 4 (Discountined Operations).

Given that the Group goes not exert any operational influence over the Morille tungsten project, the Directors have determined to account for the Group's residual interest in the Morille project as an Investment rather than as an Associate. The Directors understand that this treatment of the asset is a deviation from the requirement of IAS36 but considers that accounting for the asset as an investment rather than an Associate, is the appropriate given the substance of the transaction and the difference between the definitions of an associate and an investment under IFRS.

## 15 Amounts owed by subsidiaries

| Company | 2014 £'000 | 2013 £'000 |
|---|---|---|
| Gross amounts owed by subsidiaries | 341 | 357 |
| Impairment of amounts owed by subsidiaries | (341) | (75) |
| Amounts owed by subsidiaries | – | 282 |

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by £341,000 (2013: £75,000).

## 16 Receivables

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Due from sale of Morille Mining | 42 | – | 42 | – |
| VAT recoverable | 14 | 37 | 14 | 14 |
| Prepayments | 6 | 20 | 6 | 19 |
| | 62 | 57 | 62 | 33 |

A final consideration payment of €50,000 is payable to Aurum by Plymouth as a result of Aurum's 80% disposal of the Morille tungsten project to Plymouth. This will be settled by the issue of shares in Plymouth to a value of €50,000, to be issued 12 months following the completion of the initial sale. The shares will be locked up for a period of six months from their date of issue, theoretically meaning that Aurum would not be free to dispose of the shares until May 2015.

The fair value of receivables approximates their carrying value.

## 17 Trade and other payables

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Trade payables | 48 | 32 | 48 | 29 |
| Other taxation and social security | 6 | 13 | 6 | 12 |
| Accruals | 59 | 54 | 59 | 54 |
| | 113 | 99 | 113 | 95 |

The fair value of trade and other payables is not materially different from the carrying value.

## 18 Impairment charges

| | Group 2014 £'000 | Group 2013 £'000 | Company 2014 £'000 | Company 2013 £'000 |
|---|---|---|---|---|
| Impairment of amounts owed by subsidiaries | – | – | (341) | (75) |
| Total | – | – | (341) | (75) |

The Directors have carried out an impairment review in respect of subsidiaries assets and as a result the carrying value of the loans to the subsidiaries have been written down by £341,000 (2013: £75,000) following the disposal of subsidiaries.

Impairment losses are included within loss for the year from discontinued operations in the income statement.

## 19 Share capital

| | 2014 £'000 | 2013 £'000 |
|---|---|---|
| **Authorised** | | |
| 200,000,000 Ordinary shares of £0.01 | 2,000 | 2,000 |

| | 2014 £0.01 ordinary shares Number | £'000 | 2013 £0.01 ordinary shares Number | £'000 |
|---|---|---|---|---|
| **Allotted, issued and fully paid ordinary shares** | | | | |
| At beginning of year | 141,291,930 | 1,413 | 118,159,942 | 1,182 |
| Issue of shares | – | – | 23,131,988 | 231 |
| At end of year | 141,291,930 | 1,413 | 141,291,930 | 1,413 |

**Share capital**

There were no shares issues in the year ended 31 March 2014.

The following issues of shares were undertaken in the year ended 31 March 2013:

On 12 December 2012, 23,131,988 ordinary shares of 1p were issued at 3p, a premium of 2p for a total cash consideration of £694,000.

Of these shares issued, the following were allotted to the Directors pursuant to their participation in the placing:

166,667 ordinary shares of 1p each were allotted to Chris Eadie and 333,334 ordinary shares of 1p were allotted to Haresh Kanabar.

## 20 Share Options

The following options over ordinary shares remained outstanding at 31 March 2014:

| | Options at 1 April 2013 | Options issued during the year | Options exercised during the year | Options at 31 March 2014 | Exercise price | Date of grant | First date of exercise | Final date of exercise |
|---|---|---|---|---|---|---|---|---|
| Options – Directors | | | | | | | | |
| M Jones | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| C Eadie | 2,000,000 | – | – | 2,000,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| S Finlay | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| H Kanabar | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| Options-Employees: | | | | | | | | |
| S Beardsmore | 500,000 | – | – | 500,000 | 3.0p | 07/12/12 | 07/12/12 | 06/12/17 |
| Total | 4,450,000 | – | – | 4,450,000 | | | | |

## 20 Share Options (continued)

The following options over ordinary shares remained outstanding at 31 March 2013:

| | Options at 1 April 2012 | Options issued during the year | Options exercised during the year | Options at 31 March 2013 | Exercise price | Date of grant | First date of exercise | Final date of exercise |
|---|---|---|---|---|---|---|---|---|
| **Options – Directors** | | | | | | | | |
| M Jones | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| C Eadie | 2,000,000 | – | – | 2,000,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| S Finlay | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| H Kanabar | 650,000 | – | – | 650,000 | 3.5p | 27/04/11 | 27/04/11 | 26/04/16 |
| **Options-Employees:** | | | | | | | | |
| S Beardsmore | – | 500,000 | | 500,000 | 3.0p | 07/12/12 | 07/12/12 | 06/12/17 |
| Total | 3,950,000 | 500,000 | – | 4,450,000 | | | | |

On 7 December 2012 500,000 stock options were granted to the Group's Technical Manager, S Beardsmore.

The following illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

| | 2014 Number | 2014 WAEP Pence | 2013 Number | 2013 WAEP Pence |
|---|---|---|---|---|
| Outstanding at beginning of year | 4,450,000 | 3.4 | 3,950,000 | 3.5 |
| Issued | – | – | 500,000 | 3.0 |
| Exercised | – | – | – | – |
| Lapsed during the year | – | – | – | – |
| Outstanding at 31 March | 4,450,000 | 3.4 | 4,450,000 | 3.4 |
| Exercisable at 31 March | 4,450,000 | 3.4 | 4,450,000 | 3.4 |

The share-based payment charge for options granted to Employees and Directors have been calculated using the Black-Scholes Model and using the following parameters:

| | 2013 |
|---|---|
| Share price at grant date | 3.0p |
| Weighted average exercise price | 3.0p |
| Expected option life (year) | 5 |
| Expected volatility (%) | 125% |
| Expected dividends | – |
| Risk-free interest rate (%) | 0.5% |
| Option fair value | 2.52p |

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous year ending on the grant date.

Options held by Directors are disclosed in the Report of the Directors on pages 7 to 9.

The market price of shares as at 31 March 2014 was £0.01 (2013: £0.03). The range during the financial year was £0.01 to £0.03.

The weighted average remaining contractual life of options outstanding at the end of the year was 2 years 5 months (2013: 3 years 5 months).

The expense recognised for share-based payments in respect of Employees, Directors and consultant services received during the year ended 31 March 2014 was £nil (2013: £13,000).

## 21 Financial instruments

The Group and the Company uses financial instruments, other than derivatives, comprising cash at bank and various items such as trade and other payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

Categories of financial assets and financial liabilities:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| **Financial assets** | | | | |
| Investment in Morille | 64 | – | 64 | – |
| Due from sale of Morille | 42 | – | 42 | – |
| Cash and cash equivalents | 214 | 698 | 214 | 694 |
| **Total financial assets** | 320 | 698 | 320 | 694 |
| **Financial liabilities** | | | | |
| Trade creditors | 48 | 32 | 48 | 29 |
| Accruals | 59 | 54 | 59 | 54 |
| **Total financial liabilities** | 107 | 86 | 107 | 83 |

The investment in Morille has been designated as a level 3 available for sale financial asset, the valuation of which is based on a recent disposal transaction price. The fair value of the asset will be assessed annually using the latest project reports.

**General objectives, policies and processes**

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's Finance function. The Board receives monthly reports from the Chief Executive Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The main risks arising from the Group and the Company's financial instruments are liquidity risk, credit risk, currency risk, and interest rate risk. Further details regarding these policies are set out below:

**Liquidity risk**

The Group finances its operations through the issue of equity share capital. The Group seeks to manage financial risk, to ensure sufficient liquidity to meet foreseeable requirements and to invest cash profitably at low risk.

The Group holds investments in bank deposits as a liquid resource to fund the projects of the Group. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. Liquidity risk is further managed by tight controls over expenditure.

Maturity analysis of financial liabilities:

| | Group | | Company | |
|---|---|---|---|---|
| | 2014 £'000 | 2013 £'000 | 2014 £'000 | 2013 £'000 |
| Less than 3 months | 107 | 86 | 107 | 83 |

## 21 Financial instruments (continued)

**Credit risk**

The Group and the Company's credit risk is primarily attributable to the cash held on deposit at financial institutions. It is the Group and the Company's policy to only use recognised financial institutions for these deposits. The Group and Company do not have any trade receivables. Please also refer to going concern disclosures in the Report of the Directors on pages 7 to 9.

**Currency risk**

The Group and the Company does not hedge its exposure of foreign investments held in foreign currencies. The Group and the Company are exposed to translation and transaction foreign exchange risk and takes profits or losses on these as they arise. The Group and the Company are continually reviewing its strategy towards currency risk.

**Currency of net monetary asset**

The net monetary assets of the Group and Company are denominated as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2014 £'000** | **2013 £'000** | **2014 £'000** | **2013 £'000** |
| UK Pounds: | | | | |
| Cash and cash equivalents | 214 | 694 | 214 | 694 |
| Trade and other payables | (107) | (83) | (107) | (83) |
| Euros: | | | | |
| Cash and cash equivalents | – | 4 | – | – |
| Trade and other payables | – | (3) | – | – |
| | 107 | 612 | 107 | 611 |

**Interest rate risk**

The Group and the Company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits.

The Group and the Company have financed their operations through the issue of equity share capital.

The Group and the Company earned interest on its cash assets at rates between 0% and 0.50% (2013: 0% and 0.50%).

An increase of 0.5% in interest rates will increase finance income by £2,000 (2013: £4,000), with a corresponding movement in net cash.

| **Cash and cash equivalents** | Group | | Company | |
|---|---|---|---|---|
| | **2014 £'000** | **2013 £'000** | **2014 £'000** | **2013 £'000** |
| Floating interest rate | 214 | 698 | 214 | 694 |

**Fair values**

The fair values of the Group's financial instruments are considered not materially different from the book value.

## 21 Financial instruments (continued)

**Capital disclosures**

As described in note 19 and consolidated statement of changes in equity, the Group considers its capital to comprise its ordinary share capital, share premium and accumulated retained deficit as its capital reserves. In managing its capital, the Group's primary objective is to ensure its continued ability to provide a consistent return for its equity Shareholders through capital growth. In order to achieve this objective, the Group seeks to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims through new share issues, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

## 22 Financial commitments

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2014<br>£'000 | 2013<br>£'000 | 2014<br>£'000 | 2013<br>£'000 |
| Land and buildings | | | | |
| – Not later than one year | – | 25 | – | 25 |
| – Later than one year and not later than five years | – | – | – | – |
| Total | – | 25 | – | 25 |

## 23 Related party transactions

Other than disclosed in notes 7 and 15 there were no related party transactions in the Group or Company during the current and prior period.

## 24 Events after the reporting period

Details of significant changes in the state of affairs of the Group or events after the reporting period are included within the Review of Activities Report on pages 3 to 5.

# Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Aurum Mining plc (the "Company") will be held at 12 noon on 29 September 2014 at the offices of the Company's solicitors, Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU to consider and if thought fit to pass the following resolutions, which in the case of resolutions 1 to 5 will be proposed as ordinary resolutions and in the case of resolutions 6 and 7 will be proposed as special resolutions:

## Ordinary Business

1. To receive and adopt the financial statements for the year ended 31 March 2014 together with the directors' report and auditors' report thereon.
2. To re-elect Christopher Eadie, who retires by rotation as a Director under article 89 of the Company's articles of association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting.
3. To re-elect Sean Finlay, who retires by rotation as a Director under article 89 of the Company's articles of association and, being eligible, offers himself for re-election as a Director at the Annual General Meeting.
4. To re-appoint BDO LLP as auditors to the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

## Special Business

5. THAT, the Directors be and are hereby generally and unconditionally authorised (in substitution for any existing such powers) for the purposes of section 551 of the Companies Act 2006 (the "**Act**") to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or convert any securities into shares ("**Rights**") up to a maximum aggregate nominal amount of £470,973.10, provided that this authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of the conclusion of the next annual general meeting of the Company or 30 September 2015, save that the Company may before such expiry make an offer or agreement which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.
6. THAT, (subject to the passing of Resolution 5 above) in accordance with section 570 and 573 of the Act, the Directors be and they are hereby empowered (in substitution for any existing such powers) to allot equity securities (as defined in section 560 of the Act) pursuant to the authority conferred by the previous resolution and/or sell ordinary shares held by the Company as treasury shares ("**Treasury Shares**") for cash as if section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities and the sale of Treasury Shares:

   (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to Treasury Shares, fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange;

   (b) otherwise than pursuant to sub-paragraph a. above up to a maximum aggregate nominal amount of £282,583.86,

   and such authority shall expire (unless previously revoked, varied or extended by the Company in a general meeting) on the earlier of the conclusion of the next annual general meeting of the Company or 30 September 2015, save that the Company may, before such expiry allot equity securities or sell Treasury Shares in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

7. THAT, the Company be and is hereby generally and unconditionally authorised pursuant to section 701 of the Act to make market purchases (as defined by section 693(4) of the Act) on the London Stock Exchange of ordinary shares of 1 pence each in the capital of the Company ("**Ordinary Shares**") provided that:

   (a) the maximum aggregate number of shares authorised to be purchased is 21,179,660 Ordinary Shares;

   (b) the minimum price which shall be paid for the Ordinary Shares is 1 pence for each share, and the maximum price (exclusive of expenses) which may be paid for such shares is five per cent. above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made;

   (c) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the earlier of the conclusion of the next annual general meeting of the Company or 30 September 2015; and

   (d) the Company may, before such expiry, make a contract to purchase its own shares under the authority hereby conferred which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of such a contract.

By Order of the Board

**Haresh Kanabar**
Secretary

Registered Office:
22 Great James Street
London WC1N 3ES

Dated: 15 August 2014

**Notes:**

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him/her. The proxy need not be a member of the Company but must attend the meeting to represent you.
2. Members may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrars, Neville Registrars on +44 (0) 121 585 1131.
3. A Form of Proxy is enclosed. To be valid, the Form of Proxy, together with a power of attorney or other authority, if any, under which it is executed or a notarilly certified copy thereof, must be deposited at the Company's Registrars, Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA or returned by fax to +44 (0) 121 585 1132 48 hours before the time fixed for the meeting (or adjournment thereof) excluding non-working days.
4. In the case of a corporation, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.
5. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. A vote withheld option is provided on the Form of Proxy to enable you to instruct your proxy not to vote on any particular resolution. However, it should be noted that a vote withheld in this way is not a "vote" in law and will not be counted in the calculation of the votes "For" and "Against" a resolution.
7. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
8. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6 p.m. on Thursday 25 September 2014 shall be entitled to attend and vote, whether in person or by proxy, at the Annual General Meeting, in respect of the number of ordinary shares in the capital of the Company registered in their name at that time. Changes to entries in the register of members after 6 p.m. on 25 September 2014 shall be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.
9. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) of it by using the procedures described in the CREST Manual. CREST personal members, sponsored CREST members and CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s) who will be able to take the appropriate action for them.

10. To complete a valid proxy appointment or instruction using the CREST service, the CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted and received by Neville Registrars (Participant ID: 7RA11) 48 hours (save that weekends, Christmas Day, Good Friday and any bank holiday within the UK shall not count in the 48 hour period) before the time fixed for the meeting (or adjournment thereof) excluding non-working days. The time of receipt of the instruction will be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
11. CREST members and, where applicable, CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will apply to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to ensure that his CREST sponsor or voting service provider(s) take(s) the necessary action) to ensure that a message is transmitted by means of the CREST system by a particular time. CREST members and, where applicable, their CREST sponsors or voting service provider(s) should refer to the sections of the CREST Manual concerning practical limitations of the CREST system and timings.
12. The Company may treat a CREST Proxy Instruction as invalid as set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
13. Completion and return of a Form of Proxy will not preclude members from attending or voting in person at the meeting if they so wish.

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