

Registered number: 05315922

ALECTO MINERALS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2015

ALECTO MINERALS PLC

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ALECTO MINERALS PLC

COMPANY INFORMATION

Directors	Gerald Chapman (Non-Executive Chairman) (Appointed 20 November 2015) Mark Jones (Chief Executive Officer) Dominic Doherty (Executive Director) Toby Howell (Non-Executive Director) Mark Wellesley-Wood (Non-Executive Chairman) (Resigned 1 July 2015)
Company Secretary	Heytesbury Corporate LLP
Registered Office	47 Charles Street London W1J 5EL
Company Number	05315922
Bankers	Barclays Bank plc 127 Edgware Road London W2 2HT
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	Beaufort Securities Limited 131 Finsbury Pavement London EC2A 1NT
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Ronaldsons LLP 55 Gower Street London WC1E 6HQ

ALECTO MINERALS PLC

CHAIRMAN'S STATEMENT

Despite the extremely difficult market conditions faced by junior mining and exploration companies over the last several years, this has been a transformational period for Alecto with significant corporate activity in pursuit of our stated strategy to become a gold producer in Africa in the near to mid-term. We made considerable headway in setting the parameters for the successful negotiation of joint venture partnerships in respect of our attractive exploration portfolio in West Africa and ended the reporting period as a very different Group from how we began in 2015.

As my first statement since being appointed as Chairman of the Company, I am delighted to report on the successful transition of Alecto from explorer to developer, with a JORC Code compliant total estimated resource of over 1 million oz gold ('Au') (from 247,000 oz Au in the prior year) and approximately a further 0.24 million oz Au of non-JORC resources and a 25-year renewable mining licence, with a clear path to production being established in Zambia. This is in addition to the successful delivery of two joint venture agreements for our Malian properties through partnerships with both FTSE-100 Randgold Resources Limited (LSE:RRS) ('Randgold Resources') and Kola Gold Limited, via its subsidiary Cora Gold Limited ('Cora Gold'), which enables us to retain exposure to our promising exploration assets in Mali, without incurring any further direct expense. Accordingly, I believe the Group is well positioned for achieving future growth.

Our executive management and technical staff had been working since 2014 on securing a project that would meet the stringent criteria we had set to ensure that we would have the necessary degree of confidence in financing, developing and managing a resultant future mining operation. Their ability to effectively identify and evaluate mining opportunities in Africa, culminating, in November 2015, in the successful acquisition of the historic Matala and Dunrobin gold mines in Zambia, confirmed that focused determination and effort to acquire the right project clearly pays off. This acquisition marked a turning point for the Company and is expected to deliver substantial future value and economic returns to stakeholders.

Key Project Developments

Zambia

In November 2015, Alecto acquired a 100% interest in the historic Matala and Dunrobin gold mines in Zambia. With an existing 25-year renewable mining licence covering 32km² of the Mwembeshi Shear Zone, an environmental permit in place, feasibility study and nearly US\$20 million of historic investment, the acquisition brought an additional 760,000 oz Au of estimated resources into the group at an acquisition cost of less than US\$3 per ounce, which is substantially below the industry standard cost for a discovery resource of this type.

Having worked closely with the vendor's team for several months prior to completing the acquisition, Alecto developed a new approach to mining the advanced deposits, culminating in the production of an internal Scoping Study that indicated strong economics at the prevailing gold price. Pursuant to this new approach, Alecto was well placed to negotiate and sign an engineering, procurement and construction ('EPC') contract with South African mining consultants and EPC specialists, PenMin (Pty) Ltd ('PenMin') in December 2015, less than a month after acquiring the historic mines.

Post the end of the reporting period, Alecto's executive management team completed an introductory visit to China with PenMin in order to establish a relationship with Yantai Xinhai Machinery Co. Ltd ('Xinhai'), a private Design, Build and Operate ('DBO') contractor, able to supply vendor financing. A key component of these initial meetings was to understand Xinhai's commercial requirements for financing a project such as Matala. Accordingly, in February 2016, PenMin produced a feasibility study for the Matala project which addressed all of Xinhai's requirements, following which all parties signed a Letter of Intent for the provision of up to US\$14.4 million of financing for the Design, Build and Operation of a proposed 400,000 tonne per annum mine, expected to produce circa 33,000 oz Au per annum, with a net present value for the project (at a 10% discount rate) of US\$28.6 million and an estimated internal rate of return (IRR) of 52%.

Our development plan for Matala is designed to be rapid and robust. Taking advantage of the measured and indicated portions of the shallow oxide and transitional ores to reduce both mining and process risk, a narrow slot cut along strike is planned to create an elongated pit with a reduced stripping ratio. Ore at the relatively high-grade of 2.8g/t Au will be delivered to the run-of-mine ('ROM') pad and a simple crushing, gravity and direct cyanidation process will be adopted. Additional oxide ores from dump and process material from historical mining activity and fresh ores from satellite deposits have been identified and will be mined along with the oxide opportunity at the Dunrobin pit, providing for an estimated 10 year life of mine ('LOM'). Once the oxide and transitional ores have been exhausted a simple process upgrade will allow for the processing of sulphide ores from all deposits and is expected to increase the LOM substantially.

With a recent strengthening of the price of gold, excellent project economics, and a financing route that minimises shareholder dilution, Alecto has established a solid backbone for a profitable and successful future mining operation that will define the Group as a producer in the near to mid-term.

Mali

The Group commenced 2015 with an estimated resource of 247,000 oz Au at its Kossanto East gold project, having grown such resource estimate by 131% during the course of 2014. With market conditions unfavourable to secure funding for further exploration expenditure, and having gauged the level of interest from major gold producers in the Company's assets, the Board took the decision to leverage the strong balance sheets of interested parties and seek joint venture partnership arrangements for the continued development of its exploration portfolio assets in West Africa. The objective of this approach

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CHAIRMAN'S STATEMENT

was to maintain exposure to what the Board views as being highly attractive and promising early stage exploration opportunities, without incurring additional expenditure on further drilling and exploration activities.

Kossanto West - Randgold Resources Joint Venture

The process of partnering with a 'major', meant that certain pre-conditions were required to be met including the consolidation and renewal of certain of the Group's licences. To this end, the licences of Kobokoto and Kobokoto East in Mali were consolidated into a single block and, packaged together with Koussikoto, thereby offering Randgold Resources exposure to the regional structure of the Main Transcurrent Shear Zone (MTZ), the current focus for much of their exploration activities in western Mali and eastern Senegal.

A joint venture agreement was duly signed post the end of the reporting period, in February 2016, and activities on the ground are currently expected to commence in late Q2 2016.

Kossanto East

In March 2015, Alecto signed a co-operation agreement with TSX.V quoted Desert Gold Ventures Inc. ('Desert Gold'), to enable information sharing and collaboration, with a view to potentially jointly developing Alecto's Kossanto East and Desert Gold's Barani East deposits as one project. Throughout the reporting period a number of tasks were achieved, including a new technical report on Barani East, preliminary engineering work, and economic and base case studies, which culminated in the production of a scoping study. Initial scoping study level results demonstrated positive economics based on a 400,000 tonnes per annum heap-leach project with an NPV (at a 10% discount rate) of US\$27.4 million and an IRR of 107%.

The decision as to precisely how to proceed with potentially developing the Kossanto East project remains to be taken. Whilst the economics for the joint development of the project appear positive, it was noted that Desert Gold are in the process of renewing their permit's validity. In addition, guidance has been sought from the government of Mali on their interpretation of what exactly constitutes a Small Scale Mining licence, as this will impact both the licence cost and the scope of the economic impact assessment. As further detailed engineering and process design work continues, so do discussions with other potentially interested third parties, who have approached Alecto with regard to this particular project.

Karan - Cora Gold Joint Venture

Kola Gold Limited, through its subsidiary Cora Gold, approached Alecto during the reporting period to discuss the possibility of working on, and ultimately partnering together for, the exploration of our Karan exploration permit in southern Mali. In line with our strategy to reduce exploration expenditure, Alecto worked closely with Cora Gold to provide support on the ground, such that initial exploration work could be completed and a view formed as to whether gold anomalies identified at Cora Gold's exploration project, to the south of Karan, continued to coincide with the geophysical anomaly that can be seen running the entire length of the Karan permit. Soil and termite mound sampling activities were used to map a number of these anomalies.

Joint venture negotiations commenced in Q4 2015 culminating in the signing of a formal agreement in May 2016. Further work has been planned throughout 2016 and we look forward to updating shareholders on the progress of Cora Gold's exploration programme in due course.

Burkina Faso

Kerboulé

Alecto acquired its Kerboulé gold project in Burkina Faso in late 2014 and quickly undertook a full re-work and compilation of all the existing exploration data that had been generated by the previous owners over a period of many years.

The political landscape in Burkina Faso was unusually interrupted during 2014 due to a popular uprising that saw long-time leader, Blaise Compaoré, removed from office, a transitional government installed and a military coup d'état, before finally returning to an elected democracy in November 2015. Nevertheless, Alecto's dedicated team were not deterred and, in April 2015, we were able to publish a maiden independent *in situ* mineral resource estimate (non-JORC) for the project, completed by Wardell Armstrong International ('WAI'), of 6.2Mt grading at 1.16g/t Au for 230,758 oz Au at a cut-off grade of 0.5 g/t Au.

Having proved the potential for a significant deposit to be defined in the Kerboulé-Yalema Corridor ('KY Corridor') and that further large-scale gold anomalies exist in the project area, attention turned to renewing the exploration permits, in order that the property could be given the opportunity to deliver on a focussed exploration programme. The exceptional renewal of the permits was completed in May 2016 which sets the conditions for further joint venture discussions with a number of interested parties. It is the Board's current intention to commence exploration work at Kerboulé, within a joint venture partnership, as soon as possible so that the true extent of the identified exploration potential at Kerboulé can be defined.

Ethiopia

In February 2015, the Group was disappointed that Centamin plc ('Centamin') decided to terminate our joint venture on the Wayu Boda and Aysid Metekel licences. In light of the licences large size, their early stage of exploration, including a limited amount of work performed by Centamin, and the high carrying costs of exploration permits in Ethiopia, the Board decided that

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CHAIRMAN'S STATEMENT

divestment of the Group's Ethiopian assets was the most appropriate course of action. In Q3 2015, we therefore announced that both permits had been sold to a private Ethiopian mineral development company, Wame Mineral Development ('Wame').

Wame acquired the assets on a deferred consideration basis, in the form of a royalty of US\$3 per JORC resource ounce of gold (or gold equivalent), up to a maximum of US\$1 million in respect of each licence. Thus, the maximum potential aggregate deferred consideration that Alecto may receive in the future from this disposal is US\$2 million. The disposal provides Alecto and its shareholders with exposure to any mineral discoveries on these expansive projects whilst reducing administrative costs by removing the overheads associated with running the Ethiopian operation.

Mauritania

The Group continues to seek a joint venture partner for its Mauritanian Wad Amour iron oxide copper gold asset.

Corporate Update

As mentioned above, this is my first Chairman's statement, having joined the Board in November 2015, alongside the acquisition of the historic Matala and Dunrobin gold mines. As a qualified engineer, I have over 30 years' experience in the mining sector, with specific skills in contract mining and infrastructure build, which I hope will prove to be extremely valuable as we look to advance Matala into production in the near to mid-term.

Financial Review

The profit before taxation for the Group for the year ended 31 December 2015 amounted to £3,343,615 (31 December 2014: restated loss of £767,804). The profit this year is due to a fair value adjustment to the exploration and evaluation assets acquired by the Group in November 2015, net of the loss realised on the disposal of the Group's Ethiopian assets. See Note 20. The Group's cash position as at 31 December 2015 was £530,003 (2014: £114,258).

In June 2015, Alecto successfully raised £300,000 (before expenses) by way of a placing of 300 million new ordinary shares of 0.01 pence each in the capital of the Company ('Ordinary Shares') at a price of 0.1 pence per share, with an existing institutional investor. In November 2015, the Company successfully raised a further £650,000 (before expenses) by way of a placing of 812,500,000 new Ordinary Shares at a price of 0.08 pence per share, with certain new and existing shareholders. These placings were augmented post-period end, in May 2016, with the raising of an additional £665,000 (before expenses) by way of a placing of 831,250,000 new Ordinary Shares at a price of 0.08 pence per share, with new and existing shareholders. The net proceeds of the placings provided the Group and Company with additional working capital as it continues to make rapid progress towards achieving its goal of bringing the 400,000 tonnes per annum open-pit Matala Gold Project in south-central Zambia into low-cost production in the near to mid-term.

Outlook

Having finalised our landmark acquisition of the Matala Gold Project, we have made swift progress in proving its commercial viability. With an established resource in place with additional upside potential, attractive value fundamentals, a clear route to production and planned vendor financing progressing, our focus going forward is very much on achieving gold production at this project location at the earliest opportunity.

In support of our primary Matala objectives, I am delighted with the success we have achieved in securing joint venture agreements for two of our Malian gold projects. This serves to underpin our strategy to maintain exposure to any significant discoveries made across our West African gold exploration portfolio whilst minimising the impact on our balance sheet.

We will endeavour to secure similar partnership agreements for the rest of our portfolio in Mali, Burkina Faso and Mauritania going forwards so that we can concentrate our efforts on bringing Matala into commercial production. We will continue to operate at low-cost and as rapidly as possible, and look forward to achieving producer status at the earliest opportunity.

Finally, I would like to take this opportunity to thank shareholders for their on-going support and our management team for their dedication and hard work.

I look forward to the year ahead with much excitement and optimism.

Gerald Chapman
Chairman

6 June 2016

ALECTO MINERALS PLC

GROUP STRATEGIC REPORT

The Directors of the Company and its subsidiary undertakings (which together comprise the 'Group') present their Strategic Report on the Group for the year ended 31 December 2015.

Strategic approach

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

Organisation overview

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

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

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

Review of business

Activity during the year was principally focussed on the Group's exploration licences in Burkina Faso, with an independent non-JORC resource estimate of 230,758 ounces of gold, at a cut-off grade of 0.5 grams per tonne, established in April 2015. The Group also entered into a strategic co-operation agreement with Desert Gold Ventures Inc in March 2015 to develop the Kossanto East Gold Project in Mali, with a scoping study finalised for a joint venture heap leach project in September 2015. Further, in September 2015 the Group disposed of its Ethiopian assets for a nominal £1 consideration and deferred consideration in the form of a royalty of US\$3 per JORC resource ounce of gold or gold equivalent discovered up to a maximum of US\$1 million in respect of each of the two licences.

In November 2015, the Group completed the significant acquisition of Luri Limited and its wholly owned subsidiary Luri Gold Mines Ltd ('LGM') from C3W Limited and CNG Trust by way of cash and share consideration. Pursuant to this transaction, the Group assumed ownership of the Matala and Dunrobin Gold Mines in Zambia, an advanced asset located 120 kilometres west of Lusaka with an aggregate 760,000 ounces of JORC Code compliant resource estimated in the Measured, Indicated and Inferred categories at an average grade of 2.3 grams per tonne.

Further details of the key developments made throughout the year are set out in the Chairman's Statement.

Principal risks and uncertainties

Exploration risks

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

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

Resource estimates

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

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

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GROUP STRATEGIC REPORT

Country risk

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

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

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

Zambia has been politically stable since it attained independence in 1964. The Group meets its work and expenditure obligations, prioritises local in-country employment and maintains good relationships at all levels within the respective governments, administrative bodies and with other stakeholders. The Board actively monitors political and regulatory developments in Zambia.

Dependence on key personnel

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

Uninsured risk

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

Funding risk

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

Financial risks

The Group's operations expose it to a variety of financial risks that include market risk (including foreign currency risk), credit risk and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Financial performance review

The profit of the Group for the year ended 31 December 2015 before taxation amounted to £3,343,615 (31 December 2014: loss of £767,804). The profit this year is due to a fair value adjustment to the exploration and evaluation assets acquired by the Group in November 2015, net of the loss realised on the disposal of the Group's Ethiopian assets. See Note 20.

The Board monitors the activities and performance of the Group on a regular basis. The Board uses financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below will continue to be used by the Board to assess performance over the period to 31 December 2016.

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GROUP STRATEGIC REPORT

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

	2015	2014
Cash and cash equivalents	£530,003	£114,258
Administrative expense as a percentage of total assets	4.6%	10.0%
Exploration costs capitalised as intangible assets	£16,677,503	£7,217,039

Cash has been used to fund the Group's operations and facilitate its investment activities (as set out in the Consolidated Cash Flow Statement on page 20). On 17 May 2016, the Company raised a further £665,000 (gross) through the issue of 831,250,000 new ordinary shares.

Administrative expenses as a percentage of total assets have reduced compared to the prior year by 54% as part of Management's strategy of reducing administrative expenses and preserve cash and resources for future activities.

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

Future Developments

The immediate focus of the Group is to finalise vendor financing for the Matala Gold Project and then transition into a gold producer at the earliest opportunity. At the same time the Group will endeavour to secure joint venture agreements for the rest its portfolio in Mali, Burkina Faso and Mauritania going forwards so that we can concentrate our efforts on bringing Matala into commercial production.

This Report was approved by the Board on 6 June 2016.

Mark Jones
Chief Executive Officer

ALECTO MINERALS PLC

DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the audited Financial Statements, for the year ended 31 December 2015.

Principal activity

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

Dividends

The Directors do not recommend the payment of a dividend for the year (31 December 2014: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2015, who include the current Directors as shown in the Company Information on page 2, had, at that time, the following beneficial interests in the shares of the Company:

	31 December 2015		1 January 2015 (or later date of appointment)	
	Ordinary Shares	Options	Ordinary Shares	Options
Toby Howell	427,500	2,300,000	427,500	2,300,000
Gerald Chapman ⁽¹⁾	943,750,000	-	-	-
Mark Jones	13,250,000	-	750,000	-
Dominic Doherty	25,511,166	-	511,166	-
Mark Wellesley-Wood ⁽²⁾	n/a	n/a	-	-

(1) Appointed 20 November 2015. Shares are held by C3W Limited and CNG Trust, of which Gerald Chapman is a beneficiary.

(2) Resigned 1 July 2015.

Further details on outstanding options can be found in Note 16 to the Financial Statements.

Financial risk management

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

Corporate responsibility

Environmental

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

Health and safety

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

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DIRECTORS' REPORT

Going Concern

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

Directors' and Officers' Indemnity Insurance

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

Events after the Reporting Date

Events after the reporting date are set out in Note 33 to the Financial Statements.

Provision of Information to the Auditor

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

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

Future Developments

Details of the Group's future developments can be found in the Strategic Report.

This Report was approved by the Board on 6 June 2016 and signed on its behalf.

Mark Jones
Chief Executive Officer

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and enable them to ensure that the Financial Statements comply with Companies Act 2016. They are also responsible for safeguarding the assets of the Group and Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

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

This Statement was approved by the Board on 6 June 2016 and signed on its behalf.

Mark Jones
Chief Executive Officer

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CORPORATE GOVERNANCE REPORT

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

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

Board Meetings

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

Board Committees

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

Audit Committee

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

Remuneration Committee

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

Internal Controls

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

Risk Management

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

Securities Trading

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

Relations with Shareholders

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

ALECTO MINERALS PLC

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

We have audited the Financial Statements of Alecto Minerals plc for the year ended 31 December 2015 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, 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 Auditor

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

Scope of the audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit 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 2.3 to the Financial Statements concerning the Group's and Company's ability to continue as a going concern. The Group has reported a net profit of £3,343,615 for the year ended 31 December 2015, but that net profit included an unrealised gain of £4,075,622, as detailed within Note 20, so that the underlying result for 2015 was a loss of £732,007, following a loss of £767,804 for the year ended 31 December 2014. The Group's net assets at 31 December 2015 were £13,312,409, which included intangible assets of £17,081,716 and the Group's Statement of Financial Position showed net current liabilities of £347,106. Note 2.3 to the Financial Statements sets out the basis on which the Directors have concluded that the Group and Company are going concerns and refers to the Directors' assessment that the cash flow budgets can be achieved and that necessary funds can be raised to meet the expected committed and contractual expenditure for the period to the end of Q2 2017. The matters referred to above and as described in Note 2.3 to the Financial Statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's and Company's ability to continue as going concerns. The Financial Statements do not include the adjustments that would result if the Group and Company were unable to continue as going concerns.

Opinion on other matter prescribed by the Companies Act 2006

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

ALECTO MINERALS PLC

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

Matters on which we are required to report by exception

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

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

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

1 Westferry Circus
Canary Wharf
London
E14 4HD

6 June 2016

ALECTO MINERALS PLC

**STATEMENT OF FINANCIAL POSITION
As at 31 December 2015**

Company number: 05315922

	Note	Group			Company	
		2015 £	2014 (restated) £	2013 (restated) £	2015 £	2014 £
Non-Current Assets						
Property, plant and equipment	6	112,905	198,547	223,616	-	174
Intangible assets	7	17,081,716	7,640,824	5,964,192	-	-
Investment in subsidiaries	8	-	-	-	8,871,224	8,362,083
Trade and other receivables	10	21,307	21,601	20,192	-	-
Available-for-sale financial assets	9	7,650	14,400	21,000	7,650	14,400
		17,223,578	7,875,372	6,229,000	8,878,874	8,376,657
Current Assets						
Trade and other receivables	10	286,461	329,176	124,273	271,523	313,739
Derivative financial instruments		-	-	250,000	-	-
Cash and cash equivalents	11	530,003	114,258	624,155	510,285	103,194
		816,464	443,434	998,428	781,808	416,933
Total Assets		18,040,042	8,318,806	7,227,428	9,660,682	8,793,590
Equity attributable to the Owners of Parent Company						
Share capital	15	4,412,421	4,186,796	4,157,432	4,412,421	4,186,796
Share premium	15	13,446,703	11,147,543	7,509,266	13,446,703	11,147,543
Share option reserve	16	106,080	100,365	47,316	106,080	100,365
Available-for-sale financial asset reserve		(42,350)	(35,600)	(29,000)	(42,350)	(35,600)
Translation reserve		(449,292)	(345,936)	(31,232)	-	-
Retained losses		(4,161,153)	(7,464,486)	(6,784,142)	(9,316,815)	(6,694,489)
Total Equity		13,312,409	7,588,682	4,869,640	8,606,039	8,704,615
Current Liabilities						
Trade and other payables	12	634,994	115,344	1,393,008	526,067	88,975
Borrowings	13	528,576	-	350,000	528,576	-
		1,163,570	115,344	1,743,008	1,054,643	88,975
Non-current liabilities						
Deferred income tax liabilities	14	3,564,063	614,780	614,780	-	-
		3,564,063	614,780	614,780	-	-
Total Liabilities		4,727,633	730,124	2,357,788	1,054,643	88,975
Total Equity and Liabilities		18,040,042	8,318,806	7,227,428	9,660,682	8,793,590

The Financial Statements were approved and authorised for issue by the Board on 6 June 2016 and were signed on its behalf by:

Mark Jones
Chief Executive Officer

The Notes on pages 22 to 50 form part of these Financial Statements.

ALECTO MINERALS PLC

CONSOLIDATED INCOME STATEMENT For the year ended 31 December 2015

	Note	Group	
		2015 £	2014 (restated) £
Revenue		14,291	-
Cost of sales		-	-
Gross profit		14,291	-
Administration expenses	17	(759,717)	(788,621)
Other net gains/(losses)	20	4,075,622	(158,512)
Operating profit/(loss)		3,330,196	(947,133)
Finance income	21	45	397
Finance costs	22	-	(18,526)
Profit/(loss) before income tax		3,330,241	(965,262)
Income tax expense	23	-	-
Profit/(loss) for the year from continuing operations		3,330,241	(965,262)
Discontinued operations			
Profit for the year from discontinued operations (attributable to equity holders of the Parent)	27	13,374	197,458
Profit/(loss) attributable to owners of the Parent		3,343,615	(767,804)
Earnings per share from continuing and discontinued operations attributable to owners of the Parent during the year	24		
Basic earnings per share (pence)			
From continuing operations		0.250 p	(0.121) p
From discontinued operations		0.001 p	0.025 p
From profit/(loss) for the year		0.251 p	(0.096) p
Diluted earnings per share (pence)			
From continuing operations		0.242 p	(0.121) p
From discontinued operations		0.001 p	0.025 p
From profit/(loss) for the year	24	0.243 p	(0.096) p

The Notes on pages 22 to 50 form part of these Financial Statements.

ALECTO MINERALS PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

		Continuing Operations	Discontinuing Operations	Total	Total
	Note	2015 £	2015 £	2015 £	2014 (restated) £
Profit/(loss) for the year		3,330,241	13,374	3,343,615	(767,804)
Other Comprehensive Income:					
Items that may be reclassified subsequently to profit or loss					
Currency translation differences		(103,356)	-	(103,356)	(239,913)
Change in value of available-for-sale financial assets	9	(6,750)	-	(6,750)	(6,600)
Total Comprehensive Income for the Year					
Attributable to Owners of the Parent, net of tax		3,220,135	13,374	3,233,509	(1,014,317)

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

ALECTO MINERALS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the parent						Total equity £
	Share capital £	Share premium £	Share option reserve £	Available-for-sale financial asset reserve £	Translation reserve £	Retained losses £	
As at 1 January 2014 (as previously reported)	4,157,432	7,509,266	47,316	(29,000)	9,049	(6,824,423)	4,869,640
Prior period adjustment (note 30)	-	-	-	-	(40,281)	40,281	-
As at 1 January 2014 (as restated)	4,157,432	7,509,266	47,316	(29,000)	(31,232)	(6,784,142)	4,869,640
Loss for the year (as restated)	-	-	-	-	-	(767,804)	(767,804)
Other comprehensive income							
Currency translation differences	-	-	-	-	(314,704)	74,791	(239,913)
Change in value of available-for-sale financial assets	-	-	-	(6,600)	-	-	(6,600)
Total comprehensive income for the year	-	-	-	(6,600)	(314,704)	(693,013)	(1,014,317)
Proceeds from share issue	10,000	1,490,000	-	-	-	-	1,500,000
Issue costs	-	(98,380)	23,380	-	-	-	(75,000)
Loan note conversion	3,204	365,321	-	-	-	-	368,525
Share based payments	16,160	1,881,336	42,338	-	-	-	1,939,834
Expired options	-	-	(12,669)	-	-	12,669	-
Transactions with owners, recognised directly in equity	29,364	3,638,277	53,049	-	-	12,669	3,733,359
As at 31 December 2014	4,186,796	11,147,543	100,365	(35,600)	(345,936)	(7,464,486)	7,588,682
As at 1 January 2015	4,186,796	11,147,543	100,365	(35,600)	(345,936)	(7,464,486)	7,588,682
Profit for the year	-	-	-	-	-	3,343,615	3,343,615
Other comprehensive income							
Currency translation differences	-	-	-	-	(103,356)	-	(103,356)
Change in value of available-for-sale financial assets	-	-	-	(6,750)	-	-	(6,750)
Total comprehensive income for the year	-	-	-	(6,750)	(103,356)	3,343,615	3,233,509
Proceeds from share issue	131,250	1,418,750	-	-	-	-	1,550,000
Issue costs	-	(157,715)	-	-	-	-	(157,715)
Share based payments	94,375	1,038,125	5,715	-	-	-	1,138,215
Disposal of subsidiaries	-	-	-	-	-	(40,282)	(40,282)
Transactions with owners, recognised directly in equity	225,625	2,299,160	5,715	-	-	(40,282)	2,490,218
As at 31 December 2015	4,412,421	13,446,703	106,080	(42,350)	(449,292)	(4,161,153)	13,312,409

The Notes on pages 22 to 50 form part of these Financial Statements.

ALECTO MINERALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2015

	Attributable to equity shareholders					
	Share capital £	Share premium £	Share option reserve £	Available-for- sale financial asset reserve £	Retained losses £	Total equity £
As at 1 January 2014	4,157,432	7,509,266	47,316	(29,000)	(5,907,757)	5,777,257
Loss for the year	-	-	-	-	(799,401)	(799,401)
Other comprehensive income						
Change in value of available-for-sale financial assets	-	-	-	(6,600)	-	(6,600)
Total comprehensive income for the year	-	-	-	(6,600)	(799,401)	(806,001)
Proceeds from share issue	10,000	1,490,000	-	-	-	1,500,000
Issue costs	-	(98,380)	23,380	-	-	(75,000)
Loan note conversion	3,204	365,321	-	-	-	368,525
Share based payments	16,160	1,881,336	42,338	-	-	1,939,834
Expired options	-	-	(12,669)	-	12,669	-
Transaction with owners, recognised directly in equity	29,364	3,638,277	53,049	-	12,669	3,733,359
As at 31 December 2014	4,186,796	11,147,543	100,365	(35,600)	(6,694,489)	8,704,615
As at 1 January 2015	4,186,796	11,147,543	100,365	(35,600)	(6,694,489)	8,704,615
Loss for the year	-	-	-	-	(2,622,326)	(2,622,326)
Other comprehensive income						
Change in value of available-for-sale financial assets	-	-	-	(6,750)	-	(6,750)
Total comprehensive income for the year	-	-	-	(6,750)	(2,622,326)	(2,629,076)
Proceeds from share issue	131,250	1,418,750	-	-	-	1,550,000
Issue costs	-	(157,715)	-	-	-	(157,715)
Share based payments	94,375	1,038,125	5,715	-	-	1,138,215
Transaction with owners, recognised directly in equity	225,625	2,299,160	5,715	-	-	2,530,500
As at 31 December 2015	4,412,421	13,446,703	106,080	(42,350)	(9,316,815)	8,606,039

The Notes on pages 22 to 50 form part of these Financial Statements.

ALECTO MINERALS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2015

		Continuing Operations	Discontinuing Operations	Total	Total
	Note	2015 £	2015 £	2015 £	2014 (restated) £
Cash flows from operating activities					
Profit/(loss) before taxation		3,330,241	13,374	3,343,615	(767,804)
Adjustments for:					
Finance income		(45)	-	(45)	(397)
Finance costs		-	-	-	18,526
Depreciation	6	64,631	6,679	71,310	69,945
Loss on settlement of derivative financial instrument		-	-	-	180,542
Profit on sale of property, plant and equipment		-	-	-	(27,445)
Loss on disposal of subsidiaries		2,036,189	-	2,036,189	-
Gain on bargain purchase	26	(6,101,221)	-	(6,101,221)	-
Share options expense		-	-	-	42,337
Share based payments		-	-	-	66,022
Decrease/(increase) in trade and other receivables		47,568	-	47,568	(193,327)
Increase/(decrease) in trade and other payables		108,279	(15,407)	92,872	(62,606)
(Gain)/loss on foreign exchange		(45,871)	2,727	(43,144)	(107,618)
Net cash (used in)/generated from operating activities		(560,229)	7,373	(552,856)	(781,825)
Cash flows from investing activities					
Interest received		45	-	45	399
Acquisition of subsidiaries (net of cash acquired)		(82,629)	-	(82,629)	1,027
Disposal of discontinued operation (net of cash disposed of)		1	(4,171)	(4,170)	-
Loans granted to related party		(64,123)	-	(64,123)	-
Purchase of intangible assets	7	(277,503)	(4,814)	(282,317)	(1,264,139)
Proceeds from sale of property, plant and equipment		-	-	-	41,593
Net cash used in investing activities		(424,209)	(8,985)	(433,194)	(1,221,120)
Cash flows from financing activities					
Proceeds from issue of share capital		1,550,000	-	1,550,000	1,569,458
Issue costs		(152,000)	-	(152,000)	(75,000)
Net cash generated from financing activities		1,398,000	-	1,398,000	1,494,458
Net increase/(decrease) in cash and cash equivalents		413,562	(1,612)	411,950	(508,487)
Cash and cash equivalents at beginning of year		112,560	1,698	114,258	624,155
Exchange gains on cash and cash equivalents		3,881	(86)	3,795	(1,410)
Cash and cash equivalents at end of year	11	530,003	-	530,003	114,258

Major non-cash transactions

On 23 November 2015, the Company issued 45,000,000 options valid for five years from the date of grant at an exercise price of 0.08 pence. On the same date the Company issued 943,750,000 new Ordinary Shares at a price of 0.12 pence per share, US\$800,000 convertible loan notes and assumed a £307,500 liability as consideration for business acquisitions. See Note 26.

The Notes on pages 22 to 50 form part of these Financial Statements.

ALECTO MINERALS PLC

COMPANY STATEMENT OF CASH FLOWS For the year ended 31 December 2015

	Total	Total
	2015	2014
Note	£	£
Cash flows from operating activities		
Loss before taxation	(2,622,326)	(799,401)
Adjustments for:		
Finance income	(34)	(399)
Finance costs	-	18,526
Depreciation	6 174	2,190
Loss on settlement of derivative financial instrument	-	180,542
Loss on disposal of subsidiaries	2,023,477	-
Management fee	(218,505)	(386,474)
Share options expense	-	42,337
Share based payments	-	66,022
Decrease/(increase) in trade and other receivables	36,390	(190,802)
Increase/(decrease) in trade and other payables	131,032	(57,062)
Net cash used in operating activities	(649,792)	(1,124,521)
Cash flows from investing activities		
Interest received	34	399
Acquisition of subsidiaries	(100,000)	-
Loans granted to subsidiary undertakings	(241,151)	(828,371)
Net cash used in investing activities	(341,117)	(827,972)
Cash flows from financing activities		
Proceeds from issue of share capital	1,550,000	1,569,458
Issue costs	(152,000)	(75,000)
Net cash generated from financing activities	1,398,000	1,494,458
Net increase/(decrease) in cash and cash equivalents	407,091	(458,035)
Cash and cash equivalents at beginning of year	103,194	561,229
Cash and cash equivalents at end of year	11 510,285	103,194

Major non-cash transactions

On 23 November 2015, the Company issued 45,000,000 options valid for five years from the date of grant at an exercise price of 0.08 pence. On the same date the Company issued 943,750,000 new Ordinary Shares at a price of 0.12 pence per share, US\$800,000 convertible loan notes and assumed a £307,500 liability as consideration for business acquisitions. See Note 26.

ALECTO MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. General information

The principal activity of Alecto Minerals plc (the 'Company') and its subsidiaries (together the 'Group') is to implement its mineral exploration strategy to advance projects towards defining a sufficient in-situ mineral resource to support a detailed feasibility study towards mine development and production. The Company's shares are quoted on the AIM market of the London Stock Exchange plc. The Company is incorporated and domiciled in the UK. The address of its registered office is 47 Charles Street, London, W1J 5EL.

2. Summary of Significant Accounting Policies

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

2.1. Basis of Preparation of Financial Statements

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

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

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

2.2. Basis of Consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the management accounts of all of its subsidiary undertakings made up to 31 December 2015.

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

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

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

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

Investments in subsidiaries are accounted for at cost less impairment.

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

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group

ALECTO MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2015

had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3. Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chairman's Statement on pages 3 to 5. In addition, Note 3 to the Financial Statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating steady revenue streams and an operating profit has been reported, an operating loss is expected in the 12 months subsequent to the date of these Financial Statements. The Directors believe, having considered all available information, including cash flows prepared by management, that the Group, having raised £665,000 (gross) in May 2016, has sufficient funds to meet its expected committed and contractual expenditure through to the end of 2016, and are confident that they will be able to raise funding to provide additional working capital to continue its current exploration programme as well as additional works through to at least the end of Q2 2017.

Based on the Board's assessment that the cash flow budgets can be achieved and that the necessary funds will be raised, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements for the year ended 31 December 2015.

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

Going concern is referred to in the auditor's report starting on pages 13 to 14 as an emphasis of matter.

2.4. New and Amended Standards

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2015

There were no IFRSs or IFRIC interpretations that were effective for the first time for the financial year beginning 1 January 2015 that had a material impact on the Group or Company.

(b) New standards, amendments and Interpretations in issue but not yet effective or not yet endorsed and not early adopted

The standards and interpretations that are relevant to the Group or Company, issued, but not yet effective, up to the date of issuance of the Financial Statements are listed below. The Company and Group intend to adopt these standards, if applicable, when they become effective.

Standard	Impact on initial application	Effective date
IAS 1 (Amendments)	Presentation of Financial Statements: Disclosure Initiative	1 January 2016
IAS 7 (Amendments)	Disclosure Initiative	*1 January 2017
IAS 12 (Amendments)	Recognition of Deferred Tax	*1 January 2017
IAS 16 (Amendments)	Clarification of Acceptable Methods of Depreciation	1 January 2016
IAS 27 (Amendments)	Equity method in Separate Financial Statements	1 January 2016
IAS 38 (Amendments)	Clarification of Acceptable Methods of Amortisation	1 January 2016
IFRS 9	Financial Instruments	*1 January 2018
IFRS 11 (Amendments)	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 12 (Amendments)	Investment Entities: Applying the Consolidation Exception	*1 January 2016
IFRS 14	Regulatory Deferral Accounts	*1 January 2016
IFRS 15	Revenue from Contracts with Customers	*1 January 2018
IFRS 16	Leases	*1 January 2019
Annual Improvements	2010 – 2012 Cycle	1 February 2015
Annual Improvements	2012 - 2014 Cycle	1 January 2016

* Subject to EU endorsement

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

2.5. Segment Reporting

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

2.6. Foreign Currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position sheet;
- income and expenses for each Income Statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

2.7. Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the Income Statement.

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For the year ended 31 December 2015

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

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

(b) Exploration and evaluation

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

Exploration and evaluation assets are recorded and held at cost.

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

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

2.8. Property, plant and equipment

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

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

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

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

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

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

2.9. Impairment of non-financial assets

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

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

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2.10. Financial Assets

Classification

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

(i) Loans and receivables

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

(ii) Available-for-sale financial assets

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

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchasing or selling the asset. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

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

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

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

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

Impairment of financial assets

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

2.11. Trade Receivables

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

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

2.12. Cash and Cash Equivalents

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

2.13. Share Capital

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

ALECTO MINERALS PLC

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For the year ended 31 December 2015

2.14. Share Based Payments

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

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

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

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

2.15. Reserves

Share Premium Reserve – the share premium reserve includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Share Option Reserve – the share option reserve represents the total fair value of all outstanding share based options and warrants of the Group in issue at each period end.

Available-For-Sale Financial Asset Reserve – the available-for-sale financial asset reserve represent the changes in fair value of monetary and non-monetary securities classified as available-for-sale financial assets.

Translation Reserve – the translation reserve represents the cumulative differences arising due to foreign exchange on consolidation of all the Company's subsidiaries.

Retained Losses – the retained losses reserve includes all current and prior periods retained profit and losses.

2.16. Trade Payables

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

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

2.17. Taxation

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

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

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

ALECTO MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

2.18. Operating leases

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

2.19. Revenue recognition

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

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

2.20. Finance income

Interest income is recognised using the effective interest method.

2.21. Borrowings

Compound financial instruments

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

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

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

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For the year ended 31 December 2015

3. Financial Risk Management

3.1. Financial Risk Factors

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

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

Market Risk (including foreign currency risk)

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

Credit Risk

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

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

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

Liquidity Risk

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

3.2. Capital Risk Management

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

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

At 31 December 2015 the Group had borrowings of £528,576 (2014: £nil) and defines capital based on the total equity of the Company. The Group monitors its level of cash resources available against future planned exploration and evaluation activities and may issue new shares in order to raise further funds from time to time.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2015

4. Critical Accounting Estimates and Judgements

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

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

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

Fair value of exploration and evaluation assets

In connection with the business combination detailed in Note 26 the Directors' determined that the consideration paid did not reflect the fair value of the exploration assets acquired. The fair value of the exploration assets of £11,880,210 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks, application of local market factors and in particular consideration of internally prepared feasibility study which indicated a net present valuation of US\$25 million, resulting in a US\$16.25 million fair value adjustment before consideration of tax implications.

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2015 of £16,677,503 (2014: £7,217,039). Such assets have an indefinite useful life as the Group has a right to renew exploration licences and the asset is only amortised once extraction of the resource commences. Management tests annually whether exploration projects have future economic value in accordance with the accounting policy stated in Note 2.7 to the Financial Statements. Each exploration project is subject to an annual review by either a consultant or senior company geologist to determine if the exploration results returned during the year warrant further exploration expenditure and have the potential to result in an economic discovery. This review takes into consideration long term metal prices, anticipated resource volumes and supply and demand outlook. In the event that a project does not represent an economic exploration target and results indicate there is no additional upside a decision will be made to discontinue exploration. The Directors have reviewed the estimated value of each project prepared by management and have concluded that no impairment would be required and provided against the exploration assets.

Estimated Impairment of Goodwill

Goodwill has a carrying value of £404,213 (2014: £423,785). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7 to the Financial Statements.

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

Share based payment transactions

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

The valuation of these options and warrants involves making a number of critical estimates relating to price volatility, future dividend yields, expected life of the options and forfeiture rates. These assumptions have been described in more detail in Note 16 to the Financial Statements.

Contingent consideration

As part of the acquisition of Gazelle Resources Inc, the Group has entered into a contractual arrangement with Swala Resources Inc ('Swala'), in which, under certain milestones being reached, would result in the Group paying further consideration of US\$1.5m. For full details on the arrangement, please see Note 28.

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

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2015

5. Segment Information

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. During the year the Group had interests in six geographical segments; the United Kingdom, Mauritania, Ethiopia, Burkina Faso, Mali and Zambia. Activities in the UK are mainly administrative in nature whilst the activities in Ethiopia, Mauritania, Burkina Faso, Mali and Zambia relate to exploration and evaluation work. In September 2015 the Group disposed of its interests in Ethiopia, see Note 27.

2015	Burkina Faso £	Ethiopia £	Mauritania £	Mali £	UK £	Zambia £	Intra-segment balances £	Total £
Revenue	-	42,687	-	-	-	14,291	-	56,978
Administrative expenses	(53,561)	(26,586)	(2,695)	(71,089)	(631,281)	(1,707)	-	(786,919)
Loss on foreign exchange	-	(2,727)	616	-	-	-	-	(2,111)
Other net gains/(losses)	-	-	-	1,185	(2,014,100)	6,088,537	-	4,075,622
Profit/(loss) from operations per reportable segment	(53,561)	13,374	(2,079)	(69,904)	(2,645,381)	6,101,121	-	3,343,570
Capital expenditure	94,353	4,814	27,498	110,045	-	45,607	-	282,317
Reportable segment assets	5,456,624	-	1,160,749	5,749,242	9,660,682	9,384,727	(13,371,982)	18,040,042
Reportable segment liabilities	4,864,823	-	1,709,187	3,538,771	1,054,643	9,517,038	(15,956,830)	4,727,633

2014 (restated)	Burkina Faso £	Ethiopia £	Mauritania £	Mali £	UK £	Intra-segment balances £	Total £
Revenue	-	243,961	-	-	-	-	243,961
Administrative expenses	(20,014)	(46,503)	(4,662)	(125,168)	(638,777)	-	(835,124)
Other gains/(losses)	-	-	-	27,445	(185,957)	-	(158,512)
Profit/(loss) from operations per reportable segment	(20,014)	197,458	(4,662)	(97,723)	(824,734)	-	(749,675)
Capital expenditure	13,955	53,290	72,441	1,124,453	-	-	1,264,139
Reportable segment assets	5,394,155	845,525	1,147,089	5,879,446	8,793,590	(13,740,999)	8,318,806
Reportable segment liabilities	5,014,300	651,114	1,677,620	3,495,232	88,975	(10,197,117)	730,124

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

	2015 £	2014 (restated) £
Profit/(loss) from operations per reportable segment	3,343,570	(749,675)
Finance income	45	397
Finance costs	-	(18,526)
Profit/(loss) for the year before taxation	3,343,615	(767,804)

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For the year ended 31 December 2015

6. Property, Plant and Equipment

	Group			Company	
	Field equipment £	Vehicles £	Computer equipment £	Total £	Computer equipment £
Cost					
As at 1 January 2014	190,910	117,345	18,541	326,796	10,941
Acquired through acquisition of subsidiary	111,716	113,940	14,926	240,582	-
Disposals	-	(39,073)	-	(39,073)	-
Foreign exchange differences	(13,299)	(9,892)	(9,982)	(33,173)	-
As at 31 December 2014	289,327	182,320	23,485	495,132	10,941
Acquired through acquisition of subsidiary	15,503	51,098	23,025	89,626	-
Disposals	(18,849)	(27,508)	-	(46,357)	-
Foreign exchange differences	(19,477)	(21,410)	(6,927)	(47,814)	-
As at 31 December 2015	266,504	184,500	39,583	490,587	10,941
Depreciation					
As at 1 January 2014	50,245	38,675	14,260	103,180	8,577
Acquired through acquisition of subsidiary	56,281	101,388	9,828	167,497	-
Charge for the year	43,238	23,606	3,101	69,945	2,190
Disposals	-	(25,618)	-	(25,618)	-
Foreign exchange differences	(2,176)	(6,405)	(9,838)	(18,419)	-
As at 31 December 2014	147,588	131,646	17,351	296,585	10,767
Acquired through acquisition of subsidiary	10,703	50,240	14,100	75,043	-
Charge for the year	50,700	19,172	1,438	71,310	174
Disposals	(15,265)	(16,957)	-	(32,222)	-
Foreign exchange differences	(10,898)	(19,071)	(3,065)	(33,034)	-
As at 31 December 2015	182,828	165,030	29,824	377,682	10,941
Net book value					
As at 31 December 2014	141,739	50,674	6,134	198,547	174
As at 31 December 2015	83,676	19,470	9,759	112,905	-

Depreciation expense of £71,310 (2014: £69,945) has been charged in administration expenses (Note 17).

ALECTO MINERALS PLC

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2015

7. Intangible Assets

Exploration and evaluation assets are all internally generated.

	Group	
	2015	2014
	£	£
Exploration & Evaluation Assets - Cost and Net Book Value		
At 1 January	7,217,039	5,581,135
Additions	282,317	1,264,139
Acquired through acquisition of subsidiary (at fair value) (Note 26)	11,880,210	490,000
Disposals	(2,464,063)	-
Foreign exchange differences	(238,000)	(118,235)
At 31 December	16,677,503	7,217,039

	Group	
	2015	2014
	£	£
Goodwill - Cost and Net Book Value		
At 1 January	423,785	383,057
Acquired through acquisition of subsidiary (at fair value)	-	40,728
Disposals	(19,572)	-
At 31 December	404,213	423,785

Exploration projects acquired during the year in Zambia at 31 December 2015 had a gold JORC compliant resource estimate of 760,000 ounces in the measured, indicated and inferred categories at an average grade of 2.3 grams per ton. In determining the fair value on acquisition the Directors' applied a number of valuation metrics including geological upside potential, mineralogy, market benchmarks, local market factors and internally generated feasibility studies. For more information see Note 26.

Exploration projects in Burkina Faso, Mali and Mauritania are at an early stage of development and, with the exception of the JORC Code compliant inferred resource estimate of 247,000 oz Au for the Kossanto Project in Mali as at 31 December 2015, no JORC or non-JORC compliant resource estimates were available to enable value in use calculations to be prepared. The Directors therefore undertook an assessment of the following areas and circumstances that could indicate the existence of impairment:

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

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

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8. Investments in Subsidiary Undertakings

	Company	
	2015 £	2014 £
Shares in Group Undertakings		
At 1 January	4,440,001	3,840,001
Additions (Note 26)	2,068,576	600,000
Disposals (Note 27)	(1,340,000)	-
At 31 December	5,168,577	4,440,001
Loans to Group undertakings (Note 31)	3,702,647	3,922,082
At 31 December	8,871,224	8,362,083

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

Details of Subsidiary Undertakings

Name of subsidiary	Country of incorporation and place of business	Parent company	Registered capital	Proportion of share capital held	Nature of business
Alecto Holdings International Limited	British Virgin Islands	Alecto Minerals plc	Ordinary shares US\$1	100%	Dormant
Alecto Guinea Holdings Limited	British Virgin Islands	Alecto Minerals plc	Ordinary shares US\$1	100%	Dormant
Alecto Mauritania Limited	Mauritania	Alecto Holdings International Limited	Ordinary shares MOU 1,000,000	100%	Exploration
AME West Africa Limited	United Kingdom	Alecto Minerals plc	Ordinary shares £100	100%	Dormant
Caracal Gold Mali SARL	Mali	AME West Africa Limited	Ordinary shares XOF 1,526,649,300	100%	Exploration
NewMines Holdings Limited	Nevis	Alecto Minerals plc	Ordinary shares €923,373	100%	Dormant
Tobon Tondo SARL	Mali	NewMines Holdings Limited	Ordinary shares XOF 1,000,000	100%	Exploration
Gazelle Resources Inc	British Virgin Islands	Alecto Minerals plc	Ordinary shares US\$1	100%	Dormant
Societe Miniere de Kerboulé SARL	Burkina Faso	Gazelle Resources Inc	Ordinary shares XOF 1,000,000	100%	Exploration
Luir Limited	Mauritius	Alecto Minerals plc	Ordinary shares US\$6,000	100%	Dormant
LG Holdings Limited	Mauritius	Luir Limited	Ordinary shares US\$500	100%	Dormant
ZIO Holdings Limited	Mauritius	Luir Limited	Ordinary shares CAD\$1	100%	Dormant
Luir Gold Mines Limited	Zambia	LG Holdings Limited / ZIO Holdings Limited	Ordinary shares ZMW 50,000	100%	Exploration

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9. Available-for-Sale Financial Assets

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
At 1 January	14,400	21,000	14,400	21,000
Net losses transferred to equity	(6,750)	(6,600)	(6,750)	(6,600)
At 31 December	7,650	14,400	7,650	14,400
Less: non-current portion	(7,650)	(14,400)	(7,650)	(14,400)
Current portion	-	-	-	-

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

Losses of £7,650 (2014: £6,600) were due to a change in fair value.

10. Trade and Other Receivables

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade receivables	-	116,728	-	116,728
Prepayments	27,528	20,446	25,850	18,818
Restricted assets	21,307	21,601	-	-
VAT receivable	255,543	177,958	245,439	177,958
Security deposits	-	1,253	-	-
Other receivables	3,390	12,791	234	235
At 31 December	307,768	350,777	271,523	313,739
Less: non-current portion	(21,307)	(21,601)	-	-
Current portion	286,461	329,176	271,523	313,739

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

The Group has provided bank guarantees as security for the minimum spend requirements on the Mauritanian exploration licences. The guarantees are not released until the end of the licence period. The balance held via bank guarantee at 31 December 2015 is £21,307 (31 December 2014: £21,601) and is included within restricted assets.

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

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
UK Pounds	271,523	313,739	271,523	313,739
Central African Franc	10,562	15,437	-	-
Zambian Kwacha	4,376	-	-	-
	286,461	329,176	271,523	313,739

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. At 31 December 2015 all trade and other receivables were fully performing.

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11. Cash and Cash Equivalents

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Cash at bank and in hand	530,003	114,258	510,285	103,194

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

12. Trade and Other Payables

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Trade payables	23,066	50,738	14,149	37,014
Other payables	48,229	1,716	1	1,065
Accrued expenses	256,199	62,890	204,417	50,896
Deferred consideration payable (Note 26)	307,500	-	307,500	-
	634,994	115,344	526,067	88,975

Trade payables include amounts due of £8,554 (2014: £5,019) in relation to exploration and evaluation activities.

13. Borrowings

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Convertible loan note (Note 26)	528,576	-	528,576	-
	528,576	-	528,576	-

On 23 November 2015, the Company issued 800,000 interest free convertible loan notes at a par value of US\$1 per loan note. The loan notes are convertible at the higher of 80% of the Company's mid-market closing share price at the time of exercise and 0.08 pence.

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14. Deferred tax

An analysis of deferred tax liabilities is set out below.

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
Deferred tax liabilities				
- Deferred tax liability after more than 12 months	3,564,063	614,780	-	-
Deferred tax liabilities	3,564,063	614,780	-	-

The movement in the deferred tax account is as follows:

	Group		Company	
	2015 £	2014 £	2015 £	2014 £
At 1 January	614,780	614,780	-	-
Acquisition of subsidiary (Note 26)	3,564,063	-	-	-
Disposal of subsidiary (Note 27)	(614,780)	-	-	-
As at 31 December	3,564,063	614,780	-	-

The Group has additional capital losses of approximately £440,000 (2014: £440,000) and other losses of approximately £4,498,000 (2014: £5,126,000) available to carry forward against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses because of uncertainty over the timing of future taxable profits against which the losses may be offset.

15. Share Capital and Share Premium

Group and Company

	Number of shares	Share capital £	Share premium £	Total £
Issued and fully paid				
As at 1 January 2014	593,918,775	4,157,432	7,509,266	11,666,698
Issue of new shares – 17 January 2014 ⁽¹⁾	100,000,000	10,000	1,391,620	1,401,620
Issue of new shares – 30 January 2014	79,113,924	7,911	1,242,089	1,250,000
Issue of new shares – 28 March 2014	20,000,000	2,000	248,000	250,000
Issue of new shares – 23 July 2014	32,045,742	3,204	365,321	368,525
Issue of new shares – 16 November 2014	59,710,873	5,971	374,029	380,000
Issue of new shares – 9 December 2014	2,777,143	278	17,218	17,496
As at 31 December 2014	887,566,457	4,186,796	11,147,543	15,334,339
Issue of new shares – 14 January 2015 ⁽²⁾	200,000,000	20,000	515,000	535,000
Issue of new shares – 22 June 2015 ⁽³⁾	300,000,000	30,000	245,000	275,000
Issue of new shares – 23 November 2015 ⁽⁴⁾	1,756,250,000	175,625	1,539,160	1,714,785
As at 31 December 2015	3,143,816,457	4,412,421	13,446,703	17,859,124

(1) Includes issue costs of £98,380

(2) Includes issue costs of £65,000

(3) Includes issue costs of £25,000

(4) Includes issue costs of £67,715

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On 14 January 2015 the Company raised £600,000 (gross) through the issue of 200,000,000 new Ordinary Shares at a price of 0.3 pence per share.

On 22 June 2015 the Company raised £300,000 (gross) through the issue of 300,000,000 new Ordinary Shares at a price of 0.1 pence per share.

On 23 November 2015, the Company issued 943,750,000 new Ordinary Shares at a price of 0.12 pence per share as consideration for business acquisitions. On the same date the Company raised £650,000 (gross) through the issue of 812,500,000 new Ordinary shares at a price of 0.08 pence per share.

16. Share Based Payments

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

Vesting date	Expiry date	Exercise price in £ per share	Shares	
			2015	2014
1 January 2012	31 December 2016	0.04300	7,550,000	7,550,000
1 January 2013	31 December 2016	0.04800	4,500,000	4,500,000
1 January 2014	31 December 2016	0.06300	2,250,000	2,250,000
6 November 2013	5 November 2016	0.01000	3,000,000	3,000,000
23 January 2014	23 January 2017	0.01580	7,000,000	7,000,000
24 February 2014	5 November 2016	0.01000	3,000,000	3,000,000
23 January 2014	22 January 2017	0.01500	5,000,000	5,000,000
24 February 2014	23 February 2019	0.01925	7,730,327	7,730,327
27 November 2015	27 November 2020	0.00080	45,000,000	-
			85,030,327	40,030,327

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

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

	2015 Warrants	2014 Warrants	2014 Warrants	2014 Warrants	2014 Warrants
Granted on:	23/11/2015	23/1/2014	24/02/2014	24/02/2014	24/02/2014
Life (years)	5	3 years	2 years	3 years	5 years
Share price (pence per share)	0.08p	1.85p	1.45p	1.45p	1.45p
Risk free rate	2.25%	2.25%	2.25%	2.25%	2.25%
Expected volatility	17%	26%	24%	26%	24%
Expected dividend yield	-	-	-	-	-
Marketability discount	20%	20%	20%	20%	20%
Total fair value (£000)	6	29	12	11	14

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

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A reconciliation of options and warrants granted is shown below:

	2015		2014	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
Outstanding as at 1 January	40,030,327	0.0270	70,603,226	0.0320
Expired	-	-	(53,303,226)	0.0290
Granted	45,000,000	0.0008	22,730,327	0.0160
Outstanding as at 31 December	85,030,327	0.0131	40,030,327	0.0270
Exercisable at 31 December	85,030,327	0.0131	40,030,327	0.0270

Range of exercise prices (£)	2015			2014				
	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.01	0.0008	45,000,000	4.9	4.9	-	-	-	-
0.01 – 0.05	0.0250	37,780,327	2.44	2.44	0.0250	37,780,327	2.44	2.44
0.05 – 0.10	0.0630	2,250,000	2.00	2.00	0.0630	2,250,000	2.00	2.00

No options or warrants were exercised during the period. The total fair value has resulted in a charge to the Income Statement for the year ended 31 December 2015 of £nil (2014: £42,337) and a charge to Share Premium of £5,715 (2014 £23,380).

17. Expenses by Nature

Group – Continuing operations	2015 £	2014 £
Directors' remuneration (Note 18)	98,432	117,422
Employee salaries (Note 19)	20,181	25,210
Social security costs (Note 19)	15,881	16,844
Other employment expenses	140,000	-
Audit & accountancy	51,094	40,607
Consultancy and professional fees	176,792	174,616
Operating lease charges	8,300	24,426
Other establishment expenses	59,563	55,235
AIM related fees	91,097	137,813
Depreciation	64,631	61,239
Travel & subsistence	34,362	51,470
Share option expenses	-	42,337
Loss/(gain) on foreign exchange	(616)	-
Other expenses	-	41,402
Total administrative expenses	759,717	788,621

Other employment expenses relate to a provision for discretionary bonuses that are likely be paid to senior management as shares in lieu of cash fees.

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

	Group	
	2015	2014
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	35,000	35,000
Fees payable to the Company's auditor and its associates for tax services	1,000	1,000

18. Directors' Remuneration

	Total emoluments		Options Issued	
	2015	2014	2015	2014
	£	£	£	£
Executive Directors				
Mark Jones	22,000	29,750	-	-
Michael Ware ⁽¹⁾	-	32,315	-	-
Dominic Doherty	91,004	44,487	-	-
Non-executive Directors				
Gerald Chapman ⁽²⁾	4,222	-	-	-
Toby Howell	27,867	37,683	-	-
Michael Johnson ⁽³⁾	-	15,000	-	28,835
Mark Wellesley-Wood ⁽⁴⁾	15,333	9,667	-	-
	160,426	168,902	-	28,835

(1) Resigned 8 July 2014

(2) Appointed 20 November 2015

(3) Resigned 30 September 2014

(4) Resigned 1 July 2015

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

No pension benefits are provided for any Director.

Of the above Directors' remuneration costs, £61,994 (2014: £51,480) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

There was no Directors' Remuneration relating to termination benefits (2014: £nil).

19. Employees

	Group	
	2015	2014
	£	£
Staff costs (excluding Directors)		
Salaries and wages	104,374	240,743
Social security costs	1,307	57,291
Pension costs	-	-
	105,681	298,034

The average monthly number of employees during the year was 10 (2014: 21).

Of the above staff costs, £85,500 (2014: £255,978) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2015

20. Other Net Gains/(Losses)

	Group	
	2015	2014
	£	£
Loss on settlement of equity swap agreement	-	(180,542)
Gain on disposal of property, plant and equipment	-	27,445
Bargain purchase arising on acquisition of subsidiary (Note 26)	6,101,221	-
Loss on disposal of subsidiaries (Note 27)	(2,036,189)	-
Other gains/(losses)	10,590	(5,415)
	4,075,622	(158,512)

21. Finance Income

	Group	
	2015	2014
	£	£
Interest received from Bank	45	397
	45	397

22. Finance Costs

	Group	
	2015	2014
	£	£
Convertible loan note interest	-	18,526
	-	18,526

23. Income Tax

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

Income tax expense	Group	
	2015	2014
	£	£
Tax on loss for the year	-	-

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

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NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2015

	Group	
	2015 £	2014 £
Profit/(loss) before tax	3,330,241	(965,262)
Tax at the applicable rate of 27.42% (2014: 22.56%)	913,152	(217,763)
Effects of:		
Expenditure not deductible for tax	572,547	36,932
Depreciation in excess of capital allowance	17,770	13,700
Non-taxable income	(1,672,955)	(59,202)
Net tax effect of losses carried forward	287,540	284,861
Utilisation of previously unrecognised tax losses	(118,054)	(58,528)
Tax charge	-	-

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

	2015			2014		
	Before tax £	Tax charge £	After tax £	Before tax £	Tax charge £	After tax £
Available-for-sale financial assets (Note 9)	7,650	-	7,650	14,400	-	14,400
Other comprehensive income	7,650	-	7,650	14,400	-	14,400
Current tax		-			-	
Deferred tax (Note 14)		-			-	

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

24. Earnings per Share

The calculation of basic earnings per share of 0.251 pence (2014 restated: loss per share of (0.096) pence) is calculated by dividing the profit attributable to shareholders of £3,343,615 (2014 restated loss: £767,804) by the weighted average number of Ordinary Shares of 1,331,458,774 (2014: 801,201,925) in issue during the period.

The calculation of diluted earnings per share of 0.243 pence is calculated by dividing the profit attributable to shareholders of £3,343,615 by the weighted average number of Ordinary Shares together with the weighted average number of outstanding warrants and options of 1,376,174,033 in issue during the period.

Details of share options that could potentially dilute earnings per share in future periods are set out in Note 16.

The Company is committed to the issuance of ordinary shares to a consultant should certain conditions be met in future periods. The issuance of these Ordinary Shares could potentially dilute earnings per share. Further details of this arrangement are set out in Note 29.

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25. Financial Instruments by Category

Group - 31 December 2015			
Assets per Statement of Financial Position	Loans and receivables	Available-for-sale	Total
Available-for-sale financial assets	-	7,650	7,650
Trade and other receivables (excluding prepayments)	258,933	-	258,933
Cash and cash equivalents	530,003	-	530,003
Total	788,936	7,650	796,586

Group - 31 December 2015		At amortised cost	Total
Liabilities per Statement of Financial Position			
Trade and other payables (excluding non-financial liabilities)		115,344	115,344
Borrowings		528,576	528,576
Total		643,920	643,920

Group - 31 December 2014			
Assets per Statement of Financial Position	Loans and receivables	Available-for-sale	Total
Available-for-sale financial assets	-	14,400	14,400
Trade and other receivables (excluding prepayments)	308,730	-	308,730
Cash and cash equivalents	114,258	-	114,258
Total	422,988	14,400	437,388

Group - 31 December 2015		At amortised cost	Total
Liabilities per Statement of Financial Position			
Trade and other payables (excluding non-financial liabilities)		115,344	115,344
Total		115,344	115,344

Company - 31 December 2015			
Assets per Statement of Financial Position	Loans and receivables	Available-for-sale	Total
Available-for-sale financial assets	-	7,650	7,650
Trade and other receivables (excluding prepayments)	510,285	-	510,285
Cash and cash equivalents	755,958	-	755,958
Total	1,266,243	7,650	1,273,893

Company - 31 December 2015		At amortised cost	Total
Liabilities per Statement of Financial Position			
Trade and other payables (excluding non-financial liabilities)		218,565	218,565
Borrowings		528,576	528,576
Total		747,141	747,141

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Company - 31 December 2014 Assets per Statement of Financial Position	Loans and receivables	Available- for-sale	Total
Available-for-sale financial assets	-	14,400	14,400
Trade and other receivables (excluding prepayments)	294,921	-	294,921
Cash and cash equivalents	103,194	-	103,194
Total	398,115	14,400	412,515

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

26. Business Combinations

Luir Limited

On 23 November 2015, the Group acquired 100% of the share capital of Luir Limited ('Luir') for £2,068,576. Luir is registered in Mauritius and via its wholly owned subsidiary Luir Gold Mines Limited, holds a 32 sq. km. gold exploration and mining group of licences in Zambia. As a result of this acquisition the Group is expected to increase its presence in this market and commodity.

The bargain purchase arising from the acquisition of £6,101,221 has been recognised in the Income Statement under 'Other net gains/(losses)'; refer Note 20. The bargain purchase is attributable to the consideration paid for Luir, not reflecting the fair value of the exploration assets acquired, in the opinion of the Directors.

The following table summarises the consideration paid for Luir and the values of the assets acquired and liabilities assumed at the acquisition date.

Consideration at 23 November 2015	£
Cash	100,000
Equity instruments (943,750,000 ordinary shares at 0.12 pence per share)	1,132,500
Convertible loan note (US\$800,000)	528,576
Deferred share consideration (256,250,000 ordinary shares at 0.12 pence per share)	307,500
Total consideration (Note 8)	2,068,576
Recognised amounts of identifiable assets acquired and liabilities assumed	
	£
Cash and cash equivalents	17,371
Trade and other receivables	4,853
Property, plant & equipment	14,583
Exploration assets (included within Intangible Assets) (Note 7)	11,880,210
Trade and other payables	(183,157)
Deferred tax liabilities (Note 14)	(3,564,063)
Total identifiable net assets	8,169,797
Bargain purchase (Note 20)	(6,101,221)
Total consideration	2,068,576

The fair value of the 943,750,000 Ordinary Shares issued as consideration for Luir was based on the agreed price of 0.12 pence per Ordinary Share.

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The convertible loan notes are convertible at the higher of 80% of the Company's mid-market closing share price at the time of exercise and 0.08 pence. On 5 April 2016 the Company issued 433,501,250 new Ordinary Shares in relation to the conversion of US\$495,365 of the convertible loan notes.

The deferred consideration arrangement requires the Group to issue the former owners of Luiri with 256,250,000 new Ordinary Shares at a price of 0.12 pence per Ordinary Share on or before 20 November 2018.

The fair value of the exploration assets of £11,880,210 was estimated by applying a number of valuation metrics which include; geological upside potential, mineralogy, market benchmarks, application of local market factors and in particular consideration of an internally prepared feasibility study which indicated a net present valuation of US\$25 million for the Matala deposit. In the Directors' opinion, the value of the consideration paid to effect the acquisition does not accurately reflect the value of the exploration licences. Therefore, the fair value of the exploration assets acquired, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been estimated by the Directors as if the transaction was an orderly sale by the vendors on an open market. This resulted in a US\$16.25 million fair value adjustment before consideration of the tax implications.

A deferred tax liability of £3,564,063 has been recognised on acquisition on the estimated tax effect of the temporary difference between the fair value of the exploration asset and its tax base.

The deferred tax liability has been estimated at a rate of 30% of the temporary difference, representing the tax rates that are expected to apply to the period when the temporary differences reverse. The deferred tax liability recognised has not been discounted.

Had Luiri been consolidated from 1 January 2015, the revenue shown in the Consolidated Income Statement would have been £97,005 and an additional loss for the period of £449,986 would have been recorded.

27. Discontinued Operations

On 30 September 2015 the Group disposed of its Ethiopian subsidiaries, Nubian Gold Exploration Limited and Rift Valley Resources Limited. The subsidiaries are reported in the current period as discontinued operations. Financial information relating to the discontinued operations for the period to the date of disposal is set out below.

The financial performance and cash flow information are for the period ended 30 September 2015 and the year ended 31 December 2014.

Financial performance and cash flow information

	2015 £	2014 £
Revenue	42,687	243,961
Expenses	(26,586)	(46,503)
Other losses	(2,727)	-
Profit before income tax	13,374	197,458
Income tax	-	-
Profit for the year from discontinued operations	13,374	197,458
Net cash used in operating activities	(12,041)	(24,290)
Net cash used in investing activities	(4,814)	(84,385)
Net cash generated from financing activities	19,414	109,116
Net increase in cash and cash equivalents	2,559	441

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Details of the sale of the subsidiaries

	2015 £
Consideration received or receivable:	
Cash	1
Fair value on contingent consideration	-
Total disposal consideration	1
Carrying amount of net assets sold (see below)	(2,059,955)
Reclassification of foreign currency translation reserve	23,765
Loss on disposal of subsidiaries (Note 20)	(2,036,189)

The carrying amounts of assets and liabilities as at the date of sale (30 September 2015) were:

	2015 £
Property, plant and equipment	14,134
Cash	4,170
Intangibles	2,637,106
Goodwill	19,571
Total assets	2,674,981
Trade payables	(246)
Deferred tax liabilities (Note 14)	(614,780)
Total liabilities	(615,026)
Net Assets disposed	2,059,955

28. Contingencies

Electrum Limited

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

Swala Resources Inc

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

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

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

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VAT Registration

The Company is in discussions with HM Revenue & Customs ('HMRC') in connection with the status of its VAT registration. HMRC is investigating whether the Company was entitled to have reclaimed input VAT and in March 2014 issued a notice of assessment to the Company. At 31 December 2015, VAT receivable amounted to £245,439 (2014: £177,958). The Directors' are confident they will be able to satisfactorily respond to all matters raised by HMRC on the basis that they believe the registration in place to be fully justified. In the opinion of the Directors, the outcome of the discussions is unlikely to result in the Company having to refund any VAT previously reclaimed.

29. Commitments

(a) Licence agreements

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

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

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

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

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

On 23 November 2015, the Group acquired Luri Limited which, via its wholly owned subsidiary, Luri Gold Mines Limited, owns gold mining licences in Zambia. These licences include commitments to pay annual land royalty fees.

At 31 December 2015 the future aggregate minimum royalty fee payments and minimum spend requirements are as follows:

Group	2015			2014		
	Land royalty fees £	Minimum spend requirement £	Total £	Land royalty fees £	Minimum spend requirement £	Total £
Not later than one year	46,022	-	46,022	46,155	-	46,155
Later than one year and no later than five years	62,045	-	62,045	124,639	-	124,639
Total	108,067	-	108,067	170,794	-	170,794

(b) Bank guarantees

The Group has provided bank guarantees as security for the minimum spend requirements on the Mauritanian exploration licences. The guarantees are not released until the end of the licence period. The balance held via bank guarantee at 31 December 2015 is £21,307 (31 December 2014: £21,601) and is included within restricted assets (Note 10).

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(c) Capital commitments

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

Group	2015 £	2014 £
Intangible assets	260,000	260,000

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

(d) Royalty agreements

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

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

As part of the acquisition of Gazelle Resources Inc in 2014 the Group has assumed contractual commitments to provide a 3% net smelter return ('NSR') royalty on its gold exploration licences in Burkina Faso. Half of the NSR, which equates to 1.5% may be bought back at any time at the discretion of the Group in increments of 0.5% for the sum of US\$500,000 per increment.

(e) Operating lease commitments

The Company leased office premises under a non-cancellable operating lease agreement. The lease was on a fixed term expiring in May 2015 and was not renewed. The lease expenditure charged to the Income Statement during the year is disclosed in Note 17.

30. Prior Year Adjustment

In 2015 the Group changed the way foreign exchange is classified on consolidation (see Note 2.6). Previously the foreign exchange movements remained on the Income Statement (after elimination of intercompany transactions), but is now classified within the foreign currency translation reserve in equity. The Financial Statements of 2012, 2013 and 2014 have been restated to reflect this reclassification. The effect of the restatement on those Financial Statements is summarised below. There is no effect on the Company and no effect on the Group in 2015.

Group	Effect on 2012 £	Effect on 2013 £	Effect on 2014 £	Effect Total £
Decrease in foreign exchange	1,412	(116,482)	(194,346)	(309,416)
Decrease in loss	1,412	(116,482)	(194,346)	(309,416)
Increase in foreign currency translation reserve	(1,412)	116,482	194,346	309,416
Movement in equity	-	-	-	-

Earnings per share in 2014 has been restated from (0.120) pence based on the reported loss in 2014 of £962,148 to (0.096) pence based on the restated loss of £787,804.

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31. Related Party Transactions

Loans to Group undertakings

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

	2015 £	2014 £
Alecto Holdings International Limited	2,430	1,630
Alecto Mauritania Limited	1,706,758	1,676,826
Nubian Gold Exploration Limited	-	312,340
Rift Valley Resources Limited	-	338,771
Caracal Gold Mali SARL	1,712,937	1,562,369
NewMines Holdings Limited	1,161	677
Tobon Tondo SARL	15,223	7,874
Gazelle Resources Limited	649	-
Societe Miniere de Kerboulé SARL	164,572	21,595
Luir Gold Mines Limited	98,917	-
	3,702,647	3,922,082

Transactions with subsidiary undertakings during the year comprised the following:

	Disposals £	Cash advances £	Beneficial payments £	Consulting services £	Total £
Alecto Holdings International Limited	-	-	800	-	800
Alecto Mauritania Limited	-	-	9,800	20,132	29,932
Nubian Gold Exploration Limited	(312,340)	-	-	-	(312,340)
Rift Valley Resources Limited	(338,771)	-	-	-	(338,771)
Caracal Gold Mali SARL	-	72,600	3,326	74,642	150,568
NewMines Holdings Limited	-	-	484	-	484
Tobon Tondo SARL	-	-	-	7,349	7,349
Gazelle Resources Limited	-	-	649	-	649
Societe Miniere de Kerboulé SARL	-	79,047	-	63,930	142,977
Luir Gold Mines Limited	-	49,830	21,278	27,809	98,917
	(651,111)	201,477	36,337	193,862	(219,435)

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

All intra Group transactions are eliminated on consolidation.

Other transactions

J Cubed Ventures Limited, a company of which Mark Jones is a director and beneficial owner, was paid a fee of £97,000 (2014: £97,500) for consulting services provided to the Company. No balance was outstanding at the year-end (2014: £2,000).

As disclosed in Note 29, the Company leased office premises under a non-cancellable operating lease agreement which expired in May 2015 and was not renewed. This lease agreement was between the Company and Savannah Resources plc ('Savannah'), a significant shareholder of the Company as at 31 December 2015. Savannah was paid £8,300 (2014: £16,600) by the Company in connection with the expired operating lease agreement.

32. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

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For the year ended 31 December 2015

33. Events after the Reporting Date

On 9 February 2016 the Company granted 167,815,680 share options exercisable at 0.08p to certain directors, senior management and consultants of the Company.

On 5 April 2016 the Company issued 433,501,250 new Ordinary Shares in relation to the conversion of US\$495,365 convertible loan notes.

On 17 May 2016 the Company raised £665,000 (gross) through the issue of 831,250,000 new Ordinary Shares at a price of 0.08 pence per share.