Registered number: 05315922

ALECTO MINERALS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2013

ALECTO MINERALS PLC

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ALECTO MINERALS PLC

COMPANY INFORMATION

Directors	Michael Johnson (Non-Executive Chairman) (appointed 4 April 2013) Mark Jones (Chief Executive Officer) (appointed 2 October 2013) Michael Ware (Part-Time Executive Director) Toby Howell (Non-Executive Director)
Company Secretary	Heytesbury Corporate LLP
Registered Office	47 Charles Street London W1J 5EL
Company Number	05315922
Bankers	Barclays Bank plc 127 Edgware Road London W2 2HT
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	Hume Capital Securities plc No. 1 Carey Lane London EC2V 8AE
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

2013 has been an exciting year for Alecto. Firstly, we entered into a joint venture agreement with Centamin plc ("Centamin"), which will result in exploration across our two Ethiopian gold projects being funded for the next two years by Centamin with possible future joint venture projects to be added going forwards, and secondly, we acquired an exciting Malian gold portfolio which includes the Kossanto Gold Project (the "Kossanto Project"), located in the Kenieba inlier in western Mali which hosts several major producing gold mines.

In addition to the operational advances made during and post year end, we have also strengthened the Board and senior management team with the appointment of Mark Jones as CEO following the acquisition of the Kossanto Project. Mark and our technical team have extensive pre-existing knowledge of the Kossanto Project and experience of exploration in Africa, ideally qualifying them to implement our active work programmes and build on the inherent growth prospects evident across our prospective African gold and base metal portfolio.

We are strongly committed to unlocking and building significant value across our portfolio year on year through both operational and corporate activity. The momentum experienced during the reporting period has continued into 2014 with drilling activity making good progress at the Kossanto Project. As a result, we were delighted to increase the Kossanto Project's pre-existing JORC Code compliant inferred resource estimate by 80%, to 193,000 ounces of gold ("oz Au") in early April 2014, with the results of recent drilling demonstrating the potential to increase this yet further. At our wholly owned Wad Amour IOCG Project in Mauritania, the maiden drill campaign originally scheduled for commencement in April, has been delayed, due to circumstances outside our control, and drilling will commence as soon as practicable. Core drilling commenced in March 2014 at our Wayu Boda JV Gold Project in southern Ethiopia.

We had a robust cash position of approximately £1.2 million as at 29 May 2014 and with our joint venture in Ethiopia alleviating costs for this area of our portfolio, which has excellent upside potential, we are well positioned to achieve further exploration progress in 2014.

Malian Gold Projects

In October 2013, we acquired the Kossanto Project, a gold exploration project in western Mali, through the acquisition of AME West Africa Limited ("AME") from AIM quoted Savannah Resources plc ("Savannah"), previously named African Mining & Exploration plc.

The Kossanto Project has a number of attractive qualities. Importantly, it is located in the centre of the Kenieba inlier in western Mali, which is a block of ancient greenstones and granites hosting many significant gold deposits in Senegal and Mali, making it one of the most important gold regions in Africa. Major projects in the region include AngloGold Ashanti Limited's 13.0 million ounces ("Moz") Sadiola and 4.5Moz Yatela gold mines, Randgold Resources Limited's 12.5Moz Loulo gold mine and Teranga Gold Corporation's 3.0Moz Sabodala gold mine in neighbouring Senegal. Crucially, the geology of the Kossanto Project appears consistent with these major gold producing mines, comprising a mix of basic and acidic volcanics with turbidites, and pervasive shearing and fracturing.

Another feature of the Kossanto Project was its pre-existing maiden JORC Code compliant inferred resource estimate of 107,000 oz Au for the Gourbassi East ("GRBE") target. With three target areas delineated in total, namely GRBE, Gourbassi West ("GRBW") (together "Gourbassi") and Massakama, the potential to add further substantial resources through exploration across the licence area was evident and following completion of the transaction, we have sought to implement a resource expansion drill programme across both Gourbassi and Massakama.

We commenced drilling in December 2013 and following the completion of 1,908m of reverse circulation ("RC") holes and 921m of diamond drill ("DD") holes at GRBE and 997m of RC holes and 200m of DD holes at GRBW, the Company announced on 2 April 2014 an updated independent JORC Code compliant inferred resource estimate for Gourbassi (the "Updated Inferred Resource"), completed by Wardell Armstrong International, of, in aggregate, 5.04 million tonnes ("Mt") at 1.19 grammes per tonne of gold ("g/t Au") for an aggregate 193,000 oz Au, with a cut-off grade of 0.5g/t Au. The Updated Inferred Resource represented an approximate 80% increase on the previously published inferred resource estimate for Gourbassi announced by Savannah in June 2013.

The Updated Inferred Resource included a maiden JORC Code compliant inferred resource estimate for GRBW and defined gold in two zones. This target is only 3.7km away from the original resource area at GRBE and accordingly, from a practical mining perspective, can be viewed as a single project. The combined resource for Gourbassi is near surface (with the bulk of the resource less than 100m deep) and preliminary metallurgical work at GRBE has highlighted the potential amenability to low-cost recovery by cyanide leach processing but further metallurgical tests and analysis is required to be undertaken to test this concept. Importantly, the recent resource increase at Gourbassi does not account for potential future exploration upside at our highly prospective Massakama prospect to the west of the tenure.

Our work to date has been focussed on progressing the Kossanto Project towards the realisation of a mining opportunity. As well as focusing our operational efforts towards this, we have been actively seeking to identify further targets within the Kossanto Project area, using a mix of remote sensing and ground sampling techniques, and it is currently anticipated that some of these new prospects will be drill ready for next season.

As noted above, there remains significant additional upside potential across the Kossanto Project, and since completing our initial phase of the campaign to upgrade the resource estimate, we have been directing our resources to uncover this.

RAB drilling has been undertaken with this in mind at Gourbassi, utilising the Company's in-house track-mounted RAB rig. RAB drilling provides the Company with a very effective scouting technique as it offers a low cost drilling capability that can rapidly define targets for later DD and RC work. We await results from our RAB drilling at GRBE but have received results from drilling undertaken at GRBW, which consists of two proven zones of mineralisation. The results from the GRBW RAB drilling programme were highly encouraging and we subsequently completed further RC drilling, totalling six holes for over 864m, to infill the central section of the GRBW target and to test for a possible northern extension to the mineralisation. All the holes intercepted shallow gold mineralisation, demonstrating the opportunity to build on the current inferred resource estimate. Importantly, the northern-most hole, GRC081, exhibited robust mineralisation thereby underpinning the Board's belief that the mineralisation remains open to the north. Accordingly, a further RAB drilling programme is now underway to test 1.8km of the total strike length as well as soil and rock chip geochemistry to test the northern extension of GRBW. This should then enable a single, larger, target zone at Gourbassi to be defined with increased tonnage and resource opportunity.

At Massakama, extensive historical artisanal activity has recently been discovered in multiple areas (The "Big Pit", Goureba and Toukwata) close to the original target, highlighting the expansive potential of the Kossanto Project. Encouraging initial sampling returned results of up to 31.5 g/t Au from mineralised quartz veins and a number of scouting holes have been completed so far this year. The results of recent RC drilling at Massakama are expected shortly.

In summary, we are delighted to have delivered on our objective of producing the Updated Inferred Resource for Gourbassi. Following completion of the recent RC drilling, a total of 17 RC holes for a total of 1,861m, two DD holes for a total of 200m and 2,247m of RAB drilling have now been completed at GRBW and a total of 13 RC holes for a total of 1,908m, 6 DD holes for a total of 921m and RAB scout drilling have now been completed at GRBE during this season's drilling programme. As highlighted above, we have completed an extensive amount of work and this continues with the aim of strengthening our resource and building a commercial asset.

Following the year end, in respect of the acquisition of AME the Company paid deferred consideration of £1.25 million to Electrum Ltd, the previous owners of AME, through the issue of new ordinary shares in the Company. In addition, in line with the Company's strategy to build on its existing portfolio of prospective African gold projects with the potential to deliver shareholder value through exploration, the Company enhanced its Malian gold portfolio through the acquisition of the prospective 250 sq. km. Karan gold project (the "Karan Project") and the 16 sq. km. Diatissan gold project in western Mali from Savannah for £250,000 which was again satisfied through the issue of new ordinary shares in the Company. The Company has established that RAB drilling would be ideal to advance its understanding of these target areas and proposes to undertake a targeted programme in H2 2014.

Ethiopian Gold Properties

Alecto holds two gold exploration licences in Ethiopia: the 945 sq. km. Wayu Boda Project in south-west Ethiopia and the 1,954 sq. km. Aysid-Metekel Gold Project in north-west Ethiopia.

In October 2013, we were pleased to announce a joint venture with Centamin, the Arabian-Nubian Shield focused mineral exploration, development and mining company, to pursue opportunities offered by certain mining projects identified by Alecto and Centamin within Ethiopia. Both Wayu Boda and Aysid-Metekel have been designated as joint venture projects, which will result in exploration activities at both properties being funded by Centamin over the next two years in order for it to farm-in for up to a 70% interest in these projects. Accordingly, we retain exposure to the upside at these greenfield projects with no capital expenditure for the duration of the two year earn-in period.

At Wayu Boda, Centamin is required to fund US$1.8 million of exploration work to maintain an initial 51% interest in the project. Centamin then has the option to fund up to a further US$6 million of work to increase its interest to 70%. Centamin commenced drilling at the project in March 2014. Further details of the work programme will be provided when the Company receives a formal report, and we look forward to monitoring the advancement of this promising asset, where grades of up to 47.4 g/t Au have been previously reported from rock chip sampling and trenching.

At Aysid-Meketel, Centamin is required to fund US$1.2 million of exploration work to maintain an initial 51% interest, and has the option to fund up to a further US$5 million of work to increase its interest to 70%. Work commenced in March with the emphasis on mapping, rock chip sampling and stream and soil sampling. The results of this work will contribute towards generating future drill targets.

Looking further ahead, both parties will participate in selecting future targets through a joint venture committee, thereby enabling us to build on the Company's work at the start of this year which generated five high priority target areas for follow up evaluation.

Wad Amour Project, Mauritania

Alecto also owns the 1,369 sq. km. Wad Amour Project in Mauritania, where we have been active since 2011. We have conducted a range of reconnaissance work since then, including trenching, soil geochemistry and geophysics surveys, which have revealed significant potential for a high-grade Guelb Moghrein style iron oxide copper gold ("IOCG") deposit. We have defined two initial priority target areas comprising Chiron, where rock chip sampling has previously returned grades of up to 5.79% copper ("Cu") at surface, and Oued Amour, which has an 800m striking Cu anomaly and grab samples up to 1.2% Cu. In addition, two secondary targets, Tamourt and Gadel, have also been identified. The full historic trenching results were set out in the Company's announcement of 30 January 2013.

In the first half of 2013 the Group completed an extensive trench sampling campaign at Wad Amour. The results of the sampling campaign together with historical exploration work led to the Group commissioning a 1,500 metre drill programme at Wad Amour in January 2014 to test the copper and gold potential at depth, which was due to commence in April 2014. Unfortunately, due to circumstances outside the control of the Group, the drill contractor was not able to proceed with the drill programme and accordingly this has now been deferred until a later date.

Financial Review

During the period, the Company successfully raised £1,150,000 (before expenses) by way of placings, £450,000 through the issue of convertible loan notes, of which £100,000 converted during the period. In January 2014, a further £1,500,000 (before expenses) was raised. As a result, Alecto currently has cash of £1.2 million as at 29 May 2014 and is well positioned to pursue exploration opportunities at the Kossanto Project through utilising the Company's RAB drill whilst work on the Ethiopian properties is currently being funded by Centamin.

The loss before taxation for the Group for the year ended 31 December 2013 amounted to £1,242,540 (31 December 2012: £1,101,495). The Group's cash position at 31 December 2013 was £624,155 (31 December 2012: £848,059).

Outlook

As evidenced by our swift progress at the Kossanto Project since its acquisition in October 2013, we are focussed on rapidly delivering results across our portfolio of African gold and base metal projects in order to better position ourselves to make value accretive operational and corporate decisions to maximise value for our shareholders. We have an array of continuous work programmes on-going which will produce results over the remainder of 2014. In light of the breadth of our existing portfolio, which consists of both core and non-core projects, we will continue to assess possible transactions and joint venture opportunities in order to maximise the value from our work in the field.

I would like to take this opportunity to thank our Board, shareholders and advisers for their continued support and look forward to delivering further progress in the coming months.

Michael Johnson
Chairman

29 May 2014

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 2013.

The Strategic Report is a new statutory requirement under section 414A of the Companies Act 2006 ("Act") (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair, balanced and understandable information that enables the Directors to be satisfied that they have complied with s172 of the Act, which sets out the Directors' duty to promote the success of the Company.

Strategic approach

The Group's aim is to create value for shareholders through the discovery and development of economic mineral deposits. The Group's strategy is to continue to progress the development of its existing projects in East and West Africa and to evaluate its existing and new mineral resource opportunities with a view to 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 Part Time 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. Overseas operations are managed out of two overseas hubs. East African operations are managed through the Group's office in Addis Ababa, Ethiopia. West African operations are managed out of Bamako, Mali.

Review of business

The most significant event during 2013 for the Group was completion of the acquisition of AME and its wholly owned subsidiary Caracal Gold Mali SARL ("Caracal") from Savannah in October 2013. Caracal provided the Group with the Kossanto Project, an advanced exploration asset in south-west Mali which has a JORC Code compliant inferred resource estimate of 193,000 oz Au and significant upside potential in a proven African gold district. Caracal also provided the Group with a RAB drill unit and associated equipment, enabling cost efficient scout drilling across the Group's West African licences.

The Group implemented a drill programme at the Kossanto Project which commenced immediately after completion of the acquisition of AME and in April 2014 the Group announced an 80% increase in the pre-existing inferred resource estimate at the Kossanto Project, updating the JORC Code compliant inferred resource estimate from 107,000 to 193,000 oz Au.

In September 2013 the Group entered into a joint venture agreement with Centamin, to pursue existing and new opportunities identified by the Group in Ethiopia. Centamin will have the opportunity to farm-in for up to a 70% interest in joint venture projects, subject to sole-funding agreed milestones.

The Group's existing two exploration licences in Ethiopia, Wayu Boda and Aysid-Metekel, were nominated as the initial joint venture projects. At Wayu Boda Centamin is required to fund US$1.8 million to achieve an initial 51% interest and has the option to fund up to a further US$6 million to increase its interest up to 70%. At Aysid-Metekel Centamin is required to fund US$1.2 million to achieve an initial 51% interest and has the option to fund up to a further US$5 million to increase its interest to 70%.

Centamin commenced a drill programme at Wayu Boda in March 2014 and exploration activity is ongoing at Aysid-Metekel.

In the first half of 2013 the Group completed an extensive trench sampling campaign at its Mauritanian IOCG target, Wad Amour, which is within the Chiron licence area. The results of the sampling campaign together with historical exploration work led to the Group commissioning a 1,500 metre drill programme at Wad Amour in January 2014 to test the copper and gold potential at depth, which was due to commence in April 2014. Unfortunately, due to circumstances outside the control of the Group, the drill contractor was not able to proceed with the drill programme and accordingly this campaign has been deferred to a later date.

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 an operating mine. At every stage of the exploration process the projects are rigorously reviewed to determine if the results justify the next stage of exploration expenditure ensuring that funds are only applied to high priority targets.

GROUP STRATEGIC REPORT

The principal assets of the Group, comprising the 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 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 decline in the market price for natural resources, particularly gold, could render reserves containing relatively low grades of these resources uneconomic to recover.

Country risk

The Group's licences and operations are located in foreign jurisdictions. 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.

Mali, Mauritania and Ethiopia are the current focus of the Group's activities.

Mali has recently experienced political instability, which to date has not, 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 government, administrative bodies and with other stakeholders. The Board actively monitors political and regulatory developments.

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

Ethiopia has experienced relative stability within the country in recent years and was the fastest growing non-oil-dependent African economy in 2007 and 2008. In terms of risk, relations with neighbouring countries are tense, most notably with Eritrea whom they accuse of supporting Islamist rebels in Somalia. The Group maintains an active dialogue with the Ethiopian Government and believes the level of risk in relation to this area to be acceptable. The Group also minimises inflation and exchange rate risks in relation to Ethiopia by negotiating all material contracts in Pounds Sterling and ensuring that minimal financial assets are kept in the Ethiopian currency.

Dependence on key personnel

The Group and Company is dependent upon its executive management team and various technical consultants. Whilst it has entered into contractual agreements with the aim of securing the services of these personnel, the retention of their services cannot be guaranteed. The development and success of the Group depends on the Company's ability to recruit and retain high quality and experienced staff. The loss of the service of key personnel 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.

GROUP STRATEGIC REPORT

Funding risk

The Group has raised sufficient funds to enable it to undertake exploration activities on its Mali, Mauritanian and Ethiopian licence areas. To date the sources of funding available to the Group have been through the issue of equity capital in the Company, either via an equity placing or debt convertible into equity, or through bringing in partners to fund exploration and development costs such as in Ethiopia 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 foreign currency exchange rates, price risk, interest rate risk, credit risk and liquidity risk. The Group has a risk management programme in place that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs. The Group does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied. Details of the Group's financial risk management policies are set out in Note 3 to the Financial Statements.

Financial performance review

The loss of the Group for the year ended 31 December 2013 before taxation amounts to £1,242,540 (31 December 2012: £1,101,495).

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 2014.

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

	2013	2012
Cash and cash equivalents	**£624,155**	£848,059
Administrative expense as a percentage of total assets	**10.9%**	22.5%
Exploration costs capitalised as intangible assets	**£5,581,135**	£3,222,346

Cash has been used to fund the Group's operations and facilitate its investment activities (refer to the Consolidated Cash Flow Statement on page 19). On 17 January 2014, the Company raised a further £1,500,000 (gross) through the issue of 100,000,000 new ordinary shares.

Administrative expenses as a percentage of total assets have decreased from the prior year due primarily as a result of:

- the acquisition of AME during the period increasing total assets by £2.73 million; and
- the reduction in travel & related administrative expenses.

Exploration costs capitalised consist of the acquisition of exploration assets through business combinations (refer to Note 25 to the Financial Statements for more information) and exploration expenditure on the Group's exploration licences.

The Group Strategic Report was approved by the Board on 29 May 2014.

Mark Jones
Executive Director

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 2013.

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 2012: £nil).

Directors & Directors' Interests

The Directors who served during the year ended 31 December 2013, 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 2013		1 January 2013	
	Ordinary Shares	**Options**	**Ordinary Shares**	**Options**
Michael Johnson (1)	**23,258,028**	**-**	-	-
Toby Howell	**427,500**	**2,300,000**	427,500	2,300,000
Michael Ware (2)	**-**	**2,375,000**	-	-
Mark Jones (3)	**750,000**	**-**	-	-
Malcolm James (4) (5)	**n/a**	**n/a**	1,063,099	2,600,000
Damian Conboy (6)	**n/a**	**n/a**	4,000,000	5,500,000

(1) Appointed 4 April 2013. Includes 8,444,322 shares held by Ms Helen Mary Johnson who is the wife of Mr Johnson. Following the period end, the Company granted 7,000,000 options to Mr Johnson that are exercisable at 1.58 pence each and valid for three years from and exercisable six months after, the date of grant being 23 January 2014.

(2) On 25 November 2013 at the request of a warrant holder, the Company transferred 2,375,000 pre-existing warrants to Michael Ware. The warrants have a pre-existing exercise price of 1.55 pence each and are valid until 7 October 2014.

(3) Appointed 2 October 2013.

(4) 400,100 shares are held by the James Family Superfund, the beneficiaries of which include Malcolm James.

(5) Resigned 4 April 2013.

(6) Resigned 20 June 2013.

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

On 4 April 2013, Malcolm James resigned as Chairman of the Company and Professor Michael Johnson was appointed as his replacement.

Corporate responsibility

Environmental

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

Health and safety

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

DIRECTORS' REPORT

Internal Controls

The Board recognises the importance of both financial and non-financial controls and has reviewed the Group's control environment and any related shortfalls during the year. Since the Group was established, the Directors are satisfied that, given the current size and activities of the Group, adequate internal controls have been implemented. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of the current activity and proposed future development of the Group, continuing reviews of internal controls will be undertaken to ensure that they continue to be adequate and effective.

Statement of Financial Position

As illustrated by the Statement of Financial Position on page 14 of the Financial Statements, the continued activities of the Group and continued financial support to the subsidiary undertakings of the Company has resulted in the Company's net assets being less than half of its called-up share capital as at 31 December 2013. This has been rectified since the year end by a placing of new shares. See Note 29 for details..

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 29 to the Financial Statements.

Policy and Practice on Payment of Creditors

The Company and its subsidiary undertakings agree terms and conditions for their business transactions with suppliers. Payment is then made in accordance with these terms, subject to the terms and conditions being met by the supplier. As at 31 December 2013, the Company had an average of 22 days (2012: 18 days) purchases outstanding in trade payables. The Group average was 19 days (2012: 18 days).

Provision of Information to 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 to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

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

This report was approved by the Board on 29 May 2014 and signed on its behalf.

Mark Jones
Executive Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

The Company is compliant with AIM Rule 26 regarding the Company's website.

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

Internal Controls

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

Risk Management

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

Securities Trading

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

Relations with Shareholders

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

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

We have audited the Financial Statements of Alecto Minerals plc for the year ended 31 December 2013 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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's and the Parent Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the 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 2013 and of the Group's loss for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

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

1 Westferry Circus
Canary Wharf
London
E14 4HD

29 May 2014

ALECTO MINERALS PLC

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013 **Company number: 05315922**

	Note	Group 2013 £	Group 2012 £	Company 2013 £	Company 2012 £
Non-Current Assets					
Property, plant and equipment	6	**223,616**	47,859	**2,364**	5,322
Intangible assets	7	**5,964,192**	3,241,917	**-**	-
Investment in subsidiaries	8	**-**	-	**6,547,238**	3,314,499
Trade and other receivables	10	**20,192**	36,389	**-**	-
Available-for-sale financial assets	9	**21,000**	50,000	**21,000**	50,000
		6,229,000	3,376,165	**6,570,602**	3,369,821
Current Assets					
Trade and other receivables	10	**124,273**	53,525	**122,937**	43,022
Derivative financial instruments	11	**250,000**	-	**250,000**	-
Cash and cash equivalents	12	**624,155**	848,059	**561,229**	831,633
		998,428	901,584	**934,166**	874,655
Total Assets		**7,227,428**	4,277,749	**7,504,768**	4,244,476
Equity attributable to the Owners of Parent Company					
Share capital	16	**4,157,432**	2,509,388	**4,157,432**	2,509,388
Share premium	16	**7,509,266**	6,717,310	**7,509,266**	6,717,310
Share option reserve	16	**47,316**	40,322	**47,316**	40,322
Available-for-sale financial asset reserve	9	**(29,000)**	-	**(29,000)**	-
Translation reserve		**9,049**	(121,264)	**-**	-
Retained losses		**(6,824,423)**	(5,582,036)	**(5,907,757)**	(5,121,522)
Total Equity		**4,869,640**	3,563,720	**5,777,257**	4,145,498
Current Liabilities					
Trade and other payables	13	**1,393,008**	99,249	**1,377,511**	98,978
Borrowings	14	**350,000**	-	**350,000**	-
		1,743,008	99,249	**1,727,511**	98,978
Non-current liabilities					
Deferred income tax liabilities	15	**614,780**	614,780	**-**	-
		614,780	614,780	**-**	-
Total Liabilities		**2,357,788**	714,029	**1,727,511**	98,978
Total Equity and Liabilities		**7,227,428**	4,277,749	**7,504,768**	4,244,476

The Financial Statements were approved and authorised for issue by the Board on 29 May 2014 and were signed on its behalf by:

Mark Jones
Executive Director

The Notes on pages 20 to 48 form part of these Financial Statements.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2013

Continued operations	Note	2013 £	2012 £
Revenue		**-**	-
Cost of sales		**-**	-
Gross profit		**-**	-
Administration expenses	18	**(789,213)**	(961,053)
Impairment of intangible assets	7	**(337,398)**	(137,111)
Loss on foreign exchange		**(116,482)**	(5,030)
Operating Loss		**(1,243,093)**	(1,103,194)
Finance income	21	**553**	1,699
Loss Before Income Tax		**(1,242,540)**	(1,101,495)
Income tax expense	22	**-**	-
Loss for the Year		**(1,242,540)**	(1,101,495)
Attributable to Owners of the Parent		**(1,242,540)**	(1,101,495)
Earnings Per Share Attributable to Owners of the Parent During the Year			
Basic and Diluted Earnings Per Share (pence)	23	**(0.306) p**	(0.368) p

The loss for the Company for the year was £786,388 (31 December 2012: £752,866).

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

The Notes on pages 20 to 48 form part of these Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 £	2012 £
Loss for the year		**(1,242,540)**	(1,101,495)
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**130,313**	(121,103)
Available-for-sale financial assets	9	**(29,000)**	-
Total Comprehensive Income for the Year Attributable to Owners of the Parent, net of tax from Continuing Activities		**(1,141,227)**	(1,222,598)

The Notes on pages 20 to 48 form part of these Financial Statements.

ALECTO MINERALS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Attributable to owners of the parent						
	Share capital £	Share premium £	Share option reserve £	Available-for-sale financial asset reserve £	Translation reserve £	Retained losses £	Total equity £
As at 1 January 2012	**1,365,957**	**5,351,686**	**179,086**	**-**	**(161)**	**(4,631,974)**	**2,264,594**
Loss for the year	-	-	-	-	-	(1,101,495)	(1,101,495)
Other comprehensive income							
Currency translation differences	-	-	-	-	(121,103)	-	(121,103)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(121,103)**	**(1,101,495)**	**(1,222,598)**
Proceeds from share issue	1,143,431	1,474,009	-	-	-	-	2,617,440
Issue costs	-	(108,385)	12,669	-	-	-	(95,716)
Expired options	-	-	(151,433)	-	-	151,433	-
Transactions with owners, recognised directly in equity	**1,143,431**	**1,365,624**	**(138,764)**	**-**	**-**	**151,433**	**2,521,724**
As at 31 December 2012	**2,509,388**	**6,717,310**	**40,322**	**-**	**(121,264)**	**(5,582,036)**	**3,563,720**
As at 1 January 2013	**2,509,388**	**6,717,310**	**40,322**	**-**	**(121,264)**	**(5,582,036)**	**3,563,720**
Loss for the year	-	-	-	-	-	(1,242,540)	(1,242,540)
Other comprehensive income							
Currency translation differences	-	-	-	-	130,313	-	130,313
Available-for-sale financial assets	-	-	-	(29,000)	-	-	(29,000)
Total comprehensive income for the year	**-**	**-**	**-**	**(29,000)**	**130,313**	**(1,242,540)**	**(1,141,227)**
Proceeds from share issue	791,304	358,696	-	-	-	-	1,150,000
Issue costs	-	(110,000)	-	-	-	-	(110,000)
Loan note conversion	60,870	39,130	-	-	-	-	100,000
Share based payments	795,870	504,130	7,147	-	-	-	1,307,147
Expired options	-	-	(153)	-	-	153	-
Transactions with owners, recognised directly in equity	**1,648,044**	**791,956**	**6,994**	**-**	**-**	**153**	**2,447,147**
As at 31 December 2013	**4,157,432**	**7,509,266**	**47,316**	**(29,000)**	**9,049**	**(6,824,423)**	**4,869,640**

The Notes on pages 20 to 48 form part of these Financial Statements.

ALECTO MINERALS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Attributable to equity shareholders					
	Share capital £	Share premium £	Share option reserve £	Available-for-sale investments £	Retained losses £	Total equity £
As at 1 January 2012	**1,365,957**	**5,351,686**	**179,086**	**-**	**(4,520,089)**	**2,376,640**
Loss for the year	-	-	-	-	(752,866)	(752,866)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(752,866)**	**(752,866)**
Proceeds from share issue	1,143,431	1,474,009	-	-	-	2,617,440
Issue costs	-	(108,385)	12,669	-	-	(95,716)
Expired options	-	-	(151,433)	-	151,433	-
Transaction with owners	**1,143,431**	**1,365,624**	**(138,764)**	**-**	**151,433**	**2,521,724**
As at 31 December 2012	**2,509,388**	**6,717,310**	**40,322**	**-**	**(5,121,522)**	**4,145,498**
As at 1 January 2013	**2,509,388**	**6,717,310**	**40,322**	**-**	**(5,121,522)**	**4,145,498**
Loss for the year	-	-	-	-	(786,388)	(786,388)
Other comprehensive income						
Available-for-sale financial assets	-	-	-	(29,000)	-	(29,000)
Total comprehensive income for the year	**-**	**-**	**-**	**(29,000)**	**(786,388)**	**(815,388)**
Proceeds from share issue	791,304	358,696	-	-	-	1,150,000
Issue costs	-	(110,000)	-	-	-	(110,000)
Loan note conversion	60,870	39,130	-	-	-	100,000
Share based payments	795,870	504,130	7,147	-	-	1,307,147
Expired options	-	-	(153)	-	153	-
Transaction with owners	**1,648,044**	**791,956**	**6,994**	**-**	**153**	**2,447,147**
As at 31 December 2013	**4,157,432**	**7,509,266**	**47,316**	**(29,000)**	**(5,907,757)**	**5,777,257**

The Notes on pages 20 to 48 form part of these Financial Statements.

ALECTO MINERALS PLC

CASH FLOW STATEMENTS
For the year ended 31 December 2013

		Group		Company	
		2013	2012	**2013**	2012
	Note	**£**	£	**£**	£
Cash flows from operating activities					
Loss before taxation		**(1,242,540)**	(1,101,495)	**(786,388)**	(752,866)
Adjustments for:					
Interest received		**(553)**	(1,699)	**(553)**	(1,699)
Depreciation	6	**27,403**	6,963	**4,645**	1,830
Impairment of exploration assets	7	**337,398**	137,111	**-**	-
Share options expense		**7,147**	-	**7,148**	-
Introducer fees		**-**	(12,960)	**-**	(12,960)
Share based payments		**50,000**	-	**50,000**	-
Increase in trade and other receivables		**(70,748)**	(24,645)	**(79,915)**	(14,143)
Increase in trade and other payables		**43,759**	39,944	**28,530**	42,612
Foreign exchange		**287,485**	6,336	**-**	-
Net cash used in operations		**(560,649)**	(950,445)	**(776,533)**	(737,226)
Cash flows from investing activities					
Interest received		**553**	1,699	**553**	1,699
Acquisition of subsidiaries (net of cash acquired)	25	**22,887**	(129,600)	**-**	(129,600)
Loans granted to subsidiary undertakings		**-**	-	**(732,739)**	(721,784)
Purchase of intangible assets	7	**(885,886)**	(485,977)	**-**	-
Purchase of property, plant and equipment	6	**(34,117)**	(46,799)	**(1,687)**	(7,153)
Net cash used in investing activities		**(896,563)**	(660,677)	**(733,873)**	(856,838)
Cash flows from financing activities					
Proceeds from issue of share capital		**1,000,000**	1,836,000	**1,000,000**	1,836,000
Transaction costs of share issues		**(110,000)**	(95,717)	**(110,000)**	(95,717)
Proceeds from borrowings		**350,000**	-	**350,000**	-
Net cash generated from financing activities		**1,240,000**	1,740,283	**1,240,000**	1,740,283
Net (decrease)/increase in cash and cash equivalents		**(217,212)**	129,161	**(270,406)**	146,219
Cash and cash equivalents at beginning of year		**848,059**	715,153	**831,633**	685,414
Exchange gains on cash and cash equivalents		**(6,692)**	3,745	**-**	-
Cash and cash equivalents at end of year	12	**624,155**	848,059	**561,227**	831,633

Major non-cash transactions

On 4 October 2013 the Company issued 108,695,652 ordinary shares of 0.7 pence each fully paid at 1.15 pence per share as consideration for business acquisitions. See Note 25.

On 6 November 2013 the Company issued 3,000,000 warrants exercisable for three years from the date of grant at a price of 1 pence.

On 22 November 2013 the Company issued 5,000,000 ordinary shares of 0.7 pence each fully paid at 1 pence per share as consideration for financing fees.

At 31 December 2013, £13,771 of exploration and evaluation additions remained outstanding and unpaid.

The Notes on pages 20 to 48 form part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

1. General information

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

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

2. Summary of Significant Accounting Policies

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

2.1 Basis of Preparation of Financial Statements

The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the parts of the Companies Act 2006 that applies to companies reporting under IFRS. The Consolidated Financial Statements have also been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

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

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

2.2 Basis of Consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Company and the audited management accounts of all of its subsidiary undertakings made up to 31 December 2013.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated 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. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date.

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

Investments in subsidiaries are accounted for at cost less impairment.

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

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 include the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit and liquidity risk.

The Financial Statements have been prepared on a going concern basis. Although the Group's assets are not generating revenues and an operating loss has been reported, the Directors believe that the Group has sufficient funds to undertake its committed expenditure over the next 12 months, and are confident that additional funding will be forthcoming to continue its current exploration programme as well as additional works.

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.

2.4 New and Amended Standards

(a) New and amended standards mandatory for the first time for the financial year beginning 1 January 2013

The financial statements have been drawn up on the basis of accounting standards, interpretations and amendments effective at the beginning of the accounting period. The following new standards, interpretations and amendments to published standards effective in the year have been adopted by the Group:

Standard	Impact on initial application	Effective date
IAS 12 (amendment)	Deferred tax: Recovery of underlying assets	1 January 2012[*1]
IAS 1 (amendment)	Presentation of items of other comprehensive income	1 July 2012
IFRS 13	Fair value measurement	1 January 2013
IAS 19 (amendment)	Employee benefits	1 January 2013
IFRIC 20	Stripping costs in the production phase of surface mine	1 January 2013
IFRS 1 (amendment)	Government loans	1 January 2013
IFRS 7 (amendment) (annual improvements 2009-2011)	Disclosures: Offsetting financial assets and financial liabilities	1 January 2013
IFRS 1 (amendment) (annual improvements 2009-2011)	First time adoption of International Financial Reporting Standards	1 January 2013
IAS 1 (amendment) (annual improvements 2009-2011)	Presentation of financial statements	1 January 2013
IAS 16 (amendment) (annual improvements 2009-2011)	Property, plant and equipment	1 January 2013
IAS 32 (amendment) (annual improvements 2009-2011)	Financial instruments – presentation	1 January 2013
IAS 34 (amendment) (annual improvements 2009-2011)	Interim financial reporting	1 January 2013

[*1] Effective date 1 January 2013 for the EU

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

The following new standards, amendments to standards and interpretations have been issued but are not effective or not yet endorsed for the financial year beginning 1 January 2013 and have not been early adopted:

Standard	Impact on initial application	Effective date
IAS 19 (amendment)	Defined benefit plans: employee contributions	1 January 2014[*1]
IAS 27 (amendment)	Separate financial statements – Investment entities	1 January 2014
IAS 28	Investments in associates and joint ventures	1 January 2014
IAS 32 (amendment)	Offsetting financial assets and financial liabilities	1 January 2014
IAS 36 (amendment)	Impairment of assets – Recoverable amount disclosures for non-financial assets	1 January 2014
IAS 39 (amendment)	Novation of derivatives and continuation of hedge accounting	1 January 2014
IAS 39 (amendment November 2013)	Financial instruments	No mandatory effective date
IFRS 7 (amendment November 2013)	Financial instruments	No mandatory effective date
IFRS 9	Financial instruments	1 January 2014[*1]

IFRS 10	Consolidated financial statements	1 January 2014
IFRS 10 (amendment)	Consolidated financial statements – Investment entities	1 January 2014
IFRS 10 (amendment)	Consolidated financial statements – transition relief	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 11 (amendment)	Joint arrangements – transition relief	1 January 2014
IFRS 12	Disclosure of interests in other entities	1 January 2014
IFRS 12 (amendment)	Disclosure of interests in other entities – Investment entities	1 January 2014
IFRS 10 (amendment)	Disclosure of interests in other entities – transition relief	1 January 2014
IFRIC 21	Levies	1 January 2014*1
IFRS 2 (amendment) (annual improvements 2010-2012)	Share-based payment – Definition of 'vesting condition'	1 July 2014*1
IFRS 3 (amendment) (annual improvements 2010-2012)	Business combinations – Accounting for contingent consideration in a business combination	1 July 2014*1
IFRS 8 (amendment) (annual improvements 2010-2012)	Operating segments – Aggregation of operating segments and Reconciliation of the total of the reportable segments' assets to the entity's assets	1 July 2014*1
IFRS 13 (amendment) (annual improvements 2010-2012)	Fair value measurement – Short-term receivables and payables	1 July 2014*1
IAS 16 (amendment) (annual improvements 2010-2012)	Property, plant and equipment – Revaluation method – proportionate restatement of accumulated depreciation	1 July 2014*1
IAS 24 (amendment) (annual improvements 2010-2012)	Related party disclosures – Key management personnel	1 July 2014*1
IAS 38 (amendment) (annual improvements 2010-2012)	Intangible assets – Revaluation method – proportionate restatement of accumulated amortisation	1 July 2014*1
IFRS 1 (amendment) (annual improvements 2011-2013)	First time adoption of International Financial Reporting Standards – Meaning of effective IFRSs	1 July 2014*1
IFRS 3 (amendment) (annual improvements 2011-2013)	Business Combinations – Scope of exception for joint ventures	1 July 2014*1
IFRS 13 (amendment) (annual improvements 2011-2013)	Fair value measurement – Scope of paragraph 52 (portfolio exception)	1 July 2014*1
IAS 40 (amendment) (annual improvements 2011-2013)	Investment property – Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property	1 July 2014*1

*1 Not yet endorsed by the EU

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

2.5 Segment Reporting

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

2.6 Foreign Currencies

(a) Functional and presentation currency

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

(c) Group companies

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

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

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

2.7 Intangible assets

(a) Goodwill

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

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

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

(b) Exploration and evaluation

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

Exploration and evaluation assets are recorded and held at cost.

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

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

2.8 Plant and Equipment

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, intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment.

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

2.10 Financial Assets

Classification

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

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

Recognition and measurement

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

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

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

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

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

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

Impairment of financial assets

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

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

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

(i) Assets carried at amortised cost

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

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

(ii) Assets classified as available-for-sale

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

2.11 Trade and Other Receivables

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

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

2.12 Derivative financial instruments

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

2.13 Cash and Cash Equivalents

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

2.14 Share Capital

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

2.15 Share Based Payments

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

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

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

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

2.16 Trade Payables

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

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

2.17 Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company 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 Finance income

Interest income is recognised using the effective interest method.

2.20 Compound Financial Instruments

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

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

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

3. Financial Risk Management

3.1 Financial Risk Factors

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

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

Market Risk

(a) Foreign currency risk

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

(b) Price risk

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

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

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

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

	2013		2012	
Index	**Impact on post tax losses £**	**Impact on other comprehensive income £**	Impact on post tax losses £	Impact on other comprehensive income £
AIM	**2,100**	**-**	5,000	-

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

The Group's derivative financial instruments are classified as financial assets at fair value through the profit or loss. The fair value of the derivative financial instruments are based on a formula related to the prevailing market price of the Company's ordinary shares in any month and a benchmark share price of 1.10 pence. Hence, the net funds to be received by the Company are dependent on the future price performance of the Company's ordinary shares.

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

	2013		2012	
Index	**Impact on post tax losses £**	**Impact on other comprehensive income £**	Impact on post tax losses £	Impact on other comprehensive income £
AIM	**36,000**	-	-	-

(c) Interest rate risk

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

Credit Risk

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

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

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

Liquidity Risk

In keeping with similar sized mineral exploration groups, the Group's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. 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 2013 the Group had borrowings of £350,000 (2012: £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.

3.3 Fair value estimation

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

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

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

	2013			2012		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
Assets	**£**	**£**	**£**	£	£	£
Available-for-sale financial assets	**21,000**	**-**	**21,000**	50,000	-	50,000
Financial assets at fair value through profit or loss						
- Derivative financial instruments	**-**	**250,000**	**250,000**	-	-	-
Total assets	**21,000**	**250,000**	**271,000**	50,000	-	50,000

(i) Financial instruments in Level 1

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

(ii) Financial instruments in Level 2

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

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

Specific valuation techniques used to value financial instruments include:

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

(iii) Financial instruments in Level 3

The following table presents the changes in Level 3 instruments for the year ended 31 December:

	2013	2012
	£	£
Opening balance	**-**	50,000
Transfer into Level 1	**-**	(50,000)
Total assets	**-**	-

The transfer out of Level 3 in 2012 was as a result of the company in which the investment is held, relisting on AIM and therefore valued at the bid price. At 31 December 2012 the Group's quoted equity securities held as available-for-sale investments were relisted on AIM, after they had been delisted from trading on AIM in the previous year.

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For the year ended 31 December 2013

4. Critical Accounting Estimates and Judgements

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

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

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

Estimated Impairment of Goodwill

Goodwill has a carrying value of £383,057 (2012: £19,571). The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7 to the Financial Statements.

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

Impairment of exploration and evaluation costs

Exploration and evaluation costs have a carrying value at 31 December 2013 of £5,581,135 (2012: £3,222,346). 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 an adjustment of £337,398 is required and provided against the exploration assets.

Share based payment transactions

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

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

Fair value of derivative financial instruments

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

Equity swaps have a carrying value of £250,000 (2012: £nil). The other income amount, representing the gain on re-measuring to fair value was deemed immaterial and therefore not recognised in the Income Statement.

Available-for-sale financial assets

Available-for-sale financial assets have a carrying value at 31 December 2013 of £21,000 (2012: £50,000). The Group holds listed equity securities as available-for-sale financial assets.

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

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

Compound financial instruments

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

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

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 four geographical segments; the United Kingdom, Mauritania, Ethiopia and Mali. Activities in the UK are mainly administrative in nature whilst the activities in Ethiopia, Mauritania and Mali relate to exploration and evaluation work.

The Group had no turnover during the year.

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

2012	Ethiopia £	Mauritania £	UK £	Intra-segment balances £	Total £
Administrative expenses	(20,747)	(8,015)	(932,291)	-	**(961,053)**
Impairment of intangible assets	-	(137,111)	-	-	**(137,111)**
Loss on foreign exchange	(5,027)	-	(3)	-	**(5,030)**
Loss from operations per reportable segment	(25,774)	(145,126)	(932,294)	-	**(1,103,194)**
Capital expenditure	275,789	238,675	7,153	11,159	**532,776**
Reportable segment assets	580,799	1,249,068	4,244,476	(1,796,594)	**4,277,749**
Reportable segment liabilities	448,717	1,403,968	98,978	(1,237,634)	**714,029**

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

	2013 £	2012 £
Loss from operations per reportable segment	**(1,243,093)**	(1,103,194)
Finance income	**553**	1,699
Loss for the year before taxation	**(1,242,540)**	(1,101,495)

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6. Property, Plant and Equipment

	Group				Company
	Field equipment	Vehicles	Computer equipment	Total	Computer equipment
	£	£	£	£	£
Cost					
As at 1 January 2012	9,948	-	2,101	12,049	2,101
Additions	7,522	32,124	7,153	46,799	7,153
As at 31 December 2012	17,470	32,124	9,254	58,848	9,254
Acquired through acquisition of subsidiary	172,120	55,191	7,631	234,942	-
Additions	2,010	30,420	1,687	34,117	1,687
Foreign exchange differences	(690)	(390)	(31)	(1,111)	-
As at 31 December 2013	**190,910**	**117,345**	**18,541**	**326,796**	**10,941**
Depreciation					
As at 1 January 2012	1,925	-	2,101	4,026	2,101
Charge for the year	2,967	2,165	1,831	6,963	1,831
As at 31 December 2012	4,892	2,165	3,932	10,989	3,932
Acquired through acquisition of subsidiary	32,998	26,544	5,507	65,049	-
Charge for the year	12,488	10,073	4,842	27,403	4,645
Foreign exchange differences	(133)	(107)	(21)	(261)	-
As at 31 December 2013	**50,245**	**38,675**	**14,260**	**103,180**	**8,577**
Net book value					
As at 31 December 2012	12,578	29,959	5,322	47,859	5,322
As at 31 December 2013	**140,665**	**78,670**	**4,281**	**223,616**	**2,364**

Depreciation expense of £27,403 (2012: £6,963) has been charged in administration expenses (Note 18).

7. Intangible Assets

Exploration and evaluation assets are all internally generated.

	Group	
	2013	2012
Exploration & Evaluation Assets - Cost and Net Book Value	**£**	£
At 1 January	**3,222,346**	3,000,921
Additions	**885,886**	485,977
Acquired through acquisition of subsidiary (at fair value) (Note 25)	**1,942,398**	-
Impairment	**(337,398)**	(137,111)
Foreign exchange differences	**(132,097)**	(127,441)
At 31 December	**5,581,135**	3,222,346

	Group	
	2013	2012
Goodwill - Cost and Net Book Value	**£**	£
At 1 January	**19,571**	19,571
Acquired through acquisition of subsidiary (on consolidation) (Note 25)	**239,759**	-
Acquired through acquisition of subsidiary (at fair value) (Note 25)	**123,727**	-
At 31 December	**383,057**	19,571

Exploration projects in Mali, Ethiopia and Mauritania are at an early stage of development and, with the exception of the JORC Code compliant inferred resource estimate of 107,000 oz Au for the Kossanto Project in Mali as at 31 December 2013, no JORC or non-JORC compliant resource estimates are 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 an impairment charge of £337,398 was necessary at the year end in respect of the Group's two uranium exploration licences in Mauritania which were not renewed during the year and one gold exploration licence in Mauritania which will not be renewed in 2014, plus two of the Group's exploration licences in Mali which will not be renewed in 2014, all of which have accordingly been fully impaired.

8. Investments in Subsidiary Undertakings

	Company	
	2013	2012
	£	£
Shares in Group Undertakings		
At 1 January	**1,340,001**	1,340,001
Additions (Note 25)	**2,500,000**	-
At 31 December	**3,840,001**	1,340,001
Loans to Group undertakings	**2,707,237**	1,974,498
At 31 December	**6,547,238**	3,314,499

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

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Caracal Gold Mali SARL	Mali	AME West Africa Limited	Ordinary shares XOF 1,526,649,300	100%	Exploration

Name of subsidiary	Country of incorporation and place of business	Parent company	Registered capital	Proportion of share capital held	Nature of business
Nubian Gold Exploration Limited	United Kingdom	Alecto Minerals plc	Ordinary shares £100,000	100%	Exploration
Rift Valley Resources Limited	United Kingdom	Alecto Minerals plc	Ordinary shares £100,000	100%	Exploration

9. Available-for-Sale Financial Assets

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
At 1 January	**50,000**	50,000	**50,000**	50,000
Net losses transferred to equity	**(29,000)**	-	**(29,000)**	-
At 31 December	**21,000**	50,000	**21,000**	50,000
Less: non-current portion	**(21,000)**	(50,000)	**(21,000)**	(50,000)
Current portion	**-**	-	**-**	-

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

Losses of £29,000 (2012: £nil) were due to a change in fair value.

10. Trade and Other Receivables

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Prepayments	**33,595**	14,886	**33,595**	14,886
Restricted assets	**20,192**	36,389	**-**	-
VAT receivable	**81,907**	19,532	**81,907**	19,532
Security deposits	**8,536**	17,703	**7,200**	7,200
Other receivables	**235**	1,404	**235**	1,404
At 31 December	**144,465**	89,914	**122,937**	43,022
Less: non-current portion	**(20,192)**	(36,389)	**-**	-
Current portion	**124,273**	53,525	**122,937**	43,022

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 2013 is £20,192 (31 December 2012: £36,389) and is included within restricted assets.

With the exception of a £1,336 security deposit held within the Group and denominated in Central African Franc, all trade and other receivables are denominated in Pound Sterling. 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 2013 all trade and other receivables were fully performing.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

11. Derivative Financial Instruments

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Equity swaps	**250,000**	-	**250,000**	-

Included within derivative financial instruments of £250,000 (2012: £nil) are amounts receivable pursuant to an equity swap agreement to be settled across 12 monthly payments based on a formula related to the difference between the prevailing market price of the Company's ordinary shares in any month and a benchmark share price of 1.10 pence. Hence the net funds to be received by the Company are dependent on the future performance price of the Company's ordinary shares.

12. Cash and Cash Equivalents

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Cash at bank and in hand	**624,155**	848,059	**561,229**	831,633

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

13. Trade and Other Payables

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Trade payables	**63,470**	47,135	**63,470**	47,135
Other payables	**1,250,001**	1	**1,250,001**	1
Accrued expenses	**79,537**	52,113	**64,040**	51,842
	1,393,008	99,249	**1,377,511**	98,978

Trade payables include amounts due of £13,771 (2012: £25,085) in relation to exploration and evaluation activities.

Other payables include £1,250,000 of deferred consideration payable to the former owners of AME West Africa Limited (see Note 25).

14. Borrowings

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
7% convertible loan notes	**350,000**	-	**350,000**	-
	350,000	-	**350,000**	-

On 4 October the Company issued 350,000 convertible loan notes at a par value of £1 per loan note. Interest accrues daily at a rate of 7% per annum. The loan notes and accrued interest will convert into new ordinary shares in the Company on 4 October 2014 at a conversion price of 1.15 pence per share.

The fair value of the current borrowings equals their carrying value, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowings rate of 7% (2012: nil%).

The Company has determined that the difference between the loan recorded at fair value and the fair value that would be assigned to the liability component, representing the embedded equity option, is not material and therefore has not been included in capital reserves.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

15. Deferred tax

An analysis of deferred tax liabilities is set out below.

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
Deferred tax liabilities				
- Deferred tax liability after more than 12 months	**614,780**	614,780	**-**	-
Deferred tax liabilities	**614,780**	614,780	**-**	-

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

	Group		Company	
	2013	2012	**2013**	2012
	£	£	**£**	£
At 1 January	**614,780**	614,780	**-**	**-**
Income statement charge/(credit) (Note 22)	**-**	-	**-**	**-**
Acquisition of subsidiary	**-**	-	**-**	**-**
Tax charge relating to components of other comprehensive income (Note 22)	**-**	-	**-**	**-**
As at 31 December	**614,780**	614,780	**-**	**-**

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

	Group	Company
Deferred income tax liabilities	**Fair value gains £**	**Fair value gains £**
As at 1 January 2012	**614,780**	-
Acquisition of subsidiary	-	-
Charged to other comprehensive income (Note 22)	-	-
As at 31 December 2012	614,780	-
As at 31 December 2013	**614,780**	**-**

The Group has additional capital losses of approximately £440,000 (2012: £440,000) and other losses of approximately £4,293,000 (2012: £2,447,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2013

16. Share Capital

Group and Company

	Number of shares	Ordinary shares	Share premium	Total
		£	£	£
Issued and fully paid				
As at 1 January 2012	**194,954,930**	**1,365,943**	**5,349,700**	**6,715,643**
Money received for unpaid shares (1)	181,818	14	1,986	2,000
Issue of new shares – 6 March 2012	31,997,346	223,982	331,739	555,721
Issue of new shares – 21 May 2012 (2)	95,000,000	665,000	719,805	1,384,805
Issue of new shares – 7 June 2012 (3)	23,451,613	164,161	178,648	342,809
Issue of new shares – 16 July 2012	12,898,286	90,288	135,432	225,720
As at 31 December 2012	**358,483,993**	**2,509,388**	**6,717,310**	**9,226,698**
Issue of new shares – 4 October 2013	13,043,478	91,304	58,696	150,000
Issue of new shares – 4 October 2013	108,695,652	760,870	489,130	1,250,000
Issue of new shares – 4 October 2013	8,695,652	60,870	39,130	100,000
Issue of new shares – 6 November 2013 (4)	100,000,000	700,000	190,000	890,000
Issue of new shares – 22 November 2013(5)	5,000,000	35,000	15,000	50,000
As at 31 December 2013	**593,918,775**	**4,157,432**	**7,509,266**	**11,666,698**
Issued and unpaid				
As at 1 January 2012	**181,818**	**14**	**1,986**	**2,000**
Money received for unpaid shares	(181,818)	(14)	(1,986)	(2,000)
As at 31 December 2012	**-**	**-**	**-**	**-**
As at 31 December 2013	**-**	**-**	**-**	**-**
As at 31 December 2012	**358,483,993**	**2,509,388**	**6,717,310**	**9,226,698**
As at 31 December 2013	**593,918,775**	**4,157,432**	**7,509,266**	**11,666,698**

(1) Includes issue costs of £40,427
(2) Includes issue costs of £87,695
(3) Includes issue costs of £20,690
(4) Includes issue costs of £60,000
(5) Includes an implementation fee of £50,000

On 4 October 2013 the Company issued ordinary shares of 0.7 pence each fully paid at 1.15 pence per share as follows:

- 13,043,478 raising £150,000;
- 108,695,652 as consideration for business acquisitions; and
- 8,695,652 on conversion of £100,000 of convertible loan notes.

On 6 November 2013 the Company raised £1 million through the issue of 100,000,000 ordinary shares of 0.7 pence each fully paid at 1 penny, per share.

On 22 November 2013 the Company issued 5,000,000 ordinary shares of 0.7 pence each fully paid at 1 penny per share as consideration for financing fees.

NOTES TO THE FINANCIAL STATEMENTS
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17. Share Based Payments

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

			Shares	
Vesting date	Expiry date	Exercise price in £ per share	**2013**	2012
22 September 2011	21 September 2013	0.0400	**-**	1,951,367
1 January 2012	31 December 2016	0.0430	**7,550,000**	7,550,000
1 January 2013	31 December 2016	0.0480	**4,500,000**	4,500,000
1 January 2014	31 December 2016	0.0630	**2,250,000**	2,250,000
21 May 2012	20 May 2014	0.0310	**38,000,000**	38,000,000
25 June 2012	24 June 2014	0.0310	**9,380,645**	9,380,645
8 October 2012	7 October 2014	0.0155	**5,922,581**	5,922,581
6 November 2013	5 November 2016	0.0100	**3,000,000**	-
			70,603,226	69,554,593

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:

	2013 Warrants	2012 Warrants	2012 Warrants	2012 Warrants
Granted on:	6/11/2013	21/05/2012	25/06/2012	08/10/2012
Life (years)	3 years	2 years	2 years	2 years
Share price (pence per share)	1p	1.65p	1.75p	1.73p
Risk free rate	2.25%	2.25%	2.25%	2.25%
Expected volatility	17%	12%	11%	11%
Expected dividend yield	-	-	-	-
Marketability discount	20%	20%	20%	20%
Total fair value (£000)	7	-	-	13

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

A reconciliation of options and warrants granted over is shown below:

	2013		2012	
	Number	**Weighted average exercise price (£)**	Number	Weighted average exercise price (£)
Outstanding as at 1 January	**69,554,593**	**0.033**	55,452,529	0.007
Expired	**(1,951,367)**	**0.040**	(39,201,162)	0.050
Granted	**3,000,000**	**0.010**	53,303,226	0.029
Outstanding as at 31 December	**70,603,226**	**0.032**	69,554,593	0.033
Exercisable at 31 December	**70,603,226**	**0.032**	62,804,593	0.031

	2013				2012			
Range of exercise prices (£)	**Weighted average exercise price (£)**	**Number of shares**	**Weighted average remaining life expected (years)**	**Weighted average remaining life contracted (years)**	Weighted average exercise price (£)	Number of shares	Weighted average remaining life expected (years)	Weighted average remaining life contracted (years)
0 – 0.05	**0.031**	**68,353,226**	**1.05**	**1.05**	0.032	67,304,593	1.76	1.76
0.05 – 0.10	**0.063**	**2,250,000**	**3.00**	**3.00**	0.063	2,250,000	4.00	4.00

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 2013 of £7,148 (2012: £nil) and a charge to Share Premium of £nil (2012: £12,669).

18. Expenses by Nature

Group	2013 £	2012 £
Directors' fees (Note 19)	**175,025**	184,000
Employee salaries (Note 20)	**31,648**	34,708
Social security costs (Note 20)	**16,754**	4,101
Audit & accountancy	**37,320**	45,970
Consultancy and professional fees	**233,452**	248,473
Operating lease charges	**24,322**	34,100
Other establishment expenses	**35,074**	27,492
AIM related fees	**137,636**	135,785
Depreciation	**27,403**	6,963
Travel & subsistence	**35,339**	125,723
Share option expenses	**7,148**	4,696
Other expenses	**28,092**	109,042
Total administrative expenses	**789,213**	961,053

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

	Group	
	2013 £	2012 £
Fees payable to the Company's auditor and its associates for the audit of the Parent Company and Consolidated Financial Statements	**30,000**	25,000
Fees payable to the Company's auditor and its associates for tax services	**1,000**	1,000

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19. Directors' Remuneration

	Directors' Fees		Options Issued	
	2013	2012	**2013**	2012
	£	£	**£**	£
Executive Directors				
Damian Conboy(1)	**70,525**	90,000	**-**	**-**
Mark Jones(2)	**7,500**	-	**-**	**-**
Michael Ware	**60,000**	20,000	**-**	**-**
Non-executive Directors				
Toby Howell	**49,000**	38,000	**-**	**-**
Malcolm James(3)	**9,000**	36,000	**-**	**-**
Michael Johnson(4)	**22,500**	-	**-**	**-**
	218,525	184,000	**-**	**-**

(1) Resigned 20 June 2013.
(2) Appointed 2 October 2013.
(3) Resigned 4 April 2013.
(4) Appointed 4 April 2013.

No pension benefits are provided for any Director.

Of the above Directors' remuneration costs, £43,500 (2012: £nil) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

Included in Directors' Remuneration is £25,525 (2012: £nil) relating to termination benefits.

At the end of the year Director fees of £16,250 (2012: £nil) were outstanding to Michael Johnson and £5,000 (2012: £nil) to Michael Ware.

20. Employees

	Group	
	2013	2012
Staff costs (excluding Directors)	**£**	£
Salaries and wages	**165,977**	34,708
Social security costs	**25,687**	4,101
Pension costs	**-**	-
	191,664	38,809

The average monthly number of employees during the year was 5 (2012: 1).

Of the above staff costs, £143,262 (2012: £nil) has been capitalised in accordance with IFRS 6 as exploratory related costs and are shown as an intangible addition in the year.

21. Finance Income

	Group	
	2013	2012
	£	£
Interest received from Bank	**553**	1,699
	553	1,699

22. 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 2013 £	Group 2012 £
Analysis of tax charge		
Current tax charge for the year	-	-
Deferred tax charge for the year	-	-
Tax on loss for the year	-	-

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

	Group 2013 £	Group 2012 £
Loss before tax	**(1,242,540)**	(1,101,495)
Tax at the applicable rate of 23.25% (2012: 24.5%)	**(288,891)**	(269,866)
Effects of:		
Expenditure not deductible for tax	**28,741**	16,548
Depreciation in excess of capital allowance/ (capital allowances in excess of depreciation)	**2,058**	(1,304)
Net tax effect of losses carried forward	**214,698**	254,622
Utilisation of previously unrecognised tax losses	**43,394**	-
Tax charge	**-**	-

Due to changes in UK tax legislation the applicable tax rate has changed from 24% to 23% with effect from 1 April 2013.

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

	2013 Before tax £	2013 Tax charge £	2013 After tax £	2012 Before tax £	2012 Tax charge £	2012 After tax £
Available-for-sale financial assets (note 9)	**29,000**	**-**	**29,000**	-	-	-
Other comprehensive income	**29,000**	**-**	**29,000**	-	-	-
Current tax		**-**			-	
Deferred tax (note 15)		**-**			-	

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

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23. Earnings per Share

The calculation of earnings per share of (0.306) pence (2012: (0.368) pence) is calculated by dividing the loss attributable to shareholders of £1,242,540 (2012: £1,101,495) by the weighted average number of ordinary shares of 406,179,049 (2012: 299,136,603) in issue during the period.

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

The Company is committed to the issuance of ordinary shares to a consultant should certain conditions be met in future periods. The issuance of these ordinary shares could potentially dilute earnings per share. Further details of this arrangement are set out in Note 26(c).

24. Financial Instruments by Category

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

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

Group - 31 December 2012 **Assets per Statement of Financial Position**	**Loans and receivables**	**Assets at fair value through the profit or loss**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	-	50,000	**50,000**
Derivative financial instruments	-	-	-	**-**
Trade and other receivables (excluding prepayments)	75,028	-	-	**75,028**
Cash and cash equivalents	848,059	-	-	**848,059**
Total	923,087	-	50,000	**973,087**

Group - 31 December 2012 **Liabilities per Statement of Financial Position**	**At amortised cost**	**Total**
Borrowings	-	**-**
Trade and other payables (excluding non-financial liabilities)	99,249	**99,249**
Total	99,249	**99,249**

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

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

Company - 31 December 2012 **Assets per Statement of Financial Position**	**Loans and receivables**	**Assets at fair value through the profit or loss**	**Available-for-sale**	**Total**
Available-for-sale financial assets	-	-	50,000	**50,000**
Derivative financial instruments	-	-	-	**-**
Trade and other receivables (excluding prepayments)	28,136	-	-	**28,136**
Cash and cash equivalents	831,633	-	-	**831,633**
Total	859,769	-	50,000	**909,769**

Company - 31 December 2012 **Liabilities per Statement of Financial Position**	**At amortised cost**	**Total**
Borrowings	-	**-**
Trade and other payables (excluding non-financial liabilities)	98,978	**98,978**
Total	98,978	**98,978**

25. Business Combinations

On 4 October 2013 the Group acquired 100% of the share capital of AME West Africa Limited ("AME") for £2,500,000. AME is registered in England & Wales and wholly owns Caracal Gold Mali SARL ("Caracal") which holds gold exploration licences in the south-west of Mali. As a result of the acquisition the Group is expected to increase its presence in this market and commodity.

The goodwill of £239,759 arising from the acquisition is attributable to the expected upside potential of developing the licence areas through further exploration. None of the goodwill is expected to be deductible for tax purposes.

The following table summarises the consideration paid for AME (including its 100% owned subsidiary, Caracal Gold Mali SARL) and the fair value of the assets acquired and the liabilities assumed recognised at the acquisition date.

Consideration at 4 October 2013	£
Cash	-
Equity instruments (108,695,652 ordinary shares at 1.15 pence per share)	1,250,000
Deferred consideration	1,250,000
Total consideration (Note 8)	**2,500,000**

Recognised amounts of identifiable assets acquired and liabilities assumed	£
Cash and cash equivalents	22,887
Receivables	1,337
Property, plant & equipment (Note 6)	169,892
Goodwill (included within Intangible Assets) (Note 7)	123,727
Exploration assets (included within Intangible Assets) (Note 7)	1,942,398
Total identifiable net assets	**2,260,241**
Goodwill (Note 7)	**239,759**
Total consideration	**2,500,000**

The fair value of the 108,695,652 ordinary shares issued as part of the consideration for AME was based on the agreed consideration price of 1.15 pence per share.

The deferred consideration arrangement required the Group to pay the former owners of AME £1,250,000 in cash or shares, at the election of the Group, on or before 31 January 2014. On 30 January 2014 the Company issued 79,113,924 ordinary shares of 0.01 pence each fully paid at 1.58 pence per share based on the thirty-day volume weighted average price immediately prior to 31 December 2013.

The fair value of the exploration asset of £1,942,398 was estimated by applying a number of valuation metrics which include geological upside potential, mineralogy, market benchmarks and application of local market factors. In the Directors' opinion, the value of the consideration paid to effect the acquisition related primarily to the value of the exploration licence and upside potential representing a price agreed between willing and knowledgeable parties on an arm's length basis. Therefore, the fair value of the consideration transferred, after consideration of tax implications and the removal of the fair value of other identifiable assets acquired, has been used as a basis for valuing the exploration asset acquired.

Had AME been consolidated from 1 January 2013, the Group Income Statement would show revenue of £nil and a loss of £1,135,775. Since the acquisition, AME and Caracal have received no revenue and incurred a loss of £245,112.

26. 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 are for a period of three years from the date of grant and include 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 year and it has been decided that one gold exploration licence will not be renewed in 2014, hence these licences have been fully impaired.

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

On 20 May 2011 the Group acquired Nubian Gold Exploration Limited which owns a gold and related minerals exploration licence in Ethiopia that was issued on 29 April 2011. On 22 November 2011 the Group acquired Rift Valley Resources Limited which owns a gold and related minerals exploration licence in Ethiopia that was issued on 10 August 2011. These licences are for a period of three years from the date of grant and include commitments to pay annual land royalty fees and adhere to minimum spend requirements.

On 4 October 2013 the Group acquired AME which via its wholly owned subsidiary Caracal, owns gold and related minerals exploration licences in Mali. With the exception of one licence area which was recently renewed, these licences are in the process of being renewed and once renewed will include commitments to pay annual land royalty fees.

At 31 December 2013 the future aggregate minimum royalty fee payments and minimum spend requirements are as follows:

Group	**Land royalty fees £**	**Minimum spend requirement £**	**Total £**
Not later than one year	27,198	224,135	**251,333**
Later than one year and no later than five years	6,593	-	**6,593**
Total	33,791	224,135	**257,926**

(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 2013 is £20,192 (31 December 2012: £36,389) and is included within restricted assets (Note 10).

(c) Capital commitments

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

Group	**2013 £**	2012 £
Intangible assets	**260,000**	490,000

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.

The Group has entered into a contractual arrangement with Electrum Limited ("Electrum") in relation to the acquisition of Caracal (refer to Note 25 for more information). 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 the Group is obligated to pay Electrum £1.25 million to be satisfied by the allotment of new ordinary shares in the Company.

(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.

(d) Operating lease commitments

The Group leases office premises under a non-cancellable operating lease agreement. The lease is on a fixed term of three years. The lease expenditure charged to the Income Statement during the year is disclosed in Note 6.

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

Group	**2013** **£**	2012 £
Not later than one year	**5,252**	18,000
Later than one year but not later than five years	**8,608**	-
Total lease commitment	**13,860**	18,000

27. Related Party Transactions

Consultancy agreement with O'Connor International Limited

OCI, a company controlled by John O'Connor, was a significant shareholder of the Company as at 31 December 2013. In 2010 the Company entered into various agreements with OCI for the provision of consultancy services and licence application fees. In 2010, the Company paid £490,000 of consultancy fees incurred through the issuance of 21,777,778 shares at an issue price of 2.25 pence per share being the fair value of the services provided.

In addition to the consultancy fees paid in prior years the Group is also committed to payments in future periods under the terms of the consultancy agreement. Details of these commitments are disclosed in Note 26 (c).

Acquisition of AME from Savannah Resources plc

Michael Johnson is the Chairman of Savannah Resources plc ("Savannah") and as disclosed in Note 25 on 4 October 2013 the Group acquired 100% of the share capital of AME from Savannah for, in aggregate, £2.5 million.

Loans to Group undertakings

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

	2013 **£**	2012 £
Alecto Holdings International Limited	**1,400**	700
Alecto Mauritania Limited	**1,600,662**	1,525,352
Nubian Gold Exploration Limited	**355,133**	195,837
Rift Valley Resources Limited	**364,890**	252,609
Caracal Gold Mali Sarl	**385,152**	-
	2,707,237	1,974,498

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

	Cash advances £	Beneficial payments £	Consulting services £	Total £
Alecto Holdings International Limited	-	700	-	**700**
Alecto Mauritania Limited	23,245	15,243	36,822	**75,310**
Nubian Gold Exploration Limited	62,042	35,687	61,567	**159,296**
Rift Valley Resources Limited	17,370	33,344	61,567	**112,281**
Caracal Gold Mali Sarl	218,174	83,565	83,413	**385,152**
	320,831	168,539	243,369	**732,739**

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

Mulwol International Limited, a company of which Wondimu Yoahnnes is a director and beneficial owner and who was a significant shareholder of the Company as at 31 December 2013, was paid a fee of £33,000 (2012: £33,000) for consulting services provided to the Company and £10,000 (2012: £10,000) for consulting services provided to Nubian Gold Exploration Limited and Rift Valley Resources Limited. A balance of £11,699 was outstanding at the year-end (2012: £nil).

J Cubed Ventures Limited, a company of which Mark Jones is a director and beneficial owner, was paid a fee of £52,500 (2012: £nil) for consulting services provided to the Company. A balance of £9,000 was outstanding at the year-end (2012: £nil).

On 25 November 2013 at the request of a warrant holder, the Company transferred 2,375,000 pre-existing warrants to Michael Ware. The warrants have a pre-existing exercise price of 1.55 pence and are valid until 7 October 2014.

28. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.

29. Events after the Reporting Date

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

On 17 January 2014 the Company raised £1,500,000 (gross) through the issue of 100,000,000 new ordinary shares of 0.01 pence each at a price of 1.5 pence per share.

On 23 January 2014 the Company granted 7,000,000 options to Michael Johnson exercisable at 1.58 pence and valid for three years from, and exercisable six months after, the date of grant.

On 30 January 2014 the Company issued 79,113,924 new ordinary shares of 0.01 pence each fully paid at 1.58 pence per share as deferred consideration for the acquisition of AME, as per the announcement on 17 September 2013. On the same date the Company appointed Strand Hanson Limited as its Nominated Adviser.

On 28 March 2014 the Company acquired the entire issued share capital of NewMines Holdings Limited ("NewMines") from Savannah. NewMines controls, through its wholly owned subsidiary Tobon Tondo SARL, exploration licences in the Republic of Mali.