Goldbridges Global Resources PLC

(incorporated as a public limited company in England and Wales with registered number 5048549*)*

Prospectus relating to admission of 2,211,342,130 ordinary shares in the Company to the standard segment of the Official List and trading on the London Stock Exchange's regulated market for listed securities

This Prospectus has been prepared in connection with the admission of 2,211,342,130 ordinary shares ("**Shares**") of Goldbridges Global Resources PLC (the "**Company**") to the standard segment of the official list of the FCA (the "**Official List**") and to trading on the London Stock Exchange plc's (the "**London Stock Exchange**") market for listed securities. The Company is seeking the approval of the United Kingdom Financial Conduct Authority (the "**FCA**") in accordance with the prospectus rules (the "**Prospectus Rules**") of the FCA made under section 73A of the Financial Services and Markets Act 2000 (the "**FSMA**") only in relation to the Shares.

This document, upon approval by the FCA, comprises a prospectus relating to the Company prepared in accordance with the Prospectus Rules. Application has been made (1) to the FCA, in its capacity as competent authority under the FSMA, for a listing of 2,211,342,130 Shares to be admitted to the Official List of the FCA and (2) to the London Stock Exchange for such Shares to be admitted to trading on the London Stock Exchange's regulated market for listed securities, which is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). Admission to the Official List and unconditional trading on the London Stock Exchange ("**Admission**") is expected to take place on or about 19 December 2014. The Shares are expected to be traded under the symbol "GBGR". The Shares are currently admitted to trading on AIM under the symbol "GBGR"; trading on AIM will be cancelled simultaneously with Admission.

This Prospectus is not an offer or invitation to the public to subscribe for Shares and has been prepared in order to satisfy s85(2) of the Financial Services and Markets Act 2000. This Prospectus is not, and should not be construed as an inducement or encouragement to buy or sell any Shares. No investment decision relating to the Shares should be made on the basis of the information contained in this Prospectus. This Prospectus is issued solely for the purposes of the admission of the Shares to the Official List and to trading on the London Stock Exchange's regulated market for listed securities.

This document (including, in particular, the factors described in the "*Risk Factors*" section of the document) should be read as a whole. The distribution of this document in certain jurisdictions other than the United Kingdom may be restricted by law. Accordingly, neither this document nor any advertisement may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful. This document has not been passported, and will not be passported, into any EEA state jurisdiction outside the United Kingdom. No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised by the Company or the Directors. The Company will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information.

Prospectus dated 20 November 2014

CONTENTS

SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element might be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention of the words "not applicable".

Section A – Introduction and Warnings		
Element		
A.1	Introduction and warning	This summary should be read as an introduction to this Prospectus. Any decision to invest in the securities should be based on consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in the prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or if it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable.
Section B – Issuer		
Element		
B.1	Legal and commercial name	Goldbridges Global Resources PLC.
B.2	Domicile, legal form, legislation and country of incorporation	The Company is a public limited company incorporated in the UK with its registered office in England and Wales. The Company operates under the Companies Act 2006.
B.3	Current operations,	The Company together with its subsidiaries (the "**Group**") is a gold mining, exploration and development group based in Kazakhstan. Whilst the Group

	principal activities and markets	was initially established to develop and operate the Sekisovskoye gold mine in the East Kazakhstan Region, it is now actively targeting additional gold mining opportunities in Kazakhstan, including the adjoining Karasuyskoye ore field. A mining licence (No. 374 D) with respect to the Sekisovskoye deposit was granted on 20 May 1999 in accordance with the Decree of the President of the Republic of Kazakhstan, January 27, 1996 No. 2828 On Subsoil and Subsoil Use. The licence was granted on the basis that a subsoil use agreement would subsequently be entered into, and a subsoil use agreement (No. 555) was entered into on 20 October 2000 and is valid until 18 July 2020. The Group currently conducts open pit mining operations at the Sekisovskoye deposit. In 2013 the Group introduced a new plan for development of the underground section of the Sekisovskoye deposit that aims to increase gold production from the Sekisovskoye deposit to around 100Koz of gold annually. The development will consist of sinking two shafts to a depth of 1000m. Construction is due to start in 2015 and is expected to take 24 months to complete. While work is on-going the existing transport declines will be used to access the ore from underground. The production life of the open pit Sekisovskoye mine is anticipated to expire in 2016. Following the completion of the proposed Sekisovskoye underground development plan, the Company anticipates that the life of the Sekisovskoye mine will extend to 22 years. In addition to the Sekisovskoye deposit, in October 2013 the Group entered into an agreement with Hydrogeology LLP, an independent third-party exploration company, to acquire certain historic geological information pertaining to the Karasuyskoye ore field for total consideration of US$27.5 million. The Karasuyskoye ore field has a total area of 198km^2 and is located adjacent to the Sekisovskoye deposit. The Group applied to the Kazakh Competent Authority for a subsoil use contract covering the Karasuyskoye ore field on 15 August 2014. As of the date of this Prospectus the contract has not been granted or signed. The ore produced by the Group is processed at the AKB processing plant using a carbon-in-leach process. The AKB processing plant has an annual maximum capacity of 850,000 tonnes of ore, but this level has never been reached. In 2013, 768,829 tonnes of ore were milled. The Group expects to commence the commissioning of certain improvements to the AKB processing plant in the fourth quarter of 2014, including the addition of new crushing equipment in order to increase the efficiency of the crushing and milling circuit and combine this with a number of initiatives to remove various bottlenecks. It is expected that this will eventually increase the gold processing throughput of the AKB processing plant from 850,000 tonnes of ore per annum to 1,000,000 tonnes of ore per annum. The Group produced approximately 31Koz of gold and 35Koz of silver in the year ended 31 December 2013 and approximately 13Koz of gold and 17Koz of silver in the six months ended 30 June 2014. As at 31 May 2014, the Group's proven and probable reserves consisted of 2.3Moz of gold and 3.0Moz of silver, and the Group's measured, indicated and inferred resources consisted of 5.1Moz of gold and 3.5Moz of silver, in each case as classified in accordance with JORC. Since 24 August 2012, the National Bank of the Republic of Kazakhstan has had a priority right to purchase refined gold from Kazakh producers, and the waiver that the Group had negotiated with respect to this legislation expired at the end of 2013. Prior to 27 December 2013, the Group sold all of its doré gold

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<td>bars to Metalor Technologies S.A., a third-party refiner in Switzerland for further refining and onward sale. From 27 December 2013 onwards, the Group now sells all of its doré gold bars to Tau-Ken Altyn Ltd, a state controlled third-party refiner in Kazakhstan for on-sale. For the six month period from 22 June 2014 to 22 December 2014 there is a ban on the export of semi-processed gold from Kazakhstan, however this does not affect the Group as it sells all of its doré gold bars to Tau-Ken Altyn Ltd.

Set out below are certain key performance indicators relating to the Group for the periods specified.

<table>
<tr><th></th><th colspan="3">For the year ended 31 December,</th><th colspan="2">For the six months ended 30 June,</th></tr>
<tr><th></th><th>2011</th><th>2012</th><th>2013</th><th>2013</th><th>2014</th></tr>
<tr><td>Ore mined (Mt)................</td><td>594,152</td><td>654,643</td><td>768,829</td><td>373,448</td><td>343,242</td></tr>
<tr><td>Ore processed (Mt) ....</td><td>744,416</td><td>628,731</td><td>701,361</td><td>329,104</td><td>333,490</td></tr>
<tr><td>Au average grade (g/t) ......</td><td>1.09</td><td>1.37</td><td>1.61</td><td>1.45</td><td>1.42</td></tr>
<tr><td>Ag average grade (g/t) ......</td><td>1.86</td><td>1.93</td><td>2.16</td><td>1.94</td><td>2.15</td></tr>
<tr><td>Recovery rate Au (%) ....</td><td>81.2</td><td>80.4</td><td>84.3</td><td>82.8</td><td>83.4</td></tr>
<tr><td>Recovery rate Ag (%) ....</td><td>83.7</td><td>69.7</td><td>71.6</td><td>75.6</td><td>73.2</td></tr>
<tr><td>Au produced (oz)...... ....</td><td>20,851</td><td>22,470</td><td>30,669</td><td>12,673</td><td>12,694</td></tr>
<tr><td>Ag poured (oz)... ....</td><td>36,946</td><td>27,198</td><td>34,902</td><td>15,524</td><td>17,380</td></tr>
<tr><td>Au sales volume (oz) ....</td><td>20,855</td><td>24,800</td><td>29,712</td><td>12,964</td><td>12,479</td></tr>
<tr><td>Au average realised price (US$/oz)...........................</td><td>1,598</td><td>1,563</td><td>1,427</td><td>1,554</td><td>1,337</td></tr>
<tr><td>Capital expenditure (in millions of US$)...............</td><td>14.4</td><td>15.5</td><td>10.0</td><td>3.7</td><td>18.53</td></tr>
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<td>B.4a</td>
<td>Recent trends</td>
<td>The most significant recent trends affecting the Company and the gold production industry are as follows:

• Demand for gold: Gold demand was lower in volume and value terms in 2013 vs 2012, with demand in tonnage terms dropping from 4,415.8 tpa to 3,756.1tpa and demand in value terms dropping from US$236,946 mpa to US$170,422 mpa (Street et al., 2014).

• Supply of gold: the World Gold Council estimates that gold production in 2013 was 3,018.7 t (Street et al, 2014). The World Gold Council indicates that mine production grew by 5% in 2013, as a result of new mines starting production, existing operations ramping up to full capacity and existing operations growing production.

• The gold price: the price of gold has shown a downward trend over the last few years, although has remained relatively stable throughout 2014. The LBMA spot gold price closed at $1196.00 per ounce on 19 November 2014.</td>
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<tr>
<td>B.5</td>
<td>Group structure</td>
<td>Goldbridges Global Resources PLC is the ultimate holding company of the Group, the principal activity of which is the development of certain gold-mining interests in Kazakhstan.

The Company has the following wholly owned subsidiaries:

• DTOO Altai Ken-Bayitu LLP;

• DTOO Gornorudnoe Predpriatie Sekisovskoye; and

• Hambledon Mining Company Ltd.</td>
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<table>
<tr><td>B.6</td><td>Notifiable interests, different voting rights and controlling interests</td><td>In so far as it is known to the Company, as at the date of this Prospectus, each of the shareholders identified below will, on Admission, be directly or indirectly interested in three per cent. or more of the Company's issued share capital. The interests in Shares of such shareholders immediately prior to Admission are set out below.

<table>
<tr><td>Name of shareholder</td><td>Percentage of share capital (per cent.)</td></tr>
<tr><td>African Resources Limited</td><td>65.1</td></tr>
<tr><td>Blackwill Trade Limited</td><td>5.3</td></tr>
<tr><td>Morstan Nominees Limited</td><td>5.9</td></tr>
<tr><td>State Street Nominees Limited</td><td>4.0</td></tr>
</table>

The Company is controlled by the Assaubayev family which is the ultimate beneficial owner of African Resources Limited. Kanat Assaubayev is a director and chairman of the Company and Aidar Assaubayev is a director and chief executive officer of the Company.</td></tr>
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B.7	Selected historical key financial information	The table below sets out the summary financial information of the Group for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 30 June 2014. The information has been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

	For the year ended 31 December,			**For the six months ended 30 June,**	
	2011	**2012**	**2013**	**2013**	**2014**
(in thousands of USD)	**(audited)**	**(audited, reclassified)**	**(audited)**	**(reviewed)**	**(reviewed)**
Revenue	**33,325**	**38,913**	**42,395**	**20,014**	**16,683**
Cost of sales.................	(28,258)	(30,519)	(32,076)	(15,877)	(11,593)
Impairment of stock.....	(1,634)	(5,638)	0	0	0
Administrative expenses......................	(5,886)	(9,464)	(16,475)	6,223	(3,286)
Other operating income……………..	0	0	0	0	1,162
Impairment – Akmola investment......	0	(3,553)	0	0	0
Tailings dam leak.........	(7,757)	(10,261)	9,252	0	300
Operating profit/(loss)	**(10,210)**	**(20,522)**	**3096**	**(2,086)**	**3,266**
Finance income...........	25	244	1	1	4
Foreign exchange loss..............................	(77)	(240)	(413)	192	(368)
Finance expense...........	(317)	(885)	(1,515)	(365)	(229)
Profit/(loss) before taxation	**(10,579)**	**(21,403)**	**1,169**	**(2,258)**	**2,673**
Taxation (charge)/benefit...........	1,157	(740)	358	(79)	1,173
Profit/(loss) from continuing operations	**(9,422)**	**(22,143)**	**1,527**	**(2,337)**	**3,846**

In 2012, in order to give a fairer presentation on a comparable basis certain costs were reallocated from cost of sales to administrative expenses. This resulted in the Group's accounts for the year ending 31 December 2012 being reclassified.

B.8	Selected key pro forma financial information	Not applicable: This Prospectus does not contain pro forma financial information.
B.9	Profit forecasts	Not applicable: This Prospectus does not contain profit forecasts or estimates.
B.10	Qualifications in the audit report	Not applicable: there are no qualifications in the audit reports for the period under review.

B.11	Insufficient working capital	The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document. The Company's majority shareholder, African Resources Limited, has advised the Company that it is prepared to provide equity or debt financing to the Company on arm's length terms up to an amount in excess of the cash shortfall. Alternatively, in order to address this potential shortfall, the Company may seek and obtain additional financing in the form of third party debt financing. The Company's preferred funding of any potential shortfall is via shareholder equity or debt financing or third party debt financing. However, if additional debt financing is not available, or not available on appropriate terms, the Company would also look to achieve funding via a further equity or equity-linked financing. Failure to obtain additional financing may result in the Group being unable to meet its capital expenditure plans, which could delay its ability to successfully exploit and monetise the underground mine at Sekisovskoye. Given that the life of the open pit mine at Sekisovskoye is anticipated to end in 2016, such a delay could have a material adverse effect on the business, prospects, financial condition and results and operations of the Group.
Section C – Securities		
Element		
C.1	Description of type and class of securities being offered	The nominal value of the total issued share capital of the Company immediately following Admission will be £2,211,342.13 divided into 2,211,342,130 ordinary shares of £0.001 each, which will be issued fully paid. When admitted to trading, the Shares will be registered with ISIN GB00B015PT76 and SEDOL number B015PT7, and it is expected that the Shares will be traded under the ticker GBGR.
C.2	Currency of securities	The Shares are denominated in Pounds Sterling.
C.3	Number of Shares issued and par value	Immediately prior to Admission, the Company has 2,211,342,130 fully paid Shares of £0.001 par value in issue. The Company has no partly paid Shares in issue.
C.4	Rights attaching to the Shares	The Shares rank equally for voting purposes. On a show of hands, each shareholder has one vote, and on a poll, each Shareholder has one vote per Share held. Each Share ranks equally for any dividend declared. Each Share ranks equally for any distributions made on a winding up of the Company. Each Share ranks equally in the right to receive a relative proportion of shares on the event of a capitalisation of reserves.
C.5	Restrictions on free transferability of the Shares	Not applicable: The Shares will be freely transferable upon Admission.

C.6	Admission	Application has been made for the Shares to be admitted to trading on the London Stock Exchange's main market for listed securities, which is a regulated market. Application has also been made to the FCA for the Shares to be admitted to the standard listing segment of the Official List. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other exchange.
C.7	Dividend policy	The Board anticipates that that the Company's cash resources will be retained for the development of the Company's business and will not be distributed until the Company completes its modernisation programme. Upon successful completion of this programme, and subject to the Company achieving an appropriate level of profitability, the Company intends to commence paying dividends, progressively increasing their amount to up to 25% of its consolidated annual net income. However, the declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Company's operations, its financial position, cash requirements, acquisition or investment opportunities, prospects, profits available for distribution and other factors deemed to be relevant at the time.
Section D – Risks		
Element		
D.1	Information on the key risks that are specific to the Company or its industry	• Our revenues are almost entirely derived from the sale of gold and, accordingly, our financial results largely depend on the price of gold. The price of gold can fluctuate significantly and, as the Group does not currently enter into transactions to hedge against the future price at which its gold is sold, if prices decrease significantly, the Group's business, results of operations and financial condition may be materially adversely affected. • The Group's development of the existing Sekisovskoye deposit and its future exploration and development projects, in particular in relation to the Karasuyskoye ore fields, are dependent upon the grant and maintenance of appropriate licences, concessions, leases, permits and regulatory consents. Withdrawal of permits, termination of subsoil use contracts or failure to secure the requisite subsoil use rights at the Karasuyskoye ore fields, or subsoil use contracts in relation to the Sekisovskoye deposit, may have a material adverse impact on the Group's business, results of operations and financial condition. • The precious metals industry in Kazakhstan is highly controlled by the State. Such State control is implemented by, among other things, the priority right of the State to purchase refined gold and licensing of export of certain types of precious metals. There can be no assurance that the Kazakhstan Government will not initiate any new actions for control of precious metals industries, which may have a material adverse effect on the Group's business, results of operations and financial condition. • The Assaubayev family indirectly holds 65.1% of the votes cast at a general meeting of the Company (through its wholly beneficial ownership of African Resources Limited) and two members of the Assaubayev family are members of the board of directors of the Company. Although there is a relationship agreement in place that is intended to prevent the Assaubayev family from abusing its control, differences among family members and negative media speculation could affect our relationship with third parties, distract our senior managers from their management responsibilities and adversely affect

		the trading price of the Shares. • The Company's operations are conducted entirely in Kazakhstan, which has undergone significant transformation since it began to pursue a programme of economic reform in 1992. There can be no assurance that these reforms will continue or that the government will continue to support the development of mineral resources, and any changes in laws may affect the Company's ability to undertake exploration, development and operational activities. • Kazakhstan's President has been in office since Kazakhstan became independent from the former Soviet Union in 1991, and under his leadership the foundations of a market economy have taken hold. Should President Nazarbayev fail to complete his current term of office or should a new president be elected, Kazakhstan's political situation and economy could become unstable and unfavourable taxation or subsoil regimes could be adopted, which could negatively affect the Group's business, financial condition and results of operations. • The Group has significant US dollar revenue since gold is generally sold throughout the world in US dollars but, historically, most of the Group's operating costs have been incurred in Kazakhstan Tenge, so any appreciation of the Tenge against the US dollar or change in the National Bank of the Republic of Kazakhstan's exchange rate policy could have an adverse effect on the Group's financial condition and results of operations.

D.3	Information on the key risks that are specific to the Shares	• The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control. These include fluctuations in the Company's quarterly results of operations, fluctuations in the price of gold, changes in the market valuations of other comparable Companies, significant acquisitions or business combinations and general economic or political conditions. • Any increase in the number of Shares in the market arising from future issuances by the Company or the exercise of any options, or even the perception that such increase in the number of Shares might occur, or secondary sales by the Assaubayev family, could adversely affect the market price of the Shares. In addition, future issuances of Shares by the Company may reduce an investor's percentage ownership interest in the Company if that investor does not buy, in proportion to the aggregate amount of Shares it already holds, further Shares. • Some of the directors and executive officers named in this Prospectus reside outside the United Kingdom, principally in Kazakhstan, where almost all of the Group's assets and most of the assets of its directors and executive officers are located. As a result, it may not be possible to effect service of process within the United Kingdom upon the directors and executive officers of the Company or to enforce UK court judgments obtained against the directors and executive officers of the Company in jurisdictions outside the United Kingdom. • Since the trading price of Shares may fall as well as rise with movements in the equity capital markets, the sale or issue of substantial numbers of Shares in the public market, or the perception that this could occur, it may be difficult to raise capital through equity or equity-linked offerings. In addition, there can be no certainty that the market price of an investment in Shares will reflect to any degree the underlying value of the Group and investors may realise less than the original amount invested.
Section E – Offer		
Element		
E.1	Net proceeds and expenses	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.
E.2a	Reasons for the Offer and estimated net amount of the proceeds	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.
E.3	Terms and conditions of the Offer	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.
E.4	Interests material to the Offer	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.
E.5	Offerors and lock-up arrangements	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.

E.6	Dilution	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.
E.7	Expenses	Not applicable: This Prospectus relates to the application for listing of the Shares on the Official List and admission to trading on the regulated market only.

RISK FACTORS

The exploration and development of natural resources is a highly speculative activity that involves a high degree of financial risk. The risk factors that should be taken into account in assessing the Group's activities and investing in the Group include, but are not necessarily limited to, those set out below. Any one or more of these risks could have a material effect on the value of any investment in the Group and should be taken into account in assessing the Group's activities. The information set out below does not purport to be an exclusive summary of the risks affecting the Group.

Risks Relating to the Group's Business

The profitability of the Group's operations and the cash flows generated by these operations are significantly affected by changes in the market price for gold.

Our revenues are almost entirely derived from the sale of gold. Our current policy is to sell our gold at prevailing US dollar spot market prices and not to enter into price hedging arrangements. Accordingly, our financial results largely depend on the price of gold, which can fluctuate significantly. These fluctuations are difficult to predict and are caused by numerous factors beyond our control, including:

- global or regional political or economic events;
- monetary policies announced or implemented by central banks, including the US Federal Reserve;
- changes in the demand for gold used in jewellery and for other industrial uses, including as a result of prevailing economic conditions;
- changes in interest rates;
- actual or anticipated sales or purchases of gold by central banks and the International Monetary Fund;
- changes in the demand for gold as an investment;
- the cost of gold production in major gold-producing countries;
- changes in the supply of gold from production, divestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies;
- speculative positions taken by investors or traders in gold;
- gold hedging and de-hedging by gold producers;
- the overall supply of, and demand for, gold, although the considerable size of historical mined (i.e., above ground) stocks of the metal means that these factors typically do not affect the gold price in the same manner or degree as for other commodities; and
- the shift in demand from physical gold to investment and speculative demand.

A sustained period of significant gold price volatility may adversely affect our ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or making other long-term strategic decisions. The use of lower gold prices in reserve calculations and life-of-mine plans could result in material write-downs of our investment in mining properties and increased amortisation, reclamation and closure charges.

If revenue from gold sales falls below the cost of production for an extended period, the Group may experience losses and be forced to curtail or suspend some or all of its capital projects and/or operations and change its dividend payment policies. Moreover, the Group has historically sold its gold at market prices and has only entered into very limited forward sales, derivative or other hedging arrangements to establish a price in advance for the sale of its future production. In general, hedging in this manner reduces the risk of exposure to a fall in the gold price. As the Group does not currently enter into transactions to hedge against the future price at which its gold is sold and does not expect to change this policy in the near future, the Group is not protected against decreases in prices, and if prices decrease significantly, the Group's business, results of operations and financial condition may be materially adversely affected.

The Group's business could be adversely affected if it fails to obtain a subsoil use contract in respect of the Karasuyskoye ore fields or if it fails to obtain all necessary approvals for the construction of the underground shaft at Sekisovskoye, or if it otherwise fails to maintain or renew existing necessary permits and subsoil use contracts relating to the Sekisovskoye deposit or fails to comply with the terms of its existing or future permits and subsoil use contracts.

The Group's continued growth is dependent upon the development of the existing Sekisovskoye deposit and its future exploration and development projects, in particular in relation to the Karasuyskoye ore fields.

These exploration and mining activities are dependent upon the grant and maintenance of appropriate licences, concessions, leases, permits and regulatory consents which could subsequently be withdrawn or made subject to limitations. In particular: (i) the Group is currently awaiting approval from the Competent Authority for a subsoil use contract to cover the Karasuyskoye ore fields, which are adjacent to the Group's current concessions and production facilities; (ii) the Group's existing subsoil use contract in relation to the Sekisovskoye deposit is due for renewal in 2020; and (iii) the Group's underground shaft construction plans with respect to the Sekisovskoye deposit are subject to regulatory approvals from the Ministry of Investments and Development of the Republic of Kazakhstan, as the Competent Authority, and other governmental bodies, and to the terms of the State Program on Forced Industrial-Innovative Development.

If the subsoil use contract for the Karasuyskoye ore fields is not granted by the Competent Authority, then the Company would not be able to expand its current operation to the Karasuyskoye ore fields. In the event that the contract is granted to another party, the Group would need to negotiate the sale of the data to the successful applicant which may be at a price that is lower than what the Company paid to acquire the data or the carrying value set out in the Group’s audited accounts. The Company would have to seek to focus its operations on its existing Sekisovskoye deposit and prioritise its search for alternative projects in Kazakhstan and elsewhere.

If the underground shaft construction plans at Sekisovskoye are not approved and the Company becomes unable to finish its underground shaft construction plans, then use of the underground mine would be depleted. Given that the open pit mine is currently anticipated to end its life in 2016, a failure by the Group to fully monetise and exploit the underground mine at Sekisovskoye could have a material adverse impact on the Group’s business, results of operations and financial condition.

Furthermore, there can be no guarantee as to the terms of any such permits, licences and subsoil use contracts or assurance that current or future permits, licences and subsoil use contracts will be renewed or, if so, on what terms when they come up for renewal. It is possible that, in the event of any material non-compliance with the terms of any such permits (including in relation to the payment of moneys concerning their maintenance in good standing on an ongoing basis), the Group may risk its interest in those permits being forfeited. Although the directors believe that the Group's exploration activities are currently carried out in accordance with all material applicable rules and regulations, no assurance can be given that new rules, laws and regulations will not be enacted or that existing or future rules and regulations will not be applied in a manner which could serve to limit or curtail exploration, production or development of the Group's business or have an otherwise negative impact on its activities. Amendments to existing rules, laws and regulations governing its operations and activities of exploration and extraction, or increases in or more stringent enforcement, implementation or interpretation thereof, could have a material adverse impact on the Group's business, results of operations and financial condition and its industry in general in terms of additional compliance costs.

The process of entering into new subsoil use contracts or extending existing subsoil use contracts in Kazakhstan is time-consuming and is complicated by the fact that several Kazakh government ministries are involved in the contract review and approval. The relevant laws and regulations are often unclear and sometimes are not consistently applied by the authorities.

The Group's subsoil use contracts and related working programmes contain a range of obligations on the Group, and there may be adverse consequences of breach of these obligations ranging from penalties to, in extreme cases, suspension or termination of the Group's subsoil use contracts. When, in the past, changing circumstances have made it necessary for the Group to vary its obligations under its subsoil use contracts or related working programmes, the Group has entered into discussions and negotiations with the relevant regulators and, when necessary, agreed amendments to the relevant terms of the subsoil use contracts or related working programmes concerned. In its past dealings with the Kazakh regulators responsible for monitoring the Group's compliance with the terms of its subsoil use contracts and related working programmes, the Group has found such regulators to be receptive to the solutions proposed by the Group and has accordingly secured satisfactory waivers and/or amendments to the terms of its subsoil use contracts or related working programmes. However, it cannot be guaranteed that the Kazakh regulators responsible for monitoring the Group's compliance with the terms of its subsoil use contracts and related working programmes will continue to be as receptive in respect of any future negotiations in relation to varying the Group's obligations under the terms of its existing subsoil use contracts or related working programmes or that the Group will be able to avoid any adverse consequences if it were held to be in breach of the obligations under its subsoil use contracts or related working programmes in the future.

Although the Group currently has all permits in place in relation to its material assets, should the Group identify future operations at its exploration sites, there is a risk that the necessary permits, consents, titles, authorisations and agreements to implement planned exploration, project development or mining may not be obtained or renewed under conditions or within time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays. For example, the Group has made an application to the Competent Authority for a subsoil use rights at the Karasuyskoye ore fields. However, there might be significant delay and cost involved in obtaining such rights.

Any other withdrawal of permits, termination of subsoil use contracts, failure to secure the approval of regulatory bodies or failure to obtain subsoil use contracts in respect of any of the Group's operations, may have a material adverse impact on the Group's business, results of operations and financial condition.

The Group faces many risks related to the development of mining projects, in particular with respect to the development of underground shafts in the Sekisovskoye deposit, which may adversely affect its results of operations and profitability.

The profitability of the Group is significantly affected by the actual costs of developing and operating mines, which may differ significantly from estimates determined at the time the relevant project was approved following completion of its feasibility study. For example, the Group introduced a new plan for the development of the underground part of the Sekisovskoye deposit in 2013, according to which it plans to increase the volume of gold production from the deposit in the order of 100,000 ounces per annum by 2016. The development of the underground part of this deposit is a complex project which could be subject to unexpected problems and significant delays that could increase the development and operating costs of the project.

Our decision to develop a mineral property is typically based on the results of a feasibility study. Feasibility studies estimate the expected or anticipated economic returns from the project. These estimates are based on assumptions regarding:

- future prices of gold, silver and other metals;
- future currency exchange rates;
- volume, grades and metallurgical characteristics of ore to be mined and processed from relatively small samples of ore;
- geological and geotechnical characteristics of the ore and surrounding waste rock to suit the mining method;
- anticipated recovery rates of gold, silver and other metals extracted from the ore;
- anticipated capital expenditure and cash operating costs; and

- required return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are to a significant extent driven by the cost of commodity inputs consumed in mining, including fuel, chemical reagents, explosives, tyres and steel, and also by credits from by-products. They could also fluctuate considerably as a result of changes in the prices of mining equipment used in the construction and operation of mining projects. There are a number of uncertainties inherent in the development and construction of a new mine or the extension to an existing mine. In addition to those discussed above, these uncertainties include the:

- timing and cost of construction of mining and processing facilities, which can be considerable;
- availability and cost of mining and processing equipment;
- undetected geological structures and hydrological impacts that are unfavourable to mining;
- availability and cost of skilled labour, power, water and transportation;
- availability and cost of appropriate smelting and refining arrangements;
- applicable requirements and time needed to obtain the necessary environmental and other governmental permits; and
- availability of funds to finance construction and development activities.

The remote location of many mining properties, permitting requirements and/or delays, third-party legal challenges to individual mining projects and broader social or political opposition to mining may increase the cost, timing and complexity of mine development and construction. New mining operations could experience unexpected problems and delays during the development, construction, commissioning and commencement of production.

Accordingly, our future development activities may not result in the expansion or replacement of current production, or one or more new production sites or facilities may be less profitable than anticipated or may be loss-making. Our operating results and financial condition are directly related to the success of our project developments.

A failure in our ability to complete the construction of the proposed underground shafts at the Sekisovskoye deposit or to develop and operate mining projects in accordance with, or in excess of, expectations could materially adversely affect the Group's business, results of operations and financial condition and the price of the Shares.

Failure by the Group to develop additional reserves will cause its reserves and production to decline materially from their current levels over time.

To realise future production growth, extend the lives of its mines and ensure the continued operation of the business, the Group must continue to realise its existing identified reserves, convert resources into reserves, develop its resource base through the realisation of identified mineral potential and undertake successful exploration.

The Group's reserves decline as production increases. Reserves are increased when the Group discovers new deposits or operations or increases reserves of operating mines via additional exploration. Once mineralisation is discovered, it may take a number of years to complete the geological and metallurgical assessments to assess whether production is possible and, even if production is possible, the economic feasibility of production may change during that time as a result of price fluctuations in the gold price. Substantial capital expenditure is required to identify and delineate ore reserves through geological modelling, drilling and sampling to determine metallurgical processes to extract the metals from the ore and, in the case of new properties, to construct mining and processing facilities. Any acquisition that the Group may choose to complete may change the scale of the Group's business and operations and may expose the Group to geographic, political, operating, financial and geological risks. The Group's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, negotiate acceptable terms and integrate the acquired entity successfully.

There can be no assurance that the Group will be able to identify future reserves or continue to extend the mine life of its existing operations. In particular, given that the production life of the open pit at the Sekisovskoye deposit is forecast to come to an end in 2016, the addition of new reserves through exploration and drilling underground at the Sekisovskoye deposit and at the Karasuyskoye ore fields is especially important. There can be no assurance that the Group's ability to find new reserves in the future will be adequate to support the existing level of production of the Group. If the Group is unsuccessful in securing new reserves, the Group's total reserves and production will decline, which could materially adversely affect the Group's business, results of operations and financial condition and the price of the Shares.

Mining sector enterprises face many operating risks.

In common with other enterprises undertaking business in the mining sector, the Group’s mineral exploration, project development, mining and related activities are subject to conditions beyond the Group’s control that can reduce, halt or limit production or increase the costs of production.

The success of the Group’s mining operations is dependent on many factors, including: the discovery and/ or acquisition of ore reserves and mineral resources; the successful conclusions to feasibility and other mining studies; access to adequate capital for project development and sustaining capital; design and construction of efficient mining and processing facilities within capital expenditure budgets; the securing and maintaining of title to mining properties; obtaining permits, consents and approvals necessary for the conduct of exploration and mining; complying with the terms and conditions of all permits, consents and approvals during the course of mining activities; access to competent operational management and prudent financial administration, including the availability and reliability of appropriately qualified employees, contractors and consultants; the ability to procure major equipment items and key consumables in a timely and cost-effective manner; the ability to access an adequate power supply; and the ability to access road and airport networks for the shipment of equipment, spare parts and consumables into the operation and the shipment of gold ore out of the operation.

Costs can also be affected by factors such as changes in market conditions, government policies and exchange rates, all of which are unpredictable and outside the control of the Group. The operations are also exposed to potential breakdowns in industrial relations and disruption caused by breakdowns in relations with the local community, which can be beyond the Group’s control.

Mining, processing, development and exploration activities depend on adequate infrastructure.

Mining, processing, development and exploration activities depend on adequate infrastructure. Reliable rail, ports, roads, bridges, power sources, power transmission facilities and water supply are critical to our business operations and affect capital and operating costs. This infrastructure and these services are often provided by third parties whose operational activities are outside our control.

Interferences in the maintenance or provision of infrastructure, including unusual weather phenomena, sabotage and social unrest, could impede our ability to deliver our products on time and adversely affect our business, financial condition and results of operations.

Deep-level gold mining shafts are usually designed with a lifespan of 25 to 30 years. Vertical shafts consist of large quantities of infrastructure steelwork for guiding conveyances and accommodating services, such as high and low tension electric cables and air and water pipe columns. Rising temperatures in the deeper mining areas can also lead to increased cooling requirements in the form of upgraded and expanded ice plants. Maintaining our infrastructure requires skilled human resources, capital allocation, management and planned maintenance. As the infrastructure ages the cost of maintaining it increases.

The Group may not achieve its production estimates.

The Group prepares estimates of future gold production for its existing and future mines. The Group cannot give any assurance that it will achieve its production estimates. The failure of the Group to achieve its production estimates could have a material adverse effect on any or all of its future revenues and profitability. The realisation of production estimates is dependent on, among other things, the accuracy of ore reserve and mineral resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions (including hydrology), physical characteristics of ores, the presence or absence of particular metallurgical characteristics, and the accuracy of estimated rates and costs of mining, ore haulage and processing.

Actual production may vary from estimates for a variety of reasons, including: the availability of certain types of ores; actual ore mined varying from estimates of grade or volume; mining dilution, ore losses and metallurgical and other characteristics (whether based on representative samples of ore or not); short-term operating factors such as the need for sequential development of ore bodies and the processing of new or adjacent ore bodies from those planned; mine failures, slope failures, ground falls or equipment failures; industrial accidents; natural phenomena such as inclement weather conditions, floods, droughts, rock slides and earthquakes; encountering unusual or unexpected geological conditions changing mining conditions; changes in power costs and potential power shortages; shortages of principal supplies needed for mining operations, including explosives, fuels, chemical reagents, water, equipment parts and lubricants; plant and equipment failure; the inability to process certain types of ores; labour shortages or strikes; lack of required labour; civil disobedience and protests; and restrictions or regulations imposed by government agencies or other changes in the legal and regulatory environment. Such occurrences could also result in damage to mineral properties or mines, interruptions in production, injury or death to persons, damage to property of the Group or others, monetary losses and legal liabilities in addition to adversely affecting mineral production. These factors may cause a mineral deposit to become unprofitable, forcing the Group to cease production.

The precious metals industry in Kazakhstan is highly regulated by the State, and as a result of such regulation the State is the Group's sole customer. Such control by the State may limit the operations of the Group in the future in an unpredictable manner.

The precious metals industry in Kazakhstan is highly controlled by the State. Such State control over the precious metals industry is implemented in a number of ways, including the priority right of the State to purchase refined gold, the licensing of the export of certain types of precious metals, the conduct of State control procedures prior to export of precious metals outside of Kazakhstan, and the introduction of non-tariff regulation measures, such as the introduction of a ban on exports as described below.

On 24 August 2012, the Republic of Kazakhstan introduced legislation which gave the State a priority right to purchase refined gold from Kazakh gold producers (the "**State's Pre-emptive Right**"). The Company negotiated a waiver with respect to this legislation and continued to sell substantially all of its doré gold bars to Metalor Technologies S.A. in Switzerland until 27 December 2013. The Company expects that the State's Pre-emptive Right will remain in force for the foreseeable future.

On 27 December 2013, the Company entered into an agreement with the State owned refining company Tau-Ken Altyn Ltd in Kazakhstan. The Company now delivers all of the gold doré that it produces to this entity.

In addition to the State's Pre-emptive Right, on 22 June 2014 the State introduced a six-month temporary ban against exporting outside of Kazakhstan any unprocessed or semi-processed gold, gold in the form of powder, scrap and waste precious metal and precious-metal-containing primary commodities. This non-tariff regulation measure was introduced by the Kazakhstan Government under its Resolution No. 606 dated 3 June 2014 (the "**Resolution**") and is effective until 22 December 2014.

As a result of the introduction of the Resolution and the State's Pre-emptive Right, the Group is now likely to be reliant on Tau-Ken Altyn Ltd, an entity under the control of the Kazakhstan Government, for substantially all of its revenues going forward. This means that since 27 December 2013, the Kazakhstan Government has been the Group's sole customer and will continue to be for the foreseeable future.

The financial impact on the Group of the operation of the State's Pre-emptive Right since 27 December 2013 has been relatively limited. Pursuant to its previous agreement with Metalor Technologies S.A., the sales price of the gold content of the gold doré bars was based on the LBMA a.m. or p.m. price in US$ at the election of the Company at the time of sale. Pursuant to its current off-take agreement with Tau-Ken Altyn Limited, the sales price of gold is tied to the monthly average of the LBMA a.m. and p.m. price in US$. These prices are at arm's length and the Kazakh State does not obtain preferential rates as a result of its position of authority. This change in pricing structure has only had a modest impact on the Group's revenue in 2014, and is to an extent offset by the fact that the Group's costs of sales have been reduced, as the cost of transporting gold doré bars to Tau-Ken Altyn Ltd in Kazakhstan are lower than transporting such bars to

Switzerland.

The financial impact on the Group of the introduction of the Resolution on 3 June 2014 has not so far been significant, as the Group ceased all exports of gold doré bars to Switzerland on 27 December 2013.

Notwithstanding the above, the Company is solely reliant on the Kazakh State as its sole customer, and is therefore very sensitive to actions of, and further legislation imposed by, the Kazakh State. There can be no assurance that the Kazakhstan Government will not initiate any new actions for control of precious metals industries, or impose more onerous terms (whether with respect to pricing or otherwise) on the Group than those that it is currently subject to. The risk remains that the Kazakhstan Government may implement further measures on the control of precious metals industries in an unpredictable manner, or may impose more onerous pricing or other terms on domestic gold producers such as the Group. If these circumstances were to occur, they could be detrimental to the Group's operations, and the Group's business and financial condition could be materially adversely affected.

The figures for the Group's ore reserves and mineral resources are estimates based on interpretation and assumptions and may yield less mineral production under actual conditions than is currently estimated.

The resource and reserve estimates presented in the competent person's report included in Schedule 2 to this Prospectus have been prepared in accordance with definitions adopted by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("**JORC**") by Venmyn Deloitte. No assurance can be given that the anticipated volumes and grades will be achieved, that the indicated level of recovery will be realised or that mineral reserves or resources can be mined or processed profitably. Actual reserves, resources or mineral potential may not conform to geological, metallurgical or other expectations, and the volume and grade of ore recovered may be below the estimated levels.

Ore reserve and mineral resources estimates are expressions of professional judgment based on knowledge, experience and industry practice, but are subject to considerable uncertainties. The Group cannot be certain that its estimated reserves and resources are completely accurate. Moreover, future volumes of mining, which may not occur for many years, and rates of recovery of metals could differ materially from such estimates. Should the Group discover, in the course of mining its deposits, that those deposits differ from those predicted by drilling, sampling and similar examinations, the Group may have to adjust its reserve and resource estimates and alter its mining plans in a way that might adversely affect the results of operations.

An extended period of operational underperformance, including increased production costs or reduced recovery rates, may render ore reserves uneconomic to recover and may ultimately result in the restatement of ore reserves and/or mineral resources. Any material reductions in estimates of ore reserves and mineral resources, or of the Group's ability to extract these ore reserves, could have a material adverse effect on the Group's results of operations and financial condition. In addition, a reduction in estimated ore reserves could require material write-downs in investment in the affected mining property and increased amortisation, reclamation and closure changes.

The inclusion of mineral resource estimates should not be regarded as a representation that these amounts can be economically exploited and no assurances can be given that such resource estimates will be converted into ore reserves.

Past and potential acquisitions of mine assets are based on assumptions which could prove inaccurate.

The Group considers from time to time the acquisition of reserves, development properties and operating mines either as stand-alone assets or as part of companies. Its decisions to acquire these properties have historically been based on a variety of factors, including historical operating results, estimates of and assumptions about future reserves, cash and other operating costs, estimation of potential optimisation and cost reduction measures and their effect, the gold price and projected economic returns, the age and quality of processing plant and available technology, the ability to integrate the acquisitions' operations and financial procedures into the Group's operations, and evaluations of existing or potential liabilities associated with the property and its operations.

If the Group acquires additional mining operations, the acquisition and integration of new businesses and companies will pose significant risks to its operations. These risks include the difficulty of integrating the operations and personnel of the acquired business, problems with minority shareholders in acquired companies and their material subsidiaries, the potential disruption of current business, the assumption of liabilities, including in relation to tax and environmental matters, relating to the acquired assets or businesses, the possibility that indemnification agreements with, or warranty protection from, the sellers of those assets may be unenforceable or insufficient to cover potential tax or other liabilities, the difficulty of implementing effective management, financial and accounting systems and controls over acquired businesses, the imposition and maintenance of common standards, controls, procedures and policies, and the impairment of relationships with employees and counterparties as a result of difficulties arising out of integration.

Furthermore, even if the Group successfully integrates new businesses, expected synergies and cost savings may not materialise, resulting in lower than expected profit margins. The value of any business that the Group acquires or invests in may be less than the amount that the Group pays for it if, for example, there is a decline in the position of that business in the relevant market in which it operates or there is a decline in the price of gold or reserves and resources estimates.

There can be no assurance that the Group will be able to meet its expectations from its operational acquisitions or from any other acquisition in the future, either in terms of earnings or costs. Failure to meet these expectations could have a material adverse effect on the Group's business, results of operations and financial condition and on the price of the Shares.

The Group's business requires substantial on-going capital expenditure.

The mining business is capital intensive and the development and exploitation of reserves, the conversion of resources and the acquisition of machinery and equipment require substantial capital expenditure. In line with its strategy, the Group seeks to implement expansion and improvement plans and to develop exploration prospects, which will involve significant capital expenditure. For example, the Group has budgeted approximately US$130 million for the development of the underground mining facility at the Sekisovskoye deposit over the next 15 years. It is anticipated that the majority of such expenditure will occur prior to the end of 2017, and that the Group will incur around US$39.7 million of capital expenditure in 2014 and around US$28.7 million of capital expenditure in 2015 (the "**Capital Expenditure Plans**"). Furthermore, the Group must continue to invest significant capital to maintain or increase its reserves and production. The Group intends to fund at least part of its Capital Expenditure Plans through third party debt or equity financing as appropriate.

Some of the Group's expansion plans and exploration prospects may require greater investment than currently planned, and it may not be able to acquire necessary funding for capital expenditure when needed, on acceptable terms or at all, which could prevent the Group from undertaking such expansion or exploration, or may delay such projects whilst appropriate funding is sought. Any inability to fund necessary capital expenditure for such expansion or exploration could have a material adverse effect on the Group's business, results of operations and financial condition and the price of the Shares.

The Group may experience difficulty in obtaining future financing.

The Capital Expenditure Plans of the Group and the further development and exploration of mineral properties in which the Group holds interests or which the Group may acquire may depend upon the Group's ability to obtain financing through joint ventures, debt financing, equity financing or other means. The recent turmoil affecting the banking system and financial markets has resulted in major financial institutions consolidating or going out of business, the tightening of credit markets, significantly lower liquidity in most financial markets and extreme volatility in fixed income, credit, currency and equity markets. No assurance can be given that the Group will be successful in obtaining any required financing as and when needed on acceptable terms or at all, which could prevent the Group from further development and exploration or additional acquisitions.

The Group's operations are located in Kazakhstan, an area that has experienced economic and political difficulties in the past and may be perceived as unstable. This may make it more difficult for the Group to obtain debt financing, particularly given the current global economic climate, from project or other lenders if it should determine that debt financing is the appropriate method of funding in the future. Failure to obtain additional financing on a commercial and timely basis may cause the Group to postpone its Capital Expenditure Plans, forfeit rights in properties or reduce or terminate operations. Reduced liquidity or difficulty in obtaining future financing could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

The Group does not have sufficient working capital to cover its capital expenditure plans.

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

The Group's existing cash resources totaled US$4.9 million as at the date of this Prospectus. The Company does not expect to generate sufficient free cash flow during the year ending 31 December 2015 in order to allow it to fund its Capital Expenditure Plans entirely through cash generated through operating activities coupled with existing cash resources. The Company anticipates that a shortfall of around US$35 million of its capital expenditure plan will require external funding, and this shortfall will materialize on or around the second quarter of 2015.

The Company's majority shareholder, African Resources Limited, has advised the Company that it is prepared to provide equity or debt financing to the Company on arm's length terms up to an amount in excess of the cash shortfall outlined above.

Alternatively, the Company may seek third party debt financing in the form of one or more of: (i) royalty stream financing, (ii) a bond issuance or (iii) a secured corporate loan facility. The Company is currently reviewing each of these options and is in negotiations with financing providers, however it has not yet signed definitive documentation with respect to any of these options, and the Company will only enter into financing arrangements when it believes the best possible terms are available and/or when capital requirements dictate.

The Company's preferred funding of any potential shortfall is via shareholder equity or debt financing, or third party debt financing as outlined above. However, if such debt financing is not available, or not available on appropriate terms, the Company would also look to achieve funding via a further equity-linked or equity financing.

The ability or otherwise of the Group to demonstrate both a track record of production and sale consistently reaching significant levels together with future potential based on its capital expenditure program and drilling activities is likely to impact the Group's ability to obtain additional financing and the commercial terms on which this financing is available. Whilst the Company is confident of securing additional financing, it cannot be certain as to the timing of new financing becoming available on commercially acceptable terms or that financing will be available at all.

Failure to obtain additional financing may result in the Group being unable to meet its capital expenditure plans, which could delay its ability to successfully exploit and monetize the underground mine at Sekisovskoye. Given that the life of the open pit mine at Sekisovskoye is anticipated to end in 2016, such a delay could have a material adverse effect on the business, prospects, financial condition and results and operations of the Group.

Acquisition of new assets can be hindered by competition and scarcity of targets.

There is a limited supply of desirable mineral concessions and available properties with the potential to host economic mineral deposits, which leads to intense competition for the available properties. When making acquisitions, it may not be possible for the Group to conduct a detailed investigation of the nature or title of the assets being acquired, for example, due to time constraints in making the decision. The Group may also become responsible for additional liabilities, obligations and expenditures not foreseen or disclosed at the time of an acquisition. Because (i) the Group faces competition for new mineral concessions and properties from other exploration and mining companies, some of which may have greater financial resources than the Group, and (ii) the current owners of desirable properties may be unwilling to sell the property to the Group, the Group may be unable to acquire attractive new mineral concessions and/or properties on terms that it considers acceptable, or at all, which could adversely affect the Group's business, results of operations and financial condition and the price of the Shares.

We face competition from our peers in the mining industry.

The mining industry is competitive in all of its phases. The Group competes with other mining companies and individuals for specialised equipment, components and supplies necessary for exploration and development, for mining claims and leases on exploration properties and for the acquisition of mining assets. These competitors include major international mineral exploration and mining companies, some of which have greater financial and other resources, operational experience and technical capabilities than the Group has and, as a result, may be in a better position to compete for future business opportunities.

The Group also competes with mining and other companies on a global basis to attract and retain key human resources at all levels with appropriate technical skills and operating and managerial experience necessary to continue to operate its business. This competition is exacerbated by the global shortage of key mining industry human resource skills, including geologists, mining engineers and metallurgists. There can be no assurance that the Group will attract and retain skilled and experienced employees, and, should it fail to do so or lose any of its key personnel, there could be a material adverse effect on the Group's business, results of operations and financial condition.

Mining companies are increasingly required to consider and take steps to develop in a sustainable manner and to provide benefits to the communities and countries in which they operate. Failure to consider such requirements can result in legal suits, additional operational costs, adverse reactions by investors and otherwise adversely impact mining companies' financial condition and ability to operate.

As a result of public concern about the perceived ill effects of economic globalisation, businesses in general and mining companies in particular face increasing public scrutiny of their activities. These businesses are under pressure to demonstrate that while they seek a satisfactory return on investment for shareholders, human rights are respected and other social partners, including employees, host communities and, more broadly, the countries in which they operate, also benefit from their commercial activities. Such pressures tend to be particularly focused on companies whose activities are perceived to have, or have, a high impact on their social and physical environment. The potential consequences of these pressures and the adverse publicity in cases where companies are believed not to be creating sufficient social and economic benefit may result in additional operating costs, reputational damage, active community opposition, allegations of human rights abuses, legal suits and investor withdrawal.

For example, during the past year, the Group has continued to support its local communities in a number of ways, including: maintaining the roads in Sekisovskoye during the winter under the terms of its community agreements; supplying materials to local farmers to refurbish access roadways; constructing a local sports field and stadium facility in a nearby village; and building an improved and expanded drinking water reticulation system for the village of Sekisovskoye.

Existing and proposed mining operations are often located at or near existing towns and villages, natural water courses and other infrastructure. As the impacts of water pollution or shortage, in particular, may be immediate and directly adverse to those communities, poor management of either the supply or the quality of water can result in community protest, regulatory sanctions or ultimately in the withdrawal of community and government support for Group operations. Mining operations must therefore be designed to minimize their impact on such communities and the environment, either by changing mining plans to avoid such impact, by modifying operations, or by relocating the affected people to an agreed location. Responsive measures may also include agreed levels of compensation for any adverse impact ongoing mining operations may continue to have upon the community.

The cost of measures and other issues relating to the sustainable development of mining operations could place significant demands on personnel resources, could increase capital and operating costs and could have an adverse impact upon our reputation, results of operations and financial condition.

Certain of the operations of the Group are carried out under potentially hazardous conditions.

Certain of the operations of the Group are carried out under potentially hazardous conditions. While the directors intend to continue to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of breaches of these requirements, accidents, fatalities or other workforce-related misfortunes, some of which may be beyond the Group's control. The occurrence of any accidents or any of these situations could delay production, increase production costs and/or result in material liability for the Group.

Energy cost increases and power fluctuations and stoppages could adversely impact the Group's results of operations and financial condition.

Increasing global demand for energy, concerns about nuclear power, and the limited growth of new supply are affecting the price and supply of energy. The transition of emerging markets to higher energy consumption, carbon taxation as well as unrest and potential conflict in the Middle East, among other factors, could result in increased demand or constrained supply and sharply escalating oil and energy prices.

Our mining operations are substantially dependent upon electrical power generated by local utilities. The region in which the Sekisovskoye deposit is situated has a significant proportion of its electricity generated by hydroelectric power stations. Therefore, the cost of electricity is relatively low. For the six months ended 30 June 2014, the Group paid, on average, $0.057 per kWh (excluding VAT) for its electricity. The Group's long-term profitability is largely dependent upon its ability to reduce costs and maintain low-cost and efficient operations. The unreliability and cost of these local sources of power can have a material effect on our operations, as large amounts of power are required for exploration, development, extraction, processing and other mining activities on our properties. As such, increased energy prices and unreliable energy supply could negatively impact the Group's business, results of operations and financial condition.

Inflation could increase the Group's costs.

The Kazakh economy has historically been characterised by high rates of inflation. According to the National Bank of Kazakhstan (the "**NBK**"), the annual inflation rate in Kazakhstan was approximately 7.4%, 6.0% and 4.8%, respectively, in the years ended 31 December 2011, 2012 and 2013 and 4.8% in the six months ended 30 June 2014. Certain of the Group's costs, including salaries, rent and utilities are sensitive to inflation in Kazakhstan. Due to competitive pressures, regulatory constraints or other factors, the Group may not be able to increase its prices sufficiently to preserve its margins. As a result, high rates of inflation could increase the Group's costs, and there can be no assurance that the Group will be able to maintain or increase its margins.

The profitability of operations and the cash flows generated by these operations are significantly affected by fluctuations in input production prices, many of which are linked to the prices of oil and steel.

Fuel, energy and consumables, including diesel, heavy fuel oil, chemical reagents, explosives, tires, steel and mining equipment consumed in mining operations form a relatively large part of the operating costs and capital expenditure of any mining Group.

We have no influence over the cost of these consumables, many of which are linked to some degree to the price of oil and steel. The price of oil has recently been volatile, fluctuating between $103.95 and $115.00 per barrel of Brent crude in the first six months of 2014. Furthermore, the price of steel has also been volatile. Steel is used in the manufacture of most forms of fixed and mobile mining equipment, which is a relatively large contributor to the operating costs and capital expenditure of a mine.

Fluctuations in oil and steel prices have a significant impact on operating costs and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable. In the event that fluctuations in oil and steel prices were to result in the costs relating to the Capital Expenditure Plans to rise significantly, then such plans may need to be revised or delayed.

Title to the Group's mineral rights may be challenged, which may prevent or severely curtail its use of the affected properties.

Title to the Group's mineral rights may be challenged or impugned, and title insurance is generally not available. The Kazakhstan Government is the sole authority able to grant mineral rights in Kazakhstan. The limited land registry and recording system in Kazakhstan may severely constrain the Group’s ability to ensure that it has obtained secure title to individual exploration licences or mineral rights. The Group's title may be affected by, among other things, undetected defects. In addition, the Group may be unable to conduct its activities or operations as permitted or to enforce its rights with respect to its properties. While the Group is not aware of any challenges to its land rights, a successful challenge to the Group's rights may result in the Group being unable to proceed with the development or continued operation of a mine or project which, in turn, may have a material adverse effect on the Group's business, results of operations and financial condition and the price of the Shares.

Certain actions of the Company require a 75% resolution of the shareholders or can be vetoed by holders of 25% or more of the voting rights of the Company, and the Assaubayev family indirectly controls in excess of 25% of the voting power of the Company.

The articles of association of the Company require a 75% shareholders' resolution for a number of actions, including, among other things, amending the constitutional documents of the Company and winding up the Company. The Assaubayev family controls considerably more than 25% of the voting rights in the Company, and accordingly can veto any resolution requiring a 75% shareholder vote.

The Assaubayev family indirectly holds the majority of voting rights in the Company and its interests may conflict with the interests of investors.

African Resources Limited currently holds 65.1% of the votes cast at a general meeting of the Company. African Resources Limited is ultimately controlled by the Assaubayev family. This level of voting power means the Assaubayev family has, directly or indirectly, the power, among other things, to pass ordinary resolutions of the Company. In addition, Mr Aidar Assaubayev is Chief Executive Officer of the Company and a director of the Company, and Mr Kanat Assaubayev is Chairman of the board of directors of the Company.

African Resources Limited entered into a relationship agreement with the Company on 2 November 2012 (the "**Relationship Agreement**"), as amended to take effect on or around the date of Admission, pursuant to which African Resources Limited undertakes, among other things, to procure that two members of the board of directors of the Company will be independent and that all transactions, agreements and arrangements entered into between it or its affiliates and the Company are on an arm's length basis and on normal commercial terms.

Although the Relationship Agreement is intended to prevent the Assaubayev family from abusing its indirect control of the Company (and African Resources Limited must comply with the articles of association of the Company and applicable laws), the interests of the Assaubayev family and African Resources Limited may not be the same as the interests of minority shareholders or investors in the Company, and they may make decisions that may have a material adverse effect on an investment in the Shares and on the business operations of the Group. Minority shareholders may have a limited ability to block or challenge such decisions through the constitutional documents of the Company and the Relationship Agreement.

In addition, there could be differences among family members, which could lead to tension affecting the business operations of the Group. Where businesses, such as the Company, have a family member as Chief Executive Officer, they may experience difficulties in finding a competent replacement and attracting professional management to the organisation.

Negative media speculation about the Assaubayev family or litigation involving the Assaubayev family could also adversely affect the Group's reputation. For example, in June 2010, proceedings were brought by KazakhGold Group Limited (now known as Polyus Gold International Limited) ("**KazakhGold**"), JSC MMC Kazakhaltyn, a subsidiary of KazakhGold ("**Kazakhaltyn**"), and Jenington International Inc., a parent company of KazakhGold ("**Jenington**"), against members of the Assaubayev family, Hawkinson Capital Inc., a company controlled and wholly-owned by the Assaubayev family, and Gold Lion Holding Limited, a company controlled by trustees of discretionary trusts, the beneficiaries of which comprise members of the Assaubayev family. Certain unsubstantiated allegations were made against the Assaubayev family by KazakhGold, Kazakhaltyn and Jenington which were strenuously denied by the Assaubayev family. On 16 May 2011, the claims were fully, finally and irrevocably released and discharged and legal settlement was reached.

Events of this nature can potentially affect our relationship with third parties who may give weight to media comment, distract our senior managers from their management responsibilities, and adversely affect the trading price of the Shares.

The Company is not required to and does not comply with the UK Corporate Governance Code.

The Company is not seeking admission to the premium segment of the Official List and therefore is not required to comply, or explain its non-compliance with, the requirements of the UK Corporate Governance Code. In addition, while the Company and its controlling shareholder have the Relationship Agreement in place, there is no legal requirement for them to do so, and such agreement could be amended or terminated in accordance with its terms at any time. In the event that the Relationship Agreement was terminated, African Resources Limited would not be subject to any contractual limitations relating to its dealings with the Company or the use of its majority shareholding in the Company. In such circumstances, minority investors would be reliant on, and would have the protection of, the articles of association of the Company, and the Companies Act 2006, which, amongst other things, requires the directors of the Company (including directors appointed by African Resources Limited) to act in the best interests of the Company, and requires a special resolution (which require a majority of not less than 75% of the votes cast by those entitled to vote) of the Company in order for certain corporate actions to occur, including amendments to the articles of association of the Company and the disapplication of pre-emption rights. Furthermore, notwithstanding that its operations are conducted in Kazakhstan, because the Company is a UK company it is not subject to and does not comply with the corporate governance standards applicable to Kazakh companies.

Corporate governance concerns about the Company could weaken investor demand for the Shares and adversely affect the trading price of the Shares.

The Company relies on its directors and senior management team and the loss of one or more of these persons may adversely affect the Group.

The success of the Group's operations and activities is dependent to a significant extent on the efforts and abilities of its directors and senior management team, whose roles include developing and maintaining important relationships with governmental and regulatory authorities in Kazakhstan. As such, the Group's ability to continue to retain, motivate and attract qualified and experienced management personnel is vital to the success of the Group's business. The Company's directors and senior management team comprise individuals with an average of 19 years' experience in the mining industry and the Company does not hold key person insurance in respect of any members of its management team. There can be no assurance that the Company will be able to successfully retain its directors and members of its senior management team or recruit the necessary qualified personnel to replace them. The loss or diminution in the services of a member of its management team or an inability to recruit, train and/or retain necessary personnel could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Certain of the Group's operations are carried out under potentially hazardous conditions, which may give rise to liability for accidents and cause the Group to struggle to recruit and retain adequate numbers of staff.

Certain of the Group's operations may be carried out under potentially hazardous conditions. While the Group intends to operate in accordance with relevant health and safety regulations and requirements, the Group remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be beyond the Group's control or uninsurable.

Further, the Group may struggle to recruit and retain miners, engineers and other important members of the workforce required to run a full exploration or mining programme. Shortages of labour, or of skilled workers, may cause delays or other stoppages during exploration and mining.

The Group's properties and operations are subject to environmental risks, which may lead to unforeseen breaches of environmental laws and regulations.

Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring because of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment, and the governmental policies for implementation of such laws and regulations, are constantly changing and generally becoming more restrictive. Although the directors believe that the Group is in compliance in all material respects with applicable environmental laws and regulations and holds all necessary approvals, licences and permits under those laws and regulations, there are certain risks inherent in the Group's activities and those which it anticipates undertaking in the future, such as, but not limited to, risks of accidental spills, leakages or other unforeseen circumstances. These activities could subject the Group to potential liability.

The cost of compliance with environmental laws and regulations is expected to continue to be significant to us. The Group could incur fines, penalties and other sanctions, clean-up costs, and third-party claims for personal injury or property damages, suffer reputational damage and be required to install costly pollution control equipment or to modify or suspend operations, as a result of actual or alleged violations or liabilities under environmental laws and regulations. For example, in 2011, the Group was fined approximately $3.67 million for causing environmental damage due to a breach of one of its tailings dams (the "**Tailings Dam Litigation**"). The Group was also ordered to clean up the damage caused by the breach at its own expense. During 2012, the Irtysh Ecology Department of the Ministry of the Environment appealed the decision on the basis that the Group should pay greater fines amounting of $9.4 million because the environmental damage could not be directly measured and an indirect measure of calculating the damage would be more accurate. In March 2014, the court rejected this argument on the basis that the damage was accurately measureable using the direct method and, as such, the appeal was dismissed and the Company therefore did not have to pay the $9.4 million fine.

In addition, unknown environmental hazards may exist on our properties which may have been caused by previous owners or by existing operators.

Failure to comply with applicable environmental laws and regulations may also result in the suspension or revocation of permits. Our ability to obtain and maintain permits and to successfully operate in particular communities may be adversely impacted by real or perceived effects on the environment or human health and safety associated with our or other mining companies' activities. In addition, mining and mineral processing operations generate waste rock and tailings. The impact of a breach, leak or other failure of a tailings storage facility can be significant. An incident at our operations could lead to, among others, obligations to remediate environmental contamination and claims for property damage and personal injury. Incidents at other companies' operations could result in governments tightening regulatory requirements and restricting mining activities.

Breaches of environmental laws (whether inadvertent or not) or environmental pollution may materially and adversely affect its financial condition and its results from operations.

The Group is subject to the risk of disputes and litigation, the causes and costs of which are not always known.

The Group has in the past been subject to litigation, such as the Tailings Dam Litigation. The directors believe that any circumstances that may have given rise to previous litigation and disputes with regulatory authorities have now all been resolved and settled. However, the Group cannot preclude the possibility that litigation or disputes may arise and, if and when litigation or disputes do arise, the Group will assess the merits of each lawsuit or dispute and defend itself accordingly. The causes of potential future litigation cannot be known and may arise from, among other things, business activities, environmental and health and safety concerns, share price volatility or failure to comply with disclosure obligations.

The results of litigation cannot be predicted with certainty but could include, among other things, fines and the loss of licences, concessions, or rights. Such litigation or disputes may materially and adversely impact the Group's business, results of operations or financial condition.

The occurrence of events for which we are not insured or for which our insurance is inadequate may adversely affect cash flows and overall profitability.

The insurance industry is not yet well developed in Kazakhstan and many forms of insurance protection that are typically available in more economically developed countries, such as business interruption insurance, are unavailable. Kazakh law requires mining companies to insure against certain limited risks including employer's liability, environmental insurance and third party damage. Since Kazakh law currently prohibits foreign insurance companies from operating directly in Kazakhstan, the underdeveloped insurance market in Kazakhstan offers limited opportunities for insuring risks associated with the Group's business and reinsurance with an international insurance house would substantially increase costs.

The Group, as a participant in mining and exploration activities, may become liable for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Losses from uninsured risks may cause the Group to incur costs that could have a material adverse effect on the Group's business, results or operations and financial position.

The Company is entirely dependent on its operations in Kazakhstan.

All of the Group's operations are currently conducted in Kazakhstan, and the Group is unlikely to expand its operations outside of Kazakhstan in the immediate future. Due to this concentration of exposure to Kazakhstan, the Group will be particularly exposed to, and affected by, the effects of any of the risks relating to Kazakhstan that are described below.

Risks Relating to Kazakhstan

The Group's operations may involve greater risks, including political, economic, social, financial, regulatory and legal risks, not associated with more developed markets.

The Group's operations are conducted entirely in Kazakhstan, which is considered to be an emerging market. Investments in emerging markets are often subject to greater risks than investments in more developed markets. Economies in emerging markets such as Kazakhstan are in various stages of development or structural reform, and some are subject to rapid fluctuations in their foreign exchange rates, gross domestic product ("**GDP**"), consumer prices and interest rates. The Group's operations may be subject to the risk of sudden changes in regulatory and taxation regimes, political or labour unrest, acts of terrorism or other violence, corruption, inflation or recession. In addition, financial instability in other markets adjacent to Kazakhstan, such as other Central Asian countries, may adversely affect the markets in which the Group operates. All of these factors may affect the economic and trading conditions in which the Group operates, including the ability of the Group to sell its products. These factors could also increase the costs of operating in Kazakhstan. Any of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

All of the Group's operations are conducted, and all of its assets are located, in Kazakhstan. Accordingly, the Group is affected to a significant degree by legal, economic and political conditions prevailing in Kazakhstan.

Kazakhstan became an independent sovereign state in 1991 as a result of the dissolution of the Soviet Union. Since then, Kazakhstan has undergone significant changes as it has emerged from a single party political system and a centrally-controlled command economy to a market-oriented economy. The transition was initially marked by political uncertainty and tension, a recessionary economy accompanied by high inflation, instability of the local currency and rapid, but incomplete, changes in the legal environment. Since 1992, Kazakhstan has actively pursued a programme of economic reform designed to establish a free-market economy through privatisation of state enterprises. However, as with any transition economy, there can be no assurance that these reforms will continue or that they will achieve any or all of their intended aims.

Kazakhstan's financial sector as a whole continues to experience instability and remains under stress. It is not clear what impact this will have on Kazakhstan's mineral resources market. Small and medium-sized enterprises have been particularly affected while larger companies and state-owned entities have generally continued to have access to offshore funding albeit on a more limited basis and on less favourable terms. Any liquidity problems in Kazakhstan's economy could adversely affect its economic development, which could, in turn, materially and adversely affect the Group's prospects, business, financial condition and results of operations.

In addition, although the Government currently supports the development of Mineral Resources, there is no assurance that the Government will not adopt different policies in respect of foreign development and ownership of Mineral Resources due to future political and economic conditions in Kazakhstan. Any such change in policy may result in changes in laws affecting ownership of assets, land tenure and mineral concessions; taxation; royalties; exchange rates; environmental protection; labour relations; repatriation of income; and return of capital. These changes may affect both the Group's ability to undertake exploration, development and operational activities in respect of future Mineral Resources as well as its ability to continue to explore, develop and operate those Mineral Resources in respect of which it has already obtained mineral exploration and exploitation rights.

In August 2009, Kazakhstan enacted a new currency control law that may affect the Group's foreign currency dealings.

In July 2009, the President of Kazakhstan signed a law on the introduction of various amendments to Kazakhstan's currency control legislation, which came into force as of 10 August 2009. The amendments empower the President, by special action and under circumstances when the economic stability of Kazakhstan is threatened, to introduce a special currency regime that would (i) require the compulsory sale of foreign currency received by Kazakhstan residents; (ii) require the placement of a certain portion of funds resulting from currency transactions into a non-interest bearing deposit in an authorised bank or the NBK; (iii) restrict the use of accounts in foreign banks; (iv) limit the volumes, amounts and currency of settlements under currency transactions; and (v) require a special permit from the NBK for conducting currency transactions. Moreover, the President may impose other requirements and restrictions on currency transactions when the economic stability of Kazakhstan is threatened.

In order for Kazakhstan to remain in compliance with its membership obligations under the Charter of the International Monetary Fund, the new currency regime cannot restrict residents from repaying foreign currency-denominated obligations. As at the date of this Prospectus, the President has not invoked the provisions of these amendments. Accordingly, it is unclear how any implementation of the new currency regime would ultimately impact the Group. However, significant restrictions on the Group's foreign currency dealings could have a material adverse effect on the Group's business, prospects, financial condition or results of operations.

In February 2009 and February 2014, the NBK devalued the Kazakhstan Tenge by 18% and 18.6%, respectively. Any further devaluation of the Kazakhstan Tenge could have an adverse impact on the Group and Kazakhstan's public finances and economy.

Although the Kazakhstan Tenge is convertible for current account transactions, it is not a fully convertible currency for capital account transactions outside Kazakhstan. Since the NBK adopted a floating rate exchange policy for the Kazakhstan Tenge in April 1999, the Kazakhstan Tenge has fluctuated significantly. The Kazakhstan Tenge had generally appreciated in value against the US Dollar over the previous decade until its devaluation by the NBK in February 2009. Since February 2009 and until February 2014, the Kazakhstan Tenge has generally stabilised. As at 31 December 2013, the official KZT/US$ exchange rate reported by the National Bank of Kazakhstan was KZT 153.61 per US$1.00 compared to KZT 150.74 per US$1.00 as at 31 December 2012 and KZT 148.40 as at 31 December 2011.

On 11 February 2014, the NBK devalued the Tenge by 18.6% to KZT 184.5 per US$1.00. The NBK explained the devaluation by a number of factors, including outflow of capital from developing countries causing higher pressure on currencies of these countries and increasing volatility on global financial and commodity markets, continuing devaluation of the Russian Rouble against the US Dollar, status of the balance of payments of Kazakhstan, increasing expectations for devaluation and arrangement of conditions to reduce inflation. As with the 2009 devaluation, the 2014 devaluation was also aimed at promotion of export competitiveness of Kazakhstan goods.

Revenue of the Group is linked to the US dollar since gold is generally sold throughout the world in US dollars but, historically, most of the Group’s operating costs have been incurred in Tenge. If a large portion of the Group’s operating costs continues to be incurred in Tenge, the Group’s accounts will remain sensitive to currency exchange rate fluctuations. Although the Tenge has recently weakened against the US dollar, any appreciation of the Tenge against the US dollar could have an adverse effect on the Group’s financial condition and results of operations. In addition, there can be no assurance that the NBK will maintain its managed exchange rate policy and that another significant devaluation of the Kazakhstan Tenge will not happen in the future. Any change in the NBK’s exchange rate policy could have an adverse effect on Kazakhstan’s public finances and economy, which could, in turn, have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

Kazakhstan's economy depends on its relations with neighbouring countries.

Kazakhstan depends on neighbouring countries to access world markets for a number of its major exports, including oil, gas, steel, copper, ferro-alloys, iron ore, aluminium, coal, lead, zinc and wheat. Kazakhstan is thus dependent upon good relations with its neighbours to ensure its ability to export and has taken various steps to promote regional economic integration among neighbouring countries. In 2010, the Customs Union between Kazakhstan, Russia and Belarus came into existence with a single customs territory aimed at facilitating free flow of goods, services, capital and labour. From 1 January 2012, the three states introduced a single economic zone. In addition, on 29 May 2014, Kazakhstan signed an agreement on accession to the Eurasian Economic Union with Russia and Belarus and now is part of a common economic zone which allows goods to transit freely between the member states without any customs duties, and citizens of one country to travel, live and work in the others. The agreement on the Eurasian Economic Union becomes effective as of 1 January 2015. However, should access to export routes be materially impaired, this could adversely affect the economy of Kazakhstan. Moreover, adverse economic factors in the markets of other member countries may adversely affect Kazakhstan's economy.

Although Kazakhstan has in the recent past enjoyed relative political stability, it could be adversely affected by political unrest in the Central Asia region. Additionally, in common with other countries in Central Asia, Kazakhstan could be adversely affected by terrorism or by military or other action taken against sponsors of terrorism in the region.

Kazakhstan's economy is highly dependent on commodity exports and may be affected by commodity price volatility and delays in the completion of infrastructure projects.

Countries in the Central Asia region, such as Kazakhstan, whose economies and state budgets rely in part on the export of oil, oil products, metals and other commodities, could be adversely affected by volatility in oil and other commodity prices and by any sustained fall in prices. Kazakhstan's economy could be adversely affected by delays in any infrastructure projects related to the commodities industry or by a lack of foreign investment in the commodities industry. In addition, any fluctuations in the value of the US Dollar relative to other currencies may cause volatility in earnings from US Dollar-denominated exports of commodities. An oversupply of commodities in world markets or a general downturn in the economies of any significant markets for commodities or a weakening of the US Dollar relative to other currencies would have a material adverse effect on the Kazakhstan economy, which could, in turn, have a material adverse effect on the business, financial condition and results of operations of the Group.

The President of Kazakhstan, Nursultan Nazarbayev, has been in office since 1991 and should he leave office without a smooth transfer to his successor, the political and macroeconomic situation in Kazakhstan could become unstable.

Kazakhstan's President, Nursultan Nazarbayev, has been in office since Kazakhstan became an independent sovereign state in 1991. Under President Nazarbayev's leadership, the foundations of a market economy have taken hold, including privatisation of state assets, liberalisation of capital controls, tax reforms and pension system development. While it is anticipated that President Nazarbayev will be re-elected, there can be no guarantee that he will remain in office. Should President Nazarbayev fail to complete his current term of office for whatever reason or should a new president be elected, Kazakhstan's political situation and economy could become unstable and the investment climate in Kazakhstan could deteriorate. For example, a new government could adopt taxation or subsoil use regimes that would be less favourable to mining companies. Changes to Kazakhstan's property, tax or mining regulatory regimes, or other changes that affect the investment climate in Kazakhstan, could negatively affect the Group's business, financial condition and results of operations.

Kazakhstan's tax regime, judiciary and subsoil regime are not fully developed and are therefore unpredictable.

Although a large volume of legislation has come into force since early 1995 (including the laws relating to foreign arbitration in 2004, the Communications Law dated 5 July 2004, no. 567-II (as amended), the Code of the Republic of Kazakhstan "On Taxes and Other Obligatory Payments into the Budget" dated 10 December 2008, no. 99-IV (as amended) (the "**2009 Tax Code**"), the Competition Law dated 25 December 2008, no. 112-IV (as amended), National Security Law dated 6 January 2012, no. 527-IV (as amended), and other legislation covering such matters as securities exchanges, economic partnerships and companies, state enterprise reform and privatisation), the legal framework in Kazakhstan is still in a relatively early stage of development compared to those in countries with established market economies. The judicial system, judicial officials and other Government officials in Kazakhstan may not be independent of external social, economic and political forces. There have been instances of improper payments being made to public officials, and administrative decisions have been inconsistent and court decisions difficult to predict.

Due to numerous ambiguities in Kazakhstan's commercial legislation, in particular in its tax legislation, Kazakhstan tax authorities may make arbitrary assessments of tax liabilities and challenge previous tax assessments, thereby rendering it difficult for companies to ascertain whether they are liable for additional taxes, penalties and interest. As a result of these ambiguities, including, in particular, the uncertainty surrounding judgments rendered under the 2009 Tax Code, as well as a lack of an established system of precedent or consistency in legal interpretation, the legal and tax risks involved in doing business in Kazakhstan are substantially greater than those in jurisdictions with more developed legal and tax systems. Tax legislation in Kazakhstan may also continue to evolve, which may result in further uncertainty.

In addition, since the statutes on subsoil use do not define the course of action available to the government by reference to the gravity of a breach, a minor breach could conceivably lead to harsh consequences such as suspension or termination of the subsoil user rights. Due to the relatively recent introduction of the subsoil use legislation, there is a lack of precedent regarding the consequences of a breach. Given Kazakhstan's short legislative, judicial and administrative history, it is not possible to predict the effect of current and future legislation on the Group's business. The on-going rights of the Group under its subsoil use contracts, licences and other agreements may be susceptible to revision or cancellation, and legal redress in relation to such revocation or cancellation may be uncertain, which could have a material adverse effect on the Group.

The State may be entitled to exercise the State's Pre-emptive Right over assets acquired by the Company and transfers of shares in the Company's subsidiaries.

The Subsoil Use Law provides the State with the State's Pre-emptive Right to acquire subsoil use rights and equity interests in any entity holding subsoil use rights and in any entity which may directly and/or indirectly determine and/or exert influence on decisions made by an entity holding subsoil use rights, provided that the main activity of such entity is related to subsoil use in Kazakhstan and the transferor wishes to transfer such rights or interests. This State's Pre-emptive Right permits the State to purchase any such subsoil use rights and/or equity interests being offered for transfer on terms no less favourable than those offered by other purchasers. The Competent Authority has the right to terminate a subsoil user contract for exploration and/or production of hard minerals if a transaction takes place in breach of the State's Pre-emptive Right and the related provisions of the Subsoil Use Law. For more information, please see "*Regulation*".

Although, to the Group's knowledge, in the past, all applicable waivers and consents were obtained in respect of transfers of the subsoil use rights under the Group's existing subsoil use contracts and the objects related thereto, including in connection with the initial public offering of the shares to be admitted to trading on the Main Market, and the Government and the Competent Authority are aware of the intended Admission to trading on the Main Market, there can be no assurance that the State will not seek to exercise the State's Pre-emptive Right in respect of any relevant transfers of assets or Shares in the future. In the event that the State exercises the State's Pre-emptive Rights in respect of any future transfers of the subsoil use rights and the objects including the Shares, such exercise may have a material adverse effect on the trading price of the Shares.

Official statistics and other data published by Kazakhstan authorities may be unreliable.

Official statistics and other data published by Kazakhstan authorities may not be as complete or reliable as those published by the authorities of more developed countries. Official statistics and other data may also be produced on bases different from those used in more developed countries. The Company has not independently verified such official statistics and other data and therefore any discussion of matters relating to Kazakhstan in this Prospectus is subject to uncertainty. Specifically, investors should be aware that certain statistical information and other data obtained in this Prospectus has been extracted from official Government sources and was not prepared in connection with the preparation of this Prospectus.

In addition, certain information in this Prospectus (such information is sourced in the text or in footnotes where it appears), including, without limitation, under the captions "*Summary*", "*Risk Factors*", "*Information on the Group*", "*Operating and Financial Review*", "*Overview of the Gold Market*" and "*Regulation*" is based on information obtained from unofficial sources. The Company has accurately reproduced such information and, so far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. This information has not been independently verified and, therefore, is subject to uncertainty due to questions regarding the completeness or reliability of such information, which was not prepared in connection with the preparation of this Prospectus.

Financial instability in any emerging market could cause the price of the Shares to fluctuate significantly.

Financial instability in any emerging market tends to adversely affect prices in stock markets in other emerging markets as investors move their money to more developed markets that they perceive to be more stable. As has been the case in the past, financial instability or an increase in the perceived risks associated with investing in emerging markets could constrain foreign investment in Kazakhstan and adversely affect its economy. In addition, during periods of financial instability, companies operating in emerging markets may face liquidity constraints if foreign funding sources are withdrawn. Thus, even if the fundamentals of the Kazakhstan economy remain relatively sound, financial instability in other emerging markets could materially adversely affect the Group's business and/or the price of the Shares.

The Kazakh banking system remains underdeveloped and another banking crisis could place severe liquidity constraints on the Group's operations.

The Kazakh banking and other financial systems are not well developed and regulated, and Kazakh legislation relating to banks and bank accounts is subject to varying interpretations and inconsistent application. Many Kazakh banks do not meet international banking standards, and the transparency of the Kazakh banking sector in some respects still lags behind international banking standards. Aided by inadequate supervision by the regulators, many banks do not follow existing regulations with respect to lending criteria, credit quality, loan loss reserves or diversification of exposure. The imposition of more stringent regulations or interpretations could lead to weakened capital adequacy and the insolvency of some banks.

As a result of the global financial and economic crisis, there was a rapid decrease in lending by Kazakh banks, while the lending terms became more onerous. As a result, many Kazakh companies are subject to severe liquidity constraints due to the limited supply of domestic savings and the withdrawal of foreign funding sources.

The global financial and economic crisis led to the collapse or bailout of some Kazakh banks and to significant liquidity constraints for others. Profitability levels of most Kazakh banks have been adversely affected. The bankruptcy or insolvency of one or more of the banks which the Group conducts business with could adversely affect the Group. A banking crisis or the bankruptcy or insolvency of the banks in which the Group holds its funds could prevent the Group from accessing its funds or affect its ability to complete banking transactions, or may result in the loss of its deposits altogether, which would have a material adverse effect on its business, results of operations, financial condition and prospects.

Risks Relating to the Shares

There may be volatility in the value of an investment in Shares and the market price for Shares may fluctuate.

The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the Company's control, including the following: (i) actual or anticipated fluctuations in the Company's results of operations; (ii) actual or anticipated changes in gold prices and/or in the capital markets; (iii) recommendations by equity research analysts; (iv) changes in the economic performance or market valuations of other companies that investors deem comparable to the Company; (v) addition or departure of the Company's executive officers and other key personnel; (vi) sales or perceived sales of additional Shares; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Group or its competitors; (viii) changes in laws, rules and regulations applicable to the Group and its operations; (ix) general economic, political and other conditions, in particular in Kazakhstan; (x) the Group's involvement in any litigation; and (xi) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Group's industry or target markets.

Future issuances, including exercise of any options, may dilute existing shareholders and sales of a substantial number of Shares could affect their market price.

Any increase in the number of Shares in the market arising from future issuances by the Company or the exercise of any options, or even the perception that such increase in the number of Shares might occur, could adversely affect the market price of the Shares. Sales of a substantial number of Shares in the public markets, or the perception that these sales may occur, could have a material adverse effect on the price of the Shares or could impair the Company's ability to obtain further capital in the longer term through an offering of equity securities.

The directors may issue or otherwise dispose of Shares on such terms and conditions as they see fit although the articles of association do give shareholders pre-emptive rights in respect of any new issuance of Shares or other equity securities for cash. The pre-emption rights contained in the articles of association reflect the rights applicable to English companies under the Companies Act. However, such rights may not be made available to shareholders in certain jurisdictions under certain circumstances, including where it is not lawful or reasonably practicable for the Company to make those rights available. The Company cannot assure shareholders that they will be able to exercise any pre-emptive rights. To the extent that shareholders disapply such pre-emptive rights, the Company issues Shares for non-cash consideration or the Company issues Shares pursuant to an employee share scheme, future issuances of Shares by the Company will reduce an investor's percentage ownership interest in the Company if that investor does not buy, in proportion to the aggregate amount of Shares it already holds, further Shares. The Company intends to ask shareholders to pass a special resolution to disapply these pre-emptive rights at the upcoming annual general meeting.

Risks associated with equity securities may lead to investors not realising their investment.

There are risks associated with any investment in equity securities. Investors should recognise that the trading price of Shares may fall as well as rise with movements in the equity capital markets in the United Kingdom and internationally. The trading price of Shares could also be adversely affected as a result of the sale or issue of substantial numbers of the Shares in the public market, or by the perception that this could occur. These factors could also make it more difficult to raise capital through equity or equity-linked offerings.

In addition, there can be no certainty that the market price of an investment in Shares will fully reflect the underlying value of the Group. The price at which investors may dispose of their Shares may be influenced by a number of factors, some of which may be related to the Group and some not. Investors may realise less than the original amount invested.

If the Company is wound up, distributions to shareholders will be subordinated to the claims of creditors.

On a winding-up of the Company, holders of the Shares will be entitled to be paid a distribution out of the assets of the Company available to its members only after the claims of all creditors of the Company have been met.

Financial markets have experienced significant price and volume fluctuations in the last several years that have particularly affected the market prices of equity securities of companies and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if the Group's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Also, certain institutional investors may base their investment decisions on consideration of the Group's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Shares by those institutions, which could adversely affect the trading price of the Shares. There can be no assurance that continuing fluctuations in the price and volume of publicly traded equity securities will not occur. If such increased levels of volatility and market turmoil continue, the Group's operations could be adversely impacted and the trading price of the Shares may be adversely affected.

Shareholders may be exposed to fluctuations in currency exchange rates.

The Shares are priced in pounds sterling and will be quoted and traded in pounds sterling. Accordingly, a shareholder whose functional or local currency is a currency other than pounds sterling is subject to risks arising from adverse movements in such currency against pounds sterling, which may reduce the value of the Shares in such currency.

Investors may have limited recourse against the Company's directors and executive officers because they reside outside the United Kingdom.

Some of the directors and executive officers named in this Prospectus reside outside the United Kingdom, principally in Kazakhstan. Almost all of the Group's assets and most of the assets of its directors and executive officers are located outside the United Kingdom, principally in Kazakhstan. As a result, it may not be possible to effect service of process within the United Kingdom upon the directors and executive officers of the Company or to enforce UK court judgments obtained against the directors and executive officers of the Company in jurisdictions outside the United Kingdom. In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions outside the United Kingdom, liabilities predicated upon United Kingdom securities laws. See "*Limitation on Enforcement of Civil Liabilities*".

IMPORTANT INFORMATION

This Prospectus is being furnished by the Company solely for the purpose of admission of the Shares to the Official List and to trading on the London Stock Exchange's regulated market for listed securities. Any reproduction or distribution of this Prospectus, in whole or in part, or any disclosure of its contents or use of any information herein for any purpose other than this purpose is prohibited, except to the extent that such information is otherwise publicly available.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company that any recipient of this Prospectus should purchase or subscribe for the Shares.

This Prospectus, including the financial information included herein, is in compliance with the Prospectus Rules of the FCA, which comply with the provisions of Directive 2003/71/EC (the "**Prospectus Directive**") for the purpose of giving information with regard to the Company and the Shares.

The Company accepts responsibility for the information contained in this Prospectus, and having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Company's knowledge, in accordance with the facts and contains no omissions likely to affect its import.

The Company has included its own estimates, assessments, adjustments and judgments in preparing some market information, which has not been verified by an independent third party. Market information included herein is, unless otherwise attributed to a third-party source, subjective to a certain degree. While the Company believes that its own estimates, assessments, adjustments and judgments are reasonable and that the market information prepared by the Company approximately reflects the industry and the markets in which the Company operates, there is no assurance that its own estimates, assessments, adjustments and judgments are the most appropriate for making determinations relating to market information or that market information prepared by other sources will not differ materially from the market information included herein.

The information appearing in this Prospectus is accurate only as of its date. The Group's business, financial condition, results of operations, prospects and the information set forth in this Prospectus may have changed since the date of this Prospectus.

The contents of any of the Company's or its subsidiaries' websites do not form any part of this document.

No information in this Prospectus constitutes investment, legal or tax advice.

The implications of Admission for, and the distribution of this document to shareholders who are resident in, ordinarily resident in, or citizens of, jurisdictions outside the United Kingdom ("**Overseas Shareholders**") may be affected by the laws of the relevant jurisdictions in which such Overseas Shareholders are located. Such Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy himself as to his full observance of the laws of the relevant jurisdiction in connection with Admission and the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction. Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of Admission in their particular circumstances.

Neither the US Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Shares or passed upon the accuracy or adequacy of this Prospectus or any document referred to herein. Any representation to the contrary is a criminal offense.

The Shares have not been, nor will they be, registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), and the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the US Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (''RSA'') WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENCED IN THE STATE OF NEW HAMPSHIRE IMPLIES THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Notice to UK and other EEA Investors

This Prospectus is only addressed to and directed at persons in member states of the European Economic Area (the "**EEA**") who are "qualified investors" ("**Qualified Investors**") within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA). In addition, in the United Kingdom, this Prospectus is only being distributed to and is only directed at (1) Qualified Investors who are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or high net -worth entities falling within Article 49(2)(a)-(d) of the Order or (2) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons"). This Prospectus and its contents should not be acted upon or relied upon (1) in the United Kingdom by persons who are not relevant persons or (2) in any member state of the EEA other than the United Kingdom by persons who are not Qualified Investors.

This Prospectus has been prepared on the basis that all offers of the Shares in the United Kingdom following approval by the FCA will be made pursuant to an exemption under the Prospectus Directive, as implemented in the member states of the EEA, from the requirement to produce a prospectus for offers of the Shares. Accordingly, any person making or intending to make any offer of the Shares within the EEA should only do so in circumstances in which no obligation arises for the Group to produce a prospectus for such offer. The Company has not authorised the making of any offer of the Shares through any financial intermediary.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

*Historical Financial Information***.** The Company has included the following financial information in Schedule 1 to this Prospectus:

- the Company's consolidated financial statements for the six months ended 30 June 2014 and review report thereon (the "**HY 2014 Reviewed Consolidated Financial Statements**");

- the Company's audited consolidated financial statements for the year ended 31 December 2013 and auditors' report thereon (the "**2013 Audited Consolidated Financial Statements**");

- the Company's audited consolidated financial statements for the year ended 31 December 2012 and auditors' report thereon (the "**2012 Audited Consolidated Financial Statements**"); and

- the Company's audited consolidated financial statements for the year ended 31 December 2011 and auditors' report thereon (the "**2011 Audited Consolidated Financial Statements**" and together with the 2012 Audited Consolidated Financial Statements and the 2011 Consolidated Financial Statements, the "**Audited Consolidated Financial Statements**", and the Audited Consolidated Financial Statements together with the HY 2014 Reviewed Consolidated Financial Statements being the "**Consolidated Financial Statements**").

The HY 2014 Reviewed Consolidated Financial Statements and the Audited Consolidated Financial Statements are scheduled to this Prospectus. The HY 2014 Reviewed Consolidated Financial Statements and the Audited Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"), as issued by the International Accounting Standards Board. The 2011 Audited Consolidated Financial Statements and 2012 Audited Consolidated Financial Statements were audited by the Company's independent auditors during that period, Deloitte LLP. The 2013 Audited Consolidated Financial Statements were audited by the Company's independent auditors, BDO LLP.

Other Information. The Company has included certain measures in this Prospectus that are not measures specifically defined by IFRS and, in particular, information relating to EBITDA on a combined basis for the Group and EBITDA for each of the Group's segments. The Group presents EBITDA as it believes that similar measures are widely used by certain investors, securities analysts and other interested parties.

EBITDA is defined as profit before income tax, foreign exchange gain/(loss) related to financing activities, financial expense, financial income, disposal of non-current assets, impairment charges and depreciation and amortisation.

It should be noted that EBITDA is not recognised as a measure of performance or liquidity under IFRS and should not be recognised as an alternative to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA is used by management to monitor the underlying performance of the business and operations. EBITDA is not indicative of the Group's historical operating results, nor is it meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on this data.

Currencies. The functional currency of the individual Group entities varies according to the relevant economic environment in which the Group operates. The Company's presentation currency is the US dollar. Solely for the convenience of the reader, certain amounts included in this Prospectus have been translated from local currencies such as the Kazakhstani tenge into US dollars, as set forth under "*Currencies and Exchange Rates*". Investors in the Shares should not construe those translations as a representation that those amounts could be converted from one currency to another at any particular rate or at all.

Rounding. Certain amounts that appear in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Definitions. Unless the context otherwise requires, all references in this Prospectus to the "**Company**" are to Goldbridges Global Resources PLC and none of its subsidiaries, and all references in this Prospectus to the "**Group**" refer collectively to the Company and its subsidiaries listed in the table below.

Country of incorporation	**Entity name**	**Direct and indirect interest in entity as at date of prospectus**
Kazakhstan	DTOO Altai Ken-Bayitu LLP	100 per cent.
Kazakhstan	DTOO Gornorudnoe Predpriatie Sekisovskoye	100 per cent.
British Virgin Islands	Hambledon Mining Company Ltd.	100 per cent.

Market Data. Market data used in this Prospectus, including statistics in respect of the Company's competitors' sales volumes and market share, has been extracted from official and industry sources and other sources the Company believed to be reliable including, without limitation, in the sections headed "*Operating and Financial Review*", and "*Information on the Group*". Such information, data and statistics may be approximations or estimates or may use rounded numbers. The Company has relied on the accuracy of this information without independent verification. The Company confirms that this information has been accurately reproduced and that as far as the Company is aware, and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company notes that these independent sources do not accept liability for the accuracy of any such information, and prospective investors are advised to consider such information with caution.

In particular, the Company has cited: www.bloomberg.com, www.kase.kz and other independent sources, which, in each case, are independent sources. The Company confirms that this information has been accurately reproduced and that as far as the Company is aware and are able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In addition, some of the information contained in this document has been derived from the official data of Kazakh and other government agencies. The official data published by Kazakh regional and local agencies and by other governments are substantially less complete or researched than those of Western countries. Official statistics may also be produced on different bases than those used in Western countries. Any discussion of matters relating to Kazakhstan and other jurisdictions in this Prospectus is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information. The veracity of some official data released by the Kazakh and other governments may be questionable.

CURRENCIES AND EXCHANGE RATES

In this Prospectus, references to "**US dollars**", "**US$**" or "**$**" are to the currency of the United States, references to "**Kazakhstani Tenge**", "**KZT**" are to the currency of Kazakhstan and references to "**Euro**", "**EUR**" or "**€**" are to the currency of the member states of the European Union participating in the European Monetary Union.

The following tables show, for the periods indicated, certain information regarding the exchange rate between the Kazakhstani Tenge and the US dollar, based on the exchange rate quoted by www.oanda.com. These rates differ from the actual rates used in the preparation of the Group's financial statements and other financial information appearing in this Prospectus.

	Kazakhstani Tenge per US dollar			
Years ended December 31,	**High**	**Low**	**Average**(1)	**Period end**
2013	154.81	150.15	152.22	154.27
2012	150.91	147.02	155.84	150.44
2011	148.68	145.17	146.65	148.49

Month ended	Kazakhstani Tenge per US dollar	
	High	Low
January 2014	155.65	153.76
February 2014	186.12	155.45
March 2014	184.48	181.23
April 2014	182.55	181.73
May 2014	184.95	181.37
June 2014	183.80	182.04
July 2014	183.32	183.68
August 2014	181.99	182.55
September 2014	182.11	181.72
October 2014	182.13	180.80

(1) The average of the exchange rates for each day during the year.

The Kazakhstani Tenge /US dollar exchange rate as quoted by quoted by www.kase.kz on 19 November 2014 was 180.97 Kazakhstani Tenge = $1.00.

LIMITATION ON ENFORCEMENT OF CIVIL LIABILITIES

Some of the directors and executive officers named in this Prospectus reside outside the United Kingdom, principally in Kazakhstan. Almost all of the Company's assets and most of the assets of its directors and executive officers are located outside the United Kingdom, principally in Kazakhstan. As a result, it may not be possible to effect service of process within the United Kingdom upon the directors and executive officers of the Company or to enforce UK court judgments obtained against the directors and executive officers of the Company in jurisdictions outside the United Kingdom. In addition, it may be difficult to enforce, in original actions brought in courts in jurisdictions outside the United Kingdom, liabilities predicated upon United Kingdom securities laws. See "*Risk Factors—Risks Relating to the Shares—Investors may have limited recourse against the Company's directors and executive officers because they reside outside the United Kingdom*".

Kazakhstan's courts will not enforce a judgment obtained in a court established in a country other than Kazakhstan unless a treaty is in effect between such country and Kazakhstan providing for reciprocal enforcement of judgments (and, in that case, only in accordance with the conditions set out in Kazakhstan law and such treaty). A judgment will only be enforced if it does not conflict with a prior Kazakh judgment in the same matter and is not contrary to public policy in Kazakhstan.

Further, since a review of whether the judgment conflicts with Kazakh public policy is a matter for Kazakh courts to decide, foreign court judgments would not be enforceable in Kazakhstan without the Kazakh courts re-examining the merits of the judgment.

There is currently no treaty in effect between Kazakhstan and the United States or the United Kingdom for the reciprocal enforcement of foreign court judgments. As judgments of the United States or United Kingdom courts are not automatically enforceable in Kazakhstan, it will not be possible to recover against the Company based upon such judgments.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are "**forward-looking**" within the meaning of Section 27A of the Securities Act and Section 21E of the US Securities Exchange Act of 1934, as amended (the "**Exchange Act**"). Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words "believe", "expect", "anticipate", "intend", "estimate", "forecast", "project", "will", "may", "should" and similar expressions identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements appear in a number of places in this Prospectus, including, without limitation, "*Risk Factors*", "*Information on the Group*" and "*Operating and Financial Review*", and include statements regarding:

- strategies, outlook and growth prospects;
- future plans, expectations, projections and potential for future growth;
- plans or intentions relating to acquisitions;
- future revenues and performance;
- integration of its businesses, including recently acquired businesses;
- liquidity, capital resources and capital expenditures;
- growth in demand for its properties;
- economic outlook and industry trends;
- developments of its markets;
- the impact of regulatory initiatives;
- its competitive strengths and weaknesses; and
- the strengths of its competitors.

The forward-looking statements in this Prospectus are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management's examination of historical operating trends, data contained in its records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and which are beyond its control, and the Company may not achieve or accomplish these expectations, beliefs or projections. In addition to these important factors and matters discussed elsewhere herein, important factors that, in the Company's view, could cause actual results to differ materially from those discussed in the forward-looking statements include:

- changes in political, social, legal or economic conditions in Kazakhstan (or other countries in which the Company conducts its operations), including significant declines in Kazakhstan's (or other countries in which the Company conducts its operations) gross domestic product ("**GDP**");
- changes in the policies of the government of Kazakhstan (or other countries in which the Company conducts its operations);
- increased interest rates and operating costs in Kazakhstan (or other countries in which the Company conducts its operations);
- its ability to service its existing indebtedness;
- its ability to fund its future operations and capital needs through borrowing or otherwise;
- its ability to successfully implement any of its business strategies;
- its ability to obtain necessary regulatory approvals;
- changes in customer preferences;
- its ability to identify properties to acquire and to successfully complete acquisitions and developments;
- competition in the marketplace;
- changes in real property or other tax rates;

- changes in accounting standards or practices;
- inflation, fluctuation in exchange rates and the availability of foreign currencies;
- the impact of general business and global economic conditions; and
- its success in identifying other risks relating to its business and managing the risks of the aforementioned factors.

The foregoing list is not exhaustive. When relying on forward-looking statements, the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates, should be carefully considered. Such forward-looking statements speak only as of the date on which they are made. Except to the extent required by law, neither the Company nor any of its agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this Prospectus. Information within this document will be updated to the extent required by the FCA Prospectus Rules, Listing Rules and Disclosure and Transparency Rules, as appropriate.

AVAILABLE INFORMATION

For so long as any Shares are "**restricted securities**" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such Shares or to any prospective purchaser of such Shares designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be delivered to such persons pursuant to Rule 144A(d)(4) under the Securities Act (or any successor provision thereto).

CONSEQUENCES OF A STANDARD LISTING

The Shares are expected to be admitted to the standard listing segment of the Official List and, as a consequence, additional on-going requirements and protections applicable to a company admitted to the premium listing segment under the Listing Rules will not apply to the Company.

The Company will be listed under Chapter 14 of the Listing Rules on the basis of European Directive requirements and, as a consequence, a significant number of the Listing Rules will not apply to the Company. The Shares will be admitted to the standard listing segment of the Official List under the Listing Rules. Shareholders will therefore not receive the full protections of the Listing Rules otherwise applicable to a company whose shares are admitted to the premium listing segment.

An applicant that is applying for a standard listing of equity securities must comply with all the requirements listed in Chapter 2 of the Listing Rules, which specifies the requirements for listing for all securities.

Listing Rule 14.3 sets out the continuing obligations applicable to the Company and requires that the Company's listed securities must be admitted to trading on a regulated market at all times. The applicant must have a minimum number of shares of any listed class (25 per cent.) in public hands at all times and must notify the FCA as soon as possible if these holdings fall below the stated level. There are a number of other continuing obligations set out in Chapter 14 of the Listing Rules that will be applicable to the Company.

These include requirements as to:

- the forwarding of circulars and other documentation to the FCA for publication through the document viewing facility, and related notification to a Regulatory Information Service ("**RIS**");
- the provision of contact details of appropriate persons nominated to act as a first point of contact with the FCA in relation to compliance with the Listing Rules and Disclosure and Transparency Rules;
- the form and content of temporary and definitive documents of title;
- the appointment of a registrar;
- RIS notification obligations in relation to a range of debt and equity capital issues; and
- compliance with, in particular, Chapters 4, 5 and 6 of the Disclosure Rules and Transparency Rules. Chapter 14 of the Listing Rules, which sets out the requirements for standard listings, does not require the Company to comply with, *inter alia*, the provisions of Chapters 6 to 13 of the Listing Rules being additional requirements for listing of equity securities (listing principles, sponsors, continuing obligations, significant transactions, related party transactions, dealing in owned securities and treasury shares and contents of circulars).

Chapter 6 of the Listing Rules contains additional requirements for listing for equity securities, which are only applicable for companies with a premium listing. Consequently, the Company does not intend to comply with such provisions.

The Company will be subject to, and will comply with, Listing Principles 1 and 2 set out in Chapter 7 of the Listing Rules. It will not be subject to, and will not be required to comply with, any of the other Listing Principles outlined therein. and will not be required to comply with them. The Directors intend to ensure that shareholders are provided with sufficient information in order for them to make an informed decision on any matter which they need to approve, and the Directors will also take independent financial advice where appropriate.

The Company is not required, and does not intend, to appoint a listing sponsor under Chapter 8 of the Listing Rules to guide the Company in understanding and meeting its responsibilities under the Listing Rules.

The provisions of Chapter 9 of the Listing Rules (continuing obligations) will not apply to the Company. Chapter 9 includes provisions relating to transactions, including, *inter alia*, requirements relating to further issues of shares, the ability to issue shares at a discount in excess of 10 per cent. of market value, notifications, contents of financial information.

The Company is not required to comply with the Model Code on directors' dealings in shares of the Company set out in Chapter 9 of the Listing Rules. However, the Company adopted a Share Transfer Policy at the time of its admission to AIM that is broadly consistent with the provisions of the Model Code and will continue to follow such dealing code following Admission.

The Company is not required to comply with Chapters 10, 11 and 12 under the Listing Rules (significant transactions, related party transactions, dealing in own securities and treasury shares). The Company does however currently comply with the requirements of the AIM Rules in relation to substantial transactions, related party transactions, reverse takeovers and fundamental change of business (AIM Rules 12 to 16) and intends that it will continue to conduct its activities as if such requirements continued to apply to it following Admission (in so far as reasonably practicable). It should be noted that the London Stock Exchange will not have the authority to monitor the Company's voluntary compliance with, nor impose sanctions in the event of a breach of, any such provisions.

Chapter 13 of the Listing Rules contains provisions relating to the content of circulars and is only applicable to companies with a premium listing. Consequently, the Company does not intend to comply with such provisions.

Upon Admission, neither Listing Rule 5.2.5 (cancellation of listing) nor the equivalent protection currently provided under the AIM Rules will be applicable, and accordingly in the event a cancellation of its listing were to be proposed, it would not be required to seek shareholder approval.

EXPECTED TIMETABLE

Each of the times and dates is subject to change without further notice. References to time and day are to time in London, United Kingdom.

Publication of prospectus	20 November 2014
Cancellation of Shares from trading on AIM	8.00 a.m. on 19 December 2014
Admission	8.00 a.m. on 19 December 2014

DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISERS

Board of Directors	Kanat Assaubayev, Chairman Aidar Assaubayev, Chief Executive Officer Ken Crichton, Chief Technical Officer and Executive Director Ashar Qureshi, Non-Executive Director Alain Balian, Non-Executive Director William Trew, Non-Executive Director
The address of its registered office	28, Ecclestone Square London SW1V 1NZ
Telephone	+44 (0) 207 932 2455
Kazakhstan office	10 Novostroyevskaya Sekisovskoye Village Kazakhstan Telephone: +7 (723) 312 79 27 Fax: +7 (723) 312 79 33
Company Secretary	Rajinder Basra
Financial Adviser and Broker	Strand Hanson Ltd., 26, Mount Row London W1K 3SQ
Financial PR	Blytheweigh 4-5 Castle Court London EC3V 9DL
Registrars	Neville Registrars 18 Laurel Lane Halesowen West Midlands B63 3DA
Auditors to the Company 2012 - Present	BDO LLP 55 Baker Street London W1U 7EU
Auditors to the Company 2010 - 2011	Deloitte LLP 2 New Street Square London EC4A 3BZ

SELECTED FINANCIAL INFORMATION

Consolidated Financial Statement Data

The following tables set forth, in summary form, consolidated financial statement data, segment financial data and other operating information relating to the Group. The financial information has been derived from the financial statements of the Group prepared in accordance with IFRS. The audit reports of BDO LLP and Deloitte LLP relating to the financial statements for the years ended 31 December 2011, 2012 and 2013 and the review report relating to the financial statements for the six months ended 30 June 2014 are scheduled to this Prospectus. The information presented below should be read in conjunction with such financial statements, reports and our Operating and Financial Review.

	For the year ended 31 December,			For the six months ended 30 June,	
	2011	**2012**	**2013**	**2013**	**2014**
(in thousands of US$)	**(audited)**	**(audited, reclassified*)**	**(audited)**	**(reviewed)**	**(reviewed)**
Revenue	**33,325**	**38,913**	**42,395**	**20,014**	**16,683**
Cost of sales	(28,258)	(30,519)	(32,076)	(15,877)	(11,593)
Impairment of stock	(1,634)	(5,638)	0	0	0
Administrative expenses	(5,886)	(9,464)	(16,475)	(6,223)	(3,286)
Other operating income	0	0	0	0	1,162
Impairment – Akmola investment	0	(3,553)	0	0	0
Tailings dam leak	(7,757)	(10,261)	9,252	0	300
Operating profit/(loss)	**(10,210)**	**(20,522)**	**3,096**	**(2,086)**	**3,266**
Finance income	25	244	1	1	4
Foreign exchange loss	(77)	(240)	(413)	192	(368)
Finance expense	(317)	(885)	(1,515)	(365)	(229)
Profit/(loss) before taxation	**(10,579)**	**(21,403)**	**1,169**	**(2,258)**	**2,673**
Taxation (charge)/benefit	1,157	(740)	358	(79)	1,173
Profit/(loss) from continuing operations	**(9,422)**	**(22,143)**	**1,527**	**(2,337)**	**3,846**

*In 2012, in order to give a fairer presentation on a comparable basis certain costs were reallocated from cost of sales to administrative expenses. This resulted in the Group's accounts for the year ending 31 December 2012 being reclassified. The Group's accounts for the year ended 31 December 2012 were audited.

Key Performance Indicators

	For the year ended 31 December,			For the six months ended 30 June,	
	2011	**2012**	**2013**	**2013**	**2014**
EBITDA *(in thousands of US$)*.........	5,225	3,510	(589)*	86	5,805
Ore mined (Mt)	594,152	654,643	768,829	373,448	343,242
Ore processed (Mt)	744,416	628,731	701,361	329,104	333,490
Au average grade (g/t)........................	1.09	1.37	1.61	1.45	1.42
Ag average grade (g/t)........................	1.86	1.93	2.16	1.94	2.15
Recovery rate Au (%)	81.2	80.4	84.3	82.77	83.4
Recovery rate Ag (%)	83.7	69.7	71.6	75.60	73.24
Au produced (oz)......	20,851	22,470	30,669	12,673	12,694
Ag produced (oz)...	36,946	27,198	34,902	15,524	17,380
Au sales volume (oz)	20,855	24,800	29,712	12,964	12,479
Au average realised price (US $/oz) ..	1,598	1,563	1,427	1,554	1,337
Capital expenditure (in millions of US$)...	14.4	15.5	10.0	3.7	18.5

* The EBITDA decrease in 2013 was primarily caused by significant non-recurring items related to negotiating and securing the Karasuyskoye contract of approx. US$2.6 million, and costs in relation to terminating staff and other contracts of approx. US$1.0 million.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth our cash and cash equivalents and capitalisation of the Group and the indebtedness of the Group as at 30 June 2014 and has been extracted without material adjustment from the HY 2014 Reviewed Financial Statements included in this Prospectus.

The following section should be read in conjunction with "*Operating and Financial Review*" included elsewhere in the prospectus.

(in thousands of US$)	**30 June 2014**
Cash and cash equivalents	**18,767**
Cash	18,514
Cash equivalent	-
Restricted cash	253
Total current debt (including current portion of non-current debt)	**(1,666)**
Guaranteed	-
Secured	(1,666)
Unguaranteed/ unsecured	-
Total non-current debt	**(8,334)**
Guaranteed	-
Secured	(8,334)
Unguaranteed/ unsecured	-
Total debt	**(10,000)**
Shareholder's Equity	
Called up share capital	3,702
Share premium	137,234
Merger reserve	(282)
Currency translation reserve	(15,136)
Retained reserves	(46,894)
Total equity	**78,624**
Total capitalisation[1]	**88,624**

The Company's cash balance has declined to $4.9 million as at the date of this Prospectus, as a result of payments being made by the Company in respect of capital expenditure incurred by the Group in connection with the underground mine at Sekisovskoye throughout 2014 up until the date of this Prospectus. Capital expenditure in the first half of 2014 amounted to $18.53 million.

Except as discussed above, there has been no significant change in our capitalisation or indebtedness since 30 June 2014.

[1] Total capitalisation is the sum of total debt and total equity.

INFORMATION ON THE GROUP

Overview

The Group is a gold mining, exploration and development group based in Kazakhstan. Whilst the Group was initially established to develop and operate the Sekisovskoye gold mine in the East Kazakhstan Region, it is now actively targeting additional gold mining opportunities in Kazakhstan, including the prospective Karasuyskoye ore field which adjoins the Sekisovskoye deposit.

The Group's principal asset is the exclusive right to explore and extract gold and silver ore from the Sekisovskoye deposit in the Glubokovsky District of the East Kazakhstan Region. The Company holds a 100% shareholding in DTOO Gornorudnoe Predpriatie Sekisovskoye ("**DGPS**") which holds a subsoil use contract in relation to the Sekisovskoye deposit, covering a total area of 0.855km². The subsoil use contract is valid until 2020 and the Group currently intends to seek to extend the contract in accordance with its terms. The Company also holds a 100% shareholding in DTOO Altai Ken-Bayitu LLP ("**AKB**") which owns and operates the processing plant at the Sekisovskoye deposit. The Sekisovskoye deposit is located at the village of Sekisovka, approximately 40km north of the town of Ust-Kamenogorsk, the capital city of the East Kazakhstan Region. The current operation is exploiting two open pits where the near-vertical deposits extend to the surface. The open pits are nearing their end of life in 2016, and the Group is developing an underground extension to exploit the deposits to depth. The Group intends that the Sekisovskoye deposit shall become a selective-mining underground operation.

The Group produced approximately 31Koz of gold and 35Koz of silver in the year ended 31 December 2013 and approximately 13Koz of gold and 17Koz of silver in the six months ended 30 June 2014.

As at 31 May 2014, the Group's proven and probable reserves consisted of 2.3Moz of gold and 3.0Moz of silver, and the Group's measured, indicated and inferred resources consisted of 5.1Moz of gold and 3.5Moz of silver, in each case as classified in accordance with JORC.

In the year ended 31 December 2013, the Group's consolidated revenue was $42.4 million and its EBITDA was US$(0.6) million. In the six months ended 30 June 2014, the Group's consolidated revenue was US$16.7 million and its EBITDA was US$5.9 million.

In 2013 the Group acquired certain historic geological information pertaining to the Karasuyskoye ore fields. The Karasuyskoye ore fields cover an area of approximately 198km^2 adjacent to the Group's current concessions and production facilities, and offer the potential for both open pit and underground mining. The Group has applied to the Competent Authority for a subsoil use contract covering the additional mining area. The Group applied for the contract on 15 August 2014, and as at the date of this Prospectus has not received the outcome of the application.

Strategy

The Group's strategy is focused on delivering transformational organic growth from the assets in the existing portfolio in tandem with pursuing the acquisition of additional exploration and development opportunities. Through this combination of organic and inorganic growth, the Group aims to become one of the largest gold mining companies in Central Asia and deliver value for its shareholders via a sustainable strategy.

Effective execution of Sekisovskoye expansion to become a 100Koz p.a. gold producer

The Group's development strategy focuses on maximizing the potential of Sekisovskoye via delivery of the underground project to reach gold production of around 100Koz per annum by 2017. Post 2017, the Group expects to be able maintain production from Sekisovskye at greater than 100Koz per annum for the life of the mine, which is expected to be more than 22 years.

Validate Value within the Existing Asset Portfolio

Within the Sekisovskye deposit, the Group will further expand the reserves and resources estimates within the existing ore zones and at greater depth by further exploration and feasibility studies targeting conversion of inferred resources into reserves.

If the Group's application for a subsoil use contract with respect to the Karasuyskoye ore fields is successful, the Group additionally expects to engage an independent company to complete a

JORC-compliant competent persons report on the Karasuyskoye ore fields to validate management's assessment of the resources potential of the fields.

Combining the development of Karasuyskoye with the Sekisovskye underground mine has the potential, the Company believes, to create a large integrated mining operation combining both open pit and underground mining into a single modern gold processing facility.

Deliver Value-accretive Growth via Expansion of the Asset Portfolio

The Assaubayev family have a proven track record of sourcing a pipeline of high quality value accretive transactions and the Group intends to leverage this favorable controlling shareholder position and management expertise to acquire additional high quality mineral licences in Kazakhstan and other countries in Central Asia.

The Group plans to review existing geological data on other precious metals deposits in Kazakhstan and other countries in Central Asia in order to utilize the experience of the Group's employees to seek to acquire the mining rights or enter into joint ventures in relation to deposits which have already been explored during the Soviet Union era and which, the Group believes, have the potential to contain additional reserves and resources.

Commitment to Socially Responsible Sustainable Development, Community Relations and Corporate Governance

The Group believes operational excellence to be integral to the success of its business and will continuously seek to improve its compliance with health, safety and environmental requirements. It intends to continue to work closely with those communities that it affects and aspires to be a good and respected neighbour to these communities. As part of this strategy, the Group is committed to transparency and strong corporate governance standards.

Key Strengths

The Directors believe that the key strengths of the Group are as follows:

Transformational Growth from Sekisovskye Deposit to 100 Koz p.a.

The Group has conducted open pit mining operations at the Sekisovskye deposit since 2000 and in 2013 produced approximately 31Koz gold and 35Koz silver. In 2013, the Group introduced a new capital expenditure plan for development of the underground section of the Sekisovskoye deposit that aims to increase gold production to around 100Koz per annum by 2017 which would represent a compound annual growth rate in production of approximately 30 per cent. from 2013.

This transformational organic growth profile from the Group's core asset is expected to be delivered via access to proven technology for gold recovery and utilizing a processing plant and other surface infrastructure that is already in place, reducing overall execution risk of the project.

Scale, Independently Appraised Reserves and Resources

As at 31 May 2014, the Group's proven and probable reserves consisted of 2.3Moz of gold and 3.0Moz of silver, and the Group's measured, indicated and inferred resources consisted of 5.1Moz of gold and 3.5Moz of silver, in each case as classified in accordance with JORC.

The JORC compliant Competent Persons Report was published by the Group in November 2014 and has validated the management team's understanding of the geology and mining potential of the Sekisovskoye deposit.

Low Cost of Production and Robust Project Economics

The Sekisovskye deposit is expected to benefit from a highly attractive cost of production positioning the Group amongst the lowest cost producers in the industry with projected average total life of mine operating costs of US$518/oz.

This advantageous cost positioning drives robust project economics reflected in the appraised net present value of Sekisovskye included in the Competent Persons Report of US$287 million assuming a gold price of US$1,273/oz and a discount rate of 9.3 per cent. The independent analysis included in the Competent Persons Report also shows the resilience of the project to lower gold prices.

Growth Beyond Core Asset

In addition to the effective execution of the development of Sekisovskoye, the Group is focused on the acquisition, development and monetization of additional mineral licences in Kazakhstan and adjacent countries in Central Asia.

In 2013 the Group acquired certain historic geological information pertaining to the Karasuyskoye ore fields adjacent to Sekisovskoye. Owing to its proximity and likely similar mineralization, if the Group's application for a subsoil use contract with respect to the Karasuyskoye ore fields is successful, then the Group anticipates that Karasuyskoye will be able to supply additional ore for treatment at the existing facilities. The geological data indicates that there are several mineralized zones and the Group believes that Karasuyskoye has the potential to contain significant mineral resources.

Supportive Shareholder and Management Team with Proven Track Record

The Group's controlling shareholder is African Resources Limited which is ultimately beneficially owned by the Assaubayev family. The Assaubayev family has a strong knowledge of the Kazakh gold industry, understanding of the domestic regulatory requirements and good reputation. Additionally, the Group's senior management team consists of experienced individuals with extensive careers in the mining industry. The management team to date has successfully increased the Group's reserves, production and revenue while decreasing the cost base on a per ounce basis.

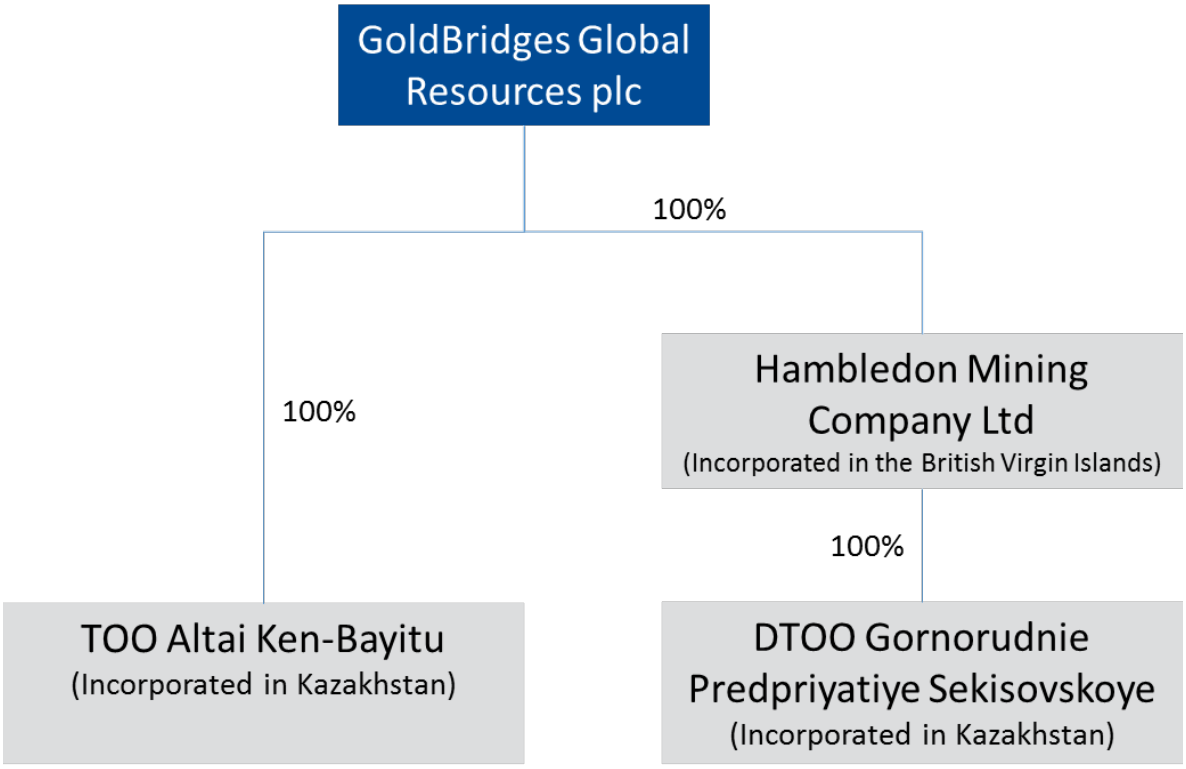
The Group believes that the support of the controlling shareholder and management experience and record of accomplishments from early stage exploration, development and producing assets positions the Group to maximize the value of its existing operations, development projects and grow the resource base.

Reasons for moving to the Official List

The Board of the Company believes that the Group has now reached a size and stage of maturity at which the standard segment of the Official List will be the most appropriate platform for future growth. The Directors believe that the move will result in the Group benefiting from the increased potential investor base, a higher profile and an increase in the liquidity of its Shares, which will benefit investors and the Group alike.

Group structure

GoldBridges Global Resources PLC (previously Hambledon Mining Company Ltd), the ultimate holding company of the Group, is incorporated as a public limited company in England and Wales and is domiciled in the UK. The Company has been quoted on AIM since June 2004 and is subject to the Takeover Code. The Group's principal asset is the exclusive right, valid until 2020 which the Group intends to apply to renew, to explore for and extract gold and silver ore from the Sekisovskoye deposit in the Glubokovsky District of the East Kazakhstan Region in accordance with the terms of the subsoil use contract. The Group's corporate structure is illustrated below.



The principal activity of DGPS is the development of the Sekisovskoye deposit. The principal activity of AKB is the processing of gold and silver ore and the production of doré gold bars. Hambledon Mining Company Ltd is a holding company incorporated in the British Virgin Islands and has no material assets or liabilities other than its shareholding in DGPS.

History of the Sekisovskoye deposit and the Group

The Sekisovskoye deposit was discovered by prospectors in the 19th century, and prospected by the Soviet Union in the 20th century. Subsequent to the dissolution of the Soviet Union, the mining rights were acquired by the Cooperative of Prospectors (OAO Poisk). In 2000, the mining rights were transferred to DGPS. In the same year, Hambledon acquired 100% share ownership of DGPS.

Small scale prospectors mined the deposit between its discovery in 1833 until 1956. Official geological prospecting commenced in 1952 and led to the development and mining of an open pit mine as well as numerous adits and a shaft. Open pit mining, by a workers cooperative named Altayzoloto, commenced at the North Pit in 1978. In 1991, Kazakhstan gained independence from the Soviet Union and consequently the deposit was acquired by the Poisk miners' cooperative. Poisk was acquired by Hambledon in 1998 and a small underground gold recovery plant was installed. The Sekisovskoye Mining Licence was transferred to DGPS, a 100% owned subsidiary of Hambledon, in 2000.

The Company itself was incorporated in February 2004 as a UK company. The Company was originally known as Hambledon Mining Company plc. In June 2004 the Company was admitted to trading on AIM.

In 2007, the Group built the AKB plant that was capable of treating 850,000 tonnes of ore per annum. Mining operations began in 2007 and the processing of ore and pouring of gold began in 2008.

In 2011, the Group began mining the underground deposit of Sekisovskoye.

In October 2012, African Resources Limited, a company ultimately controlled by the Assaubayev family, made an offer to purchase 50.9% of the Company's shares listed on AIM. The offer was accepted in January 2013, and new management was put in charge of the Group.

In September 2013, the Group entered into an information transfer and sale agreement with Hydrogeology LLP, a Kazakh corporation active in exploration and geological research, to acquire certain historic geological information pertaining to the Karasuyskoye ore fields, which are located adjacent to the Group's current operations in Kazakhstan. See "*Material Contracts—Hydrogeology*

LLP". Following completion of the acquisition of the geological data, the Group used the information to apply on 15 August 2014 for a subsoil use contract covering the Karasuyskoye ore fields from the Competent Authority.

On 4 October 2013 the Company issued a convertible loan note to African Resources Limited. The convertible loan was converted on 13 December 2013 at a conversion price of 3 pence per share. 583,648,617 new ordinary shares were issued by the Company to African Resources Limited.

In late 2013, the Group introduced a new plan for the development of the underground part of the Sekisovskoye deposit, in order to increase the volume of gold production from the field.

On 13 January 2014, the Company changed its name from Hambledon Mining Company plc to GoldBridges Global Resources PLC.

On 10 January 2014 the Company placed 97,972,000 new Shares at a price of 1.975 pence per Share and on 28 February 2014 the Company placed 550,000,000 new Shares at a price of 2.175 pence per Share, which together raised gross proceeds of approximately $22.1 million. The net proceeds of both placings have been used to provide additional working capital to the Group and to further the development of the underground mine of Sekisovskoye.

In August 2014, the Sekisovskoye mine development project was approved by the Ministry of Industry and New Technologies of the Republic of Kazakhstan ("**MINT**") for inclusion in the State Program on Forced Industrial Innovative Development.

Kazakhstan

Kazakhstan is a sovereign democratic republic and, after Russia, is the largest in terms of landmass of the nations formed upon the dissolution of the Soviet Union in 1991. The country is rich in natural resources, including oil, gas and minerals.

Kazakhstan is the ninth largest country in the world. It is located in Central Asia and is bordered by Russia to the north and west, China to the east, the Kyrgyz Republic, Uzbekistan and Turkmenistan to the south and the Caspian Sea to the West. The capital, Astana, is located in central Kazakhstan but Almaty, in the south east of the country is the principal financial centre in the country and is its largest city. The country covers an area of approximately 2.7 million square kilometres, approximately the same size as Western Europe, and spans two time zones from the Caspian Sea in the west to the Altai Mountains in the east.

As at 31 December 2013, the population of Kazakhstan was around 17 million making it a relatively sparsely populated country, with an average population density of less than 6 people per square kilometre. The population of Kazakhstan is ethnically diverse. Kazakhs are the largest among the country's many different ethnic groups, accounting for more than half of the population. More than a quarter of the population are Russians. Other ethnic groups include Ukrainians, Germans, Uzbeks, Uigurs and others. Historically, Kazakhstan belongs to the Turkic-speaking world. Kazakh, the official language, is spoken by more than half of the population. Russian is spoken by more than three-quarters of the population and is also officially recognised for use in State matters and local government. Approximately 98% of the population is literate.

Operations

The Sekisovskoye deposit

The Sekisovskoye deposit is currently an open pit gold mine and underground exploration project owned by DGPS.

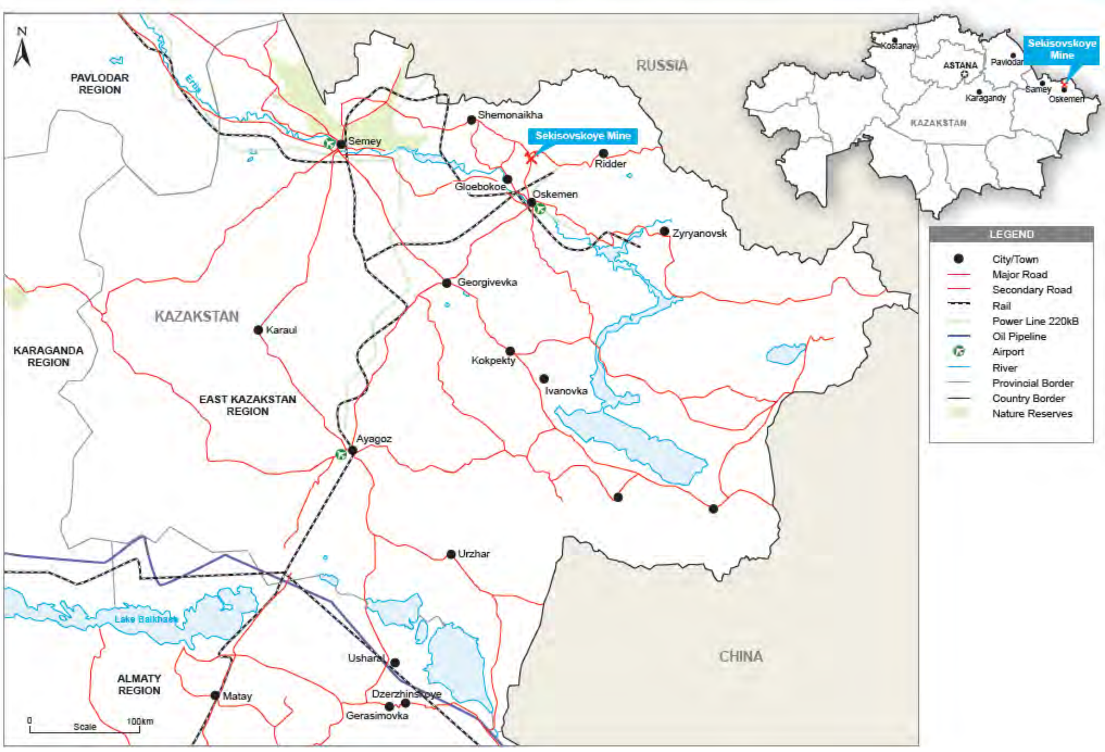
Site facilities include an open pit, underground development infrastructure, processing plant, administrative and maintenance facilities as well as a tailings impoundment and waste rock and soil storage areas. There is a small access shaft to underground workings at the 400 metres above sea level (mASL) and 325mASL elevations that were developed in the 1980s by a Soviet-era operator.

The Sekisovskoye deposit consists of a steeply dipping series of lenticular zones striking North West/South East and dipping to the North East. The mine development plan is for an approximately

150m deep open pit to a depth of 340 mASL. The underground operation is planned from the base of the pit to at least another 700m in depth.

Location and Access

The Sekisovskoye deposit is located approximately 40 kilometres north of the regional capital Ust-Kamenogorsk. The Sekisovskoye deposit is accessible by a good paved road that passes through the village of Sekisovka and provides the main route between Ust-Kamenogorsk and Ridder (formerly Leninogorsk) and further on into Russia. The map below shows the location of the Sekisovskoye deposit.



Mining licence and subsoil use agreement

A mining licence (No. 374 D) with respect to the Sekisovskoye deposit was granted on 20 May 1999 in accordance with the Decree of the President of the Republic of Kazakhstan, January 27, 1996 No. 2828 On Subsoil and Subsoil Use. The licence was granted on the basis that a subsoil use agreement would subsequently be entered into and a subsoil use agreement (No. 555) was entered into on 20 October 2000 and is valid until 18 July 2020. The subsoil use agreement is owned by DGPS, which is 100% owned by the Company, and covers an area of 0.855km^2. For a detailed description of the Kazakh regulations governing the subsoil use agreements, see "*Regulation—Regulation of mineral rights*". For a description of the risks involved, see "*Risk Factors—Risks Relating to the Group's Business_The Group's business could be adversely affected if it fails to obtain a subsoil use contract in respect of the Karasuyskoye ore fields or if it fails to obtain all necessary approvals for the construction of the underground shaft at Sekisovskoye, or if it otherwise fails to maintain or renew existing necessary permits and subsoil use contracts relating to the Sekisovskoye deposit or fails to comply with the terms of its existing or future permits and subsoil use contracts*", and for a description of the key terms of the Sekisovskoye subsoil use agreement, see "*Material Contracts—Subsoil Use Contract*".

Open pit mine

Current operations at the site are centered on exploiting an open pit, comprised of the north pit and the central pit, encapsulating the outcroppings of several of the mineralised lenses. The open pit is the primary source of ore of the Group. The pit is mined using conventional drill-blast and truck-shovel diesel-hydraulic mining equipment. The ore from the pit is hauled to the on-site processing facility. Waste is stored in a number of waste storage areas around the site. Some of the mined waste rock is used as construction material for ongoing tailings impoundment dykes and other earthwork infrastructure.

Since the commencement of processing in December 2007, the focus of the open mining operation has been to provide a steady supply of ore to the processing plant while also continuing the construction of the tailings storage facilities with the waste material mined from the pit.

317,085t of ore was produced from the central open pit during the first half of 2014.This compares to 374,448t of ore during the first half of 2013. During the first half of 2014, the open pit mine, previously consisting of two pits, has reduced to a single pit as the higher grade ore from the north is now virtually depleted except for a small amount of remnant ore that will be selectively mined as it becomes available. In future and until the depletion of the open pit in 2016, all ore will come from the lower grade central pit. Some ore remains in the north open pit and it will be selectively mined with smaller equipment if required. The Company envisages that, as underground production increases, the fall in ore grade from the open pit operations should be compensated for by the higher grade ore from the underground mine in the longer term.

The waste generated from open pit mining activities is used as foundation material for the tailings dams and, as such, waste generated during the reporting period was used to complete the construction of Tailings Dam 4 and commence Tailings Dam 5. Once complete, Tailings Dam 5 is expected to have capacity for some 17 years from 2015 onwards to support the underground mining operation. The plan is to complete all tailings dams by 2016 so that when the open pit mine ceases all civil engineering infrastructure tasks onsite will be complete.

The production life of the open pit is forecast to come to an end in 2016. Following 2016, the Company will be dependent on underground mining at the Sekisovskoye deposit. See "*Risk Factors—Risks Relating to the Group's Business—Failure by the Group to develop additional reserves will cause its reserves and production to decline materially from their current levels over time*".

Underground mine

The underground workings and ongoing drilling campaigns undertaken by the Group (see "*—Exploration Drilling*" below) have identified gold mineralisation that extends below the current designed bottom bench of the open pit. Most of the mineralisation is an extension of the current open pit gold-bearing zones within the breccia pipe (the principal host rock for the gold minerals).

Underground exploration drifts were first excavated at Sekisovskoye in the 1980s and have been maintained by the Group. Access into the historical underground workings is via a small shaft located to the southeast of the current mining pits. The drifts are largely on the 325mASL level and acted as drilling and exploration and mapping platforms for early exploration.

The current underground mine development includes a transport decline driven from the west-north-west side of the pits down to the top of the western-most mineralised zone (Zone 11) at or about the 280 mASL elevation. A period of trial and test mining to further understand the character of the mineralisation, hydrogeology and rock mechanics has commenced at the 355mASL elevation.

The underground mine is currently in the development and ramp up production phase, having being placed on care and maintenance by the previous management of the Group in late 2012, having been operational for approximately one year.

For the six months ended 30 June 2014, the Group mined 26,157t of ore from the underground mine, which accounted for around 8 percent of total ore mined by the Group. This is a significant increase from the first half of 2013, when underground ore production was 5,739t and accounted for around 1.5% of total ore mined by the Group. The management team is committed to the development of the underground mine which, in combination with the processing plant upgrades which are underway, should result in long term increased gold production for the Group. The quantity of ore is steadily increasing, however during the move to access the higher grade ore, the grades will initially be variable as some of the development work transverses low grade ore zones. For the first half of 2014, the average underground gold grade was 2.97 g/t, compared to an open pit gold grade of 1.32 g/t. During the first half of 2013, the average underground gold grade was 5.60 g/t compared to 1.42 g/t for the open pit mine.

During the first half of 2014, the underground ore was sourced from the decline where horizontal developments are being made to access the future mining stopes. This work provides relatively small quantities of ore when compared to the future bulk mining of the stopes. However all the development ore processed is within the mineralised part of the ore body.

The Group's ultimate aim is to develop the capacity for 'bulk' production from the mining stopes with the development drills currently being mined to give access to the ore stopes.

Sekisovskoye underground development plan

The Group has recently built and launched a main ventilation system, built a repair station for underground equipment and increased its fleet for underground development operations. See "*Operating and Financial Review—Capital Expenditure*".

In 2013 the Group introduced a new plan for the development of the underground part of the Sekisovskoye deposit, according to which it plans to increase the volume of gold production from the deposit to around 100,000 ounces per annum by 2016.

Based on detailed studies, two underground shafts are to be constructed to a depth of 1000m that will be used to extract the ore in the most commercially efficient manner. The estimated capital expenditure for development of the shafts, equipment and further working capital is expected to be in the region of US$130m, which the Group expects will largely be incurred prior to 2017. See "*Operating and Financial Review—Capital Expenditure—Future capital expenditure plans*".

Based on the current plans, construction is expected to commence in 2015, with construction of both shafts taking in the region of 24 months. During this period, the current transport declines will be used to access the ore from underground.

The Group's underground shaft construction plans with respect to the Sekisovskoye deposit are subject to regulatory approvals from the Competent Authority and other governmental bodies.

The Group's development plans will include appraising the costs and benefits of using our own team as compared to employing a contractor for the underground mine development. This aim is to ensure that developmental progress of the underground mine progresses as required by the mine plan to access the high grade underground stopes prior to the depletion of the open pit ore. This is seen as a key objective for the success of the Sekisovskoye Underground Development Project during the transition from the open pit to the underground.

In August 2014 the Group's Sekisovskoye mine development project was approved by the East Kazakhstan authorities to be included into the State Program On Forced Industrial-Innovative Development ("**SFIID**"). This long-term program is a government effort to boost projects that have strategic importance for the Kazakhstan economy. The SFIID was established in 2010 under the personal patronage of President Nazarbayev and pledges state support to selected projects by providing various financing facilities (grants, low interest loans), infrastructure development and policies to remove bureaucratic hurdles.

Following the final approval by the MINT the government will:

- provide and upgrade infrastructure for each of the developments at its cost;
- support the Group through a range of initiatives to secure competitive funding; and
- ensure regulatory approvals are issued in a timely manner.

Additionally, the Government of Kazakhstan has enacted legislative changes that will further increase state support for key mineral development projects including:

- income tax exemptions for 10 years;
- land tax exemptions for 10 years;
- property tax exemptions for 8 years;
- reimbursement of up to 30 per cent of project capital expenditures;
- guarantees to keep tax rates and state tariffs unchanged for a period of 10 years; and

- policies to allow investors to hire foreign staff for the period of construction without applying for labour quotas.

Following the completion of the proposed Sekisovskoye underground development plan, the Company anticipates that the life of the Sekisovskoye mine will extend to 22 years, based on the following assumptions: (i) gold production of around 100,000t of high-grade ore per annum; (ii) this level of production to be achieved within 2 years of the shafts completion; (iii) production cost in the region of US$518/oz; and (iv) a switch to higher-grade underground ore from the current open pit source, giving greater productivity from a smaller ore input into the processing plant.

Exploration Drilling

From the beginning of 2014 to the end of August 2014, 103 holes were drilled at the Sekisovskoye underground development project for a total of 8,786m. The diamond drilling programme had three objectives:

- Targeting ore delineation for areas planned to be mined in the near future to mid-term. In total 78 short holes were drilled for a total of 1,150m. Holes were predominately drilled from existing underground development drive at the 263mASL targeting known mineralisation. The 263masl underground development drive is approximately 100m below the open pit floor.
- The second objective was to upgrade the mid-term resources from the 263masl level to 100m below this level with 18 holes for a total of 3,353m.
- The third objective was to drill a series of significantly deeper holes from the 0masl level (approximately 365m below the open pit floor) to confirm the continuity of the ore body at depth. For this programme, six steeply dipping holes were drilled for a total of 4,283m. These holes were targeting a depth of -800masl.

Mineral processing and recovery

The AKB processing plant has been in operation since 2007, treating the ore from the operating open pit at the site. It is a carbon-in-leach ("**CIL**") process with a maximum capacity of 850,000 tonnes per annum. In the CIL process, activated carbon is mixed together with the ground ore and cyanide in the leaching process, rather than after the leaching process as with the carbon-in-pulp process. The cyanide dissolves the gold and/or silver from the ground ore, and is adsorbed onto the activated carbon almost as soon as it is dissolved. The activated carbon particles limit the adsorption of gold/silver onto other foreign carbon elements that may be present in the ground ore. The loaded carbon particles are then screened from the ground ore particles and removed from the pulp for separate processing to recover the gold.

The gold/silver ore is processed in the AKB processing plant, which has been in operation since early 2008. The plant uses conventional crushing, grinding with CIL extraction and a gravity concentration circuit is installed with intensive leaching tanks for the concentrate. The gold loaded carbon is stripped using a variation of the zadra process, and electro-winning is used to produce a product suitable to smelt. Doré gold bars are produced on site.

The current maximum capacity of the AKB processing plant is 850,000 tonnes of ore per annum, but this has never been achieved. In 2013, 768,829 tonnes of ore were milled.

Upgrades to the AKB plant

The Company has made a number of improvements to the AKB plant during the period covered by the historical financial information included in this Prospectus. See "*Operating and Financial Review—Capital Expenditure*". In addition, the Group made a number of improvements during the first nine months of 2014. These improvements relate to recovery and work capacity values in the plant. Firstly, in order to increase the capacity of grinding area it is necessary to reduce the size of crushed ore before it passes through the mill. Secondly, in order to improve the production values of the metal and to optimize the performance of leaching tanks it is necessary to increase the metal content of final size (-74 microns) in the pulp product of the grinding cycle prior to the leaching process. The Group has made the following improvements to the plant:

1. replace the Chinese tertiary crushers on К-400 crusher (USA), which gives the final size -8--10 mm, in ore PSD (compared with Chinese crusher that gives -20mm final size); and

2. amend the flow sheet of grinding and classification in order to improve the grinding process: increase the content of -74µ product size to 80-85% (in present time this value is 77%). To complete this, it is essential to install additional hydrocyclones (classifying equipment) to the 1st stage of grinding.

Upgrades to the AKB plant are ongoing. The Company expects to commence the commissioning of certain improvements to the AKB plant in the fourth quarter of 2014, including new crushing equipment in order to increase the efficiency of the crushing and milling circuit. It is expected that these upgrades will eventually increase the gold processing throughput from 0.85Mtpa to 1.0Mtpa. Set out below is a comparison between the current performance of the AKB plant and the anticipated performance following the finalization of the upgrade plan.

	Prior to finalisation of plant improvements	Following finalisation of plant improvements
Crushing area (thousands of tons of ore per annum)	1100	1100
Processing Plant capacity (thousands of tons of ore per annum)	850	1000
Gold recovery (%)	82-83%	82.5-83.5%

The gold recovery rate at the processing plant improved to 83.4 per cent in the first half of 2014 from 82.8 per cent in the first half of 2013. This was driven by efficiency and optimisation measures even with the slightly lower gold grade in the plant feed. This improvement in the gold recovery rate follows the installation and commissioning of the high capacity tailings and recycling water pumps, new heat-exchange elution units and a second elution column plus the seventh CIL tank in late 2013.

The increased gold recovery rates are a positive indicator for the future productivity of the plant, when the source material consists of only underground ore. Test work to date using 100 per cent underground ore indicates gold recovery at approximately 84 per cent.

Production

The table below sets out the Group's gold and silver production output for the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2013 and 2014.

	For the year ended 31 December			**For the six months ended 30 June**	
	2011	**2012**	**2013**	**2013**	**2014**
Gold (oz)					
Total..	20,851	22,470	30,669	12,673	12,694
Silver (oz)					
Total..	36,946	27,198	34,902	15,524	17,380

Reserves and resources

The Group's proven and probable reserves totalled 2,268Koz of gold, and 2,978Koz of silver as at 31 May 2014. The Group's measured, indicated and inferred resources totalled 5,143Koz of gold, and 3 519Koz of silver as at 31 May 2014.

The JORC compliant Mineral Resources and Reserves of the Sekisovskoye deposit as at 31 May 2014 estimated by Venmyn Deloitte is set out in the table below. For further details see the Mineral Experts Report in Schedule 2 to this Prospectus.

LEVEL	JORC CLASSIFICATION	TONNAGE (Mt)	GRADE Au (g/t)	METAL Au (kg)	GRADE Ag (g/t)	CONTAINED Ag (kg)
	PROBABLE MINERAL RESERVES	17.25	4.09	70,550	5.37	92,630

LEVEL	JORC CLASSIFICATION	TONNAGE (Kt)	GRADE Au (g/t)	METAL Au (kg)	GRADE Ag (g/t)	CONTAINED Ag (kg)
	EQUIVALENT JORC RESOURCES					
Surface to -400m	INDICATED	15,700	5.32	83,240	6.99	109,440
	INFERRED	3,500	4.21	14,910	No estimation	
-400m to -800m	INFERRED	14,700	4.21	61,820	No estimation	
TOTAL / AVERAGE JORC RESOURCES		**33,900**	**4.72**	**159,970**	**6.99**	**109,440**

LEVEL	JORC CLASSIFICATION	TONNAGE (Kt)	GRADE Au (g/t)	METAL Au (kg)	GRADE Ag (g/t)	CONTAINED Ag (kg)
-800m to -1,500m	Exploration Results	24,400	4.21	102,620	No estimation	
TOTAL / AVE EXPLORATION TARGET		**24,400**	**4.21**	**102,620**	**No estimation**	

Sales

Prior to 27 December 2013, the Group sold all of its doré gold bars to Metalor Technologies S.A, a third-party refiner in Switzerland, for further refining and onward sale. Since 24 August 2012, the National Bank of the Republic of Kazakhstan has had a priority right to purchase refined gold from Kazakh producers, and the waiver that the Company had negotiated with respect to this legislation expired at the end of 2013. See "*Regulation—Regulation of mineral rights*." From 27 December 2013 onwards, the Group has sold all of its doré gold bars to Tau-Ken Altyn Ltd, a state controlled third-party refiner in Kazakhstan, for on-sale. For further details please see "*Material Contracts—Off-take Agreements/Key Customers*". For a discussion of the pricing mechanisms applicable to these arrangements, see "*Operating and Financial Review—Pricing mechanics under the Group's sales contracts.*"

In addition, there is currently a six-month temporary ban against exporting outside of Kazakhstan any unprocessed or semi-processed gold, gold in the form of powder, scrap and waste precious metal and precious-metal-containing primary commodities. This temporary ban is effective from 22 June 2014 until 22 December 2014. This non-tariff regulation measure was introduced by the Kazakhstan Government under its Resolution No. 606 dated 3 June 2014.

Transportation to Tau-Ken Altyn Ltd

Doré gold bars are produced on site at the AKB plant and are stored in an adjacent warehouse. The Doré bars are transported from the warehouse to Tau-Ken Altyn Ltd by Kazinkas, a specialist third party contractor which holds a licence for the transportation of bank notes, coins and other valuable commodities issued by the NBK. Doré bars are transported from the warehouse to Ust-Kamenogorsk airport by armoured car, and are then flown to Astana, where they are loaded onto armoured cars and transported to the Tau-Ken Altyn Ltd refinery plant. Liability for the cargo is transferred to Kazinkas at the point at which the doré bars are loaded onto the Kazinkas armoured cars in Sekisovska, and Kazinkas has advised that it is reinsured by Lloyd's European Security Syndicate.

Karasuyskoye ore field

The Group is looking for new ways of expanding ore production. Primary attention is currently being given to areas within the area adjoining the Sekisovskoye deposit, such as the Karasuyskoye ore field, which is adjacent to the site of the Sekisovskoye deposit. The Karasuyskoye ore field has a total area of 198km^2 and is located in the Glubokovski district of the East Kazakhstan region.

On 15 October 2013 the Group entered into an agreement with Hydrogeology LLP, an independent third-party exploration company, to acquire certain historic geological information pertaining to the Karasuyskoye ore field for a total consideration of US$27.5 million. For further details, see "*Material Contracts—Hydrogeology LLP*".

Subsoil use agreement

Using the historic data acquired from Hydrogeology LLP the Group made an application to the Competent Authority on 15 August 2014 to acquire a subsoil use contract for the exploration and development of the Karasuyskoye ore field. As of the date of this Prospectus the contract has not been granted or signed.

If the application for the subsoil use contract for the Karasuyskoye ore fields is approved by the Competent Authority, and following the completion of limited additional verification work, the Group expects to engage an independent company to complete a JORC-compliant competent person's report on the Karasuyskoye ore fields.

There is no guarantee that the application for the subsoil use contract will be successful. See "*Risk Factors—Risks Relating to the Group's Business—The Group's business could be adversely affected if it fails to obtain a subsoil use contract in respect of the Karasuyskoye ore fields or if it otherwise fails to maintain or renew existing necessary permits and subsoil use contracts relating to the Sekisovskoye deposit or fails to comply with the terms of its existing or future permits and subsoil use contracts*".

Employees

The average monthly number of employees (including executive directors) was:

	At 01 April 2014	2013	2012	2011	2010
Production	638	515	581	427	394
Administration	64	196	71	144	121
	702	711	652	571	515

All of the Group's employees are based in Kazakhstan other a small number that are currently based in London, including the Company's CFO.

The Group also used certain contractors in 2013, primarily involved in underground mine construction activities. As of the date of this Prospectus the Group has not engaged any third party contractors, and carries out its capital expenditure development projects using its own internal resources.

None of the Group's employees are currently members of a trade union.

Under Kazakh law, an employee may terminate his employment contract by giving at least one month's notice to the employer. The Group typically enters into employment contracts that allow either party to terminate by giving the other one month's notice. However, the Group may only terminate an employment contract based on specific grounds set out in the Labour Code. In circumstances where there has been a gross violation of work duties, repeated failure to perform duties or disclosure of confidential information, the Group may dismiss an employee without any prior notice. When the Group terminates an employment contract pursuant to another ground set out in the Labour Code, it is required to give the employee at least one month's notice.

An employee who is dismissed due to the liquidation of the enterprise or redundancy or who is conscripted into the Kazakh military is entitled to receive compensation equal to one average month's salary per year (up to 12 months' salary).

Equipment

As at 30 June 2014 the Group operated the following equipment:

- Open pit:
    - 4 drill rigs (ROC L7CR);
    - 5 excavators (HITACHI ZX850, HITACHI ZX200); and
    - 12 dump trucks (BelAZ-7547).
- Underground mine:
    - 2 drill rigs (Diamec-252, Atlas Copco Boomer);
    - 3 LHDs (Sandvik LH203, CAT1300); and
    - 4 dump trucks (Paus PMKT8000, Sandvik TH320).
- Crushing and screening plant with a current capacity of 1100 ktpa.
- Processing plant with a current capacity 850 ktpa (projected to increase to 1000 ktpa by 31 December 2014, as explained above).

Supplies

The principal supplies purchased by the Group for its operations are electricity and consumables such as reagents, power, fuels, mill balls and explosives. For the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014, supplies comprised 28.5%, 31.8%, 28.7%, and 30.0%, respectively, of the Group's cost of sales.

Competition

The Group experiences competition in identifying and acquiring exploration and development rights to attractive mining properties in Kazakhstan. As ore reserves are depleted over time in established gold and silver producing areas, demand for gold and silver mining properties in Kazakhstan is increasing. The Group also faces competition for the skilled mining employees and geologists who work at its properties, and competition for such employees will increase as mining activity in Kazakhstan increases.

The Group considers its main competitors for obtaining and exploiting local gold reserves to be as follows NGMK (Uzbekistan), Centerra Gold (Kyrgyzstan), Kazzink (Kazakhstan), Kazakhmys (Kazakhstan), and Kazakhaltyn (Kazakhstan).

Environmental Issues

In common with other natural resources and mineral processing companies, the Group's operations generate hazardous and non-hazardous waste, effluents and emissions into the atmosphere, water and soil. The Group is subject to international, national, regional and local environmental laws, rules and regulations that apply to the Group's projects. These laws and regulations address such matters as protection of the natural environment, air and water quality and emissions standards and disposal of waste.

The environmental policy of the Group is aimed at constantly increasing the industrial safety, environment protection, and human health maintenance. The following principles constitute the basis of the Group's environmental policy:

- compliance with environmental laws of the Republic of Kazakhstan;
- effective environmental risk management by means of decrease of emergency risk as well as due consideration of environmental factors in development of new process solutions and projects;
- implementation of state-of-the-art technologies providing far-sighted use of resources and decrease of negative impact on the external environment;
- training of the enterprises' personnel to improve their qualifications and level of personal environmental consciousness; and
- maintenance of transparency and availability of the information on environmental activities of the company and its impact on the environment.

The Group plans to implement an environmental management system according to the international **standard ISO 14001.**

The Group has the following environmental permits currently in place:

Company name	Permit	Expiration date
TOO Gornorudnoe Predpriatie Sekisovskoye	Special water use:	
	disposal of drainage water	31.12.2014
	underground water withdrawal	23.06.2015
	Environmental permits:	
	environmental emission, open pit	31.12.2014
	environmental emission, underground	31.12.2014
TOO Altai Ken-Bayitu	Environmental permits:	
	environmental emission	31.12.2015

Tailings dam leak

In 2011, a tailings dam utilised by the Group in Sekisovskoye suffered an industrial water leak. The leak resulted in environmental damage to the Sekisovka River and its surrounding environment. See "*Risk Factors—Risks Relating to the Group's Business—The Group's properties and operations are subject to environmental risks, which may lead to unforeseen breaches of environmental laws and regulations*," "*Operating and Financial Review—Key Factors Affecting Comparability—Sekisovskoye ore field tailings dam leak*" and "*Additional Information—Litigation*".

For a description of environmental regulations affecting the Group, see "*Regulation—Environmental regulation*".

Intellectual Property

The Group does not currently own any registered intellectual property rights material to its business.

Health and Safety

To monitor compliance with health and safety regulations and deal with any health and safety issues, the Group has established a dedicated department with responsibility for ensuring the safety of the workforce and maintenance of industrial hygiene standards and compliance with environmental requirements. This department includes an industrial hygiene specialist and an environmental engineer. The department is currently developing an occupational health and safety management system that will be expected to comply with the requirements of the international OHSAS 18101 standard.

The Group operates occupational safety training facilities at the Sekisovskoye mine and requires all miners, concentration and extraction plant workers and other employees to take training courses at these facilities.

The following table sets forth information on workplace related accidents at the mines and the processing facilities of the Group and work days lost due to such accidents in the years ended 31 December 2011, 2012 and 2013 and the six months ended 30 June 2014.

	Total
Total accidents in 2011	0
not serious	0
serious	0
resulting in death(s)	0
Total work days lost in 2011 due to all accidents	0
Total work days lost in 2011 due to serious accidents	0
Total accidents in 2012	0
not serious	0
serious	0
resulting in death(s)	0
Total work days lost in 2012 due to all accidents	0
Total work days lost in 2012 due to serious accidents	0
Total accidents in 2013	1
not serious	0
serious	1
resulting in death(s)	0
Total work days lost in 2013 due to all accidents	100
Total work days lost in 2013 due to serious accidents	100
Total accidents in the six months ended 30 June 2014	0
not serious	0
serious	0
resulting in death(s)	0
Total work days lost in the six months ended 30 June 2014 due to all accidents	0
Total work days lost in the six months ended 30 June 2014 due to serious accidents	0

Insurance

The Group's operations are subject to numerous operating risks, including environmental hazards, industrial incidents, unusual or unexpected geological conditions, labour force disruptions, unavailability of materials and equipment, weather conditions, pit wall failures, rock bursts, cave-ins, flooding, seismic activity, interruptions to power supplies and industrial and other accidents at mines, processing facilities or related facilities. In addition, civil disturbances and criminal activities, such as trespass, illegal mining, theft and vandalism have caused disruptions to the Group's operations in the past and may do so in the future. While management has set up internal controls to try to prevent and mitigate these events, these risks and hazards could result in damage to or destruction of mineral properties or processing facilities, personal injury or death, environmental damage, delays in mining and monetary losses and possible legal liability.

The Group maintains certain mandatory environmental and civil liability insurance required by Kazakhstan law. However, the insurance industry in Kazakhstan is in the process of development and many forms of insurance coverage common in developed markets are not yet generally available and there can be no assurance that our insurance coverage will prove adequate to satisfy any future claims against us. For example, we do not maintain insurance against lost profits for business interruption and, in the event of an equipment failure or damage to our drilling facilities, we may experience loss of revenues. Our insurance coverage includes: property insurance, industrial accident insurance, vehicle insurance and environmental insurance.

See "*Risk Factors—Risks Relating to the Group's Business—The occurrence of events for which we are not insured or for which our insurance is inadequate may adversely affect cash flows and overall profitability*".

Corporate Social Responsibility

The Group believes that it has an obligation to be sensitive and to respect the needs of all our direct and indirect stakeholders and that the Group should always consider the social and environmental impacts of our activities.

As part of our commitment to ensure a disciplined management approach to our operations, health and safety, risk management, the environment and community development, a local consultancy group has been engaged to implement in collaboration with Group staff a suite of ISO standards. This includes ISO 9001, ISO 14001, ISO 18001, ISO 26000 and ISO 31000; this implementation process is currently on-going.

During the past year, work has continued on the Group's key community health programmes to improve the lives of our communities in the following ways:

- commissioning a new, improved and expanded drinking water reticulation system for the village of Sekisovska;
- initiating and funding a village clean-up programme;
- provision of a garbage truck and bins for the local area;
- installing refuse centres in the local village in co-operation with the local municipality; and
- providing anti-fungicide treatment for local trees to assist in their preservation.

In addition, we have continued to support our local communities in a number of additional ways;

- carrying out winter maintenance to the roads of Sekisovska under the terms of our community agreements;
- supplying materials to local farmers to refurbish access roadways; and
- we are currently are in the process of completing a local sports field and stadium facility in a nearby village.

DIRECTORS, SENIOR MANAGERS AND CORPORATE GOVERNANCE

Directors

Name	Date of birth	Position	Date of appointment to the Board
Kanat Assaubayev	22.08.1948	Chairman	23 October 2013
Aidar Assaubayev	30.08.1978	Chief Executive Officer	20 February 2013
Ken Crichton	12.07.1962	Chief Technical Officer and Executive Director	23 October 2013
Ashar Qureshi	21.01.1965	Non-Executive Director	7 December 2012
Alain Balian	05.07.1968	Non-Executive Director	23 October 2013
William Trew	11.05.1958	Non-Executive Director	20 February 2013

Kanat Assaubayev

Chairman

Kanat Assaubayev is one of Kazakhstan's leading entrepreneurs in the natural resources sector. Mr. Assaubayev was the first Kazakh to get a doctorate in metallurgy. His early career was in academia where he was the Chairman of the Metallurgy and Mining Department of Kazakh National Polytechnic University. He subsequently began his business career in the 1990s and has led a number of natural resources enterprises to national and international success.

Aidar Assaubayev

Chief Executive Officer

Aidar Assaubayev is an Executive Director of AltynGroup Kazakhstan LLP. He was formerly Executive Vice Chairman of KazakhGold Limited, the gold mining corporation, and he was also formerly Vice President and a director of JSC MMC Kazakhaltyn. Mr. Assaubayev graduated from the Kazakh National Technical University in Almaty and he also holds a degree in economics from the Institute of Systemic Analysis in Moscow.

Aidar Assaubayev is the son of Kanat Assaubayev.

Ken Crichton

Chief Technical Officer and Executive Director

Ken Crichton is a mining engineer with over 28 years of experience within the mining industry. After graduating from the University of New South Wales in 1985, a significant proportion of his career has involved working in developing countries and a considerable part in active mine production roles. Currently Mr. Crichton works with a select group of companies advising them on their mineral exploration, development projects and existing operations. This includes potential acquisition opportunities. In the previous 5 years, Mr. Crichton was the Chief Executive Officer of ASCOM Precious Metals Mining, S.A.E., an Egyptian-based minerals company with exploration and mining activities across Africa. Prior to that he worked for 15 years with BHP Billiton in both Australia and Indonesia, including as the President Director of PT Billiton Indonesia, a BHP Billiton subsidiary. In addition, Mr. Crichton worked for four years with Leighton Holdings Group, a leading construction and mining contractor in Papua New Guinea and Australia. Mr. Crichton served as a non-executive director of the Company until 2014 when he was appointed Chief Technical Officer and Executive Director. He is also a non-executive director of Kemin Resources plc.

Ashar Qureshi

Non-executive Director

Ashar Qureshi is a London based US qualified lawyer who is currently a member of Freshfields Bruckhaus Deringer LLP, a director of Hanson Asset Management Limited and a partner of Naya Capital

Management LLP. He was formerly the Vice Chairman of Renaissance Group, where his position was a senior investment-banking role, and prior to that he worked with international firm Cleary Gottlieb Steen & Hamilton LLP. Mr. Qureshi holds a Juris Doctorate and is a graduate of Harvard Law School and Harvard College.

Alain Balian

Non-executive Director

Alain Balian is the Chairman and Chief Executive Officer at Cedar Peak Holdings. Mr. Balian is a former Deputy Governor of the Central Bank of Lebanon where he was also a member of the governing board. Besides monetary policy and regulations of the financial sector in Lebanon, his managerial responsibilities included the bank's financial reporting and the national financial system clearing operations. His earlier experience with Kleinwort Wasserstein, ABN Amro Corporate Finance and Lebanon Invest in Mergers & Acquisitions, Corporate Finance and Private Equity covers several industries in North America, Europe and the Middle East. The total value of transactions on which Alain has worked exceeds USD80 billion.

William Trew

Non-executive Director

William Trew has over 32 years of experience in the engineering and mining industry and is a registered Professional Engineer with the Engineering Council of South Africa. He holds a B.Eng. (Mech.) Hon. From the University of Wales Institute Science and Technology and an M. Eng. from Rand Afrikaans University, Johannesburg.

Senior management

Rajinder Basra

Chief Financial Officer

Rajinder Basra is a chartered accountant and has extensive experience advising companies within the natural resources sector. After graduating with a degree in Economics, Rajinder qualified as a Chartered accountant and worked at BDO LLP until 2002. Rajinder left BDO LLP to co-found a chartered accountancy practice based in London. During his time there he has worked with a number of mining and exploration companies based in Kazakhstan. The advice has ranged from corporate restructuring, advising companies preparing for initial public offerings and other corporate transactions.

Maxim Strelnikov

Chief Operations Officer

Maxim Strelnikov is a mining engineer with over 13 years of experience in the mining industry. After graduating East-Kazakhstan Technical University in 2001, he worked in engineering companies engaged in the development of engineering estimates and detailed designs for mineral deposits opening and operation. From 2001 to 2004 Mr. Strelnikov worked as Head of the mining group at Kazakhstan Institute For Metallurgical Plants (KAZGIPROTsVETMET). From 2004 to 2007 he worked as Director of the mining department at Kazakhstan Design and Engineering Center. Prior to joining the Company in 2013, Mr. Strelnikov worked at mining and processing company Satpayevsk Titanium Mines Limited as Technical Director and then as General Director from 2007 to 2013.

Corporate governance

The Directors are aware of the UK Corporate Governance Code (the "**Code**"), which was published by the UK Financial Reporting Council in September 2012 and is applicable to all companies admitted to the premium segment of the Official List. Since the Company is listed on AIM and is seeking admission to the standard segment of the Official List, it is not required to comply with the Code. However, the Company has adopted certain corporate governance procedures which the Directors believe are appropriate for the size of the Company. For example, the Board of Directors includes three non-executive Directors and has established an audit committee that meets at least twice a year and a remuneration committee that meets at least once a year. In addition, the Company has entered into a relationship agreement with its controlling shareholder. See "*Material Contracts – Relationship Agreement*".

Board structure and its committees

The Board comprises the Chairman, Chief Executive Officer, Chief Technical Officer and three other non-executive Directors. The Board meets regularly throughout the year and whenever issues arise that require the attention of the Board. The Chief Executive Officer conducts Board and shareholder meetings and ensures that all directors are properly briefed. The Directors are responsible for formulating, reviewing and approving the Company's strategy, budgets (including for major items of capital expenditure) and appointments of senior personnel. The Directors have access to independent professional advice at the Company's expense and to the Company Secretary.

At each annual general meeting, one third of the Directors must retire by rotation, whereupon they can offer themselves for re-election if eligible.

The Directors have responsibility for the overall corporate governance of the Company and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and intend to comply with the principles of the Code to the extent they consider appropriate for a company of a size and nature similar to the Company. The Board has a wide range of experience directly relevant to the Company's business. The structures and procedures of the Company ensure that no individual or group dominates the decision-making.

The Company has established an audit committee and a remuneration committee.

Audit committee

The audit committee currently comprises Ken Crichton, Ashar Qureshi and Alain Balian.

The board shall appoint the committee chairman, who will be an independent director as defined by the Code.

Membership

Members of the committee shall be appointed by the board.

The committee shall consist of a minimum of two members. The Company Secretary or a nominee shall act as the secretary to the committee. Appointments to the committee shall be made annually.

Quorum

The quorum necessary for the transaction of business by the committee will be two. In the event that a meeting of the audit committee is required but a quorum might not be secured, an existing member of the audit committee shall be empowered to appoint another non-executive director(s) to attend such meeting.

Meetings

Meetings shall be held at least two times a year, and also at such other times as the chairman of the committee shall require. Only members of the committee have the right to attend. Other non-members may be invited. Members may participate in a meeting by means of a conference telephone, video conferencing facility or other suitable communicating equipment.

The secretary shall minute the proceedings and resolutions of all meetings as well as keep appropriate records. Minutes of the meetings shall be circulated promptly to all members of the audit committee.

Terms of Reference

The duties of the audit committee as follows:

To ensure:

- that due consideration is given to laws and regulations, the provisions of the Code (as amended from time to time) and the requirements of the UK Listing Authority's Listing Rules as appropriate, including the requirement for explanation in the event of any permitted non-compliance with the provisions of the Code;

- that the external auditors' comply with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;

- that there are no relationships (such as family, employment, investment, financial or business) between the external auditors and the Company (other than in the ordinary course of business);

- that a tendering process in respect of the external auditor contract is conducted at least every 5 years;

- the maintenance of a sound system of internal control and risk management;

- that the committee reports annually to the Board on how it has discharged its' responsibilities; and

- that the committee's terms of reference are made publicly available.

To review:

- and monitor the integrity of the financial statements of the Company, including its annual and interim reports, preliminary results announcements and any other formal announcement relating to its financial performance, and discuss with the auditors as appropriate, including the consideration of representation letters requested by the external auditors prior to signing by management;

- annually, the external auditors qualifications, expertise and resources, their independence and objectivity and the effectiveness of the audit process; and

- annually, the Company's internal controls (including financial, operational and compliance controls) and risk management systems as well as the policies and procedures for preventing and detecting fraud.

To approve a statement for inclusion in the annual report on its duties and activities.

To recommend to the Board:

- the approval of the financial statements of the Company, including its annual and interim reports, and any other formal announcement relating to its financial performance;

- for approval at the AGM, the appointment, re-appointment and removal of the Company's external auditors. The audit committee shall oversee the selection process for new auditors, and if auditors resign the audit committee shall investigate the issues and circumstances leading to this and decide whether any action is required; and

- the external auditor’s terms of engagement, including any engagement letter issued at the start of each audit (ensuring that it has been updated to reflect changes in the circumstances arising since the previous year) and the scope of the audit.

Remuneration Committee

The Remuneration Committee currently comprises Ashar Qureshi and Alain Balian. The committee, which meets at least once per year, is responsible for determining the contract terms, remuneration and other benefits of the Executive Directors. The remuneration of the non-executive Directors is determined by the Board within the limits set out in the articles of association. See "*Additional Information—Articles of association of the Company—Directors—Remuneration*". None of the committee members has any personal financial interest in the matters to be decided (other than as shareholders), potential conflicts of interest arising from cross-directorships, or any day-to-day involvement in running the business. The committee has access to professional advice from inside and outside the Company at the Company's expense.

Policy on Executive Directors' remuneration

The Company operates within a competitive environment and its performance depends on the individual contributions of the Directors and employees.

Executive remuneration packages are designed to attract, motivate and retain Directors of the calibre necessary to manage the Company's operations and to reward them for enhancing shareholder value. The performance review of the Chief Executive Officer and the determination of his annual remuneration package is undertaken by the Remuneration Committee.

The Chief Executive Officer’s remuneration package may include:

(a) basic annual salary;

(b) health insurance for the Executive Director and his family;

(c) share options; and

(d) bonuses.

The Chief Executive Officer’s remuneration is reviewed once per year. In deciding upon appropriate levels of remuneration, the Remuneration Committee considers rates of pay for similar jobs in comparable companies as well as internal factors such as performance.

The Remuneration Committee establishes the performance levels required for a bonus to be paid or share options to be exercisable. The Remuneration Committee believes that the award of any bonuses should be tied to the interests of the Company's shareholders.

The Chief Executive Officer may participate in share incentive schemes recommended by the Remuneration Committee.

Remuneration and benefits

Directors' remuneration

Amounts paid by the Company in respect of Directors' services.

	Basic	Termination	Health insurance	2013 Total	2012 Total	2011 Total
	US$					
Executive Directors						
Kanat Assaubayev	–	–	–	–	–	–
Aidar Assaubayev..........	–	–	–	–	–	–
Timothy Daffern(i)	69,255	114,188	16,638	200,082	626,384	281,537
Baurzhan Yerkeyev	–	–	–	–	250,971	225,856
Non-executive directors						
Ashar Qureshi...............	45,029	–	–	45,029	–	–
William Trew	36,324	–	–	36,324	–	–
Ken Crichton	7,974	–	–	7,974	–	–
Alain Balian..................	7,974	–	–	7,974	–	–
Nicholas Bridgen(ii)........	–	11,869	–	11,869	55,861	72,585
George Eccles...............	–	–	–	–	120,521	66,715
Jeffrey O'Leary.............	–	–	–	–	7,025	20,220
Sandra Franca	–	–	–	–	49,126	–
Christopher Thomas	–	–	–	–	–	28,306
Total............................	**166,555**	**126,058**	**16,638**	**309,250**	**1,109,888**	**695,219**

(i) US$307,432, payable on a change of control of the Company, was included in the amount paid to Timothy Daffern in 2012.

(ii) US$24,062, payable to Mineral Mining and Processing Limited, was included in the amount payable to Nicholas Bridgen in 2011. The contractual arrangements for the provision of non-executive services by Nicholas Bridgen provide that should he perform services additional to those as a non-executive director, such services are separately remunerated.

Information on the Directors and senior managers

Details of the names of companies and partnerships (excluding directorships in the Company) of which the Directors and senior managers are or have been members of the administrative, management or supervisory bodies or partners at any time in the five years preceding the date of this Prospectus are set out below:

Name	*Current directorships / partnerships*	*Past directorships / partnerships*
Kanat Assaubayev	Kemin Resources plc	KazakhGold Limited
Aidar Assaubayev	AltynGroup Kazakhstan LLP Kemin Resources plc A Global LLP Sarsgrove Investments Limited	KazakhGold Limited JSC MMC Kazakhaltyn Polyus Gold International Limited
Ashar Qureshi	Freshfields Bruckhaus Deringer LLP Hanson Asset Management Limited Naya Capital Management UK Limited Alfies LTD Naya Management LLP The Kidney Centre Karachi Kemin Resources plc Galleon Holdings plc	Renaissance Capital Limited Renaissance Capital Services Limited Renaissance Asset Managers (UK) Limited Renaissance Financial Holdings Limited Renaissance Asset Managers (Luxembourg) SA Renaissance Asset Managers Global Funds Emerging Europe Equity Fund Renaissance Russia Debt Fund Renaissance Emerging Europe Long/Short Equity Russia Power Utilities Fund Renaissance Pan-African Fund RenShare Utilities Limited RenFin Limited Zimbabwe Fund Renaissance Investment Management (UK) Limited Renaissance Asset Managers Services (Guernsey) Ltd Renaissance Asset Managers (Guernsey) Limited Renaissance Asset Managers GP Limited JMW Energy Ventures (BVI) Limited Renaissance Africa Fund Renaissance Russia Infrastructure Equities Limited Cleary Gottlieb Steen & Hamilton LLP Luminaire Films Limited Erigo Real Estate Management LLP Lagoon Capital LLP
Ken Crichton	Kemin Resources plc Indochina Energy Ellenkay Gold Ltd	ASCOM Precious Metals APM Ethiopia Ltd APM Sudan Ltd Sahara Gold Ltd GMA Resources (AIM Listed now Kemin Resources) PT Billiton Indonesia PT Maruwai Coal
Alain Balian	Cedar Peak Holdings Banque du Liban	
William Trew	Kemin Resources plc	KazakhGold Limited
Rajinder Basra	Cameron&Associates Limited	
Maxim Strelnikov		Satpayevsk Titanium Mines Ltd

Receiverships, liquidations and administrations

None of the Directors or senior managers:

(a) has any convictions in relation to fraudulent offences for at least the previous five years; or

(b) has been associated with any bankruptcy, receivership or liquidation while acting in the capacity of a member of the administrative, management or supervisory body or of a senior manager of any company for at least the previous five years; or

(c) has been subject to any official public incrimination and/or sanctions by any statutory or regulatory authority (including designated professional bodies) or has ever been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company for at least the previous five years.

Conflicts of interest

Save as described below there are no potential conflicts of interest between any duties of the Directors and the senior managers towards the Company and their private interests or other duties.

The Company's controlling shareholder is African Resources Limited, an entity that is beneficially owned by the Assaubayev family.

As a result, the Assaubayev family has the ability to influence any decisions to be taken by the board of directors of African Resources Limited, including but not limited to those to be taken in view of the capacity of African Resources Limited as majority shareholder of the Company. The majority shareholder of the Company has the ability to pass ordinary resolutions of the Company. Matters within the competence of the general meeting consist of, but are not limited to, the election, re-election or dismissal (with special notice in accordance with the Companies Act) of directors, the compensation of the members of the Board of Directors, the appointment of statutory auditors and the approval of the distribution of profits.

The Assaubayev family has a number of other business interests in the mining sector, including a controlling shareholding in Kemin Resources plc, an AIM listed company focused on developing two deposits of molybdenum, tungsten and copper at Drozhilovskoye and Smirnovskoe in Kazakhstan, as well as both majority and minority interests in certain iron ore and other mining assets in Kazakhstan and elsewhere. None of the Assaubayev family’s other mining interests currently compete with the Group’s business in any of the markets in which it operates as a gold mining exploration and development group. Notwithstanding this, the Assaubayev family are not prohibited from investing in other gold mining assets in Kazakhstan or elsewhere, which could compete with the Group in the future for investments or business.

As such, the Assaubayev family's interests may conflict with the interests of other investors. See "*Risk Factors—Risks Relating to the Group's Business—The Assaubayev family indirectly holds the majority of voting rights in the Company and its interests may conflict with the interests of investors*".

Furthermore the Directors of the Company are generally not prohibited from owning or acquiring interests in other companies in the mining sector, which could compete with the Group in the future for investments or business. As such, a number of the Directors of the Company are also directors of other mining companies, including Kemin Resources plc. See "*—Information on the Directors and senior managers*" above.

Directors' and senior managers' interests

As at the date of this Prospectus the interests (all of which are beneficial unless otherwise stated) of the Directors and senior management in the share capital of the Company are as follows:

Director/ senior manager	***Number of Shares***	***Percentage of the share capital (per cent.)***
Kanat Assaubayev	1,440,076,040	65.1
Aidar Assaubayev	1,440,076,040	65.1
Ashar Qureshi	0	0
Ken Crichton	0	0
Alain Balian	0	0
William Trew	0	0
Rajinder Basra	0	0
Maxim Strelnikov	0	0

African Resources Limited, the controlling shareholder of the Company, is ultimately beneficially owned and controlled by the Assaubayev family. See "*—Conflicts of interest*" above. Kanat Assaubayev and Aidar Assaubayev hold their beneficial interests in the share capital of the Company through African Resources Limited.

Directors' and senior managers' service agreements

Certain of the Directors and senior managers have other entitlements (including on termination of their employment) as set out in their respective service agreement or letter of appointment.

Pension arrangements

The Company does not provide pension, retirement or similar benefits to the Directors or senior managers.

Options and Incentives

The Company does not currently have any share-based incentive schemes for the purpose of rewarding its executives and employees.

OPERATING AND FINANCIAL REVIEW

The following discussion and analysis of the financial condition and results of operations of the Company and its subsidiaries should be read in conjunction with "Presentation of Financial Information" and "Selected Financial Information" included elsewhere in this Prospectus.

The following discussion should also be read in conjunction with, and is qualified in its entirety by reference to, the Consolidated Financial Statements and the related notes, and the Interim Financial Statements, in each case prepared in accordance with IFRS and included elsewhere in this Prospectus.

The following discussion includes forward-looking statements based on assumptions about our future business. Our actual results could differ materially from those contained in these forward-looking statements as a result of many factors, including but not limited to those described under "Cautionary Note regarding Forward-Looking Statements" and "Risk Factors" included elsewhere in this Prospectus.

Overview

The Group is a gold mining, exploration and development group based in Kazakhstan. Whilst the Group was initially established to develop and operate the Sekisovskoye gold mine in the East Kazakhstan Region, it is now actively targeting additional gold mining opportunities in Kazakhstan, including the prospective adjoining Karasuyskoye ore field which adjoins the Sekisovskoye deposit.

The Group's principal asset is the exclusive right to explore and extract gold and silver ore from the Sekisovskoye deposit in the Glubokovsky District of the East Kazakhstan Region. The Company holds a 100% shareholding in DTOO Gornorudnoe Predpriatie Sekisovskoye ("**DGPS**") which holds a subsoil use contract in relation to the Sekisovskoye deposit, covering a total area of 0.855km^2. The subsoil use contract is valid until 2020 and the Group currently intends to seek to extend the contract in accordance with its terms. The Company also holds a 100% shareholding in DTOO Altai Ken-Bayitu LLP ("**AKB**") which owns and operates the processing plant at the Sekisovskoye deposit. The Sekisovskoye deposit is located at the village of Sekisovka, approximately 40km north of the town of Ust-Kamenogorsk, the capital city of the East Kazakhstan Region. The current operation is exploiting two open pits where the near-vertical deposits extend to the surface. The open pits are nearing their end of life, and the Group is developing an underground extension to exploit the deposits to depth. The Group intends that the Sekisovskoye deposit shall become a selective-mining underground operation.

The Group produced approximately 31Koz of gold and 35Koz of silver in the year ended 31 December 2013 and approximately 13Koz of gold and 17Koz of silver in the six months ended 30 June 2014.

As at 31 May 2014, the Group's proven and probable reserves consisted of 2.3Moz of gold and 3.0Moz of silver, and the Group's measured, indicated and inferred resources consisted of 5.1Moz of gold and 3.5Moz of silver, in each case as classified in accordance with JORC.

In the year ended 31 December 2013, the Group's consolidated revenue was $42.4 million and its EBITDA was $(0.6) million. In the six months ended 30 June 2014, the Group's consolidated revenue was US$16.7 million and its EBITDA was US$5.9 million.

In 2013 the Group acquired certain historic geological information pertaining to the Karasuyskoye ore fields. The Karasuyskoye ore fields cover an area of approximately 198km^2 adjacent to the Group's current concessions and production facilities, and offer the potential for both open pit and underground mining. The Group has applied to the Competent Authority for a subsoil use contract covering the additional mining area. The Group applied for the contract on 15 August 2014, and as at the date of this Prospectus has not received the outcome of the application.

Significant Factors Affecting Results of Operations

Our performance and results of operations have been and will continue to be affected by a number of factors. Certain of these key factors that the directors believe have had, or may have, an effect on our financial condition and results of operations are set out below. For a further discussion of the risks that may affect our results of operations, see "*Risk Factors*".

Gold price

The Group's financial performance is heavily dependent on the price of gold, which is affected by many factors beyond the Group's control. Gold is a commodity traded on the London Bullion Market Association (the "**LBMA**"), Tokyo Commodity Exchange, the New York Commodity Exchange and Zurich Gold Pool. The price at which gold is traded in the market is significantly affected by changes in global economic and political conditions and related industry cycles, which in turn can have a material impact on the Company's results of operations. The price of gold can vary significantly. While no single producer of gold is able to determine prices by itself, changes in industry production capacity or actual production, temporary price reductions by a significant section of the market or other attempts to capture market share by large producers can have an effect on market prices. The price of gold is influenced significantly by numerous factors, including

- global or regional political or economic events;
- monetary policies announced or implemented by central banks, including the US Federal Reserve;
- changes in the demand for gold used in jewellery and for other industrial uses, including as a result of prevailing economic conditions;
- changes in interest rates;
- actual or anticipated sales or purchases of gold by central banks and the International Monetary Fund;
- changes in the demand for gold as an investment;
- the cost of gold production in major gold-producing countries;
- changes in the supply of gold from production, divestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the US dollar (the currency in which the gold price trades internationally) relative to other currencies;
- speculative positions taken by investors or traders in gold;
- gold hedging and unhedging by gold producers;
- the overall supply of, and demand for, gold, although the considerable size of historical mined (i.e., above ground) stocks of the metal means that these factors typically do not affect the gold price in the same manner or degree as for other commodities; and
- the shift in demand from physical gold to investment and speculative demand.

Additionally, the prices realized by particular producers on sales of their products can be affected by contractual arrangements, production levels, product quality and hedging strategies.

See "*Overview of the Gold Market*" for further information on supply, demand, competition and other factors which influence the gold market.

The gold market is volatile, although among commodities gold carries a special function because it is used by investors as a "safe haven" investment, especially during times of economic uncertainty and fears of currency instability and/or inflation. During the three years ended 31 December 2013, the LBMA daily settlement prices fluctuated between US$1,192.00 to $1,895.00 per ounce of gold. The LBMA spot gold price closed at $1196.00 per ounce on 19 November 2014.

The following table sets out high, low and average prices for gold for the periods indicated from the sources indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
Gold (US $/oz)[(1)]					
High	1895.00	1791.75	1693.75	1693.75	1385.00
Low	1319.00	1540.00	1192.00	1192.00	1221.00
Average	1571.52	1668.98	1411.23	1523.29	1290.76

(1) London Bullion Market Association p.m. fixing prices for gold

The Group's gold is sold at prices based on those quoted on the average monthly LBMA spot fixing price in US dollars and it does not enter into any derivative or hedging arrangements.

The following table sets out the Group's average realised prices for gold for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014.

	For the year ended 31 December			For the six months ended 30 June	
	2011	**2012**	**2013**	**2013**	**2014**
Gold (US $/oz)	1,598.00	1,563.00	1,427.00	1,554.00	1,337.00

Average realised gold prices for a particular period are calculated by taking the weighted average of prices for gold sold during that period from the full LBMA a.m. or p.m. spot fixing price in US dollars (for 2011, 2012 and 2013) or monthly average LBMA spot fixing price in US dollars (for 2014) without deducting refining charges, transportation charges, administration charges or penalty charges for impurities.

For the period covered by the historical financial information included in this Prospectus, the Group obtained in excess of 96% of its revenue from sales of gold, and expects this to remain the case in the immediate future. Whilst the Group also produces a small amount of silver, silver is a by-product of the gold production process, and given that sales of silver contribute less than 4% of the Group's revenue, the Company does not consider the price of silver or sales volumes of silver to be a significant factor influencing the results of operations of the Group.

Production and sales volumes

The Group's long-term operating and financial results can be influenced by changes in its actual production and sales volumes as well as its production and sales plans. The Group's production and sales plans are primarily structured to optimise the mining of ore deposits, which limits its ability to change its level of output and its cost structure in the event of changes in the business environment. For instance, in the event of a sudden fall in metal prices, the Group may not be able to adjust its cost base promptly, given geological factors (such as ore grade), mine plans and a need for continuity of the production process may limit the Group's ability to cost-effectively reduce its production level in the short term if economic circumstances were such that the Group wished to do so.

A number of factors including ore mined, ore grades, recovery rates and processing delays can affect the amount of gold produced by the Group during any given period. The following table sets out the Group's production volumes for gold and silver for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014:

		For the year ended December 31,			For the six months ended 30 June,	
Item	**Unit**	**2011**	**2012**	**2013**	**2013**	**2014**
Mining (Open pit and Underground)						
Ore mined	tonne	594,152	654,643	768,829	373,448	343,242
Gold grade	g/t	1.19	1.34	1.57	1.43	1.41
Silver grade	g/t	2.20	2.39	2.74	2.53	2.04
Mineral processing						
Ore milled	tonne	744,416	628,731	701,361	329,104	333,490
Gold grade	g/t	1.09	1.37	1.61	1.45	1.42
Silver grade	g/t	1.86	1.93	2.16	1.94	2.15
Gold recovery	%	81.2	80.4	84.3	82.77	83.4
Silver recovery	%	83.7	69.7	71.6	75.60	73.24
Gold poured	Oz	20,851	22,470	30,669	12,673	12,694
Silver poured	Oz	36,946	27,198	34,902	15,524	17,380

The following table sets out the Group's sales volumes for gold for the years ended 31 December 2011, 2012 and 2013 and for the six months ended 30 June 2013 and 2014.

	For the year ended 31 December,			For the six months ended 30 June,	
	2011	**2012**	**2013**	**2013**	**2014**
Gold (Oz)	20,855	24,800	29,712	12,964	12,479

To the extent any portion of production volumes are not sold, such amounts are recorded as current assets under the item "Inventories" until their sale.

During the period covered by the historical financial information included in this Prospectus, the Group has significantly increased the volume of ore produced. This increase in ore production has been as a result of improvements in mining and processing techniques employed by the Group. See "*Capital Expenditure*" below.

In addition, due to the shift towards underground ore, which has a higher grade, the grade of gold in milled ore has increased during the period under review (see "*Information on the Group—Operations—Underground mine"*).

The increase in the volume of ore produced by the Group together with the improvements in gold grade and the ongoing improvement of the AKB processing plant in 2013 (see "*Capital Expenditure—Investments made in the year ended 31 December 2013*") led to a significant increase in gold output over the period under review.

The Group is currently targeting an increase in gold production to 100,000 ounces per year by 2017. This increase is dependent upon a number of factors including the construction of the underground shafts in the Sekisovskoye mine, as described in "*Information on the Group—Operations—Sekisovskoye underground development plan*" and the upgrades to the AKB processing plant as described in "*Information on the Group—Operations—Mineral processing and recovery".*

Pricing mechanics under the Group's sales contracts

In 2011, 2012 and 2013, the Group's revenue was generated entirely from the sale of the gold and silver content of gold doré, and the Group expects this to remain the case in the immediate future. Gold doré was delivered to Metalor Technologies S.A, an independent third party precious metal refiner in Switzerland. The sales price of the gold content of the gold doré bars was based on the LBMA a.m. or p.m. price in US$ at the election of the Company at the time of sale.

On 27 December 2013 the Company entered into an agreement with the state owned refining company Tau-Ken Altyn Ltd in Kazkhstan, and currently delivers all of the gold doré that it produces to Tau-Ken Altyn Ltd. Pursuant to an offtake agreement with Tau-Ken Altyn Ltd (see "*Material Contracts—Off-take*

Agreements/Key Customers") the sales price of gold is tied to the monthly average of the LBMA a.m. and p.m. price in US dollars.

Production costs

The profitability of the Group is influenced to a significant degree by its production costs, and the long term success of the Group is dependent on its ability to reduce costs and maintain low-cost, efficient operations. The costs associated with the mining and processing of gold can be broadly categorised into the following costs: labour, consumables, depreciation, energy and other variable costs, which include transportation and maintenance costs. In addition, production costs and costs per ounce of gold produced are significantly affected by changes in production volumes and gold grade. The Company benefits from relatively low labour, electricity and transportation costs in Kazakhstan.

Cash Costs

Set out below are the Total Cash Costs for the Sekisovskoye mine for the periods indicated.

	For the year ended 31 December,			For the six months ended 30 June,	
$'000	**2011**	**2012**	**2013**	**2013**	**2014**
Cost of sale	29,892	36,157	32,076	15,877	11,593
- depreciation and amortization of operating assets	(6,044)	(4,580)	(5,567)	(2,172)	(2,839)
- Impairment of stock	(1,634)	(5,638)	-	-	-
+ non-monetary changes in deferred stripping works	-	-	-	-	-
Total Cash Costs (TCC)	**22,214**	**25,939**	**26,509**	**13,705**	**8,754**
USD/Oz					
TCC	1,065	1,046	892	1,057	701
Average Gold sales price	1,598	1,563	1,427	1,544	1,337

Total Cash Costs (TCC) is defined by the Company as the cost of gold sales reduced by property, plant and equipment depreciation, change in allowance for obsolescence of inventory and adjusted by non-monetary changes in inventories and non-monetary changes in deferred stripping costs. Total cash costs per ounce are applicable total cash costs divided by the corresponding ounces of gold sold.

The Company's Total Cash Costs have declined during the period under review, principally as a result of efficiencies created as a result of the Group's ongoing capital expenditure plan. See "*Capital Expenditure*" below.

The Company is currently targeting a decrease in Total Cash Costs to around US$518 per ounce by the end of 2017. This target is based on a number of assumptions, including the completion of the Group's development plans (see "*Information on the Group—Operations—Underground mine—Sekisovskoye underground development plan*") and on an underground ore grade of 5.34 g/t.

Fluctuations in the exchange rate of the Kazakhstan Tenge against the US$

Sales of gold made by the Group are in US$. As the sole revenue-producing asset of the Group is the Sekisovskoye mine that is located in Kazakhstan, a significant part of the Group's operational costs are incurred in Kazakhstan Tenge, in particular with respect to wages, power, fuel, utilities and taxes. Accordingly, the Group is directly affected by fluctuations in the exchange rate between the US$ and the Tenge. The Group has not entered into any hedging arrangements with respect to currency exchange rate fluctuations.

The Tenge to US$ exchange rate is regulated by the NBK. The Tenge is pegged to the US$ but allowed to fluctuate within a narrow range. According to the Strategic Plan of National Bank of the Republic of Kazakhstan for 2011-2015, the main goal of the NBK is to ensure price stability in the country and to keep annual inflation between six and eight per cent between 2011 and 2015.

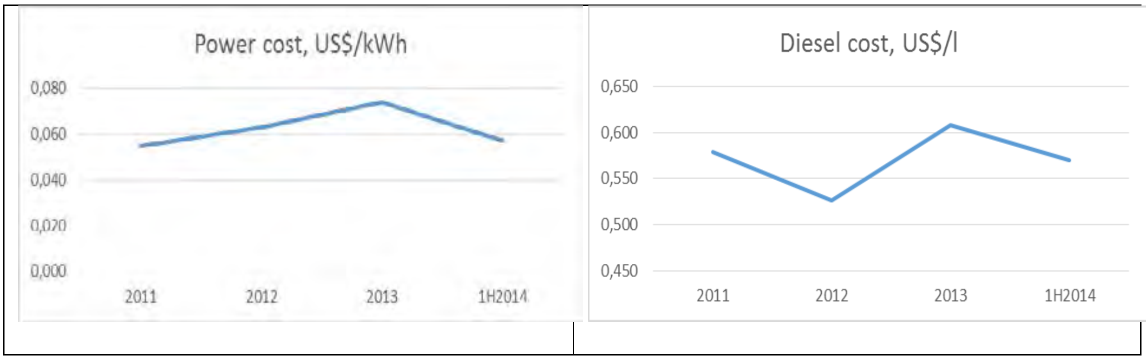
On 11 February 2014 the NBK declared a 20% devaluation of the Tenge. As the price of gold is linked to the US$, the devaluation has not had any impact on the revenues of the Group. The Company expects the devaluation to have a limited positive impact on costs that are denominated in tenge, such as salaries, power and fuel, however such an impact is, however, likely only to be temporary as a result of consequent inflationary pressure.

Reclassification of accounts for year ended 31 December 2012

In 2012, in order to give a fairer presentation on a comparable basis certain costs were reallocated from cost of sales to administrative expenses. This resulted in the Group's accounts for the year ending 31 December 2012 being reclassified.

Trends in energy costs

A significant portion of costs included in the Group's cost of sales are directly or indirectly impacted by the price of diesel and electricity. The chart below sets out recent trends in diesel and electricity prices for the period covered by the historical financial information included in this Prospectus.



The prices of diesel and electricity are denominated in Tenge and regulated by the Kazakhstan state. Diesel prices are regulated at the state level, and the price of electricity at the regional level. Since the devaluation in Tenge in February 2014 as described above, the dollar equivalents of power and fuel prices have fallen.

Application for subsoil use contract for Karasuyskoye ore fields

In 2013 the Group acquired certain historic geological information pertaining to the Karasuyskoye ore fields. The Karasuyskoye ore fields cover an area of approximately 198km^2 adjacent to the Group's current concessions and production facilities, and offer the potential for both open pit and underground mining. The Group has applied to the Competent Authority for a subsoil use contract covering the additional mining area. The Group made the application on 15 August 2014 and as at the date of this Prospectus has not received the outcome of its application. If the subsoil use contract is granted then the Group is likely to have increased capital expenditure and financing needs as a result of exploration and development activities relating to the Karasuyskoye ore fields.

Capital expenditure programme

The capital expenditure plan under taken by the Group has impacted on production volumes, revenues, cost of sales and earnings of the Group during the period under review. See "*Capital Expenditure*" below.

Description of Key Income Statement Items

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

The Group's revenue is generated from the sale of the gold and silver content of gold doré. Gold doré is delivered to Tau-Ken Altyn Ltd, a state owned precious metal refiner in Kazakhstan. Prior to 2014, Gold doré was delivered to Metalor Technologies S.A. see "*Pricing Mechanics under the Group's sales contracts*" above. Title to the gold and silver passes to Tau-Ken Altyn Ltd on delivery. Sales of gold and silver are recognised in the Group's Consolidated Financial Statements at this point. Adjustments are made to the revenue figure based on the final refining quantities achieved.

The Company does not hedge or otherwise enter into any derivatives in respect of its sales of gold doré. Sales are recorded at the actual selling price of the gold doré which is based on average monthly LBMA market prices.

Cost of sales

The key components of the Group's cost of sales are materials costs (including power, fuel, reagents, mill balls and spare parts), service costs (including external transportation costs, maintenance and repair costs, and costs of other external services), royalty, salary and social charges and depreciation. Of the Group's key costs, its materials costs and service costs tend to be more variable than its salary and social charges and depreciation costs, and vary primarily as a function of the level of production.

Transportation charges for doré bars are not significant and are treated as selling expenses.

Stripping

To obtain access to the ore in the Sekisovskoye open pit, it is necessary to first remove the non-ore bearing rock ("waste" or "overburden") covering the ore. This process is known as stripping.

Costs incurred in stripping in the development of the open pit before production commences are capitalised and included in the cost of developing the mine. They are subsequently amortised over the life of the pit on a unit of production basis. Stripping costs incurred after the open pit commences production are recognised as a component of inventory and included in cost of sales in the same period in which the revenue from the sales of inventory is recognised. Any costs in excess of the normal stripping ratio are capitalised and written off over the life of the pit on a unit of production basis.

The mining plan for the Sekisovskoye open pit is based on a stripping ratio of 5:1. During the year ended 31 December 2013, the actual stripping ratio was 2.8:1 (2012: 4.5:1; 2011: 6.6:1) meaning that no stripping asset has been recognised in the year (2012: Nil; 2011: $2,956). In 2011, the actual stripping ratio was higher due to a backlog of stripping required in respect of previous years. IFRIC 20 became effective for the accounting period commencing 1 January 2013. As a consequence, the prior year was required to be restated to capitalize amounts expended for stripping in excess of the mining plan. No adjustment was made in 2012 as the amounts concerned were not material.

Administrative expenses

Administrative expenses comprise: salaries and social charges for corporate and administrative employees; services such as professional and advisory fees, depreciation related to administrative offices, including office and IT equipment; taxes; and other expenses, including rent, insurance premiums, travel expenses and IT expenses.

Finance expense

Finance expense is largely comprised of interest payable on bank loans together with interest payable on convertible bonds issued by the Company between 4 October and 15 December in 2013. See "*Operating and Financial Review—Liquidity and Capital Resources—Indebtedness*".

Taxation charge/ benefit

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for by using the balance sheet liability method.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Company is chargeable to corporation tax in the UK, and the average rate applicable to the Company in 2011 was 26.5%, in 2012 was 24.5%, in 2013 was 23.25% and for the six months ended 30 June 2014 was 22%. The rate applicable to the subsidiaries of the Company incorporated in Kazakhstan is 20%.

Key Performance Indicators

	For the year ended 31 December,			For the six months ended 30 June,	
	2011	**2012**	**2013**	**2013**	**2014**
Ore mined (Mt)	594,152	654,643	768,829	373,448	343,242
Ore processed (Mt)	744,416	628,731	701,361	329,104	333,490
Au average grade (g/t)	1,09	1,37	1,61	1.45	1.42
Ag average grade (g/t)	1,86	1,93	2,16	1.94	2.15
Recovery rate Au (%)	81,2	80,4	84,3	82.77	83.4
Recovery rate Ag (%)	83,7	69,7	71,6	75.60	73.24
Au poured (oz)	20,851	22,470	30,669	12,673	12,694
Ag poured (oz)	36,946	27,198	34,902	15,524	17,380
Au sales volume (oz)	20 855	24 800	29 712	12 964	12 479
Au average realised price (US $/oz)	1 598	1 563	1 427	1 544	1 337
Capital expenditure (in millions of U.S.$)	14.4	15.5	10.0	3.7	18.53

Key Factors Affecting Comparability

Recent acquisitions

In 2013, the Company purchased the geological data for the Karasuyskoye ore fields for US$27,500,000. The Company issued a convertible loan note to African Resources Limited in order to fund the acquisition.

The convertible loan note was issued on 4 October 2013 with a five year term, bearing interest at a rate equal to three months LIBOR plus seven per cent. (which accrued daily and was payable on redemption or, in shares, on conversion). The convertible loan was converted on 13 December 2013 at a conversion price of 3 pence per share. 583,648,617 new ordinary shares were issued by the Company to African Resources Limited to satisfy the outstanding principal amount of £17.25m together with accrued interest.

Sekisovskoye ore field tailings dam leak

Clean-up costs

In 2011, a tailings dam utilised by the Group in the Sekisovskoye ore field suffered an industrial water leak. The leak resulted in environmental damage to the Sekisovka River and its surrounding environment. At the time of the leak Laboratory Atmosphere Ltd, an independent ecological company, estimated that the clean-up and repair costs associated with the leak amounted to around $3.8m.

The table below sets out the costs associated with the tailings dam leak by the Group for the periods indicated.

	For the year ended 31 December,			For the six months ended 30 June,	
(in thousands of US$)	**2011**	**2012**	**2013**	**2013**	**2014**
Repair of tailings dam	48	2,911	0	0	0
Fines and penalties	0	3,668	0	0	0
Damage to environment	327	70	0	0	0
Social obligations	0	259	771	0	0
Total	375	6,908	771	0	0

As at 30 June 2014, 18 out of 19 planned environmental recovery activities were completed, and the total amount expended by the Company to date has been $5.3m. The Group does not anticipate any further cost to be paid in relation to repair the damage caused by the tailings dam failure. The Group has also agreed with the Government of the Republic of Kazakhstan that it will spend an additional US$4.1 million on the construction of a waste plant. The Group has until the end of 2015 to fulfil this obligation. The Group has spent US$266,937 in fulfilling this obligation to date.

Irtysh Ecology Department of the Ministry of the Environment litigation

In 2012, the Irtysh Ecology Department of the Ministry of the Environment argued in the Kazakhstani courts that a higher level of fines should be levied on the Company. The amount claimed was $9.4m, based on the argument that the environmental damage could not be directly measured and an indirect measure of calculating the damage should be used, and a provision was inserted into the Consolidated Financial Statements to this effect.

In March 2014 this argument was rejected by the East Kazakhstan Regional Appeal Court of Republic of Kazakhstan and the court action was dismissed. The court stated that the costs already paid had exceeded a previous estimate agreed with the department and ordered the department to meet the legal costs of the court. Although the department has the right to appeal within 6 months of the judgment, the directors are of the opinion that the possibility of this is remote. The provision in relation to the finalisation of works to complete the outstanding rehabilitation measures has been adjusted accordingly resulting in a write back of the provision of $9.3m.

Akmola litigation

In late 2013, following the termination of a proposed acquisition of Akmola Gold LLP ("**Akmola Gold**"), the Company successfully sued Akmola Gold for $2,000,000 (equal to an amount it had previously advanced), to be repaid by 31 December 2013. In February 2014, The Appeal Board of Astana upheld the decision made by the Specialised Interregional Economic Court of Astana in favour of the Company. The Company at present has a lien over the assets of Akmola Gold and currently intends to take all appropriate measures for enforcement of the court decision.

Share placings

On 10 January 2014 the Company placed 97,972,000 new Shares at a price of 1.975 pence per Share and on 28 February 2014 the Company placed 550,000,000 new Shares at a price of 2.175 pence per Share, which together raised gross proceeds of approximately $22.1 million. The net proceeds of both placings have been used to provide additional working capital to the Group and to further the development of the underground mine of Sekisovskoye.

Discontinued operations in 2011

During the year ended 31 December 2008, TOO Ognevka ("**Ognevka**") ceased production of copper and other metal concentrates at its plant in Eastern Kazakhstan. Due to the closure of the plant, the government rehabilitation process was deemed to have failed and on 7 December 2010, Ognevka was placed into bankruptcy. The Group was a major secured creditor of Ognevka and was therefore entitled to any balance of proceeds arising from its liquidation after settlement of certain preferred creditors and payment of liquidation costs. In February 2012, the liquidation of Ognevka was completed and its assets were sold to a third party. In April 2012, the Group was repaid $1.5 million being an initial settlement of its debt due from Ognevka after payment of certain creditors and payment of liquidation costs. It is considered that any further receipts in respect of the Ognevka liquidation will not be of a material amount. The receipt of $1.5 million has been included in the consolidated income statement and as a receivable in the financial statements for the year ended 31 December 2011. The disposal of Ognevka did not have any material effect on the cash flows of the Group for the year ended 31 December 2011.

Recent Developments

The Company expects to commence the commissioning of certain improvements to the AKB plant in the fourth quarter of 2014, including new crushing equipment in order to increase the efficiency of the crushing and milling circuit and combine this with a number of initiatives to remove various bottlenecks. It is expected that this will eventually increase the gold processing throughput from 0.85Mtpa to 1.0Mtpa.

In addition, on 15 August 2014 the Group applied to the Competent Authority for a subsoil use contract in respect of the Karasuyskoye ore fields. See "*—Recent acquisitions*" above.

Results of Operations and Financial Condition

Six months ended 30 June 2014 compared to nine months ended 30 June 2013

	For the six months ended 30 June,	
	2013	**2014**
	(in thousands of US$)	
	(reviewed)	**(reviewed)**
Revenue	**20,014**	**16,683**
Cost of sales..	(15,877)	(11,593)
Administrative expenses..	(6,223)	(3,286)
Tailings dam leak	-	300
Operating profit/(loss)..	(2,086)	(3,266)
Finance income...	1	4
Foreign exchange loss/gain	192	(368)
Finance expense	(365)	(229)
Profit/(loss) before taxation	**(2,258)**	**2,673**
Taxation (charge)/benefit	(79)	1,173
Profit/(loss) from continuing operations................	**(2,337)**	**3,846**

Revenue

Our revenue decreased by $3.331 million or 16.6% from $20.014 million to $16.683 million in the six months ended 30 June 2013 to the six months ended 30 June 2014. This was mainly attributable to a decline in the average selling price of gold by 13% from 1,554 $/oz in the six months ended 30 June 2013 to 1,337 $/oz in the six months ended 30 June 2014.

Cost of sales

Our cost of sales decreased by $4.284 million or 27% from $15.877 million to $11.593 million in the six months ended 30 June 2013 to the six months ended 30 June 2014. The decrease in our cost of sales has largely been driven by a decline in total cash costs of production from 1,055 $/oz in the six months ended 30 June 2014 to 744 $/oz in the six months ended 30 June 2013. This decrease in costs of production has been a result of the devaluation of the Kazakh Tenge and the switch from Metalor Technologies S.A. in Switzerland to the Tau-Ken Alytyn Ltd refiner in Kazakhstan.

During the six months ended 30 June 2014, due to a change in government legislation in relation to metal sales, the Group sold all production to the state refiner. The price as in the prior period is still fixed in terms of US Dollars, however all amounts are paid to the Group in Kazakh Tenge (being the principal cost base of the Kazakh based companies). The Group has benefited from the devaluation of the Kazakh Tenge to the US Dollar, decreasing the costs denominated in Kazakh Tenge by approximately 20% from last year in currency terms. In addition, the switch to the Kazakh based refiner has led to substantial savings in transportation and security costs from the prior period when the gold was shipped to Switzerland. Further cost savings have been achieved from the Group performing a greater part of the mining works in house and therefore dispensing with a number of contractors. This has not only led to a decrease in contractor cost but a saving in material component costs that were previously being purchased via the contractors.

Administrative expenses

Our administrative expenses decreased by $2.937 million or 47.2% from $6.223 million to $3.286 million in the six months ended 30 June 2013 to the six months ended 30 June 2014. This was mainly attributable to cost cutting measures now being fully reflected in the current period and as a result of savings made from Karasuyskoye related costs that were incurred in the prior period, and which are not recurring. Expenses amounting to US$2.6m were incurred in the prior year to 31 December 2013 in negotiating and securing the Karasuyskoye deal.

Operating profit

Our operating profit increased by $5.352 million from a loss of $2.086 million to a gain of $3.266 million in the six months ended 30 June 2013 to the six months ended 30 June 2014. This was mainly attributable to the decline in our cost base outweighing the decline in our revenue.

Finance expense

Our finance expenses decreased by $0.136 million or 37.3% from $0.365 million to $0.229 million in the six months ended 30 June 2013 to the six months ended 30 June 2014. This was mainly attributable to decreases in the LIBOR rate during the period.

Taxation charge/ benefit

We had a taxation charge of $0.079 million in the six months ended 30 June 2013, and a taxation credit of $1.173 million in the six months ended 30 June 2014. This was mainly attributable to certain tax credits with respect to the Company's subsidiaries in Kazakhstan.

Year ended 31 December 2013 compared to year ended 31 December 2012

	For the year ended 31 December,	
	2012	**2013**
	USD'000	**USD'000**
	(reclassified)	**(audited)**
Revenue	**38,913**	**42,395**
Cost of sales	(30,519)	(32,076)
Impairment of inventory	(5,638)	-
Administrative expenses	(9,464)	(16,475)
Impairment – Akmola investment	(3,553)	0
Tailings dam leak	(10,261)	9,252
Operating profit/(loss)	**(20,522)**	**3,096**
Finance income	244	1
Foreign exchange loss	(240)	(413)
Finance expense	(885)	(1,515)
Profit/(loss) before taxation	**(21,403)**	**1,169**
Taxation (charge)/benefit	(740)	358
Profit/(loss) from continuing operations	**(22,143)**	**1,527**

Revenue

Our revenue increased by $3.482 million or 8.9% from $38.913 million to $42.395 million in the year ended 31 December 2012 to the year ended 31 December 2013. This was mainly attributable to an increase in gold sales by 20 per cent. from 24,800 oz in the year ended 31 December 2012 to 29,712 oz in the year ended 31 December 2013. This was partially offset by a significant decrease in gold price during the year of more than US$280 per ounce. The average gold price achieved in the period was US$1,427 per ounce.

Production for the year increased by 36 per cent. from 22,470 ounces in 2012 to 30,669 ounces in 2013. The increase in production in 2013 was a result of the Company's strategy to improve mining and processing techniques employed and to accelerate the exploitation of its underground resources. See "*—Capital Expenditure—Investments made in the year ended December 31, 2013*".

Cost of sales

Our cost of sales increased by $1.557 million or 5.1% from $30.519 million to $32.076 million in the year ended 31 December 2012 to the year ended 31 December 2013. This was mainly attributable to an increase in the volume of gold produced and the expenses associated with such an increase in production, offset in part by reduction in cash costs per oz.

Administrative expenses

Our administrative expenses increased by $7.011 million or 74.1% from $9.464 million to $16.475 million in the year ended 31 December 2012 to the year ended 31 December 2013. This was attributable to three principal factors outlined below.

Firstly, significant expenses were incurred in relation to negotiating and securing the agreement with Hydrogeology LLP relating to the Karasuyskoye ore fields of approximately US$2.6 million. These costs were not capitalised.

Secondly, in 2013 the Group incurred costs in relation to terminating staff and other contracts in order to rationalize costs in the future and provide more efficient or competitive services as necessary. The Directors estimate the costs in relation to these matters amounted to approximately US$1 million. The effect of the efficiency measures have not been fully reflected in the results of the year, as additional costs were incurred as a result of repositioning services and terminating/renewing contracts. The Directors are confident that there will be marked reduction in these costs in the forthcoming year.

The third factor resulting in the increase in administrative cost is as result of the Group building a platform for future growth; with the development of the underground mine and the expansion of the asset base with the acquisition of geological data relating to the Karasuyskoye Ore Fields. Staff numbers have increased by 59 to facilitate this development, resulting in an increase in payroll cost of US$1.2 million.

Impairment – Akmola investment

In the year ended 31 December 2012 we had an impairment charge relating to the proposed acquisition of Akmola Gold by the Group of $3.553 million, as a result of a significant provision having been made against the amounts advanced to Akmola Gold of $3.6 million and associated deal costs. The Group loaned funds to Akmola Gold to finance its operations and incurred a number of expenses in relation to the deal in 2011. These amounts and the further amounts advanced during the year had been included as current receivables whilst the Group was progressing with the acquisition. During the year the Company received notification that the agreement, in its current structure, was terminated. The total amount advanced and expenses incurred as at 31 December 2012 have been provided against given the uncertain outcome of negotiations.

Sekisovskoye ore fields tailings dam leak

In the year ended 31 December 2012 we had a charge of $10.261 million relating to the Sekisovskoye tailings dam leak, as a result of litigation instituted by the Irtysh Ecology Department of the Ministry of the Environment as described above. In the year ended 31 December 2013 we recorded a credit of $9.252 million in relation to this charge.

The charge incurred in 2012 was as a result of litigation instituted by the Irtysh Ecology Department of the Ministry of the Environment. The amount claimed was $9.4 million, based on the argument that the environmental damage could not be directly measured and an indirect measure of calculating the damage should be used. In March 2014 the court held that the costs already paid to fix the environmental damage related to the tailings dam leak had exceeded the previous estimate agreed with the Department of the Ministry of the Environment. For the year ended 31 December 2013 the provision in relation to the finalisation of works to complete the outstanding rehabilitation measures was adjusted accordingly, resulting in a write back of the provision of $9.3 million.

Operating profit

Our operating profit increased by $23.62 million from an operating loss of $20.52 million in the year ended 31 December 2012 to an operating profit of $3.10 million in the year ended 31 December 2013. This was mainly attributable to an increase in production, as open pit operations were complemented by increasing production of ore from the underground higher-grade resource, higher recovery rates, together with changes in non-recurring items such as the provision for the cost associated with the tailings dam leak and the impairment for the Akmola investment.

Finance expense

Our finance expenses increased by $0.63 million or 71.2% from $0.885 million to $1.515 million in the year ended 31 December 2012 to the year ended 31 December 2013. $0.4 million of this increase relates to interest that was accrued in relation to the convertible bond issued during the year in order to finance the acquisition of the geological data of the Karasuyskoye ore field. The balance of the finance expense relates to the payment of interest to the European Bank for Reconstruction and Development ("**EBRD**") pursuant to the loan described in "—*Indebtedness*" below.

Taxation charge / benefit

In the year ended 31 December 2012 we had a taxation charge of $0.740 million, whereas in the year ended 31 December 2013 we had a taxation benefit of $0.358 million. This was mainly attributable to certain tax credits with respect to the Company's subsidiaries in Kazakhstan.

Year ended 31 December 2012 compared to year ended 31 December 2011

	For the year ended 31 December	
	2011	**2012**
	(in thousands of US$)	
	(audited)	**(reclassified)**
Revenue	**33,325**	**38,913**
Cost of sales	(28,258)	(30,519)
Impairment of stock	(1,634)	(5,638)
Administrative expenses	(5,886)	(9,464)
Impairment – Akmola investment	0	(3,553)
Tailings dam leak	(7,757)	(10,261)
Operating profit/(loss)	**(10,210)**	**(20,522)**
Finance income	25	244
Foreign exchange loss	(77)	(240)
Finance expense	(317)	(885)
Profit/(loss) before taxation	**(10,579)**	**(21,403)**
Taxation (charge)/benefit	1,157	(740)
Profit/(loss) from continuing operations	**(9,422)**	**(22,143)**

Revenue

Our revenue increased by \$5.588 million or 16.8% from \$33.325 million to \$38.913 million in the year ended 31 December 2011 to the year ended 31 December 2012. This was mainly attributable to growth in gold sales in the year overall by 19 per cent from 20,855 oz in the year ended 31 December 2011 to 24,800 oz in the year ended 31 December 2012 compounded by an increase in the gold price during the year of \$80 per ounce. The average gold price achieved in the period ending 31 December 2012 was \$1,563 per ounce.

Production for the year increased by 8.0% from 20,851 ounces in 2011 to 22,470 ounces in 2012. The increase in production in 2012 was a result of the Company's strategy to improve mining and processing techniques employed. See "*—Capital Expenditure—Investments made in the year ended December 31, 2012*".

Impairment of stock

Our charge in connection with impairment of stock increased by \$4.004 million or 245.0% from \$1.634 million to \$5.638 million in the year ended 31 December 2011 to the year ended 31 December 2012. This was mainly attributable to non-current inventories being impaired in the period as their grade at the then current recovery rates of 0.56g/t was such that it would be uneconomical to process them.

Cost of sales

Our cost of sales increased by \$2.261 million or 8.0% from \$28.258 million to \$30.519 million in the year ended 31 December 2011 to the year ended 31 December 2012. This was mainly attributable to an increase in the volume of gold produced and the expenses associated with such an increase in production, offset by a decrease in the cash costs per Oz.

Administrative expenses

Our administrative expenses increased by \$3.578 million or 60.1% from \$5.886 million to \$9.464 million in the year ended 31 December 2011 to the year ended 31 December 2012. This was mainly attributable to an increase in corporate administration costs in 2012 to \$5.2 million (2011: \$3.2 million). These were director and other staff salaries, professional fees and the cost of maintaining the Group's quotation on AIM including investor relations. They also included \$0.9 million of consultancy fees in support of the Sekisovskoye operation, and non-recurring costs associated with the change of control and termination and closure of contracts not being continued by the current management.

Impairment – Akmola investment

In the year ended 31 December 2012 we had an impairment charge relating to the proposed acquisition of Akmola Gold by the Group of \$3.553 million, as a result of a provision made against the amounts advanced to Akmola Gold of \$3.6m. The Group loaned funds to Akmola Gold to finance its operations and incurred a number of expenses in relation to the deal in 2011. These amounts and the further amounts advanced during the year had been included as current receivables whilst the Group was progressing with the acquisition. During 2012 the Company received notification that the agreement, in its current structure, was terminated. The total amount advanced and expenses incurred as at 31 December 2012 were provided against given the uncertain outcome of negotiations.

Sekisovskoye ore fields tailings dam leak

In the year ended 31 December 2011 we had a charge of \$7.757 million relating to the Sekisovskoye tailings dam leak. This increased to \$10.261 million for the year ended 31 December 2012, as a result of a claim made by the Irtysh Ecology department of the Ministry of the Environment in 2012. The claim amounted to \$9.4 million and was based on the argument that the environmental damage could not be directly measured and an indirect measure of calculating the damage should be used. This resulted in an additional provision of \$9.4 million in relation to further potential fines, and to account for an under provision in the estimated costs provided in 2011.

Operating loss

Our operating loss increased by \$10.312 million or 101% from \$10.210 million to \$20.522 million in the year ended 31 December 2011 to the year ended 31 December 2012. This was mainly attributable to a decrease in gross profit and due to changes in non-recurring items, mainly the provision for the cost associated with the tailings dam leak and the impairment for the Akmola investment.

Finance expense

Our finance expenses increased by $0.568 million or 179% from $0.317 million to $0.885 million in the year ended 31 December 2011 to the year ended 31 December 2012. This was mainly attributable to the payment of interest to the EBRD pursuant to the loan described in "—*Indebtedness*" below.

Taxation charge / benefit

In the year ended 31 December 2011 we had a taxation benefit of $1.157 million, whereas in the year ended 31 December 2012 we had a taxation charge of $0.740m. This was mainly attributable to one of the Group's subsidiaries in Kazakhstan that recognized taxable profits for the year and had utilized all its brought forward tax losses from previous years.

Liquidity and Capital Resources

Our operations are generally funded through cash generating by our operating activities and by external indebtedness.

Cash flow analysis

	For the year ended 31 December,			**For the six months ended 30 June,**	
	2011	**2012**	**2013**	**2013**	**2014**
	USD'000 (audited)	**USD'000 (audited)**	**USD'000 (audited)**	**USD'000 (reviewed)**	**USD'000 (reviewed)**
Net cash (outflow)/inflow from operating activities	2,868	(9,941)	7,304	2.845	(833)
Investing activities					
Interest received	25	31	1	-	-
Proceeds on disposal of property, plant and equipment	18	416	-	29	577
Purchase of property, plant and equipment	(13,426)	(10,447)	(7,471)	(3,720)	(5,639)
Prepayment for non-current assets	(399)	(22)	-	(65)	-
Akmola Gold advances and prepayment fees	(2,914)	(656)	-	-	-
Proceeds from Ognevka liquidation	-	1,500	-	-	-
Restricted cash	(78)	(145)	-	(78)	-
Net cash used in investing activities	(16,774)	(9,323)	(7,470)	(3,834)	(5,062)
Financing activities				-	
Proceeds on issue of shares	13,849	12,236	-	-	23,162
Issue costs		(531)	(241)	-	(455)
Drawdown of bank loans	1,000	10,065	-	-	-
Loan from related party	-	-	894	-	-
Interest paid	(139)	(765)	(924)	(362)	(365)
Repayment of bank loans	-	(1,000)	-	-	-
Net cash flow from financing activities	14,710	20,005	(271)	(362)	22,342
Increase/(Decrease) in cash and cash equivalents	804	741	(437)	1,351	16,447

Net cash generated by operating activities

Our net cash generated by operating activities was a loss of $0.833 million for the six months ended 30 June 2014 compared to $2.845 million for the six months ended 30 June 2013. This difference was mainly due to repayment of creditors of approximately US$5 million in the first half of 2014.

Our net movement in cash from operating activities was a net increase of $7.304 million for the year ended 31 December 2013, a net reduction of $9.941 million for the year ended 31 December 2012 and a net increase of $2.868 million for the year ended 31 December 2011. For the year ended 31 December 2013, this difference was mainly due to an increase in gross profit of US$7.6 million and a stricter working capital policy. The increase in gross profit was directly linked to an increase in gold produced of around 19.8% per cent. or 4,912 additional ounces when compared to the previous period.

Net cash used in investing activities

Our net cash used in investing activities was $5.062 million for the six months ended 30 June 2014 compared to $3.834 million for the six months ended 30 June 2013. See "—*Capital Expenditure*" below.

Our net cash used in investing activities was $7.470 million for the year ended 31 December 2013, $9.323 million for the year ended 31 December 2012 and $16.774 million for the year ended 31 December 2011. See "—*Capital Expenditure*" below.

Net cash used in / generated from financing activities

Our net movement in cash used in financing activities was a gain of $22.342 million for the six months ended 30 June 2014 compared to a loss of $0.362 million for the six months ended 30 June 2013. This difference was mainly due to the share placings described above.

Our net movement in cash from financing activities was an outflow of $0.241 million for the year ended 31 December 2013, a net inflow of $20,005 million for the year ended 31 December 2012 and a net inflow of $14.710 million for the year ended 31 December 2011. In 2012, the net inflow was largely a consequence of a drawdown under the EBRD facility outlined below under "*Indebtedness – EBRD facility*". For the year ended 31 December 2011 the net inflow related to a share issuance that resulted in a cash inflow of $13.8 million.

Indebtedness

EBRD facility

On 21 February 2012, two of the Company's subsidiaries, AKB and DGPS, entered into a loan agreement with the EBRD. The principal terms of the loan are as follows:

(i) The total amount of the loan is $15 million payable in two tranches to AKB and DGPS, on a joint and several basis, and repayable in quarterly instalments between 10 January 2015 and 10 October 2017.

(ii) The first tranche of the loan is $10 million. The second tranche of $5 million will only be available provided a performance condition for the underground mining operation at the Sekisovskoye mine site is met.

(iii) The loan was available for drawdown between the dates of 22 February 2012 and 21 February 2014.

(iv) Interest on drawn amounts will be charged at a rate of three months LIBOR plus seven per cent per annum. The effective interest rate for the year ended 31 December 2013 was 7.5%.

Capital Expenditure

The Group has primarily incurred capital expenditure to build new mines and processing plants; expand, upgrade and improve existing mines, processing plants and related infrastructure; purchase mining and processing equipment to replace aged, inefficient, or obsolete machines; and explore for new reserves and resources. Set out below is a summary of actual and projected capital expenditure incurred and to be incurred for the periods indicated.

Investments made in the six months ended 30 June 2014

Capital expenditure in the first half of 2014 amounted to $18.53 million. This expenditure largely related to the development of the underground mine and associated equipment. See "*Information on the Group—Operations—Underground mine—Sekisovskoye underground development plan*".

Underground development

The Company acquired additional equipment for underground mining (dump trucks, LHDs and others). The main work was carried out on ore zone 11. Due to this, 170 thousand tonnes of ore was prepared for stripping. The diamond-drilling programme to identify and enhance the estimate of resources was continued in the first half of 2014.

Mineral processing development

Maintenance capex carried out on the processing plant equipment. During the period new crushing and classifying equipment has been ordered with the intention of improving the gold extraction process.

Investments made in the year ended 31 December 2013

In 2013, total investments exceeded $10m. Investments included the development of the underground mine and improvements to the mineral processing plant.

Underground development

The principal works associated with underground mining in the year are outlined below:

- Mining and extraction of ore was from six mining levels in 2012, ranging from +358mrl to +305mrl. In 2013, the work has continued to develop further horizon extraction levels down to +250mrl. Once this is fully completed, there will be 170,000T of extractable ore available. Of this amount, 48,000T is ready for mining extraction.
- The diamond-drilling programme to identify and enhance the estimate of resources was deemed by management to be a key priority in 2013. Resources were targeted at increasing the level of drilling undertaken with subcontractors aiding the Company's own staff to achieve impressive results in the year 2013. By the end of the year in excess of 53,800m of drilling had been achieved, with drilling conducted from the +250mrl level. The drilling is continuing, with a further 28,000m of drilling to be undertaken from the 0mrl to -400mrl.
- During 2013, in excess of 2,000 linear metres of tunnels were developed for the transport decline, shafts and haulage entry points, which necessitated the extraction of 45,200m^3 of waste in the year. The works also included the necessary electrical works, explosive magazines and ventilation works associated with the tunnel development.
- In addition, the Group began collaboration with independent research companies in order to understand and obtain greater production efficiencies, with particular emphasis on the quality of the ore being extracted from underground resources. Preliminary studies indicate potential increase in the recovery rates by an additional 1%.

Mineral processing development

During the year ended 2013, production procedures were enhanced that resulted in the mills in the AKB plant being redesigned. This has improved the quality of ore being processed, allowing it to be ground to a finer paste, compared with the open pit ore. The smaller granules have a positive effect on the sorption of dissolved gold from the slurry. Thin sludge act as a sorbent and lower gold recovery from activated carbon. In testing using solely underground ore, the recovery rate achieved was 91.3% for gold and 95.4% for silver.

The increase in the recovery rates of the ore being processed is in part a direct consequence of the increase in underground ore being utilised.

Investments made in the year ended 31 December 2012

Capital expenditure totalled $12.5 million in 2012. Investments were directed at the development of the underground mine and improvement of the mineral processing plant.

Mineral processing plant

In 2012, the Group's process plant improvement programme continued with substantial works being undertaken, including construction of a lime storage building, dust suppression system around the grinding mills, purchase of new screens for the tertiary crushing circuit, purchase of two new tertiary crushers and purchase of new screens for the CIL carbon circuit. The major investment in the mineral processing circuit is based around the expansion of the CIL circuit with an additional tank that will allow increased gold recovery.

In 2012 as the operation moved more fully into the underground phase, the process plant was further developed to meet the specification of the underground ores. Improvements included:

- the replacement of the entire air injection system into the CIL tanks, with new air jets sourced from a Canadian vendor;
- the expansion of the mineral process plant instrumentation needed to control the plant chemistry;
- the purchase of a new cyclone tower with revised specifications to deal with finer grinding;
- the purchase of devices to monitor the density of the ores after grinding;
- preparatory works began for the installation of a second thickener, designed to provide counter current cyanide recovery and increase the density of the material being sent to the effluent impoundment facilities;
- the replacement of the main secondary cone crusher and associated screens to allow finer crushing and grinding of the metalliferous ores;
- a new high capacity tailings and recycled water pump was installed, achieving a more stable sorption process positively effecting recovery rate; and
- a new heat exchange elusion unit and a second elusion column were installed, ensuring a stable temperature and a 20%-25% reduction of the elution time, thus reducing operating expense and improving gold and silver recovery rates.

Underground mine

The development of the underground mine to the point of operation was completed successfully in the fourth quarter of 2011. Mining and extraction of ore in 2012 was from six mining levels and deepening of the main transport decline continued as planned. The decline has connected with the existing 320mrl and the connection zone has been refurbished to allow for effective through mine ventilation, dewatering and safe working below the main 320mrl.

The underground mining works in 2012 were carried out by a contractor, with diamond drilling carried out by the Group's employees.

The works associated with the underground mine during 2012 were as follows:

- the development of six main mining extraction levels (358mrl to 305mrl), allowing trial mining of selective and bulk mining techniques to be carried out successfully and delineation of over 100,000t of extractable ore once the underground operation restarts;
- the completion of approximately 22,000 metres of the 25,000-metre diamond drill programme from the 320mrl exploration drift and the transport decline; and
- the completion of approximately 5,400 (2011: 1,900) metres of tunnels for the transport decline, with attendant electrical infrastructure, explosive magazines, ventilation raises, pump station and ventilation machinery;

Investments made in the year ended 31 December 2011

The Group's capital expenditure totalled $14.4 million in 2011. Investments were directed largely to the development of the open pit, the underground mine and to improvement of the mineral processing plant.

Open pit

The expansion of the mining fleet in 2011, together with a program of employee incentivisation and improved maintenance, enabled a vigorous approach to removing the remnant waste in the open pit, which was completed as scheduled. The removal of the waste has allowed in-pit water control to be improved along with commensurate improvements to drilling and blasting activities.

The improved maintenance of the Company's fleet was augmented by the installation of a fuel cleaning system. All fuel delivered to site is now cleaned by this filter system, which has improved machinery operating performance and reduced downtime.

Mineral processing plant

The mineral processing plant improvement program continued, with substantial works undertaken in 2011, including replacement of the main jaw crusher, replacement of the main secondary cone crusher, and refurbishment of 50 per cent. of the crushing circuit conveyors, purchase of a new electric boiler for the elution circuit as well as a new doré furnace.

Underground mine

The development of the underground mine to the point of operation was completed successfully in the fourth quarter of 2011. Mining and extraction of ores from five mining levels has been carried out and deepening of the main transport decline has continued as planned. The decline has connected with the existing 320mrl and the connection zone has been refurbished to allow for effective through mine ventilation, dewatering and safe working below the main 320mrl.

A contractor carried out the underground mining works and this arrangement continued in 2012, with diamond drilling carried out by the Company's staff. The contractor expanded the mining equipment fleet so that a gradual increase in mined tonnes can be achieved in line with the budget and safe working arrangements. A summary of works completed in 2011 is as follows:

- installation of rope guides and associated safety equipment in the '320' shaft so that man-riding can be carried out according to Kazakhstan and western good practice;
- completion of some 13,250 metres of the 25,000-metre diamond drill program from the 320-exploration drift; and
- completion of approximately 1,900 metres of tunnels for the transport decline, with attendant electrical infrastructure, explosive magazines, ventilation raises, pump station and ventilation machinery.

Future capital expenditure plans

Sekisovskoye underground mine

Going forward, the Company expects to incur a further $130m in connection with its on-going Sekisovskoye underground development plan. See "*Information on the Group—Operations—Sekisovskoye underground development plan*". Based on detailed studies, two underground shafts are to be constructed to a depth of 1000m that will be used to extract the ore in the most commercially efficient manner. The estimated capital expenditure for development of the shafts, equipment and further working capital is expected to be in the region of US$130m, which the Group expects will largely be incurred prior to 2017. Based on the current plans, construction is expected to commence in 2015, with construction of both shafts taking in the region of 24 months. During this period, the current transport declines will be used to access the ore from underground. Of this anticipated future capital expenditure, the Company currently intends to incur the following expenditure prior to 31 December 2015:

	For the year ended 31 December	
	2014	**2015**
	(in millions of US$)	
Underground capital development………….........	24.0	21.7
Infrastructure…………………………………...	7.9	3.7
Processing plant…………………………….........	0.1	0.4
Discovery bonus………………………………….	0.7	0
Total Investments………………………………..	**39.7**	**28.7**

The Company expects to incur a total of US$ 39.7 million of capital expenditure for the year ended 31 December 2014. Approximately half of the capital expenditure for the year ended 31 December 2014 was incurred prior to 30 June 2014 and was financed through cash generated by operating activities and the proceeds of share placings. See "*Operating and Financial Review—Key Factors Affecting Comparability—Share placings*" and "*Information on the Group—Operations—Sekisovskoye underground development plan*".

The Company currently intends to finance its projected capital expenditure up until the year ended 31 December 2015 through cash generated by its operating activities together with third party debt and/or equity finance as appropriate. The Company is currently exploring a number of third party financing options.

In addition to the US$130m of projected capital expenditure outlined above, the Company also expects to incur a further $13m in sustaining capital expenditure over the life of the mine.

There is no guarantee that the Company will be able to raise the financing necessary in order to complete its future capital expenditure plans, and if it is unable to do so, the timetable for such projects may need to be extended or revised. See "*Risk Factors—Risks Relating to the Group's Business—The Group may experience difficulty in obtaining future financing*."

Karasuyskoye ore fields

In the event that the Group's application to the Competent Authority for a subsoil use contract in respect of the Karasuyskoye ore fields is successful, the Group intends to commission an exploration (verification) and appraisal program and a full mineral experts report with respect to the territory. The budget for the first 12 months of the program is US$3.0 million which will be funded using either cash reserves or cash generated from operating activities of the Group. Depending on the outcome of this report, the Group may choose to commence mining activities on the Karasuyskoye ore fields, which would likely require significant capital expenditure. Such expenditure would not be incurred during the next 12 to 18 months and would be funded using a combination of cash from operations and third party debt and equity financing.

Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the Directors have made judgments and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

Carrying value of tangible and intangible assets including estimates made in respect of reserves and resources, discount rate and future gold prices

Management is required to ensure that the Group's assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. In such situations the asset is described as impaired and an impairment loss may need to be recognised. Management are required to assess whether they consider there to be any potential indicators of impairment of the Group's assets. Triggers that indicate a possible impairment may be a significant fall in market prices of gold, unforeseen production implications, adverse variations in reserves estimates, breaches of terms of mining licences, adverse changes in local regulations, etc.

Management needs to assess the useful economic life of the asset and set an appropriate depreciation/amortisation policy is in place so that the costs match the revenue arising during the life of the PPE.

Recoverability of inventories and classification as either a current or non-current asset

WIP primarily consists of gold in circuit and ore stock piles containing gold. These are measured with reference to the average amount of gold they contain using assay data adjusted for the expected gold recovery rates based on the relevant processing methods adopted. Raw materials consist of various tools, spare parts, diesel fuel and materials. These are recognised at cost and subsequently valued at lower of cost and net realisable value. In determining the carrying value of the ore stockpiles, management make estimates regarding costing, grade and gold prices. The most judgemental consideration for management relates to an assessment of the net realisable value of ore stockpiles, including the applicable gold price at the date of processing and the estimated grade of ore in the stockpiles. This assessment is required in order to ensure that the inventory is not carried at an amount which is higher than the recoverable amount.

Recoverability of receivables

Management are required to ensure that the Group's assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through the expected debtor amount recoverable. In such situations the asset is described as impaired and an impairment provision may need to be recognised. The recoverability of the amount receivable is uncertain as to the timing and the amount, as such a full provision in relation to the recoverability of the debtor amount has been made.

Carrying value of provisions

The principal provision is that under the terms of the mining licence, at the end of the production life of a field, the Group is required to remove the production facilities and restore the site to its original condition. To comply with IFRS, a provision for decommissioning should be recognised at the point that it is likely that rehabilitation will be required, measured at the present value of the expected future cash flows that will be required to perform the decommissioning and rehabilitation obligations. This necessitates organising a study and estimating the appropriate inflation and discount rates that are applicable.

Recognition of deferred taxation assets

A deferred tax asset shall be recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. If the future forecast statements indicate no future profits no deferred tax asset is recognised.

Stripping costs

Under the provisions of IFRIC 20, where benefit from stripping activity results in improved access to ore body, the entity should recognise these costs as a non-current asset to be amortised over the expected useful life of the identified component of the ore body. When the costs of the stripping activity asset and the inventory produced are not separately identifiable, the entity shall allocate the production stripping costs between the inventory produced and the stripping activity asset by using an allocation basis that is based on a relevant production measure. Usually, this would refer to the planned vs. actual stripping ratios, and the management would assess the planned component.

Estimation of mineral reserves

In order to estimate mineral reserves the management will rely on drilling data which is assessed internally or by an independent person. If indications are that the NPV of the mineral reserves (after taking into account extraction costs) are lower than the carrying value a provision is required to be made.

Working Capital

The Company is of the opinion that the Group does not have sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

As outlined in "—*Capital Expenditure—Future capital expenditure plans—Sekisovskoye underground mine*" and "*Information on the Group—Operations—Underground mine—Sekisovskoye underground development plan*", the Company is currently undertaking a significant capital expenditure and development plan with respect to the construction of underground shafts at the Sekisovskoye mine. Two underground shafts are to be constructed to a depth of 1000m that will be used to extract the ore in the most commercially efficient manner. The estimated capital expenditure for development of the shafts, equipment and further working capital is expected to be in the region of US$130m, which the Group expects will largely be incurred prior to 2017. Based on the current plans, construction is expected to commence in 2015, with construction of both shafts taking in the region of 24 months. During this period, the current transport declines will be used to access the ore from underground. Of this anticipated future capital expenditure, the Company currently intends to incur a further US$ 39.3 million of capital expenditure prior to 31 December 2015.

The Group's existing cash resources totaled US$4.9 million as at the date of this Prospectus. The Company does not expect to generate sufficient free cash flow during the year ending 31 December 2015 in order to allow it to fund its 2015 capital expenditure plans entirely through cash generated through operating activities coupled with existing cash resources. The Company anticipates that a shortfall of around US$35 million of its capital expenditure plan will require external funding, and this shortfall will materialize on or around the second quarter of 2015.

The Company's majority shareholder, African Resources Limited, has advised the Company that it is prepared to provide equity or debt financing to the Company on arm's length terms up to an amount in excess of the cash shortfall outlined above.

Alternatively, the Company may seek third party debt financing in the form of one or more of: (i) royalty stream financing, (ii) a bond issuance or (iii) a secured corporate loan facility. The Company is currently reviewing each of these options and is in negotiations with financing providers, however it has not yet signed definitive documentation with respect to any of these options, and the Company will only enter into financing arrangements when it believes the best possible terms are available and/or when capital requirements dictate.

The Company's preferred funding of any potential shortfall is via shareholder equity or debt financing, or third party debt financing as outlined above. However, if such debt financing is not available, or not available on appropriate terms, the Company would also look to achieve funding via a further equity-linked or equity financing.

The Company has a strong record of obtaining equity and equity-linked financing having achieved a number of successful fundraisings since its listing on AIM. Most recently, on 10 January 2014 the Company placed 97,972,000 new Shares at a price of 1.975 pence per Share and on 28 February 2014 the Company placed 550,000,000 new Shares at a price of 2.175 pence per Share, which together raised gross proceeds of approximately $22.1 million. The net proceeds of both placings were used to provide additional working capital to the Group and to further the development of the underground mine of Sekisovskoye throughout the year ending 31 December 2014. In addition, on 4 October 2013 the Company issued a convertible loan note to African Resources Limited in order to fund the acquisition of geological data relating to the Karasuyskoye ore fields from Hydrogeology LLP.

The ability or otherwise of the Group to demonstrate both a track record of production and sale consistently reaching significant levels together with future potential based on its capital expenditure program and drilling activities is likely to impact the Group's ability to obtain additional financing and the commercial terms on which this financing is available. Whilst the Company is confident of securing additional financing, it cannot be certain as to the timing of new financing becoming available on commercially acceptable terms or that financing will be available at all.

Failure to obtain additional financing may result in the Group being unable to meet its capital expenditure plans, which could delay its ability to successfully exploit and monetize the underground mine at Sekisovskoye. Given that the life of the open pit mine at Sekisovskoye is anticipated to end in 2016, such a delay could have a material adverse effect on the business, prospects, financial condition and results and operations of the Group.

Qualitative and Quantitative Disclosure of Market Risk

Policy on financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, provisions, other financial liabilities and borrowings. The Group does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Derivatives, financial instruments and risk management

The Group does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Commodity price risk

The Group is exposed to the effect of fluctuations in the price of gold and silver which are quoted in US dollars on the international markets. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Group's only significant sales during the years ended 31 December 2011, 2012 and 2013 were sales of gold doré and silver. The sales proceeds are fixed by reference to the gold and silver prices on the day of sale. The Group does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold or silver and therefore it held no financial instruments that are sensitive to commodity price changes at either reporting date.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with counter-parties which it considers to be creditworthy. The Group's exposure and the credit ratings of its counter-parties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counter-parties.

The Company takes a significant degree of credit risk on its sole customer, Tau-Ken Altyn Ltd.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other receivables. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counter-parties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables comprise amounts receivable from a refinery in respect of sales of gold doré. On the sale of the gold doré to the refinery 95 per cent prepayment is received, with the balance paid after refining.

Other accounts receivable consist mostly of prepayments for goods and services by subsidiaries in Kazakhstan. It is often impractical in Kazakhstan to carry out a check of creditworthiness of suppliers before making the contracted prepayments. There were no significant balances at 31 December 2013, 2012 and 2011 in respect of which suppliers had defaulted on their obligations.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by its two subsidiaries in Kazakhstan in currencies other than the Company's functional currency. The functional currency of TOO Altai Ken-Bayitu and TOO Gornorudnoe Predpriatie Sekisovskoye is the Kazakh Tenge. GoldBridges Global Resources Plc and Hambledon Mining Company Limited have a functional currency of the United Kingdom pound. The currency transactions giving rise to this foreign currency risk are primarily US dollar denominated revenues, US dollar denominated borrowings and other financial liabilities and certain US dollar denominated trade payables. The Group does not enter into hedging positions in respect of its exposure to foreign currency risk.

Part of operating and capital costs, namely the cost of imported equipment, spare parts and chemicals is tied to the US dollar. Less commonly, these costs are tied to other currencies: Yuan, Euro and Russian rouble.

Borrowings and interest rate risk

The Group entered into a long-term loan with the EBRD on 21 February 2012 in order to fund capital commitments. Interest is payable at 7 per cent per annum above LIBOR. A 1 per cent increase in the rate of interest would result in an additional $100,000 being expensed to the income statement.

The Group places surplus funds on short-term deposit (maximum 3 months) in pounds sterling with an interest rate fixed at the prevailing market rate. The Group's exposure to such interest rate risk is not material

Recent Accounting Pronouncements

A number of new standards and amendments to existing standards and interpretations were applicable from 1 January 2013. The adoption of these amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2013.

The following standards and interpretations are not yet effective and have not yet been adopted by the Group.

	Effective period commencing on or after
IFRS 10 – Consolidated Financial Statements	1 January 2014
IFRS 11 – Joint Arrangements	1 January 2014
IFRS 12 – Disclosure of Interests in other entities	1 January 2014
IAS 27 – Separate financial statements (Amendment 2011)	1 January 2014
IAS 28 – Investments in associates and joint ventures (Amendment 2011)	1 January 2014
IAS 32 – Offsetting financial assets and financial liabilities (Amendment) 1	January 2014
IAS 36 – Recoverable amounts disclosures for non-financial assets (Amendment)	1 January 2014
IAS 39 – Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRS 9 – Financial Instruments TBC	
IAS 19 – Defined benefit plans: Employee contributions (Amendment)	1 January 2014*
IFRIC 21 – Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments	1 January 2014*
Annual improvements to IFRSs – 2010-2012 Cycle	1 January 2014*
Annual improvements to IFRSs – 2011-2013 Cycle	1 January 2014*

* Not yet endorsed by the EU.

The Group is evaluating the impact of the above pronouncements but they are not expected to have a material impact on the Group's earnings or shareholders' funds.

OVERVIEW OF THE GOLD MARKET

1. Introduction

Gold is a precious metal, which has been a desirable and valuable commodity for centuries. Gold's ability to conduct heat, electricity and its resistance to tarnish mean that it is suitable for use in many industrial applications. It is also highly sought after as a precious metal for jewellery, coins and artwork. Gold is a naturally occurring element that is found widely throughout the geological world. Its value is recognised globally and it has served as a symbol of wealth and a store of value throughout history. Even in today's developed and sophisticated financial markets gold remains a sought after commodity and is seen as a "safe haven" in times of economic uncertainty.

Gold can be hardened by alloying it with other metals such as silver or copper. The term carat is used to indicate the percentage of gold remaining in the alloy, with 24 carats indicating pure gold and fractions thereof indicating proportionately less. Gold is measured in troy ounces and 1 troy ounce equates to 31.1 grams.

2. Applications and Demand

The demand for gold can be separated into a number of different markets. The main markets for gold demand are jewellery, technology and investment. Table 1 below shows the end uses of the gold produced in 2011-2013 and the average gold price for the last three years:

END USES OF THE GOLD PRODUCED IN 2011-2013

	2011	2012	2013*
Jewellery consumption	**1,975.1**	**1,896.1**	**2,209.5**
Technology	**451.7**	**407.5**	**404.8**
Electronics	319.9	284.5	282.4
Other Industrial	88.9	84.4	85.0
Dentistry	42.9	38.6	37.3
Investment	1,705.6	1,568.1	773.3
Total bar and coin demand	**1,520.5**	**1,289.0**	**1,654.1**
Physical Bar demand	1,192.3	962.7	1,266.9
Official Coin	240.5	213.0	283.4
Medals/Imitation Coin	87.8	113.4	103.8
ETFs & similar products	**185.1**	**279.1**	**-880.8**
Central bank net purchases	**456.8**	**544.1**	**368.6**
Gold demand (tonnes)	**4,589.2**	**4,415.8**	**3,756.1**
London PM fix, US$/oz	**1571.52**	**1668.98**	**1411.23**

(Source: World Gold Council)
** Provisional*

Net identifiable gold demand fell to 3,756.1t in 2013 from 4,415.8t in 2012, representing a 15 per cent. decrease (Source: World Gold Council), with investment demand falling by 51 per cent. However, jewellery consumption, including jewellery, small bars and coins, increased by 21 per cent. In terms of investment demand, there were significant flows of gold from western vaults to eastern markets, via refiners in North America, Switzerland, and Dubai. This was as a function of large-scale selling of ETF positions among western investors as macro sentiment in the US improved. This physical metal supply was to some extent met by demand from consumers in India, China and numerous Asian and Middle Eastern markets. ETFs generated further outflows in the fourth quarter, taking the total for the year to 880.8t. Three quarters of these outflows were absorbed by growth in annual consumer demand of 678.4t.

Gold demand in Q2 2014 was 964t, lower compared with Q2 2013 but in line with its 10 year average. Jewellery demand weakened year-on-year, but the broad 5-year uptrend remains intact. Investment demand pulled back from the extremes of last year amid relatively stable price conditions. Central banks continued to buy gold at a steady pace.

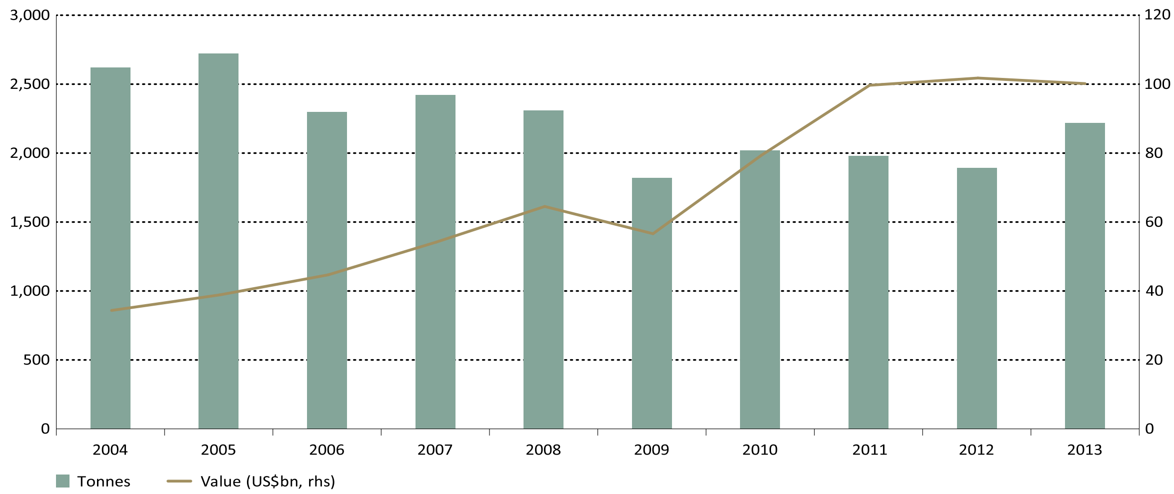
Jewellery

Gold's colour and lustre makes it an attractive precious metal. It does not rust or corrode, is easy to clean and is durable and ductile. Its properties enable it to be shaped into many ornate patterns making it an ideal material from which to make jewellery. The key factors driving jewellery demand in the main gold consuming countries are income growth and price volatility.

In general, jewellery demand increases with income growth and in periods of steady price increases, and reduces in periods of price volatility or decline. A rising price reinforces the inherent value of gold jewellery, which is an intrinsic part of its desirability. Consumer demand for gold jewellery is also associated with income growth. As a result, economic growth in India, China and the Middle East is supportive of gold demand and therefore supportive of the gold price as more households move into higher income categories.

Jewellery accounted for 58.8 per cent. of the identifiable gold demand in 2013, a 16.5 per cent. increase on 2012. 2013 recorded the largest volume increase in annual jewellery demand since 1997 and marked a return to pre-crisis levels.

A longer term perspective shows that an increasing share of global collective wealth has been allocated to gold jewellery since 2003 (with the exception of 2009, during the worst of the financial crisis). In 2013, gold jewellery value was almost 0.14 per cent. of global GDP compared with less than 0.08 per cent. ten years previously.



ANNUAL JEWELLERY DEMAND IN TONNES AND VALUE

Source: LBMA, Thomson Reuters GFMS, World Gold Council Chart

Jewellery demand historically has accounted for over half of global gold demand and Q2 2014 saw similar figures of 53 per cent. There was a year-on-year decline, but this was unsurprising given the remarkable levels of demand seen in Q2 2013. Jewellery demand on a year-to-date basis was notably weaker than H1 2013, but seems to be extending the broad upward trend from the base established in the depths of the financial crisis in early 2009.

Gold as an Investment

Gold, as a tangible or real asset, is widely used to increase the diversification of an investment portfolio. In times of economic uncertainty, a higher level of diversification is recognised to provide protection to the total value of an investment portfolio against fluctuations in the value of any one asset type. Therefore, when the investment outlook is unpredictable, the demand for gold as an investment is expected to increase.

The main feature of gold investment throughout 2013 was the contrast between ETFs, which acted as a source of supply to the market as sizable institutional positions were sold (-880.8t), and demand for bars and coins, which surged to an all-time high (1,654.1t). Notwithstanding the surge in bar and coin purchases, annual investment demand was down 50 per cent. in 2013.

The US economy and monetary policy stance continued to occupy the minds of professional investors, with a further 180.3t of gold flowing out of ETFs during the final quarter of 2013.

The re-balancing of gold investment that occurred in Q1 2014 carried into the second quarter as flows continued to pull back from the levels witnessed last year. Bar and coin demand was well below Q2 2013's high and ETF outflows moderated significantly compared to the outflows of last year. The net change in year-to-date investment demand was minimal: 1 per cent. higher than the first half of 2013.

The huge purchases of bars and coins made in the first half (and particularly the second quarter) of 2013 continued to overhang the market, creating a general reluctance among investors to add further to these holdings so far in 2014. The sideways range that defined the gold price for much of the second quarter also contributed to the subdued environment for bar and coin demand as investors globally looked for stronger cues as to its future direction.

Central Banks

Central banks made net purchases of 368.6t of gold in 2013, adding a further 61t in Q4 2013 – the 12th consecutive quarter of net central bank demand.

Russia (77t), Kazakhstan (28t), Azerbaijan (20t) and Korea (20t) all saw significant increases in official reserves, while a number of other central banks made smaller purchases during the year (8t or less). The list of countries, which saw a reduction in their reserves by the end of 2013, was lower by comparison, with reported net sales totalling around 10t for the year.

Central bank net purchases in the second quarter of 2014 totalled 117.8t, the 14th consecutive quarter of net buying from this consistent category of demand. This marks a 28 per cent. increase over the same period in 2013, and brings H1 total net purchases to 242.1t. In value terms, net purchases in Q2 2014 were worth US$4.9 billion.

Technology

The volume of gold used in technology stabilised in 2013 at 404.8t versus 407.5t in 2012 as the sector benefitted from a better global economic outlook and gold prices fell.

The two main contributing factors were in the electronics segment. On one hand, improved consumer sentiment (due to economic growth and stability) stimulated the supply chain, generating a healthy rise in sales of finished goods. On the other hand, further declines in the production of gold bonding wire offset these gains.

Mixed factors contributed to a 2 per cent. fall in gold used in electronics in Q2 2014. Gold continued to lose market share in the production of bonding wire (to copper primarily), due to on going substitution by fabricators of cheaper alternatives. Silver has also recently emerged as a competitive material in this space.

Demand for gold in other industrial and decorative (OID) uses grew slightly in 2013.

3. Gold Supply

Gold supply comes from mined gold, through recycling of gold already in circulation and from sales of existing gold stocks by governments and other such entities. In 2013, world gold supply was 4339.9t of which 3018.6t was from mined gold production.

Continued shrinkage in recycling activity outweighed modest growth in mine production, which fed through to a decline in the overall supply of gold during 2013. Insignificant levels of producer de-hedging had a limited impact on the numbers.

During the second quarter of 2014, 98.2 additional tonnes of gold were supplied to the market compared with Q2 2013. This 10 per cent. increase was almost solely due to growth in mine supply; recycling was little changed. Year-to-date, supply is up 5 per cent. as the impact of fresh hedging and mine production growth outweighed an 8 per cent. decline in recycling activity.

GOLD SUPPLY

	2012	2013*
Supply		
Mine production	2,864.1	3,018.6
Net producer hedging	-39.7	-50.1
Total mine supply	2,824.4	2,968.5
Recycled gold	1,590.8	1,371.4
Total supply	**4,415.2**	**4,339.9**

* *Provisional*
Source: World Gold Council

Mined gold

Annual gold mine production grew by 154.4t (5%) in 2013, the bulk of which came through in the second half of the year. The fourth quarter saw a clear continuation of the trend that was in place throughout much of the year, new mines either coming on stream or building up to full capacity and growth in production of existing operations.

Production continued to increase at a number of new operations in Canada (Detour Lake and Canadian Malartic), which accounted for growth of almost 20 per cent. in supply from that market. In Indonesia, production at Grasberg continued to recover to more normal levels following the disruption of preceding years, which explains growth in that market. China also made a significant positive contribution, due to an increase in output from the smelting industry. Indonesia, Australia, Russia and Brazil also featured on the list of countries adding to annual supply.

Among the countries seeing a reduction in supply, South Africa was the most prominent, although the pace of decline slowed as strike action proved less disruptive than in 2012. The US also generated lower levels of supply. This was chiefly due to lower grades of gold being mined. However, in 2014, mine production overall increased by 4 per cent. for a second consecutive quarter.

Net producer hedging activity, the second component of total mine supply, again had a minimal impact on supply in 2013. De-hedging of existing positions amounted to just 50t, with little or no evidence to suggest that the lower price environment will encourage producers to embark on any notable hedging programmes. The fact that the outstanding global hedge book stands at below 100t, the lowest for over a decade, provides a further indication that hedging will contribute little to gold's supply profile going forward.

Recycled gold

Gold is usually recoverable from most of its uses and is easily recyclable. Most recycled gold originates from jewellery, with smaller amounts coming from recycled bars and coins and also electrical components.

The annual supply of recycled gold declined for the sixth consecutive year to the lowest level since 2008. The scale of decline was the same for industrialised markets as for developing countries. The decline in India was more modest, not only due to a divergence in the local gold price from the US dollar price (surging to record levels in the third quarter) but also because the tightness of supply from the restrictions on gold imports meant that recycling was to some extent required to fill the gap. China was the outlier among the developing markets as recycling activity increased.

4. Gold price

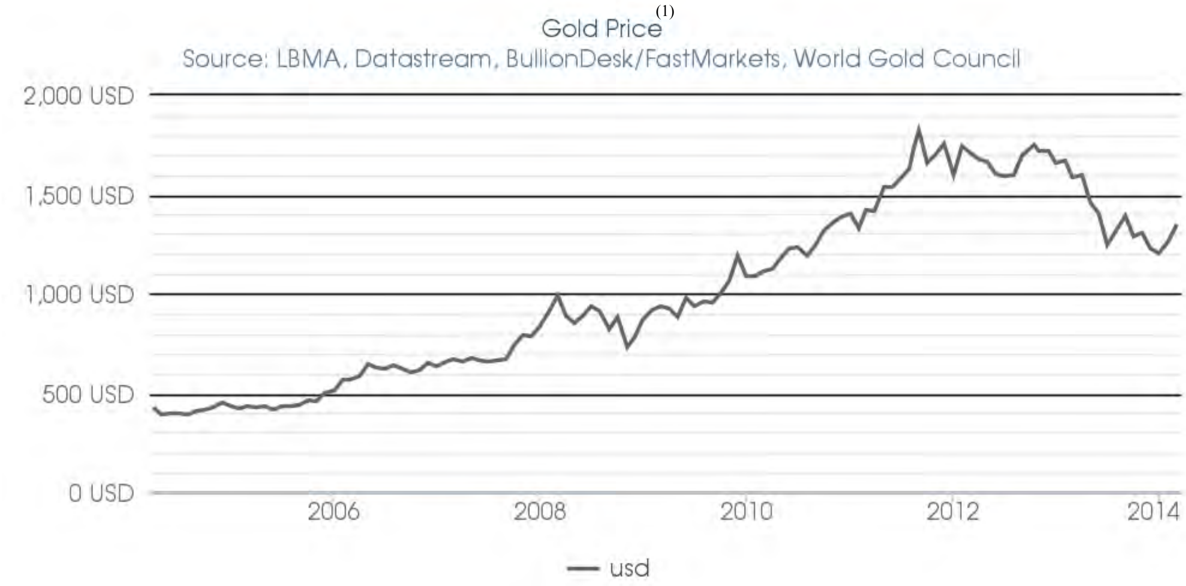
Gold has been used throughout history as a proxy for money and has been a relative standard for currency equivalents specific to economic regions or countries, until recent times. Many European countries implemented gold standards in the latter part of the 19th century until these were temporarily suspended in the financial crises involving World War I. After World War II, the Bretton Woods system pegged the United States dollar to gold at a rate of US$35 per troy ounce. The system existed until the 1971 Nixon shock, when the US unilaterally suspended the direct convertibility of the United

States dollar to gold and made the transition to a flat currency system. The last currency to be divorced from gold was the Swiss Franc in 2000.

Since 1919 the most common benchmark for the price of gold has been the London gold fixing, a twice-daily telephone meeting of representatives from five bullion-trading firms of the London bullion market. Furthermore, gold is traded continuously throughout the world based on the intra-day spot price, derived from over-the-counter gold-trading markets around the world.

Today, the price of gold is driven by supply and demand including demand for speculation. However unlike most other commodities, saving and disposal plays a larger role in affecting its price than its consumption. Most of the gold ever mined still exists in accessible form, such as bullion and mass-produced jewellery, with little value over its fine weight — and is thus potentially able to come back onto the gold market for the right price.

The chart below highlights the change in the market value of gold over the last 10 years:



[1] Based on World Gold Council gold demand trends full year 2013 report and Q2 2014 report.

The price of gold is dependent on a number of different factors including movements in foreign exchange rates, inflation, interest rates and political instability. The influence of these macroeconomic factors on the price of gold can be very complex making it difficult to quantify and predict their effect on the gold market. The LBMA spot gold price closed at $1196.00 per ounce on 19 November 2014.

The average annual gold price in a number of currencies in 2013 – including the US dollar, Euro, British pound and Chinese renminbi – was around 16% lower than 2012. However, a number of key markets, notably Japan, India, and Turkey, experienced markedly different price moves, due to sizeable currency depreciation. The gold price has further fallen in 2014 and is currently US$1,239/oz.

TAXATION

United Kingdom taxation

The following statements are intended only as a general guide to certain UK tax considerations and do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of ordinary shares in the Company. They are based on current UK tax legislation and what is understood to be the current practice of HM Revenue & Customs ("**HMRC**") at the date of this Prospectus, both of which may change, possibly with retroactive effect. They also may not apply to certain shareholders who are subject to special rules, such as dealers in securities, insurance companies and collective investment schemes. They relate (except where stated otherwise) to persons who are resident and, in the case of individuals, domiciled in (and only in) the United Kingdom for UK tax purposes, who are the absolute beneficial owners of both the ordinary shares and any dividends paid on them, and who hold their ordinary shares as an investment (other than in a new individual savings account). The tax position of persons acquiring ordinary shares in connection with employment or persons who, either alone or together with connected parties, hold 5 per cent. or more of the ordinary shares) is also not considered.

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the United Kingdom, should consult his or her own professional advisers immediately.

Dividends

The Company is not required to withhold tax at source from dividend payments it makes.

Liability to tax on dividends will depend on the individual circumstances of a shareholder.

Individual shareholders resident for tax purposes in the United Kingdom should generally be entitled to a tax credit in respect of any dividend received equal to one-ninth of the amount of the dividend.

An individual shareholder's liability to income tax will be calculated on the sum of the dividend and the tax credit (the "gross dividend"). This will be regarded as the top slice of the individual's income and will be subject to UK income tax at the rates described below.

The tax credit equals 10 per cent. of the gross dividend. The tax credit will be available to set against a shareholder's liability (if any) to income tax on the gross dividend. Where the tax credit exceeds the shareholder’s tax liability, the shareholder cannot claim repayment of the excess tax credit from HMRC.

Individual shareholders liable to income tax at no more than the basic rate will be liable to income tax on dividend income received at the rate of 10 per cent. of the gross dividend. This means that the tax credit will satisfy in full the individual shareholder's liability to pay income tax on the dividend received.

The rate of income tax applied to dividends received by an individual shareholder liable to income tax at the higher rate will be 32.5 per cent. In the case of a dividend received by an individual shareholder liable to income tax at the additional rate, the rate of income tax will be 37.5 per cent. After taking into account the 10 per cent. tax credit, a higher rate taxpayer will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend and an additional rate taxpayer will be liable to additional income tax of 27.5 per cent. of the gross dividend (equal to 30.6 per cent. of the net dividend).

A corporate shareholder resident for tax purposes in the United Kingdom should generally be entitled to exemption from UK corporation tax in respect of dividend payments, provided certain anti-avoidance provisions are not triggered. If the conditions for the exemption are not satisfied, or the corporate shareholder elects for an otherwise exempt dividend to be taxable, UK corporation tax will be chargeable on the gross amount of any dividends.

Chargeable gains

Shareholders who are resident in the United Kingdom for tax purposes and who dispose of their ordinary shares may, depending upon the shareholder’s circumstances and subject to any available exemption or relief, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains.

Shareholders who are not resident in the United Kingdom for tax purposes will not generally be subject to UK taxation of chargeable gains on a disposal of their ordinary shares unless they carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment in connection with which the ordinary shares are or have been held, used or acquired.

If an individual shareholder ceases to be resident for tax purposes in the United Kingdom and subsequently disposes of ordinary shares, in certain circumstances any gain on that disposal may be liable to UK capital gains tax upon that shareholder becoming once again resident in the United Kingdom.

Stamp duty and stamp duty reserve tax ("SDRT")

The transfer on sale of ordinary shares by a written instrument of transfer will generally be liable to UK stamp duty at the rate of 0.5% of the amount or value of the consideration for the transfer. The purchaser normally pays the stamp duty.

An agreement to transfer ordinary shares will generally give rise to a liability on the purchaser to SDRT at the rate of 0.5% of the amount or value of the consideration. Such SDRT is payable on the seventh day of the month following the month in which the charge arises, but where an instrument of transfer is executed and duly stamped before the expiry of a period of six years beginning with the date of that agreement, (i) any SDRT that has not been paid ceases to be payable, and (ii) any SDRT that has been paid may be recovered from HMRC, generally with interest. A transfer of ordinary shares effected on a paperless basis through CREST (where there is a change in the beneficial ownership of the shares) will generally give rise to a liability to SDRT (rather than stamp duty), generally borne by the purchaser, at the rate of 0.5% of the amount or value of the consideration.

Transfers of ordinary shares to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts or to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services, will generally be regarded by HMRC as subject to stamp duty or SDRT at 1.5% of the amount or value of the consideration or, in certain circumstances, the value of the ordinary shares transferred. In practice this liability for stamp duty or SDRT is in general borne by such person depositing the relevant shares in the clearance service or depositary receipt scheme.

Inheritance tax

The ordinary shares will be assets situated in the United Kingdom for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled nor deemed to be domiciled in the United Kingdom. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor receives or retains some benefit.

REGULATION

Regulation of mineral rights

General

In Kazakhstan, the subsoil and the resources located in the subsoil are owned by the Republic of Kazakhstan (the "**State**") pursuant to the Constitution. The State ensures access to the subsoil on the terms, conditions and within the limits specified by law.

The Government of the Republic of Kazakhstan (the "**Government**") is the body that represents the State with regard to subsoil use. The Government, in turn, has designated and authorised central and regional executive authorities to grant subsoil use rights on behalf of the State. For the exploration and production of minerals other than hydrocarbons (oil & gas), until recently, the MINT had acted as the competent authority, which granted the rights to explore and/or produce: (a) hard minerals, except for the commonly occurring minerals; and (b) underground water if the production volume exceeded 2,000 cubic meters per day, and supervised compliance by subsoil users with their obligations related to their exploration and/or production activities (the "**Competent Authority**"). The MINT Committee of Geology and Subsoil Use (the "**Geology Committee**") has been in charge of, among other things, geological studies, and maintenance of the state reserves balance.

On 6 August 2014, the President of the Republic of Kazakhstan signed an order to re-organize the structure of the Government, the ministries and the competent governmental bodies in order to optimise their effectiveness. According to the order of the President, various functions shall be distributed among the ministries by 1 January 2015. As part of this process, the functions of the Competent Authority were transferred from the dissolved MINT to the newly established Ministry of Investments and Development of the Republic of Kazakhstan (the "**MID**"). On 14 August 2014, the Government re-named the MINT Geology Committee the MID Geology Committee. It appears that, currently, the Geology Committee continues to perform its previous functions.

The regional executive authorities (or *the Akimats*) grant the right to explore and extract commonly occurring minerals and underground water, if the water production volume is 2,000 or less cubic meters per day, and enter into subsoil use contracts for construction and/or operation of underground facilities not related to exploration or production, which subsoil use contracts are required for construction and operation of, among other facilities, tailings.

Prior to August 1999, subsoil use rights were granted by issuing a subsoil use licence followed by the execution of a production sharing agreement (a "**PSA**") or a standard subsoil use contract. In an attempt to simplify the procedure, in August 1999 the licencing procedure for subsoil use operations was abolished. Since then, subsoil use rights for exploration and production of hard minerals have been being granted under subsoil use contracts only (without issuance of a licence). Nevertheless, previously issued and unexpired subsoil use licences and executed subsoil use contracts and PSAs remain valid unless they have expired.

The Subsoil Use Law

In accordance with the Decree of the President of the Republic of Kazakhstan on June 24, 2010 No. 291-IV On Subsoil and Subsoil Use (the "**Subsoil Use Law**") was adopted and remains in effect, as amended from time to time. The Subsoil Use Law replaced, among other laws, the previously effective Decree of the President of the Republic of Kazakhstan on January 27, 1996 no. 2828 On Subsoil and Subsoil Use (the "**Old Subsoil Law**").

In general, the Subsoil Use Law was adopted to, among other things: (i) consolidate the existing overlapping laws and regulations related to subsoil and subsoil use; and (ii) clarify areas of uncertainty by adding more procedures (specifically related to obtaining various consents/approvals/waivers from the Competent Authority);

Under the Subsoil Use Law, subsoil use rights may be permanent or temporary, alienable or inalienable, payable or free of charge. Most types of subsoil operations must be carried out on the basis of temporary and payable subsoil use. Subsoil use rights in relation to oil and gas, hard minerals and, in certain cases, commonly occurring minerals are granted following a tender or direct negotiations with the Competent Authority.

Subsoil use rights may be held by Kazakh and foreign individuals and legal entities, as well as an unincorporated consortium of companies acting as a single contractor.

The Subsoil Use Law provides for a list of major provisions to be included into each of the subsoil use contracts. In addition, subsoil use contracts must be based on the respective model contracts, approved by Government Resolution no. 1412, dated December 25, 2010 ("**Model Contracts**").

A subsoil user is guaranteed protection in accordance with Kazakhstan legislation. Any amendments or additions to legislation that worsen the results of a subsoil user's business activities under subsoil use contracts do not apply to subsoil use contracts that were concluded prior to such amendments. However, that guarantee does not apply to changes in Kazakhstan legislation in the areas of national security, defence capabilities, environmental protection, health, taxation and customs regulation.

Priority Right to Acquire Minerals

The State has a priority right over other parties to acquire a subsoil user's minerals at prices not exceeding those applied by the subsoil user in transactions related to the relevant minerals which prevail on the date of any relevant transaction minus transportation and selling costs.

Right to Requisition Minerals

If martial law or a state of emergency is declared, the Government may requisition some or all of the minerals owned by a subsoil user. Requisitions may be in any amount necessary to cover the needs of the State during the entire period of martial law or the state of emergency. Minerals may be requisitioned from any subsoil user regardless of the form of ownership. The State guarantees compensation for requisitioned minerals either by payment in kind or by paying monetary value to a foreign subsoil user in a freely convertible currency and to a domestic subsoil user in the national currency at prices not exceeding those applied by subsoil users in transactions related to the relevant minerals which prevail on the date of requisition minus transportation and selling costs.

State's Pre-emptive Right

Pursuant to the Subsoil Use Law, the State has a pre-emptive right (the "**State's Pre-emptive Right**") to acquire all or part of a subsoil use right alienated by a subsoil user and the objects related to the subsoil use right (the "**Objects**"), which are participatory interests (shares, securities confirming title to shares, securities convertible into shares) in a legal entity holding the subsoil use right, as well as a legal entity which may directly and/or indirectly determine and/or influence decisions adopted by a subsoil user (the "**Controlling Legal Entity**") if the principal activity of such Controlling Legal Entity is related to subsoil use in the Republic of Kazakhstan.

The State's Pre-emptive Right applies retroactively to all existing contracts and licences, as well as prospectively to future contracts.

With certain limited exemptions, a subsoil user intending to transfer a subsoil use right or the Objects to another person must obtain a waiver from the State to exercise its pre-emptive right (the "**Waiver**"). It should be noted that the State's Pre-emptive Right applies only to transfers of subsoil use rights or the Objects with respect to oil, gas and hard minerals.

The State's Pre-emptive Right also applies to any initial public offering of shares on an organised securities market or other securities confirming title to shares or securities convertible into shares in a subsoil user or a Controlling Legal Entity, including the initial public offering of additionally issued securities in such legal entities on an organised securities market.

Consent to Transfer

The Subsoil Use Law also provides that the subsoil use right (or part thereof) and the Objects can only be transferred, including in cases of foreclosure (including under pledges), with the consent of the Competent Authority (the "**Consent**"). Any transactions or other related actions performed without the Consent may be invalidated.

The concept of the Consent, as well as the State's Pre-emptive Right, was carried over from the Old Subsoil Law.

The Consent is not required in the following instances:

- transactions for the alienation of shares or other securities confirming title to shares, or securities convertible into shares which are traded on an organised securities market and are issued by a subsoil user or a Controlling Legal Entity;
- the transfer, in full or in part, of the subsoil use right and/or an Object:
    - to a subsidiary in which at least a 99 per cent. participatory interest (shareholding) is held directly or indirectly by the subsoil user, provided that such subsidiary is not registered in a tax haven jurisdiction (so-called "black-listed offshore jurisdictions"); and
    - between legal entities in which at least a 99 per cent. participatory interest (shareholding) is held directly or indirectly by one and the same person, provided that the acquirer of all or part of the subsoil use right and/or the Objects is not registered in a tax haven jurisdiction; and
- the transfer of shares (participatory interests) in a subsoil user if, as a result of such a transfer, an entity acquires the right to directly or indirectly control less than 0.1% of the participatory interests (shareholdings) in the share capital of the subsoil user.

In these instances, no Waiver is required either.

While the Waiver and the Consent are considered distinct from each other, the application procedure to obtain them is combined. By law, the application procedure should take up to a maximum of 70 business days; however, in practice severe delays are common. If the State decides to exercise its Pre-emptive Right, then such subsoil use right or the Objects must be acquired within no more than six months from the date of the decision.

In addition, a transaction aimed at transfer of the subsoil use right and/or an Object may trigger the requirement under competition law to obtain anti-monopoly consent from the authorised body.

Termination of Subsoil Use Contracts

The Competent Authority may unilaterally terminate a subsoil use contract:

- if the subsoil user fails to timely cure more than two breaches of its obligations under the subsoil use contract or project documents within the time set in the Competent Authority's notice, or
- if the subsoil use right and/or the Objects are transferred without the Competent Authority's consent required under the Subsoil Use Law.

Strategic Deposits

The Subsoil Use Law provides for a special regime for so-called "strategic deposits" which play an important role in the State's economy. The list of strategic deposits is determined by the Government. However, it should be noted that neither the Subsoil Use Law nor any other legislative act lists any specific requirements for a deposit to be included on this list.

The following key aspects are established for subsoil use contracts concerning strategic deposits:

Conclusion: the Subsoil Use Law provides that a subsoil use contract in relation to a strategic deposit may be concluded only on the basis of combined exploration and production, and under a Government resolution.

Amendments: the Competent Authority has the right to demand amendments to subsoil use contracts in relation to "strategic deposits" if the subsoil user's activity has a negative impact on the State's economic interests, thus jeopardising national security. If the parties do not come to an agreement or the demanded amendments are not made, the Competent Authority has a right to unilaterally terminate the subsoil use contract through court proceedings.

Termination: a subsoil use contract may also be unilaterally terminated by the Competent Authority upon the Government's decision on the same basis as for amendments.

Please note that all provisions of the Subsoil Use Law regarding amendments to a subsoil use contract and its unilateral termination are retroactive.

Local content

The Subsoil Use Law requires subsoil users to comply with certain local content requirements including the use of Kazakhstan suppliers and personnel, the amount of which should be detailed in subsoil use contracts.

When calculating and reporting to the Competent Authority on compliance with the local laws content requirements, subsoil users must be guided, among other things, by: (a) a joint methodology of calculating the local content at procurement of goods, works and services ("**GWS**"); and (b) the forms and rules for preparing and submitting annual, short-term and long-term programs of GWS procurement, as well as reports on the purchased GWS and compliance with the local content in GWS and obligations regarding employment of local employees, approved by the Government Resolutions no. 964 and no. 965, both dated 20 September 2010, respectively.

Procurement

Pursuant to the Subsoil Use Law and the currently effective rules for procurement of GWS in subsoil use contracts, approved by the Government Resolution no. 134, dated February 14, 2013, all procurements of GWS by subsoil users related to subsoil use operations (i.e., exploration and/or production) can only be made via (i) an open tender conducted in Kazakhstan; (ii) from a single source; (iii) requesting price offers; (iv) through the system of electronic procurements; and (v) through goods exchanges. This requirement also applies to subcontractors of subsoil users.

Effective from 2010, with the introduction of the Subsoil Use Law, expenses for the procurement of GWS related to subsoil use operations made in violation of the law are subject to exemption from contractual expenditures. Failure to comply with the obligatory expenditures provided by the contract may also potentially lead to termination of the relevant contract.

The above procurement rules do not apply to procurements of the following subsoil users:

- subsoil users engaged in the exploration and production of common minerals;
- subsoil users procuring GWS under the legislation regulating state procurement; and
- subsoil users where 50 per cent. or more of shares (interests) are directly or indirectly owned by the National Management Holding Company (which is the joint-stock company Sovereign Wealth Fund "Samruk-Kazyna").

Transition from Exploration to Production

Under the Old Subsoil Law, the subsoil use rights might be granted to subsoil users by the Competent Authority based upon subsoil use contracts for exploration, production or joint exploration and production. For transition from exploration to production under a subsoil use contract for joint exploration and production, a subsoil user was to declare and prove a commercial discovery.

Pursuant to the Subsoil Use Law, currently, a contract for joint exploration and production may be entered into based upon a resolution of the Government only in respect of deposits and fields, which have strategic importance and (or) complex geological structure.

Pursuant to the Subsoil Use Law, in general, a subsoil user that discovers and appraises a deposit (i.e., declares and proves a commercial discovery) under an exploration contract has a priority right to be granted the right to production under a production contract following direct negotiations with the Competent Authority.

Such negotiations must be held within the term of the exploration contract or no later than three months following its expiration. To commence the negotiations, the subsoil user should submit an application to the Competent Authority.

Within two months after the receipt of the application, the Competent Authority and the subsoil user should jointly determine the following contract terms:

- the amount of signature bonus;
- the amount of local content in GWS and personnel; and
- the amount of expenditure on social, economic and infrastructure development of the region.

Based on the results of direct negotiations, the contractor and the Competent Authority should sign a protocol of the negotiations. If no agreement on the terms of the production contract is achieved, then the Competent Authority may refuse to grant the right to commence production operations (i.e., to enter into a production contract). Such decision may be challenged in court.

If due to the fault of the applicant no production contract is concluded within 24 months following the date of signing the negotiations protocol, the applicant (which is the subsoil user under the exploration contract) is deprived of its priority right and the relevant subsoil field may be granted to another contractor following a tender or direct negotiations with the Competent Authority. In this case, all the exploration costs of the former contractor must be reimbursed by the new contractor.

However, if a tender or negotiations fail, in certain cases the former contractor still maintains the right to conclude a production contract in respect of a specific field.

The Competent Authority and Other Regulatory Authorities

The Competent Authority

Until recently, the MINT was in charge of mining projects, state geological surveys, the reproduction of the hard minerals base, rational use of subsoil, coal production, industry and industrial innovations, scientific and technical development, technical regulation, energy and power safety. The MINT had acted based upon its regulations approved by Government Resolution no. 1237 dated November 26, 2004, as amended.

When performing its functions as the Competent Authority, the MINT acted through its Geology Committee, which had conducted its activities based upon its regulations, approved by order no. 142 of the Deputy Prime Minister of the Republic of Kazakhstan – the Minister of Industry and New Technologies of the Republic of Kazakhstan, dated April 30, 2014.

The MINT, as the Competent Authority, and its Geology Committee have been responsible for:

- implementing the State's policy in the mining sector;
- representing interests of the State in subsoil use contracts for the exploration and/or production of hard minerals, except for the commonly occurring minerals;
- monitoring compliance by subsoil users with their obligations under their subsoil use contracts;

- monitoring the Kazakhstan component of GWS and maintaining the register of GWS produced by local companies;

- implementing transparency in production;

- preparing and issuing geological and mining allotments;

- approving various work programs (as a part of a subsoil use contract), plans of development of mining works, projects for the development of deposits and other project technical documentation stipulated by the Subsoil Use Law;

- maintaining the state reserves balance and cadastral records of deposits;

- determining the historical expenditures and costs for geological information;

- conducting the state monitoring of soil; and

- regulating certain activities related to the turnover of precious metals.

It is expected that the functions above will be formally transferred to the newly established MID, as the Competent Authority responsible for all such matters related to mining of minerals, and its Geology Committee.

Other Regulatory Authorities

Until recently, the following major Governmental ministries and authorities regulated various aspects of hard mineral extraction in Kazakhstan:

- the Committee of Technical Regulation and Methodology of the MINT supervised the compliance of equipment used by subsoil users in their subsoil operations with Kazakhstan technical, quality and safety standards;

- the Ministry of Environment and Water Resources was responsible for environmental protection and preservation of mineral resources. Its Committee for Water Resources was responsible, among other things, for monitoring of the rational use of water resources in compliance with laws regulating use of the water resources;

- the Ministry of Regional Development, including its Committee for Land Resources Management, the Committee for Construction, Housing and Utilities and the Committee for Entrepreneurship Development, responsible for, among other competencies, entrepreneurship development in the regions, approval of construction projects, allocation of land and the use of water and land resources;

- the Ministry of Emergency Situations was responsible for supervising, among other things, mining operations and otherwise acted as the competent State body in charge of industrial safety at hazardous production sites, and whose Committee on State Control of Emergency Situations and Industry Safety supervised, among other things, health and safety matters;

- the Committee for State Sanitary and Epidemiological Supervision of the Ministry of Public Health was responsible for monitoring compliance with health standards; and

- the Ministry of Labour and Social Protection of the Population was responsible for investigating labour disputes and complaints from individual employees and, together with the MINT and the local executive authorities, had monitored compliance with the obligations of subsoil users to give preference in hiring Kazakhstan specialists, including the obligation to employ the established percentage of Kazakh nationals.

Taking into account the recent restructuring referred to above of the governmental agencies, it is expected that functions of the governmental agencies referred to above will be transferred to the newly established MID, the Ministry of Energy, the Ministry of the National Economy and the Ministry of Health Protection and Social Security.

In addition to the above mentioned regulatory authorities:

- regional state registration authorities, which are local departments of the Ministry of Justice, remain responsible for registering properties, titles thereto and encumbrances thereon (pledges and mortgages);

- the Ministry of Finance, acting through its newly established Committee for State Revenues (formerly known as national and regional tax and customs authorities), remain responsible for compliance by subsoil users with the tax and customs laws; and

- the local executive authorities (or *the Akimats*) remain responsible, among other competencies, for granting rights to land plots for conducting subsoil operations under the subsoil use contracts, negotiating with subsoil users matters related to social, economic and ecological interests of the region and issuance of work permits to subsoil users for attracting foreign labour.

Environmental regulation

The Decree of the President of the Republic of Kazakhstan, January 9, 2007 no. 212-III On the Environmental Code (the "**Environmental Code**") regulates the environmental relations in Kazakhstan. It is generally believed to be close to international standards of environmental regulation.

Individuals and legal entities, that are involved in the use of the environment are subject to state environmental control. Various aspects of business activities are subject to environmental requirements. By way of example, a positive state environmental expert evaluation must be obtained in relation to projects involving an environmental impact before such projects may begin. For example, enterprises engaged in environmentally hazardous business activities are subject to the mandatory requirement of obtaining environmental insurance covering potential damage because of environmental contamination. For the violation of environmental requirements, legal entities and individuals may be subject to civil, administrative and criminal liability.

Until recently, the Ministry of Environment and Water Resources of the Republic of Kazakhstan ("**MEWR**") has been the principal state authority in the sphere of environmental protection (the "**Competent Agency for Environmental Protection**"). Among other things, it issued environmental permits and licences and established the limits for environmental emissions. MEWR carried out its environmental control function by organizing environmental inspections. It is expected that either the MID or the Ministry of Energy may in the future perform the functions of the Competent Agency for Environmental Protection.

The Committee for State Revenues under the Ministry of Finance (which now includes former tax authorities) remains responsible for collecting the payments for environmental contamination and emissions.

Environmental Permits and Authorizations

All individuals and legal entities, that produce air discharges, sewage and any solid consumption or industrial wastes must obtain an environmental permit (an "**EP**"), which is a special permit that grants a subsoil user a temporary right to emit or disburse emissions into the atmosphere and discharge waste substances into surface and underground waters. EPs contain the conditions governing the user's impact on the environment. The obligation to obtain an EP arises not only as a matter of law, but also under the subsoil use contract.

Under the Environmental Code, there are two types of EPs: (a) permits for environmental emissions; and (b) complex EPs.

Permits for environmental emissions are the more common of the two. Typically, they are issued by the Competent Agency for Environmental Protection or its local subdivisions for a definite term of up to five years. Once a permit for environmental emissions expires, the environmental user will need to re-apply to the Competent Agency for Environmental Protection for renewal of such EP.

In place of an EP, a complex EP may be issued for an indefinite term to those environmental users that comply with the best available environmental technologies. A complex EP is valid until the technologies applied or conditions of environmental use specified in such EP change. On March 12, 2008, the Government approved the list of technologies eligible for a complex EP.

Fines for pollution of the environment are established by the Tax Code of Kazakhstan and may be increased (within certain limits) by local representative bodies (Maslikhat). The holding of an EP shall not exempt a subsoil user from liability to pay compensation for damage to the environment caused by its activities, or from any administrative or criminal liability.

In addition, separate environmental licences will be required for individuals and legal entities involved in: (a) environmental design; (b) environmental expertise; and (c) environmental audit. Such permits are subject to certain qualification requirements set out by the legislation of Kazakhstan.

Under Kazakhstan law, the Group is also required to obtain a number of other certificates, permits and licences from various Kazakh government ministries, departments and agencies in relation to the use of potentially toxic chemicals, transportation of hazardous materials, import of sodium cyanide and explosive materials for blasting, as well as water usage.

Water permits

The Decree of the President of the Republic of Kazakhstan, July 9, 2003 no. 481 On the Water Code (the "**Water Code**") is aimed at implementing governmental policy in relation to the utilisation and protection of water resources. The Water Code sets out obligations for use of water and discharge into water, on the basis of water use permits ("**WUPs**"). The Group's WUPs could be withdrawn if the terms of special water use specified in the relevant WUP are breached. Such terms include monitoring of the quality of underground water, submission of statistical reports and monitoring reports, compliance with requirements relating to water protection during mining operations and regular checking of equipment. If any of the Group's circumstances in relation to its water use change, for example, in relation to drilling of new wells, change of quality of underground waters, on limits of water extraction, the Group is obliged to agree to such changes with the competent governmental body. The term of a WUP may be extended subject to compliance with requirements specified within the relevant WUP.

Enforcement

Article 116 of the Environmental Code specifies which state officials are responsible for monitoring environmental compliance and enforcing environmental requirements. These officials include the Chief State Ecological Inspector, the Deputy State Ecological Inspector and other regional officials who have the authority to supervise environmental compliance and initiate judicial proceedings.

Article 117 of the Environmental Code authorises state officials, in their enforcement of environmental protection measures, to, *inter alia*:

- inspect facilities and take measurements and/or samples for analysis;
- request and receive documentation, results of analysis and other materials;
- initiate procedures relating to the (i) recall of licences; (ii) termination of contracts for the use and taking of natural resources; and (iii) suspension and annulment of environmental and other permits in the event of violation of the terms of such permits;
- issue orders for individuals and legal entities to eliminate violations of Kazakhstan’s environmental laws;
- file court claims with respect to violations of Kazakhstan’s laws; and
- file with the competent body, details on the suspension or termination of a subsoil use contract in certain circumstances.

Limitation for the commencement of proceedings

The time limit for bringing proceedings for breach of environmental requirements is governed by the general limitation provisions under Kazakhstan law set out in Article 178 of the Civil Code of the Republic of Kazakhstan (adopted on December 27, 1994, as amended) which provides for a three year limitation period. This limitation does not apply to criminal charges for potential breach of environmental requirements.

Environmental liability

Under Kazakhstan law, if the operations of a company violate environmental requirements or cause harm to the environment or any individual or legal entity, the Competent Agency for Environmental Protection and its regional departments may suspend these operations or a court action may be brought to limit or ban these operations and require such company to remedy the effects of the violation. Any company or employees that fail to comply with environmental regulations may be subject to administrative and/or civil liability, and individuals may be held criminally liable. The courts may also impose clean-up obligations on violators in lieu of, or in addition to, imposing fines.

Subsoil use contracts (and licences) also typically impose environmental obligations. Penalties for failing to comply with such obligations may be substantial.

Health and Safety Regulation

Due to the nature of the Group's business, much of its activity is conducted at its mining facilities by large numbers of workers, and workplace safety issues are of significant importance to the operation of these facilities.

Health and safety practices in Kazakhstan are mainly regulated by the Decree of the President of the Republic of Kazakhstan, September 18, 2009 no. 193-IV ZRK On the People's Health and Healthcare System, the Decree of the President of the Republic of Kazakhstan, May 15, 2007 no. 251-III ZRK On the Labour Code of the Republic of Kazakhstan (the "**Labour Code**") and the Decree of the President of the Republic of Kazakhstan, April 11, 2014 no. 188-V ZRK On Civil Defence; which replaced the Decree of the President of the Republic of Kazakhstan, 3 April 2002 no. 314-II On Industrial Safety at Hazardous Industrial. Pursuant to such laws, activities of subsoil users are monitored for compliance by various authorised governmental agencies.

Insurance

Kazakhstan law establishes several types of mandatory insurance to be obtained by any entity conducting certain types of activities. As at the date of this Prospectus, the Group is in compliance with all mandatory insurance requirements under Kazakhstan law.

The following types of mandatory insurance are applicable to the solid minerals industry under Kazakhstan law:

Compulsory insurance of employees against accidents at work

According to the Decree of the President of the Republic of Kazakhstan, February 7, 2005 no. 30-III LRK On Compulsory Insurance of Employee from Accidents during Execution of Labour (Service) Duties, each employer must provide its employees with accident insurance.

The insurance premium is determined according to the insurance agreement on the basis of insurance rates established by the legislation of the Republic of Kazakhstan. Limits on insurance rates are differentiated by the type of economic activity and depending on the class of professional risk and personnel category.

Insurance of the Civil Liability of Transport Vehicle Owners

According to the Decree of the President of the Republic of Kazakhstan, July 1, 2003 no. 446 II On Mandatory Insurance of the Civil Liability of Transport Vehicle Owners, civil liability of owners of cars, trucks, buses, microbuses, and transport vehicles, motor transport and trailers (semi-trailers) are subject to mandatory insurance requirements, and any use of such vehicles without insurance is prohibited.

Environmental Insurance

Pursuant to the Decree of the President of the Republic of Kazakhstan, December 13, 2005 no. 93-III ZRK On Mandatory Environmental Insurance, any entity carrying out environmentally hazardous activities should insure against the risks associated with such activities. Environmental insurance should cover damages to life, health and property of third parties and the environment caused as a result of an environmentally hazardous activity (except for payments for loss of profit and payment of penalty interest).

According to Article 7 of the List of Environmentally Hazardous and Other Activities, approved by the Government Resolution, June 27, 2007 No. 543 On Approval of the List of Environmentally Hazardous and Other Activities, development of solid minerals (such as gold) is classified as an environmentally hazardous type of activity.

Insurance for Civil Liability of Owners for Dangerous Activities

According to the Decree of the President of the Republic of Kazakhstan July 7, 2004 no. 580 II On Mandatory Insurance of Civil Liability of Owners of Units the Activity of which is Associated with Danger of Damage to Third Parties, companies must insure against risks associated with their hazardous manufacturing units, defined as a unit that produces, uses, processes, generates, stores, transposes or destroys at least one of the following substances: flammable substances, explosives, fuels, oxidising agents, toxic agents, highly toxic substances and other hazardous substances.

Insurance under Subsoil Laws

Pursuant to the Subsoil Use Law, subsoil use contracts must provide for obligations of subsoil users to maintain insurance. The Model Contracts provide for a number of additional types of insurance to be maintained by a subsoil user, such as property insurance, insurance against certain financial losses and medical insurance of the employees.

Licensing

According to the Decree of the President of the Republic of Kazakhstan, January 11, 2007 no. 214-III On Licencing (the "**Licensing Law**"), operations concerning the development and production of solid minerals are licenced activities. Subsoil services are also subject to licensing.

A licence is not transferable from an existing licencee to another. It is granted for an unlimited period of time by the relevant state authority after submission of the required documentation confirming that the applicant fulfils all applicable requirements and payment of a fee by the applicant. The relevant state authorities have the right to exercise control over licencees in order to ensure compliance with the relevant licensing requirements (i.e., licensing control), including by way of inspections and reporting obligations imposed upon licencees.

A licence holder is required to comply, *inter alia*, with certain standards, employ qualified personnel, maintain certain special equipment and systems of quality control, monitor operations, make appropriate filings and, upon request, submit certain information to the licensing authorities for inspection. Failure to comply with these requirements may result in suspension or, upon a court order, revocation of a licence.

Further, under the Code of the Republic of Kazakhstan on Administrative Violations, January 30, 2001 no.155-II (or the Administrative Code) (, conducting an activity without a required licence may result in an administrative penalty of up to KZT 370,400 (approximately US$2,025) and may also entail confiscation of tools and/or equipment by which the activity that constituted the violation was conducted as well as confiscation of all income (e.g., monies, dividends, securities, etc.) derived as a result of the unlicenced activities. The managers of a legal entity that conducts activities without a relevant licence as required by the Licensing Law, may also be subject to criminal liability.

On 16 May 2014, the President of the Republic of Kazakhstan signed the Decree of the President of the Republic of Kazakhstan, On Permits and Notices, which will become effective on November 21, 2014 (the "**New Licensing Law**"). The New Licensing Law will replace the current Licensing Law and, therefore, the Licensing Law will become inoperative in the future. However, notwithstanding the enactment of the New Licensing Law in May 2014, the list of licensable activities in relation to subsoil users remained the same as in the current Licensing Law. Therefore, the enactment of the New Licensing

Law will not affect the Group's current operations and the Group will not need to receive new licences under the New Licensing Law.

Employment and Labour

Relations between employees and employers pursuant to an employment contract in Kazakhstan are primarily governed by the Labour Code.

Employment contracts

Under the Labour Code, an individual's employment contract may be either for an indefinite term or for a fixed term of not less than a calendar year. If the employment relationship continues following the expiry of a fixed contract term, the employment relationship is deemed to be for an indefinite term. Generally, the Group concludes employment contracts with its employees for an indefinite term. Under Kazakhstan law, an employee may terminate his employment contract by giving at least one month's notice to the employer. The Group typically enters into employment contracts, which allow either party to terminate by giving the other one month's notice. However, the Group may only terminate an employment contract based on specific grounds set out in the Labour Code. In circumstances where there has been a gross violation of work duties, repeated failure to perform duties or disclosure of confidential information, the Group may dismiss an employee without any prior notice. When the Group terminates an employment contract pursuant to another ground set out in the Labour Code, it is required to give the employee at least one month's notice.

An employee who is dismissed due to the liquidation of the enterprise or redundancy is entitled to receive compensation equal to one average month's salary per year (last 12 months).

Work time

The Labour Code establishes the normal duration of the working week at 40 hours, with overtime not exceeding two hours per day, or twelve hours per month, or one hundred and twenty hours per annum. In the case of employees engaged in heavy physical work or work under harmful or dangerous conditions, the working week is reduced to a maximum of 36 hours, with overtime not exceeding one hour per day. Under the Labour Code, employees are generally entitled to 24 days annual paid leave. Employees engaged in heavy physical work or work under harmful or dangerous conditions, are entitled to not less than 6-days additional annual paid leave.

Salary

The current minimum wage in Kazakhstan, as established by the Decree of the President of the Republic of Kazakhstan, On the Republican Budget for Years 2014-2016, is KZT 19,966 (US$110) per month. Employees who work overtime or night shifts are required to be paid at least 150% of the tariff rate of wage. Employees who work on holidays or at weekends are required to be paid at least 200% of the tariff rate of wage. Employers are required to pay employees at least 50% of their average monthly salary for any downtime not caused by the employee's fault.

Trade Unions

The Group does not have a trade union. To represent the interests of the employees the Group has an employee who has been appointed by the workforce. His authority is limited to providing information to the management of the wishes of employees on the organization of work.

The Decree of the President of the Republic of Kazakhstan, June 27, 2014 no. 211-V On Trade Unions replaced the previously effective Decree of the President of the Republic of Kazakhstan, April 9, 1993 no. 2107-XII On Trade Unions. In general, under the current and the old laws, trade unions in Kazakhstan exercise limited influence over the corporate decision making process and mostly exist in large, industrial-type enterprises. Under Kazakh law, trade unions are entitled to represent their members in dealings with employers, their associations, government bodies, the prosecutor's offices and in the courts. As part of their activities, trade unions may monitor compliance of employers with their statutory obligations towards their workers and have unrestricted access to the work places of their members. In the event of a breach of statutory obligations by an employer, a trade union may bring a claim against the employer in the courts or appeal to the prosecutor's office. Trade unions are entitled under Kazakh law to participate in gatherings, meetings, strikes and other actions aimed at improving working conditions and increasing salaries or taken for other lawful reasons. Trade unions act through a committee of representatives elected by its members.

Foreign labour: work permit regulations

Currently the Group has no foreign employees in Kazakhstan. If in the future GoldBridges or any of its Kazakh subsidiaries wished to employ foreign employees, save as set out below, such entity would need to obtain work permits for such employees. Before executing a labour agreement with a foreign citizen, an employer shall obtain a work permit for him from the local executive authority (*akimat*).

Permits are not required for:

- Heads of branches and representative offices of foreign legal entities;
- Chief executives of legal entities that have entered into an investment contract with the Kazakhstan Government worth US$ 50 million or more, and chief executives of legal entities that invest in priority sectors of the economy through a contract with the authorised state body on investments;
- Employers attracting foreign labour as members of the board of directors (supervisory council) of the national management holding company (Samruk-Kazyna);
- Persons who are on short term business trip, provided that the total duration of such trips within a year does not exceed 120 calendar days;
- Business immigrants (immigrants coming to execute entrepreneurial activity); and
- Foreign employees who are citizens of Russia or Belarus under the Agreement On Legal Status of Working Migrants and Their Family Members, dated 19 November 2010.

The Government annually sets quotas for the number of work permits to be issued to foreigners. In 2014 the quota equals 0.7% of the economically active population. Employers request quotas for work permits for the next year before September 1. Work permits in most cases are issued for one-year terms.

In order to improve the procedures for obtaining work permits to better attract foreign workers, the Government of the Republic of Kazakhstan made significant changes to the Decree of the President of the Republic of Kazakhstan, January 13, 2012 no. 45 Rules and Conditions on Issuance of Work Permits to Foreign Employees for Employment and to Employers for Attraction of Foreign Labour Force, approved by the Resolution of the Government of the Republic of Kazakhstan (the "**Rules**").

For all employers the procedure for searching for an appropriate candidate on the local market when applying for a work permit has been significantly simplified, by excluding requirements on provision of original announcements in republican and local periodicals on available vacancies. At the same time, the Rules stipulate only sending information on availability of working places (vacant positions) to the authorized body in the place of foreign labour force activity execution.

Under the optimisation and automation of business processes on state services provision the quantity of documents provided by employers for obtaining the permit has been decreased, such as medical insurance, medical certificate and other documents).

Issuance of the work permit may be implemented either in paper or in electronic form through the informational system "State database "E-licensing", which is now publicly available.

Ore reserves and resources estimation

FSU Classification (or GKZ) system, developed in 1960 and revised in 1981, is still widely used today in the Commonwealth of Independent States, including in Kazakhstan, and divides mineral concentrations into seven categories of three major groups, based on the level of exploration performed. Explored reserves are designated as either A, B, or C1, evaluated reserves are designated as C2 and prognostic resources are designated as either P1, P2 or P3.

Category A

The reserves in place are known in detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the reliability of the projected exploitation.

Category B

The reserves in place have been explored but are only known in fair detail. The boundaries of the deposit have been outlined by trenching, drilling, or underground workings. The quality and properties of the ore are known in sufficient detail to ensure the basic reliability of the projected exploitation.

Category C1

The reserves in place have been estimated by a sparse grid of trenches, drill holes or underground workings. This category also includes reserves adjoining the boundaries of A and B reserves as well as reserves of very complex deposits in which the distribution cannot be determined even by a very dense grid. The quality and properties of the deposit are known tentatively by analyses and by analogy with known deposits of the same type. The general conditions for exploitation are known tentatively.

Category C2

The reserves have been extrapolated from limited data, probably from a single hole. This category includes reserves that are adjoining A, B, and C1 reserves in the same deposit. Prognostic resources are estimated for mineralisation outside the limits of areas that have been explored in detail and are often based on data from trenches and from geochemical and geophysical surveys.

Category P1

Resources under the P1 category may extend outside the actual limits of the ore reserves defined in the C2 category. The outer limits of P1-type resources are determined indirectly by extrapolating from similar known mineral deposits in the area. P1 is the main source from which C2 reserves can be increased.

Category P2

These resources represent possible mineral structures in known mineral deposits or ore-bearing regions. They are estimated based on geophysical and geochemical data. Morphology, mineral composition and the size of the ore body are estimated by analogy with similar mineralised geologic structures in the area.

Category P3

Any potential ore-bearing deposits are classified as resources in the P3 category. The presence of these resources relies on the theoretical definition of a "favourable geological environment". Resource figures are derived from figures of similar deposits in the region. Estimates of prognostic resources routinely depend on assumptions and projections regarding the probable dimensions (i.e., length, width and depth) and grade of the deposit that are subject to confirmation by more detailed investigations.

In general, the effective classification of the reserves and the prognostic resources of hard minerals, approved on 28 August 2001 by order no. 268-p of the Chairman of the Committee of Geology and Subsoil Protection (at that time, a competent governmental agency in subsoil) (the "**Kazakhstan Reserves Classification**"), is based on the FSU Classification (or GKZ) system.

Pursuant to its regulations, approved by Governmental Resolution no. 87, dated 8 February 2011, the State Commission for the Mineral Reserves of the Republic of Kazakhstan under the Geology Committee (the "**State Reserves Commission**") has been competent (and it will likely remain competent) to conduct the state expertise in respect of all types of minerals, except for the commonly occurring minerals (which expertise falls within the competence of the inter-regional commissions for the mineral reserves under the inter-regional departments of the Geology Committee). The State Reserves Commission verifies data on minerals (i.e., quality, quantity, composition, technical characteristics, etc.); data related to production conditions (i.e., geological, mining, hydrogeological, site survey and other conditions); the technical feasibility studies related to development of the deposits; the results and quality of the prospecting, exploration, pilot production and other works related to geological studies and appraisal of the reserves; and grounds for liquidation or conservation of the deposits, for writing reserves off the balance or for transfer of the reserves from one category of the reserves to another (all submitted by the subsoil users). In its work the State Reserves Commission is guided by the Kazakhstan Reserves Classification, rather than the existing international classification systems. Based on this work, the State Reserves Commission: (a) issues its opinion on economic feasibility of the explored reserves, which serves the basis for putting such reserves on the state balance of the mineral reserves; (b) issues objective assessment of quality and quantity of the mineral reserves and their significance for the State's economy, as well as assessment of mining, hydrogeological, ecological and other terms and conditions of production; and (c) confirms the fact of a commercial discovery in the result of exploration of the contractual territory.

Comparison between the FSU Classification and international classification systems

Under the FSU Classification, C1 and, in some cases, C2 are considered to be categories of reserves. A direct comparison between international classification systems and the FSU Classification is difficult as each is based on different principles. In general terms "proved reserves" correlate to categories A and B under the FSU Classification, "probable reserves" correlate to category C1 and some category C2 under the FSU Classification and "inferred mineral resources" equate to category C2 under the FSU Classification. However, it should be noted that these relationships might vary between deposits and at different times for the same deposits.

Regulation of Export of Gold

The priority right of the state to purchase refined gold

In accordance with Kazakhstan legislation, any companies engaged in the mining and production of gold, are obligated, in case they are going to sell refined gold, to offer such refined gold to the NBK on a priority basis.

The exercise of the state's priority right to purchase refined gold for the replenishment of precious metal assets is mainly subject to the legislation specified below:

- Law on the National Bank of Kazakhstan dated 30 March 1995; and
- Rules on the Exercising of the State's Priority Right to Purchase Refined Gold for the Replenishment of Precious Metal Assets, approved by Resolution No. 241 of the Management Board of the National Bank of Kazakhstan dated 24 August 2012 (the "**Rules**").

The procedure for the exercise of the priority right is as follows:

- subsoil user companies submit refined gold production and sales forecast schedules to the NBK by 1 November of the preceding year in respect of the first half of the next year or by 1 May in respect of the second half of the current year;
- the Chairman of the NBK, on the basis of refined gold production and sales forecast, money market environment, indices of monetary policy and international financial market environment, approves a purchasing limit for the purpose of exercising the priority right for the next half of the year or makes a decision to waive its priority right for such future period;
- within the approved purchasing limit, the NBK determines the volume of refined gold to be purchased in the next half of the year from a particular subsoil user that is submitted its refined gold production and sales forecast schedule;
- any subsoil user is notified either of the confirmed willingness to purchase refined gold for the replenishment of precious metal assets or of the waiver of the priority right within ten (10) business days following such subsoil user's application; and

- refined gold is purchased under an agreement to be executed by the NBK with the specific subsoil user setting out the general terms of sale and purchase of refined gold for the purpose of exercising the priority right.

The price of refined gold is determined in KZT by reference to the weighted average market rate of KZT to US$ on the date before the date of transaction and the average of the AM and PM Fixing for Gold of the London Bullion Market Association, averaged for the entire month of supply, and a discount, which includes:

- transportation cost in respect of the export of gold to international markets;
- selling cost, including a bid-ask spread; and
- quality discount applicable in case the refined gold to be purchased does not meet international quality standards, which are adopted by, and designated in the documents of, the London Bullion Market Association as London Good Delivery.

Licensing of export

In accordance with the Licensing Law exports of the following kinds of gold are licensable:

- refined gold and silver in the form of bullions, plates, powder and pellets, as well as gold used for coinage (other than precious metals brought in by the Central (National) Banks of the member states of the Customs Union); and
- ores and concentrates of precious metals and precious-metal-containing primary commodities.

Subsurface user companies dealing in precious metals and precious-metal-containing primary commodities (unprocessed precious metals, ores and concentrates of precious metals) are included in special records kept by the Competent Authority.

In accordance with the Licensing Law, an export licence is issued in respect of each commodity classified under the Common Commodity Nomenclature of Foreign Economic Activity, where such commodity is licensable. Export licences are of the following kinds:

- one-time licences;
- general licences; and
- exclusive licences.

The term of a one-time licence or a general licence may not exceed one year from its effective date. The term of a one-time licence may be limited to the term of the relevant foreign export trade agreement (contract), and, if issued in respect of commodities which are subject to quantity limits, a one -time licence expires in the same year, for which respective quota was fixed, unless established otherwise by a decision of the Customs Union Commission.

The term of an exclusive licence is fixed by a decision of the Customs Union Commission on a case by case basis.

Regulation of the export of gold

The export of gold from Kazakhstan is mainly subject to the following legislation:

- the Customs Code of the Customs Union (under the Agreement on the Customs Code of the Customs Union adopted by Decision No. 17 of the Interstate Council of the Eurasian Economic Community (the Supreme Body of the Customs Union) at the Level of the Heads of the Nations, dated 27 November 2009);
- Code No. 296-IV 3PK of the Republic of Kazakhstan, On the Customs in Kazakhstan, dated 30 June 2010; and

When bringing any precious metals, scrap and waste precious metal out of Kazakhstan into any Customs Union non-member states, it is necessary to undergo certain state control procedures prior to filing a customs declaration for export. Before passing the state control procedure, the exporter needs, among other things, to present a document evidencing the waiver by the NBK of its right to purchase refined bullion gold for the replenishment of gold-value assets. The state control procedure is completed by executing a State Control Certificate evidencing that the commodity to be exported conforms to the data specified in the respective export contract.

After the state control procedure in respect of commodity export is passed, the customs bodies of Kazakhstan complete the customs declaration procedure, subject to the exporter having:

- a document evidencing that the exporter of gold has submitted records with the Competent Authority;
- an export licence; and
- a State Control Certificate (required to be executed in respect of precious metals, scrap and waste precious metal). It is not required in case of exporting of any unprocessed precious metal, ores and concentrates mined within Kazakhstan.

In case of taking any precious metal-containing primary commodities out of Kazakhstan into any Customs Union non-member states for export, for the purpose of customs declaration the exporter submits, among other things, an opinion issued by the Competent Authority as to whether it is possible (or impossible) and economically expedient (or inexpedient) to perform commercial recovery of precious metals from primary commodities in Kazakhstan (the "**Export Opinion**"). The Export Opinion is issued by the Competent Authority for the entire forecasted annual volume of export of primary commodities.

Temporary ban against taking gold out of Kazakhstan

A temporary ban against taking any unprocessed or semi-processed gold, gold in the form of powder, scrap and waste precious metal and precious-metal-containing primary commodities out of Kazakhstan is currently in effect under Resolution No. 606 of Kazakhstan Government, dated 3 June 2014, On Imposing a Ban against the Taking of Unprocessed Precious Metals, Scrap and Waste Precious Metal and Precious-Metal-Containing Primary Commodities out of Kazakhstan. This temporary ban is effective for six months from 11 June 2014 until 11 December 2014. The temporary ban was introduced in order to prevent domestic shortages of gold and to limit the impact of exchange rate fluctuations on the Kazakh economy.

MATERIAL CONTRACTS

The following is a summary of each contract (not being a contract entered into in the ordinary course of business) which has been entered into by any member of the Group: (i) within the two years immediately preceding the date of this document and which is, or may be, material; or (ii) which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Company as of the date hereof.

Relationship Agreement

African Resources Limited entered into a relationship agreement with the Company on 2 November 2012, as amended to take effect on or around the date of Admission (the "**Relationship Agreement**"). Under the terms of the Relationship Agreement, African Resources Limited has agreed, *inter alia*:

(a) not to take any action which precludes or inhibits the Company from carrying on its business independently of African Resources Limited and its affiliates for the benefit of the Company's shareholders as a whole;

(b) to use its voting rights as shareholder of the Company, and to procure that any director appointed by it to the Board uses his or her voting rights as director (subject to his or her statutory, fiduciary and other duties as a director and their obligations under general law) to ensure that all transactions, agreements or arrangements entered into between African Resources Limited or its affiliates and the Company will be at arm's length and on normal commercial terms;

(c) not to exercise any of its voting rights as shareholder of the Company, and to ensure that any director appointed by it to the Board does not vote, to effect variations to the Company's articles of association which would be contrary to the maintenance of the Company's independence from African Resources Limited, or which would be inconsistent with the provisions of the Relationship Agreement, or which would remove the pre-emption rights in favour of the shareholders of the Company;

(d) to abstain from taking any action that would have the effect of preventing the Company from complying with its obligations under the Listing Rules; and

(e) to abstain from proposing any shareholders resolution that is intended, or appears to be intended, to circumvent the proper application of the Listing Rules.

Hydrogeology LLP

In 2013, the Company entered into an agreement with Hydrogeology LLP to acquire certain historic geological information pertaining to the Karasuyskoye ore field for total consideration of US$ 27.5 million. The agreement was signed on 15 October 2013 and the transaction closed on 08 May 2014, the Company has now fulfilled all of the payment obligations it owed under the Hydrogeology LLP contract and Hydrogeology LLP will receive no further consideration from the Company. The information acquired from Hydrogeology LLP will be used to develop the Karasuyskoye ore field.

Off-take Agreements/ Key Customers

The Company sells its doré gold bars to Tau-Ken Altyn LTD. On 27 December 2013, AKB entered into an off-take contract with Tau-Ken Altyn LTD for a period of 1 year. There is no provision in the contract for renewal. The Group has no other off-take arrangements in place.

Subsoil Use Contract

On 20 October 2000, DGPS entered into a Subsoil Use Contract with the Investment Agency of Kazakhstan. This contract regulates DGPS' rights to explore and extract gold and silver ore at the Sekisovskoye deposit. Under the terms of the contract, the Republic of Kazakhstan has a '*priority right to purchase*' the gold and silver ore produced at prices not exceeding global market price. The contract does not further state how this priority right will be exercised.

Loan agreement with EBRD

On 21 February 2012, AKB and DGPS entered into a loan agreement as joint borrowers with the EBRD for a principal amount of up to US$ 15 million (to be drawn in two tranches), at a rate of LIBOR+7% on drawn amounts. The loan proceeds were to be applied exclusively to the expansion of underground mining and gold and silver processing operations.

The drawdown of the second tranche of the loan is only possible where the following condition is met: not less than 44,000 tonnes must be extracted from the ground during any preceding and consecutive 3 month period. The loan is to be repaid in tranches between 2015 and 2017 with the last repayment date 10 October 2017. The Company has guaranteed the obligations of its subsidiaries under this loan.

Pursuant to the loan agreement, AKB and DGPS granted EBRD security over key assets in the group. The nature of the security and the most relevant restrictions on the Group's use of the asset are detailed below:

- a deed of Guarantee and Indemnity (1 March 2012) – HMC has guaranteed AKB and DGPS' performance under the loan;

- a mortgage over Immovable Property (8 March 2012)**–** AKB and DGPS have granted a mortgage over their fixed machinery and buildings. They cannot use the mortgaged property in a way that would diminish its value and they cannot dispose of the property or create further security over it without EBRD's prior written consent. AKB must insure the mortgaged property, with EBRD as the named beneficiary;

- an assignment of Insurance policies (3 May 2012) – AKB and DGPS have both agreed to assign the benefit of all insurance policies they maintain to EBRD;

- a pledge over Moveable Property **(**8 March 2012) **–** AKB and DGPS pledged the mining machinery owned by them. They may not dispose of any of the pledged assets without EBRD's prior written consent and must insure, with EBRD as beneficiary, the pledged assets for the term of the loan; and

- a pledge on Receivables (8 March 2012) - AKB pledged the proceeds from the sale of any precious metals. The pledge contains restrictions on the disposal of receivables, actions that may diminish their value, and any creation of further security thereover.

DIVIDENDS AND DIVIDEND POLICY

The Board anticipates that that the Company's cash resources will be retained for the development of the Company's business and will not be distributed until the Company completes its modernisation programme. Upon successful completion of this programme, and subject to the Company achieving an appropriate level of profitability, the Company intends to commence paying dividends, progressively increasing their amount to up to 25% of its consolidated annual net income. However, the declaration and payment by the Company of any dividends and the amount thereof will depend on the results of the Company's operations, its financial position, cash requirements, acquisition or investment opportunities, prospects, profits available for distribution and other factors deemed to be relevant at the time.

ADDITIONAL INFORMATION

Responsibility

The Company and its Directors (whose names and principal functions appear in "*Directors, Senior Managers and Corporate Governance*") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and its Directors (each of whom has taken reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The Company

The Company was incorporated and registered in England and Wales on 18 February 2004 under the Companies Act 1985 and the regulations made thereunder as an public company limited by shares with the name Finlaw One Public Limited Company and with registered number 5048549. Pursuant to a shareholders' resolution dated 16 April 2004, the Company's name was changed to Hambledon Mining plc on 16 April 2004 and its Shares were admitted to trading on AIM on 10 June 2004. Pursuant to a further shareholders' resolution dated 13 January 2014, the Company's name was changed to GoldBridges Global Resources PLC on 28 January 2014.

The Company is domiciled in England. The registered office of the Company and business address for all the Directors and Senior Managers, as at the date of this Prospectus, is at 28 Eccleston Square, London SW1V 1NZ (telephone number +44 (0) 207 932 2400). The principal legislation under which the Company operates is the Companies Act 2006 (the "**Companies Act**"). The liability of the shareholders of the Company is limited.

Share capital of the Company

The issued and fully paid share capital of the Company as at the date of this Prospectus is £2,211,342.13 divided into 2,211,342,130 Shares of par value £0.001 each.

The Company does not have an authorised share capital.

When admitted to trading on the Official List, the Shares will be registered with ISIN number GB00B015PT76 and SEDOL number B015PT7. The Shares are denominated in British pounds sterling.

On incorporation, the issued share capital of the Company was £2 divided into two Shares of £1 each, one issued to Filex Services Limited and one issued to Filex Nominees Limited, the subscribers to the memorandum of association of the Company.

Since 1 January 2011 (being the period from which historical financial information is provided in this Prospectus), the issued share capital of the Company, which was 516,089,233 Shares of £0.001 each, has changed as follows:

(a) on 30 March 2011, the Company issued 227,329,873 Shares of £0.001 each, resulting in an issued share capital of 743,419,106 Shares;

(b) on 17 February 2012, the Company issued 177,507,699 Shares of £0.001 each, resulting in an issued share capital of 920,926,805 Shares;

(c) on 20 April 2012, the Company issued 58,794,708 Shares of £0.001 each, resulting in an issued share capital of 979,721,513 Shares;

(d) on 16 December 2013, the Company issued 583,648,617 Shares of £0.001 each, resulting in an issued share capital of 1,563,370,130 Shares;

(e) on 10 January 2014, the Company issued 97,972,000 Shares of £0.001 each, resulting in an issued share capital of 1,661,342,130 Shares; and

(f) on 28 February 2014, the Company issued 550,000,000 Shares of £0.001 each, resulting in an issued share capital of 2,211,342,130 Shares.

Takeovers

Other than as provided by the City Code on Takeovers and Mergers (the "**City Code**") and Part 28 of the Companies Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules relating to the Company.

Mandatory bid

The City Code is issued and administered by the Panel on Takeovers and Mergers (the "**Panel**"). The Panel has been designated as the supervisory authority to carry out certain regulatory functions in relation to takeovers pursuant to the Directive on Takeover Bids (2004/25/EC) (the "**Directive**"). Following the implementation of the Directive by the Takeovers Directive (Interim Implementation) Regulations 2006, the rules set out in the City Code which are derived from the Directive now have a statutory basis.

The Company is a public company incorporated in England and will be admitted to trading on the London Stock Exchange's regulated market for listed securities, which is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). Accordingly, the City Code applies to the Company.

Under Rule 9 of the City Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, when any person, together with persons acting concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, a general offer will normally be required in accordance with Rule 9.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer. Under the City Code a concert party arises when persons acting together pursuant to an agreement or understanding (whether formal or informal) actively cooperate to obtain or consolidate control of, or frustrate the successful outcome of an offer for, a company subject to the City Code. Control means an interest or interests in shares carrying an aggregate of 30 per cent. or more of the voting rights of the company, irrespective of whether the holding or holdings give de facto control.

African Resources Limited and Blackwill Trade Limited (the "**Concert Party**") are considered to be persons acting in concert for the purposes of the City Code in relation to the Company. African Resources Limited and Blackwill Trade Limited are interested in 1,440,076,040 and 117,730,632 Ordinary Shares respectively representing approximately 65.1 per cent and 5.3 per cent respectively, and 70.4 per cent in aggregate, of the existing share capital of the Company. Further details on the Concert Party are set out in "*—Majority Shareholders*" below.

Accordingly, members of the Concert Party are interested in shares representing, in aggregate, more than 50 per cent. of the issued share capital. Accordingly, following Admission and for so long as they continue to be recognised as acting in concert, members of the Concert Party may increase their aggregate interests in the Company without incurring an obligation under Rule 9 to make a general offer. However, an individual member of the Concert Party may incur an obligation to make a general offer as a result of an acquisition of an interest in shares which increases his interests to 30 per cent. or more of the issued share capital or, if he is already interested in 30 per cent. or more, which increases the percentage of shares in which he is interested.

Squeeze-out

Under the Companies Act, if an offeror were to make an offer to acquire all of the shares in the Company not already owned by it and were to acquire 90 per cent. of the shares to which such offer related, it could then compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their shares and then, six weeks later, it would deliver a transfer of the outstanding shares in its favour to the Company which would execute the transfers on behalf of the relevant members, and pay the consideration to the Company which would hold the consideration on trust for outstanding members. The consideration offered to the members whose shares are compulsorily acquired under this procedure must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.

Sell-out

The Companies Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the shares in the Company and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent. of the shares, any holder of shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any member notice of his/her right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

Articles of association of the Company

The articles of association adopted pursuant to a special resolution passed at a general meeting of the Company held on 23 June 2010 contain provisions to the following effect:

Objects

The objects of the Company, in accordance with Section 31(1) of the Companies Act 2006, are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by applicable law.

Directors

Number

Unless and until otherwise determined by ordinary resolution of the Company from time to time, the Directors (disregarding alternate Directors) shall not be less than two and not more than eight in number.

Appointment

Subject to the Companies Act, a person can be appointed (or remain) a director regardless of his age.

Subject to the articles of association, any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution at a general meeting or by a decision of the Board of Directors provided, in each case, that the number of directors does not exceed the any maximum number fixed in accordance with the articles of association. Any Director appointed by a decision of the Board of Directors shall hold office only until the next following annual general meeting.

Removal

In addition to any power of removal under the Companies Act, the Company can by special resolution, or by ordinary resolution of which special notice has been given in accordance with the provisions of the Companies Act, remove a Director even though his time in office has not ended (without prejudice to a claim for damages for breach of contract or otherwise) and, subject to the articles of association, by ordinary resolution appoint a person to replace a director who has been removed in this way.

Remuneration

The ordinary remuneration of the non-executive Directors for their services as officers of the Company (excluding other amounts payable under other provisions of the articles of association) shall be determined by the Board of Directors but shall not exceed in aggregate the sum of £100,000 per year or such greater sums as the Company may from time to time determine by ordinary resolution. This sum shall be divisible among such Directors as the Board of Directors may determine or, failing determination, equally, except that any such Director who shall hold office for part of the period in respect of which remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which such Director has held office.

The Company may pay on behalf of any Director, or reimburse him in respect of, all his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board of Directors or general meetings, and all expenses reasonably incurred by him in the conduct of, or in connection with, any activities undertaken in or about the Company's business. The directors can pay additional remuneration (whether by way of salary, commission, percentage of profits or otherwise) to any Director who, by request, goes or resides abroad for any purposes of the Company or who performs services which in the opinion of the Board of Directors, go beyond the ordinary duties of a Director.

Without prejudice to the provisions of any other Article, the Board shall have the power to purchase and maintain insurance for, or for the benefit of, any persons who are or were at any time directors, officers, employees or auditors of the Company or of any subsidiary undertaking of the Company including, without limitation, insurance against any liability incurred by any such persons in respect of any act or omission in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company or any subsidiary undertaking.

Retirement by rotation

At every annual general meeting one third of the current Directors must retire. If their number is not a multiple of three, the number of Directors to retire is the number which is nearest to (but not less than) one third.

The Directors required to retire at an annual general meeting are first, any Director who wants to retire and who does not want to be reappointed, and second, those Directors who have been in office longest since they were last appointed or reappointed. If there are Directors who were last appointed or reappointed on the same date they can agree on who is to retire. If they do not agree, they must draw lots to decide.

The number and identity of Directors to retire will be determined based on the composition of the board of Directors at the start of business on the date of notice calling the annual general meeting, disregarding a change in the number or identity of the Directors after that time but before the end of the meeting.

A Director who retires at an annual general meeting shall be eligible for reappointment. If he is not reappointed (or deemed to be reappointed), he may remain a Director until the meeting appoints someone in his place or, if it does not appoint anyone, until the end of the meeting. If the Company does not fill the vacancy of a Director who retires at an annual general meeting, the retiring Director (if willing) will be deemed reappointed unless it is expressly resolved not to fill the vacancy, or a resolution for reappointment of the Director is put to the meeting and lost.

Directors' Interests

The directors may authorise any matter proposed to them which would, if not so authorised, involve a breach of duty by a director under section 175 of the Companies Act. Any authorisation will be effective only if any requirement as to the quorum at the meeting or part of the meeting at which the matter is considered is met without counting the director in question or any other director interested in the matter under consideration and the matter was agreed to without such directors voting or would have been agreed to if such directors' votes had not been counted.

A director shall be under no duty to the Company with respect to any information in respect of which he owes a duty of confidentiality to another person.

A director who is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the Company must declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement. Such declaration required must be made at a meeting of the directors, by notice in writing in accordance with section 184 of the Companies Act, or by general notice in accordance with section 185 of the Companies Act.

Subject to the Companies Act and provided that he has declared to the directors the nature and extent of any direct or indirect interest of his, the Board may authorise a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it, but excluding any situation which cannot reasonable be regarded as likely to give rise to a conflict of interest).

A director shall not, by reason of his office (or of the fiduciary relationship established by holding that office), be accountable to the Company for any remuneration, profit or other benefit which he derives from any conflict situation or potential conflict situation which was authorised by the Board, and no contract shall be void on the grounds of a Director having any type of interest which was authorised under the articles of association.

The Company may by ordinary resolution suspend or relax the provisions in the articles of association relating to directors' interests to any extent. Subject to the Companies Act, the Company may by ordinary resolution ratify any transaction or arrangement not properly authorised by reason of a contravention of the provisions in the articles of association relating to directors' interests.

General Voting and Quorum Requirements

Save as otherwise provided by the articles of association, a director shall not vote on or be counted in the quorum in relation to a resolution of the directors or committee of the directors concerning a matter in which he has a direct or indirect interest which is, to his knowledge, a material interest (otherwise than by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company), but this prohibition does not apply to a resolution concerning any of the following matters:

(a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings;

(b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which the director has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity or by the giving of security;

(c) a transaction or arrangement concerning an offer of shares, debentures or other securities of the Company or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(d) a transaction or arrangement to which the Company is or is to be a party concerning another company (including a subsidiary undertaking of the Company) in which he or any person connected with him is interested (directly or indirectly) whether as an officer, shareholder, creditor or otherwise (a "**relevant company**"), if he and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 820 to 825 of the Companies Act) representing one per cent. or more of either any class of the equity share capital (excluding any shares of that class held as treasury shares) in the relevant company or of the voting rights available to members of the relevant company;

(e) a transaction or arrangement for the benefit of the employees of the Company or any of its subsidiary undertakings (including any pension fund or retirement, death or disability scheme) which does not award him a privilege or benefit not generally awarded to the employees to whom it relates; or

(f) a transaction or arrangement concerning the purchase or maintenance of any insurance policy for the benefit of directors or for the benefit of persons including directors.

A director shall not vote on or be counted in the quorum in relation to a resolution of the directors or committee of the directors concerning his own appointment (including fixing or varying the terms of his appointment or its termination) as the holder of an office or place of profit with the Company or company in which the Company is directly or indirectly interested. Where proposals are under consideration concerning the appointment (including fixing or varying the terms of appointment or its termination) of two or more directors to offices or places of profit with the Company or a company in which the Company is directly or indirectly interested, such proposals may be divided and a separate resolution considered in relation to each director. In that case, each of the directors concerned (if not otherwise debarred from voting) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

Indemnity

Subject to the provisions of, and so far as may be permitted by and consistent with, the Companies Act, every Director and every director of each of the Associated Companies of the Company shall be indemnified by the Company out of its own funds against:

(a) any liability incurred by or attaching to such Director or director in connection with any negligence, default, breach of duty or breach of trust by such Director or director in relation to the Company or any Associated Company of the Company other than:

   i. any liability to the Company or any Associated Company; and

   ii. any liability of the kind referred to section 234(3) of the Companies Act; and

(b) any other liability incurred by or attaching to such Director or director in the actual or purported execution and/or discharge of his duties and/or the exercise or purported exercise of his powers and/or otherwise in relation to or in connection with his duties, powers or office.

Subject to the Companies Act, the Company may indemnify a Director and any director of any Associated Company of the Company if it is the trustee of an occupational pension scheme (within the meaning of section 235(6) of the Companies Act).

Where a Director or any director of an Associated Company of the Company is indemnified against any liability in accordance with these provisions, such indemnity shall extend to all related costs, charges, losses, expenses and liabilities by such Director.

Executive Directors

Subject to the Companies Act, the Directors may appoint one or more Directors to be an Executive Director for such term and on such other terms and conditions as (subject to the Companies Act) the Directors think fit. The Directors may revoke or terminate an appointment, without prejudice to a claim for damages for breach of the contract of service between the director and the Company or otherwise. Any such Executive Director shall receive such remuneration (whether by way of salary, commission, percentage of profits or otherwise) as the Board of Directors may determine, either in addition to, or instead of, his remuneration as a Director.

The Board of Directors may entrust to, and confer upon, any Executive Director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it thinks fir, and either collaterally with, or to the exclusion of, its own powers. The board may from time to time revoke, withdraw, alter or vary all or any such powers.

"**Associated Company**" has the meaning given to such expressed by section 256 of the Companies Act.

Rights Attaching to Shares

Voting Rights of Members

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll.

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held, on a show of hands at a meeting every member who is present in person or by a duly appointed proxy at a general meeting shall have one vote, unless the proxy is himself a member entitled to vote.

On a poll taken at a meeting, every member who is present in person or by a duly appointed proxy shall have one vote for every share for which he is the holder.

Dividends

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends to be paid according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.

Unless and to the extent that the rights attached to any shares of the terms of issue of any shares otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. No amount paid on a share in advance of calls shall be treated as paid on the share.

No dividend shall be paid otherwise than out of profits available for the purpose in accordance with the provisions of the Companies Act. No dividend or other moneys payable on, or in respect of, a share shall bear interest as against the Company, whatever the circumstances of the lateness of payment.

The payment by the Board of any unclaimed dividend or other moneys payable on, or in respect of, a share into a separate account shall not constitute the Company a trustee in respect of it and any dividend unclaimed after a period of twelve years from the date such dividend is payable shall be forfeited and shall revert to the Company.

The Company may, upon the recommendation of the Board, by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid up shares or debentures of another Company).

Return of Capital

On a winding-up of the Company (whether the liquidation is voluntary, under supervision, or by the court), the liquidator may, on obtaining any sanction required by law divide among the members in kind the whole or any part of the assets of the Company, whether or not the assets consist of property of one kind or of different kinds, and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he, with the like sanction, shall determine. For this purpose the liquidator may set the value he deems fair on a class or classes of property and determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member, without his consent, an asset to which there is attached a liability or potential liability for the owner.

Variation of Rights

Subject to the Companies Act, the rights attached to a class of shares may be varied or abrogated (whether or not the Company is being wound up) either with the consent in writing of the holders of at least three quarters in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the articles of association.

The rights attached to a class of shares are not, unless otherwise expressly provided for in the rights attaching to those shares, deemed to be varied by the creation, allotment or issue of further shares ranking *pari passu* with or subsequent to them or by the purchase or redemption by the Company of its own shares in accordance with the Companies Act.

General Meetings

At least 21 clear days' notice must be given to call an annual general meeting. Subject to the Companies Act, at least 14 clear days' notice must be given to call all other general meetings.

Notice of a general meeting must be given to the members (other than any who, under the provisions of the articles of association or the terms of allotment or issue of shares, are not entitled to receive notice), the directors, beneficial owners nominated to enjoy information rights under the Companies Act and the auditors. The accidental omission to give notice of a general meeting or to send, supply or make available any document or information relating to a meeting to, or the non-receipt of any such notice, document or information by, a person entitled to receive any such notice, document or information will not invalidate the proceedings at that meeting.

A member may appoint another person as his proxy to exercise all (or any) of his rights to attend and to speak and to vote (both on a show of hands and on a poll) on a resolution, an amendment of a resolution or on other business arising at a general meeting of the Company. A proxy need not be a member.

Redeemable Shares

Subject to the Companies Act, the Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

Transfer of Shares

The Shares are in registered form and are capable of being held in uncertificated form. A member may transfer all or any of his uncertificated shares by means of a relevant system, as defined in the Uncertificated Securities Regulations 2001 (SI 1001/3755) (the "**Regulations**"), which includes CREST. The Directors may refuse to register any transfer of an uncertificated share where permitted by the Regulations.

All transfers of certificated shares must be effected by a transfer in writing in any usual form or any other form approved by the Directors. The instrument of transfer shall be executed by or on behalf of the transferor and, in the case of a partly paid share, by or on behalf of the transferee. The Directors may refuse to register any transfer of a partly paid share held in certificated form and may also refuse to register any transfer of a certificated share unless the instrument of transfer is:

(a) duly stamped (if so required), is lodged with the Company's registrars or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) in respect of only one class of shares; and

(c) in favour of not more than four transferees.

Such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. If the Directors refuse to register a transfer of a certificated share they shall, within two months of the date on which the transfer instruction relating to such a transfer was received by the Company, send to the transferee notice of the refusal.

Disclosure of Interests in Shares

The Disclosure and Transparency Rules of the FCA require any person to notify the Company and the FCA if the voting rights held by such person through its direct or indirect holding of shares or certain financial instruments reach, exceed or fall below 3% and each 1% threshold thereafter up to 100%. For the purposes of determining whether a person has such a notification obligation, certain voting rights in the Company may be disregarded under the Disclosure and Transparency Rules.

Where notice is served by the Company under section 793 of the Companies Act on a member, or another person appearing to be interested in shares held by that member, and the member or other person has failed in relation to any shares to give the Company the information required within 14 days from the date of service of the notice, the following sanctions apply, unless the directors otherwise decide, in respect of:

(a) the shares comprising the shareholding account which comprises or includes the shares in relation to which the default occurred (all of the relevant number as appropriate of such shares being the "**default shares**", which expression shall include any further shares which are issued in respect of such shares); and

(b) any other shares held by the member.

the member shall not be entitled to be present or to vote (either in person, by proxy or by corporate representative) at a general meeting or at a separate meeting of the holders of a class of shares or on a poll or to exercise any other right conferred by membership in relation to general meetings.

Where the default shares represent at least 0.25 per cent. in nominal value of the issued shares of their class, the Directors may at their absolute discretion by notice in writing to such member direct that a dividend (or any part of a dividend) or other amount payable in respect of the default shares shall be withheld by the Company, which has no obligation to pay interest on it; and no transfer of any certificated default shares shall be registered unless the transfer is an approved transfer, or the member is not himself in default in supplying the information required; and the member proves to the satisfaction of the directors that no person in default in supplying the information required is interested in any of the shares the subject of the transfer.

Major Shareholders

Save as set out below, as of the date of this Prospectus the Company is not aware of any person who, directly or indirectly, was interested in 3 per cent. or more of the Company's capital or voting rights:

Name of shareholder	***Number of Shares***	***Percentage of share capital (per cent.)***
African Resources Limited	1,440,076,040	65.1
Blackwill Trade Limited	117,730,632	5.3
Morstan Nominees Limited	114,625,000	5.9
State Street Nominees Limited	78,045,857	4.0

African Resources Limited is ultimately owned and controlled by the Assaubayev family. See "*Directors, Senior Managers and Corporate Governance—Conflicts of Interest*" and "*Risk Factors—Risks Relating to the Group's Business—The Assaubayev family indirectly holds the majority of voting rights in the Company, and its interests may conflict with the interests of investors*".

African Resources Limited does not have different voting rights to other shareholders of the Company.

Statutory auditors

The auditors of the Company for the years ended 31 December 2013 and 2012 have been BDO LLP, chartered accountants, whose registered address is at 55 Baker Street, London W1U 7EU. BDO LLP has audited the annual consolidated financial statements for the Company for years ended 31 December 2013 and 2012 which have been prepared in accordance with IFRS as adopted by the European Union.

The auditors of the Company for the year ended 31 December 2011 were Deloitte LLP, chartered accountants, whose registered address is at 2 New Street Square, London EC4A 3BZ. Deloitte LLP has audited the annual consolidated financial statements for the Company for the year ended 31 December 2010 which have been prepared in accordance with IFRS as adopted by the European Union.

No significant change

There has been no significant change in the financial or trading position of the Company since 30 June 2014, being the end of the last financial period of the Company for which historical financial information is included in "*Presentation of Financial Information*".

The Company affirms that as of the date of this Prospectus, no material changes have occurred since the date of the Competent Persons Report, the omission of which would make the Competent Persons Report misleading.

Litigation

Save as disclosed below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened and of which the Company is aware) which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Company's financial position of profitability.

In 2011, the Company was fined approximately £1.17 million for causing environmental damage due to a breach of one of its tailings dams. The Company was also ordered to clean up the damage caused by the breach at its own expense. During 2012, the Irtysh Ecology department of the Ministry of the Environment appealed the decision on the basis that the Company should pay greater fines amounting of $9.4 million (KZT 1,429,000,000) because the environmental damage could not be directly measured and an indirect measure of calculating the damage would be more accurate. In March 2014, the court rejected this argument on the basis that the damage was accurately measurable using the direct method and, as such, the appeal was dismissed. The court also ordered the Irtysh Ecology department of the Ministry of the Environment to meet the legal costs of the court amounting to KZT 137,000. Although there is a right to appeal within six months of the judgement, the Directors believe that the possibility of an appeal is remote.

Related Party Transactions

Save as disclosed below, in note 24 of the 2012 Audited Consolidated Financial Statements, in note 22 of the 2013 Audited Consolidated Financial Statements schedule to this Prospectus, and in note 7 of the HY 2014 Reviewed Consolidated Financial Statements there are no related party transactions that were entered into by the Company during the years ended 31 December 2013, 2012 and 2011, the six months ended 30 June 2014 and during the period from 30 June 2014 to the date of this Prospectus.

The Company is a party to a relationship agreement with African Resources Limited, the controlling shareholder of the Company. African Resources Limited is an entity ultimately beneficially owned and controlled by the Assaubayev Family. See "*Material Contracts—Relationship Agreement*".

Consents

Venmyn Deloitte (in its capacity as competent person) has given and has not withdrawn its written consent to the inclusion in this Prospectus of the Venmyn Deloitte Competent Persons' Report in "*Competent Persons' Report*" in the form and context in which it appears, and has authorised the contents of such parts of this Prospectus as comprise the Venmyn Deloitte Competent Persons' Report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

Miscellaneous

The Company confirms that all the third party information contained in this document has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where third party information has been used in this document, the source of such information has also been identified.

Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of the Company at 28 Ecclestone Square, London SW1V 1NZ:

(a) this Prospectus;

(b) the memorandum of association and the articles of association of the Company;

(c) the audited consolidated financial statements of the Company for the years ended 31 December 2013, 2012 and 2011, together with the related audit reports from the independent auditor, as set out in "*Presentation of Financial Information*";

(d) the unaudited interim consolidated financial statements of the Company for the six months period ended 30 June 2014, together with the related review report thereon, as set out in "*Presentation of Financial Information*"; and

(e) the report by Venmyn Deloitte set out in "*Competent Person's Report*".

DEFINITIONS AND GLOSSARY

"**adit**"	a horizontal, or nearly horizontal passage of a mine from the ground surface (commonly the side of a hill) for working the mine;
"**Admission**"	Admission to the Official List and unconditional trading on the London Stock Exchange;
"**adsorb**"	to attract and retain other material on the surface; to conduct the process of adsorption;
"**Ag**"	the chemical symbol for silver;
"**AKB**"	DTOO Altai Ken-Bayitu LLP;
"**Akmola Gold**"	Akmola Gold LLP;
"**alkali**"	a carbonate or hydroxide of an alkali metal, the aqueous solution of which is bitter, slippery, caustic, and characteristically basic in reactions;
"**assay**"	an analysis to determine the presence, absence, and quantity of one or more metallic components;
"**Au**"	the chemical symbol for gold;
"**breccia**"	rock composed of angular fragments, commonly coarse grained (grains over 5 mm across); may be sedimentary, igneous, tectonic, or supergene;
"**CIL**"	carbon-in-leach;
"**City Code**"	City Code on Takeovers and Mergers;
"**Code**"	UK Corporate Governance Code;
"**Companies Act**"	Companies Act 2006;
"**Company**"	Goldbridges Global Resources PLC;
"**Competent Authority**"	the competent governmental authority, which grants rights to explore and/or produce hard minerals, currently the MID or any of its legal successors;
"Competent Agency for Environmental Protection"	previously the MEWR, now expected to be the MID or the Ministry of Energy.
"**Competent Persons Report**"	the independent competent persons report on the Sekisovskoye gold project prepared by Venmyn Deloitte included in Schedule 2 to this Prospectus;
"**concentrate**"	a product containing valuable metal from which most of the waste material in the ore has been eliminated;
"Consent"	means the consent of the Competent Authority to the transfer of the subsoil use right;
"**cyanide**"	sodium cyanide (NaCN);
"default shares"	the shares comprising the shareholding account that failed to

	adequately respond to a S793 notice served by the Company;
"DGPS"	DTOO Gornorudnoe Predpriatie Sekisovskoye;
"diamond drill"	the machine for drilling holes in rocks to get cylindrical cores of rock for examination and chemical analyses; the cutting face of the drill bit is impregnated with diamonds which cut the rock when the bit is rotated; the core of rock is caught in a core barrel behind the bit; ground rock is flushed from the hole by water pumped down the drill rods; the water also cools the bit which heats up during drilling;
"diorite"	dark, granite-textured, crystalline rocks rich in plagioclase and having little quartz;
"dip"	the angle between the horizontal and a plane, measured at right angles to the strike;
"ductile"	plastic deformation; not brittle;
"EEA"	the European Economic Area;
"EBRD"	the European Bank for Reconstruction and Development;
"elution"	process of removing gold from the carbon by using a strong solution of caustic soda and cyanide;
"Environmental code"	The Environmental Code of the Republic of Kazakhstan (no. 212-III, dated 9 January 2007, as amended);
"EP"	An environmental permit granted under the Environmental Code;
"Euro"	Euro, the single currency of the participating Member States in the Third Stage of the European Economic and Monetary Union under the Treaty Establishing the European Community, as amended from time to time;
"Exchange Act"	the US Securities Exchange Act of 1934, as amended;
"FCA"	United Kingdom Financial Conduct Authority;
"feasibility study"	a comprehensive study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production;
"FSMA"	Financial Services and Markets Act 2000, as amended;
"FSU Classification"	former Soviet Union classification system for reserves and resources;
"g"	gramme;
"GDP"	gross domestic product;
"Geology Committee"	The MINT (now MID) Committee of Geology and Subsoil Use;
"gold doré "	an alloy that is produced after the first stage of the purification process, containing approximately 90 per cent. gold as well as metals such as silver or copper. It must be refined in order to

	achieve the levels of purity required to be traded on gold markets;
"**Government**"	the Government of the Republic of Kazakhstan;
"**grade**"	the amount of mineral in each tonne of ore;
"**Group**"	the Company, AKB, DGPS and Hambledon Mining Company Limited;
"**g/t**"	gramme/metric tonne;
"**GWS**"	goods, works and services;
"**HMRC**"	Her Majesty's Revenue and Customs;
"**IFRS**"	International Financial Reporting Standards;
"**igneous**"	refers to a rock formed by the cooling of molten material;
"**indicated**"	is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings, and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed;
"**inferred**"	is that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified, geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, and workings and drill holes which may be limited or of uncertain quality and reliability;
"**intrusive**"	rock which, while molten, penetrated into or between other rocks but solidified before reaching the surface;
"**Jenington**"	Jenington International Inc.,
"**JORC**"	the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves;
"**Kazakhstani Tenge**" or "**KZT**"	Kazakhstani Tenge, the lawful currency of Kazakhstan;
"**kg**"	kilogramme;
"**km**"	kilometre;
"**kWh**"	kilo watt hour;
"**l**"	litre;
"**Labour Code**"	"Labour Code of the Republic of Kazakhstan" (no.251-III ZRK, dated 15 May 2007, as amended);

"**LBMA**"	London Bullion Market Association;
"**leach**"	to dissolve minerals or metals out of ore with chemicals;
"**LIBOR**"	London Interbank Offered Rate;
"Licensing law"	the Law of the Republic of Kazakhstan "On Licencing" (no. 214-III, dated 11 January 2007, as amended);
"**Listing Rules**"	the listing rules of the FCA made under Part VI of the FSMA;
"**London Stock Exchange**"	London Stock Exchange plc;
"**m**"	metre;
"**measured**"	is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity;
"**metallurgical**" or "**metallurgy**"	describing the science concerned with the production, purification and properties of metals and their application;
"MEWR"	the Ministry of Environment and Water Resources of the Republic of Kazakhstan;
"**mineralisation**"	refers to the presence of a mineral of economic interest in a rock;
"**mineral resource**"	a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral resources are sub-divided, in order of increasing geological confidence, into inferred, indicated and measured categories;
"**mm**"	millimetre;
"**MID**"	Ministry of Investments and Development of the Republic of Kazakhstan;
"MINT"	the Ministry of Industry and New Technologies of the Republic of Kazakhstan
"**Model Code**"	the model code for directors' dealings contained in the Listing Rules;
"Model contracts"	the model clauses to be included in subsoil use contracts as approved by the Government Resolution no. 1412, dated 25 December 2010;
"**Moz**"	million Troy ounces;
"**Mt**"	million metric tonnes;
	the Law of the Republic of Kazakhstan "On Permits and

"New Licensing Law"	Notices", which will become effective on November 21, 2014;
"NBK"	the National Bank of the Republic of Kazakhstan;
"Objects"	objects related to a subsoil use right, which are participatory interests (shares, securities confirming title to shares, securities convertible into shares) in a legal entity holding the subsoil use right, as well as a legal entity which may directly and/or indirectly determine and/or influence decisions adopted by a subsoil user if the principal activity of such entity is related to subsoil use in the State;
"Official List"	the official list of the FCA;
"Ognevka"	TOO Ognevka;
"Old Subsoil Law"	the subsoil use law replaced by the Law of the Republic of Kazakhstan "On Subsoil and Subsoil Use" (no. 2828, dated 27 January 1996, as amended);
"open pit"	mine workings for ores open to the surface, a pit; like a quarry for stone;
"Order"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005;
"ore reserve"	is the economically mineable part of a measured and/or indicated mineral resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore reserves are sub-divided in order of increasing confidence into probable ore reserves and proved ore reserves;
"oz"	Troy ounce (used for precious metals);
"probable"	is the economically mineable part of an Indicated, and in some circumstances, a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified;
"Prospectus Directive"	Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive to the extent implemented in a Relevant Member State);
"Prospectus Rules"	the prospectus rules of the FCA made under section 73A of the FSMA;
"proven"	is the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal,

	environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified;
"PSA"	production sharing agreement;
"pyrite"	iron sulphide (FeS_2) mineral;
"Qualified Investors"	qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (including any relevant implementing measure in each relevant member state of the EEA);
"quartz"	commonly referred to as $Si0_2$; silicon dioxide; and is very common mineral in rocks; occurs also as veins, and stockworks;
"Relationship Agreement"	the relationship agreement entered into by and between African Resources Limited and the Company on 2 November 2012, as amended to take effect on or around the date of Admission;
"Relevant Member State"	each Member State of the European Economic Area that has implemented the Prospectus Directive;
"RIS"	regulatory information service;
"SDRT"	stamp duty and stamp duty reserve tax;
"sedimentary"	a rock formed from cemented or compacted sediments;
"sediments"	the debris resulting from the weathering and breakup of pre-existing rocks;
"SFIID"	State Program on Forced Industrial-Innovative Development.
"Shares"	ordinary shares with a par value £0.001 each in the share capital of the Company;
"silver doré "	crude silver containing a small amount of gold, obtained after removing lead in a cupelling furnace;
"State"	the Republic of Kazakhstan;
"State's Pre-Emptive Right"	the State's has pre-emptive right, pursuant to the Subsoil Use Law, to acquire all or part of a subsoil use right alienated by a subsoil user and the Objects;
"State Reserves Commission"	the State Commission for the Mineral Reserves of the Republic of Kazakhstan;
"stockworks"	refers to mineralised veining, multiple-veined, at first sight irregularly, with many veins and vein lets in a host rock;
"Subsoil Use Law"	Law of the Republic of Kazakhstan "On Subsoil and Subsoil Use" (no. 291-IV, dated 24 June 2010);
"strike"	the bearing of a horizontal line in a planar geological feature;
"sulphide"	a mineral compound in which one or more metals are found in combination with sulphur;
"t"	metric tonne (1000 kg);

"**tailings**"	refers to finely ground effluent rock waste from ore treatment plant, in aqueous suspension as it leaves the plant; pumped to large containments where treatment water is recovered, and the tailings dry out;
"**Tailings Dam Litgation**"	litigation in which the Group was fined approximately £1.17 million in 2011 for causing environmental damage due to a breach of one of its tailings dams;
"**US dollars**", "**US$**" or "**$**"	United States dollars, the lawful currency of the United States of America;
"Waiver"	a waiver from the State's pre-emptive right in any transfer of a subsoil use contract; and
"WUP"	a water use permit.

Conversions

"**1 inch**"	254 mm (exact); and
"**1 Troy ounce** "	31.103477 g.

SCHEDULE 1 - INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The HY 2014 Reviewed Consolidated Financial Statements

The 2013 Audited Consolidated Financial Statements

The 2012 Audited Consolidated Financial Statements

The 2011 Audited Consolidated Financial Statements

SCHEDULE 2 - COMPETENT PERSONS REPORT

Printed by Goldbridges Global Resources PLC

SCHEDULE 1A – THE HY 2014 REVIEWED CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT REVIEW REPORT
FOR THE PERIOD ENDED 30 JUNE 2014
INDEPENDENT REVIEW REPORT TO GOLDBRIDGES GLOBAL RESOURCES PLC

Introduction

We have been engaged by the Company to review the consolidated financial information in the interim financial report for the six months ended 30 June 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes.

We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the consolidated financial information.

Directors' responsibilities

The interim financial report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim financial report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the interim financial report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the consolidated financial information in the interim financial report based on our review.

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial information in the interim financial report for the six months ended 30 June 2014 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

Emphasis of Matter – Carrying value of Intangible Assets

In forming our review conclusion, which is not modified, we have considered the adequacy of the disclosures in note 3 to the financial statements concerning the outcome of the licence application at Karasuyskoye. During 2013, the Group acquired the geological data at Karasuyskoye for $27.5m and has applied for but not yet been granted a mining licence over this area. In the event that the licence is granted to another party, the Group would need to negotiate the sale of the data to the successful applicant which may be at a lower value than the carrying value. The ultimate outcome of this matter cannot presently be determined.

BDO LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

30 September 2014

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

GOLDBRIDGES GLOBAL RESOURCES PLC
Consolidated income statement

	Note	**Six months ended 30 June 2014 (unaudited) US$'000**	Six months ended 30 June 2013 (unaudited) US$'000	Year ended 31 December 2013 (audited) US$'000
Revenue		**16,683**	20,014	42,395
Cost of sales		**(11,593)**	(15,877)	(32,076)
Gross profit		**5,090**	4,137	10,319
Other operating income	7	**1,162**	-	-
Administrative expenses		**(3,286)**	(6,223)	(16,475)
Tailings dam leak		**300**	-	9,252
Operating profit/(loss)		**3,266**	(2,086)	3,096
Finance income		**4**	1	1
Foreign exchange (loss)/gain		**(368)**	192	(413)
Finance Expense		**(229)**	(365)	(1,515)
Profit/(loss) before taxation		**2,673**	(2,258)	1,169
Taxation credit/(charge)		**1,173**	(79)	358
Profit/(loss) attributable to equity shareholders		**3,846**	(2,337)	1,527
Profit/(loss) per ordinary share				
Basic & diluted (US cent)	2	**0.19**	(0.24)	0.15

The notes on pages 17 to 23 form part of this financial information

GOLDBRIDGES GLOBAL RESOURCES PLC
Consolidated statement of comprehensive income

	Six months ended 30 June 2014 (unaudited) US$000	Six months ended 30 June 2013 (unaudited) US$000	Year ended 31 December 2013 (audited) US$000
Profit/(loss) for the period/year	**3,846**	(2,337)	1,527
Currency translation differences arising on translations of foreign operations items which will or may be reclassified to profit or loss	**(6,295)**	(1,001)	(763)
Total comprehensive income/(loss) for the period/year attributable to equity shareholders	(2,449)	(3,338)	764

The notes on pages 17 to 23 form part of this financial information

GOLDBRIDGES GLOBAL RESOURCES PLC
Consolidated statement of financial position

	Notes	Six months ended 30 June 2014 (unaudited) US$'000	Six months ended 30 June 2013 (unaudited) US$'000	Year ended 31 December 2013 (audited) US$'000
Non-current assets				
Intangible asset	3	**23,633**	-	27,157
Property, plant and equipment	4	**52,721**	42,052	44,357
Trade and other receivables		**3,040**	485	381
Deferred tax asset		**2,059**	344	1,145
Restricted cash		**253**	306	301
		81,706	43,187	73,341
Current assets				
Inventories		**6,913**	10,449	9,354
Trade and other receivables		**8,475**	11,798	5,446
Cash and cash equivalents		**18,514**	1,264	2,067
		33,902	23,511	16,867
Total assets		**115,608**	66,698	90,208
Current liabilities				
Current tax payable		**(470)**	-	(558)
Trade and other payables		**(19,352)**	(11,903)	(11,512)
Other financial liabilities		**(351)**	(229)	(239)
Provisions		**(363)**	(10,714)	(647)
Borrowings		**(1,666)**	(10,000)	(894)
		(22,202)	(32,846)	(13,850)
Net current assets/(liabilities)		**11,700**	(9,335)	3,017
Non-current liabilities				
Other financial liabilities		**(963)**	(1,322)	(1,287)
Provisions		**(5,486)**	(6,566)	(6,705)
Borrowings		**(8,333)**	-	(10,000)
		(14,782)	(7,888)	(17,992)
Total liabilities		**(36,984)**	(40,734)	(31,842)
Net assets		**78,624**	25,964	58,366
Equity				
Called-up share capital	5	**3,702**	1,684	2,635
Share premium		**137,234**	88,245	115,594
Merger reserve		**(282)**	(282)	(282)
Currency translation reserve		**(15,136)**	(9,079)	(8,841)
Accumulated loss		**(46,894)**	(54,604)	(50,740)
Total equity		**78,624**	25,964	58,366

The financial information was approved and authorised for issue by the Board of Directors on 30 September 2014 and was signed on its behalf by:

Aidar Assaubayev
Chief Executive Officer
The notes on pages 17 to 23 form part of this financial information

GOLDBRIDGES GLOBAL RESOURCES PLC
Consolidated Statement of changes in equity

For the six months ended 30 June 2014

Unaudited	Share capital US$'000	Share premium US$'000	Merger reserve US'000	Cumulative translation reserve US$'000	Retained deficit US$'000	Total US$'000
At 1 January 2014	2,635	115,594	(282)	(8,841)	(50,740)	58,366
Profit for the period	-	-	-	-	3,846	3,846
Exchange differences on translating foreign operations	-	-	-	(6,295)	-	(6,295)
Total comprehensive loss for the period	-	-	-	**(6,295)**	**3,846**	**(2,449)**
Shares issued	1,067	22,094	-	-	-	23,161
Issue costs	-	(454)	-	-	-	(454)
At 30 June 2014	**3,702**	**137,234**	**(282)**	**(15,136)**	**(46,894)**	**78,624**

For the six months ended 30 June 2013

Unaudited	Share capital US$'000	Share premium US$'000	Merger reserve US'000	Cumulative translation reserve US$'000	Retained deficit US$'000	Total US$'000
At 1 January 2013	1,684	88,245	(282)	(8,078)	(52,267)	29,302
Loss for the period	-	-	-	-	(2,337)	(2,337)
Exchange differences on translating foreign operations	-	-	-	(1,001)	-	(1,001)
Total comprehensive loss for the period	-	-	-	(1,001)	(2,337)	(3,338)
At 30 June 2013	1,684	88,245	(282)	(9,079)	(54,604)	25,964

For the year ended 31 December 2013

Audited	Share capital $'000	Share premium $'000	Merger reserve $'000	Cumulative translation reserve $'000	Retained deficit $'000	Total $'000
At 1 January 2013	1,684	88,245	(282)	(8,078)	(52,267)	29,302
Profit for the year	-	-	-	-	1,527	1,527
Exchange differences on translating foreign operations	-	-	-	(763)	-	(763)
Total comprehensive income for the year	-	-	-	(763)	1,527	764
Shares issued	951	27,590	-	-	-	28,541
Issue costs	-	(241)	-	-	-	(241)
At 31 December 2013	2,635	115,594	(282)	(8,841)	(50,740)	58,366

The notes on pages 17 to 23 form part of this financial information

GOLDBRIDGES GLOBAL RESOURCES PLC
Consolidated cash flow statement

	Note	**Six months ended 30 June 2014 (unaudited) US$'000**	Six months ended 30 June 2013 (unaudited) US$'000	Year ended 31 December 2013 (audited) US$'000
Net cash (outflow)/inflow from operating activities	8	**(833)**	2,845	7,304
Investing activities				
Interest received		**-**	-	1
Proceeds on disposals of property, plant and equipment		**577**	29	-
Purchase of property, plant and equipment		**(5,639)**	(3,720)	(7,471)
Prepayment for non-current assets		**-**	(65)	-
Restricted cash		**-**	(78)	-
Net cash used in investing activities		**(5,062)**	(3,834)	(7,470)
Financing activities				
Proceeds on issue of shares		**23,162**	-	-
Share issue costs		**(455)**	-	(241)
Loan from related party		**-**	-	894
Interest paid		**(365)**	(362)	(924)
Net cash flow from financing activities		**22,342**	(362)	(271)
Increase/(Decrease) in cash and cash equivalents		**16,447**	(1,351)	(437)
Cash and cash equivalents at the beginning of the year		**2,067**	2,504	2,504
Effect of foreign exchange rate movements		**-**	111	-
Cash and cash equivalents at the end of the period		**18,514**	1,264	2,067

The notes on pages 17 to 23 form part of this financial information

1. Basis of preparation

GoldBridges Global Resources Plc is registered and domiciled in England and Wales.

The interim financial results for the period ended 30 June 2014 are unaudited. The financial information contained within this report does not constitute statutory accounts as defined by Section 434(3) of the Companies Act 2006.

This interim financial information of the Company and its subsidiaries ("the Group") for the six months ended 30 June 2014 has been prepared on a basis consistent with the accounting policies set out in the Group's consolidated annual financial statements for the year ended 31 December 2013. It has not been audited, does not include all of the information required for full annual financial statements, and should be read in conjunction with the Group's consolidated annual financial statements for the year ended 31 December 2013. The 2013 annual report and accounts, as filed with the Registrar of Companies, received an unqualified opinion from the auditors, but did draw attention to the carrying value of the intangible assets by way of emphasis, it did not contain a statement under section 498 (2) or 498 (3) of the Companies Act 2006.. As permitted, the Group has chosen not to adopt IAS 34 'Interim Financial Reporting'.

The financial information is presented in US Dollars and has been prepared under the historical cost convention.

The same accounting policies, presentation and method of computation are followed in this consolidated financial information as were applied in the Group's latest annual financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these have had a material impact on the Group.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these will have a material impact on the Group.

Going concern

The Group's operations are cash generative and the current cash position is sufficient to cover ongoing operating and administrative expenditure for the next 12 months.

During the period the Company secured an additional US$22m equity investment. The Directors consider this together with income from the Group's producing assets to be sufficient to cover the expenses of running the Group's business for the foreseeable future. They have therefore adopted the going concern basis in the preparation of these financial statements.

2. Profit/(loss) per ordinary share

Basic profit/(loss) per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The calculation of basic and diluted earnings per share is based upon the retained profit for the financial.

The weighted average number of ordinary shares for calculating the basic profit/(loss) per share and diluted loss per share for the period are as follows:

	Six months ended 30 June 2014	Six months ended 30 June 2012	Year ended 31 December 2013
	(unaudited)	(unaudited)	(audited)
The basic weighted average number of ordinary shares in issue during the period	**2,038,802,240**	979,721,513	1,003,707,088
The profit/(loss) for the period attributable to equity shareholders (US$'000s)	**3,846**	(2,337)	1,527

There are no dilutive instruments.

3. Intangible assets

	US$'000
Cost	
1 January 2013	-
Additions	-
30 June 2013	-
Additions	27,500
31 December 2013	27,500
Adjustments*	(2,946)
30 June 2014	24,554
Accumulated amortisation	
1 January 2013	-
Charge for the period	-
30 June 2013	-
Charge for the period	343
31 December 2013	343
Charge for the period	578
30 June 2014	921
30 June 2013	-
31 December 2013	27,157
30 June 2014	**23,633**

The intangible asset relates to the historic geological information pertaining to the Karasuyskoye ore fields, purchased by the Group in 2013.

The value of the geological data purchased is in the opinion of the Directors the value that would have been incurred if the drilling had been undertaken by a third party (or internally). The Directors have taken the view that a 20 year write off is appropriate in relation to the absorption of the cost. The Group is in the process of obtaining the mining rights in relation to the area covered by the data.

However, the licencing tender process has not yet been completed and there is no guarantee that the licence will be granted. In the event that the licence is not granted, the Group would seek to negotiate a disposal of the asset to the successful licence applicant.

* The adjustment relates to the recovery of VAT reclaimable on the purchase price of the geological data, as agreed with the tax authorities in Kazakhstan in the current period. The VAT is recoverable by way of set off against the VAT liabilities accruing on a quarterly basis by Sekisovskoye, full recovery is expected over a period of approximately two years.

4. Property, plant and equipment

	Mining properties and leases US$000	Freehold land and buildings US$000	Equipment, fixtures and fittings US$000	Plant, machinery and vehicles US$000	Assets under construction US$000	Total US$000
Cost						
1 January 2013	10,401	16,980	15,165	7,352	12,494	62,392
Additions	141	-	926	692	1,961	3,720
Disposals	-	(36)	(22)	-	-	(58)
Currency translation adjustment	(46)	(105)	(102)	(51)	(97)	(401)
30 June 2013	10,496	16,839	15,967	7,993	14,358	65,653
Additions	327	11	308	274	5,374	6,294
Disposals	–	(83)	(120)	(8)	(8)	(219)
Currency translation adjustment	(141)	(273)	(228)	(127)	(300)	(1,069)
31 December 2013	10,682	16,494	15,927	8,132	19,424	70,659
Additions	603	-	4,456	-	13,471	18,530
Disposals	–	(569)	(59)	-	-	(628)
Currency translation adjustment	(1,537)	(2,714)	(2,796)	(1,040)	(3,503)	(11,590)
30 June 2014	**9,748**	**13,211**	**17,528**	**7,092**	**29,392**	**76,971**
Accumulated depreciation						
1 January 2013	2,983	3,937	10,335	4,323	–	21,578
Charge for the period	300	828	428	616	–	2,172
Disposals	-	-	-	-	–	-
Currency translation adjustment	(21)	(26)	(34)	(68)	–	(149)
30 June 2013	3,262	4,739	10,729	4,871	–	23,601
Charge for the period	347	858	1,602	248	–	3,055
Disposals	–	(5)	(91)	(30)	–	(126)
Currency translation adjustment	(57)	(91)	(66)	(14)	–	(228)
31 December 2013	3,552	5,501	12,174	5,075	–	26,302
Charge for the period	280	618	999	364	–	2,261
Disposals	-	(62)	-	-	–	(62)
Currency translation adjustment	(573)	(897)	(1,960)	(821)	–	(4,251)
30 June 2014	**3,259**	**5,160**	**11,213**	**4,618**	**–**	**24,250**
Net Book Values						
1 January 2013	7,418	13,043	4,830	3,029	12,494	40,814
30 June 2013	7,234	12,100	5,238	3,122	14,358	42,052
31 December 2013	7,130	10,993	3,753	3,057	19,424	44,357
30 June 2014	**6,489**	**8,051**	**6,315**	**2,474**	**29,392**	**52,721**

The additions in the period principally relate the continuing works associated with the underground mine in relation to development of the declines, ventilation shafts and other associated works.

5. Share capital

	Number	US$000
1 January 2013	**979,721,513**	**1,684**
Issued during the year		
Conversion of convertible loan notes	583,648,617	951
31 December 2013	**1,563,370,130**	**2,635**
Issued during the year		
Share placement	647,972,000	1,067
30 June 2014	**2,211,342,130**	**3,702**

On 10 January 2014 there was a placing of 97,972,000 new Ordinary Shares at a price of 1.975 pence per Ordinary Share. On 28 February 2014 there was a placing of 550,000,000 shares at a price of 2.175 pence per Ordinary Share. The net proceeds of both placings will be used for general working capital purposes and will form part of the funding to enable the Company to develop the underground mine at Sekisovskoye.

6. Reserves

A description and purpose of reserves is given below:

Reserve	**Description and purpose**
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger Reserve	Reserve created on application of merger accounting under a previous GAAP.
Currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Other reserves	Fair value of share options granted net of amounts transferred to retained earnings on exercise or lapse of options.
Accumulated losses	Cumulative net gains and losses recognised in the consolidate statement of financial position.

7. Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 - "Related Party Disclosures".

	Six months ended 30 June 2014	Six months ended 30 June 2013	Year to December 2013
	US$	US$	US$
Short term employee benefits	**135,165**	195,311	292,612
Other	-	16,637	16,637
	135,165	211,948	309,249
Social security costs	**7,581**	19,915	19,915
	142,746	231,863	329,164

During the period ended 30 June 2014, US$Nil (H1 2013:US$Nil, YE 2013:US$7,974) has been accrued to Ellenkay Gold Ltd for the provision of services by Ken Crichton.

During the year the following transactions were connected with the Company's controlled by the Assaubayev family:

- An interest free loan was made to GoldBridges Global Resources Plc, by Amrita Investments Limited to pay certain creditors in the year ended 31 December 2013. This amounted to US$149,000 and was repaid during the current period.

- An amount of 138m Tenge paid during the year ended 2013 by Asia Mining Group ("AMG"), has been offset against total sales to AMG of US$1.2m (being 202m Tenge) during the period. The sale by the Group of parts and consumables were on normal commercial terms.

8. Notes to the cash flow statement

Net cash(outflow)/inflow from operating activities

	Six months ended 30 June 2014 (unaudited) US$000's	Six months ended 30 June 2013 (unaudited) US$000's	Year ended ended 31 December 2013 (audited) US $000's
Profit/(loss) before taxation	**2,673**	(2,258)	1,169
Adjusted for:			
Finance income	**(4)**	(1)	(1)
Finance expense	**229**	365	1,515
Depreciation of tangible fixed assets	**2,261**	2,172	5,224
Amortisation of intangibles	**578**	-	343
Change in provisions	**(284)**	(43)	(9,252)
Decrease in inventories	**2,441**	2,930	4,025
Increase in trade and other receivables	**(3,224)**	(7,637)	(1,594)
Decrease in other financial liabilities	**(182)**	(10)	(36)
(Decrease)/increase in trade and other payables	**(5,610)**	8,076	5,208
(Profit)/loss on disposal of property, plant and equipment	**(17)**	7	151
Foreign currency translation	**306**	(756)	576
Cash inflow from operations	**(833)**	2,845	7,328
Income taxes paid	**-**	-	(24)
	(833)	2,845	7,304

9. Events after the balance sheet date

There were no significant transactions after the reporting date.

SCHEDULE 1B – THE 2013 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report to the members of GoldBridges Global Resources plc

We have audited the financial statements of GoldBridges Global Resources Plc (formerly Hambledon Mining Plc) for the year ended 31 December 2013 which comprise the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the Company statement of financial position, the consolidated statement of changes in equity, the Company statement of changes in equity, the consolidated statement of cash flows, the Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of Directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Carrying value of intangible assets

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in notes 4 and 14 to the financial statements concerning the outcome of the licence tendering process at Karasuyskoye field. During the year, the Group acquired the geological data at Karasuyskoye for US$27.5 million and has applied for but not yet been granted a mining licence over this area. In the event that the licence is granted to another party, the Group would need to negotiate the sale of the data to the successful applicant which may be at a lower value than the carrying value. The ultimate outcome of this matter cannot be presently determined.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and Directors' reports 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.

Scott Knight (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
19 June 2014

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

Consolidated statement of profit or loss
year ended 31 December 2013

	Notes	2013 US$000	Reclassified 2012 US$000
Revenue	5	42,395	38,913
Cost of sales		(32,076)	(30,519)
Impairment of inventory	18	–	(5,638)
Gross profit		10,319	2,756
Administrative expenses		(16,475)	(9,464)
Impairment – Akmola investment		–	(3,553)
Tailings dam leak	9	9,252	(10,261)
Operating profit/(loss)		3,096	(20,522)
Finance income	10	1	244
Foreign exchange loss	10	(413)	(240)
Finance expense	10	(1,515)	(885)
Profit/(loss) before taxation	11	1,169	(21,403)
Taxation credit/(charge)	12	358	(740)
Profit/(loss) attributable to equity holders of the parent		1,527	(22,143)
Profit/(loss) per ordinary share	13		
Basic & Diluted		0.15c	(2.36)c

Consolidated statement of profit or loss and other comprehensive income
year ended 31 December 2013

	2013 US$000	2012 US$000
Profit/(loss) for the year	1,527	(22,143)
Currency translation differences arising on translations of foreign operations items which will or may be reclassified to profit or loss	(763)	(1,257)
Total comprehensive income/(loss) attributable to equity holders of the parent	764	(23,400)

The accompanying notes are an integral part of these financial statements.

Consolidated statement of financial position
year ended 31 December 2013

Company number 5048549	Notes	2013 US$000	2012 US$000
Non-current assets			
Intangible assets	14	27,157	–
Property, plant and equipment	16	44,357	40,814
Trade and other receivables	19	381	421
Deferred tax asset	25	1,145	556
Restricted cash	23	301	384
		73,341	42,175
Current assets			
Inventories	18	9,354	13,379
Trade and other receivables	19	5,446	4,288
Cash and cash equivalents		2,067	2,504
		16,867	20,171
Total Assets		90,208	62,346
Current Liabilities			
Trade and other payables	20	(11,512)	(3,762)
Other financial liabilities	21	(239)	(229)
Current tax payable		(558)	(332)
Provisions	23	(647)	(10,774)
Borrowings	24	(894)	(10,065)
		(13,850)	(25,162)
Net current assets/liabilities		3,017	(4,991)
Non-current liabilities			
Other financial liabilities	21	(1,287)	(1,333)
Provisions	23	(6,705)	(6,549)
Borrowings	24	(10,000)	–
		(17,992)	(7,882)
Total liabilities		(31,842)	(33,044)
Net assets		58,366	29,302
Equity			
Share capital	26	2,635	1,684
Share premium		115,594	88,245
Merger reserve		(282)	(282)
Currency translation reserve		(8,841)	(8,078)
Accumulated losses		(50,740)	(52,267)
Total equity		58,366	29,302

The financial statements were approved by the Board of Directors on 19 June 2014 and signed on its behalf by

Aidar Assaubayev
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements.

Company statement of financial position
31 December 2013

Company number 5048549	Notes	2013 US$000	Restated 2012 US$000	Restated 2011 US$000
Non current assets				
Property, plant and equipment	15	73	–	569
Investments	17	251	246	769
Loans to subsidiaries	17	54,850	27,137	60,478
		55,174	27,383	61,816
Current assets				
Other receivables	19	48	327	3,237
Cash and cash equivalents		12	1,764	1,382
		60	2,091	4,619
Total assets		55,234	29,474	66,435
Current liabilities				
Trade and other payables	20	(1,409)	(323)	(565)
Net current assets		(1,349)	1,768	4,054
Net assets		53,825	29,151	65,870
Equity				
Share capital	26	2,635	1,684	1,310
Share premium		115,594	88,245	76,914
Currency translation reserve		(7,387)	(8,353)	(11,352)
Accumulated losses		(57,017)	(52,425)	(1,002)
Total equity		53,825	29,151	65,870

The financial statements were approved by the Board of Directors on 19 June 2014 and signed on its behalf by

Aidar Assaubayev
Chief Executive Officer

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
year ended 31 December 2013

	Share Capital US$000	Share Premium US$000	Merger Reserve US$000	Other Reserves US$000	Currency Translation Reserve US$000	Accumulated Losses US$000	Total US$000
1 January 2012	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997
Loss for the year	–	–	–	–	–	(22,143)	(22,143)
Other comprehensive loss	–	–	–	–	(1,257)	–	(1,257)
Total comprehensive loss	–	–	–	–	(1,257)	(22,143)	(23,400)
Lapsed share options	–	–	–	(535)	–	535	–
Shares issued (note 26)	374	11,862	–	–	–	–	12,236
Issue costs	–	(531)	–	–	–	–	(531)
31 December 2012	1,684	88,245	(282)	–	(8,078)	(52,267)	29,302
Profit for the year	–	–	–	–	–	1,527	1,527
Other comprehensive loss	–	–	–	–	(763)	–	(763)
Total comprehensive loss	–	–	–	–	(763)	1,527	764
Shares issued on conversion of loan notes (note 26)	951	27,590	–	–	–	–	28,541
Issue costs	–	(241)	–	–	–	–	(241)
31 December 2013	2,635	115,594	(282)	–	(8,841)	(50,740)	58,366

The accompanying notes are an integral part of these consolidated financial statements.

Reserve	**Description**
Share Capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share Premium	Amount subscribed for share capital in excess of nominal value.
Merger Reserve	Reserve created on application of merger accounting under a previous GAAP.
Currency Translation Reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Other reserves	Fair value of share options granted net of amounts transferred to retained earnings on exercise or lapse of the options.
Accumulated losses	Cumulative net gains and losses recognised in the consolidated statement of financial position.

Company statement of changes in equity
year ended 31 December 2013

	Notes	Share Capital US$000	Share Premium US$000	Currency Translation Reserve US$000	Accumulated losses US$000	Total US$000
1 January 2012 (Restated)		1,310	76,914	(11,352)	(1,002)	65,870
Loss for the year		–	–	–	(51,423)	(51,423)
Other comprehensive income				2,999	–	2,999
Total comprehensive loss		–	–	2,999	(51,425)	(48,424)
Shares issued (Note 26)	11	374	11,862	–	–	12,236
Issue costs	11	–	(531)	–	–	(531)
31 December 2012 (Restated)		1,684	88,245	(8,353)	(52,425)	29,151
Loss for the year		–	–	–	(4,592)	(4,592)
Other comprehensive income		–	–	966	–	966
Total comprehensive loss		–	–	966	(4,592)	3,626
Shares issued on conversion of loan notes (Note 26)	11	951	27,590	–	–	28,541
Issue costs			(241)			(241)
31 December 2013		2,635	115,594	(7,387)	(57,017)	53,825

The accompanying notes are an integral part of these company financial statements.

Reserve	Description
Share Capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share Premium	Amount subscribed for share capital in excess of nominal value.
Currency Translation Reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Accumulated losses	Cumulative net gains and losses recognised in the consolidated statement of financial position.

Consolidated statement of cashflows
year ended 31 December 2013

	Notes	2013 US$000	2012 US$000
Net cash inflow/(outflow) from operating activities	27	7,304	(9,941)
Investing activities			
Interest received		1	31
Proceeds on disposal of property, plant and equipment		–	416
Purchase of property, plant and equipment		(7,471)	(10,469)
Akmola Gold advances and prepayment fees		–	(656)
Proceeds from Ognevka liquidation		–	1,500
Restricted cash		–	(145)
Net cash used in investing activities		(7,470)	(9,323)
Financing activities			
Proceeds on issue of shares		–	12,236
Issue costs		(241)	(531)
Drawdown of bank loans	24	–	10,065
Loan from related party		894	–
Interest paid		(924)	(765)
Repayment of bank loans		–	(1,000)
Net cash inflow from financing activities		(271)	20,005
Increase in cash and cash equivalents		(437)	741
Cash and cash equivalents at beginning of the year		2,504	1,763
Cash and cash equivalents at end of the year		2,067	2,504

The accompanying notes are an integral part of these consolidated financial statements.

Company statement of cashflows
year ended 31 December 2013

	Notes	2013 US$000	2012 US$000
Net cash outflow from operating activities	27	(1,888)	(3,612)
Investing activities			
Purchase of property, plant and equipment		(85)	–
Akmola Gold advances and prepayment of fees		–	(656)
Proceeds from Ognevka liquidation		–	1,500
Net receipts/(loans) to subsidiaries interest received		462	(8,617)
Net cash used in investing activities		377	(7,773)
Financing activities			
Proceeds on issue of shares		–	12,236
Expenses on issue of shares		(241)	(531)
Net cash inflow from financing activities		(241)	11,705
Increase/(Decrease) in cash and cash equivalents		(1,752)	320
Cash and cash equivalents at beginning of the year		1,764	1,444
Cash and cash equivalents at the end of the year		12	1,764

The accompanying notes are integral part of these company financial statements.

Notes to the Group financial statements
year ended 31 December 2013

1 General information

GoldBridges Global Resources Plc (the “Company”) is a Company incorporated in England and Wales under the Companies Act 2006. In January 2014 the Company changed its name from Hambledon Mining PLC to Goldbridges Global Resources PLC. The address of its registered office, and place of business of the Company and the subsidiaries (the “Group”) is set out within the Company information on page 49 of this annual report. The principal activities of the Group and Company are set out on page 13 and, the strategic review within this annual report.

2 Basis of preparation

The annual report is for the year ended 31 December 2013 and includes the consolidated and parent company financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union. The financial statements have been prepared using accounting policies set out in notes 3 and 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union. The financial statements have been prepared under the historical cost convention and on a going concern basis.

Restatement

The Directors have elected to present for the first time the Company’s financial statements in US Dollars in order to make them comparable to the Group financial statements and the financial statements of its peers. This is a change from prior years when the financial statements were presented in Pound Sterling. The change represents a change in accounting policy and has been applied retrospectively.

Re-classification

The comparative figures within statement of consolidated profit or loss between cost of sales and administrative expenses have been re-analysed as the Directors are of the opinion that this gives a fairer and more comparable presentation of the results.

The preparation of the financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires the Group’s management to exercise judgement in applying the Group’s and Company’s accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The parent Company’s loss for the year was US$4,592,000 (2012: US$51,423,000).

Going Concern

The Group’s operations are cash generative and the current cash position is sufficient to cover ongoing operating and administrative expenditure for the next 12 months.

As part of the strategic plan the Group are planning to build two underground shafts in order to exploit the underground resources in a more cost effective approach. The project is due to commence in 2015, and at present the detailed planning is being undertaken.

On 10 January 2014 and 28 February 2014 the Company completed two successful share placings raising gross proceeds of US$23 million (£13.89 million). This provides additional working capital to the Group and also provides the initial capital required to progress the Group’s capital enhancement plans.

The Directors anticipate that whilst the Group may seek to raise further finance in the future, it now has access to sufficient funding for its immediate needs. The Group expects to have sufficient cash flow from its forecast production to finance its ongoing operational requirements and to, at least in part, fund the future capital requirements of the Group.

On this basis the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Notes to the Group financial statements
year ended 31 December 2013

3 Adoption of new and revised standards

A number of new standards and amendments to existing standards and interpretations were applicable from 1 January 2013. The adoption of these amendments did not have a material impact on the Group's financial statements for the year ended 31 December 2013.

The following standards and interpretations are not yet effective and have not been early adopted.

	Effective period commencing on or after
IFRS 10 – Consolidated Financial Statements	1 January 2014
IFRS 11 – Joint Arrangements	1 January 2014
IFRS 12 – Disclosure of Interests in other entities	1 January 2014
IAS 27 – Separate financial statements (Amendment 2011)	1 January 2014
IAS 28 – Investments in associates and joint ventures (Amendment 2011)	1 January 2014
IAS 32 – Offsetting financial assets and financial liabilities (Amendment)	1 January 2014
IAS 36 – Recoverable amounts disclosures for non-financial assets (Amendment)	1 January 2014
IAS 39 – Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRS 9 – Financial Instruments	TBC
IAS 19 – Defined benefit plans: Employee contributions (Amendment)	1 January 2014*
IFRIC 21 – Interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets on the accounting for levies imposed by governments	1 January 2014*
Annual improvements to IFRSs – 2010-2012 Cycle	1 January 2014*
Annual improvements to IFRSs – 2011-2013 Cycle	1 January 2014*

* Not yet endorsed by the EU.

The Group is evaluating the impact of the above pronouncements but they are not expected to have a material impact on the Group's earnings or shareholders' funds.

4 Accounting policies

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all its subsidiary undertakings. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of are consolidated for the periods from or to the date on which control is passed. Control is achieved where the Company has the power to govern the financial and operating policies of an entity in which it has invested so as to obtain benefits from its activities. The acquisition of subsidiaries which meet the definition of a business are accounted for using the acquisition method of accounting for business combinations in accordance with IFRS3 'Business Combinations'.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

The Group's revenue is generated entirely from the sale of the gold and silver ("Precious Metal") content of gold doré. Gold doré is delivered to a precious metal refiner. Following its refining, the Precious Metal may be sold to the refiner, shipped to a third party customer or credited to the Group's precious metal accounts maintained with the refiner to await further instruction. The Group's contract with the refiner also allows the Group to sell a significant proportion of the estimated gold contained within the gold doré to the refiner two days after its delivery. Title of the Precious Metal only passes upon a sale instruction from the Group. Sales of Precious Metal are only recognised when the sale instruction has been given and title for the Precious Metal has accordingly been passed to the refiner or a third party.

The Company does not hedge or otherwise enter into any derivatives in respect of its sales of gold doré. Sales are recorded at the actual selling price of the gold doré which is based on current market prices.

Notes to the Group financial statements
year ended 31 December 2013

4 Accounting policies (continued)

Foreign currencies

The Group has presented its financial statements in United States Dollars (US$). The functional currency of the companies in Kazakhstan is the Kazakhstan Tenge ("KZT"). The functional currency of GoldBridges Global Resources Plc and Hambledon Mining Company Limited is Pound Sterling. The rates used to convert Pound Sterling and Kazakhstan Tenge into United States Dollar in these financial statements are as follows:

	2013		2012	
	Closing	**Average**	**Closing**	**Average**
US$ = £	1.68	1.57	1.62	1.58
US$ = KZT	154.35	152.57	150.74	149.11

Transactions denominated in currencies other than the functional currency of each respective entity are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the statement of profit or loss.

The financial statements of all Group Companies are translated into United States Dollars whereby their statements of profit or loss are translated at the average rate of exchange for the year and their statements of financial position at the closing rate of exchange at the reporting date. Currency translation adjustments arising on the restatement of opening net assets, together with adjustments arising from the retranslation of intergroup long term foreign currency loans to subsidiaries, are recognised in reserves.

Intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their expected economic life. In the Directors opinion, the expected economic life of Karasuyskoye geological data is 20 years and the amortisation is charged to administrative expenses.

Property, plant and equipment: mining properties and leases

Mining properties comprise previously capitalised exploration, evaluation and development expenditure incurred during the exploration and development stages of the Group's mining projects.

Other items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost include directly attributable costs and estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Assets under construction

No depreciation is applied to assets under construction, once the asset is complete it is transferred to the appropriate asset category and depreciated accordingly.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line or units of production basis, as appropriate. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter. Depreciation rates for the principal assets of the Group are as follows:

Buildings	8–10 per cent. per annum
Equipment, fixtures and fittings	10–40 per cent. per annum
Plant machinery and vehicles	7–30 per cent. per annum
Mining properties and leases	unit of production

Assets under construction are not depreciated.

Stripping costs

To obtain access to the ore in the open pit, it is necessary to first remove the non-ore bearing rock ("waste" or "overburden") covering the ore. This process is known as stripping.

Notes to the Group financial statements
year ended 31 December 2013

4 Accounting policies (continued)

Costs incurred in stripping in the development of the open pit before production commences are capitalised and included in the cost of developing the mine. They are subsequently amortised over the life of the pit on a unit of production basis. Stripping costs incurred after the open pit commences production are recognised as a component of inventory and included in cost of sales in the same period as the revenue from the sales of inventory is recognised. In line with IFRIC 20 any costs in excess of the normal stripping ratio are capitalised and written off over the life of the pit on a unit of production basis.

The mining plan for the Sekisovskoye open pit is based on a stripping ratio of 5:1. During the year ended 31 December 2013, the actual stripping ratio was 2.8:1 (2012: 4.5:1), no stripping asset has been recognised in the year (2012: Nil).

Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment at each reporting date when events or a change in circumstances suggest that the carrying amount of an asset may exceed the recoverable amount.

Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparing it with the estimated discounted future net cash flows generated by the asset based on management's expectation of future production and selling prices. Any identified impairment is charged to the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Spare parts and consumables	Purchase costs on a first in, first out basis
Ore stockpiles, work in progress and finished gold	Dependent on the current stage in the production cycle, the cost will reflect cost of direct materials, power, labour and a proportion of overhead, to bring the product to its current state.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for by using the balance sheet liability method.

Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Notes to the Group financial statements
year ended 31 December 2013

4 Accounting policies (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Investments and loans to subsidiaries

Investment in subsidiaries are included at cost less amounts written off. Loans to subsidiaries are initially recognised at fair value and subsequently measured at amortised cost.

Financial Instruments

Financial Assets

The Group classifies its financial assets only as loans and receivables. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary assets (other receivables). They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised costs using effective interest rate method, less provision for impairment.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments with original maturities of less than three months and which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value; for the purposes of statement of cash flows, cash and cash equivalents also include bank overdrafts.

Financial liabilities

The Group classifies its financial liabilities into one of the following categories according to the substance of the contractual arrangements entered into:

– Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is charged at a constant rate on the balance of the liability carried in the statement of financial position. Interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is not settled;

– Liability components of convertible loan notes are measured as described further below;

– Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised costs using an effective interest method.

The Group does not have any financial liabilities measured at fair value through profit or loss and does not have any financial liabilities in qualifying hedging relationships.

Convertible Debt

The proceeds received on issue of the Group’s convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion of maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in other reserves within the shareholders’ equity, net of income tax effects.

Borrowing Costs

Interest incurred on the bank loans used to fund the construction of the Group’s mining assets or other assets used in mining operations is being capitalised as part of the asset’s cost, net of interest received on cash drawn down yet to be expensed to the extent it can be directly attributed to the capital expenditure. The capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended uses are complete. No interest was capitalised in the year.

Notes to the Group financial statements
year ended 31 December 2013

4 Accounting policies (continued)

Share Capital

Financial instruments used by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments and are recorded at proceeds received, net of direct issue costs.

Provision for commitments and contingencies

Provisions are recognised when the Group has a present obligation at the reporting date, which occurred as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount of the obligation can be reliably estimated.

Possible obligations that are less than probable, and commitments to make purchases and incur expenditure in future periods, are not recognised as provisions but are disclosed as commitments and contingencies.

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the Group's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 23 to the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors have made judgments and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

- Carrying value of property, plant and equipment, including estimates made in respect of reserves and resources, discount rate and future gold prices (note 16).
- Recoverability of inventories (note 18).
- Recoverability of expenditure incurred on the Akmola Gold transaction (note 19 and 31).
- Carrying value of provisions (note 23).
- Recognition of deferred taxation assets (note 25).
- Carrying value of intangible assets (note 14).

The valuation of the intangible asset is dependent upon the success of the licencing application as detailed in note 14. In the event the licence application is unsuccessful the Company would need to negotiate a settlement with a successful applicant to dispose the geological data which may potentially be at a value below the current carrying value.

5 Revenue

An analysis of the Group's revenue is as follows:

	2013 US$000	2012 US$000
Sale of gold and silver	42,395	38,913

Included in revenues from sale of gold and silver are revenues of US$42,395,000 (2012: US$38,769,000) which arose from sales to the Group's largest customer.

6 Segmental information

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 and making strategic decision, has been identified as the Board of Directors.

The Board of Directors consider there to be only one operating segment, the exploration and development of mineral resources, and only one geographical segment, being Kazakhstan. Sales are made to a company based in Switzerland see note 5. Therefore, no additional segmental information is presented.

Notes to the Group financial statements
year ended 31 December 2013

7 Staff costs

The average monthly number of employees (including executive directors) was:

	2013	2012
Production	515	581
Administration	196	71
	711	652

Their aggregate remuneration comprised:

	2013 $000	2012 $000
Directors' emoluments	309	1,109
Employee wages and salaries	8,743	6,851
Employer social tax and national insurance	781	626
	9,833	8,586

The emoluments paid in respect of the highest paid Director for the year to 31 December 2013 were US$200,082 (2012: US$626,384) including health insurance costs of US$16,638 and a termination payment of US$114,188. In total termination payments in the year were US$126,058 (2012: NIL). Further details are set out in the report on Directors' remuneration on page 14.

The Company currently does not operate a share option scheme. On 7 December 2012 the partial offer to acquire shares in GoldBridges Global Resources Plc by African Resources Limited became unconditional and in accordance with clause 5.2.3 of the Option Agreement any existing options and warrants not exercised lapsed. No share options or warrants were in issue or outstanding as at the date of this report. (2012: Nil). The Directors are considering the implementation of a scheme to incentivise and reward employees.

The key management personnel of the Group are considered to be the executive and non-executive Directors.

8 Pension Schemes

The Group does not currently operate any pension scheme for any of its employees or directors, the Directors are in process of establishing a scheme.

9 Tailings dam leak

A Provision was set up in order to provide for the cost associated with the Tailings Dam leak and an update is provided below:

	Provision b/f $000	Paid in 2013 $000	Change in Provision	Currency Translation	Provision c/Fwd
Environmental and social obligations	1,071	(771)	46	(16)	330
Fines and penalties	9,400	–	(9,298)	(102)	–
	10,471	(771)	(9,252)	(118)	330

Background

In 2011, tailings dam 3 utilised by a Group company in Sekisovskoye for its mining operations suffered an industrial water leak. This resulted in pollution of the environment principally to the Sekisovka river and its surrounding environment. It was estimated by an independent ecological company that the damage to the environment amounted to the equivalent of US$3.8m, (being 700,214,000 Tenge). A direct action plan was presented to the department responsible being, Irtysh Ecology Department of the Ministry of the Environment.

In addition the Group paid US$3.9 million in penalties in 2012 and completed substantially all the measures on environment rehabilitation to make good the local environment.

The Group is committed to the development of improved waste handling facilities to prevent a reoccurrence of the tailings dam incident the costs of which were already included in its infrastructure development plan.

Notes to the Group financial statements
year ended 31 December 2013

9 Tailings dam leak (continued)

As at January 2014, 13 out of 19 planned environmental recovery activities were completed, their total cost was US$5.3m (being 815,747,000 Tenge). The total cost of unfinished actions is US$330,000 (being 51,067,072 Tenge). This was confirmed by an independent expert, who further concluded that no further remedial action is required, subject to completion of the agreed plan.

In addition, during 2012 the Irtysh Ecology department of the Ministry of the Environment appealed through the courts and argued that a higher level of fines and obligations as currently imposed should be levied on the Company. This amounted to US$9.4M (being 1,429,000,000 Tenge). This was based on the argument that the environmental damage could not be directly measured and an indirect measure of calculating the damage should be used. This argument was rejected on appeal in March 2014 and as a consequence the fine was cancelled. Further details are provided on page 5 of the Strategic report.

As a result of the tailings dam leak, the Group has also contracted with the Government of the Republic of Kazakhstan to spend an additional US$4.1 million on the construction of a paste plant which is not included in the provision but is set out in note 29 – “Commitments and contingencies”. Of this amount a total of US$266,937 has already been incurred prior to 31 December 2013. The Company has until the end of 2015 to fulfil this obligation.

10 Finance income and finance expense

	2013 US$000	2012 US$000
Finance Income		
Bank interest receivable	1	244
Foreign exchange loss		
Foreign exchange loss	(413)	(240)
Finance expense		
Interest payable on bank loan	(1,108)	(765)
Unwinding of discount on provisions and other financial liabilities	–	(120)
Interest payable on convertible bond	(407)	–
	(1,515)	(885)

11 Profit/loss before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging:

	2013 US$000	2012 US$000
Staff costs (note 7)	9,833	8,586
Depreciation of tangible assets	5,224	4,580
Amortisation of intangible asset	343	–
Cost of inventories recognised as expense	17,277	15,375
Fees payable to the Company’s auditors for the audit of the Company and Group financial statements	118	77
Fees payable to the auditors of the Company’s subsidiaries pursuant to legislation	72	92

There were fees payable in the year ended 31 December 2013 of US$5,790 (2012: US$3,200) to the Company’s auditors in respect of taxation advisory services and US$Nil (2012: US$31,700) in respect of other financial advice.

12 Taxation

	2013 US$000	2012 US$000
Current taxation	250	332
Deferred taxation (note 25)	(608)	408
Total taxation charge/(benefit)	(358)	740

The current taxation charge for the year ended 31 December 2013 arose in one of the Group’s subsidiaries in Kazakhstan which recognised taxable profits for the year and had utilised all its brought forward tax losses from previous years.

Notes to the Group financial statements
year ended 31 December 2013

12 Taxation (continued)

A reconciliation between the accounting profit and the total taxation charge/(benefit) from continuing operations is as follows:

	2013 US$000	2012 US$000
Profit/(loss) before taxation	1,169	(21,403)
Profit/(loss) for the year multiplied by the standard rate of corporation tax of 23.25 per cent (2012: 24.5 per cent)	272	(5,244)
Expenses not deductible for tax purposes	2,541	2,590
Difference between depreciation and capital allowances	(572)	–
Tax losses not recognised	1,066	3,708
Income not subject to tax	(3,210)	–
Utilisation of tax losses and temporary differences not previously recognised	(327)	(195)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(128)	(119)
Total (benefit)/charge	(358)	740

The taxation rate used for taxation on loss on ordinary activities is the standard rate for United Kingdom corporation tax, currently 23.25 per cent. (2012: 24.5 per cent.), being the average applicable rate for the parent Company in 2013. The rate applicable to the Group's subsidiaries in Kazakhstan is 20 per cent.

13 Loss per ordinary share

The calculation of basic and diluted earnings per share is based on profit for the financial year of US$1,527,000 (2012: loss of US$22,143,000).

The weighted average number of ordinary shares for calculating the basic profit/(loss) in 2013 and 2012 is shown below. There were no potential ordinary shares outstanding at the reporting date (2012: Nil) and as such the basic and diluted earnings per share are the same.

	2013	2012
Basic and diluted	1,003,707,088	938,491,844

14 Intangible Assets

	2013 US$000
Cost	
1 January 2013	–
Additions	27,500
31 December 2013	27,500
Amortisation	
1 January 2013	–
Charge	343
31 December 2013	343
31 December 2012	–
31 December 2013	27,157

The intangible assets relate to the historic geological information pertaining to the Karasuyskoye ore fields. The ore fields are located in close proximity to the current open pit and underground mining operations of Sekisovskoye. The consideration was satisfied by the issue of an unsecured convertible loan note of £17,250,000 by the GoldBridges Global Resources Plc to African Resources Limited who made the payment to Hydrogeology LLP to acquire the asset on behalf of the Group. The loan note was subsequently converted into ordinary shares in the company see note 26.

Notes to the Group financial statements
year ended 31 December 2013

14 Intangible Assets (continued)

The value of the geological data purchased is in the opinion of the Directors the value that would have been incurred if the drilling had been undertaken by a third party (or internally). They have taken a view that a 20 year write off is appropriate in relation to the absorption of the cost. The Group are in the process of obtaining the mining rights in relation to the area covered by the data.

However, the licencing tender process has not yet commenced and there is no guarantee that the licence will be granted. In the event the licence is not granted the Company would seek to negotiate a disposal of the asset to the successful licence applicant.

In addition to the cost capitalised significant expenses amounting to US$2.6m were incurred in relation to negotiating and securing the Karasuyskoye contract. These costs did not meet capitalisation criteria and were expensed as incurred.

15 Property, plant and equipment – Company

	Motor Vehicle US$000	Assets Under Construction US$000	Total US$000
Cost			
1 January 2012	–	569	569
Disposal	–	(569)	(569)
31 December 2012	–	–	–
Additions	85	–	85
Currency translation adjustment	5	–	5
31 December 2013	90	–	90
Accumulated depreciation			
1 January 2012	–	–	–
Disposals	–	–	–
31 December 2012	–	–	–
Charge for the year	16	–	16
Currency translation adjustment	1	–	1
31 December 2013	17	–	17
Net Book value			
January 2012	–	569	569
31 December 2012	–	–	–
31 December 2013	73	–	73

Notes to the Group financial statements
year ended 31 December 2013

16 Property, plant and equipment – Group

	Mining properties and leases US$000	Freehold land and buildings US$000	Equipment, fixtures and fittings US$000	Plant, machinery and vehicles US$000	Assets under construction US$000	Total US$000
Cost						
1 January 2012	6,241	12,802	1,379	17,629	14,759	52,810
Transfers	38	5,334	13,459	(10,667)	(8,164)	–
Additions	5,065	152	1,518	698	8,079	15,512
Disposals	(847)	(1,063)	(1,146)	(17)	(1,932)	(5,005)
Currency translation adjustment	(96)	(245)	(45)	(291)	(248)	(925)
1 January 2013	10,401	16,980	15,165	7,352	12,494	62,392
Additions	468	11	1,234	966	7,335	10,014
Disposals	–	(119)	(142)	(8)	(8)	(277)
Currency translation adjustment	(187)	(378)	(330)	(178)	(397)	(1,470)
31 December 2013	10,682	16,494	15,927	8,132	19,424	70,659
Accumulated depreciation						
1 January 2012	3,436	1,919	1,227	14,435	–	21,017
Charge for the year	345	1,049	2,753	433	–	4,580
Transfers/adjustments	92	1,009	7,664	(8,765)	–	–
Disposals	(847)	(1)	(1,277)	(1,592)	–	(3,717)
Currency translation adjustment	(43)	(39)	(32)	(188)	–	(302)
1 January 2013	2,983	3,937	10,335	4,323	–	21,578
Charge for the year	647	1,683	2,030	864	–	5,224
Disposals	–	(5)	(91)	(30)	–	(126)
Currency translation adjustment	(78)	(114)	(100)	(82)	–	(374)
31 December 2013	3,552	5,501	12,174	5,075	–	26,302
Net book value						
1 January 2012	2,805	10,883	152	3,194	14,759	31,793
31 December 2012	7,418	13,043	4,830	3,029	12,494	40,814
31 December 2013	7,130	10,993	3,753	3,057	19,424	44,357

The comparative cost and depreciation figures have been restated to adjust for assets that have been fully depreciated.

Capitalised cost of mining property and leases are amortised over the life of the licence from commencement of production on a unit of production basis. This basis uses the ratio of production in the period compared to the mineral reserves at the end of the period plus production in the period. Mineral reserves estimates are based on a number of underlying assumptions which are inherently uncertain. Mineral reserves estimates take into consideration estimates by independent geological consultants. However, the amount of mineral that will ultimately be recovered cannot be known until the end of the life of the mine. Any changes in reserve estimates are, for amortisation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Group's property, plant and equipment is dependent on the development of the underground mine.

Under the terms of the loan agreement with the European Bank for Reconstruction and Development (EBRD), the Group has pledged certain assets as security for the loan that was entered into (see further details in note 24).

The Directors are required to consider whether the non-current assets comprising, mineral properties leases, plant and equipment have suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The Directors have concluded that no adjustment is required for impairment.

Notes to the Group financial statements
year ended 31 December 2013

17 Subsidiaries

Name	Percentage held	Country of registration and operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO Altai Ken – Bayitu	100	Kazakhstan
Indirectly held		
TOO Gornorudnoe Predpriatie Sekisovskoye	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding Company and is currently dormant.

Investments and loans to subsidiaries – Company

	Investments US$000	Loans to subsidiaries US$000
1 January 2012	769	63,329
Net Movement in Cash	–	8,617
Net Capital reduction in respect of share options (note 10)	(493)	–
Foreign exchange movement on loan to subsidiary	–	(911)
Impairment Loss	–	(43,898)
31 December 2012	246	27,137
Loan in relation to Karasuyskoye	–	27,500
Other movements	–	1,675
Received	–	(462)
Foreign exchange movement on loan to subsidiary	5	(1,000)
31 December 2013	251	54,850

The loans to subsidiaries are denominated in US$, interest free with no fixed date for repayment, and are traded as net investment on subsidiaries.

18 Inventories

	2013 US$000	2012 US$000
Spare parts and consumables	2,571	8,420
Work in progress	5,102	3,042
Finished goods	1,681	1,917
	9,354	13,379

The value of inventories above is stated after impairment for obsolescence and write downs to net realisable value in respect of spare parts and consumables of US$567,000 (2012: US$582,000) and being primarily ore stockpiles of US$20,000 (2012: US$5,638,000).

In 2012 non-current inventories were impaired as their grade at the current recovery rates of 0.56g/t was such that it would be uneconomical to process them.

The total cost of inventory recognised as expense is shown in note 11.

Notes to the Group financial statements
year ended 31 December 2013

19 Trade and other receivables

Non-current

	Company 2013 US$000	Company 2012 US$000	Company 2011 US$000	Group 2013 US$000	Group 2012 US$000
Other Prepayments	–	–	–	381	421

Current

	Company 2013 US$000	Company 2012 US$000	Company 2011 US$000	Group 2013 US$000	Group 2012 US$000
Trade receivables	–	–	–	89	11
Akmola Gold – recoverable	2,000	2,000	2,913	2,000	2,000
– provision	(2,000)	(2,000)	–	(2,000)	(2,000)
VAT recoverable	436	219	–	2,843	2,417
Provision	(436)	–	–	(436)	–
Other receivables	–	–	263	213	67
Prepayments	48	108	61	2,737	1,793
	48	327	3,237	5,446	4,288

In 2012 the Company came to an agreement with Akmola Gold for the refund of amounts paid to them as advances and prepayments, as the original agreement signed between the parties was terminated. This resulted in a write off in 2012 of the original investment of US$1.7m, and a provision against the amount recoverable agreed between the parties to be US$2m. This amount was receivable in cash by 31 December 2013. Due to non payment of the amount on the due date, the Company pursued the action through the courts. This resulted in the Company obtaining a lien over the assets of Akmola. While directors are taking all reasonable actions to recover the amount the final outcome remains uncertain and therefore the receivable continues to be fully provided for (note 23).

Other prepayments included within non-current assets relate to advances for plant and equipment.

The trade receivables are stated at full carrying value and their ageing is less than 30 days old. The Directors consider that the carrying value of trade receivables approximates their fair value.

20 Trade and other payables

Current

	Company 2013 US$000	Company 2012 US$000	Company 2011 US$000	Group 2013 US$000	Group 2012 US$000
Trade creditors	675	235	450	7,030	2,790
Other payables and accruals	734	88	115	4,482	972
	1,409	323	565	11,512	3,762

Trade creditors and accruals principally comprise amounts outstanding for trade purchases of goods and services. The majority of the trade creditors relate to the Group's trading subsidiaries in Kazakhstan. For most suppliers, interest is not charged on these trade payables. The Group regularly reviews all outstanding payables to ensure they are paid within the appropriate timeframe.

The Directors consider that the carrying amount of trade payables approximates their fair value.

Notes to the Group financial statements
year ended 31 December 2013

21 Other financial liabilities

	2013 US$000	2012 US$000
Liability for historic cost	1,526	1,562
Current	239	229
Non-current	1,287	1,333
	1,526	1,562

The subsoil use contract (the "Contract"), under which TOO Sekisovskoye holds the exploration and mining rights to the Sekisovskoye deposit stipulates that it must pay a total of US$3,312,000 to the Kazakhstan Government for historic costs. From 1 January 2009, the balance of the historical costs is being paid on a quarterly basis with the final payment due on 21 December 2018.

The future historic costs have been discounted to their net present value. This discounted value has been capitalised within the cost of mining properties (note 15) and is amortised over the productive period. The unwinding of the discount is recognised through profit or loss.

22 Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below on page 14.

	2013 US$	2012 US$
Short term employee benefits	292,612	1,093,528
Other	16,638	16,360
	309,250	1,109,888
Social security costs	19,915	110,370
	329,165	1,220,258

During the year ended 31 December 2013, US$7,974 has been accrued to Ellenkay Gold Ltd for the provision of the services of Ken Crichton, who was appointed as a non executive Director in the year. This is included in the total remuneration of Ken Crichton for the year ended 31 December 2013 as set out in the report on Directors' remuneration on page 14.

During the year the following transactions were conducted with the companies controlled by the Assaubayev family:

- An interest free loan was made to the parent Company, by Amrita Investment Limited to pay certain creditors. This amounted to US$149,000. This was repaid after the year end.
- An amount of US$894,000 (138m Tenge) was paid by Asia Mining, for the purchase of transformers from Group Companies, as the assets are currently not held within the current stock base of the Group the amount has been treated as a loan from related parties.
- An amount of US$903,000 (140m Tenge) (2012: nil) was paid to Akltyn Group LLP for professional services, these services were utilised by the Group in 2014 and are carried forward within prepayments.
- The Company entered into a convertible bond with African Resources Limited in order to facilitate the purchase of the geological data for the Karasuskoye ore fields for an amount of £17,250,000 ($27,500,00). Further details are given in note 24.

Notes to the Group financial statements
year ended 31 December 2013

23 Provisions

	Tailings dam leak US$000	Abandonment and restoration US$000	Holiday pay US$000	Total US$000
1 January 2012	7,382	1,400	258	9,040
Addition	8,918	5,065	487	14,470
Unwinding of discount	–	120	–	120
Paid during the year	(5,565)	–	(436)	(6,001)
Currency translation adjustment	(264)	(36)	(6)	(306)
1 January 2013	10,471	6,549	303	17,323
Change in estimate of provision	(9,269)	–	–	(9,269)
Addition	–	–	21	21
Unwinding of discount	–	316	–	316
Paid during the year	(742)	–	–	(742)
Currency translation adjustment	(130)	(160)	(7)	(297)
31 December 2013	330	6,705	317	7,352
31 December 2012				
Current	10,471	–	303	10,774
Non-current	–	6,549	–	6,549
	10,471	6,549	303	17,323
31 December 2013				
Current	330	–	317	647
Non-current	–	6,705	–	6,705
	330	6,705	317	7,352

Tailings dam leak

Details in relation to the re-calculation of the provision are given in note 9 on page 32 of the financial statements.

Abandonment and restoration costs

In accordance with the provisions of the subsoil use contract (the “Contract”), TOO Sekisovskoye is liable for site restoration costs upon completion of production activities. It is not possible to predict accurately the amount which might ultimately be payable for site restoration as it includes assumptions such as inflation in Kazakhstan over the life of the Contract which are inherently uncertain. An estimate of the future cost of restoration has been discounted and a provision recognised. The discounted amount for cost of restoration has been capitalised as a tangible fixed assets (note 16) and will be amortised using the unit of production method over the life of the mine.

In accordance with the subsoil use agreement, TOO Sekisovskoye has established a cash fund to pay for the cost of restoration. The cash fund is maintained in a separate bank account in the name of TOO Sekisovskoye. TOO Sekisovskoye is required to contribute each year an amount equal to 1 per cent. of its operating expenses to this fund. Any transfers from the bank account require the authorisation of the Government of Kazakhstan. This fund will be used to pay for the costs of restoration as they become due. If the funds in the account are insufficient to pay for the costs, TOO Sekisovskoye will be required to pay any deficit. If there are funds surplus to those required for restoration these will be returned to TOO Sekisovskoye. At 31 December 2013 there was US$301,000 (being 46,401,000 Tenge (2012: US$384,000 – being 46,401,000 Tenge) on deposit in the bank account maintained for restoration costs.

Notes to the Group financial statements
year ended 31 December 2013

24 Borrowings
Secured borrowings at amortised cost

	2013 US$000	2012 US$000
Bank loan	10,000	10,065
Other loan	894	–
	10,894	10,065
Current	894	10,065
Non-current	10,000	–
	10,894	10,065

(a) In 2012, two of the Company's subsidiaries, Altai Ken-Bayitu LLP ("AKB") and Sekisovskoye LLP ("Sekisovskoye") entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD). The principal terms of the loan are as follows:

- The loan is to AKB and Sekisovskoye, on a joint and several basis, and repayable in quarterly instalments between 10 January 2015 and 10 October 2017.
- Interest on drawn amounts will be charged at a rate of three months London Inter Bank Rate (LIBOR) plus seven per cent per annum. The effective interest rate in the period was 7.5% (2012: in the range from 7.5% to 7.8%).
- The Group has to comply with a number of financial and non-financial covenants as part of the loan agreement.

Interest of US$184,000 (2012:US$187,900) has been accrued and is included within other payables and accruals see note 20.

(b) A Convertible Loan Note in the amount of US$27.5m was issued on 4 October 2013 with a five year term, bearing interest at a rate equal to three months LIBOR plus seven per cent. (which accrued daily and was payable on redemption or, in shares, on conversion). The convertible loan was converted at a conversion price of 3 pence per share. Accordingly, upon full conversion of the Convertible Loan Notes, 583,648,617 New Ordinary Shares were issued by the Company to African Resources Limited to satisfy the outstanding principal amount of £17.25m (US$27.5m) and accrued interest (until midnight on 15 December 2013) of £259,459. The conversion price of 3 pence per share equates to a premium of 31.9 per cent. to the closing price of 2.275 pence on 13 December 2013.

(c) Other borrowings relate to advances from related parties on an unsecured interest free basis.

25 Deferred taxation
Deferred taxation asset/(liability)

	Taxation losses US$000	Accelerated taxation depreciation US$000	Other US$000	Total US$000
1 January 2012	532	68	378	978
(Charge)/Credit to income	(216)	100	(292)	(408)
Currency translation	(5)	(2)	(7)	(14)
1 January 2013	311	166	79	556
(Charge)/Credit to income	576	3	29	608
Currency translation	(14)	(3)	(2)	(19)
31 December 2013	873	166	106	1,145

Deferred tax and liabilities are off-set where they arise within one subsidiary in Kazakhstan.

Deferred tax assets are recognised when the Directors believe that sufficient taxable profits will be made against which the carried forward losses can be offset.

Notes to the Group financial statements
year ended 31 December 2013

25 Deferred taxation (continued)

Unrecognised deferred taxation asset

At the reporting date, the Parent Company has unprovided tax losses of US$2.54m (2012: US$1.53m) carried forward as the directors believe that there will be insufficient taxable profits in the future to offset the losses incurred.

Unutilised tax losses in Kazakhstan of US$873,000 (2012: US$311,000) are available to carry forward for a maximum of 10 years. The tax losses available to carry forward expire as follows: US$570,000 in 2023 and US$120,000 in 2022, US$183,000 in 2021.

26 Share capital

Issued and fully paid

	Number	US$000
1 January 2012	743,419,106	1,310
Issued during the year		
Share placement	236,302,407	374
At 31 December 2012 and 1 January 2013	979,721,513	1,684
Issued during the year		
Conversion of convertible loan notes	583,648,617	951
31 December 2013	1,563,370,130	2,635

On 16 December 2013, the Company issued 583,648,617 new ordinary shares of 0.1 pence each to African Resources Limited in connection with the conversion of the unsecured convertible loan notes of £17.25m (US$27.5m) and to account for the accrued interest of £259,459 (note 24). The loan notes were originally issued to African Resources Limited as part of the Karasuyskoye Ore Fields transaction see note 14.

Notes to the Group financial statements
year ended 31 December 2013

27 Notes to the cash flow statement
Net cash inflow from operating activities

	Company		Group	
	2013 US$000	2012 US$000	2013 US$000	2012 US$000
Loss before taxation	(4,592)	(51,423)	1,169	(21,403)
Adjusted for:	–	–	–	–
Finance income	–	–	(1)	(244)
Finance expense	–	–	1,515	885
Depreciation of tangible fixed assets	16	–	5,224	4,580
Amortisation of intangibles	–	–	343	–
Movement in pro	436	47,724	(9,252)	9,292
Decrease/(Increase) in inventories	–	–	4,025	(2,145)
(Increase)/Decrease in trade and other receivables	(281)	(2,505)	(1,594)	1,201
(Increase)/Decrease in other financial liabilities	–	–	(36)	(1,554)
Increase/(Decrease) in trade and other payables	1,086	(180)	5,208	(567)
Loss on disposal of property, plant and equipment	–	–	151	872
Impairment of tangible assets	–	2,782	–	–
Foreign currency translation	1,447	(10)	576	(541)
Cash inflow from operations	(1,888)	(3,612)	7,328	(9,624)
Income taxes paid	–	–	(24)	(317)
	(1,888)	(3,612)	7,304	(9,941)

28 Financial instruments
Policy on financial risk management

The Group’s principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, provisions, other financial liabilities and borrowings. The Group’s accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 4 – “accounting policies”. The Group does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Capital risk management

The Group was financed by equity and debt in the years ended 31 December 2012 and 2013. It is the intention of the Directors that the Group should continue to be financed by a mixture of debt and equity as appropriate to maintain a robust financial position to support its business and maximise shareholders value. In the year ended 31 December 2013 the Group entered into a convertible loan note that was subsequently converted to equity to finance the purchase of the geological data for an amount of US$27.5m (note 24). Equity of US$23m was raised gross of expenses after the year end (note 31).

Derivatives, financial instruments and risk management

The Group does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Notes to the Group financial statements
year ended 31 December 2013

28 Financial instruments (continued)

Foreign currency risk management

The Group has transactional currency exposures. Such exposures arise from sales or purchases by its two subsidiaries in Kazakhstan in currencies other than the Company's functional currency. The functional currency of TOO Altai Ken-Bayitu and TOO Gornorudnoe Predpriatie Sekisovskoye is the Kazakh Tenge. GoldBridges Global Resources Plc and Hambledon Mining Company Limited have a functional currency of the United Kingdom pound ("Sterling"). The currency transactions giving rise to this foreign currency risk are primarily US Dollar denominated revenues, US Dollar denominated borrowings and other financial liabilities and certain US Dollar denominated trade payables. The Group does not enter into hedging positions in respect of its exposure to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated net monetary assets and monetary liabilities at 31 December, are as follows:

	Company			Group	
	2013 US$000	2012 US$000	2011 US$000	2013 US$000	2012 US$000
US Dollars	(312)	1,761	1,382	(5,368)	(5,073)
British Pounds	(1,037)	7	2,672	(1,037)	7
Kazakhstan Tenge	–	–	–	(13,068)	(5,627)

Sensitivity analysis

A 10 per cent strengthening, or weakening, of any one of the above currencies against the US Dollar or British Pound, which the Directors consider to be a reasonably possible change for the purpose of sensitivity analysis, would not have a material effect on both the Group's equity and profit or loss on ordinary activities after tax for the years ended 31 December 2012 and 2013, as the repayment of the liability does not commence until 2015. This assumes that all other variables remain constant.

Commodity price risk

The Group is exposed to the effect of fluctuations in the price of gold and silver which are quoted in US Dollars on the international markets. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Group's only significant sales during the years ended 31 December 2012 and 2013 were sales of gold doré and silver. The sales proceeds are fixed by reference to the gold and silver prices on the day of sale. The Group does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold or silver and therefore it held no financial instruments that are sensitive to commodity price changes at either reporting date.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counter-parties. The Group's exposure and the credit ratings of its counter-parties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counter-parties.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other receivables. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counter-parties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables comprise amounts receivable from a refinery in respect of sales of gold doré. On the sale of the gold doré to the refinery 95 per cent prepayment is received, with the balance paid after refining.

Other accounts receivable consist mostly of prepayments for goods and services by subsidiaries in Kazakhstan. It is often impractical in Kazakhstan to carry out a check of creditworthiness of suppliers before making the contracted prepayments. There were no significant balances at 31 December 2013 and 2012 in respect of which suppliers had defaulted on their obligations. A full provision was made against amounts recoverable in relation to Akmola Gold last year. The Group are in discussions with a view to recovery of the amounts in dispute amounting to US$2m. However, as the future recoverability of this amount is uncertain no amount is included in other receivables in the current year.

Notes to the Group financial statements
year ended 31 December 2013

28 Financial instruments (continued)

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Liquidity risk

During the year ended 31 December 2013, the Group was financed by internally generated funds, equity finance and long term bank borrowings. There were bank & other borrowings of US$10m at 31 December 2013 (2012: US$10m) and related party borrowings of US$894,000 (2012: Nil).

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow.

Group	Borrowings US$000	Trade and other payables US$000	Provisions US$000	Other Financial Liabilities US$000	Total US$000
31 December 2013					
From five to ten years	–	–	–	–	–
From two to five years	10,000	–	–	1,048	11,048
For one to two years	–	–	–	239	239
Due after more than one year	10,000	–	–	1,287	11,287
Due within one year	894	11,512	317	239	12,962
	10,894	11,512	317	1,526	24,249
31 December 2012					
From five to ten years	–	–	–	–	6,549
From two to five years	–	–	–	1,104	1,104
For one to two years	–	–	–	229	229
Due after more than one year	–	–	–	1,333	1,333
Due within one year	10,065	3,762	303	229	14,359
	10,065	3,762	303	1,562	15,692

Company	Borrowings US$000	Trade and other payables US$000	Provisions US$000	Other Financial Liabilities US$000	Total US$000
31 December 2013					
Due within one year	–	1,409	–	–	1,409
31 December 2012					
Due within one year	–	323	–	–	323
31 December 2011	–	565	–	–	565

Borrowings and interest rate risk

The Group entered into a long term borrowing agreement with the European Bank for Reconstruction and Development (EBRD) on 21 February 2012 in order to fund capital commitments. Interest is payable at 7 per cent. per annum above Libor. A 1 per cent increase in the rate of interest would result in an additional, US$100,000 being expensed to the income statement.

The Group places surplus funds on short-term deposit (maximum 3 months) in Sterling with an interest rate fixed at the prevailing market rate. The Group's exposure to such interest rate risk is not material.

Notes to the Group financial statements
year ended 31 December 2013

29 Commitments and contingencies

General conditions

In recent years, the Republic of Kazakhstan has undergone substantial political and economic change. As an emerging market, the Republic of Kazakhstan does not possess a well-developed business infrastructure such as generally exists in a more mature free market economy. As a result, operations carried out in the Republic of Kazakhstan can involve risks which are not typically associated with those in developed markets. Significant identified risks have been provided for, or disclosed in these financial statements as appropriate.

(a) Contractual liabilities

Subsoil use rights are not provided to the Company on an indefinite basis, and each renewal shall be approved before the current contract or license expires. These rights can be cancelled by the Government of the Republic of Kazakhstan (hereinafter referred to as "the Government") if the Company does not fulfill contractual liabilities.

In addition to the contractual liabilities, as stated in Notes 20 and 21, the Company is responsible for the following contractual liabilities:

Deposit development costs

In accordance with the subsoil use contract, the Company has an approved working programme which may be reviewed and reconsidered depending on the economic viability and operational conditions of the deposit. The management of the Company believes it has fulfilled the requirements of the Contract.

Training for Kazakhstani specialists

In accordance with the terms of the Contract the Company is liable for the annual costs incurred in respect of the professional training of the Kazakhstani personnel involved in the work. The costs are estimated to be at least 1 per cent of the operational costs during the development and operational process. As at 31 December 2013 the Company has met the conditions of the Contract.

Development of the social sphere of the region

According to the terms of the Contract, the Company is liable for supporting the development and ensuring social support for the activity of the communities nearby the area of operations of the Company. As at 31 December 2013, the Company has met all the conditions of the Contract.

Liabilities on the restoration of the mine

Within eighty calendar days upon the expiration of the Contract the Company is liable for the development of the mine restoration programme and its inspection by the competent authority of the Government of the Republic of Kazakhstan. The Company is liable for implementation of the programme upon its approval.

(b) Insurance

In accordance with the subsoil use Contract the Company is liable for the development of the insurance programme and its submission for approval by the competent authority.

The Company has several contracts of obligatory insurance including insurance of the vehicle owners, the employer's liability and insurance of the subsoil users' liability where the activity of such subsoil users is connected to the damage to third parties.

(c) Court proceedings

The claims on the Company are periodically set out in the courts along with the Company's activities. As at the reporting date, there are no material claims against the Company.

The Company has arranged a number of public and social works, approved by the court in relation to rehabilitation after the water leak associated with tailings dam 3. The Company also has a memorandum signed with the local authorities, whereby the Company is liable for arranging the construction of the paste plant for US$4,200,000, to be completed by 31 December 2015.

As at the reporting date the Company has fulfilled the majority of its obligations in relation to the outstanding works required. Amounts totalling US$330,000 are outstanding and have been provided for as at 31 December 2013 to complete the programme of works as agreed with the environment department.

Notes to the Group financial statements
year ended 31 December 2013

29 Commitments and contingencies (continued)

(d) Taxation risks
The tax system of Kazakhstan, being relatively new, is characterised by frequent changes to the legal norms, official interpretations and court decisions, which are often not explicit and can be contradictory. This leads to differing interpretations by the tax authorities. The examination and investigations of the accounts to ensure that the tax payable is accurate are carried out by several regulatory bodies. These bodies have the power to impose heavy fines and penalties. The accuracy of the tax computation can be investigated five calendar years after the end of the accounting period. In certain circumstances this period can be increased.

These circumstances may lead to the taxation risks being much higher in Kazakhstan compared to other countries. The management of the Company, based on their understanding of the tax legislation, regulatory requirements and court decisions, considers the tax liabilities being fully reflected in the accounts. Nevertheless, the interpretation of these provisions by the corresponding authorities can be different and in that case should the authorities prove the lawfulness of their position, it may significantly affect these financial accounts.

30 Subsequent events

Equity raising

On 10 January 2014 the Company completed a placing raising £1.93m (US$3.2m), through a placing of 97,972.000 new shares at a price of 1.975 pence per share. In addition on 28 February 2014 the Company raised gross proceeds of £11.96m (US$19.8m), through a placing of 550,000,000 shares at a price of 2.175 pence per share. The total number of shares following the placing of the shares is 2,211,342,130.

Tailings dam fine

During 2012 the Irtysh Ecology department of the Ministry of the Environment appealed through the courts and argued that a higher level of fines and obligations then currently imposed should be levied on the Company. This amounted to US$9.4M (being 1,429,000,000 Tenge). This was based on the fact that the environmental damage could not be directly measured and an indirect measure of calculating the damage should be used. In March 2014 this argument was rejected by the courts on the basis that the damage was indeed measurable reliably through the direct method and as such the court action was dismissed. Indeed the court commented that the costs already paid exceeded the previous estimate agreed with the department of 700,214,000 Tenge, and ordered the department to meet the legal costs of the court amounting to 137,000 Tenge. Although the department does have the right to appeal within 6 months of the judgement the Directors are of the opinion that the possibility of this is remote. The provision in relation to the finalisation of works to complete the outstanding rehabilitation measures has been adjusted accordingly resulting in a write back of the provision of US$9.3m.

Akmola

In late 2013, subsequent to the termination of the proposed Akmola Gold acquisition, the Company successfully sued Akmola Gold for US$2,000,000, the amount it had previously advanced, and it agreed to be repaid by 31 December 2013. In February 2014 The Appeal Board of Astana upheld the decision made by the Specialised Interregional Economic Court of Astana in favour of the Company. The Company at present has a lien over the assets of Akmola Gold LLP and will take all appropriate measures for enforcement of the court decision.

Currency devaluation

On 11 February 2014 the Republic of Kazakhstan National Bank declared a 20% devaluation of Tenge. The National Bank expects a new exchange rate to be around 300 Tenge per British Pound. The management are of the opinion this will have a positive impact on the Group as all revenues are generated in US dollars. They are currently quantifying the impact.

31 Ultimate Controlling Party

The controlling party and parent entity of GoldBridges Global Resources Plc is African Resources Limited, by virtue of the fact that it owns 69.2% of the voting rights in the Company.

The ultimate controlling party are the Assaubayer family, by virtue of the fact that they are the controlling party of African Resources Limited.

SCHEDULE 1C – THE 2012 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report to the members of Hambledon Mining plc

We have audited the financial statements of Hambledon Mining Plc for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of changes in equity, the company statement of financial position, the company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2012 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the group's ability to continue as a going concern which is dependent on a number of factors. The Directors must obtain the required waiver from the European Bank of Reconstruction and Development (EBRD) due to the Group being in breach of the financial covenants as at the end of the reporting period. The Directors are confident that the waiver will be received and are currently negotiating the terms with EBRD. The Group is also appealing against the decision made by the Supreme Court of the Republic of Kazakhstan to impose a further fine related to the Tailings Dam leak in 2011. Although confident of success, failure to do so could result in payment of the fine in the following twelve months. In addition, the Company is reliant on its ability to successfully raise further financing to fund future working capital and development needs. Although the Directors are confident of being able to obtain further sources of funding, this cannot be guaranteed. These conditions, together with the other matters referred to in note 2, indicate the existence of a material uncertainty which may cast significant doubt over the group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the group was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the 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:

Under the Companies Act 2006 we are required 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 and the part of the directors' remuneration report to be audited 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.

Scott Knight (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
55 Baker Street
London
United Kingdom
5 June 2013

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

Consolidated income statement
year ended 31 December 2012

	Notes	2012 $000	2011 $000
Continuing operations			
Revenue	5	38,913	33,325
Cost of sales		(33,643)	(28,258)
Impairment of stock	18	(5,638)	(1,634)
Gross (loss)/profit		(368)	3,433
Administrative expenses		(6,340)	(5,886)
Impairment – Akmola investment		(3,553)	–
Tailings dam leak	9	(10,261)	(7,757)
Operating loss		(20,522)	(10,210)
Finance income	10	244	25
Foreign exchange loss	10	(240)	(77)
Finance expense	10	(885)	(317)
Loss before taxation	11	(21,403)	(10,579)
Taxation (charge)/benefit	12	(740)	1,157
Loss from continuing operations		(22,143)	(9,422)
Discontinued operations	13	–	1,500
Loss attributable to equity shareholders of the parent		(22,143)	(7,922)
(Loss)/profit per ordinary share	14		
Continuing operations			
Basic		(2.36)c	0.59c
Diluted		(2.36)c	0.59c
From continuing and discontinued operations			
Basic		(2.36)c	(1.15)c
Diluted		(2.36)c	(1.15)c

Consolidated statement of comprehensive income
year ended 31 December 2012

	2012 $000	2011 restated $000
Loss for the year	(22,143)	(7,922)
Currency translation differences arising on translations of foreign operations	(1,257)	98
Total comprehensive loss for the year attributable to equity shareholders of the parent	(23,400)	(7,824)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position
31 December 2012

Company number 5048549	Notes	2012 $000	2011 $000
Non-current assets			
Property, plant and equipment	16	40,814	31,793
Inventories	18	–	4,177
Trade and other receivables	19	421	399
Deferred tax asset	25	556	978
Restricted cash	23	384	239
		42,175	37,586
Current assets			
Inventories	18	13,379	11,061
Trade and other receivables	19	4,288	8,404
Cash and cash equivalents		2,504	1,763
		20,171	21,228
Total assets		62,346	58,814
Current liabilities			
Current tax payable		(332)	(313)
Trade and other payables	20	(3,762)	(5,681)
Other financial liabilities	21	(229)	(282)
Provisions	23	(10,774)	(7,640)
Borrowings	24	(10,065)	(1,000)
		(25,162)	(14,916)
Net current (liabilities)/assets		(4,991)	6,312
Non-current liabilities			
Other financial liabilities	21	(1,333)	(1,501)
Provisions	23	(6,549)	(1,400)
		(7,882)	(2,901)
Total liabilities		(33,044)	(17,817)
Net assets		29,302	40,997
Equity			
Called-up share capital	26	1,684	1,310
Share premium		88,245	76,914
Merger reserve		(282)	(282)
Other reserves		–	535
Currency translation reserve		(8,078)	(6,821)
Accumulated losses		(52,267)	(30,659)
Total equity		29,302	40,997

The financial statements were approved by the Board of Directors on 5 June 2013 and signed on its behalf by

Aidar Assaubayev
Chief Executive

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
year ended 31 December 2012

	Share capital $000	Share premium $000	Merger reserve $000	Other reserves $000	Currency translation reserve $000	Accumulated losses $000	Total $000
1 January 2011	946	63,429	(282)	570	(6,919)	(22,978)	34,766
Retained loss for the year	–	–	–	–	–	(7,922)	(7,922)
Currency translation differences arising on translation of foreign operations	–	–	–	–	98	–	98
Total comprehensive loss	–	–	–	–	98	(7,922)	(7,824)
Share based payment	–	–	–	206	–	–	206
Lapsed share options	–	–	–	(241)	–	241	–
Shares issued (note 26)	364	14,214	–	–	–	–	14,578
Issue costs	–	(729)	–	–	–	–	(729)
31 December 2011	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997
1 January 2012	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997
Retained loss for the year	–	–	–	–	–	(22,143)	(22,143)
Currency translation differences arising on translation of foreign operations	–	–	–	–	(1,257)	–	(1,257)
Total comprehensive loss	–	–	–	–	(1,257)	(22,143)	(23,400)
Lapsed share options	–	–	–	(535)	–	535	–
Shares issued (note 26)	374	11,862	–	–	–	–	12,236
Issue costs	–	(531)	–	–	–	–	(531)
31 December 2012	1,684	88,245	(282)	–	(8,078)	(52,267)	29,302

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of cashflows
year ended 31 December 2012

	Notes	2012 $000	2011 $000
Net cash (outflow)/inflow from operating activities	27	(9,941)	2,868
Investing activities			
Interest received		31	25
Proceeds on disposal of property, plant and equipment		416	18
Purchase of property, plant and equipment		(10,447)	(13,426)
Prepayment for non-current assets		(22)	(399)
Akmola Gold advances and prepayment fees		(656)	(2,914)
Proceeds from Ognevka liquidation		1,500	–
Restricted cash		(145)	(78)
Net cash used in investing activities		(9,323)	(16,774)
Financing activities			
Proceeds on issue of shares	26	11,705	13,849
Drawdown of bank loans	24	10,065	1,000
Interest paid		(765)	(139)
Repayment of bank loans		(1,000)	–
Net cash inflow from financing activities		20,005	14,710
Increase in cash and cash equivalents		741	804
Cash and cash equivalents at beginning of the year		1,763	959
Cash and cash equivalents at end of the year		2,504	1,763

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Group financial statements
year ended 31 December 2012

1 General information

Hambledon Mining plc (the "Company") is a Company incorporated in England and Wales under the Companies Act 2006. The address of its registered office is set out within the Company information on page 61 of this annual report. The principal activities and place of business of the Company and its subsidiaries (the "Group") are set out in note 17 and, the chief executive's review within this annual report.

2 Basis of preparation

The Group's annual report is for the year ended 31 December 2012 and includes the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Group financial statements have been prepared using accounting policies set out in note 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union.

The Group financial statements have been prepared under the historical cost convention except for the treatment of share based payments.

Going Concern

The Group's operations are cash generative and the current cash position is sufficient to cover ongoing operating and administrative expenditure for the next 12 months.

In their assessment of going concern the Directors have considered the following matters:

1. During the year, two of the Group's subsidiary companies entered into a loan agreement for an amount of $10,000,000 with the European Bank for Reconstruction and Development (EBRD). Under the terms of the loan the Group is required to comply with a number of financial and non-financial covenants. As at 31 December 2012, the Group was in breach of its debt to equity covenant and an application for a waiver has been made. Although at the date of this report no waiver has been received, the Directors are in advanced negotiations with the Bank and are confident that the required waiver will be obtained. In the event of a waiver not being obtained, the EBRD may, at its option, by notice to the borrowers declare all, or any portion, of the principal and accrued interest on the loan to be either due and payable on demand, or payable without any further notice.

2. As more fully explained in notes 23 and 30(c) the Group is currently awaiting the decision of the Supreme Court of Kazakhstan in relation to a whether a further fine of $9.4 million in relation to the tailings dam incident will be payable. The court may uphold the fine as set by a lower court or reduce the liability to nil. The Directors are confident of a positive outcome.

3. Given the recent volatility in the gold price, should the gold price continue declining, the Group may have to re-evaluate the pace of development of the underground mine in order to maintain a sufficient working capital position, as well as considering additional funding in order to fund all its ongoing operations.

The Directors are confident that the Group will be able to raise additional funds to repay the loan and/or the fine should the need arise and to cover the planned capital expenditure and therefore have adopted the going concern basis in the preparation of these financial statements.

However, at the date of approval of these financial statements, the Group does not have committed facilities in place. There is no guarantee that the Group will be able to raise the required funds to allow it to realise its assets and discharge its liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was not able to continue as a going concern.

Notes to the Group financial statements
year ended 31 December 2012

3 Adoption of new and revised standards

The Group and Company have adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

		Effective period commencing on or after	Impact on Group
IFRS 7	Amendment – Transfer of Financial Asset	1 July 2012	No
IFRS 1	Amendment – Severe hyperinflation and removal of fixed dates	1 July 2012	No
IAS 12	Amendment – Recovery of Underlying Assets	1 January 2012	No

Certain new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on 1 January 2013 or later periods to which the Group has decided not to adopt early when early adoption is available. With the exception of IFRIC 20, none of these standards are expected to have a material effect on the reported results or financial position of the Group. These are:

	Effective period commencing on or after	Impact on Group
IAS 1 Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012	
IFRIC 20** Interpretation – Stripping Costs in the Production Phase of a Surface Mine	1 January 2013**	Yes
IFRS 10 – Consolidated Financial Statements	1 January 2013	
IFRS 11 – Joint Arrangements	1 January 2013	
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2013	
IFRS 13 – Fair Value Measurement	1 January 2013	
IAS 27 – Separate Financial Statements	1 January 2013	
IAS 28 – Investments in Associates and Joint Ventures	1 January 2013	
IAS 19 – Employee Benefits	1 January 2013	
IFRS 7 Amendment – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013	
IFRS 1 Amendment – Government Loans	1 January 2013	
Improvements to IFRS (2009–2011 Cycle)	1 January 2013	
IFRS 10, 11 and 12* Amendments – Transition Guidance	1 January 2013	
IAS 32 Amendment – Offsetting Financial Assets and Financial Liabilities	1 January 2014	
IFRS 10,12 and IAS 27* Amendments – Investment Entities	1 January 2014	
IFRS 9* – Financial Instruments	1 January 2015	

* Not yet endorsed by the European Union.

** The Group is currently reviewing the impact of IFRIC 20 and will adopt this interpretation from 1 January 2013.

4 Accounting policies

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all its subsidiary undertakings. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of are consolidated for the periods from or to the date on which control passed. Control is achieved where the Company has the power to govern the financial and operating policies of an entity in which it has invested so as to obtain benefits from its activities.

The acquisition of subsidiaries which meet the definition of a business are accounted for using the acquisition method of accounting for business combinations in accordance with IFRS 3 – "Business Combinations".

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

The Group's sales are the sale of the gold and silver ("Precious Metal") content of gold doré. Gold doré is delivered to a precious metal refiner. Following its refining, the Precious Metal may be sold to the refiner, shipped to a third party customer or credited to the Group's precious metal accounts maintained with the refiner to await further instruction. The Group's contract with the refiner also allows the Group to sell a significant proportion of the estimated gold contained within the gold doré to the refiner two days after its delivery. Title of the Precious Metal only passes upon a sale instruction from the Group. Sales of Precious Metal are only recognised when the sale instruction has been given and title for the Precious Metal has accordingly been passed to the refiner or a third party customer.

Notes to the Group financial statements
year ended 31 December 2012

4 Accounting policies (continued)

The Company does not hedge or otherwise enter into any derivatives in respect of its sales of gold doré. Sales are recorded at the actual selling price of the gold doré which is based on current market prices.

Foreign currencies

The Group has prepared its financial statements in United States Dollars. The functional currency of the companies in Kazakhstan is the Kazakhstan Tenge ("KZT"). The functional currency of Hambledon Mining plc and Hambledon Mining Company Limited is Pound Sterling. The rates used to convert Pound Sterling and Kazakhstan Tenge into United States Dollar in these financial statements are as follows:

	2012		2011	
	Closing	**Average**	**Closing**	**Average**
US$ = £	1.62	1.58	1.54	1.60
US$ = KZT	150.74	149.11	145.58	146.65

The currency translation movement on the Group's net investment in its subsidiaries in Kazakhstan is taken to reserves.

The financial statements of all Group Companies are translated into United States Dollars whereby their income statements are translated at the average rate of exchange for the year and their statement of financial position at the closing rate of exchange at the reporting date. Currency translation adjustments arising on the restatement of opening net assets, together with adjustments arising from the retranslation of intergroup, long term foreign currency loans to subsidiaries, are taken direct to reserves.

Transactions denominated in currencies other than the functional currency of a Company are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the income statement.

Intangible assets: exploration and evaluation

Exploration and evaluation includes the cost of acquiring mining and exploration rights, associated exploration and evaluation costs and other directly attributable costs. These costs are capitalised as intangible assets until the decision is made to proceed to development, whereupon the related expenditures are transferred to tangible fixed assets as mining properties and leases, or until the mining properties are determined not to be commercially viable, whereupon the related costs are written off through the income statement.

Property, plant and equipment: mining properties and leases

Once a decision has been made to proceed with development of a mining project, expenditure other than that on buildings and plant and equipment is capitalised under property, plant and equipment as mining properties and leases, together with any amount transferred from exploration and evaluation.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line or units of production basis, as appropriate. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter.

Depreciation rates for the principal assets of the Group are as follows:

Buildings	8–10 per cent. per annum
Equipment, fixtures and fittings	10–40 per cent. per annum
Plant machinery and vehicles	7–30 per cent. per annum
Mining properties and leases	unit of production

Assets under construction are not depreciated.

Stripping costs

To obtain access to the ore in the open pit, it is necessary to first remove the non-ore bearing rock ("waste" or "overburden") covering the ore. This process is known as stripping.

Notes to the Group financial statements
year ended 31 December 2012

4 Accounting policies (continued)

Costs incurred in stripping in the development of the open pit before production commences are capitalised and included in the cost of developing the mine. They are subsequently amortised over the life of the pit on a unit of production basis. Stripping costs incurred after the open pit commences production are recognised as a component of inventory and included in cost of sales in the same period as the revenue from the sales of inventory is recognised.

Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment at each reporting date and when events or a change in circumstances suggest that the carrying amount of an asset may exceed the recoverable amount.

Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparing it with the estimated discounted future net cash flows generated by the asset based on management's expectation of future production and selling prices. Any identified impairment is charged to the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but such that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Spare parts and consumables:	purchase costs on a first in, first out basis.
Ore stockpiles:	cost of direct materials, power, labour and a proportion of site overhead.
Work in progress:	cost of direct materials, power, labour and a proportion of site overhead to the point of progress.

Long-term inventories comprise low grade ore stockpiles which are mixed with the higher grade ore during the production process and will be consumed over a period greater than 12 months.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these approximates to their fair value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at proceeds received, net of direct issue costs.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value. Other financial liabilities and long-term other payables are initially recorded at fair value and subsequently measured at amortised cost.

Notes to the Group financial statements
year ended 31 December 2012

4 Accounting policies (continued)

Bank borrowings

Interest-bearing bank borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges including any premiums payable on settlement and direct issue costs are accounted for on an accruals basis in the income statement using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for by using the balance sheet liability method. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provision for commitments and contingencies

Provisions are recognised when the Group has a present obligation at the reporting date, which occurred as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount of the obligation can be reliably estimated.

Possible obligations that are less than probable, and commitments to make purchases and incur expenditures in future periods, are not recognised as provisions but are disclosed as commitments and contingencies.

Provision for site rehabilitation and decommissioning costs and the associated asset is recorded at the present value of the expected expenditure required to settle the Group's future obligations. Actual outcomes may vary. Details regarding the provision for site rehabilitation and decommissioning costs are set out in note 23 to the consolidated financial statements.

Share based payments

All share based payments are accounted for in accordance with IFRS 2 – "Share-based payments".

The Group issues equity-settled share based payments in the form of share options to certain employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is estimated using a binomial probability valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Any profit and loss charge in a period in respect of share-based payments is taken to the Group's other reserves.

Notes to the Group financial statements
year ended 31 December 2012

4 Accounting policies (continued)

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Directors have made judgments and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

- Carrying value of property, plant and equipment, including estimates made in respect of reserves and resources, discount rate and future gold prices (note 16).
- Recoverability of inventories and classification as either a current or non current asset (note 18).
- Recoverability of expenditure incurred on the Akmola Gold transaction which is included in trade and other receivables (note 19 and note 31).
- Carrying value of provisions (note 23).
- Recognition of deferred taxation assets (note 25).

5 Revenue

An analysis of the Group's revenue is as follows:

Continuing operations	2012 $000	2011 $000
Sale of goods	38,913	33,325

Included in revenues from sale of goods are revenues of $38,769,000 (2011: $33,255,000) which arose from sales to the Group's largest customer.

6 Segmental information

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 and making strategic decision, has been identified as the Board of Directors.

The Board of Directors consider there to be only one operating segment, the exploration and development of mineral resources, and only one geographical segment, being Kazakhstan. Sales are made to a company based in Switzerland see note 5. Therefore, no additional segmental information is presented.

7 Staff costs

The average monthly number of employees (including executive directors) was:

	2012	2011
Production	581	427
Administration	71	144
	652	571

Their aggregate remuneration comprised:

	2012 $000	2011 $000
Directors' emoluments	1,109	846
Employee wages and salaries	6,851	5,886
Employer social tax and national insurance	626	581
	8,586	7,313

The emoluments paid in respect of the highest paid Director for the year to 31 December 2012 were $626,384 (2011: $281,537) including health insurance costs. Further details are set out in the report on directors' remuneration on page 15.

The Company operates a share option scheme for certain of its employees and other personnel. On 7 December 2012 the partial offer to acquire shares in Hambledon Mining PLC by African Resources Limited became unconditional and in accordance with clause 5.2.3 of the Option Agreement any existing options and warrants not exercised lapsed. No share options or warrants were in issue or outstanding as at the date of this report.

Notes to the Group financial statements
year ended 31 December 2012

8 Pension Schemes

The Group does not currently operate any pension scheme for any of its employees or directors, the Directors are in process of establishing a scheme.

9 Tailings dam leak

A Provision was set up in order to provide for the cost associated with the Tailings Dam leak and an update is provided below:

The Directors estimated that the total cost of the repair to the tailings dam, payment of fines and penalties, repair to damage caused to the environment and social obligations agreed with local authorities as a result of the leak was $7,757,000 in 2011, of which $375,000 was paid on 2011 and $5,565,000 has been paid in 2012.

	Provision b/f $000	Paid in 2012 $000	Change in Provision	Currency Translation	Provision c/Fwd
Repair of tailings dam	2,337	(2,911)	861	(10)	277
Fines and penalties	3,892	(3,668)	9,400	(224)	9,400
Damage to environment	101	(70)	–	(2)	29
Social obligations	1,052	(259)	–	(28)	765
	7,382	(6,908)	10,261	(264)	10,471

The Company has paid the $3.9 million fines and penalties and completed all the measures on environment rehabilitation to make good the local environment. The Company has also completed the majority of the community and social works as agreed with the Court. The Company committed to the development of improved waste handling facilities to prevent reoccurrence of the tailings dam incident the costs of which were already included in its infrastructure development plan.

Recent developments

On 30 May 2012, the Supreme Court of the Republic of Kazakhstan cancelled the decision of the Court and sent the case to be reviewed in the same Court by a different member of the judiciary. It was proposed that this new Court hearing would enable the Company to continue its appeal against the Claim and for the Company to obtain partial repayment of the penalties paid.

On 16 August 2012, the Court restated the Claim of an estimated $9.4 million, (KZT 1,429,000,000) as correct. This new resolution ignored the statements of the third-party legal and scientific reviewers who demonstrated that the environment had been remediated with the approval and to the satisfaction of the Environmental Department of East Kazakhstan and that the evidence used by the Court was technically incorrect.

The level of fines is now subject to review by the higher courts of Kazakhstan.

The Directors are confident that the fines will be cancelled. However, full provision has been made in the financial statements, until the matter is finally resolved.

10 Finance income, finance expense and foreign exchange loss

	2012 $000	2011 $000
Finance income		
Bank interest receivable	244	25
Foreign exchange loss		
Foreign exchange loss	(240)	(77)
Finance expense		
Interest payable on bank loan	(765)	(139)
Unwinding of discount on provisions and other financial liabilities	(120)	(178)
	(885)	(317)

Notes to the Group financial statements
year ended 31 December 2012

11 Loss before taxation

The loss on ordinary activities before taxation is stated after charging:

	2012 $000	2011 $000
Staff costs (note 7)	8,586	7,313
Depreciation of tangible assets	4,580	6,044
Cost of inventories recognised as expense	15,375	14,244
Additional stripping costs[(i)]	–	2,956
Fees payable to the Company's auditors for the audit of the Company's annual accounts	77	–
Fees payable to the previous auditors of the Company	–	74
Auditing of accounts of the Company's subsidiaries pursuant to legislation	92	–
Fees payable to the previous auditors of the Company's subsidiaries	–	96

There were fees payable in the year ended 31 December 2012 of $3,200 (2011: $43,000) to the Company's auditors in respect of taxation advisory services and $31,700 (2011: $6,000) in respect of other financial advice.

(i) The mining plan for the Sekisovskoye open pit is based on a stripping ratio of 5:1. During the year ended 31 December 2012, the actual stripping ratio was 4.5:1, no additional stripping costs have therefore been expensed. In 2011 due to a backlog of stripping required in respect of previous years the amount in excess of mining plan was expensed directly to cost of sales.

12 Taxation

	2012 $000	2011 $000
Current taxation	332	313
Deferred taxation (note 25)	408	(1,470)
Total taxation charge/(benefit)	740	(1,157)

The current taxation charge for the year ended 31 December 2012 arose in one of the Group's subsidiaries in Kazakhstan which recognised taxable profits for the year and had utilised all its brought forward tax losses from previous years.

A reconciliation between the accounting profit and the total taxation charge/(benefit) from continuing operations is as follows:

	2012 $000	2011 $000
Loss before taxation	(22,544)	(10,579)
Loss for the year multiplied by the standard rate of corporation tax of 24.5 per cent. (2011: 26.5 per cent.)	(5,523)	(2,804)
Expenses not deductible for tax purposes	2,590	820
Current year tax losses and other temporary differences not recognised	3,987	1,444
Other permanent differences	–	308
Utilisation of tax losses and temporary differences not previously recognised	(195)	(1,356)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(119)	431
Total taxation charge/(benefit)	**740**	**(1,157)**

The taxation rate used for taxation on loss on ordinary activities is the standard rate for United Kingdom corporation tax, currently 24.5 per cent. (2011: 26.5 per cent.), being the average applicable rate for the parent Company in 2012. The rate applicable to the Group's subsidiaries in Kazakhstan is 20 per cent.

Notes to the Group financial statements
year ended 31 December 2012

13 Disposal of TOO Ognevka

During the year ended 31 December 2008, TOO Ognevka ("Ognevka") ceased production of copper and other metal concentrates at its plant in Eastern Kazakhstan. Due to the closure of the plant, the government rehabilitation process was deemed to have failed and on 7 December 2010, Ognevka was placed into bankruptcy.

The results of the discontinued operations, which have been included in the consolidated income statement, are as follows:

	2012 $000	2011 $000
External revenue	–	-
Expense	–	-
Loss before and after taxation	–	-
Liquidation proceeds	_	1,500
Profit/(loss) attributable to discontinued operation	–	1,500

The Group was a major secured creditor of Ognevka and was therefore entitled to any balance of proceeds arising from its liquidation after settlement of certain preferred creditors and payment of liquidation costs. In February 2012, the liquidation of Ognevka was completed and its assets were sold to a third party. In April 2012, the Group was repaid $1.5 million being an initial settlement of its debt due from Ognevka after payment of certain creditors and payment of liquidation costs. It is considered that any further receipts in respect of the Ognevka liquidation will not be of a material amount. The receipt of $1.5 million has been included in the consolidated income statement as a receivable in the financial statements for the year ended 31 December 2011.

14 Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss from continuing operations for the financial year of $23,075,000 (2011: loss of $9,422,000). The profit from discontinued operations in the year was $Nil (2011: $1,500,000).

The weighted average number of ordinary shares for calculating the basic loss (2011: loss) per share and diluted loss (2011: loss) per share after adjusting for the effects of all dilutive potential ordinary shares relating to share options are as follows:

	2012	2011
Basic and diluted	938,491,844	687,365,165

As the Group was loss making in 2012, the impact of Share options was anti-dilutive.

15 Dividends

The directors do not recommend the payment of a dividend (2011: nil).

Notes to the Group financial statements
year ended 31 December 2012

16 Property, plant and equipment

	Mining properties and leases $000	Freehold land and buildings $000	Equipment, fixtures and fittings $000	Plant, machinery and vehicles $000	Assets under construction $000	Total $000
Cost						
1 January 2011	6,241	10,327	699	16,304	4,970	38,541
Intergroup	–	17			(17)	–
Transfers	–	2,305	543	–	(2,848)	–
Additions	–	153	181	1,388	12,654	14,376
Disposals	–	–	(44)	(63)	–	(107)
Currency translation adjustment	–	–	–	–	–	–
1 January 2012	6,241	12,802	1,379	17,629	14,759	52,810
Transfers	38	5,334	13,459	(10,667)	(8,164)	–
Additions	5,065	152	1,518	698	8,079	15,512
Disposals	–	(2,268)	(695)	(17)	(572)	(3,552)
Currency translation adjustment	(96)	(245)	(45)	(291)	(248)	(925)
31 December 2012	11,248	15,775	15,616	7,352	13,854	63,845
Accumulated depreciation						
1 January 2011	2,515	1,387	446	10,634	–	14,982
Charge for the year	928	532	782	3,802	–	6,044
Disposals	–	–	(1)	(1)	–	(2)
Currency translation adjustment	(7)	–	–	–	–	(7)
1 January 2012	3,436	1,919	1,227	14,435	–	21,017
Charge for the year	345	1,049	2,753	433	–	4,580
Transfers	92	1,009	7,664	(8,765)	–	–
Disposals	–	(1)	(678)	(1,585)	–	(2,264)
Currency translation adjustment	(43)	(39)	(32)	(188)	–	(302)
31 December 2012	3,830	3,937	10,934	4,330	–	23,031
Net book value						
1 January 2011	3,726	8,940	253	5,670	4,970	23,559
31 December 2011	2,805	10,883	152	3,194	14,759	31,793
31 December 2012	7,418	11,838	4,682	3,022	13,854	40,814

Capitalised cost of mining property and leases are amortised over the life of the licence from commencement of production on a unit of production basis. This basis uses the ratio of production in the period compared to the mineral reserves at the end of the period plus production in the period. Mineral reserves estimates are based on a number of underlying assumptions which are inherently uncertain. Mineral reserves estimates take into consideration estimates by independent geological consultants. However, the amount of mineral that will ultimately be recovered cannot be known until the end of the life of the mine. Any changes in reserve estimates are, for amortisation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Group's property, plant and equipment is dependent on the development of the underground mine.

Under the terms of the loan agreement with the European Bank for Reconstruction and Development (EBRD), the Group has pledged certain assets as security for the loan that was entered into in the year (see note 34).

17 Subsidiaries

Name	Percentage held	Country of registration and operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO Altai Ken-Bayitu	100	Kazakhstan
Indirectly held		
TOO Gornorudnoe Predpriatie Sekisovskoye	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding Company.

Notes to the Group financial statements
year ended 31 December 2012

18 Inventories

Non-current

	2012 $000	2011 $000
Work in progress	–	4,177

Current

	2012 $000	2011 $000
Spare parts and consumables	8,420	7,892
Work in progress	3,042	1,520
Finished goods	1,917	1,649
	13,379	11,061

The value of inventories above is stated after impairment for obsolescence and write downs to net realisable value in respect of spare parts and consumables of $582,000 (2011: $511,000) and work in progress of $5,638,000 (2011: $1,634,000).

Non-current inventories have been impaired in the period as their grade at the current recovery rates of 0.56g/t was such that it would be uneconomical to process them.

19 Trade and other receivables

Non-current

	2012 $000	2011 $000
Other prepayments	421	399

Current

	2012 $000	2011 $000
Trade receivables	11	–
Akmola Gold –		
advances	2,128	1,462
provision	(2,128)	–
Ognevka liquidation proceeds	–	1,500
VAT receivable	2,417	2,766
Other receivables	67	181
Akmola Gold –		
prepayment of fees	1,655	1,452
provision	(1,655)	–
Prepayments	1,793	1,043
	4,288	8,404

Other prepayments included within non-current assets relate to advances for plant and equipment.

The trade receivables are stated at full carrying value and their ageing is less than 30 days old. The Directors consider that the carrying value of trade receivables approximates to their fair value. Further details of the Akmola Gold advances and prepayment are provided in note 31 – "Post reporting date events".

Notes to the Group financial statements
year ended 31 December 2012

20 Trade and other payables

Current

	2012 $000	2011 $000
Trade creditors	2,790	4,758
Other payables and accruals	972	923
	3,762	5,681

Trade creditors and accruals principally comprise amounts outstanding for trade purchases of goods and services. The majority of the trade creditors relate to the Group's trading subsidiaries in Kazakhstan. It is not practical to calculate the average credit period taken for trade purchases for these creditors due to current business practices in the former Soviet Union. For most suppliers, interest is not charged on these trade payables. The Group regularly reviews all outstanding payables to ensure they are paid within the appropriate timeframe.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

21 Other financial liabilities

	2012 $000	2011 $000
Liability for historic cost	1,562	1,783
Current	229	282
Non-current	1,333	1,501
	1,562	1,783

The subsoil use contract (the "Contract"), under which TOO Sekisovskoye holds the exploration and mining rights to the Sekisovskoye deposit stipulates that it must pay a total of $3,312,000 to the Kazakhstan Government for historic costs. From 1 January 2009, the balance of the historical costs is being paid on a quarterly basis over the next 8 years from 2009 to 2017.

The future historic costs have been discounted to their net present value. This discounted value has been capitalised as Property, plant and equipment (note 16) and will be amortised over the productive period. Any changes in estimated costs and discount rate are dealt with prospectively and result in a corresponding adjustment to property plant and equipment.

22 Related party transactions

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 – "Related Party Disclosures". Further information about the remuneration of the individual directors is set out in the audited section of the report on directors' remuneration on page 16.

	2012 $	2011 $
Short term employee benefits	1,093,528	671,157
Other	16,360	24,062
	1,109,888	695,219
Social security costs	110,370	44,459
	1,220,258	739,678
Share based payment	–	151,141
	1,220,258	890,819

During the year ended 31 December 2012, $Nil (2011: $24,062) was paid to Mineral Mining and Processing Limited for the provision of the services of Nicholas Bridgen, a director, to Hambledon Mining plc. This is included in the total remuneration of Nicholas Bridgen for the year ended 31 December 2012 of $Nil (2011: $72,585) as set out in the report on Directors' remuneration on page 16.

Notes to the Group financial statements
year ended 31 December 2012

23 Provisions

	Tailings dam leak $000	Abandonment and restoration $000	Holiday pay $000	Total $000
1 January 2011	–	1,288	195	1,483
Addition	7,757	–	425	8,182
Unwinding of discount	–	112	–	112
Paid during the year	(375)	–	(365)	(740)
Currency translation adjustment	–	–	3	3
1 January 2012	7,382	1,400	258	9,040
Addition	8,918	5,065	487	14,470
Unwinding of discount	–	120	–	120
Paid during the year	(5,565)	–	(436)	(6,001)
Currency translation adjustment	(264)	(36)	(6)	(306)
31 December 2012	10,471	6,549	303	17,323
31 December 2011				
Current	7,382	–	258	7,640
Non-current	–	1,400	–	1,400
	7,382	1,400	258	9,040
31 December 2012				
Current	10,471	–	303	10,774
Non-current	–	6,549	–	6,549
	10,471	6,549	303	17,323

Abandonment and restoration costs

In accordance with the provisions of the subsoil use contract (the "Contract"), TOO Sekisovskoye is liable for site restoration costs upon completion of production activities. It is not possible to predict accurately the amount which might ultimately be payable for site restoration as it includes assumptions such as inflation in Kazakhstan over the life of the Contract which are inherently uncertain. An estimate of the future cost of restoration has been discounted and a provision recognised. The discounted amount for cost of restoration has been capitalised as a tangible fixed asset (note 16) and will be amortised using the unit of production method over the life of the mine.

In accordance with the subsoil use agreement, TOO Sekisovskoye has established a cash fund to pay for the cost of restoration. The cash fund is maintained in a separate bank account in the name of TOO Sekisovskoye. TOO Sekisovskoye is required to contribute each year an amount equal to 1 per cent. of its operating expenses to this fund. Any transfers from the bank account require the authorisation of the Government of Kazakhstan. This fund will be used to pay for the costs of restoration as they become due. If the funds in the account are insufficient to pay for the costs, TOO Sekisovskoye will be required to pay any deficit. Any funds in the account surplus to those required for restoration will be returned to TOO Sekisovskoye. At 31 December 2012 there was $384,000 (2011: $239,000) on deposit in the bank account maintained for restoration costs.

Tailings dam leak

On 29 October 2011, a leak of tailings dam 3 occurred at the Sekisovskoye mine site. In the financial statement of 31 December 2011 a provision was made of $7.7 million as set out in note 9. Included in the provision for the cost of the tailings dam leak were fines totalling $3.9 million. These fines were paid in full during 31 December 2012. The level of fines are currently subject to review by the higher courts of Kazakhstan. It has currently been determined that a further amount totalling KZT 142,000 million (approximately $9.4 million) is payable in addition to the above. This court review may result in the amount of the fines being reduced. However, the outcome and timing of any court determination is uncertain and, if it was reduced following such determination, the Group would have to obtain repayment of any excess fines paid from the Government of Kazakhstan. The Directors have therefore provided for the full amount of the fines payable. As a result of the tailings dam leak, the Group has also contracted with the Government of the Republic of Kazakhstan to spend an additional $4.1 million on the construction of a paste plant which is not included in the provision but is set out in note 30 – "Commitments and contingencies". Of this amount $547,000 has been paid in 2012, the Company has until 2015 to fulfil this obligation.

Notes to the Group financial statements
year ended 31 December 2012

24 Borrowings

Secured borrowings at amortised cost

	2012 $000	2011 $000
Bank loan	10,065	1,000

The loan of $1 million was repaid during the year.

On 21 February 2012, two of the Company's subsidiaries, Altai Ken-Bayitu LLP ("AKB") and Sekisovskoye LLP ("Sekisovskoye") entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD). The principal terms of the loan are as follows:

- Total amount of the loan is $15 million payable in two tranches to AKB and Sekisovskoye, on a joint and several basis, and repayable in quarterly instalments between 10 January 2015 and 10 October 2017.
- The first tranche of the loan is $10 million. The second tranche of $5 million will only be available provided a performance condition for the underground mining operation at Sekisovskoye mine site is met.
- The loan is available for drawdown between the dates of 22 February 2012 and 21 February 2014.
- Interest on drawn amounts will be charged at a rate of three months LIBOR plus seven per cent per annum. The effective interest rate in the period was in the range from 7.5% to 7.8%.

A drawdown of $10 million was made during the financial year, the amount shown above includes commission charges of $65,000. Interest is charged at 7 per cent above the London Inter Bank Offered Rate (LIBOR). Interest of $187,900 has been accrued and is included within other payables and accruals note 20.

25 Deferred taxation

Deferred taxation asset/(liability)

	Taxation losses $000	Accelerated taxation depreciation $000	Other $000	Total $000
1 January 2010	518	(736)	–	(218)
(Charge)/Credit to income	(493)	134	79	(280)
Currency translation adjustment	(16)	22	–	6
1 January 2011	9	(580)	79	(492)
Credit to income	523	648	299	1,470
1 January 2012	532	68	378	978
(Charge)/credit to income	(292)	100	(216)	(408)
Currency translation	(5)	(2)	(7)	(14)
31 December 2012	235	166	155	556

The tax losses and accelerated taxation depreciation have been offset in previous periods as they arise within one subsidiary in Kazakhstan.

The tax losses arising in the prior periods will reduce the Group's future tax liability. Deferred tax assets are recognised as the Directors believe that sufficient taxable profits will be made against which the carried forward losses can be offset. Losses of £1,772,000 (2011: $2,618,000) resulting in tax savings of $354,000 (2011: $523,000).

Unrecognised deferred taxation asset

The unrecognised deferred taxation asset is as follows:

	2012 $000	2011 $000
Temporary differences	1,426	1,143
Taxation losses	2,111	1,517
	3,537	2,660

Notes to the Group financial statements
year ended 31 December 2012

25 Deferred taxation (continued)

Certain subsidiaries of the Group have incurred losses which will be available for offset against future profits of those subsidiaries as well as accumulated depreciation in excess of capital allowances. During 2012, it was concluded that one subsidiary in Kazakhstan has sufficient evidence of future taxable profits to justify the recognition of a deferred tax asset of $765,000. No deferred taxation asset has been recognised in respect of other subsidiaries as the realisation of this additional deferred taxation asset of $3,537,000 is dependent on suitable taxable profits being earned in future periods in the related subsidiaries and there is insufficient evidence that this asset will be recoverable.

At the reporting date, there were no temporary differences associated with undistributed earnings of subsidiaries for which deferred taxation liabilities have not been recognised.

26 Called-up equity share capital

Issued and fully paid

	Number	$000
1 January 2011	516,089,233	946
Issued during the year		
Share placement	227,329,873	364
At 31 December 2011 and 1 January 2012	743,419,106	1,310
Issued during the year		
Share placement and open offer	236,302,407	374
31 December 2012	979,721,513	1,684

On 17 February 2012, 177,507,699 new ordinary shares in the Company were allotted raising gross proceeds of $9.2 million and $8.7 million net of expenses of $0.5 million. The shares were admitted for trading on 20 February 2012.

On 20 April 2012, 58,794,708 new ordinary shares were issued to European Bank for Reconstruction and Development (EBRD) at 3.25 pence (5 cents) per ordinary share for a total consideration of $3 million. The funds were used as follows: (a) $3.0 million for payment to the vendors of Akmola Gold LLP and associated costs, (b) $2.5 million for payment of a fine and associated costs resulting from the tailings dam leak (see note 9), and (c) $6.0 million for working capital including repayment of a working capital loan from Alfa Bank. The directors subscribed for a total of 142,308 new ordinary shares.

27 Notes to the cash flow statement

Net cash inflow from operating activities

	2012 $000	2011 $000
Loss before taxation from continuing operations	(21,403)	(10,579)
Adjusted for:		
Finance income	(244)	(25)
Finance expense	885	317
Share based payment	–	206
Depreciation of tangible fixed assets	4,580	6,044
Increase in provisions	9,292	7,445
Increase in inventories	(2,145)	(3,576)
Decrease in trade and other receivables	1,201	752
Decrease in other financial liabilities	(1,554)	(277)
(Decrease)/increase in trade and other payables	(567)	2,696
Loss on disposal of property, plant and equipment	872	87
Foreign currency translation	(541)	91
Cash inflow from operations	(9,624)	3,181
Income taxes paid	(317)	(313)
	(9,941)	2,868

Notes to the Group financial statements
year ended 31 December 2012

28 Share based payment

The Company has a share option scheme for its senior employees. The scheme does not permit the issue of share options of over more than 5 per cent of the Company's issued share capital. Options given to employees only become exercisable following the second or third anniversary of the date of grant of the options. Options are exercisable at a price equal to the mid market price of the Company's shares at the close of business on the date of grant. If the options remain unexercised after a period of four or five years from the date of grant the options expire unless their exercise period is extended by the Board of directors. Options are forfeited if the employee leaves the Group. Certain of the options awarded to employees can only be exercised if certain performance conditions are met including profitable operation.

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year were as follows:

	2012		2011	
	Number	WAEP pence	Number	WAEP pence
1 January	18,400,000	6.29	15,300,000	8.00
Granted during the year	30,000,000	–	7,500,000	4.25
Cancelled during the year	–	–	–	–
Expired during the year	(48,400,000)	6.29	(4,400,000)	8.70
31 December	–	–	18,400,000	6.29

There were no share options exercised during the years ended 31 December 2011 and 2012.

The Group recognised a total expense of $Nil (2011: $206,000) in respect of the share options awarded to its senior employees. On 23 February 2012, EBRD was issued with non transferable warrants of over 30 million ordinary shares. On 7 December 2012, the partial offer to acquire shares in Hambledon Mining PLC by African Resources Limited became unconditional, in accordance with clause 5.2.3 of the Option Agreement. Any existing options and warrants not exercised, lapsed. No share options or warrants are currently in issue as at the date of this Report.

29 Financial instruments

Policy on financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, provisions, other financial liabilities and borrowings. The Group's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 4 – "accounting policies". The Group does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Capital risk management

The Group was financed by equity and debt in the years ended 31 December 2011 and 2012. It is the intention of the Directors that the Group should continue to be financed by a mixture of debt and equity as appropriate to maintain a robust financial position to support its business and maximise shareholders value. In the year ended 31 December 2012, equity of $11.7 million (2011: $13.8 million) was raised net of expenses.

Derivatives, financial instruments and risk management

The Group does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Group has transactional currency exposures. Such exposures arise from sales or purchases by its two subsidiaries in Kazakhstan in currencies other than the Company's functional currency. The functional currency of TOO Altai Ken-Bayitu and TOO Gornorudnoe Predpriatie Sekisovskoye is the Kazakh Tenge. Hambledon Mining plc and Hambledon Mining Company Limited have a United Kingdom pound ("Sterling") functional currency. The currency transactions giving rise to this foreign currency risk are primarily US Dollar denominated revenues, US Dollar denominated borrowings and other financial liabilities and certain US Dollar, Russian Rouble and Euro denominated trade payables. The Group does not enter into hedging positions in respect of its exposure to foreign currency risk.

Notes to the Group financial statements
year ended 31 December 2012

29 Financial instruments (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at 31 December, are as follows:

	Liabilities		Assets	
	2012 $000	2011 $000	2012 $000	2011 $000
US Dollars	10,000	2,830	1,967	389
British Pounds	–	–	7	1,386
Kazakhstan Tenge	–	–	10	602

Sensitivity analysis

A 10 per cent strengthening, or weakening, of any one of the above currencies against either the US Dollar or Sterling, which the Directors consider to be a reasonably possible change for the purpose of sensitivity analysis, would not have a material effect on both the Group's equity and profit or loss on ordinary activities after tax for the years ended 31 December 2012 and 2011, as the repayment of the liability does not commence until 2015. This assumes that all other variables remain constant.

Commodity price risk

The Group is exposed to the effect of fluctuations in the price of gold and silver which are quoted in US Dollars on the international markets. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Group's only significant sales during the years ended 31 December 2011 and 2012 were sales of gold doré containing gold and silver. The sales proceeds for gold doré is fixed by reference to the gold and silver prices on the day of sale. The Group does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold, silver and copper and other metals and therefore it held no financial instruments that are sensitive to commodity price changes at either reporting date.

Credit risk

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counter-parties. The Group's exposure and the credit ratings of its counter-parties are monitored by the Board of Directors to ensure that the aggregate value of transactions is spread amongst approved counter-parties.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivables. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counter-parties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables comprise amounts receivable from a refinery in respect of sales of gold doré. On the sale of the gold doré to the refinery 95 per cent prepayment is received, with the balance paid after refining.

Other accounts receivable consist mostly of prepayments for goods and services by subsidiaries in Kazakhstan. It is often impractical in Kazakhstan to carry out a check of creditworthiness of suppliers before making the contracted prepayments. There were no significant balances at 31 December 2012 and 2011 in respect of which suppliers had defaulted on their obligations. Other receivables also include amounts advanced in respect of Akmola Gold (see note 31). However, as the future recoverability of this amount is uncertain full provision has been made.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Liquidity risk

During the year ended 31 December 2012, the Group was financed by internally generated funds, equity finance and short term and long term bank borrowings. There were bank borrowings of $10 million at 31 December 2012 (2011: $1 million).

Notes to the Group financial statements
year ended 31 December 2012

29 Financial instruments (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow.

	Borrowings $000	Trade and other payables $000	Provisions $000	Other financial liabilities $000	Total $000
31 December 2012					
From five to ten years	–	–	3,525	–	3,525
From two to five years	–	–	–	1,104	1,104
For one to two years	–	–	–	229	229
Due after more than one year	–	–	3,525	1,333	4,858
Due within one year	10,065	3,762	10,774	561	25,162
	10,065	3,762	14,299	1,894	30,020
31 December 2011					
From five to ten years	–	–	1,400	408	1,808
From two to five years	–	–	–	1,124	1,124
For one to two years	–	–	–	282	282
Due after more than one year	–	–	1,400	1,814	3,214
Due within one year	1,000	5,681	7,640	282	14,603
	1,000	5,681	9,040	2,096	17,817

Borrowings and interest rate risk

The Group entered into a long term borrowing agreement with the European Bank for Reconstruction and Development (EBRD) on 21 February 2012 in order to fund the payment of liabilities associated with the tailings dam incident (see note 9), to fund working capital commitments, and fund capital commitments. Interest is payable at 7 per cent. per annum above Libor. A 1 per cent increase in the rate if interest would result in an additional, $100,000 being expensed to the income statement.

The Group places surplus funds on short term deposit (maximum 3 months) in Sterling with an interest rate fixed at the prevailing market rate. The Group's exposure to such interest rate risk is not material.

30 Commitments and contingencies

General conditions

In recent years, the Republic of Kazakhstan has undergone substantial political and economic change. As an emerging market, the Republic of Kazakhstan does not possess a well-developed business infrastructure such as generally exists in a more mature free market economy. As a result, operations carried out in the Republic of Kazakhstan can involve risks which are not typically associated with those in developed markets. Significant identified risks have been provided for or disclosed in these financial statements as appropriate.

(a) Contractual liabilities

Subsoil use rights are not provided to the Company on an indefinite basis, and each renewal shall be approved before the current contract or license expires. These rights can be cancelled by the Government of the Republic of Kazakhstan (hereinafter referred to as "the Government") if the Company does not fulfill contractual liabilities.

In addition to the contractual liabilities, as stated in Notes 20 and 21, the Company is responsible for the following contractual liabilities:

Deposit development costs

In accordance with the subsoil use contract, the Company has an approved working program which may be reviewed and reconsidered depending on the economic viability and operational conditions of the deposit. The management of the Company believes it has fulfilled the requirements of the contract.

Notes to the Group financial statements
year ended 31 December 2012

30 Commitments and contingencies (continued)

Training for Kazakhstani specialists
In accordance with the terms of the Contract the Company is liable for the annual costs incurred in respect of the professional training for the Kazakhstani personnel involved in the work. The costs are estimated to be at least 1 per cent of the operational costs during the development and operational process. As at 31 December 2012 the Company has met the conditions of the Contract.

Development of the social sphere of the region
According to the terms of the Contract, the Company is liable for supporting the development and ensuring social support for the activity of the communities nearby the area of operations of the Company. As at 31 December 2012, the Company has met all the conditions of the Contract.

Liabilities on the restoration of the mine
Within eighty calendar days upon the expiration of the Contract the Company is liable for the development of the mine restoration program and its inspection by the competent authority of the Government of the Republic of Kazakhstan. The Company is liable for implementation of the program upon its approval.

(b) Insurance
In accordance with the subsoil use Contract the Company is liable for the development of the insurance program and its submission for approval by the competent authority.

The Company has several contracts of obligatory insurance including insurance of the vehicle owners, the employer's liability and insurance of the subsoil users' liability where the activity of such subsoil users is connected to the damage to third parties.

(c) Court proceedings
The claims on the Company are periodically set out in the courts along with the Company's activities. As at the reporting date, the Company has defended in court, proceedings connected with the tailings dam leak in October 2011. The provision for the losses is detailed in Note 9.

The Company has arranged a number of public and social works, approved by the court. The Company also has a memorandum signed with the local authorities, whereby the Company is liable for arranging the construction of the paste plant for $4,200,000, to be completed by 31 December 2015.

As at the reporting date the Company has fulfilled all its obligations, with the following exceptions:

- Construction of sports complex ($615,000);
- Park area creation ($53,000);
- Purchase of dump truck ($37,150).

The Company expects to fulfill these liabilities between 2013 and 2014.

As at the reporting date the Company has an application pending with the Supreme Court on the reconsideration of the level of fines imposed in relation to the tailings dam leak. The Court judgement may impose additional fines on the Company amounting to $9.4 million, or may reduce the additional fine to $nil.

The Directors have made full provision in relation to the fines payable see note 9, but are confident of a positive outcome.

(d) Taxation risks
The tax system of Kazakhstan, being relatively new, is characterised by frequent changes of the legal norms, official interpretations and court decisions, which are often not explicit and can be contradictory. This leads to differing interpretations by the tax authorities. The examination and investigations of the accounts to ensure that the tax payable is accurate are carried out by several regulatory bodies. These bodies have the power to impose heavy fines and penalties. The accuracy of the tax computation can be investigated five calendar years after the end of the accounting period. In certain circumstances this period can be increased.

Notes to the Group financial statements
year ended 31 December 2012

30 Commitments and contingencies (continued)

These circumstances may lead to the taxation risks being much higher in Kazakhstan compared to other countries. The management of the Company, based on their understanding of the tax legislation, regulatory requirements and court decisions, considers the tax liabilities being fully reflected. Nevertheless, the interpretation of these provisions by the corresponding authorities can be different and in that case should the authorities prove the lawfulness of their position, it may significantly affect these financial accounts.

31 Post reporting date events

Acquisition of Akmola Gold LLP

During the year the vendors of the Akmola Gold deposit have given the Company notice of termination as prescribed by Article 11 of the agreement signed between the parties on 27 May 2011. On 25 April 2013 the Company came to an agreement with the Vendors to accept an amount of $2 million in settlement of the outstanding amounts due from the vendors. The amount is repayable to the Company by 31 December 2013. However to reflect to reflect the uncertain outcome and the possibility that funds will not be recovered, a provision of the amount advanced and expenses incurred to date of $3.6 million has been recognised in the current year.

32 Reserves

Reserve	Description
Share capital	Amount of the contributions made by shareholders in return for the issue of shares.
Share premium	Amount subscribed for share capital in excess of nominal value.
Merger reserve	Reserve created on application of merger accounting under a previous GAAP. Currency translation reserve gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Currency translation reserve	Gains/losses arising on re-translating the net assets of overseas operations into US Dollars.
Other reserves	Fair value of share options granted net of amounts transferred to retained earnings on exercise or lapse of the options.
Accumulated losses	Cumulative net gains and losses recognised in the consolidated statement of financial position.

Details of movements in each reserve are set out into the Consolidated Statement of Changes in Equity on page 22.

33 Ultimate controlling party

The controlling party and parent entity of Hambledon Mining Plc is African Resources Limited, by virtue of the fact that it owns 50.86% of the voting rights in the Company. There is no ultimate controlling Party.

Company statement of changes in equity
year ended 31 December 2012

	Notes	Share capital £000	Share premium £000	Accumulated losses £000	Total £000
1 January 2011		516	33,996	(1,714)	32,798
Shares issued	9	227	8,866	–	9,093
Issue costs	9	–	(455)	–	(455)
Share based payment	10	–	–	(22)	(22)
Profit for the year		–	–	1,195	1,195
1 January 2012		743	42,407	(541)	42,609
Shares issued	9	236	7,422	–	7,658
Issue costs	9	–	(335)	–	(335)
Share based payment	10	–	–	–	–
Loss for the year		–	–	(31,886)	(31,886)
31 December 2012		979	49,494	(32,427)	18,046

The accompanying notes are an integral part of these Company financial statements.

Company statement of financial position
31 December 2012

Company number 5048549	Notes	2012 £000	2011 £000
Non-current assets			
Property, plant and equipment	5	–	369
Investments	6	152	428
Loans to subsidiaries	6	16,800	39,136
		16,952	39,933
Current assets			
Other receivables	7	203	2,094
Cash and cash equivalents		1,092	894
		1,295	2,988
Total assets		18,247	42,921
Current liabilities			
Trade and other payables	8	(201)	(312)
Net current assets		1,094	2,676
Net assets		18,046	42,609
Shareholders' equity			
Called-up share capital	9	979	743
Share premium		49,494	42,407
Accumulated losses		(32,427)	(541)
Total equity		18,046	42,609

The financial statements were approved by the Board of Directors on 5 June 2013 and signed on its behalf by

Aidar Assaubayev
Chief Executive

The accompanying notes are an integral part of these Company financial statements.

Company statement of cash flows
year ended 31 December 2012

	Notes	2012 £000	2011 £000
Net cash outflow from operating activities	11	(2,276)	(1,730)
Investing activities			
Finance income		–	15
Purchase of property, plant and equipment		–	(369)
Akmola Gold advances and prepayment of fees		(357)	(1,790)
Proceeds from Ognevka liquidation		946	–
Net loans to subsidiaries		(5,438)	(4,368)
Net cash used in investing activities		(4,849)	(6,512)
Financing activities			
Proceeds on issue of shares		7,658	9,093
Expenses on Issue of shares		(335)	(455)
Net cash inflow from financing activities		7,323	8,638
Increase/(decrease) in cash and cash equivalents		198	396
Cash and cash equivalents at beginning of the year		894	498
Cash and cash equivalents at end of the year		1,092	894

The accompanying notes are an integral part of these Company financial statements.

Notes to the Company financial statements
year ended 31 December 2012

1 Basis of preparation

The financial statements of Hambledon Mining plc for the year ended 31 December 2012 are prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union.

The financial statements have been prepared using accounting policies set out in note 3 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. For these purposes, IFRS comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union.

Details of the Company's ability to continue as a going concern are detailed on note 2 on page 24 of the Group financial statements.

In accordance with the Provisions of Section 408 of the Companies Act 2006 the profit and loss account of Hambledon Mining plc is not presented.

2 Adoption of new and revised standards

The Group and Company has adopted the following standards, amendments to standards and interpretations which are effective for the first time this year. The impact is shown below:

		Effective period commencing on or after	Impact on Group
IFRS 7	Amendment – Transfer of Financial Asset	1 July 2012	No
IFRS 1	Amendment – Severe hyperinflation and removal of fixed dates	1 July 2012	No
IAS 12	Amendment – Recovery of Underlying Assets	1 January 2012	No

Certain new standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning from 1 January 2013 or later periods to which the Company has decided not to adopt early, when early adoption is available. These are:

	Effective period commencing on or after
IAS 1 Amendment – Presentation of Items of Other Comprehensive Income	1 July 2012
IFRS 10 – Consolidated Financial Statements	1 January 2013
IFRS 11 – Joint Arrangements	1 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	1 January 2013
IFRS 13 – Fair Value Measurement	1 January 2013
IAS 27 – Separate Financial Statements	1 January 2013
IAS 28 – Investments in Associates and Joint Ventures	1 January 2013
IAS 19 – Employee Benefits	1 January 2013
IFRS 7 Amendment – Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
IFRS 1 Amendment – Government Loans	1 January 2013
Improvements to IFRS (2009–2011 Cycle)	1 January 2013
IFRS 10, 11 and 12 Amendments – Transition Guidance	1 January 2013
IAS 32 Amendment – Offsetting Financial Assets and Financial Liabilities	1 January 2014
IFRS 10,12 and IAS 27 Amendments – Investment Entities	1 January 2014
IFRS 9* – Financial Instruments	1 January 2015

* Not yet endorsed by the European Union.

None of these standards are expected to have material effect on the financial position of the Company.

Notes to the Company financial statements
year ended 31 December 2012

3 Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying value of these approximates to their fair value.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded as proceeds received, net of direct issue costs.

Investments and loans to subsidiaries

Investments in subsidiaries are included at cost less amounts written off. Loans to subsidiaries are initially recognised at fair value and subsequently measured at amortised cost.

Foreign currencies

The functional currency of Hambledon Mining plc is United Kingdom Pounds ("Sterling").

Transactions denominated in currencies other than the functional currency of Hambledon Mining plc are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into Pound Sterling at the closing rates of exchange at the reporting date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the reporting date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the income statement.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) by using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred taxation is provided in accordance with IAS 12 – "Income Taxes", on temporary differences which are represented by a difference between the carrying value of an asset or liability and its tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the surplus management charges of previous years can be utilised.

Financial instruments

The Group's principal financial assets are cash and carry equivalents, trade receivables and other accounts receivables. Cash equivalents include amounts held on deposit with financial restrictions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counter-parties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

Share based payment

All share based payments are accounted for in accordance with IFRS 2 "Share based payments".

The Company issues equity-settled share based payments in the form of share options to certain employees of subsidiary companies. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using a binomial probability valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Any charge accrued in respect of share options is treated as a capital contribution to the subsidiary Company with a corresponding credit to reserves. Any profit or loss charge resulting from the exercise of share options is taken to the Company's income statement.

Notes to the Company financial statements
year ended 31 December 2012

4 Taxation

There was no taxation payable for the years ended 31 December 2012 and 2011 as follows:

	2012 £000	2011 £000
(Loss)/Profit before taxation	(31,886)	1,195
(Loss)/Profit for the year multiplied by the standard rate of corporation tax of 24.5 per cent. (2011: 26 per cent.)	(7,812)	311
Revaluation of loan to subsidiary not taxable	(141)	(710)
Expenses not deductible for tax purposes	69	–
Provisions	6,663	–
Surplus management charges for the year	1,221	399
Total taxation charge	–	–

On 1 April 2012 the standard rate of Corporation tax was reduced to 24 per cent. from 26 per cent. and is set to reduce again to 23 per cent. from 1 April 2013. The Company did not recognise any deferred tax assets or liabilities at 31 December 2012 or 31 December 2011. The Company had an unrecognised deferred taxation asset at 31 December 2012 in respect of excess management charges carried forward of £1,152,489 (2011: £786,000).

5 Property, plant and equipment

	Assets under construction £000
Cost	
1 January 2011 and 2012	369
Disposal	(369)
31 December 2012	–
Net book value	
1 January 2011	369
31 December 2012	–
31 December 2011	369

* The disposal relates to assets transferred to a subsidiary.

6 Investments and loans to subsidiaries

	Investments £000	Loans to subsidiaries £000
1 January 2011	474	32,036
Net Movement in Cash	–	4,368
Net capital reduction in respect of share options (note 10)	(46)	–
Foreign exchange movement on loan to subsidiary	–	2,732
1 January 2012	428	**39,136**
Net Movement in Cash	–	5,438
Net capital reduction in respect of share options (note 10)	(276)	–
Foreign exchange movement on loan to subsidiary	–	(577)
Impairment loss	–	(27,197)
31 December 2012	152	**16,800**

The loans to subsidiaries are interest free and with no fixed date for repayment. The foreign exchange movement on loans to subsidiaries is to revalue the foreign currency loan to a subsidiary Company to the year end exchange rate, the movement is reflected within the income statement.

An impairment loss has been recognised against the loans to subsidiaries, due to provisions made for potential fines and the uncertainty surrounding the payment of fines where there are insufficient resources to repay the loans to the parent company.

Notes to the Company financial statements
year ended 31 December 2012

6 Investments and loans to subsidiaries (continued)

At 31 December 2012, the Company's subsidiaries were:

Name	Percentage held	Country of registration and operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO Altai Ken-Bayitu	100	Kazakhstan
Indirectly held		
TOO Gornorudnoe Predprietie Sekisovskoye	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding Company.

7 Other receivables

	2012 £000	2011 £000
Prepayments	54	39
Other receivables	149	170
Akmola Gold – advance	1,349	946
Provision	(1,349)	–
Akmola Gold – prepayment of fees	1,024	939
Provision	(1,024)	–
	203	2,094

The carrying amount of the other receivables approximates to their fair value. Further details of Akmola Gold advances and prepayments are provided in note 13 – "Post balance sheet events".

8 Trade and other payables

	2012 £000	2011 £000
Trade creditors	146	237
Other payables and accruals	55	75
	201	312

The carrying amount of trade and other payables approximates to their fair value.

9 Called-up equity share capital

Issued and fully paid	2012 Number	2012 £000
1 January 2011	516,089,233	516
Issued during the year		
Share placement	227,329,873	227
At 31 December 2011 and 1 January 2012	743,419,106	743
Issued during the year		
Share placement and open offer	236,302,407	236
31 December 2012	**979,721,513**	**979**

On 1 February 2012, a firm placing of 177,507,699 new ordinary shares in the Company was approved at a general meeting of the Company, the shares were subsequently issued at 3.25p pence per share. The share issue raised £5.60 million ($9.2 million), and £5.2 million ($8.7 million after expenses. The Company also received $3 million (£1.82 million), from the European Bank for Reconstruction and Development (EBRD), in consideration of which 58,794,708 new ordinary shares were allotted and issued to EBRD on 17 April 2012. In total, funds of £7.59 million were raised before expenses of £0.3 million and the funds were utilised for the acquisition expenses of Akmola Gold, expenses in relation to the tailings dam reconstruction and general corporate purposes.

Notes to the Company financial statements
year ended 31 December 2012

10 Share based payment

The Company has a share option scheme for its senior employees. The scheme does not permit the issue of share options over more than 5 per cent. of the Company's issued share capital. Options given to employees only become exercisable following the second or third anniversary of the date of grant of the options. Options are exercisable at a price equal to the mid market price of the Company's shares at the close of business on the date of grant. If the options remain unexercised after a period of four or five years from the date of grant the options expire unless their exercise period is extended by the Board of Directors. Options are forfeited if the employee leaves the Group. Certain of the options awarded to employees can only be exercised if certain performance conditions are met including profitable operation.

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year were as follows:

	2012		2011	
	Number	WAEP pence	Number	WAEP pence
1 January	18,400,000	6.29	15,300,000	8.00
Granted during the year	30,000,000	–	7,500,000	4.25
Cancelled during the year	–	–	–	–
Expired during the year	(48,400,000)	6.29	(4,400,000)	8.70
31 December	–	–	18,400,000	6.29

There were no share options exercised during the years ended 31 December 2011 and 2012.

The Group recognised a total expense of $Nil (2011: $206,000) in respect of the share options awarded to its senior employees. On 23 February 2012, EBRD was issued with non transferable warrants of over 30 million ordinary shares. On 7 December 2012, the partial offer to acquire shares in Hambledon Mining PLC by African Resources Limited became unconditional, in accordance with clause 5.2.3 of the Option Agreement. Any existing options and warrants not exercised, lapsed. No share options or warrants are currently in issue as at the date of this Report.

Total share option expense in respect of employees of the Company and Group was:

	2012 £000	2011 £000
Company	–	24
Subsidiary companies	–	105
	–	129

The amount (credited)/charged to the Issuer of the Company in respect of share options was:

	2012 £000	2011 £000
Total charge for the year	–	129
Amount expensed in prior years in respect of options now lapsed	(276)	(151)
	(276)	(22)

The expense of subsidiaries of the Company, net of the amount expensed in prior years in respect of options which expired in the year, has been accounted for as a capital contribution or reduction to the cost of investment in those subsidiaries with a corresponding increase or decrease in opening reserves as set out in note 6 – "Investments and loans to subsidiaries".

Notes to the Company financial statements
year ended 31 December 2012

10 Share based payment (continued)

The reduction in the cost of the investment was:

	2012 £000	2011 £000
Share option expense of subsidiary companies	–	105
Amount expensed in prior years in respect of options now lapsed	(276)	(151)
	(276)	(46)

11 Notes to the cash flow statement

Net cash outflow from operating activities

	2012 £000	2011 £000
(Loss)/Profit before and after taxation	(31,886)	1,195
Adjusted for:		
Finance income	–	(15)
Decrease/(increase) in other receivables	(952)	(143)
Decrease in trade and other payables	(111)	(59)
Provision against investments and other receivables	30,063	24
Revaluation of loan to subsidiary	610	(2,732)
	(2,276)	(1,730)

12 Financial Instruments

General

The Company is a holding Company for investments and supplies services to its subsidiary companies. The Company's accounting policies with regard to financial instruments are detailed in note 3. The Company does not use financial instruments for speculative purposes. Details of the Group's policies on financial risk management, certain of which are also relevant to the Company, are included in note 29 to the Group financial statements, except where detailed below.

Foreign currency risk management

The Company's functional currency is United Kingdom Pounds ("Sterling"). All material assets and liabilities are denominated in Sterling except for loans made to certain of its subsidiaries in United States Dollars. Loans to subsidiaries in United States Dollars are revalued into Sterling at each reporting date and the profit or loss on revaluation recognised in the income statement of the Company. The Company considers that because loans to subsidiaries are interest free and have no fixed date of repayment they are equity in nature. Accordingly, any gain or loss on revaluation of loans to subsidiaries in United States Dollars is not hedged. A 10 per cent strengthening of Sterling against the United States Dollar at 31 December 2012 would have resulted in a credit to the Company's income statement of £838,000. The Company has been financed by sales of shares denominated in Sterling and its income and expenses are also denominated in Sterling.

Loans to subsidiaries

The Company has made loans to its subsidiaries in both United Kingdom pounds and United States Dollars. These loans are interest free and with no fixed term for repayment. The recoverability of these loans is dependent on the future ability of each relevant subsidiary to generate sufficient funds to repay its loan. Alternatively, these loans may also be repaid out of the proceeds of any future sale of each relevant subsidiary. At the reporting date there were amounts receivable from subsidiary companies of £16,800,000 (2011: £39,136,000). The carrying amount of these assets approximates to their fair value. There are no past due or impaired receivable balances (2011: £nil).

Liquidity risk

During the period ended 31 December 2012, the Company was financed by equity funding and from a long term loan from the European Bank for Reconstruction and Development, (EBRD). Funds raised surplus to immediate requirements are held as cash deposits. The maturities of the cash deposits are selected to maximise the investment return whilst ensuring that funds will be available as required to maintain the Company's operations.

Notes to the Company financial statements
year ended 31 December 2012

13 Post reporting date events

Acquisition of Akmola Gold LLP

During the year the vendors of the Akmola Gold deposit gave the Company notice of termination as prescribed by Article 11 of the agreement signed between the parties on 27 May 2011. On 25 April 2013 the Company came to an agreement with Vendors to accept an amount of $2 million in settlement of the outstanding amounts due from the vendors. The amount is repayable to the Company by 31 December 2013. However to reflect to reflect the uncertain outcome a provision of the amount advanced and expenses incurred to date of $3.6 million has been recognised in the current year.

14 Related party transactions

Disclosure regarding remuneration of the directors is given on page 29 in note 7, and the Director's Report. Details of the Group's subsidiaries, which are considered to be related parties are given on page 33 in note 17.

15 Ultimate controlling party

The controlling party and parent entity of Hambledon Mining Plc is African Resources Limited, by virtue of the fact that it owns 50.86% of the voting rights in the Company. There is no ultimate controlling Party.

SCHEDULE 1D – THE 2011 AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Independent auditor's report to the members of Hambledon Mining plc

We have audited the Group financial statements of Hambledon Mining plc for the year ended 31 December 2011 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Changes in Equity, the Group Cash Flow Statement and the related notes 1 to 30. 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.

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 Group 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 Group 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 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. 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 Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

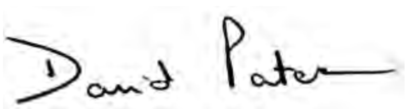
Matters on which we are required to report by exception

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:

- 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.

Other matters

We have reported separately on the parent company financial statements of Hambledon Mining plc for the year ended 31 December 2011 and on the information in the directors' remuneration report that is described as having been audited.



David Paterson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
25 May 2012

Group income statement
year ended 31 December 2011

	Notes	2011 $000	2010 restated* $000
Continuing operations			
Revenue	5	33,325	29,053
Cost of sales		(29,892)	(20,451)
Gross profit		3,433	8,602
Administrative expenses		(5,886)	(4,580)
Tailings dam leak	9	(7,757)	–
Operating (loss)/profit		(10,210)	4,022
Investment revenues	10	25	12
Other losses	10	(77)	(192)
Finance costs	10	(317)	(524)
(Loss)/profit before taxation	11	(10,579)	3,318
Taxation benefit/(charge)	12	1,157	(280)
(Loss)/profit from continuing operations		(9,422)	3,038
Discontinued operations			
Profit/(loss) for the year	8	1,500	(73)
(Loss)/profit attributable to equity shareholders		(7,922)	2,965
(Loss)/profit per ordinary share	13		
Continuing operations			
Basic		(1.37)c	0.59c
Diluted		(1.37)c	0.59c
From continuing and discontinued operations			
Basic		(1.15)c	0.57c
Diluted		(1.15)c	0.57c

Group statement of comprehensive income
year ended 31 December 2011

	2011 $000	2010 restated* $000
(Loss)/profit for the year	(7,922)	2,965
Currency translation differences on foreign currency net investments	98	(81)
Total comprehensive (loss)/profit for the year attributable to equity shareholders	(7,824)	2,884

The accompanying notes are an integral part of these consolidated financial statements.

*See note 2.

Group balance sheet
31 December 2011

	Notes	2011 $000	2010 restated* $000	2009 restated* $000
Non-current assets				
Property, plant and equipment	15	31,793	23,559	24,488
Inventories	17	4,177	5,841	–
Trade and other receivables	18	399	–	–
Deferred tax asset	24	978	–	–
Restricted cash	22	239	161	65
		37,586	29,561	24,553
Current assets				
Inventories	17	11,061	5,821	7,931
Trade and other receivables	18	8,404	4,742	2,920
Cash and cash equivalents		1,763	959	2,328
		21,228	11,522	13,179
Total assets		58,814	41,083	37,732
Current liabilities				
Trade and other payables	19	(5,994)	(2,348)	(2,269)
Other financial liabilities	20	(282)	(282)	(280)
Provisions	22	(7,640)	(195)	–
Borrowings	23	(1,000)	–	–
		(14,916)	(2,825)	(2,549)
Net current assets		6,312	8,697	10,630
Non-current liabilities				
Trade and other payables	19	–	–	(749)
Other financial liabilities	20	(1,501)	(1,712)	(1,233)
Deferred tax liability	24	–	(492)	(218)
Provisions	22	(1,400)	(1,288)	(1,308)
		(2,901)	(3,492)	(3,508)
Total liabilities		(17,817)	(6,317)	(6,057)
Net assets		40,997	34,766	31,675
Equity				
Called-up share capital	25	1,310	946	946
Share premium		76,914	63,429	63,429
Merger reserve		(282)	(282)	(282)
Other reserves		535	570	453
Currency translation reserve		(6,821)	(6,919)	(6,838)
Accumulated losses		(30,659)	(22,978)	(26,033)
Total equity		40,997	34,766	31,675

The financial statements of Hambledon Mining plc, registered number 5048549, were approved by the board of directors on 25 May 2012 and signed on its behalf by

Timothy Daffern
Chief Executive

*See note 2.

Group statement of changes in equity
year ended 31 December 2011

	Share capital $000	Share premium $000	Merger reserve $000	Share based payment reserve $000	Currency translation reserve $000	Accumulated losses $000	Total $000
1 January 2009 – restated*	872	59,180	(282)	323	(2,562)	(26,282)	31,249
Share based payment	–	–	–	208	–	–	208
Lapsed share option	–	–	–	(78)	–	78	–
Other	–	–	–	–	(97)	97	–
Currency translation differences on foreign currency net investments	–	–	–	–	(4,179)	–	(4,179)
Shares issued (note 25)	74	4,389	–	–	–	–	4,463
Issue costs offset against share premium	–	(140)	–	–	–	–	(140)
Retained profit for the year	–	–	–	–	–	74	74
1 January 2010 – restated*	946	63,429	(282)	453	(6,838)	(26,033)	31,675
Share based payment	–	–	–	207	–	–	207
Lapsed share option	–	–	–	(90)	–	90	–
Currency translation differences on foreign currency net investments	–	–	–	–	(81)	–	(81)
Retained profit for the year	–	–	–	–	–	2,965	2,965
1 January 2011 – restated*	946	63,429	(282)	570	(6,919)	(22,978)	34,766
Share based payment	–	–	–	206	–	–	206
Lapsed share options	–	–	–	(241)	–	241	–
Currency translation differences on foreign currency net investments	–	–	–	–	98	–	98
Shares issued (note 25)	364	14,214	–	–	–	–	14,578
Issue costs offset against share premium	–	(729)	–	–	–	–	(729)
Retained loss for the year	–	–	–	–	–	(7,922)	(7,922)
31 December 2011	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997

The accompanying notes are an integral part of these consolidated financial statements.

*See note 2.

Group cash flow statement
year ended 31 December 2011

	Notes	2011 $000	2010 restated* $000
Net cash inflow from operating activities	26	2,729	3,690
Investing activities			
Interest received		25	12
Proceeds on disposal of property, plant and equipment		18	3
Purchase of property, plant and equipment	15	(13,426)	(4,916)
Prepayment for non-current assets		(399)	–
Akmola Gold advances		(1,462)	–
Akmola Gold prepayment of fees		(1,452)	–
Restricted cash		(78)	(96)
Net cash used in investing activities		(16,774)	(4,997)
Financing activities			
Proceeds on issue of shares	25	13,849	–
Drawdown of bank loans	23	1,000	–
Net cash inflow from financing activities		14,849	–
Increase/(decrease) in cash and cash equivalents		804	(1,307)
Cash and cash equivalents at beginning of the year		959	2,328
Effect of foreign exchange rate changes		–	(62)
Cash and cash equivalents at end of the year		1,763	959

The accompanying notes are an integral part of these consolidated financial statements.

*See note 2.

Notes to the group financial statements
year ended 31 December 2011

1 General information

Hambledon Mining plc (the "Company") is a company incorporated in England and Wales under the Companies Act 2006. The address of its registered office is set out in Company information on page 71 of this annual report. The Company is a holding company. The principal activities and place of business of the Company and its subsidiaries (the "Group") are set out in note 16 and the chairman's statement and the chief executive's review within this annual report.

2 Basis of preparation

The Group's annual report is for the year ended 31 December 2011 and includes the consolidated financial statements of the Group prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

The Group financial statements have been prepared using accounting policies set out in note 4 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs. For these purposes, IFRSs comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union.

The Group financial statements have been prepared under the historical cost convention except for the treatment of share based payments.

As set out in the report of the directors on page 16 – "Change of presentational currency of the Group financial statements", the Group financial statements have been prepared using United States dollars as the presentational currency instead of United Kingdom pounds as in previous years. This change in presentational currency is a change of accounting policy and has been accounted for in accordance with IAS 21 – "The effects of changes in foreign currency exchange rates". In accordance with IAS 1 – "Presentation of financial statements" an additional balance sheet at 31 December 2009 in United States dollars has been disclosed. The comparative information for the years ended 31 December 2010 and 31 December 2009 has been restated into United States dollars.

The impact of this change in presentational currency on the result for year ended 31 December 2010 and the balance sheets at 31 December 2009 and 2010 has been computed as follows:

1 The assets and liabilities of the Group have been translated into United States dollars using the closing exchange rate at each balance sheet date.

2 The consolidated income statement and cash flow statement for the year ended 31 December 2010 have been translated into United States dollars using the average rate for the year on the basis that this average rate approximates to the exchange rates on the actual date of the transactions.

3 Equity items have been translated into United States dollars at historical exchange rates.

The relevant exchange rates used for the years ended 31 December 2009 and 2010 were as follows:

	2010 £1 = US$	2009 £1 = US$
Average rate	1.55	1.56
Closing rate	1.55	1.59

As set out in the report of the directors on page 19, the board of directors assessed the ability of the Group to continue as a going concern and these financial statements have been prepared on a going concern basis.

3 Adoption of new and revised standards

The Group has adopted, with effect from 1 January 2011, the following new and revised standards, none of which had a material impact on the financial statements:

IFRS 1	"First-time adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IFRS 3	"Business Combinations – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 July 2010

Notes to the group financial statements
year ended 31 December 2011

3 Adoption of new and revised standards (continued)

IFRS 7	"Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IAS 1	"Presentation of Financial Statements – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IAS 24 (revised)	"Related Parties – Revised definition of related parties". Annual periods beginning on or after 1 January 2011
IAS 32	"Classification for rights issues". Annual periods beginning on or after 1 February 2010
IAS 34	"Interim Financial Reporting Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IFRIC 13 (amended)	"Customer Loyalty Programmes Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IFRIC 14 (amended)	"The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction". Annual periods beginning on or after 1 January 2011
IFRIC 19	"Extinguishing Financial Liabilities with Equity Instruments". Annual period beginning on or after 1 July 2010

At the date of authorisation of these financial statements, the following Standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amended)	"Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters". Annual periods beginning on or after 1 July 2011
IFRS 7 (amended)	"Disclosures – Transfers of Financial Assets". Annual periods beginning on or after 1 July 2011
IFRS 9	"Financial Instruments". Annual periods beginning on or after 1 January 2015
IFRS 10	"Consolidated Financial Statements". Annual periods beginning on or after 1 January 2013
IFRS 11	"Joint Arrangements". Annual periods beginning on or after 1 January 2013
IAS 12	"Disclosure of Interests in Other Entities". Annual periods beginning on or after 1 January 2013
IAS 13	"Fair Value Measurement". Annual periods beginning on or after 1 January 2013
IAS 1 (amended)	"Presentation of Items of Other Comprehensive Income". Annual periods beginning on or after 1 July 2012
IAS 12 (amended)	"Deferred Tax: Recovery of Underlying Assets". Annual periods beginning on or after 1 January 2012
IAS 19 (revised)	"Employee Benefits". Annual periods beginning on or after 1 January 2013
IAS 27 (revised)	"Separate Financial Statements". Annual periods beginning on or after 1 January 2013
IAS 28 (revised)	"Investments in Associates and Joint Ventures". Annual periods beginning on or after 1 January 2013
IFRIC 20	"Stripping Costs in the Production Phase of a Surface Mine". Annual periods beginning on or after 1 January 2013

The directors are considering the impact of IFRIC 20 on the financial statements. The directors do not anticipate that the adoption of the other standards and interpretations listed above will have a material effect on the Group.

4 Accounting policies

Basis of consolidation

The Group financial statements comprise the financial statements of the Company and all its subsidiary undertakings. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of are consolidated for the periods from or to the date on which control passed. Control is achieved where the Company has the power to govern the financial and operating policies of an entity in which it has invested so as to obtain benefits from its activities.

The acquisition of subsidiaries which meet the definition of a business are accounted for using the acquisition method of accounting for business combinations in accordance with IFRS 3 – "Business Combinations".

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received for goods provided in the normal course of business, net of VAT and any other sales related taxes.

Notes to the group financial statements
year ended 31 December 2011

4 Accounting policies (continued)

The Group's sales are the sale of the gold and silver ("Precious Metal") content of gold doré. Gold doré is delivered to a precious metal refiner. Following its refining, the Precious Metal may be sold to the refiner, shipped to a third party customer or credited to the Group's precious metal accounts maintained with the refiner to await further instruction. The Group's contract with the refiner also allows the Group to sell a significant proportion of the estimated gold contained within the gold doré to the refiner two days after its delivery. Title of the Precious Metal only passes upon a sale instruction from the Group. Sales of Precious Metal are only recognised when the sale instruction has been given and title for the Precious Metal has accordingly been passed to the refiner or a third party customer.

The Company does not hedge or otherwise enter into any derivatives in respect of its sales of gold doré. Sales are recorded at the actual selling price of the gold doré which is based on current market prices.

Foreign currencies

The Group financial statements are presented in United States dollars. This is the first year the Group financial statements are presented in United States dollars. The reason the directors believe it is appropriate to prepare the Group financial statements in United States dollars is set out in the directors report on page 16 – "Change of presentational currency of the Group financial statements". The approach used to make this change is set out in note 2 on page 29 – "basis of presentation".

The functional currency of Hambledon Mining plc and Hambledon Mining Company Limited is Sterling. The functional currency of the Group's subsidiaries in Kazakhstan is the Kazakh tenge. The financial statements of all Group Companies are translated into United States dollars whereby their income statements are translated at the average rate of exchange for the year and their balance sheets at the closing rate of exchange at the balance sheet date. Currency translation adjustments arising on the restatement of opening net assets, together with adjustments arising from the retranslation of intergroup, long term foreign currency loans to subsidiaries, are taken direct to reserves.

Transactions denominated in currencies other than the functional currency of a company are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into the relevant functional currency at the closing rates of exchange at the balance sheet date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the balance sheet date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the income statement.

Intangible assets: exploration and evaluation

Exploration and evaluation includes the cost of acquiring mining and exploration rights, associated exploration and evaluation costs and other directly attributable costs. These costs are capitalised as intangible assets until the decision is made to proceed to development, whereupon the related expenditures are transferred to tangible fixed assets as mining properties and leases, or until the mining properties are determined not to be commercially viable, whereupon the related costs are written off through the income statement.

Property, plant and equipment: mining properties and leases

Once a decision has been made to proceed with development of a mining project, expenditure other than that on buildings and plant and equipment is capitalised under property, plant and equipment as mining properties and leases, together with any amount transferred from exploration and evaluation.

Depreciation

Depreciation of property, plant and equipment is calculated on a straight line or units of production basis, as appropriate. Assets are fully depreciated over their economic lives, or over the remaining life of the mine if shorter.

Depreciation rates for the principal assets of the Group are as follows:

Buildings	8-10 per cent. per annum
Equipment, fixtures and fittings	10-40 per cent. per annum
Plant machinery and vehicles	7-30 per cent. per annum
Mining properties and leases	unit of production

Assets under construction are not depreciated.

Notes to the group financial statements
year ended 31 December 2011

4 Accounting policies (continued)

Stripping costs

To obtain access to the ore in the open pit, it is necessary to first remove the non ore bearing rock ("waste" or "overburden") covering the ore. This process is known as stripping.

Costs incurred in stripping in the development of the open pit before production commences are capitalised and included in the cost of developing the mine. They are subsequently amortised over the life of the pit on a unit of production basis. Stripping costs incurred after the open pit commences production are recognised as a component of inventory and included in cost of sales in the same period as the revenue from the sales of inventory is recognised.

Impairment of property, plant and equipment

Property, plant and equipment are assessed for impairment at each balance sheet date and when events or a change in circumstances suggest that the carrying amount of an asset may exceed the recoverable amount.

Where there has been an indication of a possible impairment, management assesses the recoverability of the carrying value of the asset by comparing it with the estimated discounted future net cash flows generated by the asset based on management's expectation of future production and selling prices. Any identified impairment is charged to the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss is recognised as income immediately, unless the relevant asset is carried at revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase.

Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Spare parts and consumables:	purchase costs on a first in first out basis.
Ore stockpiles:	cost of direct materials, power, labour and a proportion of site overhead.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying amount of these approximates their fair value.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at proceeds received, net of direct issue costs.

Notes to the group financial statements
year ended 31 December 2011

4 Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally 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. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities carried in the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable and other financial liabilities. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as finance costs or investment revenue. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value. Other financial liabilities and long term other payables are initially recorded at fair value and subsequently measured at amortised cost.

Bank borrowings

Interest-bearing bank borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges including any premiums payable on settlement and direct issue costs are accounted for on an accrual basis in the income statement using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Provision for commitments and contingencies

Provisions are recognised when the Group has a present obligation at the balance sheet date, which occurred as a result of a past event, it is probable that the Group will be required to settle that obligation and the amount of the obligation can be reliably estimated.

Possible obligations that are less than probable, and commitments to make purchases and incur expenditures in future periods, are not recognised as provisions but are disclosed as commitments and contingencies.

Provisions for restoration and abandonment are recognised on the bases as set out in note 22 – "Provisions".

Notes to the group financial statements
year ended 31 December 2011

4 Accounting policies (continued)

Share based payments

All share based payments are accounted for in accordance with IFRS 2 – "Share-based payments".

The Group issues equity-settled share based payments in the form of share options to certain employees. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is estimated using a binomial probability valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Any profit and loss charge in a period in respect of share-based payments is taken to the Group's other reserves.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors have made judgments and estimates that may have a significant effect on the amount recognised in the financial statements. These include:

- Carrying value of property, plant and equipment, including estimates made in respect of reserves and resources, discount rate and future gold prices (note 15).
- Recoverability of inventories and classification as either a current or non current asset (note 17).
- Recoverability of expenditure incurred on the Akmola Gold transaction which is included in trade and other receivables (note 18 and note 30).
- Carrying value of provisions (note 22).
- Recognition of deferred taxation assets (note 24).

5 Revenue

An analysis of the Group's revenue is as follows:

Continuing operations	2011 $000	2010 $000
Sale of goods	33,325	29,053
Investment income	25	12
	33,350	29,065

Included in revenues from sale of goods are revenues of $33,255,000 (2010: $28,933,000) which arose from sales to the Group's largest customer.

6 Segmental information

The internal reports of the Group's divisions for management purposes are regularly reviewed by the board of directors in order to allocate resources to the divisions and to assess their performance. The Group had two divisions throughout the year ended 31 December 2009 and up to 7 December 2010:

- Gold ore mining and processing at the Sekisovkoye site ("Gold production").
- Metal reprocessing at the Ognevka production facility ("Metal processing").

On 7 December 2010, the Group's metal processing facility at the Ognevka operation was disposed of when TOO Ognevka was placed into bankruptcy (note 8). The segmental information for metal processing has been disclosed as a discontinued operation for the years ended 31 December 2009, 2010 and 2011.

For the year ended 31 December 2011, Gold ore mining and processing at the Sekisovskoye site ("Gold production") was the Group's only activity. The segmental information for the year ended 31 December 2011, includes the receipt of the proceeds of the liquidation of TOO Ognevka as set out in note 8 – "Disposal of TOO Ognevka".

The Sekisovskoye site and the Ognevka production facility prior to disposal are both located close to the city of Ust Kamenogorsk in the Eastern region of the Republic of Kazakhstan and all revenues arise in this country. All non-current assets were also located in Kazakhstan.

Notes to the group financial statements
year ended 31 December 2011

6 Segmental information (continued)

Year ended 31 December 2011

Income statement

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Revenue	33,325	–	33,325
Cost of sales	(29,892)	–	(29,892)
Gross profit	3,433	–	3,433
Administrative expenses	(2,754)	–	(2,754)
Tailings dam leak	(7,757)	–	(7,757)
Liquidation proceeds	–	1,500	1,500
Segment result	(7,078)	1,500	(5,578)
Unallocated corporate expenses			(3,132)
Operating loss			(8,710)
Investment revenues			25
Other losses			(77)
Finance costs			(317)
Loss before taxation			(9,079)
Taxation benefit			1,157
Loss attributable to equity shareholders			(7,922)

Other information

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Capital additions	14,376	–	14,376
Depreciation	6,044	–	6,044

Balance sheet

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Assets			
Segment assets	52,692	1,500	54,192
Unallocated corporate assets			4,622
Consolidated total assets			58,814
Liabilities			
Segment liabilities	17,335	–	17,335
Unallocated corporate liabilities			482
Consolidated total liabilities			17,817

Notes to the group financial statements
year ended 31 December 2011

6 Segmental information (continued)

Year ended 31 December 2010

Income statement

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Revenue	29,053	–	29,053
Cost of sales	(20,451)	–	(20,451)
Gross profit	8,602	–	8,602
Administrative expenses	(1,921)	(73)	(1,994)
Segment result	6,681	(73)	6,608
Unallocated corporate expenses			(2,659)
Operating profit			3,949
Investment revenues			12
Other losses			(192)
Finance costs			(524)
Profit before taxation			3,245
Taxation charge			(280)
Profit attributable to equity shareholders			2,965

Other information

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Capital additions	4,916	–	4.916
Depreciation	5,461	–	5,461

Balance sheet

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Assets			
Segment assets	40,045	–	40,045
Unallocated corporate assets			1,038
Consolidated total assets			41,083
Liabilities			
Segment liabilities	5,663	–	5,663
Unallocated corporate liabilities			654
Consolidated total liabilities			6,317

Notes to the group financial statements
year ended 31 December 2011

6 Segmental information (continued)

Year ended 31 December 2009

Income statement

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Revenue	20,053	–	20,053
Cost of sales	(15,720)	–	(15,720)
Gross profit	4,333	–	4,333
Administrative expenses	(2,215)	(88)	(2,303)
Segment result	2,118	(88)	2,030
Unallocated corporate expenses			(1,965)
Operating profit			65
Investment revenues			3
Other losses			(64)
Finance costs			(389)
Loss before taxation			(385)
Taxation benefit			459
Profit attributable to equity shareholders			74

Other information

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Capital additions	3,686	–	3,686
Depreciation	4,791	–	4,791

Balance sheet

	Gold Production $000	Discontinued Operations $000	Consolidated $000
Assets			
Segment assets	33,750	1,194	34,944
Unallocated corporate assets			2,788
Consolidated total assets			37,732
Liabilities			
Segment liabilities	4,719	1,174	5,893
Unallocated corporate liabilities			164
Consolidated total liabilities			6,057

Notes to the group financial statements
year ended 31 December 2011

7 Staff costs

The average monthly number of employees (including executive directors) was:

	2011	2010
Production	427	394
Administration	144	121
	571	515

Their aggregate remuneration comprised:

	2011 $000	2010 $000
Directors' emoluments	846	1,223
Employee wages and salaries	5,886	3,857
Employer social tax and national insurance	581	383
	7,313	5,463

The emoluments paid in respect of the highest paid director for the year to 31 December 2011 were $281,537 (2010: $462,445) including health insurance costs. Further details are set out in the report on directors' remuneration on pages 21 and 22.

The Company operates a share option scheme for certain of its employees and other personnel. During the year ended 31 December 2011, participating personnel were awarded 7,500,000 (2010: 3,000,000) options to buy ordinary shares at the market price prevailing at the date of the award. The amounts above include the expense for share options as set out in note 27 – "Share based payment".

The Group does not operate any pension schemes for any of its employees or directors.

8 Disposal of TOO Ognevka

During the year ended 31 December 2008, TOO Ognevka ("Ognevka") ceased production of copper and other metal concentrates at its plant in Eastern Kazakhstan. Due to the closure of the plant, the government rehabilitation process was deemed to have failed and on 7 December 2010, Ognevka was placed into bankruptcy.

The results of the discontinued operations, which have been included in the consolidated income statement, are as follows:

	2011 $000	2010 $000
External revenue	–	–
Expense	–	(73)
Loss before and after taxation	–	(73)
Liquidation proceeds	1,500	–
Profit/(loss) attributable to discontinued operation	1,500	(73)

The Group was a major secured creditor of Ognevka and was therefore entitled to any balance of proceeds arising from its liquidation after settlement of certain preferred creditors and payment of liquidation costs. In February 2012, the liquidation of Ognevka was completed and its assets were sold to a third party. In April 2012, the Group was repaid $1.5 million being an initial settlement of its debt due from Ognevka after payment of certain creditors and payment of liquidation costs. It is considered that any further receipts in respect of the Ognevka liquidation will not be of a material amount. The receipt of $1.5 million has been included in the consolidated income statement and as a receivable in the financial statements for the year ended 31 December 2011.

The disposal of Ognevka did not have any material effect on the cash flows of the Group for the years ended 31 December 2010 or 31 December 2011.

Notes to the group financial statements
year ended 31 December 2011

9 Tailings dam leak

On 29 October 2011, a leak of tailings dam 3 occurred at the Sekisovskoye mine site. The mineral process plant waste water contained in the dam escaped through the drainage network into an emergency pond and the nearby Volchevka river. The tailings dam leak was a violation of both the Water and Environmental codes of Kazakhstan. Operations of the mineral process plant at the Sekisovskoye mine site were temporarily suspended whilst the tailings dam leak was repaired and recommenced on 7 November 2011.

The directors estimate that the total cost of the repair to the tailings dam, payment of fines and penalties, repair to damage caused to the environment and social obligations agreed with local authorities as a result of the leak total $7,757,000 as follows:

	Paid in 2011 $000	Payable in 2012 $000	Total cost $000
Repair of tailings dam	48	2,337	2,385
Fines and penalties	–	3,892	3,892
Damage to environment	327	101	428
Social obligations(i)	–	1,052	1,052
	375	7,382	7,757

A provision has been established for amounts payable in 2012. Certain of the costs above are subject to uncertainty as to their final amount and timing of payment as set out in note 22 – "Provisions". As a result of the tailings dam leak, the Group has also contracted with the Government of the Republic of Kazakhstan to spend an additional $4.1 million on the construction of a paste plant as set out in note 29 – "Commitments and contingencies".

(i) These are commitments to improve the water supply of Sekisovskoye Village, the roads of Sekisovskoye Village and to build a sports hall.

10 Investment revenues, finance costs and other gains and losses

	2011 $000	2010 $000
Investment revenues		
Bank interest receivable	25	12
Other gains and losses		
Foreign exchange loss	(77)	(192)
Finance costs		
Interest payable on bank loan	(139)	(374)
Unwinding of discount on provisions and other financial liabilities	(178)	(150)
	(317)	(524)

11 (Loss)/profit before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging:

	2011 $000	2010 $000
Staff costs (note 7)	7,313	5,463
Depreciation of tangible assets	6,044	5,461
Cost of inventories recognised as expense	14,244	9,667
Additional stripping costs(i)	2,956	–
Fees payable to the Company's auditors for the audit of the Company's annual accounts	74	62
Auditing of accounts of the Company's subsidiaries pursuant to legislation	96	100

There were fees payable in the year ended 31 December 2011 of $43,000 (2010: $20,000) to the Company's auditors in respect of taxation advisory services and $6,000 (2010: nil) in respect of other financial advice.

(i) The mining plan for the Sekisovskoye open pit is based on a stripping ratio of 5:1. During the year ended 31 December 2011, the actual stripping ratio was 6.6:1 due to a backlog of stripping required in respect of previous years. Stripping costs in excess of 5:1 are expensed directly to cost of sales as incurred.

Notes to the group financial statements
year ended 31 December 2011

12 Taxation

	2011 $000	2010 $000
Current taxation	313	–
Deferred taxation (note 24)	(1,470)	280
Total taxation (benefit)/charge	(1,157)	280

The current taxation charge for the year ended 31 December 2011 arose in one of the Group's subsidiaries in Kazakhstan which incurred taxable profits for the year and had utilised all its brought forward tax losses from previous years.

A reconciliation between the accounting profit and the total taxation (benefit)/charge from continuing operations is as follows:

	2011 $000	2010 $000
(Loss)/profit before taxation	(10,579)	3,318
(Loss)/profit for the year multiplied by the standard rate of corporation tax of 26.5 per cent. (2010: 28 per cent.)	(2,804)	929
Expenses not deductible for tax purposes	820	193
Current year tax losses and other temporary differences not recognised	1,444	–
Other permanent differences	308	391
Utilisation of tax losses and temporary differences not previously recognised	(1,356)	(1,032)
Effect of different tax rates of subsidiaries operating in other jurisdictions	431	(201)
Total taxation (benefit)/charge	(1,157)	280

The taxation rate used for taxation on loss on ordinary activities is the standard rate for United Kingdom corporation tax, currently 26.5 per cent. (2010: 28 per cent.), being the average applicable rate for the parent company in 2011. In July, 2011 the United Kingdom Government enacted a reduction in this rate to 25 per cent. starting in 2012. In March, 2012 the United Kingdom Government announced in its budget that the Standard rate of Corporation tax would be reduced to 24 per cent. starting from 1 April 2012 and to 23 per cent. from 1 April 2013. However, this is excluded from the tax calculation for 2011 as it was not substantially enacted at the balance sheet date. The rate applicable to the Group's subsidiaries in Kazakhstan is 20 per cent.

13 (Loss)/profit per ordinary share

The calculation of basic and diluted earnings per share from continuing and discontinued operations is based upon the retained loss from continuing operations for the financial year of $9,422,000 (2010: profit of $3,038,000) and the retained profit from discontinued operations of $1,500,000 (2010: loss of $73,000).

The weighted average number of ordinary shares for calculating the basic loss (2010: profit) per share and diluted loss (2010: profit) per share after adjusting for the effects of all dilutive potential ordinary shares relating to share options are as follows:

	2011	2010
Basic and diluted	687,365,165	516,089,233

As the Group was loss making in 2011, the impact of Share options was anti-dilutive.

14 Dividends

The directors do not recommend the payment of a dividend (2010: nil).

Notes to the group financial statements
year ended 31 December 2011

15 Property, plant and equipment

	Mining properties and leases $000	Freehold land and buildings $000	Equipment, fixtures and fittings $000	Plant, machinery and vehicles $000	Assets under construction $000	Total $000
Cost						
1 January 2009	4,995	9,156	689	18,722	3,529	37,091
Change in estimates	1,094	–	–	–	–	1,094
Transfers	–	1,595	75	–	(1,670)	–
Additions	–	–	28	1,163	2,495	3,686
Disposals	–	–	(8)	(276)	(33)	(317)
Currency translation adjustment	(505)	(1,663)	4	(3,002)	(584)	(5,750)
1 January 2010	5,584	9,088	788	16,607	3,737	35,804
Change in estimates	666	–	–	–	–	666
Transfers	–	1,889	168	–	(2,057)	–
Additions	–	444	97	1,084	3,291	4,916
Disposal of subsidiary	–	(1,073)	(342)	(1,417)	–	(2,832)
Disposals	–	–	–	(57)	–	(57)
Currency translation adjustment	(9)	(21)	(13)	90	(3)	44
1 January 2011	6,241	10,327	698	16,307	4,968	38,541
Transfers	–	2,322	543	–	(2,865)	–
Additions	–	153	181	1,388	12,654	14,376
Disposals	–	–	(44)	(63)	–	(107)
31 December 2011	6,241	12,802	1,378	17,632	14,757	52,810
Accumulated depreciation						
1 January 2009	799	1,091	424	5,307	–	7,621
Charge for the year	745	161	222	3,663	–	4,791
Disposals	–	–	(2)	(95)	–	(97)
Currency translation adjustment	(98)	(198)	18	(721)	–	(999)
1 January 2010	1,446	1,054	662	8,154	–	11,316
Charge for the year	1,084	776	134	3,467	–	5,461
Disposal of subsidiary	–	(424)	(342)	(929)	–	(1,695)
Disposals	–	–	–	(43)	–	(43)
Currency translation adjustment	(15)	(19)	(9)	(14)	–	(57)
1 January 2011	2,515	1,387	445	10,635	–	14,982
Charge for the year	928	531	783	3,802	–	6,044
Disposals	–	–	(1)	(1)	–	(2)
Currency translation adjustment	(7)	–	–	–	–	(7)
31 December 2011	3,436	1,918	1,227	14,436	–	21,017
Net book value						
1 January 2009	4,196	8,065	265	13,415	3,529	29,470
31 December 2009	4,138	8,034	126	8,453	3,737	24,488
31 December 2010	3,726	8,940	253	5,672	4,968	23,559
31 December 2011	2,805	10,884	151	3,196	14,757	31,793

Capitalised cost of mining property and leases are amortised over the life of the licence from commencement of production on a unit of production basis. This basis uses the ratio of production in the period compared to the mineral reserves at the end of the period plus production in the period. Mineral reserves estimates are based on a number of underlying assumptions which are inherently uncertain. Mineral reserves estimates take into consideration estimates by independent geological consultants. However, the amount of mineral that will ultimately be recovered cannot be known until the end of the life of the mine. Any changes in reserve estimates are, for amortisation purposes, treated on a prospective basis. The recovery of the capitalised cost of the Group's property, plant and equipment is dependent on the development of the underground mine.

Notes to the group financial statements
year ended 31 December 2011

16 Subsidiaries

Name	Percentage held	Country of registration and operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO Altai Ken-Bayitu	100	Kazakhstan
Indirectly held		
TOO Gornorudnoe Predpriatie Sekisovskoye	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding company.

17 Inventories

Non-current

	2011 $000	2010 $000	2009 $000
Work in progress	4,177	5,841	–

Current

	2011 $000	2010 £000	2009 £000
Spare parts and consumables	7,892	4,574	3,211
Work in progress	1,520	724	4,682
Finished goods	1,649	523	38
	11,061	5,821	7,931

In 2010 and 2011, part of the Group's stockpile of mined ore waiting to be processed included in work in progress, has been classified as non-current inventories. Following the development of the underground mine, this ore will be processed together with ore from the underground mine subsequent to 2012.

The value of inventories above is stated after impairment for obsolescence and write downs to net realisable value in respect of spare parts and consumables of $511,000 (2010: $518,000; 2009: $436,000) and work in progress of $1,634,000 (2010: nil; 2009: nil).

18 Trade and other receivables

Non-current

	2011 $000	2010 $000	2009 $000
Other prepayments	399	–	–

Current

	2011		2010		2009	
	$000	$000	$000	$000	$000	$000
Trade receivables		–		1,186		476
Akmola Gold – advances		1,462		–		–
Ognevka liquidation proceeds		1,500		–		–
VAT debtor		2,766		1,548		956
Other debtors	181		172		763	
Less other debtors provision	(–)	181	(–)	172	(731)	32
Akmola Gold – prepayment of fees		1,452		–		–
Prepayments		1,043		1,836		1,456
		8,404		4,742		2,920

The trade receivables are stated at full carrying value and their ageing is less than 30 days old. The directors consider that the carrying value of trade receivables approximates to their fair value. Further details of the Akmola Gold advances and prepayment are provided in note 30 – "Post balance sheet events".

Notes to the group financial statements
year ended 31 December 2011

19 Trade and other payables

Current

	2011 $000	2010 $000	2009 $000
Trade creditors	4,758	1,468	1,145
Other payables and accruals	1,236	880	1,124
	5,994	2,348	2,269

Non-current

	2011 $000	2010 $000	2009 $000
Other payables and accruals	–	–	749

Trade creditors and accruals principally comprise amounts outstanding for trade purchases of goods and services. The majority of the trade creditors relate to the Group's trading subsidiaries in Kazakhstan. It is not practical to calculate the average credit period taken for trade purchases for these creditors due to current business practices in the former Soviet Union. For most suppliers, interest is not charged on these trade payables. The Group regularly reviews all outstanding payables to ensure they are paid within the appropriate timeframe.

The directors consider that the carrying amount of trade payables approximates to their fair value.

20 Other financial liabilities

	2011 $000	2010 $000	2009 $000
Liability for historic cost	1,783	1,994	1,513
Current	282	282	280
Non-current	1,501	1,712	1,233
	1,783	1,994	1,513

The subsoil use contract (the "Contract"), under which TOO Sekisovskoye holds the exploration and mining rights to the Sekisovskoye deposit stipulates that it must pay a total of $3,312,000 to the Kazakhstan Government for historic costs. Until 31 December 2008, the payments were being made in accordance with the terms of an additional contract supplementary to the Contract. In 2009, the tax code of the Republic of Kazakhstan was revised. Since 1 January 2009, the balance of the historical costs is being paid in accordance with that revised tax code on a quarterly basis over the next 8 years.

The future historic costs have been discounted to their net present value. This discounted value has been capitalised as Property, plant and equipment (note 15) and will be amortised over the productive period. Any changes in estimated costs and discount rate are dealt with prospectively and result in a corresponding adjustment to property plant and equipment.

Notes to the group financial statements
year ended 31 December 2011

21 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 – "Related Party Disclosures". Further information about the remuneration of individual directors is set out in the audited section of the report on directors' remuneration on pages 21 and 22.

	2011 $	2010 $
Short term employee benefits	671,157	951,805
Other	24,062	116,901
Share based payment	151,141	154,070
	846,360	1,222,776

During the year ended 31 December 2010, $168,777 was paid to Gilead Mining Industry Management Services Limited for the provision of the services of Neil Stevenson, a director, to Hambledon Mining plc. This is included in the total remuneration of Neil Stevenson for the year ended 31 December 2010 of $201,762 as set out in the report on directors' remuneration on pages 21 to 22. During the year ended 31 December 2011, $24,062 (2010: $353,138) was paid to Mineral Mining and Processing Limited for the provision of the services of Nicholas Bridgen, a director, to Hambledon Mining plc. This is included in the total remuneration of Nicholas Bridgen for the year ended 31 December 2011 of $72,585 (2010: $462,445) as set out in the report on directors' remuneration on pages 21 to 22.

22 Provisions

	Tailings dam leak $000	Abandonment and restoration $000	Holiday pay $000	Total $000
1 January 2009	–	146	109	255
Change in estimate of provision	–	991	–	991
Unwinding of discount	–	19	–	19
Currency translation adjustment	–	33	10	43
1 January 2010	–	1,189	119	1,308
Addition	–	–	195	195
Unwinding of discount	–	100	–	100
Paid during the year	–	–	(116)	(116)
Currency translation adjustment	–	(1)	(3)	(4)
1 January 2011	–	1,288	195	1,483
Addition	7,757	–	425	8,182
Unwinding of discount	–	112	–	112
Paid during the year	(375)	–	(365)	(740)
Currency translation adjustment	–	–	3	3
31 December 2011	7,382	1,400	258	9,040
31 December 2009				
Non-current	–	1,189	119	1,308
31 December 2010				
Current	–	–	195	195
Non-current	–	1,288	–	1,288
	–	1,288	195	1,483
31 December 2011				
Current	7,382	–	258	7,640
Non-current	–	1,400	–	1,400
	7,382	1,400	258	9,040

Notes to the group financial statements
year ended 31 December 2011

22 Provisions (continued)

Abandonment and restoration costs

In accordance with the provisions of the subsoil use contract (the "Contract"), TOO Sekisovskoye is liable for site restoration costs upon completion of production activities. It is not possible to predict accurately the amount which might ultimately be payable for site restoration as it includes assumptions such as inflation in Kazakhstan over the life of the Contract which are inherently uncertain. An estimate of the future cost of restoration has been discounted and a provision recognised. The discounted amount for cost of restoration has been capitalised as a tangible fixed asset (note 15) and will be amortised using the unit of production method over the life of the mine.

In accordance with the subsoil use agreement, TOO Sekisovskoye has established a cash fund to pay for the cost of restoration. The cash fund is maintained in a separate bank account in the name of TOO Sekisovskoye. TOO Sekisovskoye is required to contribute each year an amount equal to 1 per cent. of its operating expenses to this fund. Any transfers from the bank account require the authorisation of the Government of Kazakhstan. This fund will be used to pay for the costs of restoration as they become due. If the funds in the account are insufficient to pay for the costs, TOO Sekisovskoye will be required to pay any deficit. Any funds in the account surplus to those required for restoration will be returned to TOO Sekisovskoye. At 31 December 2011 there was $239,000 (2010: $161,000; 2009: $65,000) on deposit in the bank account maintained for restoration costs.

Tailings dam leak

On 29 October 2011, a leak of tailings dam 3 occurred at the Sekisovskoye mine site. The amounts provided for the year ended 31 December 2011 are set out in note 9. Included in the provision for the cost of the tailings dam leak are fines totaling $3.7 million. These fines were paid in full subsequent to 31 December 2011. The fines are currently subject to review by the higher courts of Kazakhstan. This court review may result in the amount of the fines being reduced. However, the outcome and timing of any court determination is uncertain and, if it was reduced following such determination, the Group would have to obtain repayment of any excess fine paid from the Government of Kazakhstan. The directors have therefore provided for the full amount of the fines paid. As a result of the tailings dam leak, the Group has also contracted with the Government of the Republic of Kazakhstan to spend an additional $4.1 million on the construction of a paste plant which is not included in the provision but is set out in note 29 – "Commitments and contingencies".

23 Borrowings

Secured borrowings at amortised cost

	2011 $000	2010 $000	2009 $000
Bank loan	1,000	–	–
Amount due for settlement within 12 months	1,000	–	–

The Group contracted for the loan in December 2008. It is a revolving credit facility and was denominated in Kazakh tenge. In February 2009, the loan was redenominated into US dollars.

In December 2009, the loan facility was renewed with the following terms varied:

(i) the period of the loan was extended with full repayment due on 23 December 2012.

(ii) the maximum amount of drawdown of the loan was set at $2.0 million.

(iii) The interest rate was reduced to 15 per cent. for tranches of all maturity periods.

$1.0 million was drawn down under the facility at 31 December 2011 (2010 and 2009: $nil). The carrying value of the assets pledged as security for the loan was approximately $3.9 million at 31 December 2011. The weighted average interest rate paid on the loan during the year ended 31 December 2011 was 15 per cent. (2010: 15 per cent; 2009 15.4 per cent.).

Subsequent to 31 December 2011, the loan was repaid and the facility terminated. A new working capital facility was renegotiated in April 2012. The new working capital facility is expected to have the following significant terms:

(i) the period of the working capital facility will be for 3 years.

(ii) the maximum amount of drawdown of the loan will be $2.0 million.

(iii) the interest rate will be set at between 11.5 and 12.5 per cent. depending on the length of the borrowing.

(iv) it will be unsecured.

The revised facility was still being completed at the date of signing the financial statements.

Notes to the group financial statements
year ended 31 December 2011

24 Deferred taxation
Deferred taxation asset/(liability)

	Taxation losses $000	Accelerated taxation depreciation $000	Other $000	Total $000
1 January 2009	381	(1,194)	–	(813)
Credit to income	208	249	–	457
Currency translation adjustment	(71)	209	–	138
1 January 2010	518	(736)	–	(218)
(Charge)/credit to income	(493)	134	79	(280)
Currency translation adjustment	(16)	22	–	6
1 January 2011	9	(580)	79	(492)
Credit to income	523	648	299	1,470
31 December 2011	532	68	378	978

The tax losses and accelerated taxation depreciation have been offset in previous periods as they arise within one subsidiary in Kazakhstan.

Unrecognised deferred taxation asset

The unrecognised deferred taxation asset is as follows:

	2011 $000	2010 $000	2009 $000
Temporary differences	1,143	147	1,726
Taxation losses	1,517	1,069	1,930
	2,660	1,216	3,656[(i)]

(i) 2009 includes $1,343,000 relating to discontinued operations (note 8).

Certain subsidiaries of the Group have incurred losses which will be available for offset against future profits of those subsidiaries as well as accumulated depreciation in excess of capital allowances. During 2011, it has been concluded that one subsidiary in Kazakhstan now has sufficient evidence of future taxable profits to justify the recognition of a deferred tax asset of $978,000. No deferred taxation asset has been recognised in respect of other subsidiaries as the realisation of this additional deferred taxation asset of $2,660,000 is dependent on suitable taxable profits being earned in future periods in the related subsidiaries and there is insufficient evidence that this asset will be recoverable at 31 December 2011.

At the balance sheet date, there were no temporary differences associated with undistributed earnings of subsidiaries for which deferred taxation liabilities have not been recognised.

Notes to the group financial statements
year ended 31 December 2011

25 Called-up equity share capital

	2011 £	2010 £	2009 £
Authorised			
950,000,000 Ordinary Shares of UK pence 0.1 each	950,000	950,000	950,000

Issued and fully paid

	Number	$000
1 January 2009	469,189,233	872
Issued during the year		
Share placement	46,900,000	74
1 January 2010 and 2011	516,089,233	946
Issued during the year		
Share placement and open offer	227,329,873	364
31 December 2011	743,419,106	1,310

On 29 September 2009, a placing of 46,900,000 new ordinary shares at 10 cents per share raised $4.4 million before expenses of $0.1 million. The funds were for the development of the Sekisovskoye mine.

On 30 March 2011, a firm placing and open offer of 227,329,873 new ordinary shares in the Company was approved at a general meeting of the Company. The shares were subsequently issued at 6 cents per share. The share issue raised $14.6 million before issue expenses of $0.7 million. The funds were for the development of the Sekisovskoye mine and general corporate purposes.

26 Notes to the cash flow statement

Net cash inflow from operating activities

	2011 $000	2010 $000
(Loss)/profit before taxation from continuing operations	(10,579)	3,318
Adjusted for:		
Discontinued operations	–	(73)
Investment revenues	(25)	(12)
Finance costs	317	524
Share based payment	206	207
Depreciation of tangible fixed assets	6,044	5,461
Increase in provisions	7,445	79
Increase in inventories	(3,576)	(3,730)
Decrease/(increase) in trade and other receivables	752	(1,823)
Decrease in other financial liabilities	(277)	(235)
Increase in trade and other payables	2,696	468
Loss on disposal of fixed assets	87	11
Foreign currency translation	91	(131)
Cash inflow from operations	3,181	4,064
Income taxes paid	(313)	–
Interest paid	(139)	(374)
	2,729	3,690

Notes to the group financial statements
year ended 31 December 2011

27 Share based payment

The Company has a share option scheme for its senior employees. The scheme does not permit the issue of share options over more than 5 per cent. of the Company's issued share capital. Options given to employees only become exercisable following the second or third anniversary of the date of grant of the options. Options are exercisable at a price equal to the mid market price of the Company's shares on the close of business on the date of grant. If the options remain unexercised after a period of four or five years from the date of grant the options expire unless their exercise period is extended by the board of directors. Options are forfeited if the employee leaves the Group. Certain of the options awarded to employees can only be exercised if certain performance conditions are met including profitable operation.

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year were as follows:

	2011		2010	
	Number	WAEP pence	Number	WAEP pence
1 January	15,300,000	8.00	13,300,000	9.17
Granted during the year	7,500,000	4.25	3,000,000	5.63
Cancelled during the year	–	–	(500,000)	18.5
Expired during the year	(4,400,000)	8.70	(500,000)	14.75
31 December	18,400,000	6.29	15,300,000	8.00

There were no share options exercised during the years ended 31 December 2010 and 2011.

The following options were outstanding at 31 December 2011.

	Exercisable dates			
Date of grant	From	To	Number of shares	Exercise price pence
29 January 2008	29 January 2011	28 January 2013	1,600,000	18.50
29 September 2008	26 September 2010	25 September 2012	6,000,000	5.88
28 September 2009	28 September 2012	27 September 2014	300,000	7.00
5 November 2010	5 November 2012	4 November 2014	3,000,000	5.63
27 July 2011	26 July 2013	25 July 2015	7,500,000	4.25
			18,400,000	

The following options were exercisable at 31 December.

	2011		2010	
	Number	Exercise price pence	Number	Exercise price pence
	–	–	9,000,000	5.88

The performance condition of the 1,600,000 options exercisable from 29 January 2011 to 28 January 2013 was not met at 31 December 2011 and the options were not exercisable at that date. The performance condition of the 6,000,000 options exercisable from 26 September 2010 to 25 September 2012 was not met at 31 December 2011 and the options were not exercisable at that date (2010: 9,000,000 options outstanding at 31 December 2010 and as the performance condition was met at that date, the options were exercisable at 31 December 2010). The options outstanding at 31 December 2011 had a weighted average remaining contractual life of 2.3 years (2010: 1.9 years).

The principal assumptions of the options valuation model were:

Risk free interest rate	0.5 per cent. to 5.75 per cent. per annum
Expected volatility	50 per cent. per annum
Dividend yield	0 per cent.
Early exercise	At rate dependent upon potential gain from exercise

Notes to the group financial statements
year ended 31 December 2011

27 Share based payment (continued)

The historical share price volatility was computed for several comparable United Kingdom listed companies for the 10 year period from 1996 (or since their flotation if later). The volatility for these companies, in conjunction with the volatility of the share price of Hambledon Mining plc since its flotation in 2004, was used to determine the share price volatility.

The fair values at the date of issue and expected lives of the options valued in accordance with IFRS 2 were:

Award year	Exercise Price pence	Fair value pence	Life from grant date years
2008	18.50	8.35	5
2008	5.88	2.27	4
2009	7.00	2.38	5
2010	5.63	1.91	4
2011	4.25	1.44	4

The Group recognised a total expense of $206,000 (2010: $207,000) in respect of the share options awarded to its senior employees.

28 Financial instruments

Policy on financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade receivables, trade and other payables, provisions, other financial liabilities and borrowings. The Group's accounting policies and methods adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 4 – "accounting policies". The Group does not use financial instruments for speculative purposes. The carrying value of all financial assets and liabilities approximates to their fair value.

Capital risk management

The Group was financed by equity and debt in the years ended 31 December 2010 and 2011. It is the intention of the directors' that the Group should continue to be financed by a mixture of debt and equity as appropriate to maintain a robust balance sheet to support its business and maximise shareholders value. There was no equity raised in the year ended 31 December 2010. In the year ended 31 December 2011, equity of $13.8 million was raised net of expenses.

Derivatives, financial instruments and risk management

The Group does not use derivative instruments or other financial instruments to manage its exposure to fluctuations in foreign currency exchange rates, interest rates and commodity prices.

Foreign currency risk management

The Group has transactional currency exposures. Such exposures arise from sales or purchases by its two subsidiaries in Kazakhstan in currencies other than the Company's functional currency. The functional currency of TOO Altai Ken-Bayitu and TOO Gornorudnoe Predpriatie Sekisovskoye is the Kazakh tenge. Hambledon Mining plc and Hambledon Mining Company Limited have a United Kingdom Pounds ("Sterling") functional currency. The currency transactions giving rise to this foreign currency risk are primarily US dollar denominated revenues, US dollar denominated borrowings and other financial liabilities and certain US dollar, Russian rouble and Euro denominated trade payables. The Group does not enter into hedging positions in respect of its exposure to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at 31 December, are as follows:

	Liabilities		Assets	
	2011 $000	2010 $000	2011 $000	2010 $000
US dollars	2,830	2,329	2,977	1,745

Notes to the group financial statements
year ended 31 December 2011

28 Financial instruments (continued)

Sensitivity analysis

A 10 per cent. strengthening, or weakening, of any one of the above currencies against either the US dollar or Sterling, which the directors consider to be a reasonably possible change for the purpose of sensitivity analysis, would not have a material effect on both the Group's equity and profit or loss on ordinary activities after tax for the years ended 31 December 2011 and 2010. This assumes that all other variables remained constant.

Commodity price risk

The Group is exposed to the effect of fluctuations in the price of gold, silver, copper and other metals which are quoted in US dollars on the international markets. The Group prepares annual budgets and periodic forecasts including sensitivity analyses in respect of various levels of prices of these metals.

The Group's only significant sales during the years ended 31 December 2010 and 2011 were sales of gold doré containing gold and silver. The sales proceeds for gold doré is fixed by reference to the gold and silver prices on the day of sale. The Group does not plan in the future to hedge its exposure to the risk of fluctuations in the price of gold, silver and copper and other metals and therefore it held no financial instruments that are sensitive to commodity price changes at either balance sheet date.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and the credit ratings of its counterparties are monitored by the board of directors to ensure that the aggregate value of transactions is spread amongst approved counterparties.

The Group's principal financial assets are cash and cash equivalents, trade debtors and other accounts receivables. Cash equivalents include amounts held on deposit with financial institutions.

The credit risk on liquid funds held in current accounts and available on demand is limited because the Group's counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

Trade debtors comprise amounts receivable from a refinery in respect of sales of gold doré.

Other accounts receivable consist mostly of prepayments for goods and services by subsidiaries in Kazakhstan. It is often impractical in Kazakhstan to carry out a check of credit worthiness of suppliers before making the contracted prepayments. There were no significant balances at 31 December 2011 and 2010 in respect of which suppliers had defaulted on their obligations. Other receivables also includes amounts advanced in respect of Akmola Gold (see note 30) and accrued income related to Ognevka which has been received in full subsequent to the year end.

The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recorded in the financial statements.

Liquidity risk

During the year ended 31 December 2010, the Group was financed by internally generated funds and short term bank borrowings to finance working capital. There were no bank borrowings at 31 December 2010. During the year ended 31 December 2011, the Group was financed by internally generated funds, equity finance and short term bank borrowings. There were bank borrowings of $1 million at 31 December 2011. Funds raised surplus to immediate requirements are held as cash deposits in Sterling. The maturities of the cash deposits are selected to maximise the investment return whilst ensuring that funds will be available as required to maintain the Group's operations with a maximum maturity of 3 months.

Notes to the group financial statements
year ended 31 December 2011

28 Financial instruments (continued)

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flow.

	Borrowings $000	Trade and other payables $000	Provisions $000	Other financial liabilities $000	Total $000
31 December 2011					
From five to ten years	–	–	–	351	351
From two to five years	–	–	–	1,124	1,124
For one to two years	–	–	–	282	282
Due after more than one year	–	–	–	1,757	1,757
Due within one year	1,000	5,134	258	282	6,674
	1,000	5,134	258	2,039	8,431
31 December 2010					
From five to ten years	–	–	–	625	625
From two to five years	–	–	–	1,126	1,126
For one to two years	–	–	–	282	282
Due after more than one year	–	–	–	2,033	2,033
Due within one year	–	2,348	195	282	2,825
	–	2,348	195	2,315	4,858
31 December 2009					
From five to ten years	–	–	–	913	913
From two to five years	–	–	–	1,121	1,121
For one to two years	–	749	119	280	1,148
Due after more than one year	–	749	119	2,314	3,182
Due within one year	–	2,269	–	280	2,549
	–	3,018	119	2,594	5,731

Borrowings and interest rate risk

The Group entered into a one year revolving working capital facility during the year ended 31 December 2008. The significant terms of this borrowing are set out in note 23 – "Borrowings". The facility is at a fixed interest rate and short term which is local commercial practice in Kazakhstan. It is therefore only used for working capital purposes. The revolving working capital facility was renewed for 3 years during the year ended 31 December 2009. Subsequent to 31 December 2011, the facility was renegotiated onto an unsecured basis and was being completed at the date of signing of the financial statements.

The Group places surplus funds on short term deposit (maximum 3 months) in Sterling with an interest rate fixed at the prevailing market rate.

The Group's exposure to interest rate risk is not material.

29 Commitments and contingencies

General conditions

In recent years, the Republic of Kazakhstan has undergone substantial political and economic change. As an emerging market, the Republic of Kazakhstan does not possess a well-developed business infrastructure such as generally exists in a more mature free market economy. As a result, operations carried out in the Republic of Kazakhstan can involve risks which are not typically associated with those in developed markets. Significant identified risks have been provided for or disclosed in these financial statements as appropriate.

Notes to the group financial statements
year ended 31 December 2011

29 Commitments and contingencies (continued)

Tax liabilities

The local and national tax environment in the Republic of Kazakhstan is subject to regular change and inconsistent application, interpretation and enforcement. Non-compliance with Kazakhstan laws and regulations, as interpreted by the Kazakh authorities, can lead to the imposition of fines, penalties and interest.

Management believes that the Group is in substantial compliance with the tax laws affecting its operations and that its tax affairs are appropriately disclosed in these financial statements. However, the taxation authorities could take differing positions with regards to interpretative issues.

Capital commitments

The Group had contractual payments outstanding at 31 December 2011 of $1,407,000 (2010: $1,128,000). These amounts relate to future periods and have not been provided for in these financial statements.

Tailings dam leak

The Group suffered a leak of its tailings dam 3 as set out in note 9 - "Tailings dam leak". As part of the settlement of the environmental damage resulting from the leak, the Group contracted with the Government of Kazakhstan to spend $4.8 million on remedial work and improvements to the environment and its operations. The main items are as follows:

- improvements to the water supply of Sekisovskoye village: $0.2 million;
- repairs to tailings dam 3: $0.5 million;
- construction of a plant to convert effluent from the plant into solid form ("Paste plant"): $4.1 million.

The agreement stipulates that all commitments must be completed by 31 December 2012 except the Paste plant which must be constructed by 31 December 2015. If the Group does not fulfill any of its commitments under the agreement, it will be subject to fines of an amount to be determined at that time or its subsoil user licence being withdrawn. All commitments other than the $4.1 million construction of the Paste plant have been provided for at 31 December 2011. The agreement to spend $4.8 million on remedial and improvements to its operations is currently subject to review by the higher courts of Kazakhstan. However, the result and timing of any determination by any court is currently uncertain.

Akmola Gold LLP

The Group is committed to spend $2.5 million on the acquisition of Akmola Gold LLP once the necessary permissions have been obtained from the government of Kazakhstan.

30 Post balance sheet events

Issue of new ordinary shares

On 1 February 2012, the Company announced that it was proposing to raise up to $9.1 million through the issue of 177,507,699 new ordinary shares by way of a firm placing. The issue price was 3.25 pence (5 cents) per ordinary share. The Company announced that the funds raised from the share placing together with the $3 million from the share subscription by the European Bank for Reconstruction and Development (see below "Investment by European Bank for Reconstruction and Development") would be used as follows: (a) $3.0 million for payment to the vendors of Akmola Gold LLP and associated costs; (b) $2.5 million for payment of a fine and associated costs resulting from the tailings dam leak (see note 9), and (c) $6.0 million for working capital including repayment of a working capital loan from Alfa bank. The directors subscribed for a total of 142,308 new ordinary shares.

The firm placing was approved at a general meeting of the Company held on 17 February 2012. Further to the placing 177,507,699 new ordinary shares in the Company were allotted raising gross proceeds of $9.1 million and $8.5 million net of expenses of $0.6 million. The shares were admitted for trading on 20 February 2012. Following the firm placing, the Company had a total of 920,926,805 ordinary shares in issue.

Investment by European Bank for Reconstruction and Development

On 1 February 2012, the Company announced that it had agreed heads of agreement with the European Bank for Reconstruction and Development ("EBRD") for EBRD to make an investment in the Company. The proposed investment was approximately 58.8 million new ordinary shares of 3.25 pence (5 cents) each. It was also proposed that EBRD would be issued with warrants over up to 30 million ordinary shares.

Notes to the group financial statements
year ended 31 December 2011

30 Post balance sheet events (continued)

On 23 February 2012, a subscription agreement and warrant instrument were entered into with the EBRD. The principal terms of the agreements are as follows.

Subscription agreement

- 58,794,708 new ordinary shares would be issued to EBRD at 3.25 pence (5 cents) per ordinary share for a total consideration of $3 million.
- The funds shall only be applied to developing the Sekisovskoye project in accordance with the business plan agreed between the Company and EBRD.

Warrant instrument

- EBRD will be issued with non-transferable warrants over 30 million ordinary shares.
- The warrants are exercisable at any time before the earlier of (i) 21 February 2014 and (ii) if the closing price per ordinary share exceeds 6.5325 pence (10.3 cents) for a period of 20 consecutive trading days during that two year period, 45 days from the date on which the Company notifies EBRD that this condition has been met. In either case, any warrants not exercised within the relevant period will lapse.
- The warrants are exercisable in whole or in tranches of no less than 5,000,000 warrants (or, if less, the amount of warrants unexercised as at the relevant date).
- The exercise price of the warrants is 4.875 pence (7.70 cents) per ordinary share (representing a 50 per cent. premium to the price of the ordinary shares to be issued to EBRD under the subscription agreement above).

The agreements were conditional upon the Company satisfying certain conditions. On 11 April 2012, the Company announced that the conditions had been satisfied and that the $3 million consideration for the share subscription had been received. The shares were admitted for trading on 20 April 2012. Following the issue of the new ordinary shares to EBRD, the Company had a total of 979,721,513 ordinary shares in issue.

European Bank for Reconstruction and Development loan

On 21 February 2012, two of the Company's subsidiaries, Altai Ken-Bayitu LLP ("AKB") and Sekisovskoye LLP ("Sekisovskoye") entered into a loan agreement with EBRD. The principal terms of the loan are as follows:

- Total amount of the loan is $15 million in two tranches to AKB and Sekisovskoye, on a joint and several basis, repayable in quarterly instalments between 10 January 2015 and 10 October 2017.
- The first tranche of the loan is $10 million. The second tranche of $5 million will only be available provided a performance condition for the underground mining operation at Sekisovskoye mine site is met.
- The loan is available for drawdown between the date of 22 February 2012 and 21 February 2014.
- Interest on drawn amounts will be charged at a rate of three months LIBOR plus seven per cent. per annum.

The agreement is conditional upon certain conditions being satisfied. At the date of signing the financial statements, the only condition outstanding was the registration of the security in the name of EBRD.

Acquisition of Akmola Gold LLP

At the date of signing the financial statements, the acquisition of Akmola Gold LLP had not been completed. The completion of the transaction was awaiting certain approvals from the Government of Kazakhstan as a condition of completion. Included in trade and other receivables are advances to Akmola Gold LLP of $1.5 million and legal fees incurred of $1.5 million. If the acquisition of Akmola Gold LLP does not complete, these other receivables and prepayments totaling $3.0 million will be expensed.

Independent auditor's report to the members of Hambledon Mining plc

We have audited the parent company financial statements of Hambledon Mining plc for the year ended 31 December 2011 which comprise the balance sheet, the cash flow statement, the statement of changes in equity and the related notes 1 to 14. 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 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 parent company 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 parent company 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 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. 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 parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2011;
- have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company 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.

Other matters

We have reported separately on the Group financial statements of Hambledon Mining plc for the year ended 31 December 2011.

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied were the company a quoted company.

David Paterson (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
25 May 2012

Company statement of changes in equity
year ended 31 December 2011

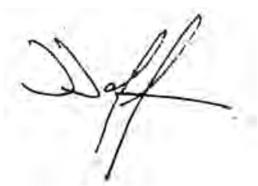
	Notes	Share capital £000	Share premium £000	Accumulated losses £000	Total £000
1 January 2010		516	33,996	(886)	33,626
Share based payment	10	–	–	76	76
Retained loss for the year		–	–	(904)	(904)
1 January 2011		516	33,996	(1,714)	32,798
Shares issued	9	227	8,866	–	9,093
Issue costs offset against share premium	9	–	(455)	–	(455)
Share based payment	10	–	–	(22)	(22)
Retained profit for the year		–	–	1,195	1,195
31 December 2011		743	42,407	(541)	42,609

The accompanying notes are an integral part of these company financial statements.

Company balance sheet
31 December 2011

	Notes	2011 £000	2010 £000
Non-current assets			
Property, plant and equipment	5	369	–
Investments	6	428	474
Loans to subsidiaries	6	39,136	32,036
		39,933	32,510
Current assets			
Other receivables	7	2,094	161
Cash and cash equivalents		894	498
		2,988	659
Total assets		42,921	33,169
Current liabilities			
Trade and other payables	8	(312)	(371)
Net current assets		2,676	288
Net assets		42,609	32,798
Shareholders' equity			
Called-up share capital	9	743	516
Share premium		42,407	33,996
Accumulated losses		(541)	(1,714)
Total equity		42,609	32,798

The financial statements of Hambledon Mining plc, registered number 5048549, were approved by the board of directors on 25 May 2012 and signed on its behalf by



Timothy Daffern
Chief Executive

The accompanying notes are an integral part of these company financial statements.

Company cash flow statement
year ended 31 December 2011

	Notes	2011 £000	2010 £000
Net cash outflow from operating activities	11	(1,730)	(761)
Investing activities			
Investment revenue		15	4
Purchase of property, plant and equipment		(369)	–
Akmola Gold advances		(851)	–
Akmola Gold prepayment of fees		(939)	–
Net loans to subsidiaries		(4,368)	(105)
Net cash used in investing activities		(6,512)	(101)
Financing activities			
Proceeds on issue of shares		8,638	–
Net cash inflow from financing activities		8,638	–
Increase/(decrease) in cash and cash equivalents		396	(862)
Cash and cash equivalents at beginning of the year		498	1,360
Cash and cash equivalents at end of the year		894	498

The accompanying notes are an integral part of these company financial statements.

Notes to the Company financial statements
year ended 31 December 2011

1 Basis of preparation

The financial statements of Hambledon Mining plc for the year ended 31 December 2011 are prepared in accordance with International Financial Reporting Standards ("IFRS'') adopted by the European Union and therefore the Company financial statements comply with Article 4 of the EU IAS Regulation.

The financial statements have been prepared using accounting policies set out in note 3 which are consistent with all applicable IFRSs and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. For these purposes, IFRS comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union.

The financial statements have been prepared under the historical cost convention except for the treatment of share based payments.

As set out in the report of the directors on page 19, the board of directors assessed the ability of the Company to continue as a going concern and these financial statements have been prepared on a going concern basis.

In accordance with the Provisions of Section 408 of the Companies Act 2006 the profit and loss account of Hambledon Mining plc is not presented.

2 Adoption of new and revised standards

The Company has adopted, with effect from 1 January 2011, the following new and revised standards, none of which had a material impact on the financial statements:

IFRS 1	"First-time adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IFRS 3	"Business Combinations – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 July 2010
IFRS 7	"Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IAS 1	"Presentation of Financial Statements – Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IAS 24 (revised)	"Related Parties – Revised definition of related parties". Annual periods beginning on or after 1 January 2011
IAS 32	"Classification for rights issues". Annual periods beginning on or after 1 February 2010
IAS 34	"Interim Financial Reporting Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IFRIC 13 (amended)	"Customer Loyalty Programmes Amendments resulting from May 2010 Annual improvements to IFRSs". Annual periods beginning on or after 1 January 2011
IFRIC 14 (amended)	"The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction". Annual periods beginning on or after 1 January 2011
IFRIC 19	"Extinguishing Financial Liabilities with Equity Instruments". Annual period beginning on or after 1 July 2010

At the date of authorisation of these financial statements, the following Standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amended)	"Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters". Annual periods beginning on or after 1 July 2011
IFRS 7 (amended)	"Disclosures – Transfers of Financial Assets". Annual periods beginning on or after 1 July 2011
IFRS 9	"Financial Instruments". Annual periods beginning on or after 1 January 2015
IFRS 10	"Consolidated Financial Statements". Annual periods beginning on or after 1 January 2013
IFRS 11	"Joint Arrangements". Annual periods beginning on or after 1 January 2013
IAS 12	"Disclosure of Interests in Other Entities". Annual periods beginning on or after 1 January 2013
IAS 13	"Fair Value Measurement". Annual periods beginning on 1 January 2013
IAS 1 (amended)	"Presentation of Items of Other Comprehensive Income". Annual periods beginning on or after 1 July 2012
IAS 12 (amended)	"Deferred Tax: Recovery of Underlying Assets". Annual periods beginning on or after 1 January 2012
IAS 19 (revised)	"Employee Benefits". Annual periods beginning on or after 1 January 2013
IAS 27 (revised)	"Separate Financial Statements". Annual periods beginning on or after 1 January 2013
IAS 28 (revised)	"Investments in Associates and Joint Ventures". Annual periods beginning on or after 1 January 2013

Notes to the Company financial statements
year ended 31 December 2011

2 Adoption of new and revised standards (continued)

IFRIC 20	"Stripping Costs in the Production Phase of a Surface Mine". Annual periods beginning on or after 1 January 2013

The directors do not anticipate that the adoption of the other standards and interpretations listed above will have a material effect on the Company.

3 Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The carrying value of these approximates to their fair value.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at proceeds received, net of direct issue costs.

Investments and loans to subsidiaries

Investments in subsidiaries are included at cost less amounts written off. Loans to subsidiaries are initially recognised at fair value and subsequently measured at amortised cost.

Foreign currencies

The functional currency of Hambledon Mining plc is United Kingdom Pounds ("Sterling").

Transactions denominated in currencies other than the functional currency of Hambledon Mining plc are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities are translated into Sterling at the closing rates of exchange at the balance sheet date. Exchange differences arising from the restatement of monetary assets and liabilities at the closing rate of exchange at the balance sheet date or from the settlement of monetary transactions at a rate different from that at which the asset or liability was recorded are dealt with through the income statement.

Taxation

Current taxation is provided at amounts expected to be paid (or recovered) by using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in accordance with IAS 12 – "Income Taxes", on temporary differences which are represented by a difference between the carrying value of an asset or liability and its tax base. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the surplus management charges of previous years can be utilised.

Financial instruments

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities carried in the balance sheet include cash and cash equivalents, trade and other accounts receivable and payable. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as financial expense or revenue. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Trade and other payables

Trade payables are not interest bearing and are stated at their nominal value.

Share based payment

All share based payments are accounted for in accordance with IFRS 2 "Share based payments".

The Company issues equity-settled share based payments in the form of share options to certain employees of subsidiary companies. Equity-settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Notes to the Company financial statements
year ended 31 December 2011

3 Accounting policies (continued)

Fair value is estimated using a binomial probability valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

Any charge accrued in respect of share options is treated as a capital contribution to the subsidiary company with a corresponding credit to reserves. Any profit or loss charge resulting from the exercise of share options is taken to the Company's profit and loss account in the year.

4 Taxation

There was no taxation payable for the years ended 31 December 2011 and 2010 as follows:

	2011 £000	2010 £000
Profit /(loss) before taxation	1,195	(904)
Profit/(loss) for the year multiplied by the standard rate of corporation tax of 26 per cent. (2010: 28 per cent.)	311	(253)
Revaluation of loan to subsidiary not taxable	(710)	–
Expenses not deductible for tax purposes	–	120
Surplus management charges for the year	399	133
Total taxation charge	–	–

In July, 2011 the United Kingdom Government enacted a reduction in the Standard rate of Corporation tax from 28 per cent. to 25 per cent. starting in 2012. In March, 2012 the United Kingdom Government announced in its budget that the Standard rate of Corporation tax would be reduced to 24 per cent. starting from 1 April 2012 and to 23 per cent. from 1 April 2013. However, this is excluded from the tax calculation for 2011 as it was not substantively enacted at the balance sheet date. The Company did not recognise any deferred tax assets or liabilities at 31 December 2011 or 31 December 2010. The Company had an unrecognised deferred taxation asset at 31 December 2011 in respect of excess management charges carried forward of £786,000 (2010: £456,000).

5 Property, plant and equipment

	Assets under construction £000
Cost	
1 January 2011	–
Additions	369
31 December 2011	369
Net book value	
1 January 2011	–
31 December 2011	369

6 Investments and loans to subsidiaries

	Investments £000	Loans to subsidiaries £000
1 January 2010	404	31,931
Advances	–	616
Repayment	–	(511)
Capital contribution	70	–
1 January 2011	474	32,036
Advances	–	4,497
Repayment	–	(129)
Net capital reduction in respect of share options (note 10)	(46)	–
Foreign exchange movement on loan to subsidiary	–	2,732
31 December 2011	428	39,136

Notes to the Company financial statements
year ended 31 December 2011

6 Investments and loans to subsidiaries (continued)

The loans to subsidiaries are interest free and with no fixed date for repayment. The foreign exchange movement on loan to subsidiary is to revalue the foreign currency loan to a subsidiary company to the year end exchange rate. In prior years, such movements have been recorded within equity but the directors have concluded for the year ended 31 December 2011 it is more appropriate to record them in the current year income statement.

At 31 December 2011, the Company's subsidiaries were:

Name	Percentage held	Country of registration and operation
Directly held		
Hambledon Mining Company Limited	100	British Virgin Islands
TOO Altai Ken-Bayitu	100	Kazakhstan
Indirectly held		
TOO Gornorudnoe Predprietie Sekisovskoye	100	Kazakhstan

The principal activity of all companies relates to gold mining and production with the exception of Hambledon Mining Company Limited which is an investment holding company.

7 Other receivables

	2011 £000	2010 £000
Prepayments	39	30
Other debtors	170	36
Akmola Gold – advance	946	95
Akmola Gold – prepayment of fees	939	–
	2,094	161

The carrying amount of the other receivables approximates their fair value.

8 Trade and other payables

	2011 £000	2010 £000
Trade creditors	237	276
Other payables and accruals	75	95
	312	371

The carrying amount of trade and other payables approximates their fair value. Further details of Akmola Gold advances and prepayments are provided in note 14 – "Post balance sheet events".

9 Called-up equity share capital

	2011 £	2010 £
Authorised		
950,000,000 Ordinary Shares of UK pence 0.1 each	950,000	950,000

Issued and fully paid

	Number	£
1 January 2010 and 2011	516,089,233	516,089
Issued during the year		
Share placement and open offer	227,329,873	227,330
31 December 2011	743,419,106	743,419

On 30 March 2011, a firm placing and open offer of 227,329,873 new ordinary shares in the Company was approved at a general meeting of the Company. The shares were subsequently issued at 4 pence per share. The share issue raised £9.1 million before issue expenses of £0.5 million. The funds were for the development of the Sekisovskoye mine and general corporate purposes.

Notes to the Company financial statements
year ended 31 December 2011

10 Share based payment

The Company has a share option scheme for its senior employees. The scheme does not permit the issue of share options over more than 5 per cent. of the Company's issued share capital. Options given to employees only become exercisable following the second or third anniversary of the date of grant of the options. Options are exercisable at a price equal to the mid market price of the Company's shares on the close of business on the date of grant. If the options remain unexercised after a period of four or five years from the date of grant the options expire unless their exercise period is extended by the board of directors. Options are forfeited if the employee leaves the Group. Certain of the options awarded to employees can only be exercised if certain performance conditions are met including profitable operation.

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the year were as follows:

	2011		2010	
	Number	WAEP pence	Number	WAEP pence
1 January	15,300,000	8.00	13,300,000	9.17
Granted during the year	7,500,000	4.25	3,000,000	5.63
Cancelled during the year	–	–	(500,000)	18.50
Expired during the year	(4,400,000)	8.70	(500,000)	14.75
31 December	18,400,000	6.29	15,300,000	8.00

There were no share options exercised during the years ended 31 December 2010 and 2011.

The following options were outstanding at 31 December 2011.

	Exercisable dates			
Date of grant	From	To	Number of shares	Exercise price pence
29 January 2008	29 January 2011	28 January 2013	1,600,000	18.50
29 September 2008	26 September 2010	25 September 2012	6,000,000	5.88
28 September 2009	28 September 2012	27 September 2014	300,000	7.00
5 November 2010	5 November 2012	4 November 2014	3,000,000	5.63
27 July 2011	26 July 2013	25 July 2015	7,500,000	4.25
			18,400,000	

The following options were exercisable at 31 December.

2011		2010	
Number	Exercise price pence	Number	Exercise price pence
–	–	9,000,000	5.88

The performance condition of the 1,600,000 options exercisable from 29 January 2011 to 28 January 2013 was not met at 31 December 2011 and the options were not exercisable at that date. The performance condition of the 6,000,000 options exercisable from 26 September 2010 to 25 September 2012 was not met at 31 December 2011 and the options were not exercisable at that date (2010: 9,000,000 options outstanding at 31 December 2010 and as the performance condition was met at that date, the options were exercisable at 31 December 2010). The options outstanding at 31 December 2011 had a weighted average remaining contractual life of 2.3 years (2010: 1.9 years).

The principal assumptions of the options valuation model were:

Risk free interest rate	0.5 per cent. to 5.75 per cent. per annum
Expected volatility	50 per cent. per annum
Dividend yield	0 per cent.
Early exercise	At rate dependent upon potential gain from exercise

The historical share price volatility was computed for several comparable United Kingdom listed companies for the 10 year period from 1996 (or since their flotation if later). The volatility for these companies, in conjunction with the volatility of the share price of Hambledon Mining plc since its flotation in 2004, was used to determine the share price volatility.

Notes to the Company financial statements
year ended 31 December 2011

10 Share based payment (continued)

The fair values at the date of issue and expected lives of the options valued in accordance with IFRS 2 were:

Award year	Exercise Price pence	Fair value pence	Life from grant date years
2008	18.50	8.35	5
2008	5.88	2.27	4
2009	7.00	2.38	5
2010	5.63	1.94	4
2011	4.25	1.44	4

Total share option expense in respect of employees of the Group was:

	2011 £000	2010 £000
Company	24	6
Subsidiary companies	105	128
	129	134

The amount added to (2010: credited against) opening accumulated losses of the Company in respect of share options was:

	2011 £000	2010 £000
Total charge for the year	129	134
Amount expensed in prior years in respect of options now lapsed	(151)	(58)
	(22)	76

The expense of subsidiaries of the Company, net of the amount expensed in prior years in respect of options which expired in the year, has been accounted for as a capital contribution or reduction to the cost of investment in those subsidiaries with a corresponding increase or decrease in opening reserves as set out in note 6 – "Investments and loans to subsidiaries".

The reduction in the cost of the investment (2010: contribution to cost of investment) was:

	2011 £000	2010 £000
Share option expense of subsidiary companies	105	128
Amount expensed in prior years in respect of options now lapsed	(151)	(58)
	(46)	70

11 Notes to the cash flow statement

Net cash outflow from operating activities

	2011 £000	2010 £000
Profit/(loss) before and after taxation	1,195	(904)
Adjusted for:		
Investment revenues	(15)	(4)
Increase in other receivables	(143)	(135)
(Decrease)/increase in trade and other payables	(59)	278
Share based payment	24	4
Revaluation of loan to subsidiary	(2,732)	–
	(1,730)	(761)

Notes to the Company financial statements
year ended 31 December 2011

12 Financial instruments

General

The Company is a holding company for investments and does not trade. The Company's accounting policies with regard to financial instruments are detailed in note 3. The Company does not use financial instruments for speculative purposes. Details of the Group's policies on financial risk management, certain of which are also relevant to the Company, are included in note 28 to the Group financial statements, except where detailed below.

Foreign currency risk management

The Company's functional currency is United Kingdom pounds ("Sterling"). All material assets and liabilities are denominated in Sterling except for loans made to certain of its subsidiaries in United States dollars. Loans to subsidiaries in United States dollars are revalued into Sterling at each balance sheet date and the profit or loss on revaluation recognised in the profit and loss account of the Company. The Company considers that because loans to subsidiaries are interest free and have no fixed date of repayment they are equity in nature. Accordingly, any gain or loss on revaluation of loans to subsidiaries in United States dollars is not hedged. A 10 per cent. strengthening of Sterling against the United States dollar at 31 December 2011 would have resulted in a credit to the Company's profit and loss account of £1.6 million. The Company has been financed by sales of shares denominated in Sterling and its income and expenses are also denominated in Sterling.

Loans to subsidiaries

The Company has made loans to its subsidiaries in both United Kingdom pounds and United States dollars. These loans are interest free and with no fixed term for repayment. The recoverability of these loans is dependent on the future ability of each relevant subsidiary to generate sufficient funds to repay its loan. Alternatively, these loans may also be repaid out of the proceeds of any future sale of each relevant subsidiary. At the balance sheet date there were amounts receivable from subsidiary companies of £39,136,000 (2010: £32,036,000). The carrying amount of these assets approximates to their fair value. There are no past due or impaired receivable balances (2010: £nil).

13 Commitments

Acquisition of Akmola Gold LLP

The Company is committed to spend £1.6 million on the acquisition of Akmola Gold LLP once the necessary permissions have been obtained from the government of Kazakhstan.

14 Post balance sheet events

Issue of new ordinary shares

On 1 February 2012, the Company announced that it was proposing to raise up to £5.8 million through the issue of 177,507,699 new ordinary shares by way of a firm placing. The issue price was 3.25 pence per ordinary share. The Company announced that the funds raised from the share placing together with the £1.9 million from the share subscription by the European Bank for Reconstruction and Development (see below "Investment by European Bank for Reconstruction and Development") would be used as follows: (a) £1.9 million for payment to the vendors of Akmola Gold LLP and associated costs; (b) £1.6 million for payment of a fine and associated costs resulting from the tailings dam leak, and (c) £3.8 million was for working capital including repayment of a working capital loan from Alfa bank. The directors subscribed for a total of 142,308 new ordinary shares.

The firm placing was approved at a general meeting of the Company held on 17 February 2012. Further to the placing 177,507,699 new ordinary shares in the Company were allotted raising gross proceeds of £5.8 million and £5.4 million net of expenses of £0.4 million. The shares were admitted for trading on 20 February 2012. Following the firm placing, the Company had a total of 920,926,805 ordinary shares in issue.

European Bank for Reconstruction and Development investment

On 1 February 2012, the Company announced that it had agreed heads of agreement with the European Bank for Reconstruction and Development ("EBRD") for EBRD to make an investment in the Company. The proposed investment was approximately 58.8 million new ordinary shares of 3.25 pence each. It was also proposed that EBRD would be issued with warrants over up to 30 million ordinary shares.

Notes to the Company financial statements
year ended 31 December 2011

On 23 February 2012, a subscription agreement and warrant instrument were entered into with the EBRD. The principal terms of the agreements are as follows.

Subscription agreement
- 58,794,708 new ordinary shares would be issued to EBRD at 3.25 pence per share for a total consideration of £1.9 million.
- The funds shall only be applied to developing the Sekisovskoye project in accordance with the business plan agreed between the Company and EBRD.

Warrant instrument
- EBRD will be issued with non-transferable warrants over 30 million ordinary shares.
- The warrants are exercisable at any time before the earlier of (i) 21 February 2014 and (ii) if the closing price per ordinary share exceeds 6.5325 pence for a period of 20 consecutive trading days during that two year period, 45 days from the date on which the Company notifies EBRD that this condition has been met. In either case, any warrants not exercised within the relevant period will lapse.
- The warrants are exercisable in whole or in tranches of no less than 5,000,000 warrants (or, if less, the amount of warrants unexercised as at the relevant date).
- The exercise price of the warrants is 4.875 pence (7.70 cents) per ordinary share (representing a 50 per cent. premium to the price of the ordinary shares to be issued to EBRD under the subscription agreement above).

The agreements were conditional upon the Company satisfying certain conditions. On 11 April 2012, the Company announced that the conditions had been satisfied and that the £1.9 million consideration for the share subscription had been received. The shares were admitted for trading on 20 April 2012. Following the issue of the new ordinary shares to EBRD, the Company had a total of 979,721,513 ordinary shares in issue.

Acquisition of Akmola Gold LLP

At the date of signing the financial statements, the acquisition of Akmola Gold LLP had not been completed. The completion of the transaction was awaiting certain approvals from the Government of Kazakhstan as a condition of completion. Included in trade and other receivables are advances to Akmola Gold LLP of £0.9 million and legal fees incurred of £0.9 million. If the acquisition of Akmola Gold LLP does not complete, these other receivables and prepayments totaling £1.8 million will be expensed.

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Independent Competent Persons' Report on the Sekisovskoye Gold Project prepared for GoldBridges Global Resources Plc

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Reference No.: VMD1591R
Effective Date: 31st May 2014
Final Report Date:- 3rd November 2014

Independent Competent Persons' Report on the Sekisovskoye Gold Project prepared for GoldBridges Global Resources Plc

Synopsis

Venmyn was commissioned by the directors of GoldBridges Global Resources Plc (GoldBridges) to prepare an independent Competent Persons' Report (CPR) on their Sekisovskoye underground gold project (the Sekisovskoye Project). The effective date of this report is the 31st May 2014.

GoldBridges is a gold and silver mining and exploration company, which owns an interest in the Sekisovskoye Project located in Sekisovka in east Kazakhstan. GoldBridges' Sekisovskoye Project currently consists of an open pit mining operation and underground development project. The underground operation, which commenced operation in late 2011, was placed on care and maintenance in October 2012 and recommenced operation in late 2013.

GoldBridges is currently in an advanced stage of acquiring the Karasuyskoye Concession adjacent to Sekisovskoye Project where a further mine development is planned to increase gold production. No consideration of this deposit is made in this CPR.

The directors of GoldBridges (Registered Office in London - Registration Number 05048549) requested that Venmyn Deloitte (Pty) Ltd (Venmyn Deloitte) prepare an independent CPR on their underground operation. Venmyn Deloitte understands that GoldBridges is currently listed on the Alternative Investment Market (AIM) Board of the London Stock Exchange (LSE), and this CPR will be submitted as part of the documentation required to list on the Main Board of the LSE.

This CPR describes, reviews and documents the technical and economic parameters of GoldBridges' underground operation, in order to identify all factors of a technical and economic nature that would influence the future viability of the operation. This CPR has been compiled in order to incorporate all currently available and material information that will enable potential investors to make an informed and reasoned judgement regarding the economic merits of the underground operation.

This CPR has been prepared in compliance with and to the extent required by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC). Venmyn Deloitte's professional advisors are Competent Persons and Competent Experts as defined by the JORC Codes, as well as other international Reporting Codes.

The purpose of this independent report is to provide a detailed review of the technical and economic input parameters, which provide a basis for the successful transition of the open pit Sekisovskoye Project to an underground operation. This document serves to identify the current value of GoldBridges' underground Sekisovskoye Project and describes it in terms of its historical and recent exploration and mining data, which would have a bearing on the techno-economic value of the asset. Venmyn Deloitte has based its review of the Sekisovskoye Project on information provided by GoldBridges and its subsidiary companies, along with technical reports and information by its contractors and associates and other relevant published data.

Venmyn Deloitte visited the Sekisovskoye Project in Kazakhstan on the 20th and 21st November 2013, and undertook a detailed due diligence and review of the technical and economic parameters whilst onsite. During the site visit, site infrastructure, workings, deposits and samples were inspected. The site visit has substantiated the existence of GoldBridges' Sekisovskoye Project, which is supported by the exploration and sampling results detailed herein.

GoldBridges has a 100% shareholding in the Sekisovskoye Project and holds the Mining Licence covering a total area of 85.5ha, valid until 2020. The Sekisovskoye Project is located at the village of Sekisovka, approximately 40km north of the town of Ust-Kamenogorsk, the capital city of the East Kazakhstan Region. The current operation is exploiting two open pits where the near-vertical deposits extended to surface.

The open pits are nearing their end of life and the Sekisovskoye Project is developing an underground extension to exploit the deposits to depth. The ore body has been mined in the open pit environment since 2008 and the relationship between ore and waste is well understood. The Sekisovskoye Project is set to be a selective-mining underground operation, which requires a level of confidence to be developed to support the new input and output parameters.

There is also a need to ensure compliance with the JORC Code. The Mineral Resources and Ore Reserves were estimated in compliance with the Russian Standard Classification System (GKZ). The GKZ Reserves have been reviewed and are summarised below where they meet the equivalent requirements for estimation within the JORC Code.

Ore Reserves as at 31st May 2014

JORC CLASSIFICATION	TONNES (Mt)	PAY LIMIT (g/t)	GOLD GRADE (g/t)	SILVER GRADE (g/t)	CONTAINED GOLD (kg)	CONTAINED SILVER (kg)
Probable	17.25	2.60	4.09	5.37	70,550	92,630

Note 1: Rounding of tonnes and kilograms may result in computational discrepancies.
Note 2: Average Ag grades and total Ag kilograms relate only to those tonnes where estimations have been made.

Mineral Resources as at 31st May 2014

LEVEL	JORC CLASSIFICATION	GOLD CUT-OFF GRADE (g/t)	TONNES (kt)	GOLD GRADE (g/t)	CONTAINED GOLD (kg)	SILVER GRADE (g/t)	CONTAINED SILVER (kg)
Surface to -400m	Indicated	3.00	15,700	5.32	83,240	6.99	109,440
	Inferred	2.00	3,500	4.21	14,910	No estimation	
-400m to -800m	Inferred	2.00	14,700	4.21	61,820	No estimation	
TOTAL / AVERAGE JORC RESOURCES		**2.46**	**33,900**	**4.72**	**159,970**	**6.99**	**109,440**

Note 1: Rounding of tonnes and kilograms may result in computational discrepancies.
Note 2: Average Ag grades and total Ag kilograms relate only to those tonnes where estimations have been made.

Exploration Result as at 31st May 2014

LEVEL	JORC CLASSIFICATION	GOLD CUT-OFF GRADE (g/t)	TONNES (kt)	GOLD GRADE (g/t)	CONTAINED GOLD (kg)	SILVER GRADE (g/t)	CONTAINED SILVER (kg)
-800m to -1,500m	Exploration Result	2.00	24,400	4.21	102,620	No estimation	
TOTAL / AVE EXPLORATION RESULT		**2.00**	**24,400**	**4.21**	**102,620**	**No estimation**	

Note 1: Rounding of tonnes and kilograms may result in computational discrepancies.
Note 2: Average Ag grades and total Ag kilograms relate only to those tonnes where estimations have been made.
No ranges have been provided, due to the conversion from GKZ P_1 Reserves as described in Section 13.2.4

The Sekisovskoye process plant is a conventional carbon-in-leach (CIL) gold recovery plant with an associated gravity separation section. The nameplate capacity of the process plant is 0.85Mtpa. Currently 0.85Mtpa of ore is sourced from the open pit.

By 2016, all the ore will be supplied by the Sekisovskoye Project and the open pit will cease to supply ore. The plant is expected to produce a gold doré with an overall gold recovery of 84% and an associated silver recovery of 75%, and this is commensurate with the metallurgical test work that has been performed. A small incremental process plant expansion is planned for 2018. The incremental expansion will be through debottlenecking of existing equipment and the addition of some new equipment to support the expansion. This will increase production to 1Mtpa.

Total gold recovery for the open pit ore was 84% in 2013, commensurate with the process testwork conducted at AKB. An increase in gold recovery is planned in August 2014, after installing a new tertiary crushing section. The reason for increased recovery is reduction of grind size in the mill. The increased recovery will be supported by replacement of nets of the interstage screens (decrease of gold loss with carbon fines), lining of leaching tanks (stabilization of operation), upgrade of pump fleet and other measures.

Actual silver recovery in 2013 was 71.5%; this lower-than-expected recovery was due to the morphological features of silver in the ore. In addition, no major process testwork on silver in cyanide was conducted by the process team at the Sekisovskoye Project. It is anticipated that the silver recovery for 2014 will be 74%, a figure supported by increasing proportion of processed underground ore, from which more silver can be extracted more than from the ore of the open pit. Silver recovery should rise to 75% by 2016 when all ore is sourced from the underground.

The risks for underground production are reduced by the following:-

- the Sekisovskoye Project has operated successfully for six years in the open pit environment;
- the company has created an extensive drilling database for geological modelling of the breccia zones and mineralised ore bodies;
- the underground mining method is based upon a block model that has identified important breccia zones that can be selectively mined;
- the underground ore body is a natural extension of the open pit ore;
- the mining, metallurgical plant, power, water and tailings facilities are all established including the main underground ramp ways; and
- the mine management is fully focused on grade control to high grade the ore body and minimise dilution.

An economic assessment was completed on the Sekisovskoye Project to identify the attributable value of the Sekisovskoye Project to the total asset value of GoldBridges as at the effective date of this report. The asset was valued according to its development stage by applying the Market and Cash Flow valuation methods. The mineral asset valuations have been based upon exploration, bulk sampling and historical production information, where available, up to and including the 31st May 2014. A summary of these valuations is provided in the table below.

Project Valuation Summary

VALUATION METHODOLOGY (Moz)	LOW VALUE (USDm)	HIGH VALUE (USDm)	FAIR VALUE (USDm)
Market Approach	176.00	323.00	250.00
Cash Flow Approach	209.30	390.30	286.71

Venmyn Deloitte relied on the cash flow valuation approach because of the advanced stage of the Sekisovskoye Project. Therefore, the Fair Value of the mineral asset is **USD286.71m** with a lower value of **USD209.3m** and an upper value of **USD390.3m**.

Venmyn Deloitte also investigated the effect of low commodity prices on the project. The Sekisovskoye Underground Gold Project has demonstrated robust financial outcomes using a wide range of different gold and silver prices. The gold price used of USD1,273/oz and silver price of USD19.65/oz was each commodities price for the 14th June 2014. The table below demonstrates that even at a low gold and silver price of USD750/oz and USD15/oz respectively the Project still achieves a positive NPV using the same capital, operating and production quantities for the current life of mine plan.

GOLD PRICE (USD/oz)	SILVER PRICE (USD/oz)	NPV (USDm)
750.00	15.00	55.16
900.00	17.00	135.21
1,050.00	18.00	203.27
1,200.00	19.00	257.86
1,273.00	19.65	286.71
1,300.00	20.00	295.62
1,400.00	21.00	325.47

The Sekisovskoye Project is an operational mine. The gold mine is well established as an open pit mine, and is now expanding into an underground operation, as the two open pits reach the end of their LoM. The underground extension is currently in the development and ramp up production phase, after being placed on care and maintenance in late 2012, after operating for approximately 1 year. The Sekisovskoye Project, as a developed mine, is in a key position to expand their operations, given the proximity to developed infrastructure and local resources as well as already developed local gold mining skills.

Geologically, the Sekisovskoye Project is suitable for mining of underground extensions of the deposit, which is shown to extend near vertically below the currently exploited open pits. Geological features in the underground area are expected to be similar in nature to those in the near surface portion of the deposit. The exploration method is systematic and appropriate for the style of mineralisation and the targeted Resources and Reserves are of sufficient quantity to support an expanded mining operation.

Disclaimer and Risks

Venmyn Deloitte has prepared this CPR and, in so doing, has utilised information provided by GoldBridges and its contractors as to its operational methods and forecasts. Where possible, this information has been verified from independent sources with due enquiry in terms of all material issues that are a prerequisite to comply with the JORC Codes. Venmyn Deloitte and its directors accept no liability for any losses arising from reliance upon the information presented in this report.

The authors of this CPR are not qualified to provide extensive commentary on legal issues associated with GoldBridges' right to the mineral properties. GoldBridges has provided certain information, reports and data to Venmyn Deloitte in preparing this CPR which, to the best of GoldBridges' knowledge and understanding, is complete, accurate and true and GoldBridges acknowledges that Venmyn Deloitte has relied on such information, reports and data in preparing this CPR. No warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects of this document.

Operational Risks

The businesses of mining and mineral exploration, development and production by their natures contain significant operational risks. The businesses depend upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

Political and Economic Risks

Factors such as political and industrial disruption, currency fluctuation, increased competition from other prospecting and mining rights holders and interest rates could have an impact on GoldBridges' future operations, and potential revenue streams can also be affected by these factors. The majority of these factors are, and will be, beyond the control of GoldBridges or any other operating entity.

Forward Looking Statements

This report contains forward-looking statements. These forward-looking statements are based on the opinions and estimates of Venmyn Deloitte and GoldBridges at the date the statements were made. The statements are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those forward-looking statements anticipated by Venmyn Deloitte and GoldBridges. Factors that could cause such differences include changes in world gold and silver markets, equity markets, costs and supply of materials, and regulatory changes. Although Venmyn Deloitte believes the expectations reflected in the forward-looking statements to be reasonable, Venmyn Deloitte does not guarantee future results, levels of activity, performance or achievements.

Independent Competent Persons' Report on the Sekisovskoye Gold Project prepared for GoldBridges Global Resources Plc

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1. Introduction

GoldBridges Global Resources Plc (GoldBridges) is a gold and silver mining and exploration company, which owns an interest in the Sekisovskoye Project located in Sekisovka in east Kazakhstan, as shown in the locality in Figure 1. GoldBridges' Sekisovskoye Project currently consists of an open pit mining operation and underground development project. The underground operation commenced operation in late 2011 and was placed on care and maintenance in October 2012. Mining operations recommenced in late 2013.

GoldBridges is currently in an advanced stage of acquiring the Karasuyskoye Concession adjacent to the Sekisovskoye Project where a further mine development is planned to increase gold production. No consideration of this deposit is made in this CPR.

The directors of GoldBridges (Registered Office in London - Registration Number 05048549) requested that Venmyn Deloitte (Pty) Ltd (Venmyn Deloitte) prepare an independent Competent Persons Report (CPR) on their underground operation. Venmyn Deloitte understands that GoldBridges is currently listed on the Alternative Investment Market (AIM) Board of the LSE, and this CPR will be submitted as part of the documentation required to list on the Main Board of the London Stock Exchange (LSE).

This CPR describes, reviews and documents the technical and economic parameters of GoldBridges' underground operation, in order to identify all factors of a technical and economic nature that would influence the future viability of the operation. This CPR has been compiled in order to incorporate all currently available and material information that will enable potential investors to make an informed and reasoned judgement regarding the economic merits of the underground operation.

This CPR has been prepared in compliance with and to the extent required by the 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Venmyn Deloitte's professional advisors are Competent Persons and Competent Experts as defined by the JORC Codes, as well as other international Reporting Codes.

1.1. Scope of Opinion

Venmyn Deloitte has undertaken an independent technical review of the material mineral asset of GoldBridges, in order to identify all the factors of a technical nature that would influence the future viability of the Sekisovskoye Project. Venmyn Deloitte considered the strategic merits of the mineral asset on an open and transparent basis. This CPR has been compiled in order to incorporate all currently available and material information that will enable potential investors to make a reasoned and balanced judgement regarding the economic merits of the gold and silver asset reviewed.

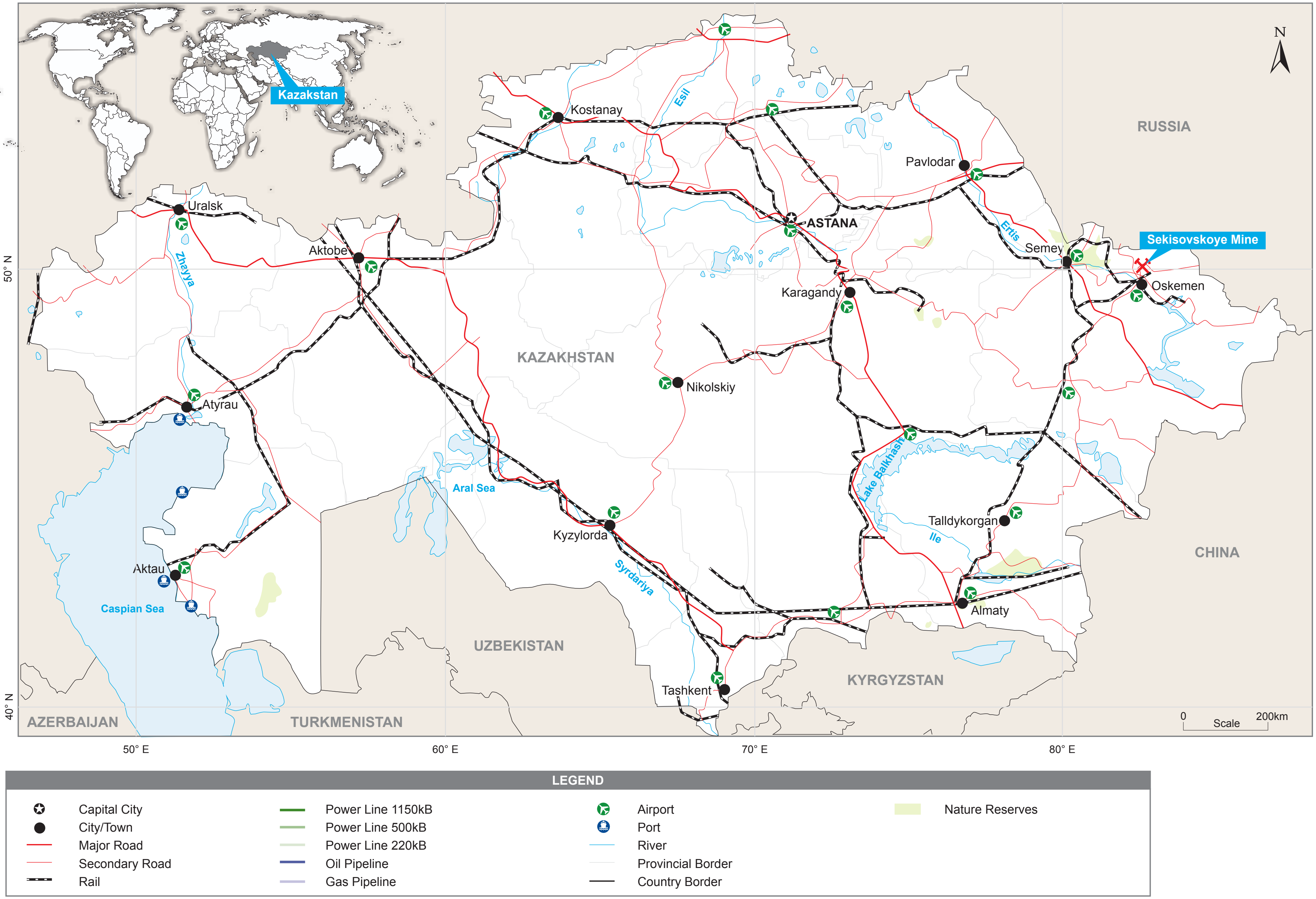
Venmyn Deloitte's professional advisors are Competent Persons and Competent Experts as defined by the JORC and the VALMIN Codes. Venmyn Deloitte's advisors are internationally accredited. The Competent Persons and Competent Experts involved in the preparation of this CPR are members in good standing with their respective professional institutions.

The JORC and VALMIN Codes are considered by Venmyn Deloitte to be a concise recognition of the best-practice due-diligence methods for these types of mineral projects and accord with the principles of open and transparent disclosure that are embodied in internationally accepted Codes for Corporate Governance.

This work has been based upon technical information which has been supplied by GoldBridges, its subsidiary companies, and GoldBridges' contractors and which has been independently due diligenced by Venmyn Deloitte, where possible.

Venmyn Deloitte confirms that, to the best of its knowledge and having taken all reasonable care to ensure that such is the case, the information contained in the CPR is in accordance with the facts, contains no omission likely to affect its import, and no material change has occurred from 31st May 2014 to the date hereof that would require any amendment to the CPR.

LOCALITY AND INFRASTRUCTURE MAP OF KAZAKHSTAN



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GoldBridges Global Resources plc

Figure 01

Venmyn Deloitte reserves the right to, but will not be obliged, to revise this report or sections therein, and conclusions thereto, if additional information becomes known to Venmyn Deloitte subsequent to the date of this report. It must be noted that this review does not form an assurance report in accordance with the International Auditing and Assurance Standards Board (IAASB) standards.

1.2. Competent Person's Declaration and Statement of Independence

This CPR has been prepared by Venmyn Deloitte, which is an independent advisory company. Its consultants have extensive experience in preparing Competent Persons, Technical Advisors and Valuation Reports for mining and exploration companies. Venmyn Deloitte's advisors writing this report have, collectively, more than 70 years of experience in the assessment and evaluation of gold mining and exploration projects worldwide and are members in good standing of appropriate professional institutions.

Neither Venmyn Deloitte nor its staff or subcontractors have, or have had, any interest in these projects capable of affecting their ability to give an unbiased opinion and, have not received, and will not receive, any pecuniary or other benefits in connection with this assignment, other than normal consulting fees. Neither Venmyn Deloitte nor any of its personnel involved in the preparation of this CPR have any material interest in either GoldBridges or in any of the properties described herein.

Venmyn Deloitte was remunerated a fixed fee amount for the preparation of this report, with no part of the fee contingent on the conclusions reached or the content of this report. Except for these fees, Venmyn Deloitte has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.

This CPR was prepared by Mr A Clay and Mr G Njowa who both have relevant and appropriate experience and independence to appraise the gold assets. Both Mr A Clay and Mr G Njowa are considered Competent Persons, and each has more than five years' relevant experience in the assessment and evaluation of the types of gold exploration and mining properties discussed in this report. Competent Persons' Certificates are presented in Appendix 4.

1.3. Reliance on Other Experts/ Sources of Information

Venmyn Deloitte has not relied upon other experts for the compilation of this report. The information and conclusions within this report are based on information made available to Venmyn Deloitte by GoldBridges and its contractors at the time of the preparation of this report. GoldBridges has reviewed draft copies of this report for factual errors. Any changes made as a result of these reviews did not involve any alteration to the conclusions made. Venmyn Deloitte has relied upon general information contained within the reports, articles and databases detailed in Appendix 1.

The authors of this report are not qualified to provide extensive commentary on the legal issues associated with GoldBridges' and/or its subsidiaries' right to the mineral properties. Venmyn Deloitte has obtained copies of the relevant mining and prospecting licences/authorisations, and these have been reviewed to the satisfaction of Venmyn Deloitte. No warranty or guarantee, be it express or implied, is made by the authors with respect to the completeness or accuracy of the legal aspects of this document.

1.4. Forward Looking Statements

This report contains forward-looking statements. These forward-looking statements are based on the opinions and estimates of GoldBridges' management and Venmyn Deloitte at the date the statements were made. They are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in Venmyn Deloitte's and GoldBridges' forward-looking statements.

Factors that could cause such differences include changes in world gold and silver markets, equity markets, costs and supply of materials relevant to the Sekisovskoye Project and changes to regulations affecting them. Although Venmyn Deloitte believes the expectations reflected in its forward-looking statements to be reasonable, Venmyn does not guarantee future results, levels of activity, performance or achievements.

The businesses of mining and mineral exploration, development and production, by their natures, contain significant operational risks. The businesses depend upon, amongst other things, successful prospecting programmes and competent management. Profitability and asset values can be affected by unforeseen changes in operating circumstances and technical issues.

Factors such as political and industrial disruption, currency fluctuation, increased competition from other prospecting and mining rights holders and interest rates could have an impact on GoldBridges and its subsidiaries' future operations, and potential revenue streams can also be affected by these factors. The majority of these factors are, and will be, beyond the control of GoldBridges or any other operating entity.

1.5. Personal Inspection

Venmyn Deloitte conducted a site visit to GoldBridges' Sekisovskoye Project East Kazakhstan mineral asset on the 20th and 21st of November 2013. During this site visit, all site infrastructure, workings and operations were inspected. This site visit have substantiated the existence of GoldBridges' gold Mineral Resources and Ore Reserves which are supported by the exploration and production results detailed in the relevant sections to follow.

2. Corporate Structure

GoldBridges Global Resources Plc (previously Hambledon Mining Company Ltd) is a holding company consists of a group of three companies. The GoldBridges Global Resources Plc corporate structure is illustrated in Figure 2.The principal activity of the Group is the development of certain gold mining interests in Kazakhstan. The Group's principal asset is the exclusive right to explore for and extract gold and silver ore from the Sekisovskoye Project in the Glubokovsky District of East Kazakhstan Region in accordance with the terms of the licence. The principal activity of Docherneye Tovarischestvos Ogranichennoy Otvetsvennostyu (DTOO) Gornorudnoe Predpriatie Sekisovskoye (DGPS), a member of the Group, is the development of the Deposit. The principal activity of DTOO Altai Ken-Bayitu LLP (AKB) is the processing of gold and silver ore and the production of doré gold bars. Hambledon Mining Company Ltd is a dormant company with no material assets or liabilities within it.

3. Property Description and Location

The Sekisovskoye Project is an open pit gold mine with an underground development project, situated in Kazakhstan. The licence area extends over 0.855km² and consists of agricultural land associated with the adjacent Sekisovka village. This CPR focuses on the underground mine development as the open pits are reaching the end of their Life of Mine (LoM), which is currently estimated to be 2015. The Sekisovskoye Project status is illustrated in Figure 3.

3.1. Site Location and Access

The Sekisovskoye Project is approximately 40km northeast of Ust Kamenogorsk, the regional capital, in the East Kazakhstan. Oblast, within the Verkh-Ubinsky Rayon area, immediately northeast of the Sekisovka village and 40km north of the regional capital Ust Kamenogorsk (Figure 1).

The mine can be accessed by a well paved road, which passes through the Sekisovka village. The access road is directly off the main asphalt road (A10) running from Ust Kamenogorsk to Ridder and Shemonaikha. The A10 is generally in good condition, but has stretches that are in poor condition.

3.2. Site Infrastructure

The site facilities include a processing plant, administrative and maintenance blocks, a tailings confinement area, and waste rock and soil storage areas. There is also an access shaft to the 325masl and 400masl underground development levels. The local infrastructure is illustrated in Figure 4.

GOLDBRIDGE'S CORPORATE STRUCTURE

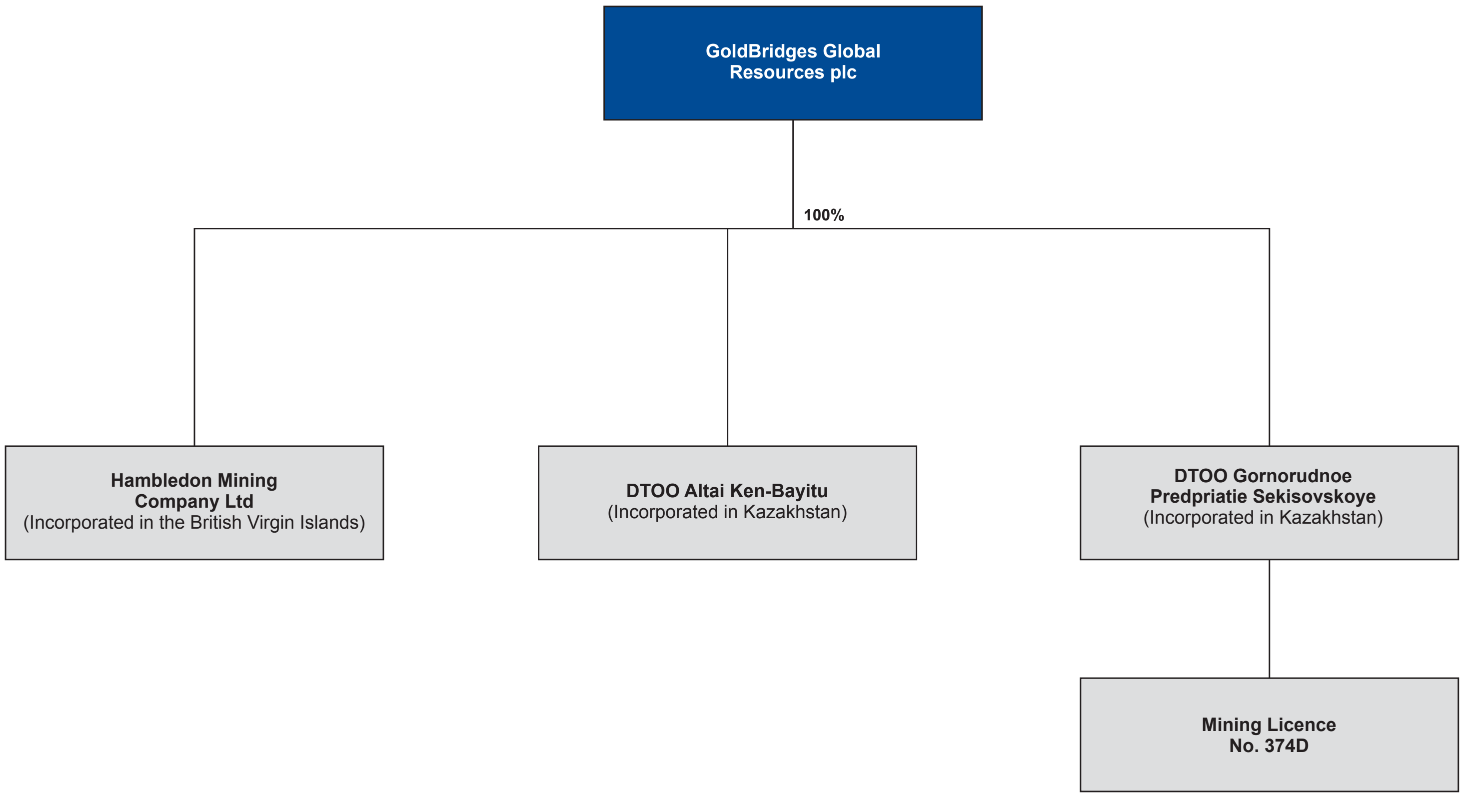

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Figure 02

MINERAL ASSET PORTFOLIO TRIANGLE INDICATING THE RELATIVE STATUS AND LOCATION OF THE SEKISOVSKOYE MINE

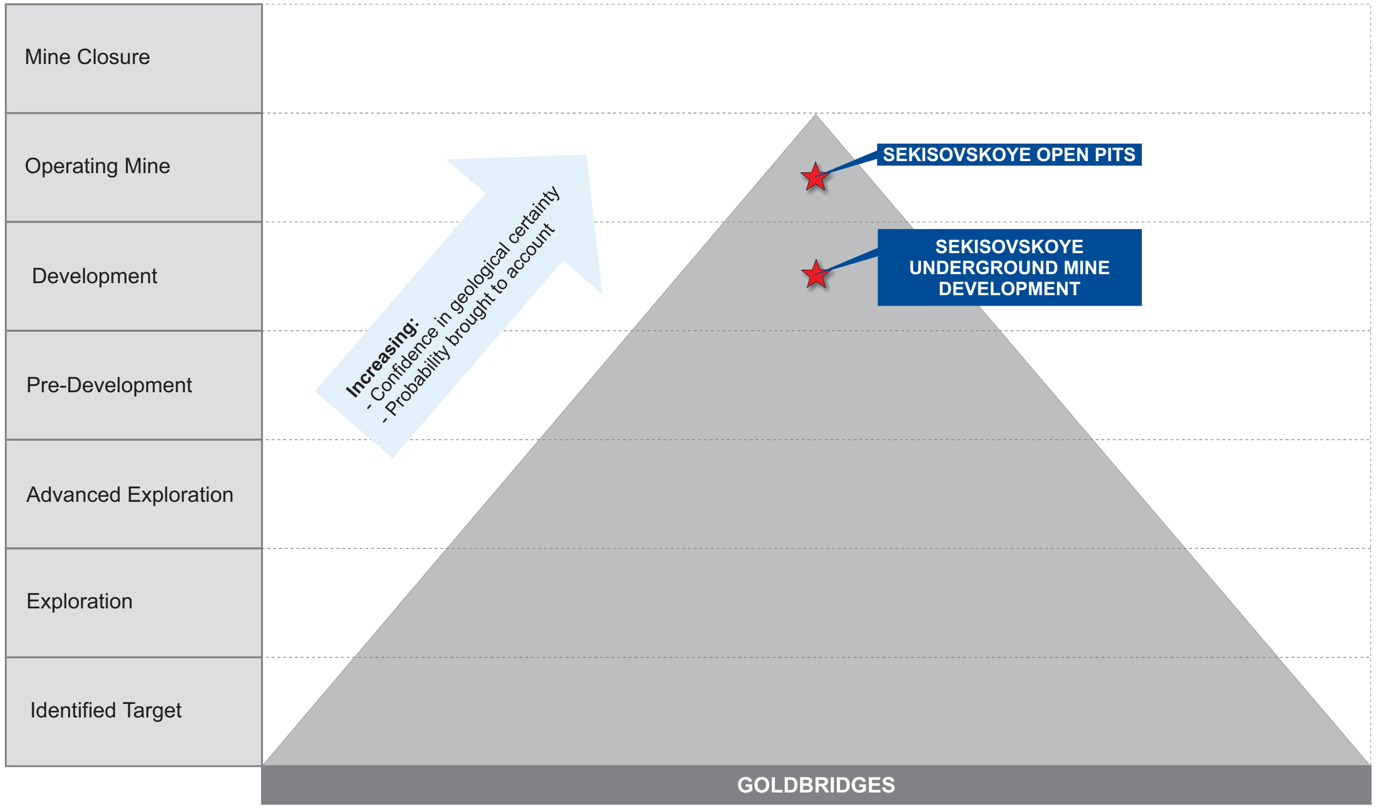

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Figure 03

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LOCATION OF SEKISOVSKOYE PROJECT IN RELATION TO LOCAL INFRASTRUCTURE OF EAST KAZAKSTAN

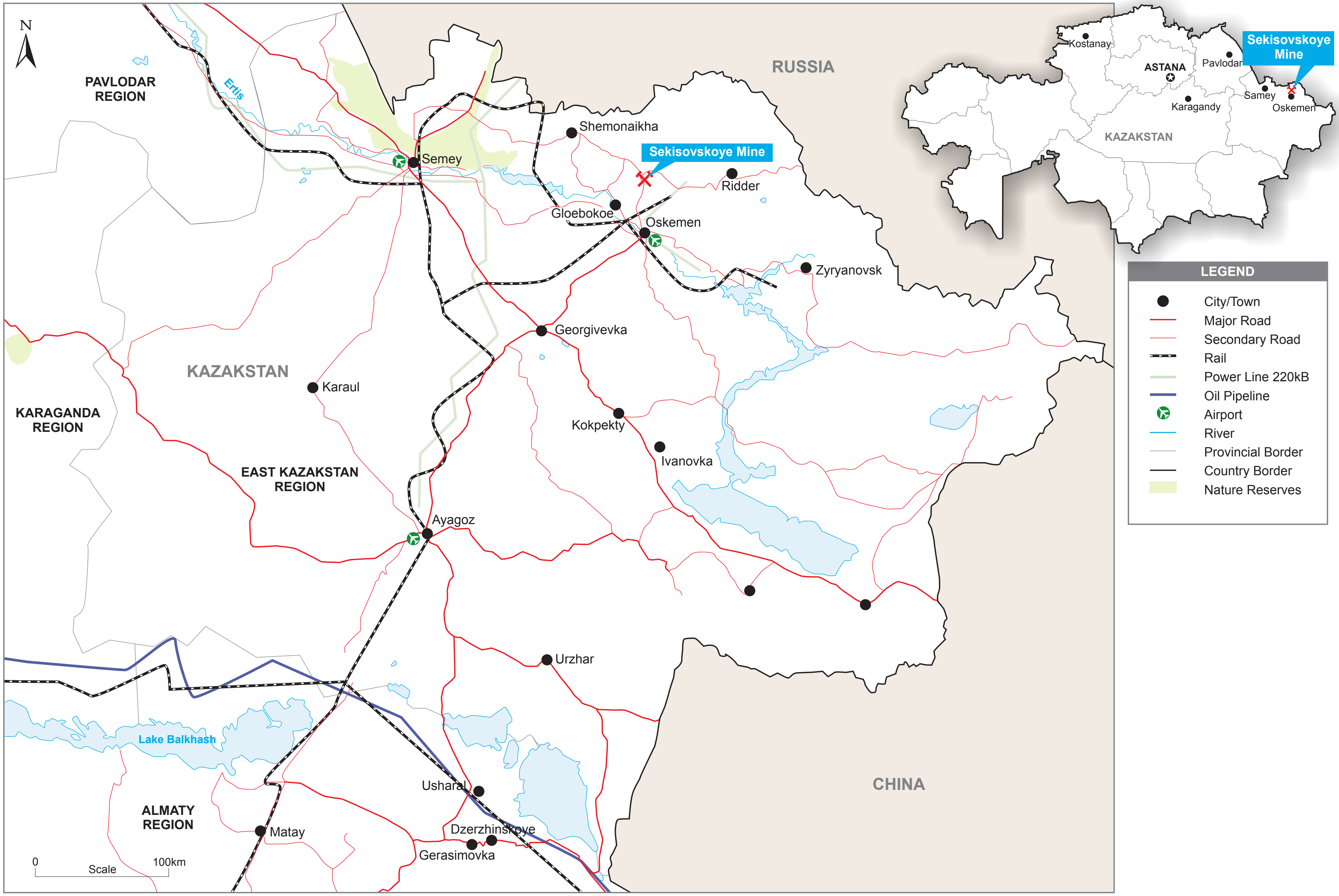

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Figure 04

3.2.1. Water

Water for the mining operation is obtained from the Sekisovka River, which is a tributary of the Ruba River. The mine operates on water recirculation where possible, with the mine water being recycled at the processing plant.

Back up water supply of up to 50% will be provided by existing bore water and the remaining water requirement will be provided from the tailings dam, where water will be accumulated during an initial period lasting 4-5 years.

3.2.1. Power

Power is sourced from the Sekisovka village, which is served by a 6,000V power grid. Supply is via overhead double-chain power lines of 110kV from the Altaienergo system using a 12.5km extension of the overhead power line.

Internal power supply of the mine site is distributed by the following:-

- underground areas are fed from substation 110/35/6; and
- lighting of the site is carried out via the lighting transformer TME-20/6 with 20kW power and 6,000/230V voltage.

The connection of dewatering, ventilation and hoisting will be carried out via switchgears RU 6kV, with switchgears in buildings, facilities and mine shafts (test pits). Users of 0.4kV connect via integrated transformer substation and transformer substation of outside installation.

3.2.2. Heat Supply

The mine is supplied with heat by a central boiler house with 60Gcal/hour productivity. Three boilers, using solid fuel (coal from Kuznetsk coal-basin) are operating in the boiler house. As the heating season lasts 202 days, this heat supply is deemed mandatory.

Centralized heat supply requirements of the mine consumers are presented in the Table 1.

Table 1: Central Heat Supply Parameters

NAME	HEAT REQUIREMENT (MW)	HEAT SOURCE BOILER HOUSE TYPE	TYPE AND QUANTITY OF BOILERS	HEAT PRODUCTIVITY (MW)	HEAT MEDIUM AND PARAMETERS
Underground Mining area	20.3	Unified operational heating boiler house	KV-TS-20		Overheated water up to 160^{0}C
Industrial site of the mine	28.7		3 ea	52.0	Saturated steam, P-0.6 MPa
Ventilation shaft	0.7				Hot water up to 80-95^{0}C
TOTAL	**49.7**			**52.0**	

Heat is supplied to the mine, headframe, workshops (electrical workshop, maintenance workshop, air-heating unit, ventilation shaft headframe, and garages) using steam.

3.2.3. Railway Access

The nearest railway siding is 21km south of the mine. A second railway, the Lokot-Zaschita-Ridder, is located approximately 64km east of the mine and connects the cities of Ridder and Ust-Kamenogorsk with Russia.

3.3. Climate

The climate of East Kazakhstan is generally continental, with annual temperatures ranging from averages of 30°C in summer to -20°C in winter. The summer months are between May and September and can reach maximums of 50°C, while winter ranges from October to April and can reach minimums of -45°C.

The regions average annual rainfall is approximately 475mm.

The mining production rate usually falls to two thirds of normal production between December and February due to snow and cold conditions.

3.4. Topography

The area consists of undulating topography, with hills to the south east and south west of the Sekisovskoye Project. The area forms part of the foothills of the Altai (Irtyshkovo) Mountains. Elevations range from approximately 430mamsl (metres above mean sea level) to 495mamsl.

3.5. Vegetation

The area is typically vegetated with savannah grasses and scrub with sparse tree cover.

3.6. Local Human Resources

The local resources in East Kazakhstan are sourced from nearby villages such as Ust Kamenogorsk, which has facilities that include hospitals, schools and suitable accommodation. A small mining community is also located at nearby Sekisovka. Existing mining operations in Kazakhstan include gold, silver, iron ore, chrome and coal, where skilled labour is employed.

4. Legal Aspects and Tenure

4.1. Ownership

The Sekisovskoye mining licence (No.374 D) is owned by the DGPS, in which GoldBridges has a 100% beneficial interest.

4.2. Mineral Tenure

A summary of the mineral tenure is provided in Table 2.

Table 2: Summary of the Sekisovskoye Project

PROJECT	DEVELOP. STATUS	RIGHT No.	TOTAL LICENCE AREA	SHARE HOLDING	DATE RENEWED	EXPIRY DATE	JORC RESOURCE	JORC RESERVE
Sekisovskoye Open Pit	Operating Mine	374 D	0.855km²	100%*	2000/10/20	2020/07/18	√	-
Sekisovskoye Underground	Development						√	√

*held by DTOO Gornorudnoe Predpriatie Sekisovsokye (DGPS), in which GoldBridges has a 100% beneficial interest.

4.3. Surface Rights and Access

GoldBridges has several deeds for the right of temporary land use for mining and associated activities allocated to them by the East Kazakhstan subsidiary state company GosNPTSzem in November 2011. These are summarised in Table 3.

Table 3: Summary of GoldBridges' Land Use Permits

CADASTER NUMBER	LAND PLOT PURPOSE	LICENCE EXPIRY	TOTAL LICENSE AREA (Ha)
05-068-017-361	Tailings dam	18/07/2020	2.43
05-068-017-353	Tailings dam and stockpiling of waste rock		30.70
05-068-008-356	Tailings dam and production facilities		13.98
05-068-008-362	Tailings dam		27.27
05-068-017-274	Tailings dam and production facilities		12.00
05-068-008-355			14.92
			101.30

4.4. Mineral Extraction taxes

A Mineral Extraction Tax (MET) of 5% of revenue for gold and silver is payable by the Sekisovskoye Project.

4.5. Environmental Liabilities and Social Compliance Status

In the cash flow model, provision is made for USD3.53m for environmental fees which are accumulated annually as part of the operating costs. Environmental Status is detailed in Section 16.

4.6. Material Agreements

On 21 February 2012, two of the Company's subsidiaries, AKB and DGPS entered into a loan agreement with the European Bank for Reconstruction and Development (EBRD). The principal terms of the loan are as follows:-

- total amount of the loan is USD15m payable in two tranches to AKB and Sekisovskoye, on a joint and several basis, and repayable in quarterly instalments between 10 January 2015 and 10 October 2017;
- the first tranche of the loan is USD10m. The second tranche of USD5m will only be available provided a performance condition for the underground mining operation at the Sekisovskoye Project site is met;
- the loan is available for drawdown between the dates of 22 February 2012 and 21 February 2014, discussions have been held in regards to the final draw down; and
- interest on drawn amounts will be charged at a rate of three months LIBOR plus even seven per cent per annum.

The effective interest rate for the period ranged from 7.5% to 7.8%.

A drawdown of USD10M was made during 2012. The amount shown above includes commission charges of USD65,000. Interest is charged at 7% above the London Inter Bank Offered Rate (LIBOR).

4.7. Other Legal Issues

Venmyn Deloitte has not been made aware of any land claims, litigation, competing rights or other legal issues associated with the Sekisovskoye Project.

Table 4: GoldBridges Mining Licences

NO.	ACTIVITY	LICENSE ISSUED BY	NUMBER OF LICENCE	DATE OF ISSUE	VALIDITY TERM
1	Design and operation of mining productions	Ministry of Energy and Mineral Resources of the Republic of Kazakhstan	No.004424	27/10/2005	General
2	Development, production, purchasing and selling of explosive and pyrotechnical substances and products	Ministry of Industry and New Technologies of the Republic of Kazakhstan	No.13001405	06/02/2013	General
3	Supply and distribution of electrical energy, operation of electrical stations, electrical lines and substations	The Republic Agency for Regulation of Natural Monopolies	No.000023-07	20/11/2008	General
4	Design and investigational activity	Board of Governmental Architectural and Construction Supervision for East Kazakhstan Region	08-GSL No.04-01379	14/04/2009	General, Addendum is issued on 27.03.2013 by Regional Development Ministry. Committee of Construction and Municipal Housing Department
5	Construction works	Board of Governmental Architectural and Construction Supervision for East Kazakhstan Region	08-GSL No.03-00443	02/03/2007	General, Addendum is issued on 27.03.2013 by Regional Development Ministry. Committee of Construction and Municipal Housing Department
6	Transportation of dangerous goods	Federal Institution "Yertis" Interregional Inspection of Transport Control of East Kazakhstan and Pavlodar regions	TRP No.016365	04/08/2010	General
7	Act of State Record of Contract on rights to conduct subsurface use operations		No.555	20/10/2000	
8	Explosives transportation permit		No.2	13/02/2013	
9	Blasting works permit		No.128	28/12/2012	
10	"Processing Plant Tailings Dam expansion" construction permit	Department of Architectural and Construction Supervision and Licensing at East Kazakhstan Region	No.181	31/05/2013	
11	"Processing plant" construction permit	Department of Architectural and Construction Supervision and Licensing at East Kazakhstan Region	No.578	31/03/2013	

5. Historical Ownership, Exploration and Mining

The deposit was discovered by prospectors in the 19th Century. Small scale mining of the deposit by the prospectors took place between discovery in 1833 until 1956.

Official geological prospecting and evaluation work by the Soviet Union commenced in 1952 and led to the development and mining of open pit mining as well as numerous adits and a shaft between 1976 and 1994. In 1976 major drilling, trenching and underground exploration as well as GKZ Reserve estimation was carried out by the Soviet Union.

Open pit mining, by a workers cooperative Altayzoloto, commenced at the North Pit in 1978, producing approximately 190,000t at an average grade of about 18g/t gold and 18.1g/t silver. In 1991, Kazakhstan gained independence from the Soviet Union and consequently the mining rights for the deposit were acquired by the Cooperative of Prospectors (Poisk).

Poisk was acquired by Hambledon in 1998 and a small underground gold recovery plant was installed. In 2000, the mining rights were transferred to DGPS. In the same year, Hambledon acquired 100% share ownership of DGPS.

In 2001, Nelson Resources Limited (Nelson) entered into an agreement to earn 50% of the Sekisovskoye Project. The agreement was relinquished in 2002 when Neilson was reorganised as part of an oil company.

6. Geological Setting

6.1. Regional Geological Setting

The Sekisovskoye Project's gold deposit is situated within the Aleisk sub-zone of Rudny Altai structural and formation zone, in the south-eastern pitch of the Aleisk anticlinorium. The Rudny Altai Aleisk sub-zone is characterized by prevailing Late Carboniferous (318Ma) to Early Permian (271Ma) intrusive formations. The regional geology of Kazakhstan is illustrated in Figure 5.

A broad account of the geology in the region is described in the simplified stratigraphy that follows:-

- the Devonian system's upper formation consists of the:-
    - lower stratum and Upper stratum of Fransnian deposits, situated in the west northwest portion of the region respectively. These deposits are represented by lava, tuff, aleurolites, limestone lenses, sandstones and siltstones;
    - Famennian and Upper-Famennian-Tournaisian deposits, located in the southwest of the region. These deposits are represented by volcanogenic formations, tuff sandstones, siltstones and andesite and basalt porphyrites;
- the Carboniferous system's lower stratum Tournasian stage, composed of the:-
    - Tournasian deposit;
    - the Tarkhanskaya suite;
    - Buhtarminskaya suite;
    - Visean deposits (prevalent in the north-east portion of the region);
    - Quartenary deposits (spread throughout the region with varying thickness);
    - magmatic formations; the Upper Devonian sub-volcanic complex (characterized by relatively small and irregular shaped dyke-like bodies of quartzitic porphyrites, diabase porphyrites, granodiorite-porphyrites and felsites-porphyrites);

REGIONAL GEOLOGY AND MINERAL DEPOSITS OF KAZAKHSTAN

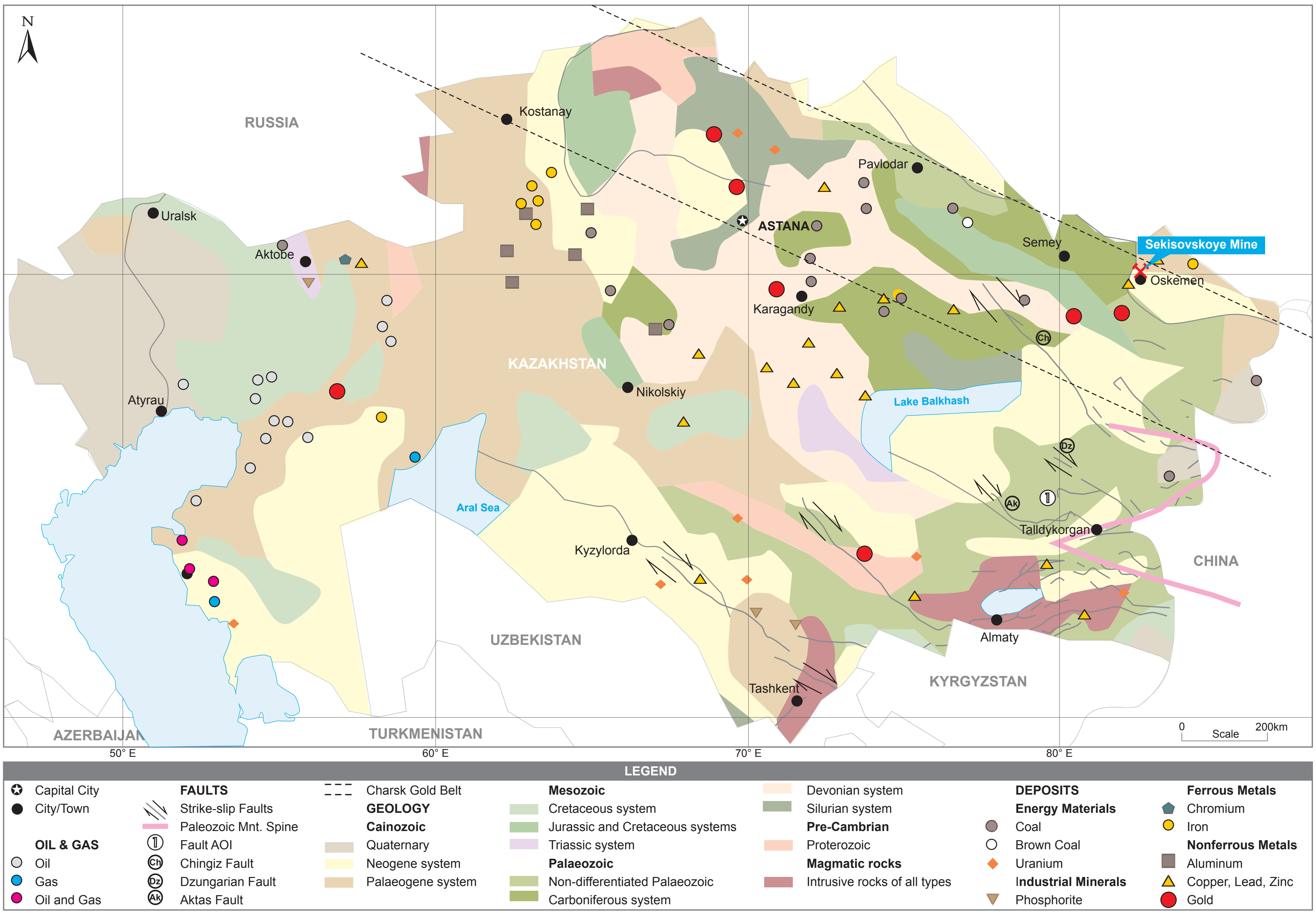

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Figure 05

- Lower Carboniferous sub-volcanic complex, with elongated linear bodies of diabases, diabasic and andesite porphyrites; and
- Late Carboniferous-Early Permian (Zmeinogorskiy) intrusive complex.

Overall, the region is characterized by low exposure of sub-terranian rocks, with the Aleiskaya subzone structures depicting a north-west strike and north-east dip. The sedimentary formations present have fractured monoclinal folding, with the Shemonaiho-Sekisovskaya zone being the most important of all the rupture structures present. These fractures define the locality of the northeast contact of the Sekisovskiy granitoids mass, as well as, the location of the Upper Devonian and Lower Carboniferous sub-volcanic formations. The Northwest fractures together with the flexure folds and faults control the location of beresitization sericitization and kaolinisation accompanied by gold and polymetal mineralization.

6.2. Local Geological Setting

The Sekisovskoye Project's gold deposit is located in the Rudny Altai structural and formation zone, and in the Charsk Gold belt in the Greater Altai global mobile belt. The Mine is located on the northwestern flank of the Altai-Alashan mobile region that covers the Siberian platform from the southwest and the south (Figure 6). The Rudny Altai is essentially part of the fragments, xenoliths of the ancient palaeo-continent (terranes collage) that drifted in the palaeo-asian ocean, which subsequently joined into one single formation during the Hercynian collision stage, in a complicated interaction process and the Kazakhstan micro-continent and the Gornoaltaiskij border of the Syberian platform interfacing.

At the Sekisovskoye Project, there are ten discrete igneous breccia bodies, of which five lie within the current licence area. The gold-bearing mineralised zones are defined as five groups in four different breccia bodies, namely the Central Group, Western Group, Northern Group, Southwest Group and the Northwest Group. These are illustrated in Figure 7.

6.2.1. Tectonic Structures

The Greater Altai's emerged tectonic structures, which includes the Rudby Altai, are restricted by deep faults, sutural zones and are distinguished according to the development geodynamics, geological structure and metallogeny specifity (which is mainly due to the geological processes grandiosity and duration). There are three tectonic zones in the Rudny Altai, from the northeast to the southwest and they include the Beloubinsko-Sarymsakty-Kurtinskaya, the Rudnoaltaysk-Ashalinskaya and the Itrtysh-Fuynskaya.

The Greater Altai structures are thought to be xenoliths of an ancient paleo-continent, with its consolidated multilayered crust comprising four layers, namely the; metabasalts, meta-diorite, meta-granite and sedimentary. The general geological formations development of the Greater Altai during the Precambrian was at the oceanic rifting mode, then in the early (rifting and insular), medium (collision) and late (post-collision) stages of the Caledonian and Hercynian cycles. The Hercynian cycle was discernible by a recurrent division and spreading of the Caledonian continental borders and the development of a secondary Irtysh-Zaisan oceanic basin with a large magmatism and mineralization. In the early stages, the main ore-bearing structures of the Rudny Altai formed under the rifting and insular-arc geodynamic conditions during the course of echeloned deep faults system activation, and this contributed to the inflow of mantle basaltic magmas as well as mineralizing fluids movement into the upper parts of the granule cells.

The median stage of the Hercynian cycle is differentiated by the sharp change in the geodynamic mode (prevailing compression), the closing of the Irtysh-Zaisan paleo-basin, exertion of folding, thrusting major phases, accretion of structures and the collision of Kazakhstan and Gornoaltayskij arrays. In the advanced tectonic cycles this structure was implicated in the late-Hercynian intraplate rifting process, and stabilized only at the Mesozoic and Cenozoic periods.

LOCAL GEOLOGY OF THE SEKISOVSKOYE PROJECT

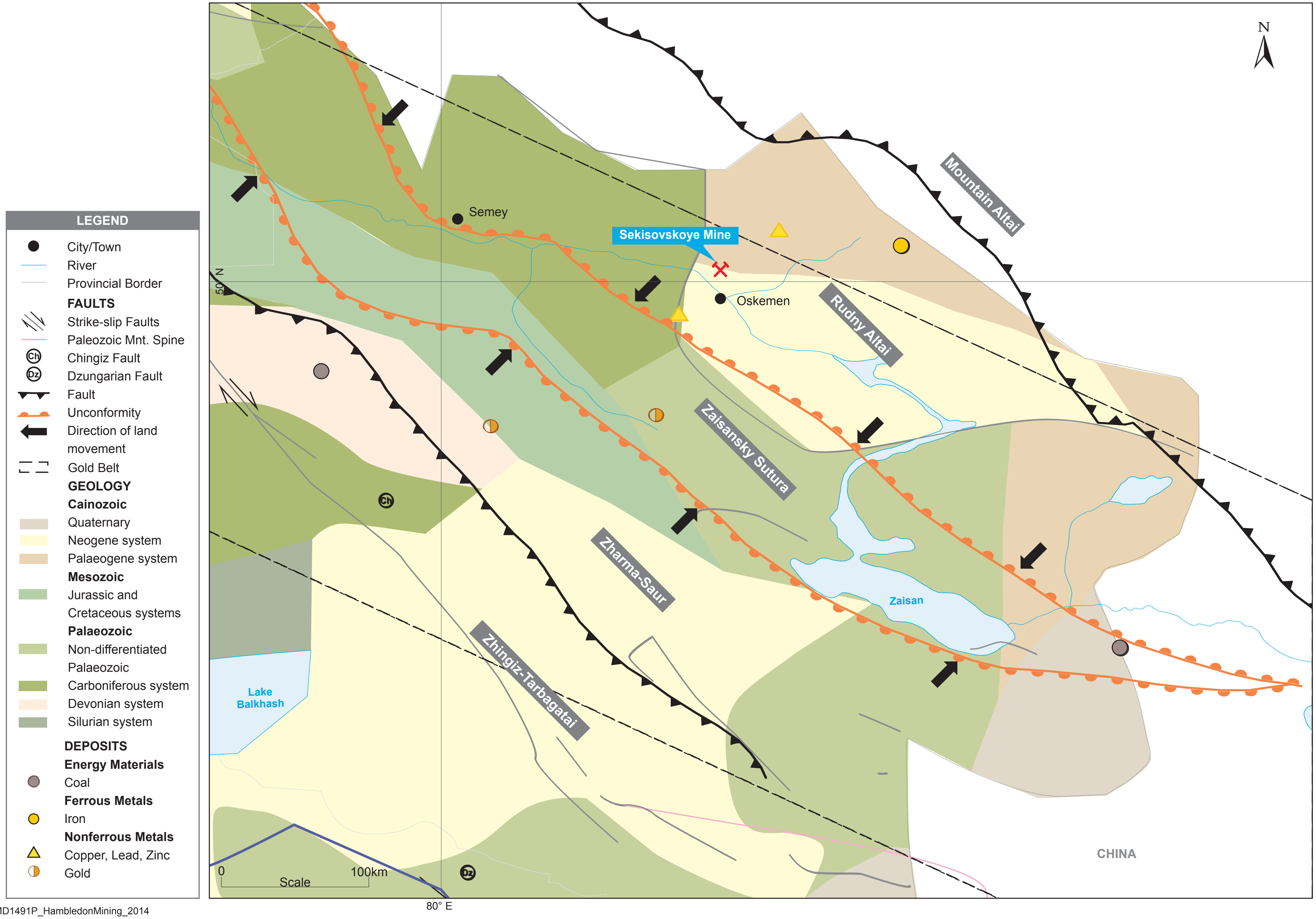

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Figure 06

BRECCIA BODIES ON THE SEKISOVSKOYE PROJECT

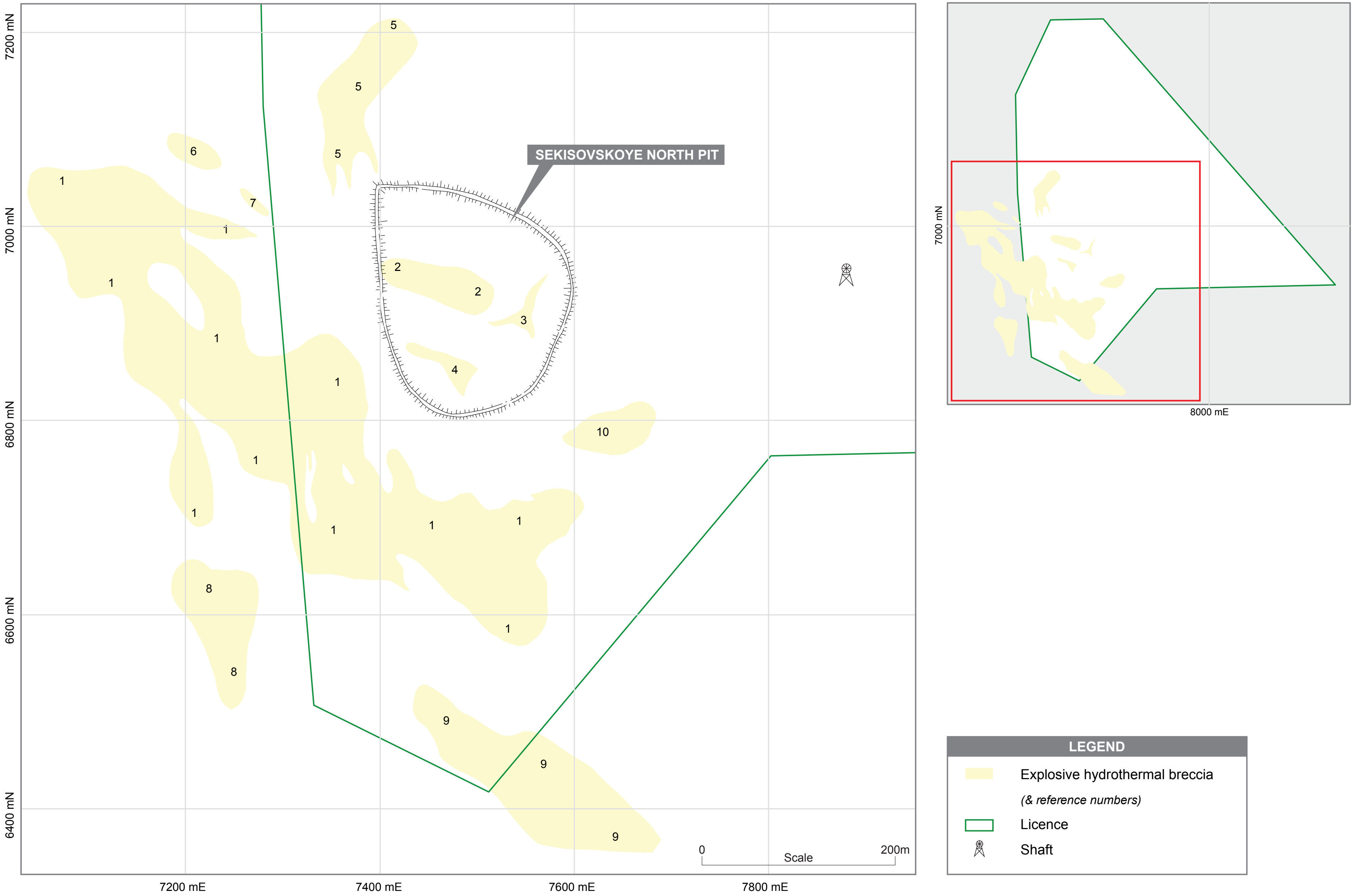

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Figure 07

In the Precambrian cycle the pre-Riphean crystalline basement split into two separate fragments and blocks and then incorporated into the Greater Altai. These incorporated fragments and blocks are geologically complicated structures with intensive dynamo-metaphoric reformations of rocks that are suppressed by thrusts, folds and polycyclic metallogeny. These rocks are composed of schists, gneisses, amphibolites, granite-gneisses with hyperbasite outcrops and serpentine melange blocks. The hyperbasites host the magmatic deposits of chromite, nickel, cobalt and platinum, which forms Charsk ore-bearing level which later form gold mineralization.

The Rudny Altai caledonides are part of the broad structures of the northeast of the Greater Altai. To the southeastern border of the Greater Altai there is thrusting from the Djungarian array and West-Siberian plates, with the northwestern border observed right up to Russia, with the total length of the Greater Altai area being greater than 100km's at an average width of 300km. There are four known ore-belts according to the metallogenic zoning within the Greater Altai namely the:-

- Rudny Altai copper-polymetallic belt (iron, manganese, copper, lead, zinc, gold, silver and many others);
- Kalba-Narym rare-metallic belt (tantalum, niobium, beryllium, lithium, tin, caesium and tungsten);
- West-Kalba gold-ore (gold, silver, arsenic and antimony); and
- Zharma-Saur polymetallic belt (chromium, nickel, cobalt, copper, gold, molybdenum and tungsten).

The Sekisovskoye deposit is characterized by:-

- brecciated gold-sulphide mineralized zones and stockworks in the magmatites of the Zmeinogorsk complex;
- increased tectonic dislocations of rocks, fixed by brecciated and crushed textures of rocks are characteristic of the ore fields;
- northwestern striking faults, which had importance in controlling the ore; and
- the ore-explosive breccias (diorite, gabbro and plaigiogranites debris) cemented by the majority of the propilite and berezite cement with the gold-sulphide mineralisation.

6.2.2. Mineralisation

Mineralisation is hydrothermal gold depositions in veins and breccias. Several styles of mineralisation are found in the five orebody shapes, Groups 1 to 5. Mineralisation styles are as follows:-

- large tabular orebodies;
- stockworks;
- medium size vein and lens hosted;
- small veins, pipes and dykes; and
- isolated lenses or veins.

The mineralisation hosted in dyke-like breccia intrusions containing sulphide mineralization and free gold. The course breccias are cut by barren igneous dykes that are typically planar and dipping steeply to the northeast. Gold is embedded in the cementing mass of the explosive hydrothermal breccias. Gold tends to be concentrated at the geological boundaries between breccias and igneous rocks. A cross section through the orebody is illustrated in Figure 8.

Figure 08

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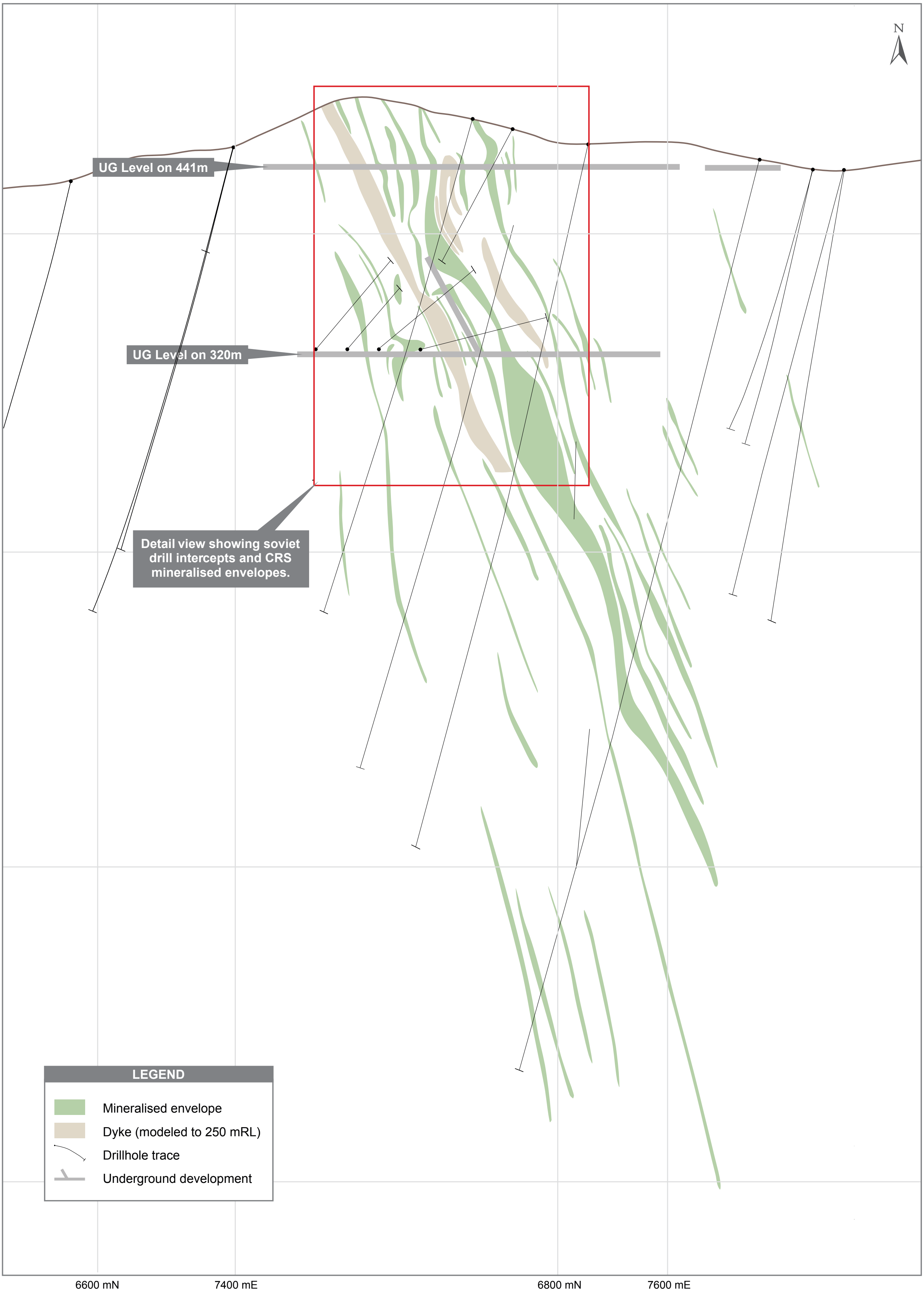
SCHEMATIC CROSS SECTION THROUGH THE SEKISOVSKOYE OREBODY



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It is hypothesised that the genesis of the gold deposit was around the final stages of the multi-phased intrusion of the Zmeinogorskiy system, adjoining the intersection of a portion of the Shemonaikhinsky-Narymsky lineation. The low-temperature near-fracture metasomatosis formed in the hydrothermal breccia zones.

These are characterized by processes of beresitization, listvenisation and breccia cementation of rocks and permit the consideration of the genesis of the Sekisovskoye deposit to be assumed as a low-temperature hydrothermal metasomatic deposit. Through the breccia formation, gas and thermal springs were circulating and the cementing mass of the weakest one served as a basis for the formation and separation of auriferous sulphide mineralization.

At the end of the breccia formation, dyke-like intrusions of quartz albite-porhyries ensued, with the auriferous sulphide mineralization being timed to the cementing breccia mass and not being discernible in the dyke-like bodies. The stage following the end of brecciation and dyke-like intrusions is the formation of quartz and quartz-carbonate layers and small veinlets with sulphide mineralization and free gold, with mineralized interconnecting veinlets forming during the final stage of gas-hydrothermal activity. Overall, the gold sulphide mineralization in the region is mainly embedded in the cementing mass of the explosive hydrothermal breccias, with the most recent formations that intersect carbonate veinlets being totally devoid of gold mineralization.

7. Exploration

The deposit at the Sekisovskoye Project has undergone several exploration programmes including geophysics, trenching (surface and underground) and diamond drilling from surface and underground drives.

7.1. Geophysics

Geophysical surveying of the Sekisovskoye Project began in the 1950s to date, ranging from; magnetic surveying, gravity meter observations, reflective seismology, induced polarization and natural electrical field methodology. These methods combined provided the tectonic classification and the geological profiling of the area.

During the prospecting and appraisal stages, multiple geophysical surveys were conducted, which included: apparent resistivity (AR), sliding contact logging (SCL), electrode potential (EPM) and gamma-ray log (GRL). These were done in order to determine the location and thickness of the sulphide mineralized intervals, the nature and type of mineralization, mass uranium exploration as well as the control of spatial drillhole deviations. The water bearing horizons and hydrodynamic parameters were identified using resistivity and flowmetry with loading.

It is important to note that the geophysical surveys conducted in the area were directed at prospecting for polymetallic mineralization, and since the occurrence of sulphide mineralization is only an indicator of ore-grade gold, these methods were inefficient for targeting the gold orebodies.

The geophysical studies for prospecting and preliminary exploration at the Sekisovskoye Project included the following:-

- **Magnetic Survey**: used for mapping the granitoids rocks of varying composition in order to determine the gold –sulphide mineralization sites within the rocks;
- **Induced Polarization**: used to detect sulphide mineralization zones and determine the properties of intrusive bodies in the area;
- **Natural Electric Field Method**: this method was also used to detect sulphide mineralization zones, as well as grading IP anomalies associated with a non-metallic nature;
- **Excitation-at-the-Mass Method**: used to define the extension and dip of sulphide zones identified by drilling;

- **Log survey**: carried out in order to determine the:-
    - location and thickness of the sulphide mineralization intervals;
    - character and type of mineralization;
    - lithological layering of the section; and
    - control of spatial drillhole deviation.
- **Apparent resistivity;**
- **Sliding contact logging and electrode potential;**
- **Gamma-ray log; and**
- **Inclinometry.**

When using the electrical resistivity method, no gold mineralization zone was detected, and it can be said that the relative decreased values of p_k are indicative of quartz veining host zones. However, there are no suitably clear criteria for grading the geophysical anomalies.

7.2. Mapping/Soil Sampling

No mapping or soil sampling information is available on the Sekisovskoye Project.

7.3. Surveying

The Sekisovskoye open pit is continually surveyed, with the following survey works being carried out:-

- monthly open pit surveying;
- interim in pit face surveys every ten days;
- mine sections surveys;
- drill and blast hole surveying;
- survey of the location of exploration holes;
- excavator's production quantities;
- road profiling;
- post blast surveys; and
- monthly, as well as biweekly surveying of stockpiles and crushed stockpiles.

All surveying equipment used by the Sekisovskoye Project exploration department is annually certified by state metrological service of EATC LLP with license number KMSP 0505265. Boreholes are surveyed by CRS in WGS84. For comparability, the coordinates are converted to Gauss-Kriger (Pulkovo 1984) GK Zone 14 and adjusted to the CRS mine grid for comparability with local CRS maps.

7.3.1. Surveying of Excavated Rock

Excavated rock volumes were surveyed using the vertical and horizontal section methodology, trihedron prisms and other methods to ensure accuracy of the results. The volumes of the ore were calculated using LeicaSurveyOffice and Datamine software packages, with all surveyed base outputs with coordinates input into a computer database in order to determine the volumetric models for the development of mining operation.

7.3.2. Survey of Production Run of Mine Tonnes

The surveying of the waste as well as ore was prepared using the following:-

- periodic calculations of the ore based on the results of the survey and comparisons of the truck count volumes with the respective reporting data;
- surveying the remaining ore in the stockpiles; and
- control surveys of the open pit volumes were carried out once a year to check the accuracy of the reporting data and the performance of the operations versus the annual mine and budgets.

The survey of ore in the stockpiles was carried out monthly. The maximum permissible errors when determining the ore volume in the stockpile against mining truck counts was 10%.

8. Drilling

8.1. Diamond Drilling

GoldBridges has conducted several exploration drilling programs since 1956, including subsurface drilling, and sterilization drilling. Each of the exploration drilling programs is detailed in Table 5.

Table 5: Drilling Programs Conducted At the Sekisovskoye Project to 31st May 2014

PHASES OF DRILLING	DRILLING TYPE	HOLES DRILLED	METRES DRILLED
Pre- 1976		14	Unknown
1976-84	Core	153	64,685.1
1984-86	Core	75	5,906.3
2004-06	Core	74	8,679.1
2010-14	Core	561	91,556.0
TOTAL		**877**	**170,083.5**

The 2004 drilling campaign included three twinned holes (DD1-DD3). These were undertaken in order to investigate the Soviet drill sample data that was acquired till 1985. In addition, other objectives included; sampling and assaying outside the Soviet ore envelopes, sampling for screen fire assays, ore petrology analysis, determining bulk density, geotechnical core logging for the open pit and underground mine design and metallurgical sampling.

According to the A C A Howe International CPR on GoldBridges (2004), the initial drilling at 45° proved impractical and the hole was abandoned in a cavity at 101m depth. The remaining boreholes were drilled at 60° to depths greater than 200m, with an average overall core recovery of >95%. Drilling was completed with a DIAMEC-252 drill rig.

Subsequent to the 2004 drilling campaign GoldBridges conducted several exploration drilling programs including; subsurface drilling, and sterilization drilling.

The initial 2005-06 surface exploration diamond drilling programme for the Sekisovskoye Project resulted in 36 holes with an average depth of 115m and a maximum of 175m. These holes were drilled to determine possible extensions to and continuity of the mineralised zones and also for upgrading confidence levels by infill drilling. Altogether, 3,392 samples, representing over 3,300m of core, were fire assayed for gold with grades ranging from 0 to 90.4g/t.

This 2005- 2006 completed drilling programme had various notable intersections. For example drillhole GEO131 intersected 20m of Orezone 2 at a grade of 9.26g/t, which is three times greater than average grades expected, at 15m beneath the 2005 existing pit floor. Positive results from the extension drilling showed that peripheral areas of the deposit have additional potential both along the strike and dip.

A small number of intersections, where drillhole spacing was too wide for accurate modelling, showed additional gold zones continued to be found in this area. Geologically, this drilling was important in helping to better define the breccia contact zones and was successful in providing sufficient information for a complete update of Orezone 2, situated to the north of the main deposit.

Overall, the 2005-06 drilling program was successful in locating additional gold zones requiring further follow up drilling.

During the period 2010 – 31st May 2014, 561 exploration holes were drilled, totalling of 91,556m, along with 6 special purpose holes used to declare the Exploration Result (SK1, 3, 5, 7, 9 & 10), targeted for the -800m level. The core recovery amounted to an average of over 95% for the ore zone. Photographs of the 2010-2014 underground drilling programme are highlighted in Figure 10. The location of recent borehole locations is illustrated in Figure 9.

A summary of intersections used to calculate the Exploration Results is presented in Appendix 3.

8.1.1. Drilling Protocols and QA/QC

The core samples are measured, logged, and marked up at intervals of up to 1m on the core for sampling purposes. All the drilling and QA/QC protocols are in compliance with the former Soviet system standards and satisfy local regulations. However, the full drilling protocols for the 2010-2013 drilling programme have not been inspected in full by Venmyn Deloitte. Drilling procedures are illustrated in Figure 10.

The recent drilling programme (since 2013) was overseen by independent company TOO Computer Resource Services (CRS), who supervised the drilling operations and was in charge of surveying the drillholes, including down-hole surveys.

CRS plans the drill hole location, inclination and drilling objective with GoldBridges prior to drilling. These are recorded by means of a report which includes the projected budget before drilling commences. This report is to be approved and signed off by the the Chief Geologist. After set up of the rigs, borehole inclination and azimuth are to be checked by the Senior Project Geologist (or his delegated geologist) before drilling commences. All instruments used are checked on surface for accuracy and readings recorded. The core sizes used include BQ, HQ (or HQ3) and NQ (or NQ3).

Independent local geologists, contracted by CRS, managed the drilling operations in the field. The geologist measures core recovery, logs the core (including geological logging) and marks the core up geologically in intervals of up to 1m for sampling. Collar positions are surveyed and logged by CRS., including location, azimuth and inclination of boreholes.

LOCATION OF BOREHOLES AND SAMPLING

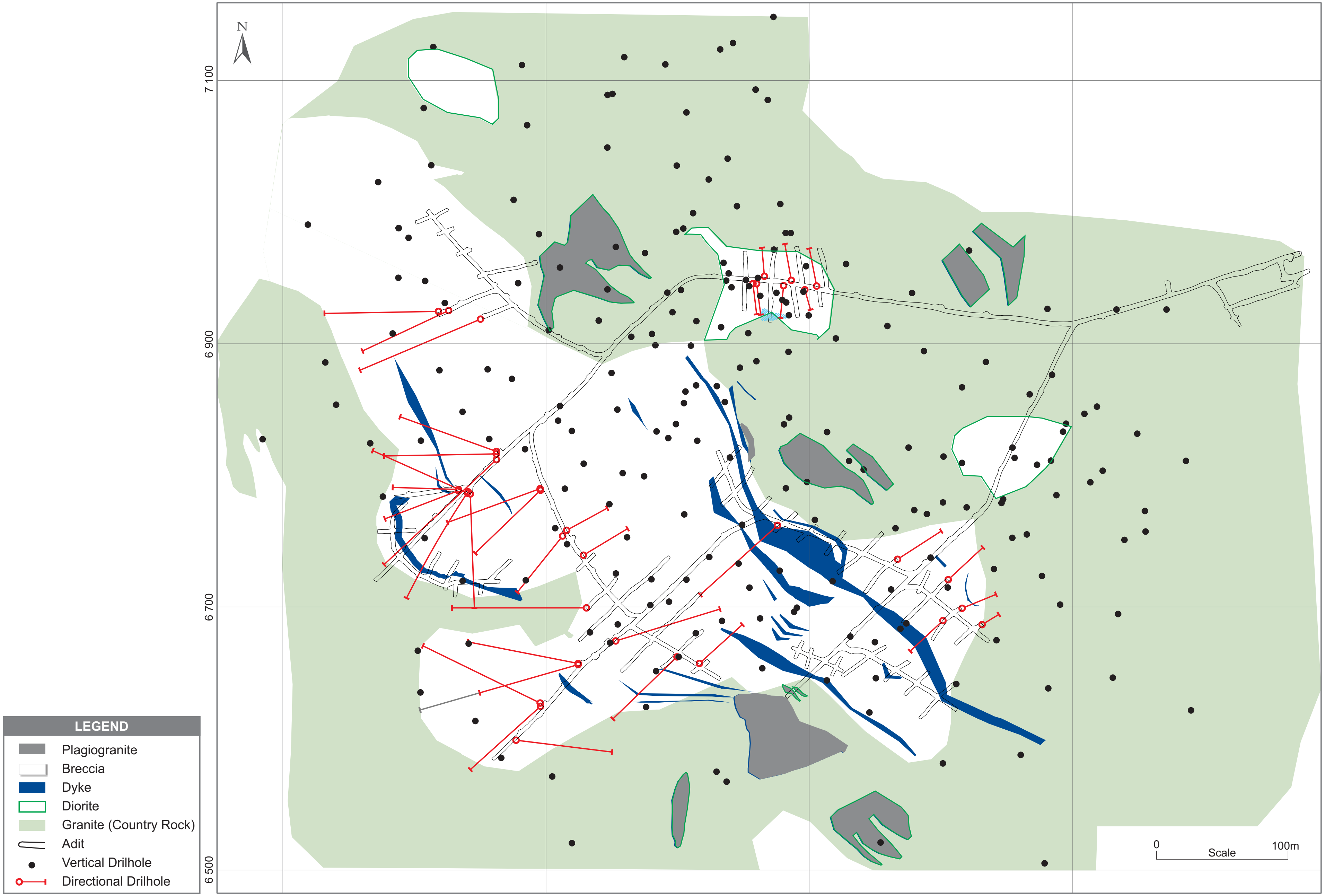

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Figure 09

VMD1491P_HambledonMining_2014

DRILLING PHOTOS

DRILL RIG

FACE DRILLING

MARKED UP CORE

MINERALISED SAMPLE

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Figure 10

The CRS geologist is responsible for ensuring that sufficient core boxes are available at the drill site. Core is packed by the drilling contractor with divisions showing the depths and the end of each run. The driller's findings are reviewed by the CRS geologist and should there be a discrepancy this will be reported to the project geologist and reviewed to determine the cause and remedial action. The total number of rods multiplied by the length of each rod minus the stick-up will provide the depth of the hole and this should correspond to the depth on the block at the base of the last run.

The core recovered for each run, the position and core loss are measured by theCRS geologist and recorded. The driller must be immediately informed of any core loss and the recovery records signed off by the driller before the core leaves site.

A drill-site log is compiled by the CRS geologist before the core is removed from site. This log shows the drill timing, drill bits replacements, drilling solution/chemicals usage and down hole survey results.

The lithological log and sampling log are compiled at the core yard in Ust Kamenogorsk and then captured electronically.

The project geologist is responsible for safe transport of core from the site. The core boxes are strapped together with an empty tray on top to prevent spillage of core. At the pick-up point, it is the responsibility of the contractor to ensure that core boxes are stacked inside and securely strapped together with an empty tray on top. Core trays and core are stored in a locked core shed.

All core boxes are labelled at the ends, showing the borehole number, box number and the 'from-to' depths in whole metres.

The contractor cases the borehole to the depth at which competent rock is reached and the casing is retrieved on completion of the hole unless otherwise instructed by the Senior Project Geologist. When casing is left in the hole during the progress of a drill hole, the top of the casing is placed 0.5m from the borehole collar and is capped and sealed. When casing is removed, a stand-pipe is placed in the hole at 0.5m from the borehole collar and then capped.

8.1.2. Down the Hole Geophysics / Wireline Logging

Down the hole geophysical logs are conducted by the responsible geologist every 10m using a Tropari-like instrument within the holes, where the hole opening was stable enough.

8.1.3. Logging Methods

The recent drilling (2003 onward) logging was recorded using the western format. Borehole details are recorded in Russian on hardcopy manuscripts and are captured into the database. A register of all holes is kept on site for each project area, with Borehole No., coordinates, azimuth, inclination, planned depth, final depth, date started, date completed, and comments. An updated copy of the register is lodged at the Sekisovskoye mine office on a monthly basis. The register is kept in both electronic and hardcopy formats.

All cores are stored in waxed, corrugated cardboard or wooden core boxes and are transported by road to Ust Kamenogorsk. Core is logged according to geology by the CRS geologists at the drill site. Before geological logging commences, core will be marked with a Cut Line (a line along which the core is cut during sampling) and Metre Marks (marked on the core at 1m intervals with the relevant metres written on both sides of the line). The core is photographed with a digital camera after marking and before cutting and each photograph will cover one box of core. The half core samples range from 0.25m to 1.30m, but are usually 1m.

The core must be photographed so that metre marks and cut lines are displayed and in a consistent orientation. Core must be wet and shadows and reflected light must be avoided. Each photograph is saved in a digital format using the borehole number, tray and 'from-to' depths as the file name.

Geological logging is carried out using standard forms and codes. Logging data will be entered into the database and is checked by another Geologist.

8.1.4. Percussion or Open Hole Drilling

No percussion drilling has been completed at the Sekisovskoye Project.

9. Sample Preparation, Analysis and Recovery

The sampling that was undertaken at the Sekisovskoye Project included:-

- surface and underground trenching;
- sampling as part the open pit mining operations (not considered here);
- diamond core sampling;
- metallurgical sampling;
- sampling to determine rock mass density, and
- composite sampling of drill core sections to determine the moisture, geotechnical properties of the ore and waste and mineralogy.

The sampling methodologies used to estimate Mineral Resources are discussed in the sections to follow.

9.1. Sampling Methods

9.1.1. Drilling Core Sampling Protocols

The drilled core from the Sekisovskoye Project was sampled by zones of hydrothermally altered rocks, with a mean core of length of approximately 1m being recovered from about 85% of core samples. Metallurgical sampling was conducted on two samples, in order to ascertain the technical probability of gold recovery, as well as other commercial elements from the ores of the Sekisovskoye Project. In addition, mineral sampling as well as composite sampling was conducted on the Sekisovskoye Project samples. The mineral sampling was used to investigate the mineral composition of the gold ore zones and host rocks.

All drill core sampling is carried out at sampling intervals determined by geological features (and not simply on a metre by metre basis) such as contacts, faulting and jointing. In a homogenous rock, the maximum sample interval will be on a metre by metre basis. The minimum sample interval is taken as 0.25m.

Veins, altered zones, or distinct geological units are sampled so that the contacts are a standard 2cm within the sample boundaries. The drill core is usually marked-up by the geologist responsible and split in half using a diamond saw. The samples were cut at the core yard and sent to the laboratory for processing.

9.1.2. Trenching Samples

Sampling is carried out on the floor of the trench by cutting a standard size channel, preferably with a mechanical saw, or otherwise with a hammer and chisel. Sample lengths are determined by the geology and, in this regard, the same principles apply as when sampling diamond drill core. The details of the trench sampling are recorded on a standard form. This form captures the same lithological and alteration data as for rock sampling, but has additional data fields to allow all samples to be spatially plotted electronically or by hand.

9.2. Sample Preparation

The samples taken during the period 1976 – 1986 were treated in the crushing departments of Predgornenskaya, Ust-Kamenogorskaya (Aus-Bulak village), Priirtyshskaya, Semipalatinskaya exploration companies, and in the central laboratory of Vstkazgeologiya Production Geological Association. The 2003 – 2006 samples were treated at the crushing department of the Geochem Exploration Company.

All 2010-13 samples taken by GoldBridges are bagged and sealed individually with a cable tie and then grouped in large bags holding up to 30kg of sample. GoldBridges, through a subsidiary, runs its own sample preparation facility (the Sekisovskoye Laboratory) on site using its own full-time employees. The samples were assayed in the Sekisovskoye Laboratory with approximately 10% of duplicates being tested at three independent laboratories.

9.3. Laboratory Procedures

The samples were dried at a temperature <100°C, then weighed to an accuracy of 20gr. The half cores are then crushed in a roll-jaw crusher to a DSA-3 -2mm. The sample is then reduced in a segmentary rotary riffle, and from here a duplicate sample is removed and kept separate. The material is then mixed and goes through a controlled screening. It is then crushed in a rolls crusher to DBM-2 -1.5mm, and this is promptly followed by another controlled screening to regulate the particle size that goes through for further mixing. After the mixing there is reduction in quantity by the riffle sample divider, and at this stage again a duplicate sample is removed and kept aside. After the reduction, the sample is ground in a grinder IV-3 to a fraction -200 mesh. The sample then moves onto another controlled screening and here the +200 mesh goes to waste and -200 mesh goes through to final mixing followed by packing of the weight quantities in 100g lots.

Gold analysis was completed by fire assay using 30g aliquots of rock pulp with an Atomic Absorption finish. Silver was analysed by aqua regia digestion and an Atomic Absorption finish. The oversize fraction and two 30g aliquots of undersize were fire assayed. The gold grade representing the original rock sample was determined as a weighted average of the oversize and two undersize fire assay results.

The sample preparation cycle for silver included; drying, crushing, reduction, grinding and preparing the 100g analytical weighted quantities, see Figure 11 and Figure 12.

9.4. QA/QC

9.4.1. Sampling Procedures

Venmyn Deloitte has not been able to review the full sampling procedures manual. However Venmyn were advised the sampling and QA/QC procedures follows the prescriptive requirements of the GKZ system.

A range of reference materials, duplicates and blanks are routinely but randomly inserted into each sample batch. Blanks are inserted at the sample preparation lab.

Reference material results are assessed statistically and compared to precision control charts. The standard reference material in general is considered to be within the acceptable limits. No analytical bias or control issues are noted from the assay results and results are considered precise. Duplicates show good repeatability, blanks show no contamination.

9.4.2. Laboratory Procedures

All equipment is cleaned between samples with compressed air and is flushed with barren granite after every tenth sample. Samples are prepared independently of other sample types to prevent contamination. The procedures are based on the quality assurance requirements of Kazakhstan.

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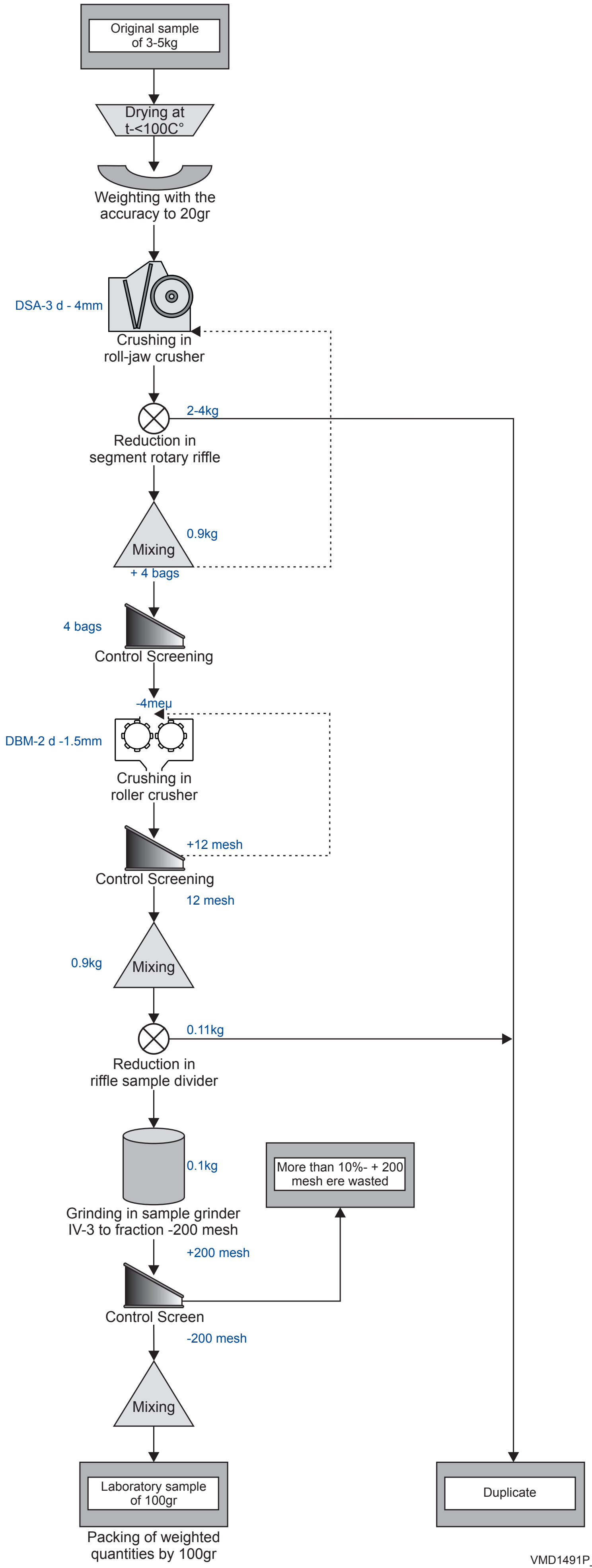
SAMPLING PROCEDURE



PHOTOS OF THE LABORATORY PROCEDURES

DRYING OVEN

CRUSHING

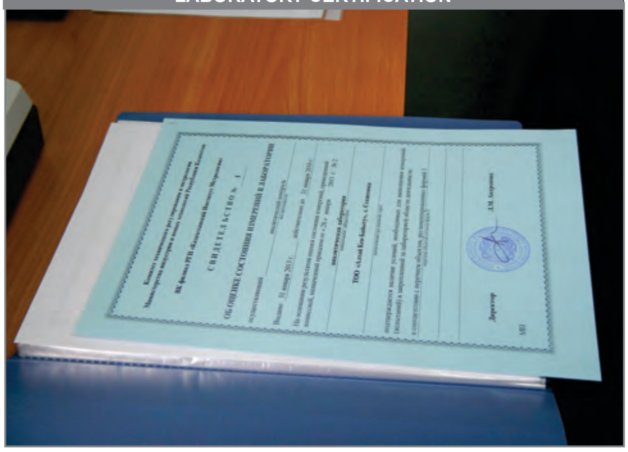
WEIGHING

KILN

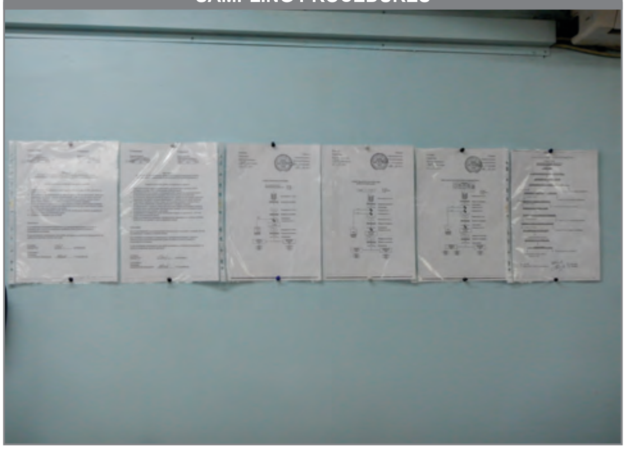
AQUA REGIA DIGESTION

ATOMIC ABSORPTION

LABORATORY CERTIFICATION



SAMPLING PROCEDURES



9.4.3. Inter-laboratory Check Procedure

External (inter-laboratory) and internal checks are carried out regularly. Check orders are generated on a monthly basis. Inter-laboratories checks are up to 10% of the total count of samples. Venmyn Deloitte recommends that a secondary laboratory, which is ISO accredited, be used for checks on a small percentage of all samples until the on-site laboratory can be ISO accredited.

9.4.4. Standard, Blank and Duplicate Samples

At least five standard samples are added per 100 control samples. During the period of exploration, 6,708 duplicate samples were directed to external laboratories. Blank and duplicate samples are also inserted into each sample batch and are used as internal controls.

9.4.5. Bulk Density Determination

Bulk density for the GoldBridges campaign is determined for the mineralised breccia at a local technical institute in Almaty by weighing wax coated samples in air and in water. The range of values is from 2,690 kg/m^3 to 2,930 kg/m^3 with an average of 2,779kg/m^3. The Soviet database has an average density of 2,832 kg/m^3 and is considered not materially different from recent bulk density determinations.

9.5. Security

The majority of samples are assayed in the Sekisovskoye Laboratory facilities where the core is received with a corresponding unique sample number and assayed on site.

However 10% of samples are assayed at external laboratories as a means of quality control, all the samples are duplicates of samples already assayed onsite or blanks or standards. The samples are placed in sealed bags with a unique sample number. All the samples are escorted by Sekisovskoye security personnel who remain with the samples from leaving the mine premises to a formal handover with the external laboratory. At this formal handover, samples and sample numbers are recorded and signed off as being received by the laboratory. Sekisovskoye security staff then returns the ‘signed off’ sheet to the Geology Department at the Sekisovskoye Project as verification.

Venmyn received this information verbally and were not shown any of the ‘signed off’ sheets.

10. Data Management and Verification

10.1. Data Acquisition and Validation

The exploration data used for resource and reserve estimation purposes was derived from excavations of closed workings underground, surface drilling, sub-surface drilling, special drilling for non-assay purposes, sterilisation drilling, trenching, channel sampling, pitting and technological/mineralogical sampling.

Spatial data for underground excavations were surveyed by qualified surveyors using appropriate techniques to quantify both development position and volumes of material extracted. Additionally, all other sample positions were captured by qualified surveyors using appropriate techniques and equipment according to documentation provided, however, the exact details of the equipment is not presented in the reports. Downhole surveying was conducted on drillholes by the surveyor, the methodology used and equipment is unknown, however, the appropriateness of the expected accuracies is articulated by documentation provided. All spatial data is collected on a local co-ordinate system and WGS84.

Exploration data was first captured manually on drilling log sheets or other suitable templates for channel or pit sampling. Venmyn Deloitte reviewed a selection of manual log sheets, translated from Russian. Suitable data fields for observation and logging are included in the log templates reviewed by Venmyn Deloitte.

Hand written logs were captured digitally into Microsoft Excel™ by technical staff at the mine. No commentary is included in the technical reports provided regarding validation and verification of captured data. However it is typical practice for the captured data fields to be verified by senior geological staff and it is assumed that this was conducted. Receipt of assay results from the on-site laboratory is incorporated into this digital database upon satisfactory performance of QA/QC samples (Section 9). Again, these are captured from manual print-outs to the digital database and verified by senior staff.

With regards to data validation, the modelling software used for the resource and reserve estimate will automatically flag duplicate records, record overlaps and illogical records such as negative assay values or text in numerical fields upon importation into the package. Verification and validation are assumed to have been conducted at an adequate level or accuracy either manually or automatically.

10.2. Database Management

Apart from the hard copy data stored at the GoldBridges offices already mentioned, the exploration database is managed primarily by the group geologist through the software programme Datamine Studio 3™ (Datamine). No special database management software was discussed with Venmyn Deloitte during the site-visit and it is assumed that such software is not utilised. The Datamine database format predominantly stores data as tables and figures with the ability to manipulate, locate or extract various fields meeting certain conditions.

All geological data, including Datamine data, is stored weekly on the server of the company. All geological data is also transferred to the separately stored hard disk on a monthly basis. The disk is stored in Ust-Kamenogorsk.

11. Mining Methods and Life of Mine

The Sekisovskoye Project is currently an open pit gold mine and underground development project. Site facilities include an open pit, underground development, processing plant, administrative and maintenance facilities as well as a tailings impoundment. There is a small access shaft to underground workings at the 400masl and 325masl elevations that we developed in the 1980's by a Soviet-era operator.

Underground exploration drifts were first excavated at the Sekisovskoye Project in the 1980's and have been maintained by GoldBridges. Access into the historical underground workings is via a small shaft located to the southeast of the current mining pits. The drifts are largely on the +325masl level and 0masl and act as drilling, exploration and mapping platforms for exploration.

11.1. Underground Development and Access

The underground ore to be produced during 2014-2015 will be sourced from in-ore development arising from the bulk sampling, trial stope development and initial stope works. In 2016 it is assumed that the skip winder shaft and ventilation shaft will be commissioned and ore production will reach 850ktpa.

Until 2016, shortfall production will be provided by open pit mining to ensure 850ktpa ore processing is maintained during the transition from open pit to underground.

The current mine plan to 2032 considers the deposit development to -400masl only. It is expected that the mine will continue beyond the -400masl with the currently known gold resources and exploration targets below this horizon. The opportunity to increase production in the future provides significant upside potential for the Sekisovskoye underground operation.

On the northwestern flank of the deposit from level +343.5masl, underground access is provided using the haulage decline, level cross-cuts and drives with an interlevel height of 50m as illustrated in Figure 13. Access to the deposit will be via the haulage decline developed in the proximity to orebodies, which enables accelerated detailed exploration and pre-mining surveys, orebody properties and geometry updates. It also enables some production from these levels before commissioning of skip winder shaft and in order to provide access for geological exploration to levels lower than +200masl. The haulage decline will also be used as the second emergency exit and the decline will be developed to +150masl early in the mines life.

Decline development provides a series of ventilation raises extending to the surface. This solves the issue of ventilation during the mine development period and the issue of exhausting of worked-out air within the designed capacity. The vertical raise has a rectangular section of 10.2m^2 at stoping and 9.0m^2 after lining.

The northern flank of the deposit will be accessed using the skip winder shaft. Shaft development is assumed from surface +464masl to -400masl with level cross-cuts and drives each 50m down vertically. The deposit access with skip winder shaft provides the main manway and ore hoisting to the surface.

The vertical shaft will have a circular section of 66.3m^2 at stoping and 56.5m^2 after lining. The existing Sekisovskoye shaft was developed from the surface to +325masl and has the rectangular section (10.9m^2).

The ventilation shaft development will be developed from surface +464masl to -400masl. The main dimensions for the ventilation shaft are a vertical shaft; rectangular section with a section of 14.6m^2 at stoping and 10.9m^2 after lining. The access provided with this shaft provides the ventilation of the mine and will utilise a forced supply ventilation system.

11.1.1. Main Underground Mining Equipment

Mining operations at the Sekisovskoye Project are conducted by GoldBridges. All mining equipment is owned and operated by the company. The gold mineralisation is currently being exploited by open pit, with underground development also taking place.

This report focuses on the underground mining development only and hence the mining equipment discussed here is for the underground mining operations. Underground mining is the only viable method to mine the deeper gold mineralisation below the current open pit limits. Sub-level stoping and shrinkage stoping mining methods are planned throughout the life of the operation by means of trackless mining equipment. Shrinkage stoping methods are not likely to be significant.

The main mining equipment fleet will be sourced from the major mining equipment manufacturers: in Germany, Poland and Sweden. The typical mining equipment that will be used in the primary mining cycle will be as follows:-

- loaders ST7 (3.5m^3) for transportation of blasted rock within the level;
- mine trucks MT-431 (20t) for transportation of blasted rock within the haulage declines and to the surface, within the level workings to waste rock and ore passes;
- jumbo drill rig Boomer 282 for blast hole drilling for development access;
- Roof Master 2.2 roof-bolting machine to support mine workings; and
- Face Master 1.7 rig for drill holes and stoping works.

A VERTICAL PROJECTION OF THE SEKISOVKOYE DEPOSIT SHOWING MINING DEVELOPMENT OVER THE LoM

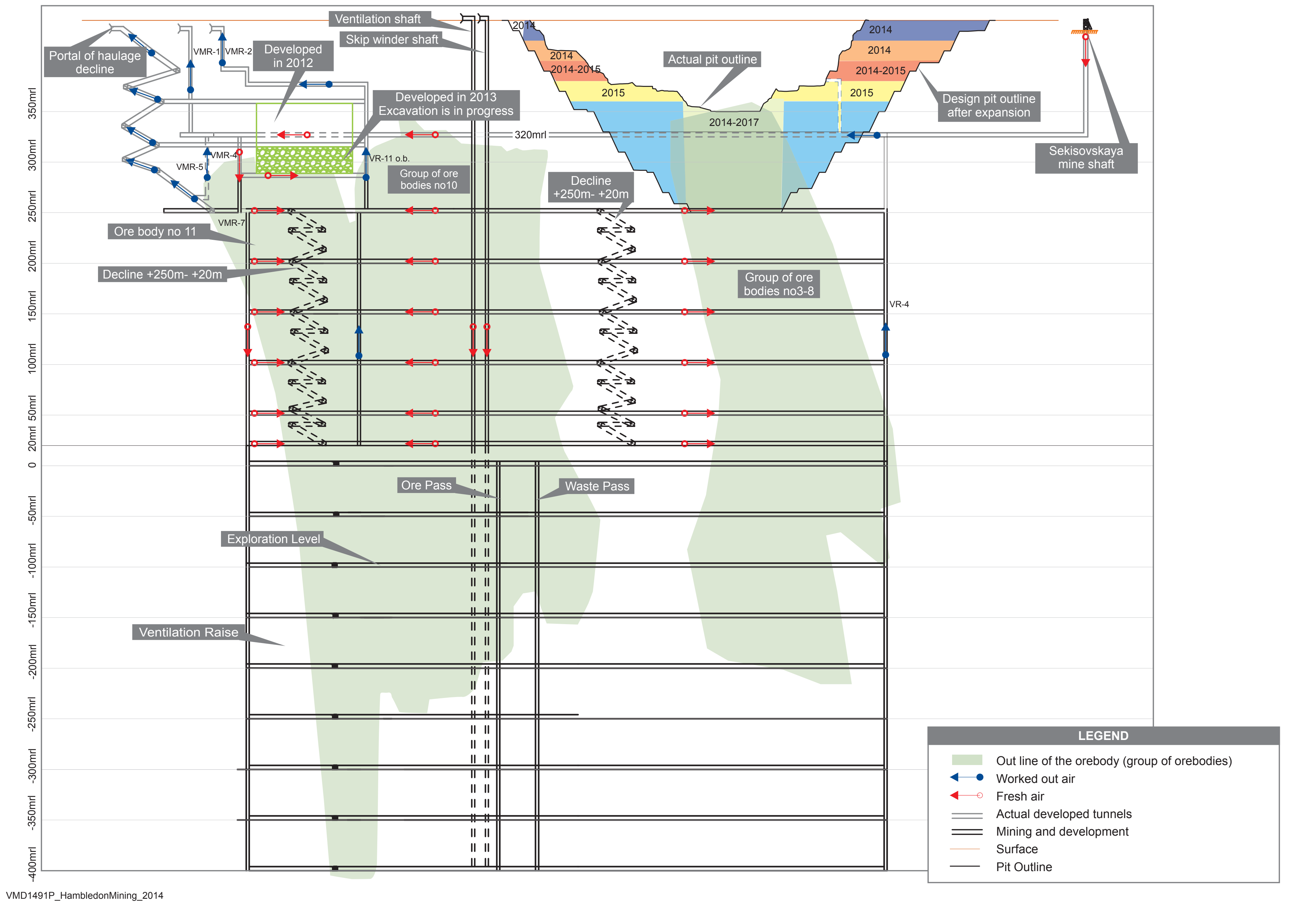


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Figure 13

The list of main equipment will be revised from 2016, after commissioning of skip-winder shaft. In the development plan, the following ore handling schedule will be used:-

- mobile machinery will be used to the level +150masl; and
- starting from +100masl only hoisting will be used.

This development strategy will ensure that production reaches 850ktpa of ore by 2016 and provide enough development work to allow production to continue at these rates into the future and meet all regulatory requirements. The required mining equipment to achieve the development and production schedules is shown in Table 6.

Table 6: Underground Mining Equipment Requirements

EQUIPMENT	TYPE	QUANTITY	PURCHASE YEAR
Skip hoisting machine	ЦР-4x3/0.7	1	Late 2014
Cage hoisting machine	ЦР-4x3/0.7	1	Late 2014
Main ventilator	ВО-32/18АН	1	
Mobile drilling unit	Face Master 1.7	2	2014
		1	2015
Ring drilling rig	Face Master 1.7	2	2014
Loader	GHH LF-6.3	2	2014
		1	2015
Underground truck	GHH MK-A20.1	2	2014
		2	2015
Complex for raise development	KPV-4A	1	2014
		1	2015
Main dewatering pump	ЦНС 500-560	2	2014
		1	2015
Compressor	ДЭН 250ШМ	2	2014
Transfer conveyors	КЛМ-100	2	2014
Vibrating feeder	ПЭВ 2-0.5x5	2	2014
Technical water supply pumps	ЦНС -60-50	2	2014
		1	2015
Hot-air units, ВЭР 2x300/660	ВЭР 2x300/660	1	2014

11.1.2. Mine Ventilation and Associated Design

After the full underground development is completed, fresh air will be fed from the flank of the mining area via the ventilation shaft, with the exhaust air going out through the skip-cage shaft. The skip-cage shaft, haulage decline and the ventilation raises individual ventilation requirements are summarised in Table 7.

Table 7: Underground Estimated Mine Ventilation Requirements

FRESH AIR FEED	QUANTITY VOLUME (m^3/s)	EXHAUST AIR (OUT OF THE MINE)	QUANTITY VOLUME (m^3/s)
Ventilation shaft	218	Skip-cage shaft	17
		Ventilation raises	71
		Haulage decline	130
TOTAL FEED	**218**	**TOTAL EXHAUST**	**218**

The estimation of the required volume of air for ventilation of the mining faces and working areas was made in accordance with Unified Safety Regulations and the effective 'Temporary Guidance Manual for Estimation of the Air Volume Required for Ventilation of Mines'. The factors that were considered in the estimation of the volume of fresh air requirements includes:-

- annual production volume: 850ktpa;
- mining methods – sublevel and shrinkage stoping;
- ventilation scheme – forced ventilation; and
- mining equipment – mainly diesel powered.

Due to the considerable difference in work volumes over the life of mine, maximum air volumes of mining and stoping were used for ventilation volume estimation.

11.2. Mining Methods – Sub-level Stoping

The main parameters for development using sub-level stoping in relation to the dimensions of the ore body and practical working limits planned are:-

- total stope height of 50m;
- combined length of stopes is based on ore body's strike; and
- width of stope is 3m - 20m.

The preparation of blocks starts from the development of two sublevel drilling drifts, hauling drift and access bays to 1st drill drift on the release level. Drill drifts are developed within the ore body outline. The drill drift is accessed from the haulage decline or using an auxiliary decline from the hauling drift. Within the stope the intention is to develop the stope with three sublevels. In parallel to the ore body and at the base of the stope there will be a haulage drive developed in the waste. An ore access point will be developed every 10m into the base of the stope, perpendicular to haulage drive creating a 'draw point' to access the blasted ore from the stope.

The sublevel blocks are mined by initially developing the drill drives that access the ore body to allow drilling and blasting of the ore to occur. The first ore produced from the lowest sublevel via a 'cut raise opening' creating the initial vertical void in the sublevel block to allow 'bulk' ore extraction to commence. Once this initial void is created the lowest sublevel is then developed further so that the extracted ore creates a sufficiently large void so the two sublevels above can commence production. The top two sublevels share a single drill drift with the drill drilling upwards into the top sublevel and downwards into the middle sublevel. All three sublevels then advance in a sequence such that the lowest sublevel always remains ahead of the middle and upper sublevels. Drilling is planned to be done using 56-80mm diameter drill holes and this will be determined by the stope widths, geotechnical issues and dilution issues. A Face Master 1.7LH is planned to be used for stope drilling. Drill holes will be loaded with a purpose built explosive loading unit.

Development work required to access the stopes or develop haulage drives will be done using a jumbo drill rig. A Roof Master 2.2 is planned to be used to install ground supporting roof bolts.

In order to ventilate the stope, the drill drifts are connected with each other using existing drives and manway raises that allow ventilation of the stope.

Ore loading from the stope draw point will use a ST7 ($3.5m^3$) loader, loading into MT 431 (20t) mine trucks. Initially these trucks will haul the ore to the surface. In later years they will haul the ore to a hoisting facility via ore passes where the ore will be taken to surface by a skip in a shaft. If necessary, it is possible to use remote controlled equipment to access the stope from the draw point to ensure the safety of the equipment operator.

When the stope is depleted of ore, it will be backfilled with a cemented fill mixture from a line from surface using a mixture of mine tailings and a small portion of cement added. It is expected that this will have a strength of 3.7MPa.

11.3. Mining Method – Shrinkage Stoping

The main parameters for development using shrinkage stoping in relation to the dimensions of the ore body and practical working limits planned are:-

- total stope height of 50m;
- combined length of stopes is based on ore body's strike; and
- width of stope is 1m - 3m.

The ore bodies will be developed from the ventilation draw points. The Ventilation Manway Raises (VMR) 1 and 2 are planned to be developed within the waste rock at the edges of the ore body. This will provide access to the stope vertically every 4m - 6m. The access to the stope will be inclined downwards to minimize blockage after blasting. The two ventilation access raises provide ventilation into the working areas of the stope.

Haulage drives are developed in parallel and at the base of the stope in the waste zone with perpendicular drives used to access the broken ore at the draw points spaced every few metres. The stope is developed from the bottom working upwards. Vertical development is planned to be 1.5m to 2.5m per blast. After each blast, the broken ore will fill the void from the existing floor level to the roof of the stope due to the swell factor of blasted ore. The ore will be extracted from the draw points lowering the stopes floor level allowing access to drill the next vertical section.

Ore loading from the stope draw point will use a ST7 (3.5m^3) loader, it will load a MT 431 (20t) mine truck and initially this will haul the ore to the surface. In later years they will haul the ore via ore passes to a hoisting facility where the ore will be taken to surface by a skip in a shaft.

The mined out shrink stope will be backfilled with a mine tailings and a small component of cement; with the development of the adjacent stope only beginning after the full backfilling of the worked out areas.

11.4. Mining Capital Expenditure

The Goldbridge board has approved a capital expenditure budget of approximately USD117.5m for the underground mine development. The key areas of capital spend include:-

- construction of two shafts; skip winder and ventilation shaft;
- ore-hoisting and handling facilities for the underground development;
- mine development, production and support equipment;
- an incremental expansion of the processing plant in 2018; and
- commercial discovery bonus, contingency, and increased working capital requirement.

The peak of capital expenditures is scheduled to occur in 2014-15, with shaft construction to be completed by 2016 and the mine reaching its full design capacity by 2016. During the period of shaft construction, underground mining will continue with the existing haulage decline used to deliver ore to surface.

11.5. Life of Mine (LoM) Planning

A LoM plan typically delivers a set of practical stope (scenarios), by which the planners decide which of the blocks of the mineral resource inventory they will mine (pay blocks) and in which sequence (depending on practical design criteria).

For these scenarios a net present value (NPV) is calculated based on estimation of the tonnes mined, final product recovery figures, production costs and sales and marketing information such as price, demand, and risk parameters. It is noted that the Sekisovskoye Project existing resources and exploration targets indicate that this initial LoM is likely to be extended once deeper resources are upgraded to reserves with further drilling and evaluation.

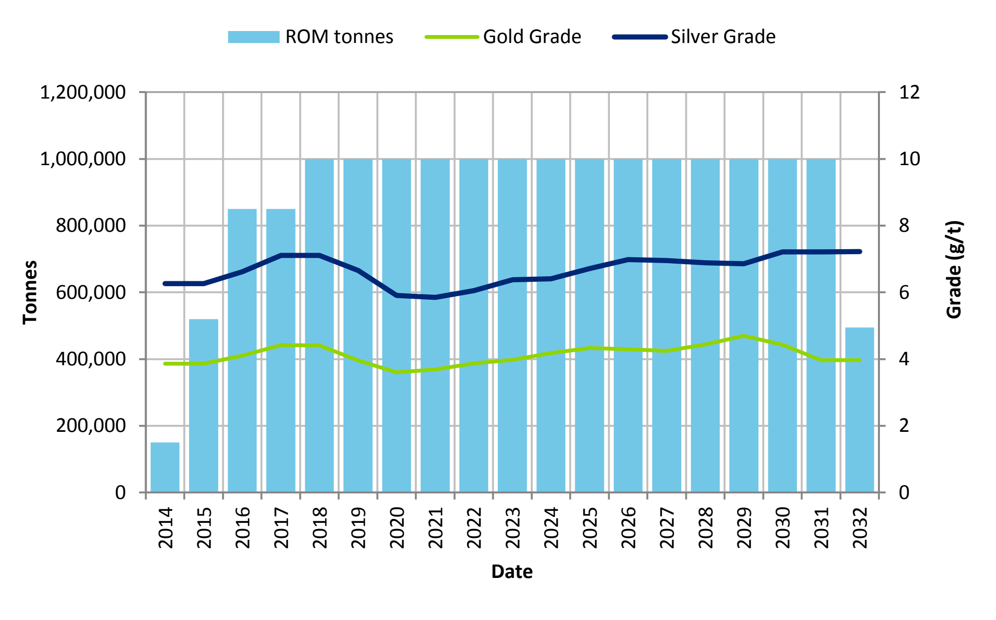
It normally takes between 12 months and 18 months to ramp-up production tonnages to full planned production capacities. This is a result of a number of factors, including the development of Ore Reserves, a necessary increase in operational experience and machinery utilisation problems.

Venmyn Deloitte is of the opinion that the ramp up provided is reasonable and the company will be able to achieve full production in the third year of production. The future production, based on the current LoM plan, is illustrated as a graph in Figure 14. No inferred resources are included in the LoM plan.

The current LoM plan is for 19 years. The operation intends reaching a steady state production of ~70,000tpm by 2016 and 84,000tpm by 2018. Venmyn Deloitte confirms that the planned LoM production is considered reasonable and achievable since the typical production from sublevel stoping mining methods would be able to produce 80,000tpm from a minimum of four active sections.

In the current production plan, development has not been included as part of production, however this could contribute significantly to the production especially when developing in ore. This would however reduce the average grade delivered to the processing plant. Hence there is room to increase the ROM production and without necessarily reducing the LoM. The risks to achieving mine plan volumes and grades are always an issue especially on the section were they are applying the shrinkage stoping.

Figure 14: the Sekisovskoye Project - Graph of Underground LoM Production Plan



12. Mineral Processing and Metallurgical Testwork

GoldBridges has conducted various testwork programmes since 2005 in order to investigate the amenability of both the open pit and underground ore to processing and the recovery of gold. This work, which was conducted through VNIITsVETMET (the Eastern Mining and Metallurgical Research Institute for Nonferrous Metals) is summarised in the sections that follow. It must be noted from the outset that Venmyn Deloitte cannot comment on whether the various testwork programmes were representative of the Sekisovskoye orebody.

12.1. Study of Process Parameters (2005)

In 2005, a testwork programme entitled "*Study of Process Parameters of Weakly Oxidised and Sulfide Ores of Sekisovskoye Deposit*" was conducted by VNIITsVETMET. The purpose of this work was to evaluate the process parameters for selected samples in order to select the optimal flowsheet. For this testwork, a total of three sulphide samples, three oxidised samples and three composite samples were used. The results are shown in Table 8.

Table 8: Gold Recovery: Results of the Study of Process Parameters Testwork

TYPE OF SAMPLE	SAMPLE ID	GOLD GRADE (g/t)	FLOTATION (%)	GRAVITY PLUS FLOTATION (%)	GRAVITY PLUS CYANIDATION (%)
Sulphide	T7	4.30	87.45	87.67	94.30
	T8	1.20	74.09	87.69	94.20
	T9	2.75	88.00	77.77	92.44
AVERAGE		**2.75**	**83.18**	**84.38**	**93.65**
Oxide	T10	1.20	65.60	73.49	91.95
	T11	2.20	78.88	80.00	94.77
	T12	4.90	77.06	78.86	95.74
AVERAGE		**2.77**	**73.85**	**77.45**	**94.15**
Composite	T13	2.90	87.50	87.20	84.45
	T14	0.78	64.10	78.99	96.96
	T15	3.40	87.12	91.87	87.70
AVERAGE		**2.36**	**79.57**	**86.02**	**89.70**

It is evident that gravity recovery combined with cyanidation consistently returned higher recoveries for gold for the sulphide and oxide ores, without blending. Blended samples returned lower recoveries for gravity plus cyanidation, indicating possible sub-optimal test conditions and the possible need to treat these ore types separately. However, it was considered necessary to further investigate the presence of free gold, mineralogy and the possible regrinding of gravity tailings. Venmyn Deloitte is not aware if this was ultimately carried out.

It should be noted that, for the testwork described herein, no other additional information was provided for our review such as residence time, the grind size, reagent dosage, reagent regime, etc.

12.2. Cyanidation of Ore from “Current Mining Operations” (2009)

In 2009, a testwork programme to establish the amenability of the Sekisovskoye ore to cyanidation at a specific grind size of 80% passing 74µm was carried out for a total residence time of 12 hours. A sample, with a gold grade of 1.07g/t and silver grade of 3.70g/t, was subjected to cyanidation and a gold recovery of 79.64% was obtained.

12.3. Comparative Analysis of “Current Mining Ores” (2011)

This testwork investigated the effect of cyanidation on the recovery of gold and silver and the reasons for reduced recoveries. The testwork concluded that the recoveries were reduced due to the following:-

- metasomatism of ores in the “current” mining areas;
- the abundance of pyrite with a low gold-bearing ability;
- weak oxidation; and
- reduced gold grade.

In addition, the testwork also concluded that the extra-fine gold hosted in magnetite is not amenable to cyanide dissolution.

12.4. Updating the Operating Procedure of the Sulphide Ore (2011)

This testwork programme investigated the process parameters for the primary ore at the Sekisovskoye Project and assessed the options of detoxification of process wastes. In the testwork, a sample with gold grade of 1.75g/t and silver grade of 8.30g/t was used. The conclusion that was drawn is that no modifications were necessary to the existing process flow diagram, with an estimated recovery of 82%. The study also showed that it was possible to implement the semi-dry tailings deposition technology to reduce cyanide concentration in final tailings.

12.5. Study of Underground Ore Process Parameters (2012)

In this study, the metallurgical parameters of the underground ores at the Sekisovskoye Project were investigated using two process routes and the results are shown in Table 9.

Table 9: Gold Recovery: Results of the Study of Underground Ore Process Parameters Testwork

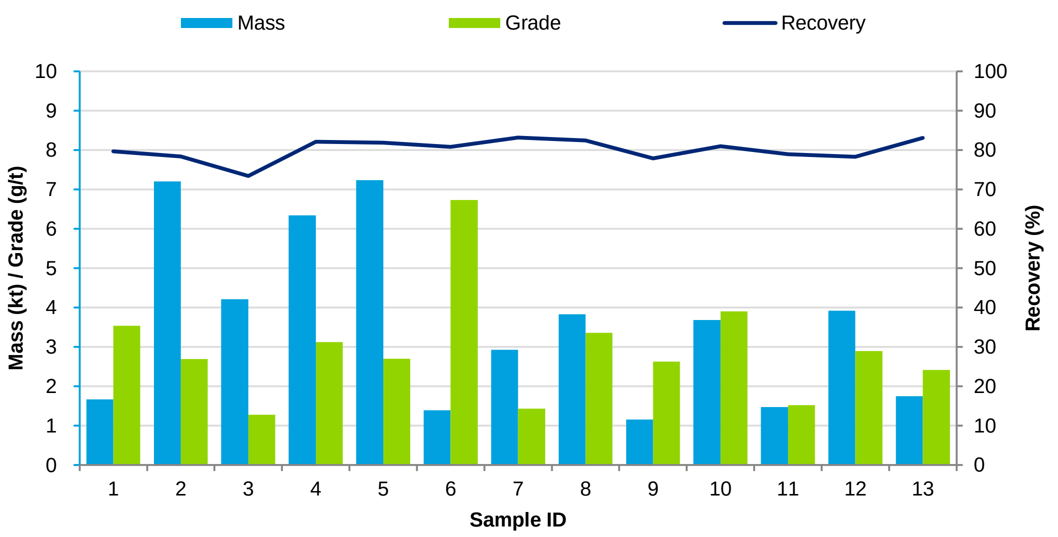
SAMPLE ID	GOLD GRADE (g/t)	SILVER GRADE (g/t)	FLOTATION (%)	FLOTATION PLUS CYANIDATION (%)	EXISTING PROCESS FLOW SHEET (%)
12-1	4.10	6.00	90.27	74.13	81.09
12-2	3.80	4.50	90.25	74.49	82.01
AVERAGE	**3.95**	**5.25**	**90.26**	**74.31**	**81.55**

The process team conducting the testwork concluded that the expected gold recovery from the underground ore at the Sekisovskoye Project is ~82% using the existing process.

12.6. Bulk Processing Testwork Programme at Altay Ken-Baiytu (2011-2012)

Economic and sub-economic underground ore was processed at the AKB process plant and the results are shown in Figure 15.

Figure 15: Altay Ken-Baiytu Bulk Process Testwork Results

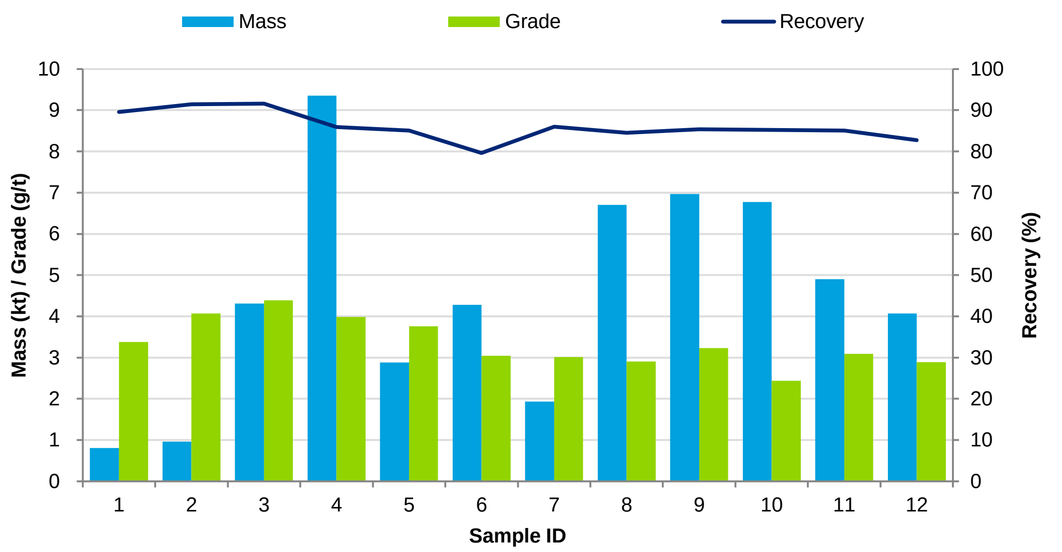


It is evident Figure 19 that the bulk testwork programme, which was conducted using samples of greatly varying grades, returned recoveries that were fairly consistent at ~80%, further supporting the results of the earlier testwork programmes. This testwork also suggests that recovery is not a function of grade.

12.7. Bulk Processing Testwork Programme of Underground Ore Sample at Altay Ken-Baiytu (2013)

Underground ore samples from the Sekisovskoye Project were collected and processed at the AKB process plant in a bulk process exercise and the results are shown in Figure 16.

Figure 16: Altay Ken-Baiytu Bulk Process Test Work Results - Underground Ore



The graph shown in Figure 16 indicates that the underground ore samples at the Sekisovskoye Project returned average recoveries of ~85%, irrespective of the fact that the grades of the samples were varied. In addition, the testwork programme shows that the underground ore returns better recovery factors than the open pit ore.

13. Mineral Resource Statement

13.1. Orebody Modelling and Results

Orebody modelling is conducted internally by GoldBridges staff using Datamine modelling software. Details of the Competent Person conducting the modelling and the adequacy of his/her experience have not been presented to Venmyn Deloitte. Venmyn Deloitte has reviewed the modelling and estimation process and is satisfied that it is conducted with suitable methods and experience to afford the declaration of JORC Mineral Resources and Ore Reserves.

13.1.1. Source Data Validation

Automated data validation functions were conducted by the modelling software upon importation and de-surveying of drillhole data. For more details on the source data validation, please refer to Section 9.4.

13.1.2. Wireframe Interpretation and Block Model Interpolation

Structural interpretation of geological features and zones is conducted by the resource geologist in the 3D modelling package. This is performed from interpreting different zones of interest such as mineralised zones and geological features from the imported 3D drillholes information. Zones are manually drawn by string construction in planar and cross sectional views and wireframes and/or surfaces created from these strings.

Block modelling is performed by populating and interpolating closed wireframes with adequately sized blocks based on the sample spacing of drillholes, sample support and mine configuration. In this case, open pit blocks were modelled on a 5m x 5m x 5m sizing in the X; Y; Z; directions respectively, and the modeller allowed for sub-celling down to a 0.625m x 0.625m x 0.5m block. In the case of underground blocks, these were modelled at 10m x 10m x 10m sizing in the X; Y; Z; directions respectively, and the modeller allowed for sub-celling down to a 1.25m x 1.25m x 0.5m block.

The approach adopted by the Sekisovskoye Project team in developing the block model is as per industry best practices. The wireframe of the Sekisovskoye Project is illustrated in Figure 17.

13.1.3. Estimation Parameters

Statistical and geo-statistical investigations on the data were performed by GoldBridges. The only data modification methodology used by the GoldBridges modeller was the use of a grade cap of 60g/t according to the Quantile (decile) method. The modified database was then evaluated by constructing experimental variograms for gold from which an anisotropic gold variogram was modelled. Dimensions of the modelled ranged resulted in the ellipsoid for open pit mining of 27m x 10m x 50m and for underground mining of 50m x 10m x 75m.

Based on whether a suitable number of mine workings and/or supporting data points fell within this search ellipse, a resource classification is applied. If a suitable number of sample points are not available in the primary ellipse, the search ellipse is doubled in magnitude in all three directions and a lower confidence classification applied. If still not enough sample points are available the search ellipse are tripled in magnitude from the original dimensions.

The classifications of confidence levels for these three levels of estimation were divided into the GKZ classification scheme C_1, C_2 and P_1 respectively for the three incremental sizes of search ellipses, as detailed in Section 13.2.2. The GKZ system typically uses drill-grid spacing for classification purposes and on rare occasions allows for a geo-statistical classification to be applied if authorised by the government.

In the case of the Sekisovskoye Project, geo-statistics has been allowed by the government. One of the important considerations for this allowance is the presence of underground workings which in the case of this situation, are present.

Classification relied on gold grades only. Silver grades were not considered although the gold search ellipse was applied to silver for grade interpolation purposes in the open pit mine blocks.

13.1.4. Grade and Tonnage Model

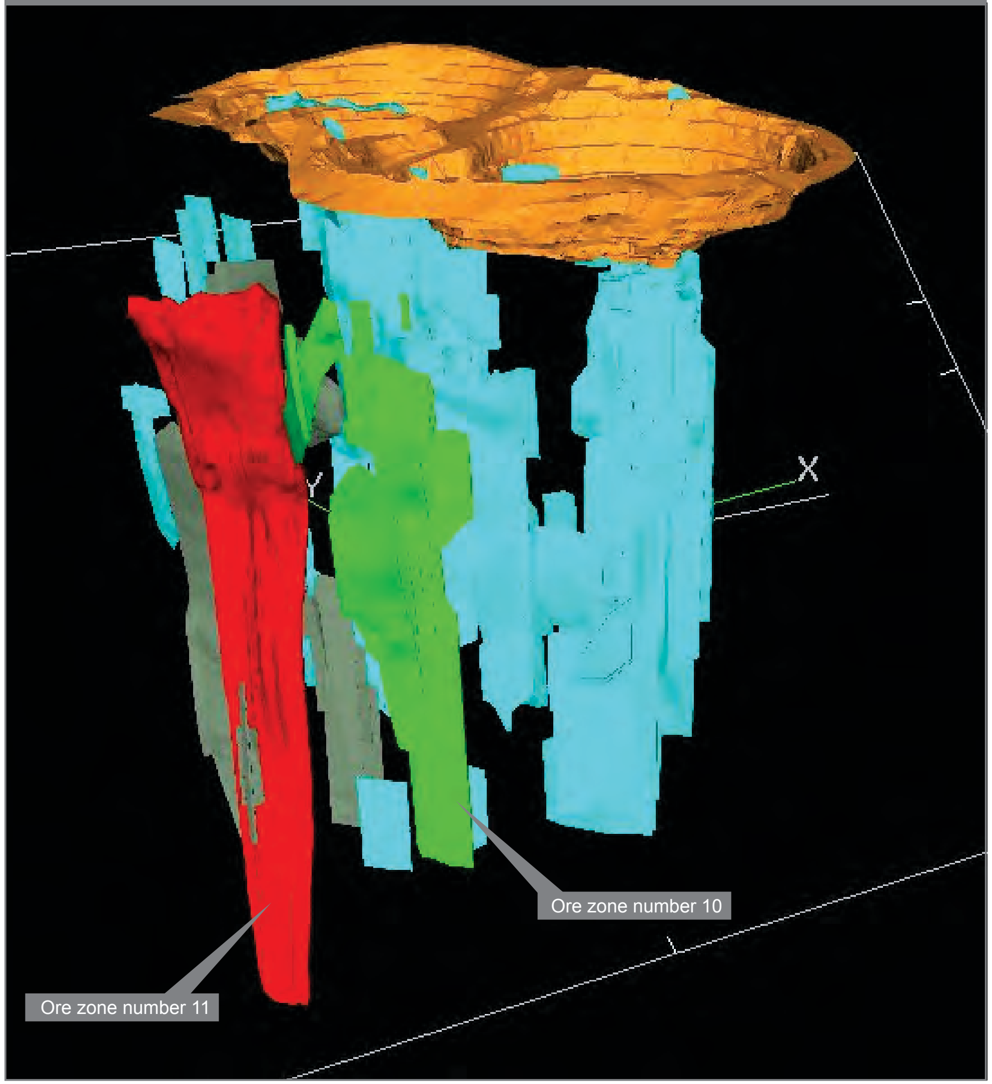
Grade interpolation into the empty block model was conducted using ordinary kriging for gold and silver for the open pit blocks and for gold in the underground blocks. An inverse distance cubed methodology was used as a check methodology for underground estimates of gold in the block model but as a primary methodology for the underground estimation of silver in the block model. The three search ellipses detailed above were used for the population of each mine block, according to the respective number of samples from which to draw from.

Volumes for each block based on the dimensions of the X;Y;Z; axes are calculated for each block by the software. The tonnage of each block is a function of the volume and an applied SG.

The underlying results have not been presented to Venmyn Deloitte; however, assuming a fixed figure suggests that variability of SG for ore lithologies was sufficiently low to assume a fixed value.

ISOMETRIC VIEW OF THE DIFFERENT ORE - BODIES IN RELATION TO THE OPEN PITS

ISOMETRIC VIEW OF THE INDIVIDUAL ORE ZONES



ISOMETRIC VIEW OF THE ORE MODEL

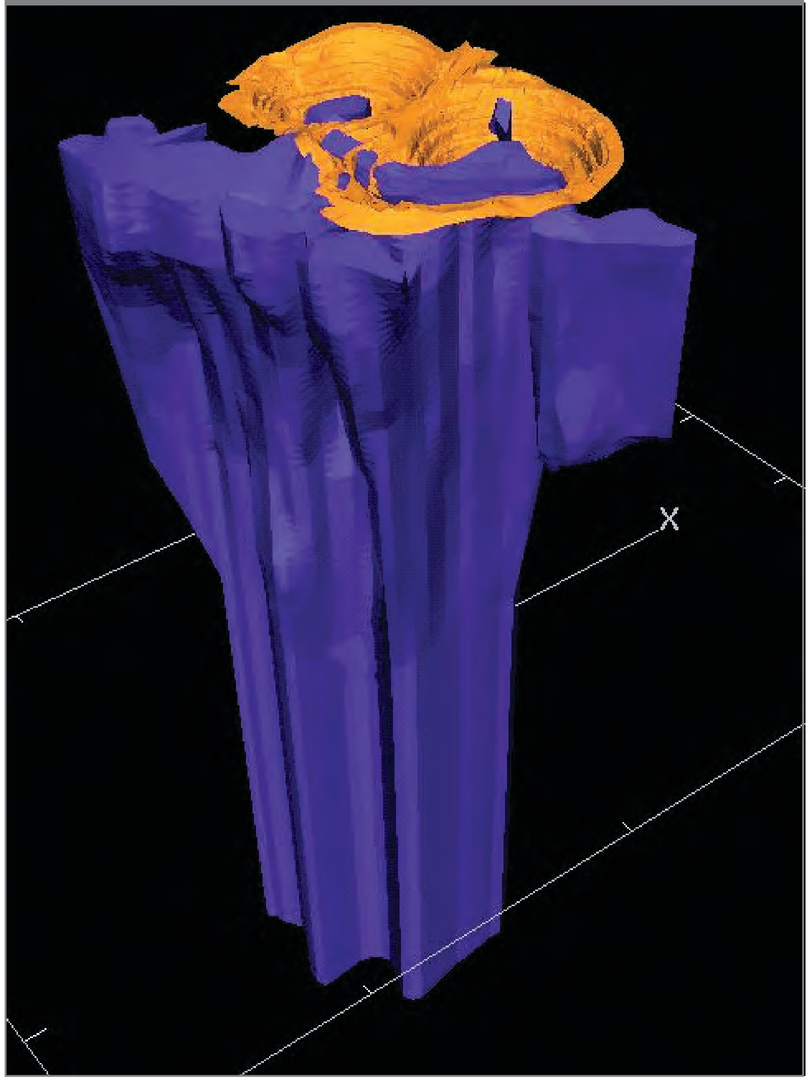


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Figure 17

13.2. Mineral Resource Classification and Estimation

13.2.1. Key Assumptions

All key assumptions with regards to continuity of mineralisation, geo-statistical relationships and SG are detailed in the Section 13.1.

13.2.2. GKZ and JORC Comparisons

At the outset it is important to understand the differences between JORC Code Mineral Resource and Ore Reserve estimates and those of the Russian Standard Classification System (GKZ). The JORC Code refers to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 edition). This Code classifies Mineral Resources as Measured, Indicated or Inferred based on the level of confidence with which the Mineral Resource estimates can be made, with Measured Resources having the highest level of confidence, and Inferred Resources having the lowest level of confidence.

GKZ is a classification system used within CIS states. This system classifies mineralisation estimates into seven categories of three major groups, based on the level of exploration performed into Explored Reserves (A, B, C_1), Evaluated Reserves (C_2) and Prognostic Resources (P_1, P_2, P_3). These categories are based on the degree of reliability of data and their comparative importance to the national economy.

Table 10 summarises the correlations and over-laps between the two classification systems.

Table 10: Correlation for GKZ and JORC Resources

REPORTING STANDARD	CATEGORY			
JORC Code	Measured	Indicated	Inferred	Unclassified
Russian Standard Classification Categories	A+B	C_1,C_2,	C_1,C_2, P_1	P_1,P_2,P_3

The Russian Standard Classification Categories A, B, C_1, C_2 and P_1 can be compared to JORC Code Mineral Resources and Ore Reserves as well as with consideration of mining dilution and recovery. These are either termed Balanced or On-Balance reserves (P_1 category is not a reserve under GKZ). Off-Balance or Unbalance reserves would be considered sub-economic under the guidelines of the JORC Code (2012).

In the GKZ System, On Balance Reserves comprise that volume of material which has demonstrated the presence of a metal to a sufficient level of confidence whose economic viability has been demonstrated and approved by the State Commission for Reserves, referred to as GKZ. These represent the basis of mineral rent taxations and may include an adjustment for overall mining recovery, however, other technical factors such as mining dilution and mining losses may not be considered.

Due to the nature of the target commodity, in this case gold and silver (precious metal), additional regulations are imposed by the state. In particular, every person putting his/her signature on a report presented to the State Authorities is legally responsible for correct and valid figures. Distortion of such figures is criminal offence, thus every signatory is compelled to thoroughly check every table for possible errors.

13.2.3. GKZ Reserve Estimates

The GKZ methodology does not specifically separate the economic potential for mining a resource unless a reserve estimate is specifically quoted as being On Balance. This is in contrast to the JORC system which uses the term Ore Rreserve only for material which has specifically been confirmed as economic.

According to the results provided to Venmyn Deloitte in the Sekisovskoye Project XXI SG feasibility study, C_1, C_2 and P_1 category GKZ reserves were declared based on the classification system documented in Section 13.1.3. No C_1 or C_2 GKZ reserves were declared below the -800masl level, however, P_1 GKZ reserves were declared throughout the profile depending in the amount of data points available. The GKZ reserve as declared by GoldBridges is presented in Table 11**.**

Table 11: GoldBridges GKZ Reserves as at 31st May 2014

LEVEL (masl)	GKZ CLASSIFICATION	GOLD CUT-OFF GRADE (g/t)	TONNES (kt)	GOLD GRADE (g/t)	CONTAINED GOLD (kg)	SILVER GRADE (g/t)	CONTAINED SILVER (kg)
Surface to -400m	C_1 and C_2	3.00	15,700	5.32	83,240	6.99	109,440
	P_1	2.00	3,500	4.21	14,910	No estimation	
-400m to -800m	C_2	2.00	14,700	4.21	61,820	No estimation	
-800m to -1,500m	P_1	2.00	24,400	4.21	102,620	No estimation	
TOTAL / AVERAGE C_1 AND C_2		**2.52**	**30,400**	**4.78**	**145,060**	**6.99**	**109,440**
TOTAL / AVERAGE P_1		**2.00**	**27,900**	**4.21**	**117,530**		**No estimation**
TOTAL / AVERAGE GKZ		**2.27**	**58,300**	**4.51**	**262,590**	**6.99**	**109,440**

Note 1: Rounding of tonnes and kilograms may result in computational discrepancies.
Note 2: Average Ag grades and total Ag kilograms relate only to those tonnes where estimations have been made.

13.2.4. JORC Mineral Resource Estimates

The conversion of GKZ Reserves to the equivalent JORC Mineral Resources based on the discussion in 13.2.2 suggests that the C_1 and C_2 GKZ reserves are convertible to equivalent Indicated and/or Inferred Resources estimated in accordance with the JORC Code (2012). Given the density of the exploration drilling, underground excavations, extensive experience with the mineralogy and level of variability in the C_1 and C_2 GKZ reserves for the surface to -400masl mining profile range, Venmyn Deloitte is of the opinion that 100% of these C_1 and C_2 GKZ reserves are convertible to Indicated and Inferred Mineral Resources estimated in accordance with the JORC Code (2012).

Additionally, C_2 GKZ reserves have also been declared for the -400masl to -800masl mining profile range. Given the lesser density of the exploration drilling, historical experience with the mineralogy and level of variability in these C_2 GKZ reserves, Venmyn Deloitte is of the opinion that 100% of these C_2 reserves are convertible to Inferred Resources estimated in accordance with the JORC Code (2012).

P_1 GKZ reserves are convertible to Inferred Resources and Exploration Targets estimated in accordance with the JORC Code (2012). Venmyn Deloitte has determined that due to the level of exploration and confidence attributable to those P_1 GKZ reserves above the -400masl level, 100% of the upper P_1 resources are convertible to Inferred Resources estimated in accordance with the JORC Code (2012). Those P1 GKZ reserves which are located at depths below the immediate LoM plan (-400masl), are considered to be 100% convertible to an Exploration Target estimated in accordance with the JORC Code (2012). As more drilling information becomes available for these P_1 portions of the deposit, these could be upgraded to a Mineral Resource category or higher categories. The JORC Mineral Resources and Exploration Target are presented in Table 12 and Table 13. A simplified classification schematic is included in Figure 18 along with the exploration drillholes used to delineate the orebody.

The Exploration Results have not been reported as a range because of the conversion from GKZ P1 Reserves, which do not require a range. Creating an artificial range around the results would be misleading.

Table 12: GoldBridges Mineral Resources as at 31st May 2014

LEVEL	JORC CLASSIFICATION	GOLD CUT-OFF GRADE (g/t)	TONNES (kt)	GOLD GRADE (g/t)	CONTAINED GOLD (kg)	SILVER GRADE (g/t)	CONTAINED SILVER (kg)
Surface to -400m	Indicated	3.00	15,700	5.32	83,240	6.99	109,440
	Inferred	2.00	3,500	4.21	14,910	No estimation	
-400m to -800m	Inferred	2.00	14,700	4.21	61,820	No estimation	
TOTAL / AVERAGE JORC RESOURCES		**2.46**	**33,900**	**4.72**	**159,970**	**6.99**	**109,440**

Note 1: Rounding of tonnes and kilograms may result in computational discrepancies.
Note 2: Average Ag grades and total Ag kilograms relate only to those tonnes where estimations have been made.

Table 13: GoldBridges Exploration Result as at 31st May 2014

LEVEL	JORC CLASSIFICATION	GOLD CUT-OFF GRADE (g/t)	TONNES (kt)	GOLD GRADE (g/t)	CONTAINED GOLD (kg)	SILVER GRADE (g/t)	CONTAINED SILVER (kg)
-800m to -1,500m	Exploration Result	2.00	24,400	4.21	102,620	No estimation	
TOTAL / AVE EXPLORATION RESULT		**2.00**	**24,400**	**4.21**	**102,620**	**No estimation**	

Note 1: Rounding of tonnes and kilograms may result in computational discrepancies.
Note 2: Average Ag grades and total Ag kilograms relate only to those tonnes where estimations have been made.

14. Ore Reserve Statement

The underground workings and on-going drilling campaigns have identified gold mineralisation that extends below the current designed bottom bench of the open pit. Most of the mineralisation is an extension of the current open pit feed however some of the gold-bearing zones within the breccia pipe (the principle host rock for the gold) does not outcrop. The subject of this report is the underground portion of the Sekisovskoye Project and the Ore Reserves declared in this report excludes the opencast portion of the Sekisovskoye Project.

The Sekisovskoye Project consists of a steeply dipping series of lenticular breccia zones striking NW/SE and dipping to NE. The mine development plan is for an approximately 150m deep open pit to a depth of 340masl. The underground operation is planned from the base of the pit to at least another 700 m in depth.

14.1. Method of Delineating the Ore Reserve

Outlines of ore zones were created using the 3D geological block model based on the samples that informed the wireframes. The outlines of ore zones created using vertical sections and the unified 3D wireframe is illustrated in Figure 17. The wireframe shows the development of the underground mine which will involve additional ore bodies compared to the open pit, ore zones number 10 (green) and 11 (red) contain up to 30% of ore in the underground mine. The block model was created after the wireframe model and the inner space of the wireframe model was filled with cells (blocks).

Base dimensions of blocks are as follows:-

- underground development (X, Y, Z) 10 x 10 x 10m; with following division; and
- into sub-blocks up to 1.25 x 1.25 x 0.5m for locations where the block runs beyond the wireframe.

Every block and sub-block is labelled with an identity number, ore body number and coordinates of block centre. Known geometrical dimensions of every block define the volume of blocks (multiplication of dimensions of 3 axes) and the ore zone volume is defined by totalling of block values. Ore reserves within the ore zone are defined by multiplication of its volume and ore bulk weight (2.83t/m^3). Block models for every value of cut-off grade were generated for each mining method. Grade model is created for every block model – gold and silver grade are estimated for every block. This operation is completed after the identification of trends for grade distribution in space and the assessment of value in every space point. Variograms were used for determination of dimensional correlation between randomly placed actual monitoring data. As soon as experimental variogram will be described with mathematical function this model will be used for assessment of unknown values of the studied parameter in any point of that space.

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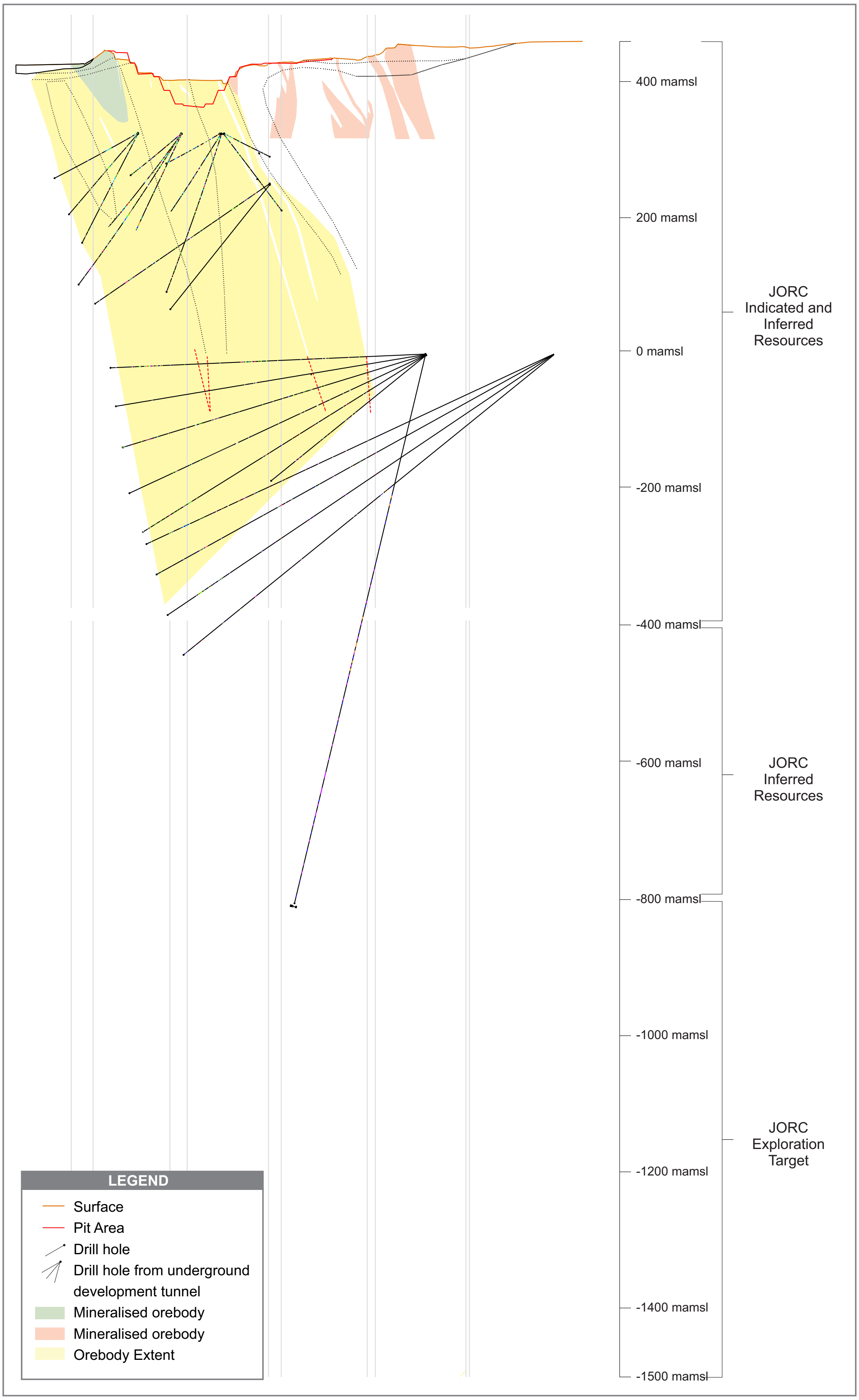
SIMPLIFIED JORC RESOURCE CLASSIFICATION OF OREBODY IN CROSS - SECTION



14.2. Current Reserve Statement

Collective results of Ore Reserve estimation are summarised in Table 14. Besides the information provided in the previous chapters, it must be noted that Datamine software makes it possible to provide estimates for each mining block which is a part of grade estimation and the parameters are the same as for gold grade estimation using the selected experimental variogram. Therefore, classification systems used for the declaration of geological reserves according to the Russian code were as follows:-

- the blocks where at least two workings are involved in resource estimation and search ellipse corresponds to minimal radiuses, the reserves are referred to the measured C1 reserves; and
- the blocks where one working is involved in resource estimation and minimum number of assays is equal to 3, and search ellipse is equal to minimal radius and 2nd search radius, the reserves are referred to the measured C2 reserves.

The underground Ore Reserves for Sekisovskoye Project, as at 31st May 2014, were independently estimated, classified and signed off by Mr G Njowa of Venmyn Deloitte a registered professional engineer with the ECSA (Reg. No. 20090204). All GKZ C1 and C2 reserves have been re-estimated in compliance with the JORC Code (2012). The summary Ore Reserve Statement for Sekisovskoye Project is presented in Table 14 and the location of the Ore Reserves by depth from surface in relation to the current open pit boundary is illustrated in Figure 19.

Table 14: The Sekisovskoye Project – Summary of Underground Ore Reserve Statement (31st May 2014)

JORC RESERVE CATEGORY	TONNAGE (Mt)	PAY LIMIT (g/t)	GOLD GRADE (g/t)	SILVER GRADE (g/t)	CONTAINED GOLD (kg)	CONTAINED SILVER (kg)
Probable	17.25	2.60	4.09	5.37	70,550	92,630

At the Sekisovskoye Project, Ore Reserves are estimated for C1+C2 categories to the level -400masl within central, north and west mineralization zones. Considerable parts of ore bodies are not outlined along the dip, and at the depth the drillholes revealed multiple ore intersections which were not included in reserve estimation. In general decrease of grades and ore body thickness with depth was not identified, and high correlation rate for gold and silver grades (0.997) is an additional proof of continuity of mineralization at depth.

During the review process, the mining schedule was checked for consistency, tallying with the Mineral Resources from which the Ore Reserves had been converted and the practical achievability on the mining rates. The Ore Reserves reported in Table 14 have been reported on the basis of a fully diluted delivered to the mill, i.e. the material is fully diluted.

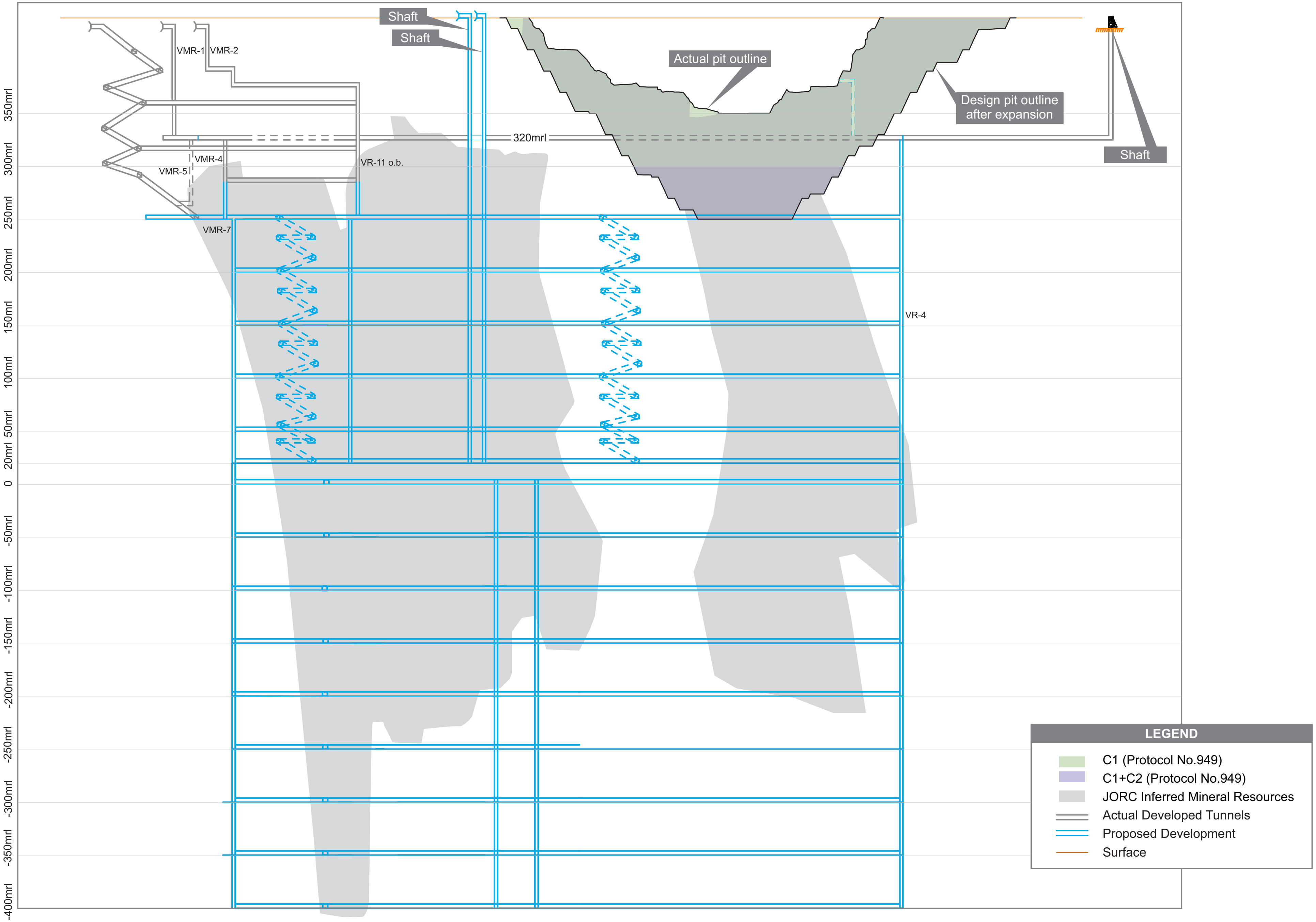
Probable Ore reserves are the economically mineable material derived from an Indicated mineral resource. They are estimated with a high level of confidence and must be demonstrated to be economically mineable by actual mining activity.

14.2.1. Modifying Factors

The following input parameters, calculations and limits were used in a stepwise process to obtain the resultant reserve tonnages for the Sekisovskoye Project Ore Reserve statement. The mining and economic related modifying factors that were applied to the conversion of Mineral Resource into Ore Reserves are summarised as follows:-

- a gold price of USD1,273/oz and the price of silver of USD19.65/oz as at 14th June 2014. Commodity prices and exchange rates used to estimate the economic viability of gold and silver Ore Reserves are based on historical long term forecasts applied at the time the estimate was completed;
- a processing recovery of 84% was used for gold and 75% for silver;

A SCHEMATIC SHOWING THE LOCATION OF THE MINERAL RESOURCES AND MINERAL RESERVES AS AT 31ST MAY 2014



VMD1491P_HambledonMining_2014

VenmynDeloitte.

GoldBridge Global Resources plc

Figure 19

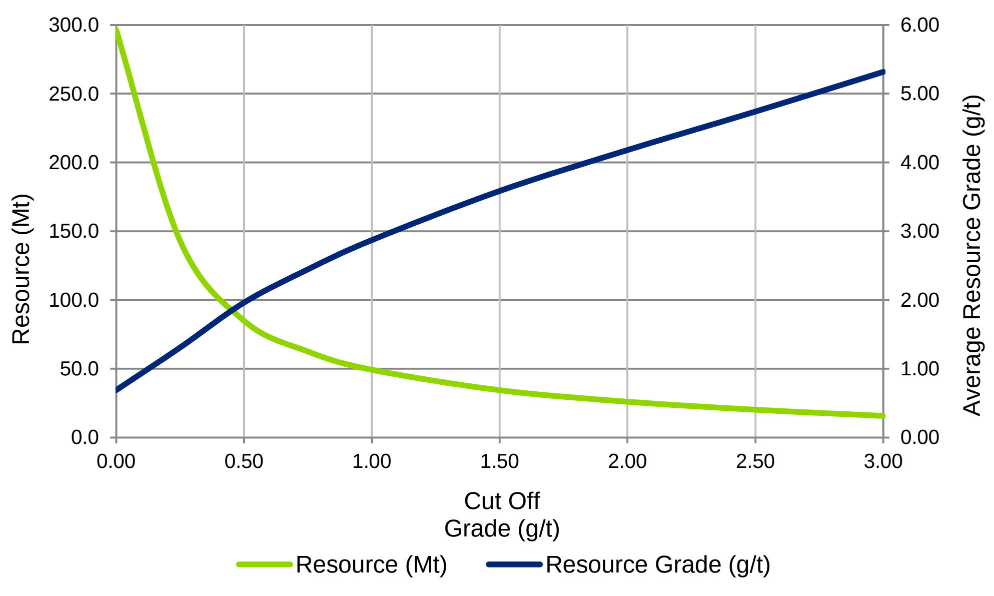
- the average estimated losses and dilution for the deposit included in the LoM plan are estimated at mining losses of 5.9% and mining dilution of 22.4%. The losses and the dilution is a function of the size of the ore bodies that are being mined and mining methods that will be applied;
- an average operating cost of USD518/oz was utilised and this would be dependent on the mine achieving the estimated grade (It should be noted that if the mine achieve the estimated total cost of operating of USD518/oz, this would put the mine in lowest cost quartile for underground mines);
- an average mining extraction factor of 90% on all the shear zones have been accounted for at Ore Reserve estimation;
- the gold and silver Ore Reserves grades were estimated using the inverse distance method and were reported on a fully diluted grade;
- the average bulk density factor of 2.83t/m^3 was applied to obtain the tonnages;
- Mineral Resource cut-offs were applied as per the Mineral Resource Statement (Section 11);
- an economic cut-off gold grade for underground development was evaluated at 2.0g/t, 2.5g/t and 3.0g/t and the 3.0g/t cut-off was used for Ore Reserves declaration;
- minimum thickness of ore body considered for mining purposes is 2m, maximum thickness of barren sublayers included in Ore Reserves estimation is 2m;
- in the estimation of ore reserves, it was assumed that all regulatory applications will be approved and the current approvals will continue to be valid; and
- the resultant ROM ore reserve, after accounting for excluded areas and modifying factors, is estimated at 17.25Mt, of which all declared Ore Reserves are in the Probable ore reserve category.

14.2.2. Grade Tonnage Curve for Underground Resources

The underground resources grade tonnage curve for the Sekisovskoye Project, before the application of the modifying factors to convert the Mineral Resource into Ore Reserves, is shown in Figure 20.

It should be noted that for the Mineral Resource and Ore Reserve declaration a cut-off grade of 3g/t was applied and the resultant economic material was documented in this report. Venmyn Deloitte is of the opinion that the Mineral Resource and Ore Reserves declaration was based on high grading the Sekisovskoye Project to enable the company to make a good margin on the mining operation. However the major risk that could be resulting from this would be the ability of the mining operation to consistently achieve the estimated head grade in the plant. If the mining operation fails to achieve the head grade then this would have negative impacts on the profitability expectations of the business.

Figure 20: The Sekisovskoye Project Underground Resources Grade Tonnage Curve



A pay limit is defined as the grade of a unit of ore at which the revenue from the recovered mineral content of the ore is equal to the total cash cost including ore reserve development and stay-in-business capital. This grade is expressed as an in-situ value in grams per tonne or ounces per short ton (before dilution and mineral losses). The cut-off grade is defined as the minimum grade at which a unit of ore will be mined to achieve the desired economic outcome. This cut-off grade is normally used as the initial cut-off for the exclusion of blocks from the Mineral Resource estimation, on the basis that these blocks do not meet the minimum criteria for reasonable prospects of eventual economic extraction under the current economic conditions. The summarised cut-off grade and pay limit grade calculation is shown in Table 15.

Table 15: Cut-Off Grade and Pay Limit Calculation

DESCRIPTION	ASSUMPTIONS	UNITS	VALUES
Cut Off	Gold Price	USD/oz	1,273.00
Pay Limit	Gold Price	USD/oz	800.00
	Processing Recovery	%	0.84
	MCF	%	0.90
	Total Cash Cost	USD/ROM t	58.19
	Average Capital Cost	USD/ROM t	8.68
Cut Off Grade	**Cut Off**	**g/t**	**1.44**
Pay Limit Grade	**Pay Limit**	**g/t**	**2.60**

Venmyn Deloitte is of the opinion that the cut- off grade of 3g/t that was applied for Ore Reserve declaration is conservative. Based on the average gold price of USD800/oz used by the major gold mining companies for the declaration of Ore Reserves, the pay limit that should be applied on this deposit should be 2.6g/t (in situ grade), resulting in a larger tonnage at a lower average grade, as indicated in Table 10. The ore reserves declared are robust and provide a significant cushion to changes in the operating costs and commodity prices.

15. Recovery Methods

The Sekisovskoye process plant is a conventional carbon-in-leach (CIL) gold recovery plant with an associated gravity section. The nameplate capacity of the process plant is 0.85Mtpa. Currently 0.85Mtpa of ore is coming from the open pit.

By 2016, all the ore will be supplied by the Sekisovskoye underground mine and the open pit will cease to supply ore. The plant in 2016 is expected to produce a gold doré with an overall gold recovery of 84% and an associated silver recovery of 75%, and this is commensurate with the metallurgical test work that has been performed. The process flow diagram (PFD) for the Sekisovskoye process plant is shown in Figure 21.

A small incremental process plant expansion is planned for 2018. This expansion will be through debottlenecking of existing equipment and the addition of some new equipment to support the expansion. This will increase production to 1Mtpa.

Ore from the 50kt ROM pad is loaded into the 85t ROM bin fitted with a 650mm static grizzly. Ore is withdrawn from the ROM bin via a vibrating grizzly and discharged into the 300tph primary jaw crusher to reduce the ROM to 100% passing 100mm. The crushed -100mm ROM is conveyed to the 1.5x4.8m primary double deck inclined vibrating screen. The top deck cuts at 75mm whilst the lower deck cuts at 12mm. The lower deck undersize (-12mm material) is discharged onto the final ore stockpile whilst the -100+75mm material (upper deck oversize) plus the -75+12mm material (lower deck oversize) is fed to the 210tph secondary cone crusher. The secondary crusher discharges onto a secondary screen cutting at 12mm. The secondary screen undersize (-12mm) is discharged onto the final ore stockpile whilst the secondary screen oversize (-100+12mm) is fed to a 174tph tertiary cone crusher which discharges onto the secondary screen in a closed circuit system.

The -12mm ore from the final ore stockpile is reclaimed and fed into the 115tph ball mill circuit comprising a primary mill in an open circuit configuration and a secondary regrind mill in a closed circuit configuration with classifying cyclones. Material is discharged from the primary mill into the mill discharge hopper from where approximately 60% is directed to the gravity section via a trash screen. The gravity section makes use of a Falcon C2000 concentrator to produce a tailings stream and a concentrate stream. The tailings are recycled back to the mill discharge hopper whilst the concentrate stream is advanced to the regrind mill circuit working in a closed circuit with cyclones. The cyclone overflow is directed to the primary leach tank.

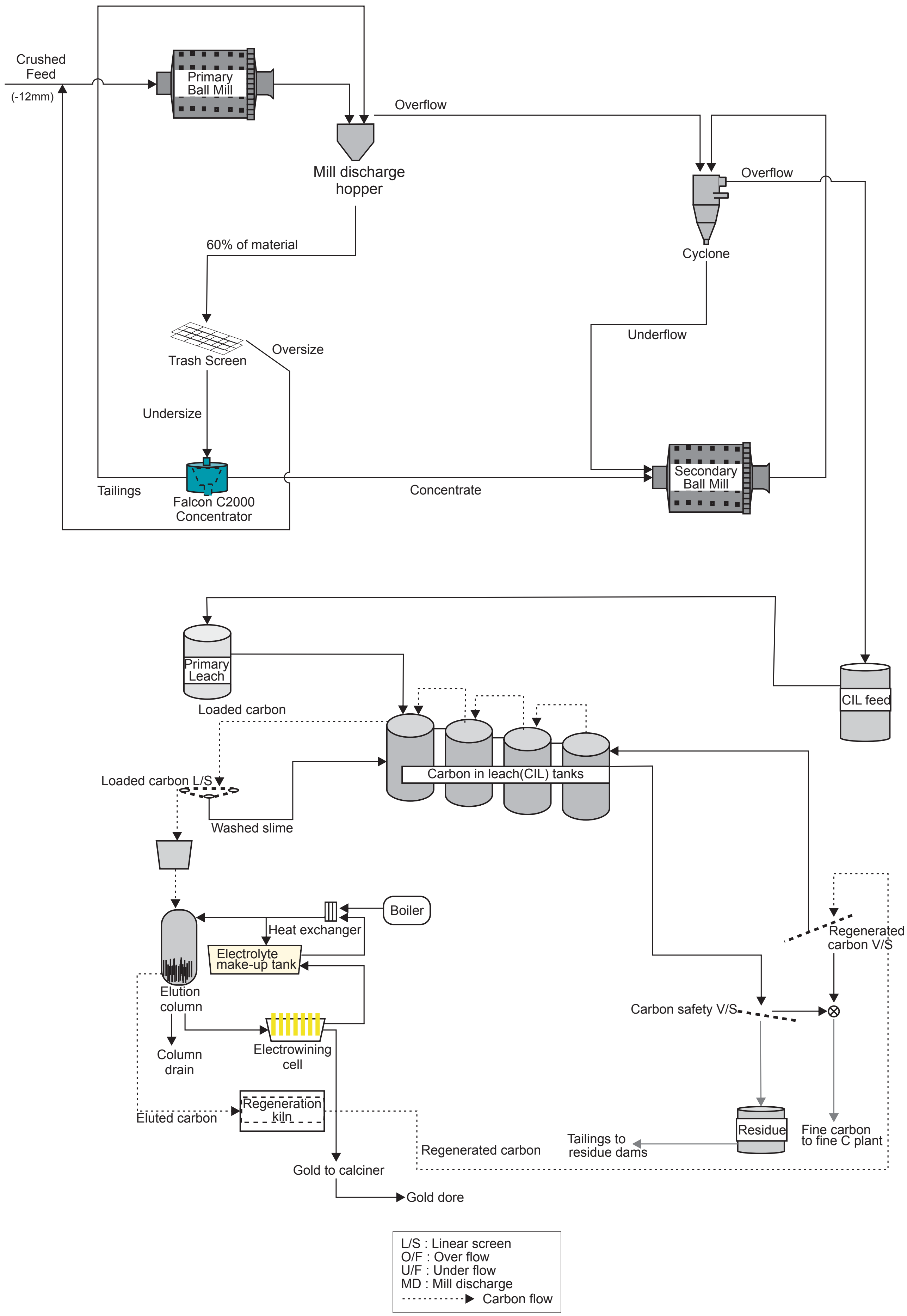
The leach circuit comprises of six tanks (one leach tank and five air-agitated CIL tanks). Cyanide leaching of gold-bearing ores is applied by mixing a sodium cyanide solution with the finely milled ore. The sodium cyanide, added at a rate of 0.42-0.44kg/t, dissolves the gold to form a gold cyanide solution. Gold is extracted from the leach solution using activated carbon which adsorbs the gold into its porous matrix. The leached pulp and carbon are transferred in a counter-current flow arrangement in the five CIL tanks. In the final tank, fresh or barren carbon is put in contact with low grade or tailings solution. At this tank the fresh carbon has a high activity and can remove trace amounts of gold.

After leaching, the CIL residue is treated with a mixture of hydrogen peroxide and sulphuric acid in order to neutralise the cyanide species prior to deposition on the tailings storage facility. As it moves up the train, the carbon loads to higher and higher concentrations of gold as it comes in contact with higher grade solutions. A concentration of up to 2kg of gold per tonne of carbon can be achieved on the final loaded carbon as it comes in contact with freshly leached ore and pregnant leach solution.

Because the carbon particles are much larger than the finely-milled ore, the coarse carbon is separated from the slurry by screening using a wire mesh. The final loaded carbon is removed and washed before undergoing elution at high temperature and pH, in a Zadra process. This process is followed by electrowinning during which the rich eluate solution that emerges from the elution process is passed through electrowinning cells where gold and other metals are precipitated onto the cathodes. Smelting of the cathode material further refines the gold and produces a gold doré suitable for transport to a refinery. Carbon is regenerated thermally in a rotary kiln. Carbon emerging from the elution process is fed to the rotary kiln operating at 650-700°C for 15 minutes. After regeneration, carbon is quenched, dewatered and returned to the CIL process. The LoM plan uses an average recovery of 84% which is consistent with the results achieved in this specific metallurgical test work on the underground ore.

Total gold recovery was 84% in 2013. This is commensurated with the process testwork conducted at AKB. It is planned to increase recovery level in August 2014, after installing a new tertiary crushing section. The reason for increased recovery is reduction of grind size in the mill. The increased recovery will be supported by replacement of nets of interstage screens (decrease of gold loss with carbon fines), lining of leaching tanks (stabilization of operation), upgrade of pump fleet and other measures.

THE SEKISOVKOYE PLANT PROCESS FLOW DIAGRAM



PHOTOS ILLUSTRATING THE PROCESS PLANT

BALL MILL

CIL

PLANT LAYOUT

CONCENTRATOR

VenmynDeloitte.

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Figure 22

Actual silver recovery in 2013 was 71.5%. The lower-than-expected recovery is based due to the metallurgical characteristics of silver in the ore in the open pit. In addition, no major process testwork on silver in cyanide was conducted by the process team at the Sekisovskoye Project. It is anticipated that the silver recovery for 2014 will be 74%, a figure supported by increasing proportion of processed underground ore, from which more silver can be extracted than from the ore of the open pit.

16. Environmental Status

16.1. Scope of the Review

The following scope and objectives have been defined in accordance with the requirements as defined in Section 4 of the JORC Code, for the status of environmental studies and permitting requirements, and potential social and/or community impacts arising from the Sekisovskoye Project:-

- the status of permitting requirements and approvals for the operations, including process residue storage and waste dumps; and
- a review of current studies undertaken which examine the potential environmental and social impacts of the mining and processing operation, including:-
  - environmental practises and operational environmental management (inclusive of potential waste and process residue disposal).
  - social practises and operational social management;
  - mine closure provision, closure planning and rehabilitation planning;
  - a review of the status of design options considered; and
  - a review of the assumptions made regarding operational design (inclusive of potential waste and process residue disposal).

16.2. Environmental and Social Compliance Status

This section includes GoldBridges' current environmental and social compliance requirements and status associated with the Sekisovskoye Project.

Kazakhstan's current environmental and social legislative requirements are:-

- the Mineral Resources and Mineral Resource Use Law of the Republic of Kazakhstan (24/06/2010 No. 291-IV with amendments as of 26/12/2012);
- the Rules for mine closure and conservation 06/06/2011 No. 634;
- the Environmental Code of the Republic of Kazakhstan 09/01/2007 № 212-III (with amendments of 13/06/2013);
- the Instruction for land reclamation projects development 02/04/2009 No. 57-P (with amendments as of 26/03/2012);
- the Land Code of the Republic of Kazakhstan 20/06/2003 No. 442-II (with alterations and amendments as of 13/06/2013);
- the Water Code of the Republic of Kazakhstan 09/07/2003 No. 481-II (amended as of 13/06/2013);
- the Forest Code of the Republic of Kazakhstan 08/07/2003 No. 477-II (amended as of 13/06/2013).
- law on Environmental Expert Review, 1997;
- tentative Instruction on Procedure of OVOS of Planned Activities, 1993;
- instruction on the Procedure of SER for pre-Project and Project Documentation, 1997;

- instruction on Conducting Assessment of Environmental Impact of Planned Economic and Other Activities for Pre-feasibility, Pre-project and Project Documentation, 2004;
- instruction on Conducting EIA of the planned economic and other activities for the pre-feasibility, pre-project and project documentation, 2004;
- guidelines on environmental impact assessment of the business projects, 2007;
- recommendations on preparing environmental impact evaluations of business activity's impact on biological resources, 1996;
- Waste Act, 1993 (and Decree);
- instructional guidelines on preparing evaluations of environmental impact of open storage of industrial wastes and other materials, 1995; and
- provisional guidelines on environmental audit procedures (assessment of environmental and population health impact) for existing (acting) operations in the Republic of Kazakhstan, 1996.

In accordance with the Article 69 of the Environmental Code, operations which release any environmental emissions into the environment must obtain the correspondent emissions permit from the environmental authority.

Sekisovskoye Mining Company (SLLP), a subsidiary of GoldBridges, in conjunction with AKB annually submits written application for applicable environmental permits.

The following environmental permits have been granted for the Sekisovskoye Project:-

- environmental emissions permits - approval 0035225 dated 28/12/2012; emissions permit No. 0056776 dated 03/02/2013; emissions permit No. 0000019 dated 09/08/2013;
- environmental emissions permit, for AKB, 070500, East Kazakhstan Region, Glubokovskyi area, Sekisovka village. The validity term of the License for environmental emissions from 01/01/2014 to 31/12/2015;
- subsoil use: Subsoil use is performed on the basis of the Contract for exploration and subsequent mining of gold-silver ores of the Sekisovskoye Project in the East Kazakhstan region. Registration No. 555 dated 20/10/2000; and
- state energy license for occupation in power transfer and distribution, operation of power stations, power lines and power substations, TIN 181600246551. Granted on the 18/05/2009.

GoldBridges has various environmental emergency response plans, notably:-

- emergency response plan - tailings dam;
- emergency response plan-laboratory;
- emergency response plan-open pit; and
- emergency preventive measures.

16.3. Environmental Studies

The background environmental survey for the Sekisovskoye Project was conducted in 2004 by LLP. The associated studies included:-

- an assessment of the environmental conditions in the area of the proposed mining operations, the natural value of the area, the presence of protected land areas and cultural heritage sites;

- the identification of the main sources and type of impacts on the environment, which considers the following aspects:-
    - air quality;
    - flora and fauna;
    - surface and ground water;
    - soil and subsoils (including the snow mantle);
    - human health;
    - microclimate; and
    - landscape.
- an assessment of the main types of minerals to be mined at the operation and the method of mining, with an assessment of the environmental impact;
- an assessment of the potential impacts on air, surface and groundwater quality and the impact on land resources, flora and fauna;
- the development of a set of physical controls, policies and operating procedures to reduce the impact of waste generated (including waste water and effluents) on the environment;
- an assessment of potential emergencies and development of physical controls, policies and operating procedures to prevent them and reduce possible consequences; and
- the development of reclamation plans, standards and procedures for land disturbed by mining operations.

The preliminary assessment (baseline studies) of the impact on the environment (referred to in the feasibility assessment as a Pre- Environmental Impact Assessments (EIA)) for the Sekisovskoye Project was undertaken in 2005. The completed Environmental, Social Impact Assessment (ESIA) studies were submitted in 2006, and were subsequently approved by the Ministry of Environmental Protection in 2007 - approval No. 03-01-01-10/466.

In 2007, the environmental feasibility studies for the Mineral Separation Plant were submitted to the State Environmental Expertise Committee. The approval was granted by the Ministry of Environmental Protection in July 2007 - approval No. 03-1-1-10/7879.

In 2008 the Department of Permits and Licenses of the Ministry of Environmental Protection of the Republic of Kazakhstan developed and mandated monitoring programs for the period 2009 to 2011 for the Sekisovskoye Project. The Sekisovskoye Project is required to report to the Ministry on the defined environmental parameters on a quarterly basis.

16.4. Environmental Practises and Operational Environmental Management

GoldBridges has developed an integrated management system with documented control procedures to manage and control the identified environmental impacts for the Sekisovskoye Project. These procedures refer to the following regulatory standards:-

- ST RK ISO 9000-2007. Quality Management Systems. General Provisions and Glossary;
- ST RK ISO 9001-2009, ISO 9001:2008 (R). Quality Management Systems. Requirements;
- ST RK ISO 14001-2006. Environmental Management Systems. Requirements with Guidance for Use;
- R ISM-2012 Guidelines for Integrated Management System;
- DP ISM 2-7-2012. Environmental, Occupational Health and Safety Non-Compliance Control. Emergency Preparedness and Response; and

- DP ISM 2-5-2012. Corrective and Preventive Actions Procedure.

The results of all EIA completed for the Sekisovskoye Project have been amalgamated into an Environmental Management Plan (EMP), which forms part of the integrated management system and documented procedures. Additionally, the EIA and EMP provide the following operational management measures.

Air quality management controls include:-

- control and management of dust generated through use of water sprays at the crushing and processing facility and regular watering of the roads within the mining operations.
- systematic monitoring of equipment and machinery exhaust gases; and
- regular preventive maintenance of engines;

Water resources management controls include:-

- Filling of mobile equipment with fuel will be performed at designated areas with additional measures that protect the area from soil and groundwater pollution. This includes using oil and fuel-trapping pallets and bunding around fuel and oil storage areas to control leaks and spills;
- equipment maintenance and cleaning of the equipment will be carried out in designated workshops suitably equipped for this type of work, located outside the open pit;
- all dirty water from the processing plant, industrial area, mine and offices will be captured and stored for re-use within the operation; and
- industrial waste will be collected and recycled; waste oil will be collected and burned in the boiler to ensure no industrial waste enters the natural waterways.

Soil and subsoil management controls include:-

- the top soil layer, and additional potential fertile soil layers will be removed prior to mining and stockpiled for future rehabilitation use;
- mobile and tracked equipment will be restricted to the open pit and when travelling between the industrial area and the open pit will travel along designated road ways,
- roads will be built to ensure they are suitable for all equipment; and
- dedicated and controlled mining, tailings and industrial waste areas will be established and dumping of waste outside these areas will be prohibited.

Noise and vibration management controls include:-

- regular noise monitoring will be conducted within the mine, processing facility and industrial areas to identify areas with harmful noise levels;
- where possible equipment and machinery noise will be reduced through design and/or physical measures as first priority;
- where practical efforts have been unable to sufficiently reduce the noise levels in specific areas, employees will be required to use the appropriate hearing protection for the area; and
- measures to protect the environment from noise must include the use of protective casing designing, planting of soundproof forest strips, and, where practically feasible, the construction of special sound-absorbing screens.

Hazardous waste management controls include:-

- overburden waste from the mining operation and tailings from the process plant are a Class IV Hazardous Waste and they will be stored in purpose built designed and engineered facilities constructed to the required specifications;
- solid waste generated from the mine, processing plant and industrial facility will be stored in designated containers. All accumulated waste will be transported by truck to a dedicated facility permitted to receive this type of waste. This type of waste is Municipal Solid Waste Class IV Hazardous Waste;
- Hazard Class III: Waste Oils. All Class III hazardous wastes are stored in special containers, and once a sufficient quantity is accumulated will be burned in the boiler; and
- Scrap metal. Scrap metal is a Class IV Hazardous Waste. All scrap metals resulting from the operation will be transported and sold to a scrap metal dealer permitted to trade in scrap metal. The metal will then be recycled.

Independent monitoring is provided by Laboratoriya Atmosfera (LLP), and includes the accredited laboratory and qualified personnel.

GoldBridges undertakes regular internal audits to determine operational compliance to the existing permit requirements.

The scope for the audit includes an assessment of the available documents pertaining to industrial and environment protection activity, and the presence of regulatory and methodical documentation for licensed activity.

The results of the most recent audit concluded that there have been no excesses of pollutants use by established norms, and that all industrial monitoring is carried out in compliance with environmental legislation requirements.

16.4.1. Social Practises and Operational Social Management

GoldBridges hold public hearings on a continual basis to discuss its plans that may have the direct influence on environment and public health with affected communities and stakeholders, including local executive authorities, mass media representatives and all interested and affected parties. Any plan that includes environmental and social impact assessment studies must first pass through public hearings before being submitted to the Environmental Expertise.

GoldBridges has developed and approved the design of Sanitary Protection Zone (SPZ) surrounding the operation. Currently, there are no residential buildings and settlements located within SPZ of the operations

GoldBridges has also developed a policy for land acquisition and resettlement of the private households whose lands fall within the boundaries of the mining allotment. The objective of the policy is the compliance with rights and interests of the Affected Parties and mitigation of adverse effects resulted from displacement and restricted access to resources. The main principles of the policy include:-

- avoid resettlement where possible;
- if required attempt to minimize the impact to those affected;
- inform the Affected Party about the resettlement and compensation options; and
- develop a process of consultation and feedback with the affected prior to agreeing a resettlement process and compensation terms.

16.4.2. Mine Closure Provision, Closure and Rehabilitation Planning

The Kazakhstan Government has a legal framework within which mining, environmental and social aspects are managed, and codes which address closure provision requirements specifically.

Statutory legislation and requirements relevant to the Sekisovskoye Project and considered part of this assessment include:-

- the Mineral Resources and Mineral Resource Use Law of the Republic of Kazakhstan (24/06/2010 No. 291-IV with amendments as of 26/12/2012);
- the Rules for mine closure and conservation 06/06/2011 No. 634;
- the Environmental Code of the Republic of Kazakhstan 09/01/2007 No. 212-III (with amendments of 13/06/2013);
- the Instruction for land reclamation projects development 02/04/2009 No. 57-P (with amendments as of 26/03/2012);
- the Land Code of the Republic of Kazakhstan 20/06/2003 No. 442-II (with alterations and amendments as of 13/06/2013);
- the Water Code of the Republic of Kazakhstan 09/07/2003 No. 481-II (amended as of 13/06/2013); and
- the Forest Code of the Republic of Kazakhstan 08/07/2003 № 477-II (amended as of 13/06/2013).

Article 111 of the Mineral Resources and Mineral Resource Use Law stipulates that mining works must be closed (or conserved) when mining operations are terminated, or when Mineral Resource are depleted. This must be done in compliance with the design project documentation and operating program.

Following the completion of closure activities, a certificate of acceptance of closure or conservation work will be issued by the authorized body in the field of environmental protection. Closure or conservation work is considered complete after official acceptance of this work by a committee of competent authorities, including local executive bodies of the area, the city of republican status, or the capital

Closure or conservation must be carried out in accordance with a closure or conservation plan designed by an engineering company that has a licence to perform work and services in the field of environmental protection. The closure plan must be approved by the Government of the Republic of Kazakhstan, inclusive of certain regulatory authorities in the fields of:-

- environmental protection;
- Mineral Resource management;
- industrial safety;
- sanitary-epidemiological service; and
- land management services.

GoldBridges has committed to the development of a separate rehabilitation design for the entire mining and processing complex.
In accordance with conditional permitting provisions of Subsoil contract №555 dated 20.10.2000, GoldBridges is required, within 80 days before closure to submit the Mine Closure and Area Restoration Program to the geology and subsoil use authority.

The submission must provide the cost report on liquidation and rehabilitation of the total disturbed lands, required demolition and rehabilitation activities, and associated environmental liability incurred.

Currently, GoldBridges makes allowance for 1% of operating costs (including costs of deposit exploration and mining) on an annual basis to a registered liquidation fund. The liquidation fund has been established as a current account with a registered financial provider within Kazakhstan, with contractual payments to the fund planned to continue until the completion of production activities.

16.5. Status of Assumptions

The most recent EIA completed for GoldBridges' Sekisovskoye Project has been developed in relation to, and focuses specifically upon, the following detailed engineering designs and alternatives:-

- installation of secondary crusher with conveyor systems (approved by governmental environmental expert committee of the Ministry of Environmental Protection, certificate No. 03-1-1-10/7879 of 27.07.2007, with the modifications in 2008 approved by governmental environmental expert committee of the Ministry of Environmental Protection, certificate No.03-08/1500 of 16.04.2008);
- exhaust systems of crushing and screening area;
- installation of mobile crushing and screening unit;
- modification of surface run-off utilities of the processing plant site; and
- lime dozing unit.

Assumptions for each of the process designs have not been detailed within the EIA. However, the new design proposes a simpler and cheaper method of operation following drawbacks identified in the previous operating model. These included:-

- high labour intensity;
- inconvenient for maintenance;
- unstable lime dozing due to its settling in the pipelines; and
- complicated design.

Following an extensive examination of the design changes and the associated potential impacts, the report concludes that the implementation of the design solutions will reduce the total volume of emissions at the plant site by 20.75tpa (from 125.29tpa to 104.54tpa). This reduction is mainly due to the modification of the exhaust systems (modification of the number of transfer points, installation of local exhausts, covering the belt conveyors by corrugated steel sheets, covering crushing areas, screens and transfer points) and reduction of the coal consumption for the boiler house as compared to the original design.

Based upon the documentation reviewed in EIA, the following conclusions regarding environmental impacts have been made:-

- impact on air is evaluated as permissible - MPC for summation groups and individual elements on the emissions boundary and in the inhabited area are not exceeded; and
- implementation of these designs will not cause additional impact on ground and surface water, soil, flora and fauna.

The EIA completed for the most recent design options concluded that the implementation of the reviewed designs and facility will not cause significant environmental imbalance and will have evident social economic effect (for example employment for the local community), if the provided process procedure is followed and the provided environmental measures and requirements are observed.

17. Kazakhstan Country Profile

17.1. Political and Economic Climate

Kazakhstan, which was part of the Soviet Union until 1991, is a land-locked country bordering Russia, China, Uzbekistan and Kyrgyzstan. It is one of the Soviet transition economies that, while it experienced significant economic difficulties as a result of the collapse of Soviet trade and production links immediately after the breakup of the Soviet Union, are now experiencing significant economic growth as a result of large investment in the oil sector (IDBG, 2013).

Kazakhstan has demonstrated significant growth of late, with its real Gross Domestic Product (GDP) growth rate estimated at 5.1% in 2012, 7.5% in 2011 and 7% in 2010 (CIA, 2014). Also impressive has been its significant growth in GDP per capita (in Purchasing Power Parity (PPP) terms); the CIA (2014) estimates that the country had a GDP/capita of USD13,500 in 2012 as compared to a GDP/capita of USD13,100 in 2011 and USD12,300 in 2010.

However, the positives of the economy have been associated with some challenges. Inflation, for instance, has been high, standing at an estimated 5.1% in 2012, an estimated 8.4% in 2011 and an even higher inflation figure three years prior to that, when inflation reached highs of 17% (CIA, 2014; IDBG, 2013).

Another economic challenge, which has ironically been a boon to the economy recently, is the country's oil sector. This is because the country is heavily reliant on this sector. Falling oil and commodity prices during 2008, along with the lack of capital availability, necessitated the devaluation of the currency – the Tenge – and resulted in only 1.2% GDP growth in 2009 (IDBG, 2013). It has come to be regarded as strategically important for the economy to begin to diversify and reduce the dominant contribution of the oil industry to exports. Ensuring national security; domestic political stability; economic growth; health, education and welfare; energy resources; infrastructure development; and effective governance have been identified as important focus areas to be achieved by Kazakhstan by 2030, as outlined in the country's strategic vision document, Kazakhstan Vision 2030.

17.2. Minerals Industry

The State is the owner of all minerals on, in or below the surface in Kazakhstan. The rights to explore and produce, known as subsoil rights, are granted by the Ministry of Industry and New Technologies (MINT) (Conventus Law, 2013).

Kazakhstan is believed to have a rich geology. Brininstool (2013) notes that Kazakhstan is ranked as the largest, second-largest, fourth-largest and fifth-largest global producer of uranium, chromite, titanium sponge and rhenium, respectively. It also produces 8% of the world's cadmium and 3% of the world's magnesium.

It is expected that there will be an increase in the applications for new production and exploration licences following a four-year moratorium on the issuing of new licences that was instituted in 2008 (Nurshayeva, 2013). In May 2013, the government was to start accepting bids from potential investors interested in the minerals sector (Nurshayeva, 2013).

17.2.1. Gold Industry

Kazakhstan's gold mine output and refined metal production is shown in Table 16. Gold mine output and refined metal production is growing, with gold mine output increasing by 22% between 2010 and 2011.

Table 16: Kazakhstan's Gold Production

TYPE	PRODUCTION (kg) 2007	2008	2009	2010	2011
Mine output, Au content	22,564	20,825	22,839	29,941r	36,670
Metal, refined	8,157	8,205	10,279	13,313	16,632

Source: Brininstool (2013)
Note: r Revised

17.2.2. Silver Industry

Kazakhstan's silver mine output and refined metal production is shown in Table 17. Silver mine output and refined metal production is growing, with silver mine output increasing by 17% between 2010 and 2011.

Table 17: Kazakhstan's Silver Production

TYPE	PRODUCTION (kg) 2007	2008	2009	2010	2011
Mine output, Au content	722,927	645,627	618,141	550,735r	644,676
Metal, refined	707,954	628,763	613,544	547,665	640,664

Source: Brininstool (2013)
Note: r Revised

17.3. Minerals Policy

Several types of mineral contract can be applied for in Kazakhstan (Table 18). These are applied for either through direct negotiations or by tender (or by an alternative procedure where a production sharing agreement in involved).

The tender procedure and the direct negotiation procedure are common for mineral projects. The tender procedure often involves a prequalification process, in which tenderers submit various documents and information relating to the application, and a later process in which preferred bidders identified in the prequalification process are assessed based on various criteria, including the:-

- initiating date;
- intensity of proposed exploration and development;
- profitability of development;
- total value of the subscription bonus (described more fully in Table 18);
- estimated initial and further financial contributions to the State budget;
- investments;
- terms and conditions of project financing;
- involvement in regional social development;
- legal and regulatory compliance;
- safety; and
- other factors. (Markov and Baissenkul, 2008).

It is also possible for companies to purchase the subsurface right from another entity which possesses the mineral rights (Fish, 2013). Investors should be aware, however, that the State has the preferred right over third parties to purchase mineral rights. The State is entitled to purchase these rights on terms that are not less favourable to it than those that are offered to other purchasers (Markov and Baissenkul, 2008).

Investors should also be aware that a subsoil use contract may be amended by government if the subsoil plots are strategic and likely to influence the "economic interests of Kazakhstan" and create a "threat to national security" (Markov and Baissenkul, 2008).

Table 18: Types of Mineral Contract in Kazakhstan

CONTRACT TYPE	DESCRIPTION
Exploration	The exploration contract is valid for six years with the right to extend if a commercial discovery is made that needs to be evaluated. If a commercial discovery is made while under the exploration contract, the holder has the exclusive right to enter into a production contract as agreed with MINT.
Production	The production contract allows for production to take place. It is valid for the life of mine or for not more than 25 years. For a large, unique deposit, this contract can be extended to 45 years. The competent authority or local executive body of an oblast, or region, may extend the production contract if grounds are provided for the extension; the applicant is not in breach of any contractual obligations; and if the application for extension is made timeously. The company applying for mining rights would need to demonstrate financial, technical and administrative competence to secure the contract.
Joint production and exploration	This contract allows for a joint production and exploration contract and is allowable where deposits are strategic or have a complex geology. This is valid for 31 years.

Source: Conventus Law (2013), Fish (2013), HKEx News (2011)

Various taxes and payments may be applicable to the sub-surface user, in addition to the taxes and payments that all legal entities need to pay. Mineral specific taxes and payments include:-

- a rent tax on exports of crude oil, gas condensate and coal, which is calculated according to a formula stated in the Tax Code and that takes into account the volumes exported and the prices of the commodity in question (HKEx News, 2011);
- a mineral extraction tax, which ranges from 0% to 22% (gold and silver are both 5%), and is dependent on the type of mineral and the purpose for which it is used. This tax replaces royalties, which were stipulated in tax legislation prior to 2009. This tax does not require that the product is sold, but merely that the mineral resource is extracted (HKEx News, 2011);
- an excess profits tax, which is dependent on the ratio of the net annual income to the allowable deductions and also dependent on the specific contract that has been signed by the mineral rights holder. If the ratio in question is greater than 25% for the reporting tax period, an excess profits tax (at an incremental rate depending on the ratio calculated) will be required to be paid (HKEx News, 2011);
- historical costs reimbursement, which is a payment for costs incurred by the State for geological studies and field development carried out prior to the contract being signed (HKEx News, 2011);
- a subscription bonus, which is a one-time bonus that is paid when the contract is signed and is dependent on the Ore Reserve categories declared and the contract type (HKEx News, 2011); and
- a commercial discovery bonus, which is to be paid if a commercial discovery is made in the area covered by the contract. This bonus is 0.1% of the value (as determined by global commodity prices) of the declared reserves (HKEx News, 2011).

Besides the mineral contract which would allow the signatory to either explore or mine, various environmental and social codes and regulations need to be abided with and various permits applied for. Certificates, permits and licences are required from various agencies for:-

- the use of toxic or potentially toxic chemicals;
- the transportation of hazardous substances;
- the importing of sodium, cyanide and explosive materials for blasting; and
- the use and discharge of water (HKEx News, 2011).

The list of important social and environmental legislation that may influence the ability to mine is referred to in Section 16, while legislation relating to mine closure is listed in Section 16. The Environmental Code regulates all issues related to the environment, while various other pieces of legislation discuss in more detail the pollution of air and water, the management and disposal of waste, the protection and use of water resources, the rehabilitation of mine sites, and the health and safety of workers (HKEx News, 2011).

The Environmental Code requires that an Environmental Impact Assessment, including stakeholder involvement, needs to be completed as part of the Sekisovskoye Project documentation and as a means of pre-project environmental protection (Conventus Law, 2013).

The Environmental Code also outlines a "pay to pollute" policy, under which permissible impacts to the environment are outlined. The Tax Code, which should be read together with this, sets out the rates of fees for emissions that are in excess of permissible emissions, and which may be approved depending on the type and scale of the environmental impact and on whether it is accompanied by a plan to reduce emissions (HKEx News, 2011).

18. Global Market Reviews

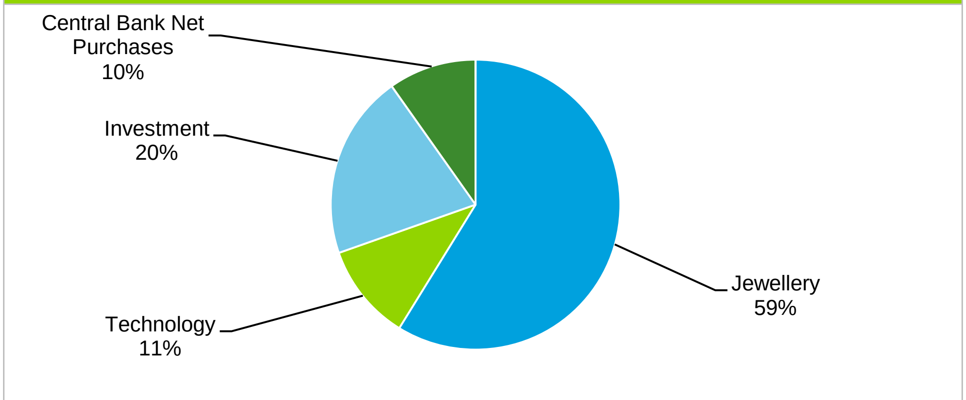
18.1. Market Review for Gold

18.1.1. Demand

Gold demand was lower in volume and value terms in 2013, with demand in tonnage terms dropping from 4,415.8tpa to 3,756.1tpa and demand in value terms dropping from USD236,946mpa to USD170,422mpa (Street et al, 2014).

This demand was derived from the various uses of gold as shown in Figure 23, which illustrates that the jewellery end-use sector was the most significant end-use sector in 2013. (Street et al, 2014).

Figure 23: Gold Demand in 2013 in Tonnage Terms



Street et al (2014)

While these consolidated demand statistics present a negative picture of the gold market, it is interesting to note that not all end-use sectors experienced a drop in gold use. The World Gold Council points out that the jewellery sector experienced strong growth, and demand from this sector increased from 1,896.1t to 2,209.5t, while total bar and coin demand, which forms part of the investment-demand end-use category, also experienced strong growth, with demand increasing from 1289.0t to 1,654.1t. As a result of gold's strong tonnage demand performance from these sectors in 2013, the World Gold Council calls 2013 a "record breaking year for consumer demand" (Street et al, 2014).

The World Gold Council notes that the lower consolidated gold demand figures can largely be attributed to the negative contribution to demand made by Exchange Traded Funds (ETFs) and similar products, which showed outflows of 880.8t for the year as compared to net inflows in 2012 of 279.1t. Demand from the technology end-use sector also decreased slightly, from 407.5t to 404.8t, while Central Bank Net purchases decreased from 5441.1t to 368.6t (Street et al, 2014).

Central Banks' purchases also increased demand, since they purchased 368.6t of gold in 2013.

18.1.2. Supply

Historically, supplies of gold have come from mine production and recycling, and from sales of Central Bank gold in some years.

Australia, South Africa, Russia, Chile, the United States and Indonesia each have above 3,000t of gold reserves, with a combined 57% of global reserves, according to the USGS (George, 2014; Table 19).

Italy is not mentioned by the USGS as having significant reserves (George, 2014). In addition, the USGS does not mention any gold production between 2007 and 2011, although it does mention that Sargold Resources plc's Furtei Mine near Cagliaria, Sardinia, has an annual gold producing capacity of 1,400kg (Perez, 2013).

Table 19: Estimated Global Gold Reserves in 2013

COUNTRY	RESERVES (t)
Australia	9,900
South Africa	6,000
Russia	5,000
Chile	3,900
United States	3,000
Indonesia	3,000
Brazil	2,400
Ghana	2,000
China	1,900
Peru	1,900
Uzbekistan	1,700
Mexico	1,400
Papua New	1,200
Canada	920
Other countries	10,000
TOTAL	**54,220**

Source: George (2014)
e=estimate

The USGS estimates that total world gold production was 2,767t in 2013 (Table 20), while the World Gold Council estimates this slightly higher, at 3,018.7t (George, 2014; Street et al, 2014). The World Gold Council indicates that mine production grew by 5% in 2013, as a result of new mines starting production, ramping up to full capacity and existing operations growing production. The USGS's mine-production growth figures are lower.

Table 20: Estimated Global Gold Production for 2012 and 2013

COUNTRY	MINE PRODUCTION (t) 2012	2013e
China	403	420
Australia	250	255
United States	235	227
Russia	218	220
Peru	161	150
South Africa	160	145
Canada	104	120
Mexico	97	100
Uzbekistan	93	93
Ghana	87	85
Brazil	65	75
Papua New Guinea	53	62
Indonesia	59	60
Chile	50	55
Other countries	655	700
TOTAL	**2,690**	**2,767**

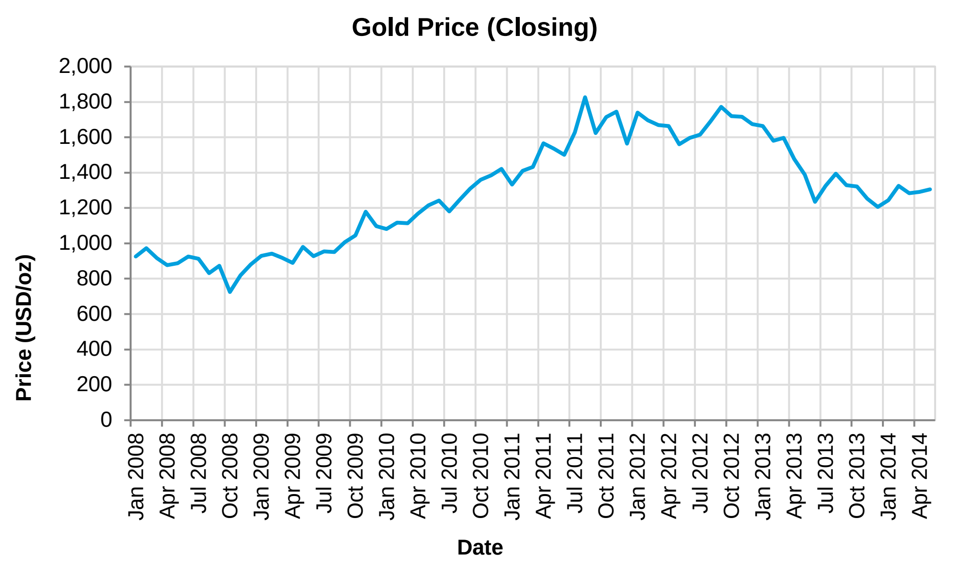
Source: George (2014)
e=estimate

While mine production edged up slightly, recycling's contribution to global supply decreased for the sixth consecutive year in 2013 largely as a result of the lower gold price (Street et al, 2014).

18.1.3. Gold Price Trend

The gold price has shown a downward trend in the last few years, with a pronounced downward trend visible. This can be seen in Figure 24, which illustrates the gold price's performance over a six-and-a-half-year period.

Figure 24: Gold Price (Jan 2008 – May 2014)



Source: INet Bridge

18.1.4. Gold Market Outlook

Analysts are divided as to whether there will be a continued downward trend in the gold price or whether this trend will be reversed in 2014 and the years to come.

The World Gold Council's report on strong Chinese demand and its emphasis on the high consumer demand that was witnessed in 2013 suggest a positive outlook (Street et al, 2014). Various analysts appear to support this bullish sentiment (Gold in Mind, 2014).

However, many analysts are not as optimistic. Some are suggesting that gold's status as a safe-haven is being eroded as investors re-examine their reasons for holding gold and are even suggesting that the gold price will plunge further to USD1,000/oz (Roy et al, 2014).

18.2. Market Review for Silver

18.2.1. Demand

The demand for silver in 2011 and 2012 is shown in Table 21.

The table shows that there was a net drop in total fabrication between 2011 and 2012, with most end-user sectors showing a decrease in demand, with the exception of jewellery demand, which remained fairly flat. Industrial applications continued to be the largest end-use sector followed by the jewellery sector.

Producer de-hedging and implied net investment made up the balance of demand in 2012. Implied net investment was particularly noteworthy since this increased by 21% and resulted in net investment demand reaching an all-time high of 4,976t.

Table 21: World Silver Supply and Demand

	2011	2012
Supply (Moz)		
Mine Production	757	787
Net Government Sales	12	7.4
Old Silver Scrap	258.1	253.9
Producer Hedging	12.2	-
Implied Net Disinvestment	-	-
TOTAL SUPPLY	**1,039.40**	**1,048.30**
Demand (Moz)		
Fabrication		
Industrial Applications	487.8	465.9
Photography	66.1	57.8
Jewellery	186.5	185.6
Silverware	48.3	44.9
Coins & Medals	118.3	92.7
Total Fabrication	907.1	846.8
Producer De-Hedging	-	41.5
Implied Net Investment	132.3	160
TOTAL DEMAND	**1,039.40**	**1,048.30**
Silver Price (London USD/oz)	35.119	31.15

Source : Thomson Reuters GFMS (2013)

18.2.2. Supply

Sources of silver supply in 2011 and 2012 are shown in Table 22.

The table shows that mine production continues to be the most significant source of silver, followed by silver scrap and net government sales. Mine production is a growing source of silver supply, with mines that produce silver as a byproduct the dominant source of silver. Primary silver-producing mines make a smaller contribution to mine supply, with 30% of mine output coming from these sources (GFMS, 2013).

The countries with the most significant reserves of silver are listed in Table 19. Peru has the most significant reserves of silver, followed by many countries in geographically diverse locations. Information about Russian silver reserves are listed as 'not available'.

Table 22: Estimated Global Silver Reserves in 2012

COUNTRY	RESERVES (t)
Peru	120,000
Poland	85,000
Chile	77,000
Australia	69,000
China	43,000
Mexico	37,000
United States	25,000
Bolivia	22,000
Canada	7,000
Russia	NA
Other countries	50,000
TOTAL	**540,000**

NA Not available.
Source: George (2013)

The USGS estimates that total world silver production was 24,000t in 2012, and that this had increased from 23,300t in 2011 (Table 23). While the sources of mine production appear geographically diverse, GFMS (2013) notes that almost 50% of mined silver comes from the Americas. Russia, meanwhile, produced 6.3% of global silver production in 2012, and its production appears to be increasing if one compares 2012 and 2011 production figures.

Table 23: Estimated Global Silver Production for 2011 and 2012

COUNTRY	MINE PRODUCTION (t) 2011	2012^e
Mexico	4,150	4,250
China	3,700	3,800
Peru	3,410	3,450
Australia	1,730	1,900
Russia	1,350	1,500
Bolivia	1,210	1,300
Poland	1,170	1,170
Chile	1,290	1,130
United States	1,120	1,050
Canada	572	530
Other countries	3,600	3,900
TOTAL	**23,300**	**24,000**

e Estimated.
Source: George (2013)

18.2.3. Silver Price Trend

Analysts note that silver had been trading between USD19/oz and USD20.6/oz between November 2013 and the date of writing this report (February 2014) and describe this trend as trading sideways (Daily FX, 2014). The silver price has historically been quite volatile though, with the metal price starting 2013 at USD31 and ending it at USD19.5 (Clarke, 2014). The volatility of the silver price also saw the white metal reach USD50/oz in 2011 and it is this volatility that has attracted some to invest in silver (Caplinger, 2013).

18.2.4. Silver Market Outlook

There are many analysts that are bullish on silver and believe that the silver price will rise in 2014 (Clarke, 2014).

The 2012 subdued silver market has been blamed on a drop in industrial consumption as a result of the sluggish global economic environment and this trend seems to have continued into 2013 (George, 2013).

It is believed that silver will benefit from an expected upturn in the market as it is important in several industrial applications.

Figure 25: Silver Price (Jan 2007 – May 2014)

Source: INet Bridge

19. Mineral Asset Valuation

Venmyn Deloitte was commissioned by GoldBridges to perform an independent valuation on the Sekisovskoye Project using the VALMIN Code. To this end, appropriate valuation methods will be used and each mineral asset will be examined on its merits and demerits.

19.1. Mineral Asset Valuation Methodologies

Any decision to apply a valuation technique will depend principally on the stage to which the Sekisovskoye Project has been developed, the geological confidence and the potential of the mineral asset to demonstrate reasonable and realistic prospects for eventual economic extraction. The valuation approach for a greenfields project will be substantially different from that applied to a well-drilled, extensively explored mineral asset. Changes in the value of a mineral asset are associated with increasing confidence through increased knowledge, as well as the greater degree of probability of it being brought to account. An appropriate valuation recognises these possibilities.

Furthermore, a valuation exercise may produce different outcomes for the same mineral asset depending on which valuation method has been applied and, therefore, a realistic and reasonable range of values will be given.

Since the individual projects are at different stages of production and development, different valuation approaches will be adopted in accordance to the VALMIN Code. The three main different valuation approaches as stipulated in the VALMIN Code are the Cost Approach, Market Approach/ Comparative Approach and the Income Approach / DCF Approach. The valuation approaches incorporate the respective Mineral Resource and Ore Reserve categories on the following basis:-

- stage of development;
- level of geological confidence in the interpretation of the geology and mineralisation;
- the depth of the defined Mineral Resources and Ore Reserves relative to surface i.e. whether the undeveloped Mineral Resources are likely to be mined early, or later in the production plan, and at what relative cost;
- the availability of existing mining infrastructure and mineral production within the project area, i.e. whether the undeveloped Mineral Resources and Ore Reserves are likely to be mined as an extension of a pre-existing operation; and

- relative difficulty or ease of mining conditions largely due to complex geological structures, and whether or not they are conducive to mechanised mining.

In conducting mineral asset valuations, Venmyn Deloitte considers the following categories of mineral assets:-

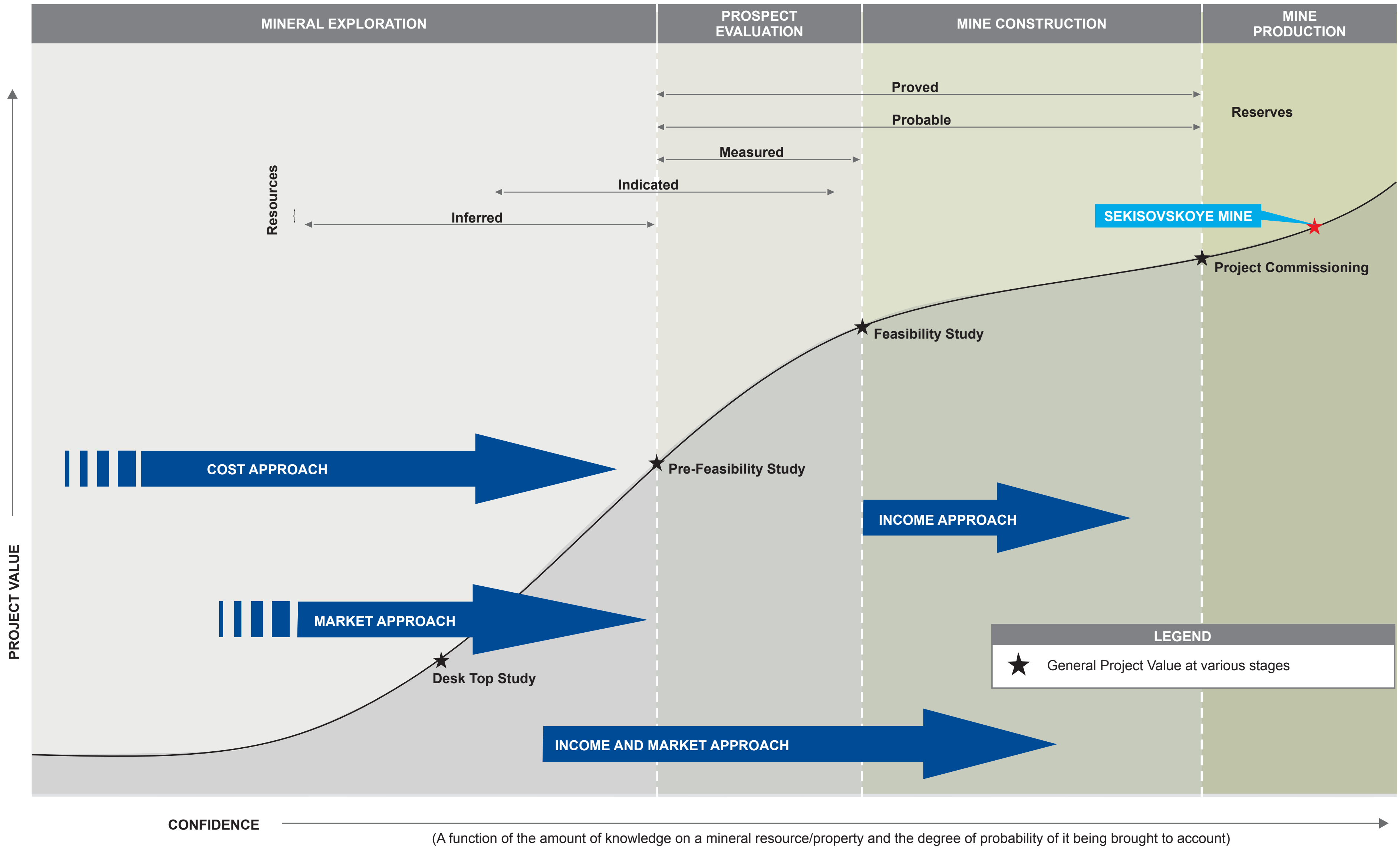
- Exploration Areas - properties where mineralisation may or may not have been identified, but where a mineral or petroleum resource has not been identified;
- Advanced Exploration Areas - properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category;
- Pre-Development Projects - properties where mineral or petroleum resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development. Properties on care and maintenance and properties held on retention titles are included in this category if mineral or petroleum resources have been identified, even if no further valuation, technical assessment, delineation or advanced exploration is being undertaken;
- Development Projects - properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels; and
- Operating Mines - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

According to these categories, the Sekisovskoye Underground Project has been classified as a development project. Where insufficient confidence exists in the technical parameters of a mineral deposit, or mineral asset, to classify resources, valuation methods mainly rely on the principle of historical cost. This implies that a mineral asset's value is related to the money spent on its acquisition, plus a multiple of the exploration expenditure, depending upon the degree to which its prospectivity has been enhanced by exploration.

Once resources have been classified, then market comparisons can be made on a monetary value per unit of mineralisation (e.g. USD/oz). After technical studies establishing the basis for future economic exploitation have been carried out, Discounted Cashflow (DCF or Cashflow) methods are applicable and all the methods used to identify a reasonable transaction value.

As the confidence in mineral resource estimates is increased, i.e. from Inferred Mineral Resources to Indicated Mineral Resources and Measured Mineral Resource, so is the veracity of the valuation. Table 24 summarises the valuation approaches and the underlying methodologies that Venmyn Deloitte adopts in mineral asset valuation whilst Figure 26 shows the general movement of projects up the value curve with increasing amount of geoscientific knowledge. In other words, Table 24 and Figure 26 illustrate the link between a project's development status and the most appropriate valuation methodology.

PROJECT LIFETIME VALUE



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VenmynDeloitte.

GoldBridges Global Resources plc

Figure 26

Table 24: Valuation Approaches and Methodologies

VALUATION APPROACH	VALUATION METHODOLOGY	DORMANT PROPERTIES	EXPLORATION PROPERTIES	MINERAL RESOURCES	DEVELOPMENT PROPERTIES	MINING PROPERTIES	DEFUNCT PROPERTIES
Cashflow	DCF	No	No	Yes	Yes	Yes	No
Sales/Market Comparisons	Comparable	Yes	Yes	Yes	Yes	Yes	Yes
Cost	Multiple of Historical Cost	Yes	Yes	Yes	No	No	Yes

Certain valuation methods are more widely used and may be more generally acceptable as industry practice than others, although this could change over time. Some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb considered suitable only to check valuations by primary methods but it is imperative to use at least two methods.

Accordingly, the Sekisovskoye Project has been classified as a development project. Venmyn Deloitte has relied on the Market and DCF Approaches, as deemed appropriate for the mineral assets.

19.2. Valuation Date

The effective date of the valuation is 31st May 2014.

19.3. General Mineral Asset Valuation Assumptions

The valuation of the Sekisovskoye Project has been based on a number of specific assumptions as discussed in the relevant sections, including the following general assumptions:-

- that all information provided to Venmyn Deloitte, by GoldBridges and its contractors, can be relied upon;
- that the legal status of the mineral rights and statutory obligations were fairly stated;
- that all other regulatory approvals for exploration and mining will be timeously obtained;
- that the corporate structures and on-going activities are fairly presented;
- that reliance can be placed on the Financial Statements and Management Accounts provided by GoldBridges;
- that reliance can be placed on the current mineral resource and/or reserve statements;
- that GoldBridges and its subsidiaries would continue as going concerns and would continue to be fully funded; and
- that GoldBridges would be able to secure markets and offtake for any future operations.

Venmyn Deloitte made due enquiry into these issues to be satisfied of the potential impact on the mineral asset valuation.

Venmyn Deloitte has relied upon and assumed the accuracy of the information provided to it in deriving its opinion. Where practical, Venmyn Deloitte has corroborated the reasonableness of the information provided to it for the purpose of its valuation, whether in writing or obtained in discussion with management of GoldBridges, by reference to publicly available or independently obtained information.

Venmyn Deloitte's valuations are based on current economic, regulatory, market as well as other conditions. Subsequent developments may affect these valuations, and Venmyn Deloitte is under no obligation to update, review or re-affirm its valuations based on such developments.

19.4. Market Approach

The Market Approach relies on the principle of "willing buyer, willing seller" and requires that the amount obtainable from the sale of the asset is determined as if in an arm's length transaction. However, in order to arrive at reasonable market values with which to compare any mineral asset undergoing valuation, appropriate recent and historical transactions must form the basis.

Figure 27 summarises Venmyn Deloitte's database of recent unit market valuations within the context of the global gold markets, with reference to the respective resource classifications. Venmyn Deloitte was able to carry out a comparable transaction valuation of mineral assets where the gold resources have been declared on the basis that recent market valuations of a similar nature provide the proxy for value.

Venmyn Deloitte has utilised its entire gold transaction database to derive an appropriate comparable transaction value. Venmyn Deloitte maintains a database of gold transactions and unit market capitalisations of gold operating companies, which is continually updated. This information is collated to produce a Gold Valuation Curve and is illustrated in Figure 27. This curve demonstrates the range of indicative market-related values of USD/oz contained gold attributed to the different categories of Gold Resources.

Venmyn Deloitte is of the opinion that the ranges defined are reasonable in light of historic transactions and consideration of the following:-

- location of the mineral deposits;
- proposed mining method;
- the size and grade of the gold deposits;
- the classified gold resources;
- infrastructure and logistics; and
- timing of potential exploitation.

The unit values have been generated using the Gold Valuation Curve (Figure 27) and these have been multiplied by the contained gold ounces of the deposits. A summary of the value ranges used in valuing the Sekisovskoye Project is shown in Table 25 and Figure 27:-

Table 25: Valuation of the Sekisovskoye Project using the Market Approach

TOTAL OUNCES (Moz)	LOW VALUE (USD/oz)	HIGH VALUE (USD/oz)	FAIR VALUE (USD/oz)	LOW VALUE (USDm)	HIGH VALUE (USDm)	FAIR VALUE (USDm)
2.94	60	110	85	176	323	250

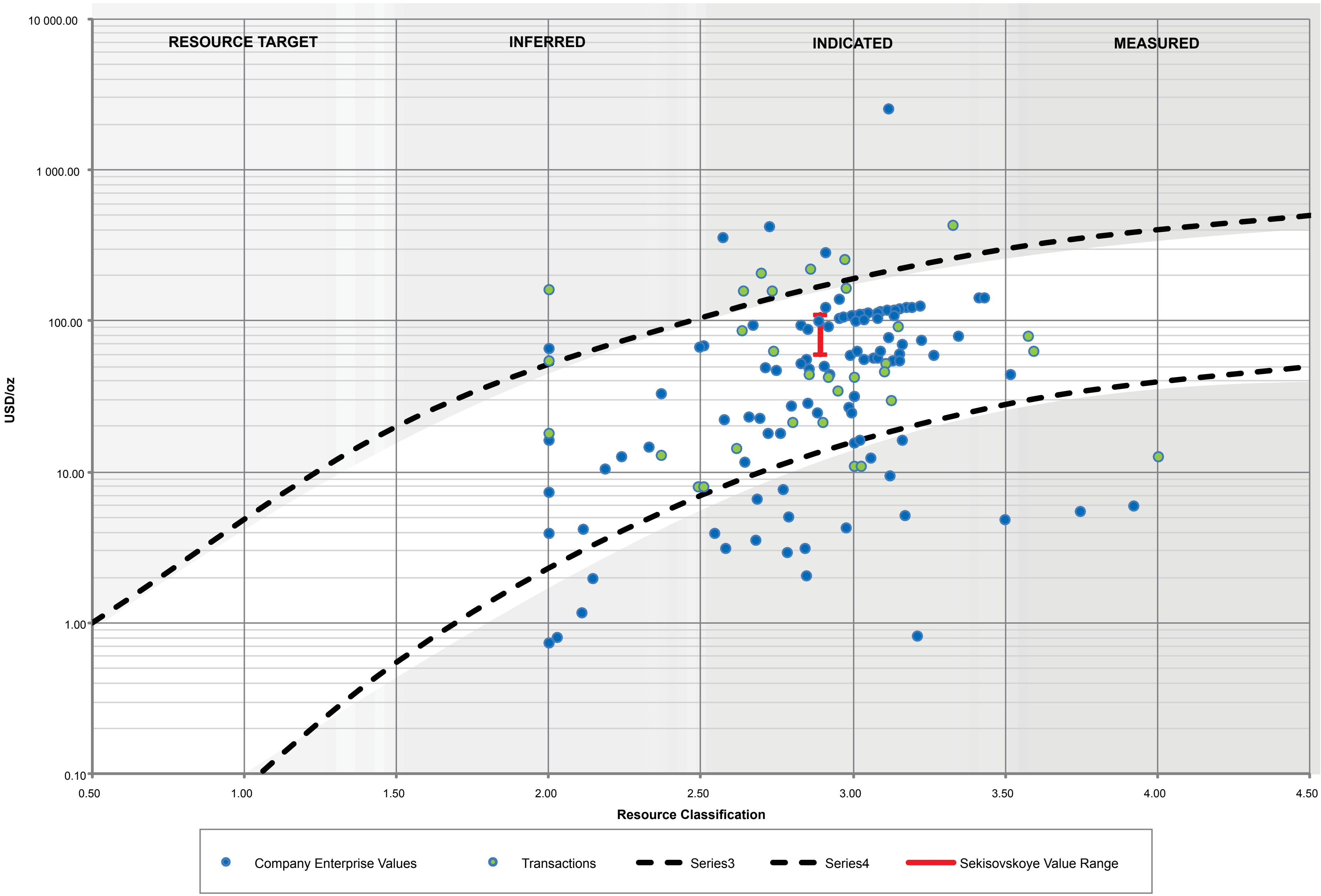
The value range derived from the Market Approach is between USD60/oz (low valuation) and USD110/oz (upper valuation), and a Fair Value of USD85/oz on a 100% attributable basis. This valuation range was calculated from the range of unit values as defined by the Market Approach. The value range reflects the level of confidence attached to the respective Mineral Resource (which are inclusive of the Ore Reserves). The population of historic market transactions and valuations provides an indication of reasonability.

19.5. Cashflow Approach

The Cashflow Approach relies on the "value-in-use" principle and requires determination of the present value of future cash flows over the useful life of the mineral asset. The objective of the DCF valuation is to apply the proposed and realistic technical and economic parameters described in the relevant sections in this report, using the known information and experience on similar projects as a basis of exploitation, and to cross-check the result with Venmyn Deloitte's gold valuation curve envelope.

To this end, Venmyn Deloitte has researched and used the most appropriate and realistic input assumptions with respect to mining, economic, environmental and other relevant issues to provide a valuation profile which reflects the business case of the Sekisovskoye Project as accurately as possible within the constraints of the existing information. The outputs of the valuation were principally NPV and IRR under the current mining, metallurgical, and economic environment.

VENMYN DELOITTE GOLD VALUATION CURVE



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GoldBridges Global Resources plc

Figure 27

All material input assumptions (such as opex, capex, mine production rates, product recoveries, etc.) were sourced from GoldBridges. All input assumptions, which have been sourced from available documentation presented by GoldBridges as well as from the public domain, were independently reviewed by Venmyn Deloitte for reasonableness and where necessary, changed to reflect the current economic climate.

The selection of the DCF method was influenced by the ability of the methodology to capture the pertinent technical and economic aspects of the Sekisovskoye Project and the historical information available, to enable an informed investment decision on the Sekisovskoye Project. Applicable financial model inputs and factors were researched and used in preparing the DCF model.

The results of this valuation would be an indicator of the present value of the Sekisovskoye Project given the quality and quantity of information given and the quality of the estimates made on some inputs of the model.

The sub-sections that follow identify the input assumptions that were used in the cashflow model, how these were derived (where applicable) and their sources.

19.5.1. Production Assumptions

The following production assumptions, which were sourced from GoldBridges, have been used in the DCF model. The mine production schedule is presented in Table 26.

Table 26: Mine Production Schedule

DESCRIPTION	UNIT	YEAR 1	YEAR 2	YEAR 3-4	YEAR 5-18	YEAR 19
Underground ROM	(tonnes)	150,000	520,000	850,000	1,000,000	495,000
Gold Grade	(g/t)	3.9	3.9	4.1 to 4.4	3.6 to 4.7	3.97
Silver Grade	(g/t)	6.3	6.3	6.6 to 7.1	5.85 to 7.2	7.2

19.5.2. Commodity Prices

The commodity Prices used in the discounted cash flow are shown in Table 27.

Table 27: Commodity Prices Used

DESCRIPTION	UNIT	VALUE
Gold Price	(USD/oz)	1,273.00
Silver Price	(USD/oz)	19.65

19.5.3. Taxation

In the financial model a corporate tax rate of 20% is applied. In addition, a super profit tax based on the Net Margin is added. This tax is based on 7 levels in brackets based on profitability with tax rates progressively increasing from 0% to 60%. Table 28 summarises the super profit tax brackets with the associated tax rate.

Table 28: Super Profit Tax Brackets

DESCRIPTION	UNIT	VALUE
1st level <25%	(%)	0%
2nd level 25-30%	(%)	10%
3rd level 30-40%	(%)	20%
4th level 40-50%	(%)	30%
5th level 50-60%	(%)	40%
6th level 60-70%	(%)	50%
7th level >70%	(%)	60%

19.5.4. Exchange Rate

No assessment of the exchange rate has been performed primarily because all calculations for costs and revenue are USD denominated. However, source information contained costs which were converted from KZT to USD at a rate of KZT152.11/USD.

19.5.5. Discount Rate

The discount rate used to equate the future cash flows to their present value reflects the risk-adjusted rate of return demanded by providers of capital. To this end Venmyn Deloitte uses the weighted average cost of capital (WACC) with the after tax cost of debt and the cost of equity calculated using a build-up method.
The following calculation is used for the WACC:-

$$WACC = Wk * Rk + Wd * Rd * (1 - T)$$

The components of the formula are:-

WACC	=	weighted average cost of capital
Wk	=	weight of equity capital
Rk	=	required return on equity capital
Wd	=	weight of debt
Rd	=	cost of debt
T	=	effective tax rate

The following formula is used in the calculation of equity:-

$$Rk = Rf + Rm + \alpha$$

The components of the formula are:-

Rk	=	required return on equity capital
Rf	=	the risk free rate of return
Rm	=	market portfolio risk premium
α	=	project specific risk premium

Each of the components in the above equation is discussed below.

19.5.5.1. Cost of Debt (Rd)

GoldBridges plans to use 20% debt funding, and 80% equity funding for the Sekisovskoye Project. The company indicated that on current financing agreements the cost of debt ranges between 7.5% and 7.8%. These agreements are based on USD LIBOR swap rates. For the financial model, Venmyn Deloitte used a rate of 7.65%.

19.5.5.2. Effective Tax Rate (T)

Taxes are calculated as presented in Section 19.5.3. From the financial model, it was calculated that the average effective tax rate is 49% over the life of the Sekisovskoye Project (including Mineral Resource Tax).

19.5.5.3. Risk Free Rate (Rf)

The risk free rate compensates the investor for the time value of money and the expected inflation rate over the investment period. The frequently adopted proxy for the risk free rate is the long-term government bond rate.
In determining Rf for the valuations in this report, we have used the yield to maturity on a US Treasury bond as a proxy for the risk free rate. The yield applied is 2.8%.

19.5.5.4. Equity Market Risk Premium (Rm)

The Equity Market Risk Premium (EMRP) (Market Risk Premium minus Risk Free Rate) represents the risk associated with holding a market portfolio of investments, that is, the excess return a shareholder can expect to receive for the uncertainty of investing in equities as opposed to investing in a risk free alternative. The size of the EMRP is dictated by the risk aversion of investors, i.e., the lower (or higher) an investor's risk aversion, the smaller (or larger) the equity risk premium.

The EMRP is not readily observable in the market and, therefore, represents an estimate based on available data. There are generally two main approaches used to estimate the EMRP, the historical approach and the prospective approach, neither of which is theoretically more correct or without limitations.

The former approach relies on historical share market returns relative to the returns on a risk free security; the latter is a forward looking approach which derives an estimated EMRP based on current share market values and assumptions regarding future dividends and growth.

Having considered the various approaches and their limitations, Venmyn Deloitte considers an EMRP of 6.7% to be appropriate for the purposes of the valuations in this report.

19.5.5.5. Specific Project Risk Premium (α)

In addition to the market risk premium, Venmyn Deloitte has added a specific project risk premium, which varies with level of knowledge and ranges within 2% and 10% and is weighted according to 19 critical project development factors. The various project specific risks for the Sekisovskoye Project were derived from the generic individual mining project risk components shown in Figure 28. Although these risks and factors can be realistically estimated in Pre-feasibility Study and Definitive Feasibility Study exercises, the risk associated with those factors cannot be eliminated completely.

Venmyn Deloitte assesses a mineral asset against the following factors shown and described in Table 29:-

Venmyn Deloitte calculates the Sekisovskoye Project specific risk premium α as [$\alpha = \sum \mu i\ xi$], where xi is the maximum estimated contribution to α for the factor listed, and µi is the sensitivity to that factor.

Qualitatively we rank the sensitivity to the factors as low, normal, above normal and high. A low rank gives a sensitivity factor of 0, a normal rank gives 0.1, a higher than normal rank gives 0.4 and a high rank gives 1. A summary of the calculation of the market risk premium is shown in Table 30:-

Figure 28: Generic Individual Mining Project Risk

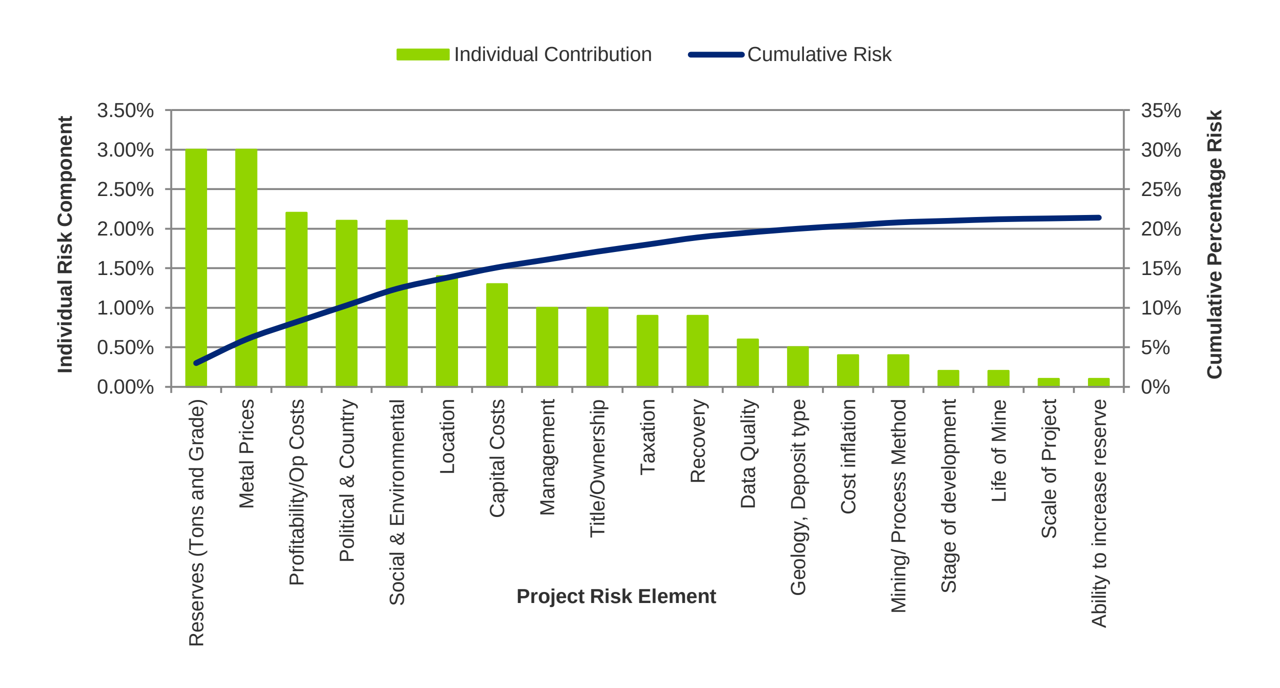


Table 29: Project Specific Risk Factors

FACTOR	DESCRIPTION
Reserves	The confidence level in the declared Ore Reserve
Metal Prices	Reasonability of assumed price levels based on volatility and long term forecasts
Operating Costs	The confidence in the estimates of operating costs
Social & Environmental	The social and environmental factors that have a bearing on the project
Political and Country	General market perception of the mining industry in operating country
Location	The proximity of the project to infrastructure
Capital Costs	The confidence in the capital cost estimates
Management	Management experience
Ownership	Status of mining rights, exploration rights and ownership of project
Taxation	Likelihood of changes in royalty and tax regime in operating country
Recovery	Confidence in eventual economic extraction of minerals
Data Quality	Quality of technical information and QA/QC processes
Geology	Structural complexity of the orebody
Cost Inflation	Reasonability of cost escalation assumptions
Mining and Processing Methods	Risk associated with mining and processing methods
Stage of Development	Pre-production, producing or end of life
Life of Mine	How long the project will operate
Scale of Project	Project size
Expansion	Ability to increase reserves.

Table 30: Market Risk Premium Calculation

	FACTOR α (%)	RANK	FACTOR SENSITIVITY μ
Reserves	3.00	Above Normal	0.40
Commodity Prices	3.00	Normal	0.10
Operating Costs	2.50	Normal	0.10
Political and Country Risk	2.25	Above Normal	0.40
Social And Environmental	2.00	Normal	0.10
Location	1.50	Normal	0.10
Capital Costs	1.50	Above Normal	0.40

	FACTOR α (%)	RANK	FACTOR SENSITIVITY µ
Management	1.00	Normal	0.10
Ownership	1.00	Normal	0.10
Taxation	0.80	Normal	0.10
Recovery	0.80	Above Normal	0.40
Data Quality	0.60	Above Normal	0.40
Geology	0.50	Normal	0.10
Cost Inflation	0.40	Normal	0.10
Mining Processing Method	0.40	Normal	0.10
Development Stage	0.20	Above Normal	0.40
Life Of Mine	0.20	Normal	0.10
Scale of Project	0.20	Normal	0.10
Expansion	0.10	Normal	0.10
TOTAL α			**4.70**

19.5.5.6. Discount Rate Calculation

The factors described above have all been taken into account and used in the discount rate calculation as shown in Table 31.

Table 31: Discount Rate Calculation

DESCRIPTION	UNIT	VALUE
US Inflation Rate	(%)	2.5%
COST OF EQUITY		
Risk Free Rate	(%)	2.8%
Market Risk Premium	(%)	6.7%
Project Alpha	(%)	4.7%
NOMINAL COST OF EQUITY	**(%)**	**14.2%**
COST OF DEBT		
Pre Tax Cost of Debt	(%)	7.7%
Effective Tax Rate	(%)	49.0%
POST TAX NOMINAL COST OF DEBT	**(%)**	**3.7%**
Weight of Equity	(%)	80.0%
Weight of Debt	(%)	20.0%
NOMINAL DISCOUNT RATE	**(%)**	**12.1%**
REAL DISCOUNT RATE	**(%)**	**9.3%**

19.5.6. Capital Expenditure

The capital expenditure figures that have been used in this report are shown in Table 32 and Table 33.

Table 32: The Sekisovskoye Project Capex Figures

DESCRIPTION	UNIT	VALUE
Commercial discovery bonus	(USDm)	3.30
Underground capital development	(USDm)	74.74
Infrastructure	(USDm)	28.86
Ore-handling and ancillary equipment	(USDm)	10.96
Processing plant	(USDm)	15.46
Contingency reserve	(USDm)	13.00

Table 33: The Sekisovskoye Project Major Capex Requirements by Years

ACTIVITY	UNIT	2014	2015	2016	2017	TOTAL
Discovery Bonus	(USDm)	0.70	0.00	0	0.00	0.70
Underground Development	(USDm)	24.00	21.70	14.5	1.30	61.50
Infrastructure	(USDm)	7.90	3.70	12.2	5.00	28.80
Ore Handling Facilities	(USDm)	7.00	2.90	1.1	0.00	11.00
Process Plant Incremental Expansion	(USDm)	0.10	0.40	0	15.00	15.50
TOTAL CAPITAL EXPENDITURE 2014-17	**(USDm)**	**39.70**	**28.70**	**27.8**	**21.30**	**117.50**

19.5.7. Operating Expenditures

The operating expenditure figures that have been used in this report are shown in Table 34.

Table 34: The Sekisovskoye Project Opex Figures

ACTIVITY	LOM TOTAL COST (USDm)	COST PER OZ (USD/oz)	COST PER T OF ORE (USD/t)
Underground Mining	292.97	155	17.37
Processing	243.71	129	14.42
Sales Expenses	3.22	2.00	0.19
G & A	29.20	15.00	1.73
Sustaining/ Maint./ Environ.	136.39	72.00	8.09
Operating Contingency	273.00	145.00	16.18
TOTAL OPERATING COSTS	**981.45**	**518.00**	**58.19**

Underground mining- the operating cost has used recent mining experience and costs of similar operations to develop costs for sub level stoping, shrinkage stoping and the associated development required.

Processing, sales expenses and G&A- the operating costs have been built up from the last 6 years of historical data from the open pit operation.

Sustaining/ Maint./ Environ.- These costs include ongoing requirements to provide for sustaining the operation, maintaining and replacing equipment and machinery and complying with environment and social commitments plus the funding GoldBridges Corporate Social Responsibility programs.

Operating Contingency- GoldBridges management understands that with a new underground operation there will be a number of unknown risks prior to reaching full production. It was therefore considered prudent to make allowance for mining ground conditions and potential impacts on productivity.

19.5.8. Valuation Results

Venmyn Deloitte used these parameters and modifying factors to construct an independent cashflow model in constant money (real) terms. The cashflow valuation results are shown in Table 35 and an extract of the Sekisovskoye Project cashflow model is given in Table 36.

Table 35: the Sekisovskoye Project Cashflow Valuation Results

DESCRIPTION	UNIT	VALUE
Discount Rate	(%)	9.3
NPV	(USDm)	286.71
IRR	(%)	64.4

The DCF approach has resulted in a value of the underground mine at the Sekisovskoye Project of **USD286.71m.**

Table 36: An Extract of the Sekisovskoye Project Cashflow Model

	UNIT	TOTAL/ AVERAGES	YEAR 2014	YEAR 2015	YEAR 2016	YEAR 2017	YEAR 2018	YEAR 2019	YEAR 2020	YEAR 2021	YEAR 2022
MINING											
Underground Mining											
ROM tonnes	(tonnes)	**16,865,000**	150,000	520,000	850,000	850,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Gold Grade	(g/t)	**4.14**	3.86	3.86	4.10	4.42	4.41	3.96	3.60	3.69	3.87
Silver Grade	(g/t)	**6.68**	6.26	6.26	6.62	7.11	7.11	6.66	5.91	5.85	6.05
PROCESSING											
Feed	(tonnes)	**16,865,000**	150,000	520,000	850,000	850,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Gold Feed Grade	(g/t)	**4.14**	3.86	3.86	4.10	4.42	4.41	3.96	3.60	3.69	3.87
Silver Feed Grade	(g/t)	**6.68**	6.26	6.26	6.62	7.11	7.11	6.66	5.91	5.85	6.05
Gold Recovered	**(oz)**	**1,887,854**	**15,637**	**54,208**	**94,118**	**101,464**	**119,099**	**106,946**	**97,224**	**99,654**	**104,516**
Silver Recovered	**(oz)**	**2,715,579**	**22,642**	**78,493**	**135,684**	**145,727**	**171,444**	**160,593**	**142,508**	**141,061**	**145,884**
OPERATING INCOME											
Gold Sales	(USDm)	**2,403.24**	19.91	69.01	119.81	129.16	151.61	136.14	123.77	126.86	133.05
Silver Sales	(USDm)	**53.36**	0.44	1.54	2.67	2.86	3.37	3.16	2.80	2.77	2.87
Mineral Extraction Tax	(USDm)	**(122.83)**	(1.02)	(3.53)	(6.12)	(6.60)	(7.75)	(6.96)	(6.33)	(6.48)	(6.80)
Total Operating Income	**(USDm)**	**2,333.77**	**19.33**	**67.02**	**116.35**	**125.43**	**147.23**	**132.33**	**120.24**	**123.15**	**129.12**
OPERATING EXPENDITURE											
UG Mining Costs	(USDm)	**(292.97)**	(3.14)	(8.96)	(15.69)	(14.65)	(17.28)	(17.82)	(17.85)	(17.26)	(16.88)
Processing Costs	(USDm)	**(246.71)**	(4.07)	(9.35)	(12.26)	(12.26)	(14.42)	(14.42)	(14.42)	(14.42)	(14.42)
Sales	(USDm)	**(3.22)**	(0.14)	(0.15)	(0.17)	(0.18)	(0.18)	(0.17)	(0.17)	(0.16)	(0.17)
General and Administration	(USDm)	**(29.20)**	(1.69)	(1.69)	(1.73)	(1.84)	(1.82)	(1.60)	(1.57)	(1.54)	(1.51)
Other Operating Expenditure	(USDm)	**(409.34)**	(4.06)	(12.27)	(21.42)	(20.98)	(24.70)	(24.34)	(23.66)	(23.28)	(23.28)
Total Operating Expenditure	**(USDm)**	**(981.45)**	**(13.10)**	**(32.43)**	**(51.26)**	**(49.90)**	**(58.40)**	**(58.36)**	**(57.67)**	**(56.67)**	**(56.26)**
CAPITAL EXPENDITURE											
Commercial discovery bonus	(USDm)	**(3.30)**	(0.66)	0.00	0.00	0.00	(2.64)	0.00	0.00	0.00	0.00
Underground capital development	(USDm)	**(74.74)**	(24.06)	(21.66)	(14.52)	(1.27)	(0.16)	(1.36)	(1.35)	(0.79)	(1.77)
Infrastructure	(USDm)	**(28.86)**	(7.91)	(3.73)	(12.24)	(4.98)	0.00	0.00	0.00	0.00	0.00
Ore-handling and ancillary equipment	(USDm)	**(10.96)**	(6.97)	(2.89)	(1.10)	0.00	0.00	0.00	0.00	0.00	0.00
Processing plant	(USDm)	**(15.46)**	(0.06)	(0.40)	0.00	(15.00)	0.00	0.00	0.00	0.00	0.00
Contingency reserve	(USDm)	**(13.00)**	0.00	0.00	(7.00)	(6.00)	0.00	0.00	0.00	0.00	0.00
Total Capital Expenditure	**(USDm)**	**(146.32)**	**(39.66)**	**(28.68)**	**(34.86)**	**(27.26)**	**(2.80)**	**(1.36)**	**(1.35)**	**(0.79)**	**(1.77)**
Depreciation		**(142.78)**	(3.73)	(6.44)	(13.73)	(21.40)	(17.15)	(15.26)	(10.57)	(4.23)	(4.15)
Taxable Income	(USDm)		2.50	28.14	51.37	54.12	71.69	58.72	51.99	62.25	68.71
Tax Payment	(USDm)	**(241.91)**	(0.50)	(5.63)	(10.27)	(10.82)	(14.34)	(11.74)	(10.40)	(12.45)	(13.74)
Super Profit Tax		**(281.31)**	0.00	0.00	0.00	0.00	(4.12)	(18.18)	(12.52)	(14.36)	(16.59)
Post Tax Cash Flow	**(USDm)**	**682.78**	**(33.92)**	**0.28**	**19.97**	**37.44**	**67.57**	**42.69**	**38.30**	**38.88**	**40.77**
Accumulated Cash Flow	(USDm)		(33.92)	(33.65)	(13.68)	23.76	91.34	134.02	172.32	211.20	251.97
Discounted Cash Flow	**(USDm)**	**286.71**	**(33.92)**	**0.26**	**16.72**	**28.70**	**47.41**	**27.41**	**22.51**	**20.92**	**20.07**

	UNIT	YEAR 2023	YEAR 2024	YEAR 2025	YEAR 2026	YEAR 2027	YEAR 2028	YEAR 2029	YEAR 2030	YEAR 2031	YEAR 2032
MINING											
Underground Mining											
ROM tonnes	(tonnes)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	495,000
Gold Grade	(g/t)	3.98	4.18	4.33	4.30	4.25	4.44	4.70	4.43	3.97	3.97
Silver Grade	(g/t)	6.38	6.41	6.71	6.98	6.95	6.89	6.86	7.21	7.21	7.22
PROCESSING											
Feed	(tonnes)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	495,000
Gold Feed Grade	(g/t)	3.98	4.18	4.33	4.30	4.25	4.44	4.70	4.43	3.97	3.97
Silver Feed Grade	(g/t)	6.38	6.41	6.71	6.98	6.95	6.89	6.86	7.21	7.21	7.22
Gold Recovered	**(oz)**	**107,486**	**112,888**	**116,939**	**116,128**	**114,778**	**119,909**	**126,931**	**119,639**	**107,216**	**53,072**
Silver Recovered	**(oz)**	**153,841**	**154,565**	**161,799**	**168,309**	**167,586**	**166,139**	**165,416**	**173,855**	**173,855**	**86,178**
OPERATING INCOME											
Gold Sales	(USDm)	136.83	143.71	148.86	147.83	146.11	152.64	161.58	152.30	136.49	67.56
Silver Sales	(USDm)	3.02	3.04	3.18	3.31	3.29	3.26	3.25	3.42	3.42	1.69
Mineral Extraction Tax	(USDm)	(6.99)	(7.34)	(7.60)	(7.56)	(7.47)	(7.80)	(8.24)	(7.79)	(7.00)	(3.46)
Total Operating Income	**(USDm)**	**132.86**	**139.41**	**144.44**	**143.58**	**141.94**	**148.11**	**156.59**	**147.93**	**132.91**	**65.79**
OPERATING EXPENDITURE											
UG Mining Costs	(USDm)	(17.36)	(16.85)	(16.77)	(16.84)	(17.31)	(17.48)	(17.01)	(17.26)	(17.50)	(9.06)
Processing Costs	(USDm)	(14.42)	(14.42)	(14.42)	(14.42)	(14.42)	(14.42)	(14.42)	(14.42)	(14.42)	(6.85)
Sales	(USDm)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.18)	(0.18)	(0.18)
General and Administration	(USDm)	(1.49)	(1.47)	(1.45)	(1.43)	(1.42)	(1.41)	(1.40)	(1.39)	(1.38)	(1.37)
Other Operating Expenditure	(USDm)	(23.94)	(23.85)	(24.06)	(24.08)	(24.42)	(24.94)	(24.99)	(24.73)	(24.07)	(12.28)
Total Operating Expenditure	**(USDm)**	**(57.37)**	**(56.76)**	**(56.88)**	**(56.95)**	**(57.75)**	**(58.43)**	**(57.99)**	**(57.97)**	**(57.55)**	**(29.73)**
CAPITAL EXPENDITURE											
Commercial discovery bonus	(USDm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Underground capital development	(USDm)	(0.84)	(1.35)	(1.20)	(1.22)	(1.12)	(1.12)	(0.94)	0.00	0.00	0.00
Infrastructure	(USDm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ore-handling and ancillary equipment	(USDm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Processing plant	(USDm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contingency reserve	(USDm)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Expenditure	**(USDm)**	**(0.84)**	**(1.35)**	**(1.20)**	**(1.22)**	**(1.12)**	**(1.12)**	**(0.94)**	**0.00**	**0.00**	**0.00**
Depreciation		(4.72)	(4.42)	(4.83)	(4.89)	(5.05)	(5.12)	(5.25)	(5.22)	(4.42)	(2.19)
Taxable Income	(USDm)	70.76	78.22	82.73	81.74	79.13	84.56	93.35	84.74	70.94	33.87
Tax Payment	(USDm)	(14.15)	(15.64)	(16.55)	(16.35)	(15.83)	(16.91)	(18.67)	(16.95)	(14.19)	(6.77)
Super Profit Tax		(18.36)	(21.39)	(23.83)	(23.36)	(22.09)	(24.47)	(28.92)	(25.72)	(18.95)	(8.44)
Post Tax Cash Flow	**(USDm)**	**42.13**	**44.26**	**45.99**	**45.70**	**45.14**	**47.18**	**50.07**	**47.29**	**42.22**	**20.84**
Accumulated Cash Flow	(USDm)	294.10	338.36	384.34	430.05	475.18	522.36	572.43	619.72	661.94	682.78
Discounted Cash Flow	**(USDm)**	**18.98**	**18.25**	**17.36**	**15.79**	**14.27**	**13.65**	**13.26**	**11.46**	**9.37**	**4.23**

The valuation ranges attributable to the Sekisovskoye Project using the cashflow valuation approach are based on the sensitivity of the NPV to the Operating Income, Operating Expenditure and Capital Expenditure. The value ranges are based on various combinations of discount rates and the input factors. The value range attributable to the Sekisovskoye Project is a lower value of **USD209.3m** and an upper value **USD390.3m**.

19.5.9. Sensitivity Analysis

Venmyn Deloitte performed sensitivity analyses to the NPV generated and the results indicated that the NPV is most sensitive to factors affecting income. The sensitivities to Revenue, Operating Expenditure and Capital Expenditure is shown in Figure 29 to Figure 31.

Figure 29: Cashflow Sensitivity Analysis to Operating Income (Real)

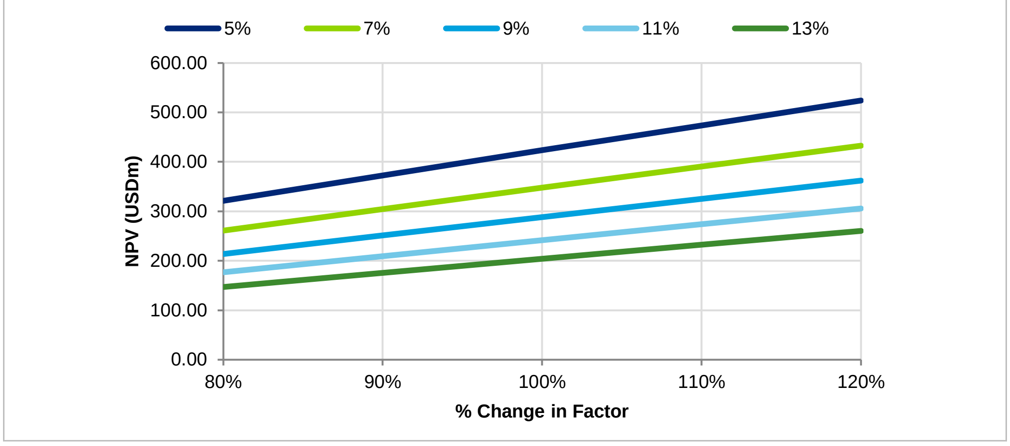


Figure 30: Cashflow Sensitivity Analysis to Operating Expenditure (Real)

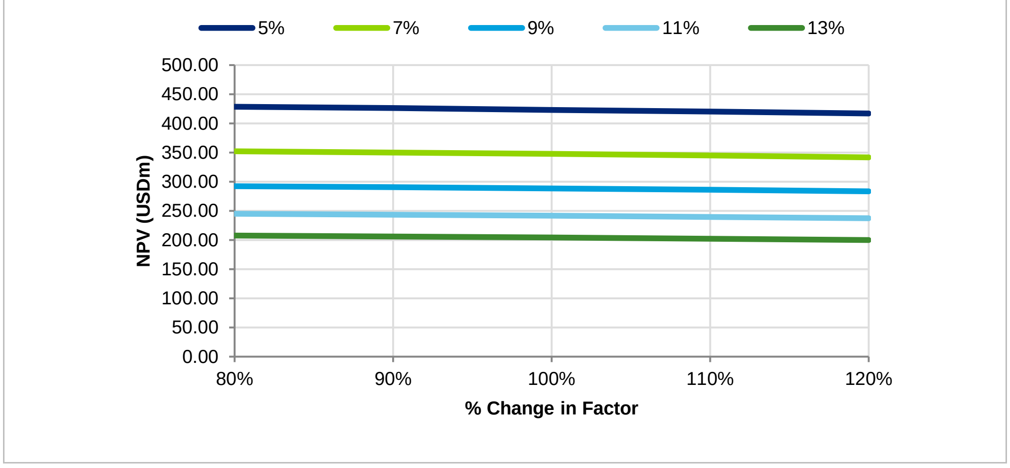
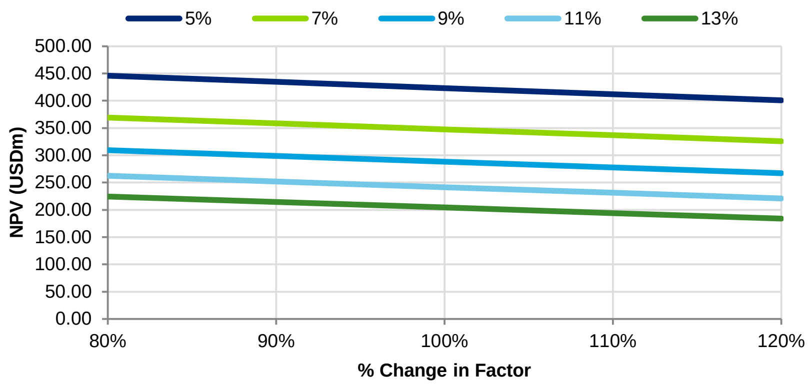


Figure 31: Cashflow Sensitivity Analysis to Capital Expenditure (Real)



Venmyn Deloitte also investigated the effect of low commodity prices on the project. The Sekisovskoye Underground Gold Project has demonstrated robust financial outcomes using a wide range of different gold and silver prices. The gold price used of USD1,273/oz and silver price of USD19.65/oz was each commodities price for the 14th June 2014. Table 37 below demonstrates that even at a low gold and silver price of USD750/oz and USD15/oz respectively the Project still achieves a positive NPV using the same capital, operating and production quantities for the current life of mine plan.

Table 37 : NPV Sensitivity to Commodity Prices

GOLD PRICE (USD/oz)	SILVER PRICE (USD/oz)	NPV (USDm)
750.00	15.00	55.16
900.00	17.00	135.21
1,050.00	18.00	203.27
1,200.00	19.00	257.86
1,273.00	19.65	286.71
1,300.00	20.00	295.62
1,400.00	21.00	325.47

19.6. Valuation Summary

Venmyn Deloitte has performed a valuation of the Sekisovskoye Project using the, Market and DCF methods and the results are summarised in Table 38.

Table 38: Mineral Asset Valuation Summary

VALUATION METHODOLOGY (Moz)	LOW VALUE (USDm)	HIGH VALUE (USDm)	FAIR VALUE (USDm)
Market Approach	176.00	323.00	250.00
Cash Flow Approach	**209.30**	**390.30**	**286.71**

Venmyn Deloitte relied on the cash flow valuation approach because of the advanced stage of the Sekisovskoye Project. Therefore, the Fair Value of the mineral asset is **USD286.71m** with a lower value of **USD209.3m** and an upper value of **USD390.3m**.

19.7. Sources of Information and Other Experts

All technical data was sourced from GoldBridges or their subsidiaries.

19.8. Previous Valuations

Venmyn Deloitte is not aware of any other valuations for the Sekisovskoye Project.

19.9. Historic Verifications

No verification of historic performance parameters could be carried out.

19.10. Audits, Reviews and Historic Verification

No audits or reviews of the Mineral Asset Valuation have been conducted, and a historic verification of the performance parameters on which the Mineral Asset Valuation is based cannot be presented.

19.11. Forward Looking Statements

This report contains forward-looking statements. These forward looking statements are based on opinions and estimates of GoldBridges management and Venmyn Deloitte at the date the statements are made. They are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in the forward-looking statements.

Factors that could cause such differences include changes in world coal markets, equity markets, costs and supply of materials relevant to the Sekisovskoye Project, and changes to regulations affecting them. Although we believe the expectations reflected in the forward-looking statements to be reasonable, Venmyn Deloitte cannot guarantee future results, levels of activity, performance or achievements.

20. Conclusions

The Sekisovskoye Project is an operational mine. The gold mine is well established as an open pit mine, and is now expanding into an underground operation, as the two open pits reach the end of their LoM. The underground extension is currently in the development and ramp up production phase.

The Sekisovskoye Project, as a developed mine, is in a key position to expand their operations, given the proximity to developed infrastructure and local resources as well as already developed local gold mining skills.

Geologically, the Sekisovskoye Project is suitable for mining of underground extensions of the deposit, which is shown to extend near vertically below the currently exploited open pits. Geological features in the underground area are expected to be similar in nature to those in the near surface portion of the deposit.

The exploration method is systematic and appropriate for the style of mineralisation and the targeted Resources and Reserves are of sufficient quantity to support an expanded mining operation.

21. Recommendations

Venmyn Deloitte recommends that a focus be placed on cut-off and average grades of the underground mine.

Venmyn Deloitte recommends that the sampling procedure incorporate a second certified lab to check sample results for approximately 10% of all samples analysed. This will improve the confidence in the results of the on-site laboratory and reduce the chance of including bias or contamination results in the geological model. This will improve the accuracy of the grades estimated in the model.

Continued exploration of the vertical extension of the orebody is crucial in optimising the depth limit to which the underground mine can extend and further defining or possibly improving the Resource estimate.

22. Date and Signature Page

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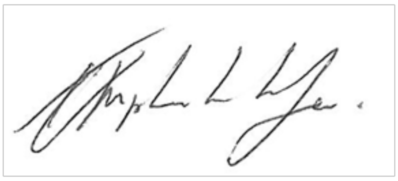

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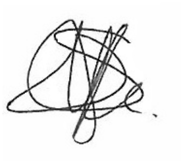

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Effective Date: 31st May 2014
Final Report Date: 3rd November 2014

Appendix 1: References

AUTHOR	DATE	TITLE	SOURCE
Bavier, J	2013	Randgold to step up exploration as gold price slides	www.guardian.co.uk
Brininstool, M	2013	The Mineral Industry of Kazakhstan	USGS
Bromby, R	2013	The Pulse: Chinese clean out gold stocks; Uranium "never looked better"; Scandium scramble	www.proedgewire.com
CIA	2014 (Accessed February 2014)	World Factbook: Kazakhstan	www.cia.gov
Conventus Law	2013	Kazakhstan - Mining: Ten Things To Know	www.conventuslaw.com
Deutsche Welle	2013	Gold price continues global freefall	www.dw.de
Fish, J	2013	Kazakhstan's gold mining kafuffle	http://jeremyfishblog.wordpress.com
Forest, D	2013	What to Look for in the New Kazakhstan Mining Sector	http://resourceinvestingnews.com
George, M.W.	2013	Gold, Mineral Commodity Summaries	USGS
George, M.W.	2014	Gold, Mineral Commodity Summaries	USGS
Gold in Mind	2014	Gold Price Forecasts for 2014, 2015 and Beyond	www.goldinmind.com
Greve, N	2014	No price recovery expected for gold in 2014	www.miningweekly.co.za
HKEx News	2011	Laws and Regulations Relating to the Industry	www.hkexnews.hk
INet Bridge	2014	Gold Price	INet Bridge
Islamic Development Bank Group (IDBG)	2012	Member Country Partnership Strategy for the Republic of Kazakhstan (2012 -2014) Strengthening Competitivenes for Growth and Diversification	Islamic Development Bank Group (IDBG)
Lines, T	2013	The gold price fall is a bad omen	www.guardian.co.uk
Markov, V, and Baissenkul, G	2008	Subsoil Use in Kazakhstan	www.chinalawandpractice.com
McKay, D	2012	The golden doldrums	www.miningmx.com
McKay, D	2013	SA shares may restate reserves after gold 'hit)	www.miningmx.com
Nurshayeva, R	2013	Kazakhstan lifts mineral licence ban, invites investors	www.reuters.com
Perez, A.A.	2013	2011 Minerals Yearbook - Italy	USGS
Reuters	2011	SAfrica slips to fourth in world gold production	www.reuters.com
Roy, D, and Larkin, N	2014	Gold's Biggest Drop in 4 Months Underscores Goldman View	www.bloomberg.com
Street, L, Gopaul, K, Hewitt, A, Grubb, M	2014	Gold Demand Trends –Full year 2013	World Gold Council
Street, L, Palmberg, J, Artigas, JC, Ong, E, Grubb, M	2012	Gold Demand Trends –Full year 2011	World Gold Council
Topf, A	2013	Gold Outlook: Will Gold Bounce Back in 2014?	http://goldinvestingnews.com
World Gold Council	2013a	Gold Demand Trends – Full year 2012	World Gold Council
World Gold Council	2013b	Gold Demand Trends – Third quarter 2013	World Gold Council

Appendix 2 : Glossary and Abbreviations

ABBREVIATION/ TERM	EXPLANATION
3D	3 Dimensional
A, B, C1	Explored Reserves
Ag	Silver
AIM	Alternative Investment Market
AKB	DTOO Altai Ken-Bayitu LLP
AKB	DTOO Altai Ken-Bayitu LLP
amsl	Above mean sea level
AP	apparent resistivity
APPA	Atmospheric Pollution (Prevention) Act
AR	Apparent Resistivity
ASX	Australian Stock Exchange
Au	Gold
AusIMM	Australian Institute of Mining & Metallurgy
B.Sc .(Hons)	Bachelor of Science Honours degree
B.Sc.	Bachelor of Science degree
BH	Borehole
C2	Evaluated Reserves
Capex	Capital Expenditure
Chem.Eng.	Chemical Engineering
CIL	Carbon in Leach
CPR	Competent Persons' Report
Cr	Chrome
CRIRSCO	Committee for Mineral Reserves International Reporting Standards
CRS	TOO Computer Resource Services
Datamine	Datamine Studio 3TM
DCF	Discounted cash flow
DGPS	DTOO Gornorudnoe Predpriatie Sekisovskoye
DGPS	Gornorudnoe Predpriatie Sekisovskoye
Dip	Diploma
Dip. Bus. M.,	Business Management Diploma
DTOO	Docherneye Tovarischestvos Ogranichennoy Otvetsvennostyu
EBIT	Earnings before interest and tax
EBRD	European Bank for Reconstruction and Development
EBRD	European Bank for Reconstruction and Development
ECSA	Engineering Council of South Africa
EIA	Environmental Impact Assessment/ Energy Information Administration
EMP	Environmental Management Plan/ Programme
EMPR	Environmental Management Programme Report
EMRP	Equity Market Risk Premium
EPM	Electrode Potential
ESIA	Environmental and Social Impact Assessment
ETF	Exchange Traded Funds
FGSSA	Fellow of the Geological Society of South Africa
FSAIMM	Fellow of the South African Institute for Mining & Metallurgy
g/t	grams per tonne
GDP	Gross domestic product
Geol.	Geology
GKZ	Russian Standard Classification System
GoldBridges	GoldBridges Global Resources plc
GPS	Global Positioning System
GRL	gamma-ray log
GRL	Gamma Ray Log
GSSA	Geological Society of South Africa
ha	Hectare
Hambledon	Hambledon Mining Company (now GoldBridges)
IAASB	Internal Auditing and Assurance Standards Board
IFRS	International Financial Reporting Standards
IRR	Internal Rate of Return
ISO	International Organization for Standardization
JORC	Joint Ore Reserves Committee
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
kg	Kilogram
km	Kilometre
LLP	Laboratoriya Atmosfera
LoM	Life of Mine

ABBREVIATION/ TERM	EXPLANATION
LSE	London Stock Exchange
m	Metre / million
M.Sc.	Master's Degree in Science
m^2	Square metres
m^3	Cubic metre
m3/s	cubic metres per second
Ma	Million Years Ago
MAIMA	Member of Alternative Investment Management Association
mamsl	metres above mean sea level
MAusIMM	Member of the Australian Institute of Mining & Metallurgy
MET	Mineral Extraction Tax
MGASA	Member of the Geostatistical Association of South Africa
MGSSA	Member of the Geological Society of South Africa
MIASSA	Member of the Investment Analyst Society of South Africa
Min. Eng.	Mining Engineering
MINT	Ministry of Industry and New Technologies
mm	Millimetre
Mm^3	Million cubic metres
Moz	Million ounces
MRM	Mineral Resource Management
MSAIMM	Member of the South African Institute for Mining & Metallurgy
MSPE	Member of the Society of Petroleum Engineers
Mt	Million tonnes
Mtpa	Million tons per annum
MW	Megawatt
N/A	Not applicable
Nelson	Nelson Resources Limited
NPV	Net Present Value
Opex	Operating expenditure
P1, P2, P3	Prognostic Resources
PFD	Process Flow Diagram
Poisk	Cooperative of Prospectors
PPP	Purchasing Power Parity
Pr.Eng.	Professional Engineer
Pr.Sci.Nat	Professional Natural Scientist
QA/QC	Quality Assurance and Quality Control
RD	Relative density
Rf	Risk Free Rate
Rm	Equity Market Risk Premium
ROM	Run of Mine
ROPO	Recognised Overseas Professional Organisation
SCL	Sliding Contact Logging
SCL	Sliding Contact Logging
Sekisovskoye Project	Sekisovskoye underground gold project
SG	Specific Gravity
SHE	Safety, Health and Environment
SLLP	Sekisovskoye Mining Company
SPZ	Sanitary Protection Zone
t	Tonnes
T	Effective Tax Rate
tc	Corporate Tax Rate
Sekisovskoye Laboratory	The onsite laboratory at the Sekisovskoye Mine
US	United States
USD	United States Dollar
USD/oz	USD per ounce
USDm	Million USD
USGS	United States Geological Survey
VALMIN	The Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports 2005
Venmyn Deloitte	Venmyn Deloitte (Pty) Ltd
VMR	Ventilation Manway Raises
VNIITsVETMET	the Eastern Mining and Metallurgical Research Institute for Nonferrous Metals
WACC	weighted average cost of capital
x1	Maximum estimated contributor to α for the factor listed
α	Specific company risk preminum
β	Beta value, is measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole
µ1	Sensitivity towards a particular factor

Appendix 3: Summary of Boreholes for Exploration Results

BHID	DATE	NORTHING (m)	EASTING (m)	RL (masl)	HOLE AZIMUTH (Degrees)	HOLE ANGLE (Degrees)	HOLE LENGTH (m)	NO OF SAMPLES	DEPTH OF FIRST INTERSECTION (m)	DEPTH OF LAST INTERSECTION (m)
SK-1	03-Dec-13	7,540.57	7,072.57	0.90	226.37	77.00	771.00	38	513.00	768.00
SK-3	17-Dec-13	7,596.39	7,015.25	0.80	226.37	77.00	828.00	72	237.00	825.00
SK-5	07-Jan-14	7,653.39	6,959.06	0.60	226.37	77.00	828.00	69	209.50	816.00
SK-7	28-Jan-14	7,710.14	6,902.63	0.40	226.37	77.00	771.00	28	182.40	768.00
SK-9	18-Feb-14	7,766.62	6,845.95	0.60	226.37	77.00	645.00	76	219.00	321.00
SK-10	08-Mar-14	7,794.96	6,817.70	0.50	226.37	74.00	440.00	6	423.00	438.00

*Sum of the width of each sampled intersection
** Weighted average grade of the total sampled width

Appendix 4: Certificates of Key Staff

Name of Staff:	Andrew Neil Clay
Position:	Managing Director, Minerals Industry Advisor, Competent Person and Competent Valuator
Name of Firm:	Venmyn Deloitte, a subsidiary of Deloitte Consulting South Africa (Pty) Limited
Address:	Building 33, 1st Floor, The Woodlands Office Park, 20 Woodlands Drive, Woodmead, 2052
Profession:	Geologist
Date of Birth:	16 April 1955
Years with Firm/Entity:	27
Nationality:	British

Membership in Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	Canadian Institute of Mining, Metallurgy and Petroleum	2006
Advisor	JSE Limited Listings Advisory Committee	2005
Advisor	JSE Issuer Services	2008
Member	JSE Issuer Mining Sub-committee	2009
Associate Member	American Association of Petroleum Geologists	2005
Member	South African Institute of Directors	2004
Fellow	Geological Society of South Africa	2003
Member	American Institute of Mineral Appraisers	2002
Member	South African Institute of Mining and Metallurgy	1998
Fellow	Australasian Institute of Mining and Metallurgy	1994
Member	SACNASP (Reg No. 400105/88)	1988
Member	Investment Analysts Society of South Africa	1990
Member	Society of Petroleum Engineers	2009
Member	Project Management Institute	2011
Expert	Hong Kong Stock Exchange	2012

Involvement in Code Writing:

POSITIION	PROFESSIONAL CODE	DATE OF INVOLVEMENT
Chairman	South African Oil & Gas Committee (SSC)	2011 - present
Member	South African (SAICA) extractive industries deliberations	2003 - present
Member	International Minerals Valuation Code (IMVAL)	2012 – present
Representative	Investment Analysts Society on the SSC (IAS)	2009 - present
Initiator	SAMREC / IAS Award	2002 - present
Advisor	JSE Listing Requirements (Section 3 On-going obligations)	2002 - present
Working Group Member	SAMREC Code (Oil & Gas)	2005 - present
Working Group Member	SAMVAL Code	2001 – present
Working Group Member	SAMREC Code (Re-write Sections 1 – 5)	2005 - present
Working Group Member	SAMREC Code (Re-write)	2003 - present
Working Group Member	SAMREC Code (First Version)	1996 - 2001

Mr Clay currently has a special interest in incorporating oil and gas reporting procedures into the general application of mineral asset valuation.

Involvement in Fund Management:

POSITIION	FUND	DATE OF INVOLVEMENT
Member of Investment & Audit Committee	New Africa Mining Fund (NAMF)	2007 - present
Director	Strategic African Mineral Investment Fund (SAMI)	2008 - present

Fair and Reasonable Opinions:

YEAR	CLIENT	SECURITIES EXCHANGE JURISDICTION	TRANSACTION TYPE	IMPLIED VALUE (USDm)	DESCRIPTION
2011	Optimum Coal	JSE	The specific offer of ZAR38.00 in cash per ordinary share by an external party		Independent Professional Expert Report

YEAR	CLIENT	SECURITIES EXCHANGE JURISDICTION	TRANSACTION TYPE	IMPLIED VALUE (USDm)	DESCRIPTION
2011	Chrometco	JSE	Acquisition of an Interest in Line-Chem	66.6	Independent Professional Expert Report
2011	Wesizwe	JSE	Financing Solution for the Development of Wesiswe's Project 2	227	Independent Professional Expert Report
2010	Sylvania	ASX	Issuing new ordinary shares	34	Independent Professional Expert Report
2009	Chrometco	JSE	Acquisition of interest	8.3	Independent Professional Expert Report
2009	Metorex	JSE	Disposal of 6.3% interest	5.7	Independent Professional Expert Report
2009	Braemore Resources	JSE	Acquisition of interest	36.3	Independent Professional Expert Report
2007	Diamondcore/BRC	JSE	Acquisition	50	Independent F&R for Diamondcore
2006	LionOre International	TSX	Acquisition notification documentation.	650	Independent Technical and Valuation Fatal Flaws Report and F&R opinion for the Board of LionOre. Not published as an F&R.
2005	Diamond Core	JSE	Category I Merger	10.0	Independent CPR on the mineral assets of Samadi Resources SA (Pty) Limited and Diamond Core Resources Limited.
2005	LionOre International	TSX	Acquisition notification documentation.	110.0	Tati Nickel Review of Mineral Resources.
2005	Aquarius	JSE	26% BEE	150.0	Independent Techno-Economic Valuation and Fair and Reasonable Opinion on the PIC, IDC, DBSA 26% Empowerment Transaction. Documents waived for the secondary listing.
2004	Barplats	JSE	Offer to Barplats Minorities	60.0	Offer by Platinum Consortium to take out Implats. The SRP insisted our report be prepared in full. In the end Investec wrote the Fair and Reasonable but was fully reliant upon the Venmyn work as demonstrated in the circular.
2004	Zimplats	ASX	Collapse of the Makwiro Structure for shares to Implats.	38.0	Fair Value calculation in a corporate restructure.
2003	Amplats	JSE	Acquisition price calculation for Unki Platinum.	Confidential	Preparation of an Independent Techno-Economic Valuation Report and Fair and Reasonable Opinion. Document not used as the transaction became immaterial for reporting purposes.
2003	Aquarius Platinum (South Africa) (Pty) Limited	ASX	Opinion on the value of a Refinery Agreement.	10.0	Fair & Reasonable Opinions for Aquarius Platinum for the Impala Refinery Commitments.
2002	Consolidated African Mines Limited.	JSE	CAM acquired 40% of the Letseng diamond mine for CAM shares.	10.0	Preparation of an Independent Techno-Economic Valuation Report and Fair and Reasonable Opinion. Document used in full.
2002	Zimplats	ASX	Implats aquired a controlling interest in Zimplats by acquiring Aurion Gold shares.	50.0	Preparation of an Independent Techno-Economic Valuation Report and Fair and Reasonable Opinion. Document used in full.
2002	Aquarius	ASX	Aquarius aquires 65% in ZCE Platinum Limited.	50.0	Preparation of an Independent Techno-Economic Valuation Report and Fair and Reasonable Opinion. Document used in full.
2000	DiamondWorks	TSX	Lyndhurst a South African Company takes control of Canadian junior Diamondworks.	20.0	Preparation of an Independent Techno-Economic Valuation Report and Fair and Reasonable Opinion. Document used in full and special representation required in Toronto to explain the transaction and the assets.
1999	New Mining Corporation	JSE	Listing and acquisition documentation.	50.0	Complicated transaction and full Independent Techno-Economic Valuation prepared with Fair and Reasonable Opinion included in our report. This satisfied the JSE and the SRP.
1996	West Witwatersrand Gold Holdings Limited	JSE	Section 440k Offer	20.0	Independent Competent Persons Report on the Offer by Durban Deep to West Wits under Section 440k. Document included in circulars to both shareholders. Our Fair and Reasonable Opinion was specifically requested by the SRP.

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	DOCUMENTATION
2013	Eureka	Gold	Technical Statement
2013	Aura	Coal	Exploration
2013	Nkwe	PGE	Technical Review
2013	Lesego Broadtec Beijing	PGE	Due Diligence
2013	Zyl Sentula	Coal	Valuation
2013	Samancor CITIC	Chromite	Valuation
2013	Jubilee Platinum	Platinum	Valuation
2013	Gold One Tulo Gold	Gold	Valuation
2013	Eureka Delta Gold	Gold	Technical Statement
2013	Exarro	Iron	Valuation
2013	Deloitte Grindrod	Manganese	Audit
2013	Aquarius	PGE	Review
2012	Banro Lugushwa	Gold	Technical Review
2012	Araxa	Rare Earths	NI 43-101
2012	Bauba Platinum	Platinum	Technical and Economic Assessment
2012	IFC Mining		Technical and Economic Assessment
2012	Central Rand Gold	Gold	CPR
2012	Lanxess	Chromite	Technical and Economic Assessment
2012	Loncor Ngayu	Gold	Mineral Resource Valuation
2012	Loncor Makapela/Mangajuripa	Gold	Mineral Resource Valuation
2012	Pering Listing Hong Kong	Zinc Lead / Base metals	CPR
2012	Stonebridge Hanieal Mozambique	Gold	Corporate Advice and Project setup
2012	Stonebridge Zim Gold	Gold	Corporate Advice and Project setup
2012	Terra Nova Manica Investment	Gold	Technical and Corporate Valuation
2012	PSIL Arbitration		Expert Witness
2012	AngloCoal	Coal	Valuation
2012	Virgil Mining	Gold	Technical Report
2012	Sikhuliso Harmony Dumps	Gold	Corporate Transaction Advice
2012	Smart Carbon Combrink Coal	Coal	Technical Report and Valuation
2012	Optimum Coal	Coal	Independent Opinion
2012	Wits Gold	Gold	CPR and Valuation
2012	Pan African Resources	Gold	CPR and Valuation
2012	Banro	Gold	Technical Report and Valuation
2012	Harmony Evander	Gold	Full CPR and Valuation
2012	Boynton	PGM	Pre-feasibility Study
2012	Sudor Coal	Coal	Valuation
2012	NMIC	Gold	Technical Report and Valuation
2011	SSC Mandarin	Gold	Independent Corporate and Technical Advisor
2011	Harmony	Gold	CPR
2011	Afrisam	Cement	Independent Valuation
2011	Chromex	Chromite	Hong Kong Listing
2011	Banro	Gold	Independent Technical Statement
2011	Xceed Capital	Coal	Independent Valuation Statement
2011	Chrometco	Chromite	Independent Valuation
2011	Scinta	Coal	Independent Technical Statement and Valuation
2011	Seque Manganese	Manganese	Prospectivity and Scoping Study
2011	Sable	PGE	Prospectivity and Drilling Density CP
2011	Taung	Gold	Hong Kong Listing
2011	Maghreb Minerals	Zinc	CPR
2011	Veremo	Iron	Updated Technical Statement on Veremo
2011	Smart Carbon	Coal	Strategic Advisor
2011	Sephaku	Cement	Technical and Economic Documentation
2011	Axmin	Gold	Technical and Economic Documentation
2011	Absa Vanadium	Vanadium	Vanadium Project Valuation
2011	BCL Dumps	Nickel	Scoping Study
2011	AMRT	Copper/Gold	Scoping Study
2011	Jindal Mining	Coal	Techno-Economic Statement on the Mbili Coal Project
2011	Essar RioZim	Various	Corporate Transaction
2011	SEW Trident	Coal	Transaction and Valuation Planning
2011	PSIL	Uranium	Strategic Valuation
2011	Kibo Mining	Gold/Various	Tanzanian Assets
2011	Moabsvelden Coal	Coal	Technical and Valuation Work
2011	Wesizwe	PGE	Fairness Opinion
2010	Namane	Coal	Technical Assessment
2010	Bauba Platinum	Platinum	Independent Strategic Technical Advisor
2010	Evraz Mapochs		Independent Valuation
2010	African Copper	Copper	Independent Mass Balance and Orebody Fatal Flaws Assessment
2010	Advanced Mineral Recovery Technologies	Gold	Independent Sampling and Mass Balance Report
2010	Xstrata Coal	Coal	Independent Valuation Certificate
2010	Sephaku	Cement	Independent Technical Review
2010	White Water Resources	Gold	Independent Competent Persons' Report
2010	White Water Resources	Gold	Independent Technical Statement
2010	Platmin	Platinum	Independent Techno-Economic Reports and Valuation
2010	West Wits Mining	Gold	Independent Prospectivity Review

YEAR	CLIENT	COMMODITY	DOCUMENTATION
2010	SSC Mandarin	Gold	Independent Corporate and Technical Review
2010	Ultra Tech	Cement	Independent Techno-Economic Statements
2010	Taung	Gold	Independent Technical Review
2010	Taung	Gold	Independent Valuation Statement
2010	Sylvania	PGMs	Independent Technical and Valuation Experts Report
2010	Mzuri Capital	Gold	Independent AIM Compliant Competent Person's Report
2010	Kalagadi	Manganese	Independent High Level Techno-Economic Review
2010	Lesego	Platinum	Independent Techno-Economic Valuation Report
2010	Lesego	Platinum	Independent Executive Summary
2010	G&B Resources	Li	Independent Prospectivity Review
2010	Miranda	Coal	Independent Technical Resource and Valuation Statement
2010	Loncor	Gold	Independent Techno-Economic Valuation Report
2010	Gentor Resources	Copper	Indpendent Techno-Economic Report
2010	ETA Star	Coal	Independent Valuation Report
2010	AfriSam	Cement	Independent Technical Review
2010	Buildmax	Cement	Independent Short-Form Competent Report
2010	Anglo Platinum	Platinum	Independent Valuation of the PGM Assets
2010	Nyota Minerals	Gold	Independent Inferred Resource Estimate
2010	Absolute Holdings	Platinum	Independent Competent Persons' Report
2010	AfriSam	Cement	Independent Technical Review
2010	African Copper	Copper	Mass Balance and Orebody Fatal Flaws Assessment
2010	Ruukki	Platinum	Short-Form Techno-Economic Statements
2010	Umbono Capital	PGMs	Independent Competent Persons' Report
2010	Anglo Platinum	PGMs	Independent Mineral Asset Valuation
2010	Zambia Copper Investments	Copper	Mineral Asset Valuation
2010	White Water Resources	Gold	Short-Form Valuation Statements
2010	Central African Gold	Gold	NI 43 – 101 Technical Report
2010	Platmin	Platinum	Updated NI 43 – 101 Technical Report
2009	G & B Resources	Uranium	Independent Competent Persons' Report
2009	Kalagadi	Manganese	Independent Techno-Economic Review
2009	Sephaku Cement	Cement	Indendent Competent Persons' Report
2009	Metorex	Gold	Independent Fairness Opinion
2009	Kivu Resources	Pegmatites	Independent prefeasibility study
2009	Kalagadi Manganese	Manganese	Independent Tehno-Economic Review
2009	Taung Gold	Gold	Independent Competent Person's Report
2009	Sylvania Resources	Platinum	Independent Technical and Valuation Expert's Report
2009	Ernst & Young Jordan	Gold	Independent Valuation Report on mineral assets of a Gold Mining Concession in Ethiopia
2009	Dwyka Resources	Gold	Independent Technical Statement on Tulu Kapi Gold Project
2009	G & B African Resources	Pot Ash	Independent Prospectivity Review
2009	Central African Gold	Gold	Information Memorandum in the form of NI 43-101 Compliant Technical Statement
2009	Braemore Resources	Platinum	Fairness Opinion
2009	New Dawn	Gold	Independent Technical Statement
2009	Investec	Cement	Independent Technical Review of CILU Cement assets
2009	IBI	Iron ore	Independent Technical Resource Statement
2009	Chrometco	Chromite	Fairness Opinion
2009	Rand Uranium	Uranium	Mineral Resource Review and Modelling
2008	Signet Mining	Coal	Independent valuation of coal assets
2008	Lesego Platinum	PGMs	Independent Competent Person's Report for JSE Listing
2008	Norilsk Nickel	Nickel	Review of business strategy
2008	Minero Group	Zinc/Lead	Review of business strategy and Competent Person's Report
2008	Paramount Mining	Diamonds	Independent Technical Statements
2008	Anglo Platinum	PGMs	Independent Technical Report and valuation
2008	Demindex	Diamonds	Review of business strategy and Technical Advice
2008	Investec	Cement	Due Diligence and valuation of Cilu Cement
2008	DGI	Copper/Cobalt	Independent Technical Statements
2008	Abalengani	Platinum	Review of plant and valuation
2008	Absolute Holdings		Quarry valuation
2008	Metorex	Copper/Cobalt	Fairness Opinion
2008	Investec	Cement	Due diligence on Sephaku assets
2008	Kivu Resources	Tantalite	Tantalite strategic planning and valuation
2008	Tantilite Resources	Tantalite	Independent Technical Report
2008	DGI	Copper/Cobalt	Independent Technical Statement and valuation
2008	Uramin	Uranium,	Resourse Review and Technical Statements
2008	Harmony Gold Mining	Au, Uranium	Independent Technical Statements and Strategic business plan
2008	Harmony Gold	Uranium	Cooke Dump Resource and Finacial Valuation
2008	Harmony Gold	Au Uranium	Resevre and Resource Audit for the group
2008	Nkwe Platinum	PGMs	Independent Technical Statement and Competent Person's Report
2008	Highveld Steel & Vanadium Corporation	Steel, Vanadium	Independent Resource and Reserve planning
2008	African Minerals	Diamonds	Independent Technical Statements
2008	Continental Coal	Coal	Independent Technical Report
2008	Industrial Base Metals	Base Metals	Base Metal Refinery Audit
2007	Crushco	Industrial Minerals	Independent valuation

YEAR	CLIENT	COMMODITY	DOCUMENTATION
2007	Kimberley Consolidated Mining	Diamonds	Independent valuation
2007	LionOre Mining	Nickel. PGMs	Technical and economic valuation
2007	PBS Group	PGMs	Project review
2007	Western Areas	Au	Independent valuation
2007	Harmony Gold Mining	Au. Uranium	Independent scoping and valuation
2007	Great Basin Gold	Au	Independent valuation for BEE transaction
2007	BRC/Diamondcore Resources	Diamonds	Valuation and Opinion provider
2007	Urals Investors	Diamonds Au. PGMs and Oil and Gas	Independent Transaction Report
2007	Energem	Diamonds	Indepndent Technical Statement for Koidu
2007	Xstrata	Cr	Independent CGT and Valuation advice
2007	PWC Magnetite Mine Review	Magnetite	Independent Mineral Resource Review and Valuation for apportionment calculations
2007	Magnum Resources	Ta	Independent Mineral Resource Review
2007	Gaanahoek Coal Deposit	Coal	Prospectivity Review
2007	DRDGold	Au	Emperor Gold Mines independent forensic review
2007	Kimberley Diamonds Corporation	Diamonds	Independent Listings Documentation
2007	Rockwell	Diamonds	Transhex Transaction Documentation
2007	Rockwell	Diamonds	Independent Mineral Resource Review
2007	Caledonia Mining	Au	Independent Disposal Documentation Eersteling
2007	Caledonia Mining	Au	Independent Disposal Documentation Barbrook
2007	Adsani Tantalite Refinery	Ta	Independent Technical Report
2006	LionOre	Ni Base Metals	Independent Valuation of Falconbridge International and Nikkelverk Refinery
2006	LionOre/BCL	Ni Base Metals	Independent Technical and Economic Valuation
2006	Vanamin	V	Independent Report for disposal
2006	Kurils Islands	Au	Independent Technical Report NI43-101
2006	Mgart Armenia	Au	Independent Assessment and Valuation for AIM
2006	Zimbabwe Mining Bill	All	Preparation of industry submission to government
2006	Energem	Oil & Gas	Preparation of National Instrument Compliance
2006	Ncondedzi Coal	Coal	Technical & Corporate Listing Documentation
2006	Metallon International - Armenia	Gold & Base Metals	Prospectivity & Exploration Programme Preparation
2006	Hood Tantalite	Tantalite	Independent Techno Economic Valuation Report
2005	Letseng	Diamonds	Independent Competent Person's Report for disposal
2005	Zimplats Tenements	Platinum Group Metals	Independent Competent Person's Report for disposal
2005	DRD	Gold	Fair & Reasonable
2005	ARM Madikwa	Platinum Group Metals	Independent Valuation for Impairment Calculation
2005	Harmony Competitions Tribunal	Gold	Independent Expert Witness
2005	Ecca Holdings	Bentonite	Independent Industry Review
2005	Harmony Randfontein 4 Shaft	Gold	Independent Valuation
2005	Gallery Gold	Gold	Independent Competent Person's Report for disposal
2005	Stuart Coal	Coal	Independent Competent Person's Report for disposal
2005	Elementis Chrome	Chromite	Independent Industry Review
2005	Diamond Core	Diamonds	Independent Competent Person's Report
2005	Diamond Core	Diamonds	Fair & Reasonable Statement
2005	Kensington Resources	Diamonds	Independent Inspection & Certification of Laboratory
2005	Bayer Valuation	Chromite	Independent Valuation for Economic Empowerment Transaction
2005	Pangea Diamonds	Diamonds	Independent Competent Person's Repor
2005	LionOre International	Nickel	Tati Nickel Review of Mineral Resources.
	Aquarius PSA2		Independent Competent Person's Repor
2005	Aquarius	Platinum	Marikana Mineral Resources Review.
2005	LionOre International	Nickel	Nkomati Due Diligence and Transaction Value Calculations.
2005	LionOre International	Nickel	World Nickel market study for group corporate work.
2004	Avgold Limited	Gold	Fair & Reasonable Opinion on the Methodologies applied and Values attributed to the Mineral Assets of ET Cons
2004	Aquarius	Platinum	Update of Independent Valuation of Mimosa
2004	Aquarius	Platinum	Independent Techno-Economic Report and Fair and Reasonable Opinion tot the PIC, DBSA and IDC on the 26% BEE Transaction for AQPSA – Document waived by the JSE.
2004	Mimosa Mining Company	Platinum	Mineral Resource and Ore Reserve Review
2004	Zimplats	Platinum	Zimplats Makwiro Valuation and Corporate Restructuring
2004	Assmang	Manganese	CGT Valuation
2004	Aquarius	Platinum	CGT Valuation
2004	Sishen South	Iron	CGT Valuation
2003	Unki Platinum Project	Platinum	CGT Valuation
2003	Hernic Ferrochrome (Pty) Limited, Itochu Corporation	Chromite	Independent valuation of the Stellite Chromite Mine Joint Venture.
2003	African Diamond Holdings (Pty) Limited	Diamonds	Independent techno-economic due diligence and valuation of African Diamond Holdings marine diamond concessions and diamond cutting operation in Walvis Bay, Namibia.
2003	Unki Platinum Project, Zimbabwe	Platinum	Techno-Economic Valuation Report & Fair & Reasonable Opinion
2003	Transvaal Ferrochrome Limited	Ferrochrome	Independent Competent Person's Report and Valuation as a bankable Document for Australian Stock Exchange
2003	Aquarius Platinum (SA) (Pty) Limited	Platinum	Independent Competent Person's Report and Valuation for the Everest South Project

YEAR	CLIENT	COMMODITY	DOCUMENTATION
2002	Zimbabwe Platinum Mines Limited	Platinum	Independent valuation of Zimplats relative to the value of the Impala Platinum Limited/AurionGold Limited transaction.
2002	Mitsubishi Corporation	Ferrochrome	Expansion Report and Valuation on Hernic Ferrochrome (Pty) Limited.
2002	Aquarius Platinum Limited	Platinum	Acquisition Report on ZCE Platinum Limited including the due diligence and valuation of Mimosa Mine in Zimbabwe.
2002	Freddev	Gold	Valuation of Mineral Rights & Royalties
2002	Barnex	Gold	Valuation of Mineral Rights & Royalties
2002	Western Areas	Gold	WA4 Project : Valuation of Mineral Rights & Royalty Agreement
2002	Mitsubishi	Ferrochrome	Expansion report and valuation
2002	Aquarius	Platinum	Acquisition Report
2001	Northam	Platinum	Valuation
2001	Mitsubishi Corporation	Ferrochrome	Due Diligence, Valuation and Acquisition Report
2001	Amcol Due Diligence	Bentonite	Independent due diligence and valuation on G&W
2001	Zimplats Impala Raising	Platinum	Circular to shareholders valuation report
2000	African Minerals	Varied	Independent competent person's report
2000	Barnato Exploration Limited	Varied	Competent person's report
2000	Durban Deep	Gold	Independent valuation report
2000	Iscor Limited	Varied	Independent valuation of exploration assets
1999	Harmony Gold Mining Co Limited	Gold	Harmony / Kalgold / West Rand Cons
1999	Leighton Contractors	Tin	Pre-feasibility study Pemali Tin (Indonesia)
1999	Mitsubishi	Ferro-Chrome	Techno-economic valuation of Hernic Chrome
1998	Barnex Limited	Wits Gold	Due diligence
1998	Camco	Diamonds	Independent Competent Person's Report and valuation
1998	Crown Mines and DRD	Wits Gold	Valuation
1998	Egyptian Government	Phosphate	Due diligence and valuation
1998	Great Fitzroy Mines	Copper	Competent Person's Report and Valuation
1998	Iscor Mining	Greenstone Gold	Due diligence and valuation
1998	JCI Limited	Wits Gold	Competent Person's Report
1998	Randgold & Exploration Co Limited	Gold	Competent Person's Report
1998	Western Areas	Wits Gold	Competent Person's Report
1997	CBR Mining	Coal	Due diligence
1997	Durban Roodepoort Deep Limited	Wits Gold	Competent Person's Report
1997	G&W Base	Bentonite	Due diligence
1997	JCI Limited	Wits Gold	Competent Person's Report
1997	Opaline Gold	Greenstone Gold	Competent Person's Report
1997	Penumbra	Coal	Due diligence
1997	Randgold & Exploration Co Limited	Greenstone Gold	Competent Person's Report
1997	Rondebult Colliery	Coal	Due diligence
1996	African Mining Corporation*	Alluvial Gold	Project valuation
1996	Australian Platinum Mines NL	Platinum	Due diligence
1996	Benoni Gold Holdings Limited	Wits Gold	Competent Person's Report
1996	Consolidated Metallurgical Industries	Ferrochrome	Competent Person's Report and valuation
1996	Durban Roodepoort Deep Limited	Wits Gold	Competent Person's Report
1996	Harmony Gold Mining Co Limited	Wits Gold	Competent Person's Report
1996	JCI Limited	Wits Gold	Valuation
1996	Rand Leases Properties Limited	Wits Gold	Competent Person's Report and valuation
1996	Randgold & Exploration Co Limited	Wits Gold	Due diligence
1995	African Mines Limited*	Greenstone Gold	Project valuation
1995	Barney-Seidle Arbitration	Granite	Project valuation arbitration
1995	Mopet Oil*	Oil and Gas	Market analysis facilitator
1995	Randgold & Exploration Co Limited	Wits Gold	Competent Person's Report and valuation
1995	Randgold Durban Deep	Wits Gold	Competent Person's Report and valuation
1995	Randgold Harmony Unisel Merger	Wits Gold	Competent Person's Report and valuation
1994	Aurora Exploration	Varied - Industrials	Competent Person's Report and valuation
1994	Consolidated Mining Corp	Wits Gold	Due diligence and valuation
1994	CRA (Australia)	Iron Ore	Due diligence
1994	Durban Roodepoort Deep Limited	Wits Gold	Competent Person's Report and valuation
1994	Ghana Gold Mines*	Greenstone Gold	Due diligence and valuation
1994	Gold Fields of SA Limited	Wits Gold	Competent Person's Report and valuation
1994	Hernic Chrome	Ferrochrome	Valuation and Strategic Analysis
1994	Inca	Magnesium	Due diligence and valuation
1994	Mitsubishi	Ferrochrome	Due diligence and valuation
1994	Namco*	Diamonds	Competent Person's Report and valuation
1994	Randgold & Exploration Co Limited	Wits Gold	Due diligence
1993	Namibia Oil & Gas licence applications	Oil & Gas	Working with Paul Blair licence applications
1993	Atomic Energy Commission	Uranium	Strategic Analysis
1993	Eskom	Base metals	Strategic Analysis
1993	JCI	Wits Gold	Financial Planning Analysis (Rehabilitation)
1993	Lonrho	Platinum	Financial Planning Analysis (Rehabilitation)
1993	Rand Mines Properties	Varied	Mineral rights evaluation
1992	Barbrook Gold Mines	Greenstone Gold	Ore resource modelling and mine valuation
1992	Rand Merchant Bank	Copper	Ore resource modelling and project valuation
1992	Rembrandt	Platinum	Mine valuation (Northam Platinum)
1992	West Rand Cons	Wits Gold	Ore resource modeling and mine valuation
1991	Rand Merchant Bank	Wits Gold	Ore reserve evaluation (Westonaria Gold Mine)
1991	Rembrandt (Gold Fields of SA)	Varied	Due diligence, valuation and strategic analysis

YEAR	CLIENT	COMMODITY	DOCUMENTATION
1991	Standard Merchant Bank	Greenstone Gold	Due diligence and valuation (Eersteling Gold Mine)
1990	Sequence Oil and Gas	Oil & Gas	Due Diligence Report
1990	Atomic Energy Corporation	Nuclear Fuels	Strategic analysis
1990	Consolidated Mining Corp	Wits Gold	Due diligence and valuation
1990	Eskom	Copper/Zinc	Strategic Market Analysis (Toll Smelter potential)
1990	Freddies Minerals	Feldspar - Industrials	Due diligence
1990	Industrial Machinery Supplies	Coal	Strategic analysis and valuation (Bricketting plant)
1990	Knights Gold Mine	Wits Gold	Competent Person's Report
1990	Rand Merchant Bank	Diamonds	Due diligence and valuation (Alluvial Mine)
1990	Corex	Oil & Gas	Evaluation of prospectivity
1990	Rand Merchant Bank	Lead/Zinc	Due diligence and valuation (Miranda Mine)
1990	Rand Mines	Varied	Corporate Strategic Analysis
1990	Rhogold	Wits Gold	Ore resource modeling
1990	Rice Rinaldi	Coal	Due diligence and valuation
1990	Sub Nigel Gold Mine	Wits Gold	Due diligence and valuation
1990	Zaaiplaats Tin Mine	Tin	Due diligence and valuation
1989	Avontuur Diamond Mines	Diamonds	Due diligence and valuation
1989	Granite Consolidated Mining	Granite	Due diligence and valuation
1989	Osprey Gold Mine	Greenstone Gold	Due diligence and valuation
1989	Rand Leases Gold Mine	Wits Gold	Ore resource modeling
1989	Rand Merchant Bank*	Varied	Mineral portfolio analysis (Swanson Rights)
1989	Rhovan	Vanadium	Competent Person's Report and valuation
1989	Vanamin Severrin Mining	Vanadium	Due diligence and valuation
1989	Zimco	Andalusite	Competent Person's Report and valuation
1988	Mullet Slate	Slate	Due diligence and valuation
1988	Rand Merchant Bank	Wits Gold	Risk assessment analysis (Peritus Exploration)
1988	Wit Nigel Gold Mine	Wits Gold	Ore resource modelling

Key Qualifications:

Mr Clay has been a serving professional in the minerals industry since 1977 when he undertook field mapping and a professional apprenticeship within the Rhodesian Geological Survey. This was at a time when fieldwork and practical application of geological principals was still fundamental to the development of geology as a science. Following this, Mr Clay has dedicated his career to the commercial incorporation of first principles scientific process to the description, reporting and valuation of mineral assets.

Having worked for a number of years with mining companies, both underground and in corporate, Mr Clay became a founding member of Venmyn in 1988. At this time the company was closely associated with Rand Merchant Bank. This relationship enabled him to pursue the process of linking technical and financial valuation. Since that time Mr Clay has been involved in growing Venmyn and is presently the Managing Director and major shareholder.

He has been involved in developing a style of reporting at Venmyn which has become internationally recognised as compliant shorter form reporting. The emphasis of the work is on concise and graphical reporting, bullet points and descriptive graphics for ease of presentation and shareholder appreciation. He has been involved in the writing of numerous codes the South African Code for the Reporting of Mineral Resources and Reserves (SAMREC Code) and is currently on the committee writing the South African Code for the Valuation of mineral projects (SAMVAL Code). He is presently involved in the oil and gas industry where his expertise in valuation is being used to determine the relationship between the reporting methodologies in this industry relative to the rest of the mineral industry.

Mr Clay's key areas of expertise lie in the detailed financial valuation of mineral and mining projects using discounted Cashflow models. In this regard he has undertaken over 25 valuations for eight different commodities over the last four years. Details of the valuations and other assignments are tabled above. These valuations have been used in listing and merger documentation both in local and international stock exchanges and for the private use of the companies concerned.

Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B. Sc Hons.	Geology	University College Cardiff	1976
M. Sc. Econ. Geol.	Economic Geology (awarded Corstorphine Medal for Best M.Sc. Thesis)	University of the Witwatersrand	1981
GDE	Graduate Diploma in Mining Engineering	University of the Witwatersrand	1986
M. Sc.	Mining Engineering	University of the Witwatersrand	1988
Dip. Bus. M.	Diploma in Business Management	Damelin College	1983
Tax Mgmt	Tax Management and Planning	University of the Witwatersrand	1988

Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Managing Director	Venmyn Deloitte	• Mr Clay serves as the Managing Director of Venmyn Deloitte and is responsible for the company's strategic process as well as finances, budgeting and operations; • Venmyn Deloitte operates as a subsidiary of Deloitte Consulting, serving as a techno-economic consultancy for the resources industry on a world wide basis; • Mr Clay has been a key member of the SAMREC Working Group, responsible for compiling the SAMREC Code; • Served on the JSE/SAMREC working committee for the development of the JSE Section 12 requirements; • Serves on the Readers Panel for the JSE; • Mr Clay is director of the advisory business and provides hands-on services to all the company's major clients; • His expertise in financial valuation is particularly appropriate for ensuring market to market presentation of both the technical and financial issues of resources projects; • Course leader for the Witwatersrand University and Continuing Education programme on Compliance in the Minerals Industry; and • Mr Clay has a special interest in the proposed International Accounting Standards "IAS" Extractive Industries rules for determining NAV and NPV calculations in the minerals industry.	2012 - present
Managing Director and Founding partner	Venmyn Rand (Pty) Limited	• Mr Clay serves as the Managing Director of Venmyn and is responsible for the company's strategic process as well as finances, budgeting and operations; • Venmyn operates as a techno-economic consultancy for the resources industry on a world wide basis; • Mr Clay has been a key member of the SAMREC Working Group, responsible for compiling the SAMREC Code; • Served on the JSE/SAMREC working committee for the development of the JSE Section 12 requirements; • Serves on the Readers Panel for the JSE; • Mr Clay is director of the advisory business and provides hands-on services to all the company's major clients; • His expertise in financial valuation is particularly appropriate for ensuring market to market presentation of both the technical and financial issues of resources projects; • Course leader for the Witwatersrand University and Continuing Education programme on Compliance in the Minerals Industry; and • Mr Clay has a special interest in the proposed International Accounting Standards "IAS" Extractive Industries rules for determining NAV and NPV calculations in the minerals industry.	1997 - 2012
General Manager	RMB Resources Rand Merchant Bank	• Continuing business functions detailed below; • Also valuing, managing and marketing investment projects of the Resources division including deal structuring and corporate finance.	1996 – 1997
Managing Director and founding partner	Venmyn Rand (Pty) Limited	• Techno-economic evaluation of a wide range of mineral resource projects using cashflow, market capitalisation, option pricing and other comparative methods.	1987 – 1996
Senior Geologist	Rand Mines Limited	• Resident senior gold mine geologist responsible for the development and implementation of modern computerised ore reserve evaluation techniques at Harmony Gold Mine and Durban Roodepoort Deep Gold Mine. • Transferred to head office where he was responsible for all gold mine ore reserve valuation functions. This computer work involved the development and planning of very large databases for orebody modelling.	1981 – 1988
Senior Geologist	Zimro (Pty) Limited (Industrial Minerals Division of AAC)	• Market development and application of a wide range of industrial and base minerals.	1979 – 1981
Geologist	Geological Survey of Zimbabwe	• Mapped a 100 km² area of granite-greenstone terrain and assisted in the compilation of a Bulletin over the area. • Assisted the small mining sector with geological advice on gold, copper, gemstones and industrial minerals.	1975 – 1979

Languages:

English: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

__________________Date: 29th August 2014
Full name of staff member: Andrew Neil Clay

Name of Staff Member: Godknows Njowa
Position: Executive Lead, Competent Person and Competent Valuator
Name of Firm: Venmyn Deloitte, a subsidiary of Deloitte Consulting South Africa (Pty) Ltd
Address: 1st Floor, Block G, 173 Rivonia Road, Sandton, 2146
Profession: Mining Engineer (Mineral Resources)
Date of Birth: 04 June 1978
Years with Firm/Entity: 7
Nationality: Zimbabwean

Membership in Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Professional Engineer	Engineering Council of South Africa	2009
Candidate Engineer	Engineering Council of South Africa	2007
Member	South African Institute of Mining and Metallurgy	2006
Graduate	Institute of Chartered Secretaries and Administrators	2004
Graduate	Zimbabwe Institute of Engineers	2000

Fair and Reasonable Opinions:

YEAR	CLIENT	SECURITIES EXCHANGE JURISDICTION	TRANSACTION TYPE	IMPLIED VALUE (USDm)	DESCRIPTION
2012	Lanxess	JSE and Companies Act	Fairness Opinion		An independent fairness opinion to them regarding the proposed share repurchase of 'A" Class Shares and reissue 'B' Class Shares (Proposed Transaction). A Class Shares according to Section 114
2011	Optimum Colliery	JSE	Fairness Opinion		Independent Fair and Reasonable Opinion on the Glencore Transaction
2008	BDO & Nkwe Platinum	ASX	Category I Merger	276	Independent Technical Report and Mineral Asset Valuation of the Tubatse Project Nkwe, including a Fair and Reasonable Opinion on the transaction for BDO
2008	Metorex	JSE	Fairness Opinions		Independent Fair and Reasonable Opinion on the rights issue offer to its shareholder in a debt and equity capital restructuring programme.
2008	Sephaku Holdings	JSE	Offer to the Minority	110.0	Independent Fair and Reasonable Opinion on the rights issue offer to the minority shareholder in a corporate restructuring programme
2007	BRC & Diamond Core	JSE & TSX	Category I Merger	150.0	Independent Fair and Reasonable Opinion on the merger between BRC Diamonds and Diamond Core in a merger transaction.
2006	LionOre International	TSX	Acquisition notification documentation.	650	Independent Technical and Valuation Fatal Flaws Report and F&R opinion for the Board of LionOre. Not published as an F&R.

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2014	Deloitte Audit (Sishen Mine)	Iron Ore	An independent verification and review of the iron ore stockpiles at Sishen Mine as part of the Annual Financial Audit as these stockpiles are carried on the balance sheet as inventory.
2013	Burnvoir Corporate Finance	Coal	An independent Technical and Economic Review on the Bankable Feasibility Study on the Resource Generation Boikarabelo Coal Project for the purposes of Debt funding from Australian Banks..
2013	Continental Coal	Coal	An independent Technical, Economic Review and mineral asset valuation on the selected coal asseta held by Coal of Africa for a potential transaction.
2013	Sabi Gold Mine	Gold	An independent Business Evaluation and Mineral Asset Valuation on the Sabi Mining Lease
2013	Mimosa Mining Company	PGM	Business optimisation through optimisation of the mining cut of the MSZ on the Great Dyke. Mine to Market optimisation.
2013	Coal of Africa	Coal	An independent Technical and Economic Review on the Bankable Feasibility Study on the Makhado Coal Project in a form of an Independent Competent Persons Report.
2013	Makomo Resources	Coal	An independent Technical Review on the Phase 2 expansion and the Mining Equipment Selection to produce 300ktpm from 150ktpm and a high level review of the current mining operation.

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2013	Nedbank and Standard Bank	Limestone and Cement	Technical and Economic Advisor to the consortium of Debt funders to monitor the construction of a limestone quarry and the associated cement manufacturing plants. Implementation Phase and the first plant will be commissioned in January 2014.
2013	Wesizwe Platinum	PGM	An independent Technical and Economic Review on the Bankable Feasibility Study on the Maseve Platinum Project for an additional capital funding
2012	KPMG Australia	Coal	An independent Technical, Economic Review and mineral asset valuation on the selected coal asseta held by Coal of Africa for a potential transaction.
2012	Pan African Resources	Gold	An independent SAMREC compliant CPR for transaction on the JSE on the Evander Gold Assets from Harmony Gold
2012	G&B Resources	Au, Ni, U, Zn, Li, REE	An independent SAMREC compliant CPR for AIM listing
2012	Nedbank Ltd	Diamonds	High level due diligence and fatal flaw analysis on Gem Diamonds Ltd's Letseng Mine's expansion project.
2012	Ichor Coal	Coal	An independent Mineral asset Valuation of a Coal Asset for the purposes of a Purchase Price Allocation
2012	Anglo American Khula Fund	Coal	An independent Technical and Economic Review of Sentula's Bankfontein Project for funding purposes for the Khula Fund.
2012	Rio Tinto Exploration	Coal	An independent mineral asset valuation of the Chapudi coal asset for capital gains tax (CGT) purposes
2012	Nedbank and Standard Bank	Limestone and Cement	Updating the Independent Technical and Economic Review of Sephaku Cement's Limestone and cement plants construction and development before the disbursement of the loan amount.
2011	ZYL Limited	Coal	High Level Coal Reserve Estimation and Mining for the purposes of Mining Right Application
2011	CoAL	Coal	An Independent Competent Person's Report on the principal Coal Assets held by Coal of Africa as part of LSE listing particulars on the Main Board.
2011	SIOC Community Development Trust	Coal	Technical Review in a form of a Due Diligence and Fatal Flaws Analysis on the Coal Mineral Assets held by Continental Coal Limited (CCL) for the purposes of purchasing a stake in CCL by SIOC Community Development Trust
2011	Sew Trident	Coal	Independent High Level Prospectivity and Resource Review and Valuation on the Komatipoort Coal Project, Mpumalanga
2011	Scinta	Coal	Independent Technical and Economic Review in the form of a Technical and Economic Due Diligence, Mineral Asset Valuation and Fatal Flaw Assessment of BHP Billiton Energy Coal South Africa (BECSA)'s coal mineral assets
2011	Identity Partners	Limestone or Cement	An Independent Mineral Asset Valuation for a Limestone Prospect held by Canyon Springs
2011	Sephaku Cement	Limestone or Cement	Independent Competent Person's Report on the Mineral Asset and Cement Plants held by Sephaku Cement
2011	Metorex	Copper & Cobalt	Independent Mineral Resources and Mineral Reserves Review on Chibuluma Mine.
2011	SSC Joyspring	Diamonds	Mineral Asset Valuation and Project Options Evaluation
2011	Sylvania Platinum Resources	PGE	An Independent Technical Review on the Volspruit Project, in the form of a Techno-Economic Statement.
2010	Buildmax	Aggregates	Independent Competent Person Report on the Sand Mineral Assets held by Buildmax
2010	Kalagadi Manganese	Mn	Independent Technical Review and Fatal Flaws Analysis on the Bankable Feasibility Study prepared on the Mineral Asset held by Kalagadi Manganese (Phase 2)
2010	Coal of Africa	Coal	Mineral Asset Valuation of all the contributing Coal Mineral Asset
2010	Afrisam	Cement & Agregates	Independent Technical Review on the Mineral Assets held by Afrisam
2010	Lesego Platinum	PGM	Independent Competent Person Report on the mineral assets held by Lesego Platinum (Village Transaction)
2010	Sephaku Cement	Cement	Independent Technical Review on the Bankable Feasibility Study on the Mineral Asset and Cement Plants to be constructed by Sephaku Cement (Updates)
2010	Sephaku Cement	Cement	Independent Competent Person's Report on the Mineral Asset and Cement Plants held by Sephaku Cement (Updates)
2010	Absolute Platinum	PGM & Agregates	Independent Competent Person's Report on the Mineral Assets held by Absolute Holdings
2010	African Global Capital	Gold	Technical Review in a form of a Due Diligence and Fatal Flaws Analysis on the Gold Mineral Assets held by Duration Gold
2010	Absolute Holdings	Quartzite & Aggregates	Independent Mineral Asset Valuation on Lekkersing Quartzite Mine
2009	Unki Platinum Mines	PGM	Independent Mineral Asset Valuation and Due Diligence on Unki Platinum Mines
2009	Makomo Resources	Coal	High Level Due Diligence and Coal Resources and Coal Reserve Estimation on Entuba Coal Project
2009	Kalagadi Manganese	Mn	Independent Technical Review and Fatal Flaws Analysis on the Bankable Feasibility Study prepared on the Mineral Asset held by Kalagadi Manganese

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2009	Sephaku Cement	Cement	Independent Technical Review on the Bankable Feasibility Study on the Mineral Asset and Cement Plants to be constructed by Sephaku Cement
2009	Sephaku Cement	Cement	Independent Competent Person's Report on the Mineral Asset and Cement Plants held by Sephaku Cement
2009	Tegan International	Coal	Prospectivity Review, Coal Resources Estimation and Valuation on the Ceza Mountain Coal Project.
2009	Zambezi Gas	Coal	High Level Due Diligence and Coal Resource Estimation on the Entuba Coalfield and Exploration Planning
2009	Batla Minerals	Tungsten	Conceptual Mine Design and Schedule for the Riviera Open Cast operation (Preliminary Assessment)
2008	DGI Investments	Copper & Cobalt	Mineral Asset Valuation of the Kabolelo Co Project in the DRC
2008	DGI Investments	Copper & Cobalt	Mineral Asset Valuation of the Mashitu Co Project in the DRC
2008	Nkwe Platinum	PGM	Independent Technical Report and Mineral Asset Valuation of the Tubatse Project
2008	Nkwe Platinum	PGM	Independent Competent Person Report on the mineral assets held by Nkwe Platinum
2008	Hwange Colliery	Coal	Review of the Coal Resources and Coal Reserves for an investment purposes (unpublished report).
2008	Lesego Platinum	PGM	Independent Competent Person Report on the mineral assets held by Lesego
2008	Sephaku Holdings	Cement, Au, PGM	Independent Mineral Asset Valuation of the contributing mineral assets
2008	Investec	Aggregates	Independent Review of Bankable Feasibility Study on behalf of the Debt Providers (Investec)
2008	Industrial Base Metals	Nickel & PGM	Independent Technical Inventory Verification on ENR
2008	Anglo Platinum	PGM	Independent Mineral Asset Valuation and Due Diligence on Unki Platinum Mines
2008	Bongani Minerals	Tungsten	Preliminary Scoping Study of the Riviera Tungsten Prospect
2007	Namakwa Diamonds	Diamonds	Competent Persons Report and Independent Mineral Assets Valuation on the alluvial and Kimberlite Diamond assets held by Namakwa Diamonds in Africa
2007	BRC Diamond Core Diamonds	Diamonds	NI 43-101 Technical Report on the Diamond Projects in the DRC
2007	Adsani Tantalite Refinery	Tantalite	Independent Technical Report
2007	Afrisam Consortium	Limestone	Independent Technical Report
2007	Caledonia Mining	Gold	Technical Information memorandum and Independent Valuation on Barbrook for disposal
2007	Caledonia Mining	Gold	Technical Information memorandum and Independent Valuation on Eersteling for disposal
2007	DRDGold	Gold	Emperor Gold Mines independent forensic review
2007	Signet Mining	Coal	An independent Technical Assessment of the Coal Resources and Coal Reserves on the Thuli Coal in Zimbabwe
2007	GVM Metals	Coal	An Independent Competent Person's Report on certain of the mining assets of Coal of Africa on Behalf of GVM metals
2007	Signet Mining	Coal	An Independent Evaluation of the Coal Resources in the Tete Province for an investment purposes.
2007	Great Basin Gold	Gold	Independent Transaction Report
2007	LionOre International	Nickel and PGM	Independent Technical and Economic Review and Mineral Asset Valuation of BCL Ltd for the Debt providers
2007	Mintek (DME)	Mineral Policy Review	South African system for Mine Closure Financial Provision Legislation
2007	PWC - Highveld Steel	Iron and Vanadium	Independent Mineral Resource Review and Valuation for apportionment calculations
2007	West Wits Mining	Gold	Competent Persons report on the prospects on the Witwatersrand Basin for Gold Exploration in South Africa
2006	Anglo Platinum	PGM	An Independent Mineral Asset Valuation on the Union Section
2006	Crushco	Aggregates	Independent Techno-Economic Assessment
2006	Harmony Gold Mining Company Ltd	Gold	Development and Implementation of Sarbanes Oxley Compliance to the Ore Reserve process: South African and Australian Operations
2006	Imbani Resources	Coal	Coal Resources and Coal Reserves Estimation for annual declaration
2006	Imbani Resources	Coal	High Level Review of Coal Resources and Coal Reserve held by Imbani
2006	Kurils Islands	Gold	Independent Technical Report NI43-101
2006	LionOre International	Nickel and PGM	Independent Technical and Economic Assessment of BCL Ltd
2006	Mgart Armenia	Gold	Independent Assessment and Valuation for AIM
2006	Mintek	Chromite	Strategic Industry Review
2006	Rhovan	Vanadium	Valuation report
2006	Salestalk 32	Vanadium	Resources and Reserve Statement Audit and Update
2006	Various	Mineral Policy Review	An Independent opinion on the Zimbabwe Amendment Bill
2006	Western Areas	Gold	Technical Assessment and Mineral Asset Valuation Report of the Gold Assets
2006	Worldwide Coal	Coal	Techno-Economic Valuation Report for the RBCT Tender and An Independent Review of the Coal Reserves.

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2006	Xstrata	PGM	An Independent Mineral Asset Valuation on the Mototolo JV
2003-4	Rio Tinto Zimbabwe	Gold, Coal and Nickel	Strategic Assessment of the Company and Internal Financial Auditing for the mining and processing operations
2003	Rio Tinto Zimbabwe	Coal and Gold	Assisting in the Evaluation of Advanced projects in the Rio Tinto Zimbabwe including Spot Mine, Sengwa Coal and other special grants in Zimbabwe
2002	Rio Tinto Zimbabwe	Gold	Pre Feasibility Study on the re-development of Spot Mine to access underground resources from the current Adit.

Key Qualifications:

Mr Njowa's key areas of expertise lie the combination of skills in Financial Accounting, Corporate Governance and Mining Engineering. Coupled with experience in both technical and corporate finance he has consolidated his expertise in detailed financial valuation of mineral and mining projects using discounted cashflow models, technical and economic review, due diligences and Mineral Resource and Mineral Reserve estimation.

Mr Njowa has special interests in the public reporting of mineral assets and their valuation, with focus on the following codes and standards:- International Accounting Standards (IAS), International Financial Reporting Standards (IFRS), South African Code for the Reporting of Mineral Resources and Reserves (SAMREC Code) and the current draft of The South African Code for the Valuation of mineral projects (SAMVAL Code).

He has been involved in the writing of numerous codes the South African Code for the Reporting of Mineral Resources and Reserves (SAMREC Code) and is currently on the committee writing the South African Code for the Valuation of mineral projects (SAMVAL Code) and on JSE Listing requirements committee and involved in the drafting of the JSE listing requirements for the minerals and exploration companies.

Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B. Sc Hons	Mining Engineering	University of Zimbabwe	2003
Professional Qualification	Corporate Governance and Financial Accounting	Institute of Chartered Secretaries and Administrators	2004
GDE	Graduate Diploma in Mining Engineering specialising in Mineral Resources Management and Mineral Asset Valuations	University of the Witwatersrand	2005
M. Sc	Mining Engineering specialising in Mineral Resources Management (Cum Laude)	University of the Witwatersrand	2007
Certificate	Securities Investment Analysis	Investment Analyst Society	2008
Postgraduate Certificate	Mining Tax Law Certificate	University of the Witwatersrand	2012

Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Senior Manager	Venmyn Deloitte (Pty) Limited	Part of the consulting team, with the majority of assignments being Due Diligence and valuation exercises. Also undertaking capital gains tax, mineral rights, projects and mine valuations in the minerals industry. Projects worked on include:- • Valuation and strategic analysis of mining companies and mineral projects using the discounted cashflow and other comparative methods; • Financial Modelling for Mining Projects; • Evaluation and Reviewing Short and Long Term mine plans • Valuation of various mineral rights and projects. • Mineral reserve Estimation and conversions • Independent Technical Reviews and Due Diligences studies	Nov 2012 - present
Mineral Industry Advisor and Shareholder (2008-Nov 2012) Mineral Project Analyst (2005-2008)	Venmyn Rand (Pty) Limited	Part of the consulting team, with the majority of assignments being Due Diligence and valuation exercises. Also undertaking capital gains tax, mineral rights, projects and mine valuations in the minerals industry. Projects worked on include:- • Valuation and strategic analysis of mining companies and mineral projects using the discounted cashflow and other comparative methods; • Financial Modelling for Mining Projects; • Evaluation and Reviewing Short and Long Term mine plans • Valuation of various mineral rights and projects. • Mineral reserve Estimation and conversions • Independent Technical Reviews and Due Diligences studies	2005 – Nov 2012
Head Office Accountant (Mining Analyst)	Rio Tinto Zimbabwe (Head Office)	Management responsibilities as outlined below but now at the Corporate level involving four different mining and processing operations. Further responsibilities include:- • Processing foreign payments through the reserve bank; • Statutory tax, royalties provisions, calculations and payments	2004 - 2005

POSITION	COMPANY	JOB DESCRIPTION	DURATION
		• Assist the External and Internal Auditing functions in the group; • Evaluation of Mining projects in the Group; • Arranging project and working capital funding; and • Group cashflow management in liaison with the Group Accountant.	
Mineral Industry Advisor and Shareholder (2008-present) Mineral Project Analyst (2005-2008)	Venmyn Deloitte	Part of the consulting team, with the majority of assignments being Due Diligence and valuation exercises. Also undertaking capital gains tax, mineral rights, projects and mine valuations in the minerals industry. Projects worked on include:- • Valuation and strategic analysis of mining companies and mineral projects using the discounted cashflow and other comparative methods; • Financial Modelling for Mining Projects; • Evaluation and Reviewing Short and Long Term mine plans • Valuation of various mineral rights and projects. • Mineral reserve Estimation and conversions • Independent Technical Reviews and Due Diligences studies	2005 - Present
Head Office Accountant (Mining Analyst)	Rio Tinto Zimbabwe (Head Office)	Management responsibilities as outlined below but now at the Corporate level involving four different mining and processing operations. Further responsibilities include:- • Processing foreign payments through the reserve bank; • Statutory tax, royalties provisions, calculations and payments • Assist the External and Internal Auditing functions in the group; • Evaluation of Mining projects in the Group; • Arranging project and working capital funding; and • Group cashflow management in liaison with the Group Accountant.	2004 - 2005
Assistant Accountant Mining	Rio Tinto Zimbabwe (Renco Gold Mine)	• Middle management responsibilities at the operations level at Renco mine covering the aspects of the business unit. The responsibilities include:- • Operational expenditure and capital expenditure budgeting for the mine; • Cost management for the mining department in liason with the relevant Mine Captains; • Preparation of the Mine's Management Accounts; • Mine business plans for the next financial year; • Statutory tax, royalties provisions, calculations and payments; • Part of the Mine Planning Team; • Cost tracking and monitoring for the mining sections.	2003 - 2004
Mining Engineer (Undergraduate Training)	Rio Tinto Zimbabwe (Renco Gold Mine)	• Embarked on 1-year Mining Engineer Graduate Trainee program going through all Mine Engineer's duties indicated above and for the last month of training attached to Gold Processing; • Preparation of year end annual budget schedules for the Mining department; • Carry out investment project evaluations and conducting feasibility studies on project; • Drilling, blasting, loading and hauling operations (stoping, instope development and capital development); • Transportation and handling of explosives; • Support installation, track work installation and maintenance; • Carry out statutory inspections, procedures as mining official on duty; • Compiling, analysis and implementation of corrective action on mine daily production and machine scheduling; • Mineral processing and dressing from fresh ore to the final bullion in a carbon in leach extraction of Gold; • Ore reserve estimations , calculations and reconciliations; • Mining services : geology, survey, mine planning; • Technical Computerisation – Using Data mine to process geological data from diamond drilling • Block modelling, ore reserve calculation and interpretation using Datamine •	2001 – 2002 (14 Months)
Student Mining Engineer	AA Mines (Shabanie Mine)	• Massive ore body production management; • Safety and quality management; • Sub-level block caving with a trackless tramming system; • Chystolite asbestos production.	1999 - 2000

Languages:

English: Excellent
Shona: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

_________________________Date: May 2014

Full name of staff member: Godknows Njowa, Pr Eng.

Name of Staff Member: Tarryn Claire Orford
Position: Mineral Project Analyst
Name of Firm: Venmyn Deloitte, a subsidiary of Deloitte Consulting South Africa (Pty) Ltd
Address: 1st Floor, Block G, 173 Rivonia Road, Sandton, 2146
Profession: Geologist
Date of Birth: 26 March 1987
Years with Firm/Entity: Joined March 2010
Nationality: South African

Membership in Professional Societies:-

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member and Council Member	Geological Society of South Africa	2010
Member	Geostatistical Association of South Africa	2011
Member	Mineralogical Society of South Africa	2011
Member	South African Institute for Mining and Metallurgy	2014
Member	American Association of Petroleum Geologists	2014

Fair and Reasonable Opinions:-

YEAR	CLIENT	SECURITIES EXCHANGE JURISDICTION	TRANSACTION TYPE	IMPLIED VALUE (USDm)	DESCRIPTION
2012	Chrometco	JSE	Purchase of assets for shares.	21.6	Independent Professional Expert Report.

Detailed Tasks Assigned:-

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2013	Bauba	PGEs	Completed a CPR on their South African PGE assets for updated listing on the JSE.
	Ecobank	Gold	Completed a review of a financial model to assist a client to obtain financing for a gold asset located in the Democratic Republic of the Congo.
	Village Main Reef	Water	Assessment of Flooding and Pumping arrangements in the Klerskdorp Gold Basin, South Africa.
	Banro	Gold	Completed a Feasibility study for the Namoya Project, Democratic Republic of the Congo.
	Ashkari	Chrome	Fatal Flaws Analysis on 11 chrome assets in Zimbabwe.
	Bauba	PGEs	Update of the Mineral Resource estimates for the Bauba Projects, Bushveld Complex, South Africa.
	African Nickel	Nickel	Completed a market review for Nickel in South Africa.
	Western Utilities Corporation	Intangible Assets	Independent high level evaluation of intangible Acid Mine Drainage technology assets for Financial Year end statements.
	Capital Works	Clay	Review of a Clay Mine, in South Africa, for Fatal Flaws to assist with an Investement Decision.
	Loncor	Gold	Compiling several sections for a NI 43-101 Preliminary Economic Assessment on the Makapela Prospect, Democratic Republic of the Congo.
	Banro	Gold	Verifying geological model and Mineral Resource estimates for the Lugushwa Project, Democratic Republic of the Congo.
	ZYL/Sentula Valuation	Coal	Valuation for various coal assets in the Kangwane Coalfield, South Africa, for potential merger discussions.
2012	Deloitte UK	Iron Ore	Review of Technical and Business Model on an Iranian Gold Project for guidance on an investment decision.
	Eureka	Gold	Short Form Technical Report and guidance on a defunct gold mine, Zimbabwe.
	Deloitte Canada	Iron Ore	Audit Assistance on Mont Wright Mine, Canada.
	SARS	Coal	Mineral Asset Valuation on various assets within South Africa held by Umthombo Resources.
	G&B African Resources	REE's, W, Li	Compilation of a CPR as part of listing requirements for their Zimbabwean assets.
	SEW Trident	Iron Ore	Technical on-site assistance in identifying mineralisation concessions in Guinea.
	Chrometco	Chrome	Compilation of a valuation letter for mineral assets in the Bushveld Complex, South Africa.
	Rukwa	Coal	Compilation of a CPR and technical documentation on their coal assets in Tanzania.
	Bauba	PGEs	Update of the Bauba's Mineral Resources in the Bushveld Complex, South Africa.
	Loncor	Gold	Verification of geological modelling and Mineral Resource estimation and parameters for the Makapela Project, Democratic Republic of the Congo.

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
	Izingwe and BRL	Magnetite	Techno-Economic Statement on the Mokopane Magnetite Project, Northern Limb, Bushveld Complex, South Africa.
	Razita Mining	Various	Short Form Prospectivity Reviews on various New-Order Prospecting Rights under application over South Africa.
2011	Lesego	PGEs	Strategic Assistance during exploration, project development and resource estimation for an Bushveld Project, South Africa.
	Evraz Highveld Steel and Vanadium	Magnetite and Iron Ore	Update of Annual Resource Statement for Mapochs Mine and technical assistance for future development of the asset in the Bushveld Complex, South Africa.
	Sable Platinum	Platinum and Vanadium	Strategic Technical Assistance on geology and exploration on some Bushveld Complex platinum projects, South Africa.
	Sylvania	Chrome	Techno-Economic Statements on chrome dump projects, South Africa.
	PSIL	Uranium	Techno-Economic Statement on a uranium deposit in Kazakhstan.
	African Consolidated Resources	Gold	Review and geostatistical analysis on some greenstone belt gold projects located in Zimbabwe.
	Realm Resources	PGEs	Techno-Evaluation Statement on some Bushveld Complex platinum assets, South Africa.
	Lesego	PGEs	Mineral Resource Update for their Bushveld Complex project, South Africa.
	Boynton	PGEs	Pre-Feasibility Study on the Western Bushveld Complex Magazynskraal Project, South Africa.
	Aura	Coal	A prospectivity Review on a coal Project in Nigeria.
	Pan African Resources	Gold	A Fatal Flaws Review of a gold tailings retreatment project near Barberton, South Africa.
	National Mining Corporation	Gold And Base Metals	A Scoping Study on gold and base metal projects in Ethiopia.
2010	Central African Gold	Gold	Technical Statement and Update of Resource Statement on a greenstone gold deposit in Zimbabwe.
	JCI Exploration	Uranium	Technical Review document on a Greenfields uranium project in the Northern Cape, South Africa.
	Absolute Holdings	PGEs	Compilation and research on three Bushveld Complex platinum projects for three Techno-Economic Valuations and a CPR.
	AfriSam	Cement	Data collection, research and proofreading for a Technical Review of numerous limestone, aggregate, sandstone, and dolomite assets, South Africa.
	Keldoron Coal Mining	Coal	Independent Valuation on coal assets in the Klipriver Coalfield, KwaZulu Natal, South Africa.
	Banro	Gold	Assistance with compilation of CPRs on a number of gold projects in the Democratic Republic of Congo.
	Buildmax	Sand	Short Form CPR on some sand mineral assets, South Africa.
	Ultratech	Coal	Technical and Valuation report on various coal projects, South Africa.
	Gentor	Base Metals	CPR and Technical Review of ophiolite deposits in Oman.
	Coal of Africa	Coal	Supporting documentation for valuation of coal assets in the Ermelo, Soutpansberg, Limpopo and Highveld Coalfields, South Africa.
	Bauba Platinum	PGEs	Technical assistance and Technical Statement on three Bushveld Complex platinum projects, South Africa.

Key Qualifications:-

Tarryn Orford studied at the University of Pretoria where she undertook her Bachelor of Science degree in Geology and later, her Honours in Geology. As part of her honours degree, she undertook a study detailing the effect of metamorphism by the Bushveld Complex on the Transvaal Supergroup.

Tarryn joined the Venmyn team in March 2010. She brought with her 1 years' experience in tutoring at University of Pretoria as well as vacation work for Digby Wells and Associates. Her current area of expertise includes preparation of SAMREC and National Instrument compliant technical documents, interpretation and analysis of mineral project data, preparation of technical diagrams and geostatistics to provide technical assistance during early stages of exploration.

In 2013, Venmyn became Venmyn Deloitte, a wholly owned subsidiary of Deloitte Consulting South Africa. Since joining Venmyn, Tarryn has been involved in a number of projects including Competent Person's Reports, Technical Reports, Due Diligence Studies, Mineral Resource and Mineral Reserve Statements and Techno-Economic Valuations, Fatal Flaw Evaluations and has provided technical assistance to a number of companies over a wide range of commodities including Platinum Group Minerals, gold, coal, uranium, base metals, iron ore, manganese, magnetite, Rare Earth Elements, sand and clay. These projects included many technical field visits throughout South Africa and globally, including Ethiopia, Guinea, Botswana, Tanzania, Benin, Zimbabwe, the DRC and Kazakhstan.

Tarryn has completed her Graduate Diploma in Engineering (GDE) in Mining Engineering specialising in Mineral Resource Evaluation through the University of the Witwatersrand.

Education:-

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B.Sc.	Geology	University of Pretoria	2008
B.Sc. (Honours)	Geology	University of Pretoria	2009
Graduate Diploma in Engineering	Mining Engineering specialising in Mineral Resource Evaluation	University of the Witwatersrand	2013

Employment Record:-

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Mineral Project Analyst	Venmyn Deloitte (Previously Venmyn Rand)	Venmyn Rand operates as a techno-economic consultancy for the resources industry on a worldwide basis. Responsibilities at Venmyn include:- • data processing for technical reports; • compilation of due diligences, prospectivity reviews, technical reports, mineral resource and mineral reserve statements; • compiling technical and geological information into reports which are compliant with the SAMREC and JSE listing rules; and • high level research for multiple facets of mineral projects.	March 2010 to Present
Geology Tutor	University of Pretoria	Assisted students with practical tasks and assignments including identification of hand specimens and preparation for tests and exams.	January to July 2009
Geography Tutor	University of Pretoria	Assisted students with practical tasks and assignments. Marking and overseeing tasks and exams.	January to July 2009
Student Geologist	Digby Wells and Associates	Assistance on project specific work and a desktop study in the environmental field, secretarial work and general assistance to employers.	June 2009 to July 2009

Languages:-

English: Excellent
Afrikaans: Excellent
French: Basic

Certification:-

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

______________________ Date: 4th June 2014
Tarryn Claire Orford

Name of Staff Member: Jacobus Adriaan Myburgh
Position: Mineral Project Analyst
Name of Firm: Venmyn Deloitte, a subsidiary of Deloitte Consulting South Africa (Pty) Ltd
Address: Building 33, 1st Floor, The Woodlands, 20 Woodlands Drive, Woodmead, 2052, South Africa
Profession: Analyst
Date of Birth: 31 December 1984
Years with Firm/Entity: Joined January 2010
Nationality: South African

Membership in Professional Societies:

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	Investment Analyst Society of South Africa	2012
Member	Geostatistical Association of South Africa	2012

Fair and Reasonable Opinions:

YEAR	CLIENT	SECURITIES EXCHANGE JURISDICTION	TRANSACTION TYPE	IMPLIED VALUE (USDm)	DESCRIPTION
2011	Wesizwe	JSE	Acquisition	280	F&R opinion document to the exchange
2010	Sylvania	ASX	Share conversion	190	F&R opinion letter to the board
2010	Ultratech Cement	JSE	Acquisition	50	Independent F&R for Ultratech Cement on Xstrata Assets
2011	Optimum Coal	JSE	Acquisition	400	F&R opinion letter to the board
2011	Forbes Manhattan	RSAs	Acquisition	20	SARB approval
2011	Sikhuliso	RSA	Acquisition	30	Value Determinition
2012	Chrometco	JSE	Acquisition	10	F&R opinion letter to the board

Detailed Tasks Assigned:

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION	SITE VISIT
2013	Gold One	Gold	Techno Economic Statement	Y
	Citic and Samancor	Ferrochrome	Independent Mineral Asset Valuation	
	Zyl and Sentula	Coal	Independent Mineral Asset Valuation	
	Platinum Australia	PGM	Independent Mineral Asset Valuation	Y
2012	Tanzania Royalty	PEA	PEA	Y
	Frontier Rare Earths	PEA	PEA	
	Umcebo	Coal	Valuation Statement	
	NMIC	Gold	PFS	
	Andulela Kilken	PGE	Valuation Statement	Y
	Chrometco	Chrome	Valuation Statement	
	Central Rand Gold	Gold	CPR	
	Coal of Africa	Coal	Corporate Model	
	Sekoko	Coal	Valuation Statement	
	Gem Diamonds	Diamonds	Valuation Statement	
	Metmar	Coal	Valuation Statement	
	Jimbe Minerals	Nickel	Prospectivity Review	
	Glencore	Coal	Deloitte Audit	
	Richards Bay Minerals	Mineral Sands	Deloitte Audit	Y
2011	Nkomati Capital	Coal	Techno Economic Valuation	
	PSIL	Uranium	Techno Economic Valuation	
	Wesizwe	Platinum	Techno Economic Valuation	
	Gem Diamonds	Diamonds	Independent Project Valuations	
	Lesego	Platinum	Statistical Analysis	Y
	Sephaku	Fluorspar	Independent Project Valuations	
	Nkomati Capital	Coal	Valuation Statement	
	Wesizwe	Platinum	Valuation Statement	
	Namane Elandslaagte	Diamonds	Valuation Statement	Y
	PSIL	Uranium	Valuation Statement	
	Sudor Coal	Coal	Valuation Statement	

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION	SITE VISIT
	Realm Resources	Platinum	Valuation Statement	Y
	AEMFC	Coal	Valuation Statement	
	Lodestone Namibia	Iron Ore	Valuation Statement	
	African Copper	Copper	Valuation Statement	Y
	Karbochem	Power Generation	Valuation Statement	
	Miranda Minerals	Coal	Valuation Statement	
	Anglo Namibian Prospects	Base Metals	Valuation Statement	
	Umcebo	Coal	Valuation Statement	
	Gem Diamonds	Diamonds	CPR	
	Banro	Gold	CPR	Y
	Sephaku	Fluorspar	CPR	
	Platmin	Platinum	CPR	Y
	Harmony	Gold	CPR	Y
	Miranda Minerals	Coal	PEA and PFS	
	Pan African Resources,BTRP	Gold	Fatal Flaws review	
2010	African Copper	Copper	Feasability Study	
	Miranda Mineral Holdings	Coal	Independent Project Valuations	
	White Water Resources	Gold	Independent Project Valuations	
	Chrometco Limited	Chromite	Independent Project Valuations	
	Sekoko	Coal	Independent Project Valuations	
	West Wits	Gold/Uranium	Statistical Analysis	
	Central African Gold	Gold	Statistical Analysis	
	Worldwide Mineral Strategists	Gold	Statistical Analysis	
	Rooderand Chromite	Chrome	Valuation Statement	
	African Copper	Copper	Valuation Statement	
	Sekoko	Coal	Valuation Statement	

Key Qualifications:

Mr Iaan Myburgh has a degree in Mathematics from the University of Pretoria. He joined Venmyn in January 2010. During the time he has worked with Venmyn, he has specialised mainly in the market review for different commodities as well valuation of mineral projects using the market approach method and discounted cash flow method. He is also a candidate in the CFA program having passed the second level exam in 2013.

Education:

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
B.Sc.	Mathematics	University of Pretoria	2008

Employment Record:

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Mineral Industry Analyst	Venmyn Rand (Pty) Ltd	Venmyn provides compliance and valuation reporting services to the minerals industry. Responsibilities at Venmyn include:- • Compiling technical and geological information into reports which are compliant with the SAMREC and JSE listing rules; • High level research for multiple facets of mineral projects; • Valuation of mineral projects; and • Background research of information for CPR's and Technical Statements.	2010 – present

Languages:

English: Excellent

Afrikaans: Excellent

Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

______________________Date: January 2014
Jacobus Adriaan Myburgh

Name of Specialist: Sarah Dyke
Position: Environmental Industry Advisor
Name of Firm: Venmyn Deloitte, a subsidiary of Deloitte Consulting South Africa (Pty) Ltd
Address: First Floor, Building 33, The Woodlands, 20 Woodlands Drive, Woodmead
Profession: Natural Environmental Scientist
Date of Birth: 2 December 1985
Years within field of Practise: 5
Nationality: South African

Membership in Professional Societies:-

CLASS	PROFESSIONAL SOCIETY	YEAR OF REGISTRATION
Member	Geological Society of South Africa	2013
Member	SACNASP – Candidate	2012
Member	International Association of Impact Assessors	2010
Member	South African Institute for Mining and Metallurgy	2013
Member	Prince 2 Project Manager	2012

Detailed Tasks Assigned:-

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2014	UIS	Tin	Review of the status of the environmental permitting, performance and compliance in alignment with Namibian legislative requirements.
2014	Cronimet	Chrome	Detailed review of the rehabilitation and closure quantum estimates for the Cronimet Chrome Mine, South Africa.
2014	Namoya Gold	Gold	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a TSX listing in accordance with the NI43-101 Code requirements.
2014	Hambledon Mining	Gold	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a LSE listing in accordance with the JORC Code requirements.
2014	ArcelorMittal Temirtau JSC (AM Temirtau)	Iron ore	High level review of the rehabilitation and closure quantum estimates for the ArcelorMittal Orken LLP Group assets for the 2013 Financial Year.
2014	Barplats	Platinum	High level review of the rehabilitation and closure quantum estimates for the Barplats assets on the Eastern limb of the BIC, South Africa.
2013	Kilembe Copper Cobalt Company	Copper/Cobalt	Environmental liability estimation and high level review of the current standing environmental liability at KCCL operations and KML closed mining operations in Uganda
2013	Unimin	Diamonds	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a competent persons report and JSE listing.
2013	Great Western Minerals Group	REE	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a NI-43-101 listing.
2013	Resource Generation	Coal	Review of the status of the environmental permitting, performance and compliance as part of a detailed financial due diligence.
2013	Petropavlovsk	Gold	High level review of the rehabilitation and closure quantum estimates, and assessment of compliance with country statutory requirements, in conjunction with alignment to International Best Practice.
2013	Cronimet Chrome Mining (Pty) Ltd	Chrome	High level review of the rehabilitation and closure quantum estimates for the Cronimet Chrome Mine, Limpopo province, South Africa.
2013	Banro	Gold	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a NI-43-101 listing.
2013	NECSA	Uranium	Independent Competent Persons Review of Provisions for the Decontamination and Waste Disposal provisions for the South African Nuclear Energy Corporation SOC Limited and its Group Companies.
2013	Continental Coal	Coal	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a JSE listing.
2013	Keegan Resources	Gold	Review of the status of the environmental permitting, performance and compliance in alignment with requirements for a TSX listing.

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2013	Rockgate Capital	Uranium	Current – acting as independent advisory consultant to the investment team for all environmental licensing and permitting requirements for the project from PFS to DFS phases.
2013	Resource Generation	Coal	High level review of the status of the environmental permitting, performance and compliance, and reasonability of environmental liability provision for a technical Competent Persons Report
2013	Citic UA & IMR	Ferrochrome	Review of current ESIA as composed by a local practitioner, gap analysis with reference to public consultation, specialist assessments, international best practises, standards and guidelines. Review of national legislation and international socio-environmental commitments, treaties and obligations. Project management and composition of updated environmental impact assessment report, including assessment and integration of all relevant international best practises, guidelines and standards (International Finance Corporation, World Bank Group Equator principles and specific environmental health and safety guidelines, equator principles).
2012	Kumba Iron Ore	Iron Ore	Revision of current closure plans, the standardisation of a closure reporting framework and risk assessment methodology as well as alignment to existing Company Policy. Scope of work included the a high level review of the status of the clients' mining permits, environmental and social authorisations, and approvals required from regional and local agencies. Also undertaken was the verification of the procedures to be executed before the mine and processing plant could be commissioned.
2012	Optimum Colliery	Coal	Revision of current closure plans, the standardisation of a closure reporting framework and risk assessment methodology as well as alignment to existing Company Policy. Scope of work included the a high level review of the status of the clients' mining permits, environmental and social authorisations, and approvals required from regional and local agencies. Also undertaken was the verification of the procedures to be executed before the mine and processing plant could be commissioned.
2012	Uranium One/ Mantra Resources	Uranium	Review of current ESIA as composed by a local practitioner, gap analysis with reference to public consultation, specialist assessments, international best practises, standards and guidelines. Review of national legislation and international socio-environmental commitments, treaties and obligations. Project management and composition of updated environmental impact assessment report, including assessment and integration of all relevant international best practises, guidelines and standards (International Finance Corporation, World Bank Group Equator principles and specific environmental health and safety guidelines, equator principles).
2011	Eurasian Natural Resources Corporation	Platinum	Amendment to an environmental feasibility study for the second largest proposed mine in Zimbabwe. Assessment included gap analysis, assessment of the liabilities associated with the activities as well as the environmental legal compliance of the sites. Scope of work undertaken inclusive of the following:- Lead Project Manager; Baseline assessment and descriptions; Definition of scope of work for project; Specialist ToR provision and management; Scoping report; Consultation with I&APs, Authorities and Traditional Leaders; Compilation of socio-economic impact assessment; Budget control and invoicing; Administration and project management; and Review and incorporation of National and International legislation, and associated necessary permits and licenses.
2011	Boynton Investments	Coal	Scoping study, focus on the environmental permitting requirements, focus on environmental issues relating to mine residue disposal and management, compliance with national legislative requirements and international IFC standards.
2010	Chromex	Chrome	Water Use License Applications, update of water use license application report following alterations in surface infrastructure, compilation and submission of additional information required by the competent authority, stakeholder consultation
2010	Confidential	Nickel	Environmental scoping study, focus on the environmental permitting requirements, specifically environmental issues relating to mine residue disposal and management. Assessment of compliance with National legislative requirements and International IFC standards.

YEAR	CLIENT	COMMODITY	PROJECT DESCRIPTION
2010	Eurasian Natural Resources Corporation	Coal	Environmental feasibility study for the proposed mine, including background data gathering, gap analysis, compliance with national legislation and international requirements, background information documentation compilation, compilation of scoping study for licensing and authorisation process, and to provide the baseline for Environmental Impact assessment. Compilation of Exploration EMP, and water monitoring programme.

Key Qualifications:-

Sarah Dyke studied at the University of Johannesburg where she undertook her Bachelor of Science degree in Zoology and Biochemistry, and later, her Master Degree in Zoology, working as a student at both the University of Johannesburg (South Africa), and the University of Antwerp (Belgium). The research focused on the effects of acid volatile sulphides and total organic carbon upon the ability of riverine sediments to bind potentially harmful compounds (i.e. pesticides and industrial wastes).This information is particularly relevant when applied to the current acid mine drainage challenges facing South African river systems. This research will further the knowledge of toxins, particularly those of an industrial, mining and agricultural nature, upon the aquatic environments.

Sarah joined the Venmyn team in April 2012. She brought with her 3 years' experience from working at Epoch Resources, an environmental engineering firm, where she managed environmental feasibility projects at both a national and international scale.

In 2013, Venmyn became Venmyn Deloitte, a wholly owned subsidiary of Deloitte Consulting South Africa. Since joining Venmyn, Sarah has been involved in a number of projects including Competent Person's Reports, Technical Reports, Due Diligence Studies, Fatal Flaw Evaluations and has provided technical assistance to a number of companies over a wide range of commodities including Platinum Group Minerals, gold, coal, uranium, base metals, iron ore, manganese, Rare Earth Elements, sand and clay. In her current role, Sarah focuses on governance planning, programme management and implementations, environmental enterprise risk management, environmental strategy development and execution planning, impact management and planning, environmental management systems alignment and implementation, performance and assurance, and due diligence.

Sarah has taken part in numerous national and international projects, with key countries including Italy, Uganda, Kazakhstan, Namibia, Russia, Mali, Tanzania, Zimbabwe, Mozambique, DRC, and within South Africa

Education:-

DEGREE/DIPLOMA	FIELD	INSTITUTION	YEAR
Degree	B.Sc. Zoology and Biochemistry	University of Johannesburg	2007
Degree	B.Sc. Hons. Zoology	University of Johannesburg	2008
Degree	M.Sc. Zoology	University of Johannesburg	2012
Course	Environmental Law Certification Course	University of Potchefstroom	2011
Course	Environmental Management Systems Certification Course	University of Potchefstroom	2012
Course	Environmental Management Systems – Lead Auditor Course	University of Potchefstroom	2013
Course	Mining Engineering – Competent Persons' Course	University of Witwatersrand	2013

Employment Record:-

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Environmental Industry Advisor	Venmyn Deloitte (Previously Venmyn Rand)	Venmyn Rand operates as a techno-economic consultancy for the resources industry on a worldwide basis. Responsibilities at Venmyn include:- • independent environmental programme management and implementation • environmental enterprise risk management • environmental performance and assurance • due diligence • independent review • contribution to prospectivity reviews, and technical reports for technical public reports on various international stock exchanges.	April 2012 to Present

POSITION	COMPANY	JOB DESCRIPTION	DURATION
Environmental Scientist	Epoch Resources	Responsibilities included:- • environmental and social impact assessments • environmental feasibility studies • environmental management programmes • environmental legislative reviews • environmental licensing and stakeholder consultations	2010 to 2012
Zoology Tutor	University of Johannesburg	Assisted students with practical tasks and assignments. Marking and overseeing tasks and exams.	January 2008 to January 2010
Research Scientist	University of Johannesburg	Researching documentation on current available studies on aquatic river health testing systems in South Africa. Testing of the water systems which compose the Nylsvley river system in the Limpopo Province, according to the physiological Assessment Index (PAI) as well as the recognized methods by Bath et. Al (1999). Utilization of the university's assessment equipment (incorporating the mass spectrophotometers, both MS and OES, reporting on the current health status of the system according to assessment protocols available	January 2008 to October 2008

Languages:-

English: Excellent
Afrikaans: Good

Certification:-

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

Date: 21st April 2014

Sarah Dyke

Appendix 5: JORC 2012 Edition: Table 1 Checklist

DESCRIPTION	SEKISOVSKOYE
SECTION 1: SAMPLING TECHNIQUE AND DATA	
SAMPLING TECHNIQUES	
Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.	Sections 7, 8 and 9
Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	
Aspects of the determination of mineralisation that are Material to the Public Report.	
In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	
DRILLING TECHNIQUES	
Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	Section 8
DRILL SAMPLE RECOVERY	
Method of recording and assessing core and chip sample recoveries and results assessed.	Sections 8.1.1, 9.1, 9.2 and 9.4
Measures taken to maximise sample recovery and ensure representative nature of the samples.	
Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	
LOGGING	
Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.	Sections 8.1.3
Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	
The total length and percentage of the relevant intersections logged.	
SUB-SAMPLING TECHNIQUES AND SAMPLE PREPARATION	
If core, whether cut or sawn and whether quarter, half or all core taken.	Section 8.1.1 and 8.1.3
If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Section 9.1.2
For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Section 9.2 and 9.4.1
Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	
Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	
Whether sample sizes are appropriate to the grain size of the material being sampled.	
QUALITY OF ASSAY DATA AND LABORATORY TESTS	
The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.	Section 9.4.2, 9.4.3 and 9.4.4
For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	Section 9.3

DESCRIPTION	SEKISOVSKOYE
Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	Section 9.4
VERIFICATION OF SAMPLING AND ASSAYING	
The verification of significant intersections by either independent or alternative company personnel.	Sections 9.4
The use of twinned holes.	Section 8.1
Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Section 10
Discuss any adjustment to assay data.	N/A
LOCATION OF DATA POINTS	
Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.	Sections 7.3 and 8.1.1
Specification of the grid system used.	Section 7.3
Quality and adequacy of topographic control.	Section 7.3
DATA SPACING AND DISTRIBUTION	
Data spacing for reporting of Exploration Results.	Section 13.1 and 13.2.1
Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	Section 13.1 and 13.2
Whether sample compositing has been applied.	Section 9.1 and 13.1
ORIENTATION OF DATA IN RELATION TO GEOLOGICAL STRUCTURE	
Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.	Section 8.1
If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	N/A
SAMPLE SECURITY	
The measures taken to ensure sample security.	Section 9.5 and 10
AUDITS OR REVIEWS	
The results of any audits or reviews of sampling techniques and data.	N/A
SECTION 2: REPORTING OF EXPLORATION RESULTS	
MINERAL TENEMENT AND LAND TENURE STATUS	
Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.	Section 4
The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	Section 4
EXPLORATION DONE BY OTHER PARTIES	
Acknowledgment and appraisal of exploration by other parties.	Section 5

DESCRIPTION	SEKISOVSKOYE
GEOLOGY	
Deposit type, geological setting and style of mineralisation.	Section 6
DRILL HOLE INFORMATION	
A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:- • easting and northing of the drill hole collar; • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar; • dip and azimuth of the hole; • down hole length and interception depth; and • hole length.	Appendix 3
If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	N/A
DATA AGGREGATION METHODS	
In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.	Section 13.2.4
Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	N/A
The assumptions used for any reporting of metal equivalent values should be clearly stated.	N/A
RELATIONSHIP BETWEEN MINERALISATION WIDTHS AND INTERCEPT LENGTHS	
These relationships are particularly important in the reporting of Exploration Results.	Section 9.4.1 and 13.1.3
If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Section 13.1, Figure 9
If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’).	N/A
DIAGRAMS	
Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	Figure 8 and Figure 9
BALANCED REPORTING	
Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	Section 13.2
OTHER SUBSTANTIVE EXPLORATION DATA	
Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	Sections 7 and 12
FURTHER WORK	
The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).	Sections 7 and 12
Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Figure 7 and Figure 8

DESCRIPTION	SEKISOVSKOYE
SECTION 3: ESTIMATION AND REPORTING OF MINERAL RESOURCES	
DATABASE INTEGRITY	
Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Section 10.1
Data validation procedures used.	Section 10.1
SITE VISITS	
Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	Synopsis, Section 1.5
If no site visits have been undertaken indicate why this is the case.	N/A
GEOLOGICAL INTERPRETATION	
Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	Section 6.2 and 13.1
Nature of the data used and of any assumptions made.	
The effect, if any, of alternative interpretations on Mineral Resource estimation.	
The use of geology in guiding and controlling Mineral Resource estimation.	
The factors affecting continuity both of grade and geology.	
DIMENSIONS	
The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	Section 13.1
ESTIMATION AND MODELLING TECHNIQUES	
The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	Section 13.1
The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	
The assumptions made regarding recovery of by-products.	
Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).	
In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	
Any assumptions behind modelling of selective mining units.	
Any assumptions about correlation between variables.	
Description of how the geological interpretation was used to control the resource estimates.	
Discussion of basis for using or not using grade cutting or capping.	
The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	
MOISTURE	
Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Sections 9.2 and 9.3

DESCRIPTION	SEKISOVSKOYE
CUT-OFF PARAMETERS	
The basis of the adopted cut-off grade(s) or quality parameters applied.	13.1 and 13.2
MINING FACTORS OR ASSUMPTIONS	
Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	Section 11
METALLURGICAL FACTORS OR ASSUMPTIONS	
The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Section 12
ENVIRONMENTAL FACTORS OR ASSUMPTIONS	
Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Section 16
BULK DENSITY	
Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	Section 9.4.5
The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	
Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	
CLASSIFICATION	
The basis for the classification of the Mineral Resources into varying confidence categories.	Section 13.1.3
Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	
Whether the result appropriately reflects the Competent Person's view of the deposit.	
AUDITS OR REVIEWS	
The results of any audits or reviews of Mineral Resource estimates.	N/A
DISCUSSION OF RELATIVE ACCURACY/CONFIDENCE	
Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	Section 13.2
The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	
These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	

DESCRIPTION	SEKISOVSKOYE
SECTION 4: ESTIMATION AND REPORTING OF ORE RESERVES	
MINERAL RESOURCE ESTIMATE FOR CONVERSION TO ORE RESERVES	
Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.	Section 14.1
Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	Section 13.2.4 and 14.2
SITE VISITS	
Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	Synopsis, Section 1.5
If no site visits have been undertaken, indicate why this is the case.	N/A
STUDY STATUS	
The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.	Section 14
The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	
CUT-OFF PARAMETERS	
The basis of the cut-off grade(s) or quality parameters applied.	Section 14.2.1
MINING FACTORS OR ASSUMPTIONS	
The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).	Section 14.2.1
The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	
The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc), grade control and pre-production drilling.	
The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	
The mining dilution factors used.	
The mining recovery factors used.	
Any minimum mining widths used.	
The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	
The infrastructure requirements of the selected mining methods.	
METALLURGICAL FACTORS OR ASSUMPTIONS	
The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.	Section 12 and 15
Whether the metallurgical process is well-tested technology or novel in nature.	
The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.	
Any assumptions or allowances made for deleterious elements.	

DESCRIPTION	SEKISOVSKOYE
The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole.	Section 12 and 15
For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	
ENVIRONMENTAL	
The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.	Section 16
INFRASTRUCTURE	
The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	Section 3.2
COSTS	
The derivation of, or assumptions made, regarding projected capital costs in the study.	Section 19.5
The methodology used to estimate operating costs.	
Allowances made for the content of deleterious elements.	
The source of exchange rates used in the study.	
Derivation of transportation charges.	
The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	
The allowances made for royalties payable, both Government and private.	
The derivation of, or assumptions made, regarding projected capital costs in the study.	
REVENUE FACTORS	
The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.	Section 19.5
The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	
MARKET ASSESSMENT	
The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.	Section 18
A customer and competitor analysis along with the identification of likely market windows for the product.	
Price and volume forecasts and the basis for these forecasts.	
For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	
ECONOMIC	
The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	Section 19.5
NPV ranges and sensitivity to variations in the significant assumptions and inputs.	
SOCIAL	
The status of agreements with key stakeholders and matters leading to social licence to operate.	Section 16.2

DESCRIPTION	SEKISOVSKOYE
OTHER	
To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:- • Any identified material naturally occurring risks; • The status of material legal agreements and marketing arrangements; • The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study; • Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	Sections 3 and 4
CLASSIFICATION	
The basis for the classification of the Ore Reserves into varying confidence categories.	Section 14
Whether the result appropriately reflects the Competent Person's view of the deposit.	
The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	
AUDITS OR REVIEWS	
The results of any audits or reviews of Ore Reserve estimates.	N/A
DISCUSSION OF RELATIVE ACCURACY/CONFIDENCE	
Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.	Section 14
The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	
Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.	
It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	