

Company registration No 04095614 (England & Wales)

IRONVELD PLC

GROUP FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2013

THURSDAY



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DIRECTORS

Giles Clarke *Chairman*

Giles Clarke is Chairman of the England and Wales Cricket Board, Westleigh Investments Holdings Limited, Amensur Resources plc, and of several private organisations. He founded Majestic Wine in 1981 and built it into a national chain of wine warehouses. He also co-founded Pet City in 1990, which he expanded nationwide before it was listed and subsequently sold in 1996 for £150 million and co-founded Safestore which was sold in 2003 for £40 million.

Peter Cox *Chief Executive*

Peter Cox started his career in the mining industry 30 years ago as a learner surveyor. After studying mining engineering as a JCI bursar, he worked for that company in various positions at gold and platinum mines, ending as a senior section manager. In 1987, he joined a privately owned mining and exploration company, Severn Southern Sphere Mining, as consulting engineer and general manager. Since mid-1991 he has been the managing director of Goldline Global Consulting (Pty) Ltd, an engineering consulting company which serves the mining industry worldwide. He holds a Mine Surveyor's and a Mine Manager's Certificate of Competency. He has a number of achievements to his name, including being the youngest certificated surveyor in South African mining history and designing the country's narrow reef opencast mining method.

Nicholas Harrison *Non-Executive Director*

Nicholas Harrison qualified as an accountant with Arthur Andersen and subsequently held a number of senior positions with other professional services organisations. He was Finance Director of Pet City and has held finance director and chief executive positions in a number of private businesses. He is a director of Westleigh Investments Holdings Limited, Amensur Resources plc and a number of private organisations.

Terry McConnachie *Non-Executive Director*

Terry McConnachie has over 25 years of experience in mining, beneficiation of ferroalloys and precious metals. He was the founder of Merafe Resources Limited (formerly South African Chrome & Alloys Limited), a successful chrome mining company, black empowered and listed on the Johannesburg Stock Exchange. He has started many new green-field operations in gold, manganese, aluminium, graphite and tantalite. He has been CEO of a number of mining, mining services and smelting companies in South Africa. Terry McConnachie is currently Managing Director of Sylvania Platinum Limited.

Rupert Fraser *Non-Executive Director*

Rupert Fraser has over 20 years of experience in the investment banking industry. Rupert Fraser is a Senior Partner of Kildare partners. Previously he was head of Equities at Evolution Securities from 2009 to 2011, prior to which he spent 16 years at Dresdner Kleinwort, where in 2005 he was appointed Managing Director, Global Head of Equity Distribution. He is a founding partner of Kildare Partners.

ADVISORS

Company secretary	Kirsti Jane Pinnell
Company number	04095614 (England and Wales)
Registered office	Lakeside Fountain Lane St Mellons Cardiff CF3 0FB
Nominated Adviser	Shore Capital and Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
Auditors	UHY Hacker Young Manchester LLP St James Building 79 Oxford Street Manchester M1 6HT
Bankers	HSBC 97 Bute Street Cardiff CF10 5NA Investec Bank Plc 2 Gresham Street London EC2V 7QP
Solicitors	Kurt Steinart Levy LLP 3 St Mary's Parsonage Manchester M3 2RD
Registrar	Capita IRG Plc Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

CHAIRMAN'S STATEMENT

Operational

The past 18 months has seen the Group take huge strides towards developing the Ironveld Pig Iron Project and the management and employees can feel rightly proud of the progress that has been made. We were very pleased to complete the re-Admission to the AIM market in August 2012. In the process, we raised a total of £3 million which provided funding for the successful exploration programme undertaken during 2013 as well as working capital requirements.

The acceptance of a Mining Right Application over some of the Group's properties earlier in the year and the publication of the Pre-Feasibility Study ("PFS") in June 2013 was a significant milestone for the Group. The study demonstrates the viability of the Project delivering one million tonnes of pig iron and 9,670 tons of ferro vanadium ("FeV") per annum. Both the iron and V grades exceeded our initial expectations, leading to significantly enhanced project economics with an IRR of 28.8% and a capital payback of seven years.

The Board is conscious of ensuring the Project provides excellent return for shareholders and a key focus is the delivery of early stage cash flow through the planned 12MW smelter producing an initial 46,000 tons of pig iron and 445 tons of FeV from 2015. As well as delivering production some two years earlier than previously anticipated, the smelter will serve as proof of concept and as a training facility for staff, ensuring a smoother and faster installation and ramp up of the four 75MW smelters required for the main Project.

Since the publication of the PFS, the Group has continued to make excellent progress as we move into the next phase of project development culminating in the publication of a definitive feasibility study of initially the 12MW project and thereafter of the 4 x 75MW project. Last month we received the results from the pilot plant campaign which validated much of the work produced in the PFS and demonstrated the viability of smelting the Ironveld ore to produce pig iron. The Group is now undertaking a thorough marketing campaign based on these results as we look to secure an offtake agreement for the initial production from the 12MW smelter. In addition we are busy compiling a Mining Right Application over the balance of the Group's properties.

Sale of non-core subsidiary

The Group recently announced that it had entered into an agreement to sell our non-core wholly-owned trading subsidiary, Mercury Recycling Limited ("MRL"), to Environmental Safeguard Limited for a total consideration of £1,575 million in cash, comprising a purchase price of £1.45m and a working capital adjustment of £125,000. The sale is in line with the Board's strategy to focus the Group's resources on the progression of the Ironveld Project and we also believe that the sale will enable MRL's management team to better realise the potential of that business.

For the 18 months ended 30 June 2013, MRL contributed revenues of £3 million and a loss before tax and goodwill impairment of £132k. Its gross assets as at 30 June 2013 amounted to £1.8 million.

Financial

The Group recorded a loss before tax from continuing operations for the 18 month period of £0.9m (2011 12 months - £0.25m) and an overall loss after including discontinued operations of £5.5m (2011 - £41,000).

As noted in the interim results to 31st December 2012 the Group reviewed the carrying value of Mercury Recycling Limited and impaired the goodwill relating to that subsidiary in full. This impairment resulted in £4.1m of the overall loss for the period.

With the Group's present cash resources, existing facilities and the proceeds of the sale of MRL, the Directors believe that the Group has sufficient funds to undertake its appraisal activities for the foreseeable future.

CHAIRMAN'S STATEMENT (continued)

Summary

On behalf of the Board, I would like to thank our shareholders for their continued support since the Group re-listed on AIM. Finally a word of appreciation to our employees whose hard work and dedication have been instrumental in the progress the Group has made in the past 18 months and ensured we are on track to bring the Ironveld Project into production in the coming years.

Giles Clarke
Chairman
7 October 2013

DIRECTORS' REPORT

The Directors present their annual report, together with the audited financial statements for the period ended 30 June 2013. The Corporate Governance Statement set out on pages 8 and 9 forms part of this report.

Principal activity and business review

The principal activity of the Group for the period to 16 August 2012 continued to be the recycling of fluorescent tubes and batteries. On 16 August 2012 the company acquired an operation for mining, exploration, processing and smelting of iron ore in South Africa with both activities being carried out for the remainder of the period. The principal activity of the Company for the period was that of a holding company.

The Company is required by the Companies Act to include a business review in this report. The information that fulfils the requirements of the business review can be found in the Chairman's Statement on pages 3 to

Dividends

The Directors do not propose the payment of a dividend for the period.

Directors and their interests

The Directors, who served during the period were as follows -

The Rt Hon The Lord Barnett JP PC	(resigned 16 August 2012)
B Neill	(resigned 16 August 2012)
G Clarke	
N Harrison	
T McConnachie	(appointed 16 August 2012)
P Cox	(appointed 16 August 2012)
R Fraser	(appointed 5 October 2012)

The beneficial and other interests of the Directors at the period end and their families in the shares of the Company and its subsidiary undertakings were as follows:

	30 June 2013 1p ordinary shares Number	At 1 January 2012 or appointment 10p ordinary shares Number
G Clarke	15,927,099	5,319,877
N Harrison	11,023,581	5,319,877
T McConnachie (appointed 16 August 2012)	337,505	-
P Cox (appointed 16 August 2012)	-	-
R Fraser (appointed 5 October 2012)	-	-

Mr G Clarke and Mr N Harrison's interests in 9,023,581 (2011 - 5,319,877) shares are through their shareholding in Westleigh Investments Holdings Limited.

There have been no changes since the period end.

Details of Directors' interest in share options are provided in the Directors' remuneration report on page 10 and 11.

Mr G Clarke and Mr N Harrison's have an interest in 8,399,966 (2011 - 8,399,966) shares through share warrants held by Westleigh Investments Holdings Limited.

DIRECTORS' REPORT (continued)

Supplier payment policy

The Group's policy is to agree terms of payment with suppliers when agreeing the terms of each transaction. Trade payables of the Group as at 30 June 2013 were equivalent to 24 (2011 - 48) day's purchases.

Political contributions and charitable donations

The Group made no political contributions or charitable donations during this or the preceding period.

Substantial shareholdings

As at 19 September 2013 the Company had been notified of the following holdings of 3% or more of its issued share capital other than the Directors' direct holdings on page 5.

	Number of ord shares	Percentage
Africa Asia Capital	39,746,892	13.9%
Michinoko Limited	34,472,224	12.1%
Weighbridge Trust Limited	22,044,100	7.7%
Artemis Managed Funds	10,907,408	3.8%
Westleigh Investments Holdings Limited	9,023,581	3.2%
Vidacos Nominees	9,003,138	3.2%

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on page 3 and 4. In addition, note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

The Directors have reviewed the financial resources and facilities available to deal with its business risks. The Directors therefore feel well placed to manage the business risks successfully within its present financial arrangements.

The Group's present cash resources, existing facilities and the proceeds from the sale of Mercury Recycling Limited, is considered adequate to meet its anticipated liabilities and continue for the foreseeable future. The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being twelve months from the date of the approval of the financial statements and beyond that period are optimistic that the Group will be able to raise funds when required for any additional planned activities. For this reason the Board continues to adopt the going concern basis in the preparation of the financial statements.

DIRECTORS' REPORT (continued)

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were in place during the period and remain in force at the date of this report

Statement of disclosure to auditors

Each of the persons who is a Director at the date of approval of this annual report confirms that

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of the relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

This report was approved by the Board on 7 October 2013 and signed on its behalf by

K J Pinnell
Company secretary

CORPORATE GOVERNANCE STATEMENT

Code of best practice

The Board acknowledges the importance of the UK Corporate Governance Code ("the Code") and has reviewed the Group's consistency with the provisions of the Code as appended to the Listing Rules of the Financial Services Authority. This statement explains how the Group has voluntarily applied principles of the Code and confirms that it has consistently complied with these throughout the period.

The Board of Directors

The Group is controlled and led by the Board of Directors with an established schedule of matters reserved for their specific approval. The Board meets regularly throughout the year and is responsible for the overall Group strategy, acquisition and divestment policy, approval of major capital expenditure and consideration of significant financial matters. It reviews the strategic direction of the Company and its individual subsidiaries, their annual budgets, their progress towards achievement of these budgets and their capital expenditure programmes.

The function of the Chairman is to supervise the Board and to ensure its effective control of the business, and that of the Chief Executive is to manage the Group on the Board's behalf.

All Board members have access, at all times, to sufficient information about the business, to enable them to fully discharge their duties. Also, procedures exist covering the circumstances under which the Directors may need to obtain independent professional advice.

The Board has established the following committees to fulfil specific functions:

The Audit Committee comprises Giles Clarke, Nicholas Harrison and Terry McConnachie, it has been established to determine the terms of engagement of the group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee will receive and review reports from management and the group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the group. The Audit Committee will have unrestricted access to the group's auditors and internal control procedures.

Due to the nature and size of the Group at present it would not be appropriate for the Group to have its own internal audit department reporting directly to the Audit Committee, this situation is reviewed annually.

The Remuneration Committee comprises Giles Clarke, Nicholas Harrison and Terry McConnachie, it has been established to review the scale and structure of the executive directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive directors of the Company will be set by the Board.

The Nomination Committee comprises Giles Clarke, Nicholas Harrison and Terry McConnachie, it has been established to review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.

Status of Non-executive directors

None of the Non-Executive Directors would be deemed independent under the UK Corporate Governance Code. However, the Non-Executive Directors have considerable experience which the Company draws upon on a regular basis. In addition, the Non-Executive Directors are sufficiently independent of management so as to be able to exercise independent judgement and bring an objective viewpoint and, thereby, protect and promote the interest of shareholders.

CORPORATE GOVERNANCE STATEMENT (continued)

Internal control

The Board is responsible for ensuring that the Group maintains adequate internal control over the business and its assets

The effectiveness of the Group's system of internal financial controls, for the period to 30 June 2013 and for the period to the date of approval of the financial statements, has been reviewed by the Directors. Whilst they are aware that although no system can provide for absolute assurance against material misstatement or loss, they are satisfied that effective controls are in place.

On the wider aspects of internal control, relating to operational and compliance controls and risk management, the Board, in setting the control environment, identifies, reviews, and regularly reports on the key areas of business risk facing the Group.

The Group Board and subsidiary Boards maintain close day to day involvement in all of the Group's activities which enables control to be achieved and maintained. This includes the comprehensive review of both management and technical reports, the monitoring of interest rates, environmental considerations, government and fiscal policy issues, employment and information technology requirements and cash control procedures. In this way, the key risk areas can be monitored effectively and specialist expertise applied in a timely and productive manner.

Relations with shareholders

The Company maintains effective contact with its principal shareholders and welcomes communications from its private investors.

DIRECTORS' REMUNERATION REPORT

Compliance

This report by the Remuneration Committee, on behalf of the Board, contains full details of the remuneration of each Director during the period under review

Directors' remuneration policy

The Remuneration Committee aims to ensure that the remuneration packages offered are competitive and are designed to attract, retain and motivate executives of the right calibre

Emoluments of the Directors

	Fees/Salary £000	Benefits in kind £000	2013 Total £000	2011 Total £000
The Rt Hon The Lord Barnett JP PC	14	-	14	21
J C Dwek CBE	-	-	-	3
A J Leon DL FCA	-	-	-	8
B Neill	63	7	70	96
G Clarke**	40	-	40	-
N Harrison*	40	-	40	-
T McConnachie*	40	-	40	-
R Fraser	33	-	33	-
P Cox***	150	-	150	-
	<u>380</u>	<u>7</u>	<u>387</u>	<u>128</u>

In addition to the above fees, the Group was charged £10,821 (2011 £13,500) by Westleigh Investments Holdings Limited for the services of G Clarke and N Harrison as Directors

* Member of the Remuneration Committee

** Member and Chairman of the Remuneration Committee

*** Highest-paid Director during the period

Pensions

No pension contributions were made during the period

The Non-Executive Directors' appointments are not pensionable

DIRECTORS' REMUNERATION REPORT (continued)

Directors' share options

Details of the individual share options held by the Directors as at 1 January 2012 and 30 June 2013, are as follows

Director	Option price (p)	Date of Grant	Expiry date	1 January 2012	Granted	30 June 2013 **
B Neill	EMI -10p	01/11/2014	01/11/2014	750,000	-	750,000
P Cox	LTIP - 1p	16/08/2012	16/08/2022	-	1,427,894	1,427,894
G Clarke	LTIP - 1p	16/08/2012	16/08/2022	-	1,427,894	1,427,894
N Harrison	LTIP - 1p	16/08/2012	16/08/2022	-	1,427,894	1,427,894
T McConnachie	LTIP - 1p	16/08/2012	16/08/2022	-	1,427,894	1,427,894
P Cox	LTIP - 1p	14/11/2012	14/11/2022	-	7,139,470	7,139,470
R Fraser	LTIP - 1p	16/04/2013	16/04/2023	-	1,000,000	1,000,000

** or at date of resignation

The share options of B Neill became exercisable on 1 November 2007. The remaining share options granted in the period are exercisable as follows -

- 1/3 on the first anniversary of grant
- 1/3 on the second anniversary of grant
- 1/3 on the third anniversary of grant

The market price of the Company's shares at 30 June 2013 was 8 75p with a range of 1 88p to 8 75p during the period

There were no movements in the Directors' share options since the period end

G Clarke
Chairman of the Remuneration Committee

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations

Company law requires the Directors to prepare such financial statements for each financial period. Under that law the Directors are required to prepare group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Directors' responsibility statement

We confirm that to the best of our knowledge

1 the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole, and

2 the business review, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

On behalf of the Board



N Harrison
Director

7 October 2013

INDEPENDENT AUDITORS' REPORT



Registered Auditor

UHY Hacker Young Manchester LLP
St James Building
79 Oxford Street
Manchester M1 6HT

7 October 2013

To the members of Ironveld Plc

We have audited the financial statements of Ironveld Plc for the period ended 30 June 2013 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and the Parent Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated and Company Statements of Changes in Equity and the related notes 1 to 29. 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 auditors' 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 an express and opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT (continued)



Opinion on the financial statements

In our opinion

- the financial statements give a true and fair view of the Group and the parent Company's affairs as at 30 June 2013 and of the Group's and the parent Company's loss for the period then ended,
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

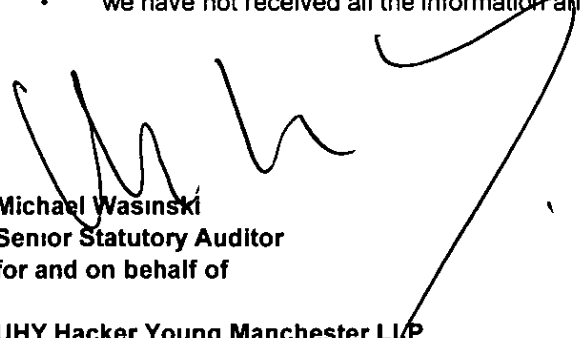
In our opinion, the information given in the Director's Report for the financial period for which the financial statements are prepared is consistent with the financial statements

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 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



Michael Wasinski
Senior Statutory Auditor
for and on behalf of

UHY Hacker Young Manchester LLP
Chartered Accountants
Statutory Auditor

PERIOD ENDED
30 JUNE
2013

CONSOLIDATED INCOME STATEMENT

	Note	Period ended 2013 £000	2011 £000
Administrative expenses		<u>(860)</u>	<u>(253)</u>
Operating loss	4	(860)	(253)
Investment revenues	7	22	-
Finance costs	8	<u>(48)</u>	<u>-</u>
Loss before tax		(886)	(253)
Tax	9	<u>(438)</u>	<u>-</u>
Loss from continuing operations		(1,324)	(253)
Discontinued operations	10	<u>(4,196)</u>	<u>212</u>
Loss for the period	5	<u>(5,520)</u>	<u>(41)</u>
Attributable to			
Owners of the company		(5,447)	(41)
Non-controlling interests		<u>(73)</u>	<u>-</u>
		<u>(5,520)</u>	<u>(41)</u>
Loss per share			
From continuing operations	- Basic	<u>(0 69p)</u>	<u>(0 71p)</u>
	- Diluted	<u>n/a</u>	<u>n/a</u>
From continuing and discontinued operations	- Basic	<u>(3 01p)</u>	<u>(0 11p)</u>
	- Diluted	<u>n/a</u>	<u>n/a</u>

There is no difference between the results as disclosed above and the results on an historical cost basis

PERIOD ENDED
30 JUNE
2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

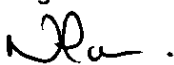
	Period ended 2013 £000	2011 £000
Loss for the period	(5,520)	(41)
Exchange difference on translation of foreign operation	<u>(2,028)</u>	<u>-</u>
Total comprehensive income for the period	<u>(7,548)</u>	<u>(41)</u>
Attributable to		
Owners of the company	(6,756)	(41)
Non-controlling interests	<u>(792)</u>	<u>-</u>
	<u>(7,548)</u>	<u>(41)</u>

CONSOLIDATED BALANCE SHEET

	Note	2013 £000	2011 £000
Non-current assets			
Goodwill	13	-	4,122
Other intangible assets	14	24,749	-
Property, plant and equipment	15	4	1,265
		<u>24,753</u>	<u>5,387</u>
Current assets			
Trade and other receivables	17	179	465
Cash and bank balances		569	343
Current tax assets		-	18
Assets classified as held for sale	10	1,837	-
		<u>2,585</u>	<u>826</u>
Total assets		<u>27,338</u>	<u>6,213</u>
Current liabilities			
Trade and other payables	18	(246)	(234)
Borrowings	19	-	(68)
Liabilities directly associated with assets classified as held for sale	10	(505)	-
		<u>(751)</u>	<u>(302)</u>
Non-current liabilities			
Trade and other payables	18	-	(24)
Borrowings	19	(840)	(88)
Deferred tax liabilities	20	(6,891)	(167)
		<u>(7,731)</u>	<u>(279)</u>
Total liabilities		<u>(8,482)</u>	<u>(581)</u>
Net assets		<u>18,856</u>	<u>5,632</u>
Equity			
Share capital	22	6,080	3,583
Share premium	23	14,097	235
Other reserves	23	21	386
Retained earnings	23	(5,600)	1,428
Equity attributable to owners of the company		<u>14,598</u>	<u>5,632</u>
Non-controlling interests	28	<u>4,258</u>	<u>-</u>
Total equity		<u>18,856</u>	<u>5,632</u>

These financial statements were approved by the Board and authorised for issue on 7 October 2013

Signed on behalf of the Board


N Harrison
Director

Company Registration No 04095614

IRONVELD
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PARENT COMPANY BALANCE SHEET

	Note	2013 £000	2011 £000
Non-current assets			
Investments	16	17,109	3,954
Current assets			
Trade and other receivables	17	26	1,241
Cash and bank balances		232	-
		<u>258</u>	<u>1,241</u>
Total assets		<u>17,367</u>	<u>5,195</u>
Current liabilities			
Trade and other payables	18	(117)	(17)
Total liabilities		<u>(117)</u>	<u>(17)</u>
Net assets		<u>17,250</u>	<u>5,178</u>
Equity			
Share capital	22	6,080	3,583
Share premium	23	14,097	235
Other reserves	23	21	1,320
Retained earnings	23	(2,948)	40
Total equity		<u>17,250</u>	<u>5,178</u>
(Attributable to owners of the Company)			

These financial statements were approved by the Board and authorised for issue on 7 October 2013

Signed on behalf of the Board



N Harrison
Director

Company Registration No 04095614

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Other Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2011	3,583	235	386	1,469	5,673
Loss for the period	-	-	-	(41)	(41)
Balance at 31 December 2011	3,583	235	386	1,428	5,632
Other comprehensive income	-	-	-	(2,028)	(2,028)
Issue of share capital	2,497	13,862	-	-	16,359
Transfer on impairment of investment	-	-	(365)	365	-
Credit to equity for equity-settled share based payments	-	-	-	82	82
Loss for the period	-	-	-	(5,447)	(5,447)
Balance at 30 June 2013	<u>6,080</u>	<u>14,097</u>	<u>21</u>	<u>(5,600)</u>	<u>14,598</u>

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share Capital £000	Share Premium £000	Other Reserve £000	Retained Earnings £000	Total Equity £000
Balance at 1 January 2011	3,583	235	1,320	(15)	5,123
Profit for the period	-	-	-	55	55
Balance at 31 December 2011	3,583	235	1,320	40	5,178
Issue of share capital	2,497	13,862	-	-	16,359
Transfer on impairment of investment	-	-	(1,299)	1,299	-
Credit to equity for equity-settled share based payments	-	-	-	82	82
Loss for the period	-	-	-	(4,369)	(4,369)
Balance at 30 June 2013	<u>6,080</u>	<u>14,097</u>	<u>21</u>	<u>(2,948)</u>	<u>17,250</u>

CONSOLIDATED CASH FLOW STATEMENT

	Note	2013 £000	2011 £000
Net cash (used in) / from operating activities	25	<u>(501)</u>	<u>169</u>
Investing activities			
Proceeds from disposal of property, plant and equipment		9	-
Purchases of property, plant and equipment		(131)	(153)
Interest received		22	-
Loan advanced		(137)	-
Purchase of exploration and evaluation assets		(1,566)	-
Net cash inflow on acquisition of subsidiary		<u>4</u>	<u>-</u>
Net cash used in investing activities		<u>(1,799)</u>	<u>(153)</u>
Financing activities			
Proceeds on issue of equity (net of costs)		2,657	-
New loans received		118	-
Repayment of borrowings		<u>(87)</u>	<u>(69)</u>
Net cash generated by / (used in) financing activities		<u>2,688</u>	<u>(69)</u>
Net increase/(decrease) in cash and cash equivalents		388	(53)
Cash and cash equivalents at the beginning of period	25	343	396
Effects of foreign exchange rates		<u>17</u>	<u>-</u>
Cash and cash equivalents at end of period	25	<u>748</u>	<u>343</u>

COMPANY CASH FLOW STATEMENT

	Note	2013 £000	2011 £000
Net cash from operating activities	25	<u>(529)</u>	<u>-</u>
Investing activities			
Interest received		22	-
Payments to acquire investments		<u>(1,918)</u>	<u>-</u>
Net cash used in investing activities		<u>(1,896)</u>	<u>-</u>
Financing activities			
Proceeds on issue of equity (net of costs)		<u>2,657</u>	<u>-</u>
Net cash generated from financing activities		<u>2,657</u>	<u>-</u>
Net increase in cash and cash equivalents		232	-
Cash and cash equivalents at the beginning of period	25	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of period	25	<u>232</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Ironveld Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in note 4 and in the business review on page 3 and 4.

Adoption of new and revised Standards

There were no new or amended IFRS standards or IFRIC interpretations adopted for the first time in these financial statements that had a material impact on the company financial statements.

At the date of authorisation of these financial statements, the following accounting standards and interpretations which have not been applied in these financial statements were in issue but not yet effective:

IFRS 1 (amendment)	First-time Adoption of International Financial Reporting Standards
IFRS 7 (amendment)	Financial Instruments disclosures
IFRS 9 (2010)	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 1 (amendment)	Presentation of Financial Statements
IAS 12 (amendment)	Income Taxes
IAS 19 (amendment)	Employee Benefits
IAS 27 (2011)	Consolidated and Separate Financial Statements
IAS 28 (2011)	Investments in Associates
IAS 32 (amendment)	Financial Instruments Presentation

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the company in future periods.

2 Significant accounting policies

The financial statements are based on the following policies which have been consistently applied:

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared on the historical cost basis. The principal accounting policies are set out below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all entities controlled by the Company (its subsidiaries) made up to the period end. Control is achieved where the Company has power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. The effective date of control for the acquisition in the period was considered to be 16 August 2012.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control. The acquisition of WEEE Recycling Limited was accounted for as a group reconstruction using merger accounting. Under IFRS 1, the Group has elected not to restate business combinations prior to the transition date to IFRS of 1 January 2006.

The Group has taken advantage of s612 (2) of the Companies Act 2006 and has credited the premium arising on the acquisition of Mercury Recycling Limited to other reserves.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders are initially measured at their proportionate share of the fair value of the acquirees identifiable net assets. Subsequent to acquisition, the carrying value of the non-controlling interests is the amount of initial recognition plus the non-controlling interests' share of the subsequent changes in equity.

Business combinations

Acquisitions of subsidiaries are accounted for using acquisition accounting (with the exception of WEEE Recycling Limited disclosed above). The consideration for each acquisition is measured at the fair value of assets given, liabilities incurred or assumed and equity instruments issued by the group in exchange for control in the acquiree. Acquisition-related costs are recognised in the income statement as incurred.

Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met.

When the assets held for sale represents a discontinued operation then the results of that operation is disclosed as a discontinued item in the income statement and the comparative information is re-presented to be consistent with that presented in the current period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Goodwill

Goodwill arising on a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the entity over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill which is recognised as an asset is not amortised but is reviewed for impairment annually. Any impairment is immediately recognised in the income statement.

Exploration and evaluation

Costs incurred prior to acquiring the rights to explore are charged directly to the income statement.

Licence acquisition costs and all other costs incurred after the rights to explore an area have been obtained, such as the direct costs of exploration and appraisal (including geological, drilling, trenching, sampling, technical feasibility and commercial viability activities) are accumulated and capitalised as intangible exploration and evaluation (E & E) assets, pending determination.

E & E assets are not amortised prior to the conclusion of the appraisal activities. At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanctions, the carrying value of the relevant E & E asset will be reclassified as a development and production asset in intangible assets after the carrying value has been assessed for impairment and, where appropriate, adjusted. If after completion of the appraisal of the area it is not possible to determine technical and commercial feasibility or if the legal rights have expired or if the Group decide to not continue activities in the area, then the cost of unsuccessful exploration and evaluation are written off to the income statement in the relevant period.

On an annual basis a review for impairment indicators is performed. If an indicator of impairment exists an impairment review is performed. The recoverable amount is then considered to be the higher of the fair value less costs of sale or its value in use. Any identified impairment is written off to the income statement in the period identified.

Government grants

Grants towards property, plant and equipment are treated as deferred income and released to the income statement over the expected useful lives of the assets concerned. Grants towards expenditure are recognised as income over the periods necessary to match with the related costs and are deducted in reporting the related expense.

Research and development

Research expenditure is recognised as an expense in the period in which it is incurred.

An internally-generated asset arising from any development is recognised only if all of the following conditions are met:

- an asset is created that can be identified,
- it is probable that the asset created will generate future economic benefits, and
- the development cost of the asset can be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Revenue

Revenue is measured at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, net of discounts and value added tax

Taxation

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of the taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised on all appropriate taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible timing differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to be applicable in the period when the liability or asset is realised and is based on tax laws and rates substantially enacted at the balance sheet date. Deferred tax is charged in the income statement except where it relates to items charged/credited in other comprehensive income, in which case the tax is also dealt with in other comprehensive income.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value, or if lower, at the present value of future minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using a sum of digits method.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the lease period.

Property, plant and equipment

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Property alterations	10% straight line basis
Plant and machinery	10% - 25% straight line basis or reducing balance basis
Fixtures, fittings & equipment	10% - 25% straight line basis
Motor vehicles	25% reducing balance basis

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Foreign currencies

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in the income statement.

When presenting the consolidated financial statements, the assets and liabilities of the group's foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the period, unless exchange rates have fluctuated significantly in which case the rates at the date of the transactions are used. Exchange differences arising are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests where appropriate).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using the closing rate.

Operating profit

Operating profit is stated after charging restructuring costs and goodwill impairments but before acquisition gains, investment revenues and finance costs.

Software costs

Other intangible assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Software	25% straight line basis
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Retirement benefit costs

Where the Group contributes to defined contribution pension schemes, the assets of the schemes are held separately from those of the Group in an independently administered fund. Contributions payable for the period are charged in the income statement.

Investments

Investments are stated at cost less any provision for the permanent diminution in value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

Trade receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method except for short-term receivables when recognition of interest would be immaterial. Appropriate allowances for the estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired.

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 change in value.

Financial liability and equity

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption 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 amount of the instrument to the extent that they are not settled in the period in which they arise.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, financial liability or a equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are initially recognised at fair value and are subsequently amortised using the effective interest method. Fair value is estimated from available market data and reference to other instruments considered to be substantially the same.

Trade and other payables

Trade payables and other financial liabilities are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

The Group's activities expose it primarily to the financial risks of changes in interest rates on long term borrowings.

Share-based payments

The Group issues equity-settled share-based payments to certain employees and other parties. Equity settled share-based payments are measured at fair value at the date of grant. In respect of employee related share based payments, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. In respect of other share based payments, the fair value is determined at the date of grant and recognised when the associated goods or services are received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

Operating segments

The Group considers itself to have two operating segments in the period and further information is provided in note 4

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operating existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements. Further details are provided in the Directors Report on page 6

Critical accounting estimates and judgements

The Group makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below

Fair value of acquisition

On acquisition of a subsidiary, the company is required to estimate the fair value of the assets and liabilities acquired and the consideration paid. The estimate in respect of exploration and evaluation assets is affected by many factors including the future viability of commercial reserves which have been based on the judgement of directors supported by third party technical reports

Fair value of share based payments

Calculation of the fair value of the share based payments issued requires estimates to be used for the share price volatility, the risk free rate and the model with which to calculate the fair value

Impairment of goodwill

The Group is required to review, on an annual basis, whether goodwill has 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 - actual outcomes may vary. If the carrying amount exceeds the recoverable amount then impairment is made. Following a re-assessment of the Groups focus and strategy, the goodwill of Mercury Recycling Limited was considered fully impaired in the period

Exploration and evaluation asset

The group has adopted a policy of capitalising the costs of exploration and evaluation and carrying the amount without impairment assessment until impairment indicators exist (as permitted by IFRS 6). The directors therefore have to make judgements as to whether any indicators of impairment exist and the future activities of the company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Significant accounting policies (continued)

Critical accounting estimates and judgements (continued)

Deferred tax assets

The directors must judge whether the future profitability of the Group is likely in making the decision whether or not to recognise a deferred tax asset. No deferred tax assets have been recognised in the period.

Useful lives of property, plant and equipment

Property, plant and equipment are amortised or depreciated over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are based on judgement and experience and periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods.

3. Revenue

All revenue arises from the discontinued activity of Waste Recycling in the United Kingdom.

4 Business and geographical segments

Information reported to the Group Directors for the purposes of resource allocation and assessment of segment performance is focused on in the activity of each segment and its geographical location.

The group identifies two segments which have different activities and locations:

Ironveld - Prospecting, exploration and mining	South Africa
Mercury - Waste recycling	United Kingdom

The Mercury segment was actively marketed at the balance sheet date and was therefore re-classified as held for sale and also as a discontinued operation in the period.

In the prior period the group had only one segment - Mercury. The Ironveld segment was acquired on 16 August 2012 and its results have been consolidated from that date.

Segment revenue and results for the period to 30 June 2013 are summarised as follows -

	Continuing Ironveld £000	Discontinued Mercury £000	Total £000
Revenue - External sales	-	3,043	3,043
Segment result	(104)	(119)	(223)
Impairment of goodwill	-	(4,122)	(4,122)
	(104)	(4,241)	(4,345)
Central administration costs	(756)	-	(756)
Operating loss	(860)	(4,241)	(5,101)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Business and geographical segments (continued)

	Continuing Ironveld £000	Central £000	Discontinued Mercury £000	Total £000
Non-current assets	24,753	-	-	24,753
Current assets	490	258	1,837	2,585
Current liabilities	(129)	(117)	(505)	(751)
Non-current liabilities	(7,731)	-	-	(7,731)
	<u>17,383</u>	<u>141</u>	<u>1,332</u>	<u>18,856</u>
Non-controlling interest	(4,258)	-	-	(4,258)
Attributable to owners of the Company	<u>13,125</u>	<u>141</u>	<u>1,332</u>	<u>14,598</u>

Other segment information	Continuing Ironveld £000	Discontinued Mercury £000
Depreciation	2	280
Additions to non current assets - Tangible	1	130
Additions to non current assets - Intangible	1,436	-
Non current assets on acquisition	<u>27,222</u>	<u>-</u>

5 Loss for the period

	Period ended 2013 £000	2011 £000
Loss for the period is shown after charging / (crediting)		
Net foreign exchange losses	9	-
Depreciation on tangible assets	282	297
Impairment of goodwill	4,122	-
Government grants	(14)	(9)
Loss on disposal of tangible assets	37	-
Operating leases -Land and buildings	105	86
-Other	<u>49</u>	<u>37</u>

Auditors remuneration

Fees payable to the company's auditors for the audit of the company's annual accounts

35 8

Fees payable to the company's auditors and its associates for other services -

The audit of the company's subsidiaries

26 15

Audit-related assurance services

18 5

Tax compliance services

2 4

Tax advisory services

13 -

Corporate finance services - long form reports

3 -

Other assurance services

49 -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Staff costs

	Period Ended 2013 £000	2011 £000
Wages and salaries	1,687	980
Social security costs	163	100
Share based payments	82	24
	<u>1,932</u>	<u>1,104</u>
Directors remuneration and fees	<u>453</u>	<u>179</u>
The aggregate remuneration paid to the highest paid director was	<u>181</u>	<u>96</u>
The average monthly number of employees, including Directors, during the period was as follows	2013 Number	2011 Number
Administration and management	14	11
Operational and sales	25	30
	<u>39</u>	<u>41</u>

In addition to directors remuneration and fees above, the Group was charged £10,821 (2011 £13,500) by Westleigh Investments Holdings Limited for the services of G Clarke and N Harrison as Directors

Further details of the Directors' remuneration are given in the Directors' Remuneration Report on pages 10 and 11

7. Investment revenues

	Period Ended 2013 £000	2011 £000
Interest on bank deposits	<u>22</u>	<u>-</u>
	<u>22</u>	<u>-</u>

8 Finance costs

	Period Ended 2013 £000	2011 £000
On bank loans and overdrafts	4	-
Interest on overdue taxation	5	-
Other finance costs	39	-
	<u>48</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 Tax

	Period Ended 2013 £000	2011 £000
<i>a) Tax charge for the period</i>		
Corporation tax		
Current period	-	-
Deferred tax (note 20)	438	-
	<u>438</u>	<u>-</u>
<i>b) Factors affecting the tax charge for the period</i>		
Loss on ordinary activities for the period before taxation	(886)	(253)
Loss on ordinary activities for the period before taxation multiplied by effective rate of corporation tax of 24.8% (2011 - 20.25%)	(220)	(51)
<i>Effects of</i>		
Non deductible expenses	33	-
Unused tax losses not recognised	625	51
Tax expense for the period	<u>438</u>	<u>-</u>

c) Factors that may affect future tax charges - The Group has estimated unutilised tax losses/expenses amounting to £3,500,000 (2011 - £380,000) the values of which are not recognised in the balance sheet. The losses represent a potential deferred taxation asset of £945,000 (2011 - £80,000) which would be recoverable should the Group make sufficient suitable taxable profits in the future.

10 Discontinued operations

In May 2013 the group commenced arrangements to dispose of Mercury Recycling Limited, which carried out all of the Group's waste recycling operations. The disposal was effected in order to generate cash flow for the group's other operations. Agreement was reached on 20 September 2013 for control to pass to the acquirer. The operations of Mercury Recycling Limited have been recognised in these accounts as held for sale and as a discontinued operation having satisfied the criteria set out in IFRS 5 at the period end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Discontinued operations (continued)

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows -

	Period Ended 2013 £000	2011 £000
Revenue	3,043	2,537
Expenses	(3,162)	(2,315)
Impairment of goodwill	(4,122)	-
Net finance costs	(3)	(4)
(Loss)/profit before tax	(4,244)	218
Attributable tax expense	48	(6)
(Loss)/profit attributable to discontinued operations (attributable to owners of the Company)	<u>(4,196)</u>	<u>212</u>

During the period, Mercury Recycling Limited contributed £44,000 (2011 - £168,000) to the group's net operating cash flows, paid £121,000 (2011 - £153,000) in respect of investing activities and paid £87,000 (2011 - £69,000) in respect of financing activities

The disposal proceeds (net of costs) are expected to be in excess of the book value of the related net assets and accordingly no impairment losses have been recognised on the classification of these operations as held for sale

The major classes of assets and liabilities comprising operations as held for sale are as follows -

	£000
Property, plant and equipment	1,069
Trade and other receivables	580
Cash and bank balances	188
Total assets classified as held for resale	<u>1,837</u>
Trade and other payable	311
Bank overdrafts and loans	78
Tax liabilities	116
Total liabilities classified as held for resale	<u>505</u>
Net assets of the disposal group	<u>1,332</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 (Loss)/earnings per share

	2013 £000	2011 £000
Loss attributable to the owners of the Company	(5,447)	(41)
Adjustment to exclude discontinued operations	<u>(4,196)</u>	<u>212</u>
Loss from continuing operations	<u>(1,251)</u>	<u>(253)</u>
(Loss)/earnings per share - Basic		
Continuing operations	(0.69p)	(0.71p)
Discontinued operations	(2.32p)	0.59p
Continuing and discontinued operations	<u>(3.01p)</u>	<u>(0.11p)</u>
(Loss)/earnings per share - Diluted		
Continuing operations	n/a	n/a
Discontinued operations	n/a	0.59p
Continuing and discontinued operations	<u>n/a</u>	<u>n/a</u>

The calculation of basic earnings per share is based on 181,021,123 (2011 - 35,827,462) ordinary shares, being the weighted average number of ordinary shares in issue during the period. The dilution caused by the effective number of share options in 2011 was 124,661.

Where the Group reports a loss for the current period, then in accordance with IAS 33, the share options are not considered dilutive. Details of such instruments which could potentially dilute basic earnings per share in the future are included in note 22.

Under IAS 33, the share warrants in issue during the period were not considered to be diluting as the market based vesting conditions of the warrants had not been met at the period end. Further details are provided in note 22.

12 Loss attributable to owners of the parent company

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent Company is not presented as part of these accounts. The parent Company's loss for the financial period amounted to £4,369,000 (2011 - Profit - £55,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Goodwill

	Goodwill £000
Group	
<i>Cost</i>	
At 1 January 2011, 31 December 2011 and at 30 June 2013	<u>4,122</u>
<i>Accumulated impairment losses</i>	
At 1 January 2011 and at 31 December 2011	-
Impairment losses in the period	<u>4,122</u>
At 30 June 2013	<u>4,122</u>
<i>Carrying amount</i>	
At 30 June 2013	<u>-</u>
At 1 January 2012	<u>4,122</u>
At 1 January 2011	<u>4,122</u>

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from the business combination. The Group reviews goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates cash flows based on estimated growth rates.

At 31 December 2012, the Group Directors re-assessed its overall operating strategy and focus. The Directors therefore re-assessed the carrying value of Mercury Recycling Limited and considered that the goodwill relating to that subsidiary is fully impaired at that date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. Other intangible assets

<i>Group</i>	Exploration and evaluation assets £000	Computer software £000	Total £000
<i>Cost</i>			
At 1 January 2011 and 1 January 2012	-	4	4
Additions	1,436	-	1,436
Recognised on acquisition of a subsidiary	27,216	-	27,216
Exchange differences	(3,903)	-	(3,903)
At 30 June 2013	24,749	4	24,753
<i>Amortisation</i>			
At 1 January 2011, 1 January 2012 and at 30 June 2013	-	4	4
Net book value at 30 June 2013	24,749	-	24,749
Net book value at 1 January 2011 and 31 December 2011	-	-	-

The Group's exploration and evaluation assets all relate to South Africa

In respect of the exploration and evaluation assets which remain in the appraisal phase, the group has performed a review for impairment indicators and in the absence of such indicators no impairment review was carried out

15 Property, plant and equipment

<i>Group</i>	Property alterations £000	Plant and machinery £000	Total £000
<i>Cost</i>			
At 1 January 2012	85	2,328	2,413
Additions	-	131	131
Acquisition of subsidiary	-	7	7
Exchange differences	-	(1)	(1)
Reclassified as held for sale	(85)	(2,370)	(2,455)
Disposals	-	(88)	(88)
At 30 June 2013	-	7	7
<i>Depreciation</i>			
At 1 January 2012	57	1,091	1,148
Acquisition of subsidiary	-	1	1
Charge for the period	13	269	282
Reclassified as held for sale	(70)	(1,316)	(1,386)
Disposals	-	(42)	(42)
At 30 June 2013	-	3	3
Net book value at 30 June 2013	-	4	4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. Property, plant and equipment (continued)

<i>Group</i>	Property alterations £000	Plant and machinery £000	Total £000
<i>Cost</i>			
At 1 January 2011	85	2,489	2,574
Additions	-	153	153
Disposals	-	(314)	(314)
At 31 December 2011	85	2,328	2,413
<i>Depreciation</i>			
At 1 January 2011	49	1,116	1,165
On disposals	-	(314)	(314)
Provided during the period	8	289	297
At 31 December 2011	57	1,091	1,148
Net book value at 31 December 2011	28	1,237	1,265
Net book value at 31 December 2010	36	1,373	1,409

All non-current assets in 2011 were located in the United Kingdom

16. Investments

<i>Company</i>	Subsidiary undertakings £000
<i>Cost</i>	
At 1 January 2011 and at 1 January 2012	3,954
Additions	15,659
At 30 June 2013	19,613
<i>Provisions for impairment</i>	
At 1 January 2011 and at 1 January 2012	-
Impairment during the period	2,504
At 30 June 2013	2,504
Net book value at 30 June 2013	17,109
Net book value at 1 January 2011 and 31 December 2011	3,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Investments (continued)

The Company has investments in the following principal subsidiaries. To avoid a statement of excessive length, details of the investments which are not significant have been omitted.

Name of company	Shares	Proportion of voting rights and shares held	Nature of business
Subsidiary undertakings			
Mercury Recycling Limited* +	Ordinary	100%	Recycling
Envirolite Limited* +	Ordinary	100%	Dormant
Envirolite Midlands Limited* +	Ordinary	100%	Dormant
Ironveld Mauritius Limited***	Ordinary	100%	Holding Company
Ironveld Holdings (Proprietary) Limited**	Ordinary	100%	Holding Company
Ironveld Mining (Proprietary) Limited**	Ordinary	100%	Mining and exploration
Ironveld Smelting (Proprietary) Limited**	Ordinary	100%	Ore processing and smelting
HW Iron (Proprietary) Limited**	Ordinary	71%	Prospecting and mining
Lapon Mining (Proprietary) Limited**	Ordinary	74%	Prospecting and mining
Luge Prospecting and Mining (Proprietary) Limited**	Ordinary	100%	Prospecting and mining

* Incorporated in England and Wales

** Incorporated in South Africa

*** Incorporated in Mauritius

+ Held directly by Ironveld Plc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 Trade and other receivables

	Group		Company	
	2013	2011	2013	2011
	£000	£000	£000	£000
Trade receivables	-	346	-	-
Amounts owed from Group undertakings	-	-	-	1,241
Other debtors	174	-	20	-
Prepayments and accrued income	5	119	6	-
	<u>179</u>	<u>465</u>	<u>26</u>	<u>1,241</u>

Credit risk

The Group's principal financial assets are bank balances, cash balances, trade receivables and other receivables. The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

Mercury Recycling Limited (treated as held for sale) has one lighting compliance scheme representing 34% of the trade receivables. This customer amounted to £158,065, representing debts due from June 2013 and with the exception of £17,629, were within the credit terms. Other than this balance, exposure is spread over a significant number of customers. Income from this customer exceeded 38% of total discontinued revenue and amounted to £1,157,644.

Included in other debtors is £133,000 (Rand 2,000,000) due from Z Mtshotshisa and represent 74% of all continuing receivables. The amount is an unsecured, interest free loan with no fixed terms of repayment. Z Mtshotshisa is a director and minority shareholder in HW Iron (Proprietary) Limited.

18 Trade and other payables

	Group		Company	
	2013	2011	2013	2011
	£000	£000	£000	£000
Trade payables	131	140	12	-
Taxation and social security costs	46	51	46	-
Other payables	6	18	5	5
Accruals and deferred income	63	49	54	12
	<u>246</u>	<u>258</u>	<u>117</u>	<u>17</u>
Due within 12 months	(246)	(234)	(117)	(17)
Due after more than 12 months	-	24	-	-

Included in deferred income for the Group are deferred government grants as follows -

	2013	2011
	£000	£000
Brought forward at 1 January	33	42
Released to income statement during the period	(14)	(9)
Classified as held for sale	<u>(19)</u>	<u>-</u>
Carried forward	-	33
Due within 12 months	-	(9)
Due after more than 12 months	<u>-</u>	<u>24</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Borrowings

	<i>Group</i>		<i>Company</i>	
	2013	2011	2013	2011
	£000	£000	£000	£000
Bank loans	-	156	-	-
Other loans	840	-	-	-
	<u>840</u>	<u>156</u>	<u>-</u>	<u>-</u>

The borrowings are repayable as follows

	<i>Group</i>		<i>Company</i>	
	2013	2011	2013	2011
	£000	£000	£000	£000
On demand or within one year	-	68	-	-
In the second year	-	68	-	-
In the third to fifth years	840	20	-	-
	<u>840</u>	<u>156</u>	<u>-</u>	<u>-</u>
Due for settlement within 12 months	-	(68)	-	-
Due for settlement after more than 12 months	840	88	-	-

The bank borrowings are secured by a Group mortgage debenture incorporating a fixed and floating charge over the assets of the Group. Additional security is provided by assignment over life policy on a Director of the Company. All bank borrowings were denominated in sterling.

Other loans represent loans agreed on the acquisition of the Ironveld Group. The first loan of £650,000 is interest free until 31 December 2013 (thereafter 1% over LIBOR) and is repayable no later than 31 December 2015. The second loan of £190,000 bears interest at the South Africa current prime rate and is repayable no later than 30 June 2016. Both loans are unsecured.

20 Deferred tax

	<i>Group</i>	
	2013	2011
	£000	£000
Balance at 1 January	167	157
On acquisition of subsidiary	7,579	-
On classification as held for sale	(116)	-
Exchange differences	(1,126)	-
Income statement - tax charge	438	-
Income statement - assets held for sale	(51)	10
Balance at 31 December	<u>6,891</u>	<u>167</u>

The deferred tax liability is made up as follows.

	<i>Group</i>	
	2013	2011
	£000	£000
Accelerated tax depreciation	<u>6,891</u>	<u>167</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instruments

The Group's policies as regards derivatives and financial instruments are set out in the accounting policies in note 2. The Group does not trade in financial instruments.

Capital risk management

The Group manages its capital to ensure that they will be able to continue as going concern whilst maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2011.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 19, cash and cash equivalents and equity attributable to equity holders of the parent company.

The Group is not subject to any externally imposed capital requirements.

Interest rate risk profile

The Group is exposed to interest rate risk because the Group borrows funds at both fixed and floating interest rates.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of the transactions concluded is spread.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of the accounts receivable. Further information is provided in note 17.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Details of additional undrawn facilities that the group has at its disposal to manage liquidity are set out below -

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instruments (continued)

<i>Financial facilities</i>	2013 £000	2011 £000
Secured bank overdraft facility		
- amount used	9	38
- amount unused	141	262
	<u>150</u>	<u>300</u>
Agreed facility		
	<u>150</u>	<u>300</u>
Secured bank loan facilities		
- amount used	69	156
- amount unused	-	-
	<u>69</u>	<u>156</u>
Agreed facility		
	<u>69</u>	<u>156</u>

In addition to the bank facilities the company also has a loan facility of South African Rand 15m of which 2 85m had been drawn at the period end

Financial assets

The Group has no financial assets, other than short-term receivables and cash deposits of £757,000 (2011 - £343,000) The cash deposits attract variable rates of interest At the period end of the effective rate was 0 07% (2011 - 0 125%) The cash deposits were held as follows -

	2013 £000	2011 £000
Sterling - United Kingdom (UK) banks	408	343
South African Rand - United Kingdom (UK) banks	13	-
South African Rand - South African (SA) banks	336	-
	<u>757</u>	<u>343</u>

Of the above financial assets, £188,000 of the Sterling balance was classified as held for sale

Financial liabilities

The Group's financial liabilities consist of bank loans, bank overdrafts and other loans Interest rates charged on these are as follows

	Weighted average effective interest %	1-5 years £000	5+ years £000	Total £000
30 June 2013				
Fixed/variable interest rates - SA	n/a	650	-	650
Variable interest rates - SA	5 09	190	-	190
Variable interest rates - UK	3 16	69	-	156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. Financial instruments (continued)

Financial liabilities (continued)

The Variable interest rates - UK loan was classified as held for sale. The fixed/variable interest rate loan is interest free until 31 December 2013 and then 1% thereafter over LIBOR (presently 4.09%).

	Weighted average effective interest %	1-5 years £000	5+ years £000	Total £000
31 December 2011				
Variable interest rate	3.16	<u>156</u>	<u>-</u>	<u>156</u>

Currency exposures

The Group undertakes transactions denominated in foreign currencies and is consequently exposed to fluctuations in exchange rates.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the 30 June 2013 are as follows -

	Assets £000	Liabilities £000
British Pound Sterling (£)	1,025	500
South African Rand (ZAR)	<u>491</u>	<u>975</u>
	<u>1,516</u>	<u>1,475</u>

Of the above British Pound Sterling monetary amounts, £768,000 assets and £389,000 liabilities were classified as held for sale.

At 31 December 2011 the Group had no currency exposures and all assets and liabilities were denominated in British Pound Sterling.

22 Share capital

Group and Company

	2013 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
35,827,462 ordinary shares of 10p each	-	3,583
285,578,822 ordinary shares of 1p each	2,856	-
322,447,158 deferred shares of 1p each	<u>3,224</u>	<u>-</u>
	<u>6,080</u>	<u>3,583</u>

On 16 August 2012 the company's 10p ordinary shares were sub-divided in one ordinary share and 9 deferred shares of 1 pence each. Subsequently, the company issued 203,022,285 shares in exchange for the entire share capital of Ironveld Mauritius Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Share capital (continued)

Also on 16 August 2012, the Company issued 44,444,444 ordinary shares of 1 pence each by way of a placing raising £3,000,000 before transaction costs. In association with the above transactions the company issued 2,284,631 shares to the Nominated Advisor in lieu of fees.

The deferred shares have no voting rights, no dividend rights and on a return of capital or winding up are entitled to a return of amounts credited as paid. The deferred shares are not transferrable and beneficial interest in the deferred shares can be transferred to such persons as the Directors may determine as custodian for no consideration without sanction of the holder.

Share options

The Company has a share option scheme for certain employees and former employees of the Group. The share options in issue during the period were as follows:

Date granted	Exercise price	As at 1 January 2012 No	Granted in period No	Lapsed/ Cancelled No	As at 30 June 2013 No
24 February 2003	10p	58,335	-	(58,335)	-
21 May 2010	10p	1,600,000	-	-	1,600,000
16 August 2012	1p	7,853,417	-	-	7,853,417
14 November 2012	1p	7,139,470	-	-	7,139,470
16 April 2013	1p	1,100,000	-	-	1,100,000

The exercise period of the above options are as follows:

Date granted	Expiry date	Exercise period
21 May 2010	21 May 2020	to 21 May 2020
16 August 2012	16 August 2022	These options are exercisable 1/3 on the first anniversary or grant, 1/3 on the second anniversary of grant and the final 1/3 on the third anniversary of grant.
14 November 2012	14 November 2022	
16 April 2013	16 April 2023	

No options were exercised in the period. The group recognised a total expense of £82,000 (2011 - £nil) in the period.

The aggregate of the estimated fair value of the options granted in the period amounts to £359,000. The inputs into the Black Scholes Model are as follows:

Weighted average share price	3 pence
Weighted average exercise price	1 pence
Expected volatility	69% to 71%
Weighted average expected life	6 years
Risk free rate	1%

Expected volatility was determined by calculating the historical volatility of the group's share price over the 3 years prior to the grant date. The expected life used in the model is based on management's best estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Share capital (continued)

Share warrants

As at 1 January 2012 and at 30 June 2013 the warrants in issue were, 8,399,966 issued at a price of 0.25p each with an expiry date of 24 September 2016

The share warrants were issued as part of the Placing pursuant to the terms of a warrant instrument executed by the Company and dated 24 September 2010. Under the warrant instrument, 8,399,966 warrants were created, with each Warrant granting the holder the right to subscribe for one Ordinary Share at a price of 10p per share (subject to adjustment in limited circumstances such as a subdivision or consolidation of the Company's share capital) payable in cash on exercise.

The warrants are exercisable within six years of being issued subject to the average closing market price of the Company's shares having been at least 15p per Ordinary Share over a period of at least 30 consecutive days (unless the Board waives this condition). The Company shall procure that the Ordinary Shares issued pursuant to the exercise of warrants are admitted to trading on AIM. The warrants themselves will not be dealt with or admitted to trading on any market and are only transferable in limited circumstances by their holders.

Warrants represent subscription rights for ordinary shares in Ironveld Plc.

Warrants may be exercised in whole or in part (and from time to time) prior to the final exercise date. The warrants are non-transferable.

In addition to the above warrants, Sylvania Metals Pty Limited entered into an unsecured loan facility of 15,000,000 South African Rand, in consideration for which the Company has undertaken to grant Sylvania warrants with effect from 16 August 2012 as a guarantee. Sylvania are entitled, pursuant to these warrants, to subscribe for such number of 1 pence Ordinary Shares as results from dividing £1,500,000 by the volume weighted average price of the Company's shares on AIM for the 90 business days ending on the business day immediately prior to the date of exercise, with such warrants being exercisable during the period commencing on 1 July 2016 and ending on the earlier of repayment in full of the loan facility monies or the fifth anniversary of Admission.

Such Warrants are only exercisable to the extent that any amount is then outstanding under the loan facility. The Company shall procure that any shares issued pursuant to the exercise of the Warrants are admitted to trading on AIM. The proceeds derived from the exercise of the Warrants will be used only to repay the associated loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Reserves

<i>Group</i>	Other reserves £000	Share premium account £000	Retained earnings £000
At 1 January 2012	386	235	1,428
Loss for the period	-	-	(5,447)
Exchange difference on translation of foreign operation	-	-	(2,028)
Credit for equity settled share based payments	-	-	82
Transfer on impairment of goodwill	(365)	-	365
Issue of share capital	-	13,862	-
At 30 June 2013	<u>21</u>	<u>14,097</u>	<u>(5,600)</u>

Breakdown of other reserves is as follows

	Warrant reserve £000	Other reserve account £000	Total Other reserves £000
At 1 January 2012	21	365	386
Transfer on impairment of goodwill	-	(365)	(365)
At 30 June 2013	<u>21</u>	<u>-</u>	<u>21</u>

Company

	Other reserves £000	Share premium account £000	Retained earnings £000
At 1 January 2012	1,320	235	40
Loss for the period	-	-	(4,369)
Credit for equity settled share based payments	-	-	82
Transfer on impairment of investment	(1,299)	-	1,299
Issue of share capital	-	13,862	-
At 30 June 2013	<u>21</u>	<u>14,097</u>	<u>(2,948)</u>

Breakdown of other reserves is as follows

	Warrant reserve £000	Other reserve account £000	Total Other reserves £000
At 1 January 2012	21	1,299	1,320
Transfer on impairment of investment	-	(1,299)	(1,299)
At 30 June 2013	<u>21</u>	<u>-</u>	<u>21</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. Reserves (continued)

The Group and Company have taken advantage of section 612 (2) of the Companies Act 2006 and have credited the premium arising on the acquisition of Mercury Recycling Limited to the other reserve account. On impairment of the investment, the reserve has been released to retained earnings in the period.

The balance classified as share premium is the premium on the issue of the Group's equity share capital, comprising 1p ordinary shares and 1p deferred shares less any costs of issuing the shares.

The warrant reserve represents the estimated fair value of share warrants issued at issue.

24. Acquisition of subsidiary

On 16 August 2012 the Group acquired 100% of the issued share capital of Ironveld Mauritius Limited, a company incorporated in Mauritius. That company was the holding company of the Ironveld group registered in South Africa.

The amounts recognised in respect of the identifiable assets acquired and the liabilities assumed are set out in the table below.

	£000
Exploration and evaluation assets	27,216
Property, plant and equipment	6
Cash and bank balances	4
Other current assets	10
Borrowings	(808)
Other liabilities	(95)
Deferred taxation	(7,579)
Identifiable assets	18,754
Non-controlling interest (in sub-group)	(5,050)
Total consideration	13,704
Satisfied by	
Ordinary shares of 1p in the parent company	13,704
Net cash inflow from acquisition	4

The fair value of the exploration and evaluation assets includes £26.146m in respect of the prospecting and mining rights which was estimated valued at US\$30m (net of non controlling interest) during the acquisition.

The fair value of the shares issued as consideration was based on the equivalent intangible assets to be acquired and was calculated at the market price of 6.75p per share throughout the acquisition. The goodwill arising on purchase arose through exchange rates and the activity of the acquired entity during the acquisition.

Related acquisition costs of £202,000 were charged in administrative expenses. If the acquisition of Ironveld Mauritius Limited had been completed on the first day of the financial period Group loss for the period would have been decreased by £25,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Cash generated from operations

Group	2013 £000	2011 £000
Operating loss - continuing	(860)	(253)
Operating loss - classified as held for sale	(4,241)	222
Depreciation on property, plant and equipment	282	297
Decrease in deferred income	(14)	(9)
Share based payment expense	82	-
Impairment of goodwill	4,122	-
Loss on disposal of property, plant and equipment	37	-
Operating cash flows before movements in working capital	(592)	257
Movement in receivables	(154)	(19)
Movement in payables	238	(35)
Cash used in (generated by) operations	(508)	203
Interest paid	(9)	(4)
Income tax received/(paid)	16	(30)
Net cash used in operations	(501)	169

Cash and cash equivalents

	2013 £000	2011 £000
Cash and bank balances	757	343
Bank overdrafts - held for sale	(9)	-
(Includes £179,000 classed as held for sale)	748	343

Company	2013 £000	2011 £000
Operating (loss)/profit	(4,386)	55
Share based payment expense	45	-
Investment impairment	2,504	-
Group loans waived	1,123	-
Operating cash flows before movements in working capital	(714)	55
Movement in receivables	92	-
Movement in payables	98	(55)
Cash used by operations	(524)	-
Interest paid	(5)	-
Net cash used in operations	(529)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Cash generated from operations (continued)

Cash and cash equivalents

	2013 £000	2011 £000
Cash and bank balances	232	-

26. Financial Commitments

(a) At the balance sheet date, the Group had outstanding operating lease arrangements for future minimum lease payments under-non cancellable operating leases, which fall due as follows

	Land and buildings		Other	
	2013	2011	2013	2011
	£000	£000	£000	£000
Within one year	102	86	122	38
In the second to fifth years inclusive	51	171	293	34
After five years	-	-	167	1

The above commitments includes those related to the subsidiary held for sale at the period end

(b) The Group had no capital commitments contracted for but not provided for in the financial statements

27 Related party transactions

Company

Included in debtors is £Nil (2011 - £1,240,643) due from Mercury Recycling Limited a wholly owned subsidiary of the Company During the period the Company charged a management charge to Mercury Recycling Limited amounting to £128,616 (2011 - £308,390)

The Company paid £10,821 (2011 - £13,500) to Westleigh Investments Holdings Limited (in which G Clarke and N Harrison are materially interested) for the provision of services of non-executive directors to 26 July 2012 Since that date, the Company has also paid £31,085 for accounting services and paid £25,000 in relation to services provided for the acquisition of Ironveld

All transactions are considered to be on terms equivalent to those that prevail in arm's length transactions

28 Non-controlling interest

	2013 £000
On acquisition	(5,050)
Exchange adjustments	719
Share of loss for the period	73
	(4,258)

29. Control

The Directors consider that there is no overall controlling party

