HUNTER RESOURCES PLC

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 6 MONTHS ENDED 30 JUNE 2014

REPORT OF THE EXECUTIVE CHAIRMAN

Dear Shareholder,

I am pleased to announce the results of the Hunter Resources plc ('Hunter' or the 'Company) group (the 'Group') for the six month period ended 30 June 2014.

The Company's focus for this period has been the completion of all the documentation around the reverse takeover of Gold Hunter SAC ("Gold Hunter") and the associated capital raising to complete the Re-admission to AIM which occurred after the 30 June 2014 balance sheet date.

As set out in the Admission Document published on 6 June 2014 (available on the Company's website at www.hunter-resources.com) and following Re-admission of the Ordinary Shares to AIM on 4 July 2014, the Company acquired 100% of the issued share capital of Gold Hunter in Peru through a reverse takeover. Gold Hunter has entered into a joint venture agreement with the owners of the Pampamali Project in Peru, which is a potentially high grade gold and silver project with base metal credits. Under the joint venture agreement, Gold Hunter has the right to acquire up to 80% of the project over a three year period.

On Re-admission the Company raised £925,000 (before expenses) through the issue of 61,666,667 new Ordinary Shares at a price per share of 1.5p. Prior to Re-admission, the Company was funded by way of approximately £148,000 of convertible loan notes with Marine. The amount drawn down on these loan notes immediately prior to Re-admission was converted on Re-admission into 9,850,734 new Ordinary Shares. The funds raised are to provide the working capital necessary to enable the Company to complete the detailed exploration and evaluation activities of the first phase of the Pampamali Project.

The Pampamali Project consists of 8 exploration concessions with a total area of 3,500 hectares and is located in central Peru in the Department of Huancavelica, approximately 550 km by road from the City of Lima. The Pampamali project is a potentially high grade gold, silver and base metal project, consisting of 36 mineralised veins identified to date from surface outcrops. Outcrops of between 100 and 2,000 metres in length exist with mineralised widths ranging from 0.20 to over 3.00 metres.

Progress

As announced on 27 August 2014, Hunter has, since Re-admission, reviewed and analysed historical exploration work on the Pampamali Project carried out by Buenaventura, Peru's largest listed mining company. The Buenaventura Data comprises extensive and detailed mapping and sampling information from mineralised veins within the project concessions which include grades up to 70 g/t Au, 2377 g/t Ag, 44.9% Pb, and 28.9% Zn. The analyses were obtained from rock chip and channel samples from both surface and underground locations. This data has been incorporated into the Group's database and has further confirmed the significant potential of the Pampamali Project.

The data supports the presence of extensive gold, silver, lead and zinc mineralisation within the veins identified by Gold Hunter's initial reconaissance sampling. As immediate targets, sections of between 90m and 350m strike length in several veins (Victoria, Luz, Gaviota and Santa Domingo) have been prioritised for follow up in the next phase of exploration; another 515m long section in the Melita vein will be targeted as soon as access becomes available. Other veins are also mineralised and will be the subject of future exploration. Summary details on the veins which are initially being targeted were:

Victoria vein	500 m mineralised vein exposed of which a 250m section averages 4.42 g/t Au, 100 g/t Ag, 8.8% Pb and 28.9% Zn.
Luz vein	470 m mineralised vein exposed of which a 200m section averages 8.84 g/t Au, 97 g/t Ag, 0.39% Pb and 4.16% Zn.
Gaviota vein	1,250 m mineralised vein exposed of which a 90m section averages 7.93 g/t Au, 138 g/t Ag, 0.57% Pb and 0.41% Zn.
Santa Domingo vein	2,000 m mineralised vein exposed of which a 350m section averages 0.56 g/t Au, 38 g/t Ag, 30.8% Pb and 10.1% Zn.
Melita vein	515 m mineralised vein exposed of which a 70m section averages 2.63 g/t Au, 166 g/t Ag, 3.20% Pb and 4.90% Zn.

Current Exploration Programme

The Phase 1 Exploration programme has commenced and is focused on both (1) following up historical results and known vein targets, and (2) identifying new targets and concepts in previously unworked portions of the property.

The Buenaventura Data has identified and highlighted numerous mineralised veins and is being used to fast track planning of Gold Hunter's 2014 sampling and drilling campaigns. The Group's exploration team is now planning more detailed mapping from surface and underground combined with satellite and airphoto interpretation. This work will allow drill targets to be defined during the 2014 calendar year.

The Group is concurrently preparing the statutory agreements and proposals to obtain drilling approvals to commence drilling as soon as possible during the current financial year.

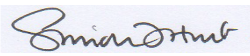
A large number of additional mineralised veins have also been identified from the mapping of the property by Gold Hunter that were not sampled by Buenaventura. These areas will be further mapped and sampled during the upcoming field program.

Financial Review

The Group's loss for the six month period ended 30 June 2014, excluding one off expenditure of £51,000 (2013: £nil) related to the Re-admission, was £109,000 (2013: £ 138,000).

Outlook

We are very encouraged by the excellent results from the initial review of the Buenaventura Data on Pampamali. It enables us to fast track our exploration programme as well as our understanding of the controls and known mineralisation, all of which will assist in identifying our first stage drilling targets. We are planning to commence drilling before year end.



Simon D Hunt
Executive Chairman
5 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

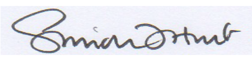
	Note	**6 months ended 30 June 2014 (Unaudited)**	6 months ended 30 June 2013 (Unaudited)	12 months ended 31 December 2013 (Audited)
		£'000	£'000	£'000
Administrative expenses		**(101)**	(59)	(138)
Expenditure incurred in connection with the Re-admission of the Company's Ordinary Shares to AIM	**2**	**(51)**	-	-
Share based payments		**-**	(76)	(76)
Finance costs		**(8)**	(3)	(6)
Loss before taxation		**(160)**	(138)	(220)
Taxation		-	-	-
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(160)**	(138)	(220)
LOSS PER SHARE				
Basic and diluted loss per share – pence	**3**	**(0.43)**	(0.38)	(0.59)

All results derive from continuing operations. The loss and the total comprehensive loss for all periods presented are wholly attributable to equity holders of the parent Company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2014 (Unaudited) £'000**	30 June 2013 (Unaudited) £'000	31 December 2013 (Audited) £'000
ASSETS				
Non-current assets				
Intangible assets	**4**	**45**	-	-
		45	-	-
Current Assets				
Prepayments	**2**	**118**	20	8
Other receivables		**32**	9	5
Cash and cash equivalents		**373**	96	14
		523	125	27
TOTAL ASSETS		**568**	125	27
LIABILITIES				
Current liabilities				
Convertible loan notes	**6.1**	**176**	23	26
Advances against equity subscriptions	**5**	**364**	-	-
Trade and other payables		**203**	40	21
TOTAL LIABILITIES		**743**	63	47
NET CURRENT (LIABILITIES) / ASSETS		**(220)**	62	(20)
NET (LIABILITIES) / ASSETS		**(175)**	62	(20)
Share capital	**7**	**1,216**	1,216	1,216
Share premium		**5,187**	5,187	5,187
Convertible loan note reserve	**6.1**	**10**	5	5
Currency translation reserve		**471**	471	471
Accumulated losses		**(7,059)**	(6,817)	(6,899)
(DEFICIT) / EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**(175)**	62	(20)

These Interim financial statements were approved by the Board of Directors and authorised for issue on 5 September 2014. Signed on behalf of the Board of Directors by:



Simon Hunt
Director and Executive Chairman
5 September 2014

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital £'000	Share premium £'000	Convertible loan note reserve £'000	Currency translation reserve £'000	Accumulated losses £'000	Total £'000
Balance at 1 January 2013 (Audited)		932	5,202	-	471	(6,755)	(150)
Total comprehensive loss for the period		-	-	-	-	(138)	(138)
Share based payments		-	-	-	-	76	76
Issue of Ordinary Shares		284	-	-	-	-	284
Expenses incurred in issuing Ordinary Shares		-	(15)	-	-	-	(15)
Allocation of proceeds received from the issue of convertible loan notes	**6.1**	-	-	5	-	-	5
Balance at 30 June 2013 (Unaudited)		1,216	5,187	5	471	(6,817)	62
Total comprehensive loss for the period		-	-	-	-	(82)	(82)
Balance as at 31 December 2013 (Audited)		1,216	5,187	5	471	(6,899)	(20)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(160)**	**(160)**
Allocation of proceeds received from the issue of convertible loan notes	**6.1**	**-**	**-**	**5**	**-**	**-**	**5**
Balance as at 30 June 2014 (Unaudited)		**1,216**	**5,187**	**10**	**471**	**(7,059)**	**(175)**

CONSOLIDATED CASH FLOW STATEMENT

	Note	**6 months ended 30 June 2014 (Unaudited)**	6 months ended 30 June 2013 (Unaudited)	12 months ended 31 December 2013 (Audited)
		£'000	£'000	£'000
Cash flows from operating activities				
Loss for the period		**(160)**	(138)	(220)
Adjustments for:				
Share based payments		**-**	76	76
Finance costs		**8**	3	6
Operating cash flows before movements in working capital		**(152)**	(59)	(138)
(Increase) /decrease in receivables		**(38)**	(16)	-
Decrease in trade and other payables		**180**	(146)	(165)
Cash used in operating activities		**(10)**	(221)	(303)
Cash flows from investing activities				
Acquisition of intangible assets		**(45)**	-	-
Net cash used in investing activities		**(45)**	-	-
Cash flows from financing activities				
Advances against the Subscription of new Ordinary Shares completed in July 2014	**5**	**364**	-	-
Deferred issue expenses of new Ordinary Shares (issued in July 2014)	**2**	**(98)**	-	-
Proceeds from the issue of new Ordinary Shares		**-**	284	284
Issue expenses of new Ordinary Shares		**-**	(15)	(15)
Proceeds from the issue of convertible loan notes		**148**	26	26
Issue expenses of convertible loan notes		**-**	(1)	(1)
Net cash provided by financing activities		**414**	294	294
Net increase / (decrease) in cash and cash equivalents		**359**	73	(9)
Cash and cash equivalents at the beginning of the period		**14**	23	23
Cash and cash equivalents at the end of the period		**373**	96	14

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated and domiciled in the Isle of Man under the Companies Acts 1931 to 2004 with registered number 115011C. On 1 July 2014 the Company re-registered under the Companies Act 2006, with registered number 011261V.

The Interim financial statements, which are unaudited and have not been reviewed by the Company's auditor, have been prepared in accordance with the IFRS accounting policies adopted by the Group and set out in the 2013 Financial Statements. The Group does not anticipate any change in these accounting policies for the year ended 31 December 2014.

This Interim report has been prepared to comply with the requirements of the AIM Rules. In preparing the Interim financial statements, the Group has adopted the guidance in the AIM Rules for interim accounts which do not require that the Interim financial statements are prepared in accordance with IAS 34, *'Interim financial reporting'*. While the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in this Interim report also does not constitute statutory accounts under the Isle of Man Companies Acts 1931 to 2004 or the Isle of Man Companies Act 2006. The financial information for the year ended 31 December 2013 is based on the 2013 Financial Statements. The auditors reported on those accounts: while their report was unqualified it included a statement of emphasis of matter regarding the Company and Group's going concern status. Readers are referred to the auditors' report to the 2013 Financial Statements (available at www.hunter-resources.com).

These Interim financial statements have been prepared in accordance with the IFRS principles applicable to a going concern, which contemplate the realisation of assets and liquidation of liabilities during the normal course of operations. Having carried out a going concern review in preparing these Interim financial statements, and considering the new monies provided by the July 2014 Funding (refer to note 9.2), the Directors have concluded that there is a reasonable basis to adopt the going concern principle.

The Group's presentation currency is Great British Pounds ('£' or GBP') which is the functional currency of the Company and the currency of the country in which the Company's Ordinary Shares are listed on AIM. Except where otherwise noted, amounts are presented in this Interim report in rounded thousands of £'s.

2. EXPENDITURE INCURRED IN CONNECTION WITH THE RE-ADMISSION OF THE COMPANY'S ORDINARY SHARES TO AIM

The Company's Ordinary Shares were re-admitted to trading on AIM on 4 July 2014 following the acquisition of Gold Hunter and the Company securing new funding of £925,000 (before issue expenses) through the July 2014 Funding (refer to note 9.2).

During H1-2014 the Company incurred expenditure of £149,000 in connection with the Re-admission, principally comprising legal, geological, reporting accountants, corporate finance and other related fees and expenses. As required by IFRS, this expenditure has been allocated pro-rata to the issue of new Ordinary Shares under the July 2014 Funding, and the re-admission of the Ordinary Shares in issue immediately preceding the July 2014 Funding. Of this total, £51,000 has accordingly been expensed to profit and loss in H1-2014 and £98,000 has been recorded within prepayments and subsequently transferred to the Share Premium account on Re-admission.

3. LOSS PER ORDINARY SHARE

There is no difference between the diluted loss per share and the basic loss per share presented as the Group is loss making in all periods presented and the convertible loan notes (refer to note 6) are anti-dilutive.

The calculation of basic and diluted loss per share is based on the following data:

	6 months ended 30 June 2014 (Unaudited)	6 months ended 30 June 2013 (Unaudited) (represented for the Share Consolidation – note 7.1)	12 months ended 31 December 2013 (Audited) (represented for the Share Consolidation – note 7.1)
Loss for the period - £'000	**(160)**	(138)	(220)
Weighted average number of Ordinary Shares	**37,729,678**	36,787,804	37,262,612
Basic and diluted loss per Ordinary Share – pence	**(0.43)**	(0.38)	(0.59)

4. INTANGIBLE ASSETS

Intangible assets comprise the Group's initial investment of £24,000 ($40,000) to participate in Project Pampamali (note 9.1) and related legal and other expenditure.

5. ADVANCES AGAINST EQUITY SUBSCRIPTIONS

Prior to 30 June 2014, the Company received £364,000 in advance against amounts due under the £925,000 July 2014 Funding which were recorded within current liabilities pending the fulfilment of all conditions precedent to the July 2014 Funding, including Re-admission. Following Re-admission the advanced equity subscriptions were transferred to equity and recorded within the Shares Capital and Share Premium accounts.

6. CONVERTIBLE LOAN NOTES

6.1. Carrying value

The following summarises the movements in the convertible loan notes liability and equity components during the period:

	Liability £'000	Equity £'000	Total £'000
At 1 January 2013 (audited)	-	-	-
Initial measurement	21	5	26
Allocation of issue expenses	(1)	-	(1)
Interest accrued at effective interest rate	3	-	3
At 30 June 2013 (unaudited)	23	5	28
Interest accrued at effective interest rate	3	-	3
At 31 December 2013 (audited)	26	5	31
Initial measurement	143	5	148
Interest accrued at effective interest rate	8	-	8
Foreign exchange gain	(1)	-	(1)
At 30 June 2014 (unaudited)	176	10	186

6.2. Convertible Loan Notes in Issue

As at 30 June 2014 the Company had three convertible loan notes in issue with Marine, the principal terms of which are summarised below.

6.2.1. The First Loan Note

In January 2013, the Company secured the placing of The First Loan Note raising gross proceeds of £25,868 before expenses. The First Loan Note, as amended, carries no interest charge, is unsecured and repayable by 31 December 2014 and is convertible (in part or in full) into Ordinary Shares in the Company at the holders request at any time and at a conversion price equal to the par value per Ordinary Share.

Upon Re-admission and following the period end, the First Loan Note was converted in full into 2,586,800 new Ordinary Shares (note 9.2.2).

6.2.2. The Second Loan Note

In March 2014 the Company issued The Second Loan Note with a face value of £100,000. The Second Loan Note, as amended, carries interest at the rate of 8% per annum (such interest to be accumulated and paid in cash upon conversion or repayment of The Second Loan Note), is unsecured and repayable, if not converted, on Re-admission. The Second Loan note is convertible in whole or in part at the note holder's request into Ordinary Shares at the price at which new Ordinary Shares are issued pursuant to the fundraise completed upon Re-admission. In the event that the note holder elects to convert part or all of The Second Loan Note into Ordinary Shares, the Company will issue the note holder with warrants over one new Ordinary Share for every 1.25 new Ordinary Shares issued on conversion of The Second Loan Note, exercisable at a price per warrant equal to the price at which new funds are raised on AIM upon Re-admission plus 15%, for three years from the date of conversion of the New Loan Notes.

As at 30 June 2014, the Second Loan Note was fully drawn by the Company. Upon Re-admission and following the period end, the Second Loan Note was converted into 6,666,667 new Ordinary Shares (note 9.2.2).

6.2.3. The Third Loan Note

In March 2014 the Company issued The Third Loan Note with a face value of $150,000. Other than for the face value of the instrument, The Third Loan Note, as amended, has the same terms as The Second Loan Note.

As at 30 June 2014, $80,000 of the Second Loan Note was drawn by the Company. Subsequent to the period end a further $70,000 was drawn under the Third Loan Note as part of the July 2014 Funding. Upon Re-admission and following the period end, $150,000 of the Second Loan Note was converted into 5,970,134 new Ordinary Shares at an agreed exchange rate of $1.675 per £1.0 (note 9.2.2).

6.3. Measurement

While in legal form the Loan Notes are liabilities of the Group, the Loan Notes include components with liability and equity features as defined under IFRS. IAS 32, *'Financial Instruments: Presentation'*, requires the Group to identify the equity and liability component parts of the instruments and assign a value to each. In each of the Loan Notes the material components have been identified as the host debt contract and a holder call option to convert to Ordinary Shares. The fair value of the host debt component has been determined for each Loan Note based on the present value of the contractual stream of future cash flows (being the redemption amount and interest due where applicable) discounted at the market rate of interest that would have applied to an instrument of comparable credit quality with substantially the same cash flows, on the same terms, but without the conversion feature. The relevant market interest rate applicable to the Company has been estimated at 25%. The balance of the gross proceeds received has been established as the equity component of the Loan Notes. Where applicable, issue expenses have been allocated pro-rata to the initial carrying value of each component. The liability component is subsequently measured at amortised cost using the effective interest rate method and an effective interest rate of between 25% and 31.58%. The equity component is not re-measured.

7. SHARE CAPITAL AND SHARE PREMIUM

7.1. Share Consolidation

On 30 June 2014 the Company completed the Share Consolidation pursuant to which the Company's:

1. 377,296,778 issued Ordinary Shares of £0.001 each were consolidated into 37,729,678 Ordinary Shares of £0.01 each on a one for ten basis; and
2. issued 93,164,834 Deferred Shares of £0.009 each were consolidated into 9,316,483 Deferred Shares of £0.09 each on a one for ten basis.

7.2. Authorised share capital and rights attaching to shares

The authorised share capital of the Company is comprised of the following:

	At 30 June 2014		At 31 December 2013 and 30 June 2013	
	No.	**£**	**No.**	**£**
Ordinary Shares of £0.001 each	-	-	700,000,000	700,000
Deferred Shares of £0.009 each	-	-	200,000,000	1,800,000
Ordinary Shares of £0.01 each	**300,000,000**	**3,000,000**	-	-
Deferred Shares of £0.09 each	**20,000,000**	**1,800,000**	-	-
	320,000,000	**4,800,000**	900,000,000	2,500,000

The Company's Ordinary Shares carry no right to fixed income. Each Ordinary Share carries the right to one vote at the general meetings of the Company. The Company's Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. In addition, holders of Deferred Shares will only be entitled to a payment on a return of capital or on a winding up of the Company after each of the holders of Ordinary Shares has received a payment of £100,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares have no economic value. The Deferred Shares are not admitted to trading on any stock exchange.

7.3. Shares in issue

Between 30 June 2014 and the date of this report, the Company has issued the following new Ordinary Shares of £0.01:

	No.
Ordinary Shares in issue at 30 June 2014, 31 December 2013 and 30 June 2013	37,729,678
New Ordinary Shares issued in July 2014:	
Subscription	36,408,467
Placing	22,472,133
Conversion of the Loan Notes	15,223,601
Marine Mandate	5,333,333
Acquisition of Gold Hunter	13,277,838
Commission and other Re-admission fees settled in Ordinary Shares	2,749,985
Ordinary Shares in issue at the date of this report	133,195,035

For further details on the new Ordinary Shares issued subsequent to the period end, refer to note 9.

8. ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors are of the opinion that there is no ultimate controlling party of the Company.

9. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

9.1. Acquisition of Gold Hunter and arrangements with Global Pearl

On 4 July 2014 the Company completed the acquisition of Gold Hunter in exchange for the issue of 13,277,838 new Ordinary Shares in the Company with a market value, at that date, of £199,000. The acquisition constituted a Reverse Takeover (as such term if defined in the AIM Rules for Companies) permitting the Re-admission of the Company's Ordinary Shares to trading on AIM.

Through Gold Hunter, the Company acquired an interest in the Pampamali Project in Peru whereby, in return for a combination of cash payments to the existing owners of the Pampamali Project and making additional investment in exploration activities on the project concessions, the Group can over time and in various stages acquire an economic interest of up to 80% of the Pampamali Project. The Directors believe that, subject to exploration results being satisfactory, the funds secured under the July 2014 Funding (refer to note 9.2) will be sufficient to pursue the Pampamali Project through to the end of its first stage which would include the Group exercising its option to hold a 20% stake in the Project.

Further details on the Pampamali Project are provided in the Admission Document dated 6 June 2014 and available at the Company's website www.hunter-resources.com.

Gold Hunter was acquired from Global Pearl, a company controlled by the Management Team. The Management Team was identified by the Board as having the technical and financial management capabilities needed to see a project through development and into operation, combined with extensive experience in Peru. The Company has entered the Global Pearl Consultancy Agreement under which the Management Team will provide assistance in connection with the operations of Gold Hunter in Peru. The Company has agreed to pay Global Pearl a fee to be determined in due course in accordance with the budget to be agreed for the services to be provided generally. Further and pursuant to the Global Pearl Consultancy Agreement, Global Pearl received the Global Pearl Warrants, being warrants over 15,000,000 new Ordinary Shares with the following vesting conditions:

- 5,000,000 warrants vest on establishment of a gold equivalent JORC Code compliant resource of not less than 300,000 ounces, as estimated by a qualified and independent third party engaged by the Board, which estimate is acceptable, as determined by a qualified and independent third party engaged by the Board, to be used in the completion of a Preliminary Feasibility Study; and
- 10,000,000 warrants vest on completion of a Bankable Feasibility Study by a qualified and independent third party engaged by the Board that estimates that a gold equivalent JORC Code compliant measured and indicated resource of not less than 500,000 ounces exists and concludes that such resource will support the economic development of the resource at a minimum annual production of 50,000 ounces for not less than five years.

9.2. Re-admission, The July 2014 Funding, the conversion of Loan Notes and arrangements with Marine

9.2.1. Re-admission and The July 2014 Funding

On 4 July 2014 the Company's Ordinary Shares were re-admitted to trading on AIM. On that date and conditional on the Re-admission, the Company completed the Subscription of 36,408,467 new Ordinary Shares at £0.015 each and the Placing of 22,472,133 new Ordinary Shares at £0.015 each raising gross proceeds before issue expenses of £883,000. At the same time, the Company, by agreement with Marine, completed the final drawdown on the Third Loan Note providing additional funds of £42,000 bringing the total for The July 2014 Funding to £925,000 of new monies. Total fees and expenses incurred in connection with the Re-admission, including fees due to Marine under the Marine Mandate Agreement (refer to note 9.2.3) were approximately £340,000 or which £121,000 was settled through the issue of 8,083,318 new Ordinary Shares and £219,000 was settled in currency. £149,000 of these fees and expenses was recorded in H1-2014 (refer to note 2).

In addition the Company issued Allenby with warrants over 1,327,784 new Ordinary Shares, being equal to 1% of the Company's issued Ordinary Share capital immediately following Re-admission, exercisable at a price of £0.01725 per Ordinary Share (being the price equal to the price at which new funds were raised under the Subscription and Placing plus 15%) for a period of three years.

9.2.2. Conversion of Loan Notes

On 4 July 2014, at Marine's election and in accordance with the terms of the Loan Notes (refer to note 6.2):

1. the First Loan Note, the Second Loan Note and the Third Loan Note were converted into new Ordinary Shares in the Company resulting in the issue of 15,223,601 new Ordinary Shares to extinguish the outstanding amounts on the Loan Notes, excluding accrued interest, of £215,000 at that date; and
2. the Company issued Marine with warrants over 7,880,596 new Ordinary Shares at a price of £0.01725 per Ordinary Share (being the price equal to the price at which new funds were raised under the Subscription and Placing plus 15%) for a period of three years.

9.2.3. Arrangements with Marine

On 4 December 2012, the Company had entered into an agreement with Marine under which the Company agreed (i) to pay a fee of £50,000 to Marine, and (ii) to issue 2,000,000 Ordinary Shares (as adjusted for the Share Consolidation) to Marine, if Marine introduced a project or transaction to the Company which resulted in:

a) the acquisition by the Company of an asset considered by the Board to be valued at £500,000 or more; or
b) a reverse takeover by the Company (as defined in Rule 14 of the AIM Rules).

Given the terms of the acquisition of Gold Hunter, the Company's obligations under this agreement with Marine were triggered at Re-admission. The Company issued an aggregate of 5,333,333 Ordinary Shares to Marine at the Subscription Price in settlement of such obligations being (1) 2,000,000 new Ordinary Shares contractually due and (2) 3,333,333 new Ordinary Shares through mutual agreement with Marine to pay the £50,000 referred to above in Ordinary Shares rather than in cash.

In June 2014, the Company entered into an agreement with Marine to (1) procure the services of Mr Peter Lalor to conduct due diligence on new projects and acquisitions, (2) review the Company's exploration and production programs, (3) assist the Board in all matters relating to exploration for and production of and marketing of minerals designated by the Company, (4) provide the Board with the benefit of his knowledge of the mining industry and (5) evaluate the performance of Global Pearl (and the Management Team) under the Global Pearl Consultancy Agreement, including monitoring when payment milestones have been achieved and when payments should be made as against the agreed budget. In consideration for providing these services to the Company, and following Re-admission, the Company granted Marine 4,000,000 warrants to subscribe for new Ordinary Shares at a price of £0.01725 per Ordinary Share (being the price equal to the price at which new funds were raised under the Subscription and Placing plus 15%) for a period of three years.

9.3. Cancellation and replacement of existing warrants and issue of new warrants to the Directors

9.3.1. Underwriting Warrants

On 4 December 2012, the Company entered into an underwriting agreement with Marine in accordance with which, on 28 February 2013, the Company issued Marine with the Underwriting Warrants, being 6,200,000 warrants (as adjusted for the Share Consolidation) over new Ordinary Shares. Each Underwriting Warrant conferred the right (but not the obligation) to subscribe for one new Ordinary Share prior to 8 January 2018 at a price of £0.05 per Ordinary Share (as adjusted for the Share Consolidation).

Pursuant to an agreement dated 6 June 2014, and conditional upon Re-admission, the Company agreed with Marine that with effect from Re-admission the Underwriting Warrants would be cancelled and replaced with 6,200,000 warrants over New Ordinary Shares exercisable at a price of £0.01725 per Ordinary Share (being the price equal to the price at which new funds were raised under the Subscription and Placing plus 15%) for a period of three years from Re-admission.

9.3.2. Allenby Warrants

On 25 February 2013 the Company issued Allenby the Allenby Warrants, being 300,000 warrants (as adjusted for the Share Consolidation) over new Ordinary Shares, as part of the fee agreement between the Company and Allenby. The Allenby Warrants had the same terms as the Underwriting Warrants.

Pursuant to an agreement dated 6 June 2014, and conditional upon Re-admission, the Company agreed with Allenby that with effect from Re-admission the Allenby Warrants would be cancelled and replaced with 300,000 warrants over New Ordinary Shares exercisable at a price of £0.01725 per Ordinary Share (being the price equal to the price at which new funds were raised under the Subscription and Placing plus 15%) for a period of three years from Re-admission.

9.3.3. Director Warrants

On 25 February 2013 the Company issued 3,600,000 warrants (as adjusted for the Share Consolidation) to the Directors (the 'Directors Warrants'), as follows:

a) Simon Hunt (through Cornerstone Capital Limited) – 2,000,000 warrants;
b) David Paull – 800,000 warrants; and
c) John Molyneux – 800,000 warrants.

Each Directors Warrant conferred the right (but not the obligation) to subscribe for one Ordinary Share prior to 28 February 2018 at a price of £0.045 (as adjusted for the Share Consolidation). Half of the Directors Warrants could only be exercised if, in addition, (i) the Company has first completed either a reverse takeover (as defined in Rule 14 of the AIM Rules) or acquired an asset valued in excess of £500,000 (at the date of the acquisition), and (ii) the 30-day average VWAP of the Ordinary Shares (as calculated in accordance with the warrant instrument) is equal to or in excess of £0.0625 pence per share at the time of exercise (as adjusted for the Share Consolidation).

Pursuant to an agreement dated 6 June 2014, and conditional upon Re-admission, the Company agreed with each of the Directors that with effect from Re-admission the Directors Warrants would be cancelled and replaced with 9,000,000 warrants over new Ordinary Shares exercisable at a price of £0.01725 per Ordinary Share (being the price equal to the price at which new funds were raised under the Subscription and Placing plus 15%) for a period of three years from Re-admission (the 'New Directors Warrants'), allocated as follows:

a) Simon Hunt (through Cornerstone Capital Limited) – 5,000,000 warrants;
b) David Paull – 2,000,000 warrants; and
c) John Molyneux – 2,000,000 warrants.

In addition, 2,000,000 warrants were issued to Andrew Richards with effect from Re-admission, with the same terms as the New Directors Warrants.

TERMS USED IN THIS REPORT

'2013 Financial Statements'	the Group and Company audited financial statements for the year ended 31 December 2013;
'AIM'	the market of that name operated by the London Stock Exchange;
'AIM Rules'	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published and amended from time to time by the London Stock Exchange;
'Allenby'	Allenby Capital Limited, the Company's nominated advisor and broker;
'Bankable Feasibility Study'	a study completed in accordance with industry standards that is of a standard suitable to be submitted to a financial institution as the basis for lending of funds for the development and operation of the mine contemplated in the study and is capable of supporting a decision to commence mining operations;
'Board' or 'Directors'	the directors of the Company;
'Company' or 'Hunter'	Hunter Resources PLC;
'Deferred Shares'	Deferred shares of £0.009 each in the share capital of the Company, or, following the Share Consolidation, Deferred shares of £0.09 each in the share capital of the Company;
'First Loan Note'	the £25,868 loan note issued by the Company to Marine, further details of which are provided in note 6.2.1;
'Global Pearl'	Global Pearl Limited, a company incorporated in the British Virgin Islands, with company number 1744814 and controlled by the Management Team;
'Gold Hunter'	Gold Hunter S.A.C., a company incorporated in Peru with certificate number 13164856;
'Group'	the Company and its subsidiary undertakings;
'H1-2014'	the six month period ended 30 June 2014;
'Interim financial statements'	the condensed consolidated financial statements of the Group for the six months ended 30 June 2014;
'Interim report'	the Interim financial statements, collectively with the Report of the Executive Chairman;
'JORC Code'	'The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' published by the Australasian Joint Ore Reserves Committee;
'July 2014 Funding'	the new funding obtained by the Company in July 2014 through the Subscription, Placing and final drawdown on the Third Loan Note;
'Loan Notes'	collectively the First Loan Note, the Second Loan Note and the Third Loan Note;
'Management Team'	the Global Pearl team comprising David Fowler, Sam Pierce and Tim Adams (further details of whom are given in the Admission Document dated 6 June 2014);
'Marine'	Marine Investments (WA) Pty Limited, a company incorporated in Western Australia, with (ABN number 57 315 206 483);
'Ordinary Shares'	ordinary shares of £0.001 each in the share capital of the Company, or, following the Share Consolidation, ordinary shares of £0.01 each in the share capital of the Company;
'Pampamali Project'	the 8 Pampamali mineral exploration concessions located in central Peru in the department of Huancavelica;
'Placing'	the July 2014 placing of 22,472,133 new Ordinary Shares at 1.15 pence per new Ordinary Shares, such new Ordinary Shares admitted to trading on AIM on 4 July 2014;
'Re-admission'	re-admission of the Company's Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules, on 4 July 2014;
'Second Loan Note'	the £100,000 loan note issued by the Company to Marine, further details of which are provided in note 6.2.2;
'Share Consolidation'	the one for ten consolidation of the Company's Ordinary Shares and Deferred Shares, effective 30 June 2014;
'Shareholders'	holders of the Company's Ordinary Shares and / or Deferred Shares;

'Subscription'	the July 2014 subscription of 36,408,467 new Ordinary Shares at 1.15 pence per new Ordinary Shares, such new Ordinary Shares admitted to trading on AIM on 4 July 2014;
'Third Loan Note'	the $150,000 loan note issued by the Company to Marine, further details of which are provided in note 6.2.3;