Hunter Resources Plc

Annual Report and Accounts for the year ended 31 December 2015

Directors	Simon Hunt John Molyneux David Paull Andrew Richards
Registered address	24 Athol Street Douglas Isle of Man IM1 1JA
Registered number	011261V
Registered Agent	Sanctuary Trust Limited 24 Athol Street Douglas Isle of Man IM1 1LA
Nominated Advisor and Broker	Allenby Capital Limited 3 St. Helen's Place London EC3 A 6AB
Auditors	Mazars LLP Tower Bridge House St Katharine's Way London E1W 1DD

Dear Shareholder,

I am pleased to announce the results of the Hunter Resources Plc ('Hunter' or the 'Company') group (the 'Group') for the year ended 31 December 2015.

This is the second full set of audited financial statements following the Company's successful re-admission to AIM on 4 July 2014. As set out in the Admission Document published on 6 June 2014 (available on the Company's website at www.hunter-resources.com) the Company acquired 100% of the issued share capital of Gold Hunter SAC in Peru through a reverse takeover. Gold Hunter had entered into a Farm In agreement with the owners of the Pampamali Project in Peru by which it could acquire up to 100% of the Pampamali Project - full details of the Farm In agreement (as amended) are provided in note 20.

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.

On 1 July 2015 the Company announced the exercise of its option to acquire a 51% interest in the Pampamali Project (the "Option") under the terms of the Farm In agreement (as amended) (as announced on 8 April 2015) with the owners of the Pampamali Project (the "Vendors"). This was to satisfy the first two AIM Rule 9 Conditions (as set out in the announcement of 3 July 2014) to which the Company was subject following its re-admission to AIM. Under the terms of the Farm In agreement (as amended), the Vendors are legally obliged to transfer the title of the tenements to a new locally incorporated company ("HOLDCO"), whose shares are to be held 51% by Gold Hunter SAC and 49% by the Vendors.

On 2 March 2016 the Company announced that it had not yet reached agreement with the Vendors following the Company legally exercising the Option because the Vendors continued to obstruct the legal process in Peru. As a consequence the Company commenced formal arbitration proceedings through the American Chamber of Commerce of Peru (the "Arbitration"). In addition to the Arbitration the Company has continued to negotiate with the Vendors to try to reach a settlement and thus complete the legal formalities of the transfer of the title of the Pampamali tenements to HOLDCO.

The Board has been working towards reaching an agreement with the Vendors in connection with the exercise of the Option but the Vendors have been delaying the legal process. The Company and the Vendors currently have a draft agreement in hand to consider but there is no guarantee that the draft agreement will be finalised and the Board stresses that there can be no certainty that an agreement will be executed as a binding contract, nor that any agreement will be executed within the timeline outlined below.

In the event that:

i) the Vendors fail to transfer title of the tenements at Pampamali to HOLDCO; and
ii) Gold Hunter SAC does not own a 51% interest in HOLDCO

by 4 July 2016 the Company's Ordinary Shares will be suspended from trading on AIM at 07.30 hrs on 5 July 2016.

If suspension occurs, trading in the Ordinary Shares will remain suspended until the Vendors transfer title of the tenements at Pampamali to HOLDCO and Gold Hunter SAC holds a 51% interest in HOLDCO (together the "Conditions") or another transaction is completed (which would require the Company to publish an admission document). In the event that neither of these are concluded within six months of suspension then the admission to trading on AIM of the Ordinary Shares will be cancelled.

Shareholders should be aware that if no significant progress is made with the Vendors in the near future the Board may conclude that it is in the best interests of Shareholders to withdraw from the Pampamali Project and the Company is considering its legal options in this regard. Should the Board decide to withdraw from the Pampamali Project then trading in the Company's Ordinary Shares will immediately be suspended from trading on AIM.

Prospero

As announced on 19 June 2015, and following further regional exploration in the Pampamali area, the Group acquired additional tenements covering 5,000 hectares near and to the north west of the Pampamali project within a prospective silver-gold-base metal belt. The location of these tenements can be seen on the Company's website at www.hunter-resources.com.

The acquisition of the Prospero tenements approximately doubled the size of the Group's mining tenements in the area and provides new geological targets over ground not previously subject to modern geological exploration.

The Prospero area is directly along strike of the Pampamali Project from which the trend of mineralisation continues into this new area. Preliminary mapping of the Prospero area by the Group's technical team identified prospective geological structures and quartz veining with associated hydrothermal activity and breccias. Numerous anomalies and prospect areas have been identified for further assessment.

Funding

In June 2016 the board has secured additional unconditional funding of £50,000 from Marine; a further £50,000 has been made available, subject to the passing of certain resolutions at the Company's forthcoming annual general meeting (refer to note 23.2) to restructure the Company's share capital by removing the par value of the Company's Ordinary Shares. This funding is sufficient for the immediate needs of the

Company and Group, but will be insufficient to fund the ongoing development of the Group's existing projects, or to acquire interests in new prospects. The Company is currently in discussion with its major shareholders and other investors on bringing in new funding through either equity or convertible debt instruments.

Other projects

We are actively reviewing several alternative projects and will provide updates in due course on any significant developments.

Financial Review

The Group's loss for the year ended 31 December 2015 was £210,000 (2014: loss of £476,000) including share based payments charge of £nil (2014: charge of £148,000).

Simon D Hunt
Executive Chairman
Date: 24 June 2016

The Directors present their annual report on the affairs of the Company and Group together with the financial statements and Independent Auditor's Report thereon, for the year ended 31 December 2015.

Except where otherwise noted, amounts are presented in this Directors' Report in Great British Pounds ('£' or GBP').

1. Listing details

Hunter is an Isle of Man company with Ordinary Shares quoted on the AIM Market of the London Stock Exchange under symbol HUN.

2. Principal activity

The Company is the holding company for a group focussed on the mining and natural resources sector in South America.

3. Result for year and review of operations

A review of the Group's operations in the period is provided in the Report of the Executive Chairman.

The Group's loss for the year ended 31 December 2015 was £210,000 (2014: loss of £476,000).

4. Going concern basis

Details of the Directors' review of the going concern status of the Company (and by extension the Group) are provided in note 3.2.1.1. Based on the matters discussed therein, whilst material uncertainties exist which may cast significant doubt on the Company's and the Group's ability to continue as a going concern, the Directors have a reasonable expectation that the Company and the Group have, or will have, adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

5. Directors

The Directors, who served throughout the year and to date, were as follows:

		Date of appointment
Simon Hunt	Executive Chairman	15 October 2007
John Molyneux	Non-Executive Director	28 December 2012
David Paull	Non-Executive Director	28 December 2012
Andrew Richards	Non-Executive Director	4 July 2014

5.1. Directors' interests

As at the date of this report, the Directors had the following interests in the Company's Ordinary Shares:

Simon Hunt	433,333
John Molyneux	22,500,000
David Paull	1,278,599
Andrew Richards	350,000

5.2. Directors' emoluments

Details of the Directors' emoluments are provided in note 7.

5.3. Directors' Warrants

Details of warrants issued to the Directors and their related entities who served during the year are as follows:

Director	At 1 January 2015 and 31 December 2015
Simon Hunt (1)	5,000,000
John Molyneux	2,000,000
David Paull	2,000,000
Andrew Richards	2,000,000
	11,000,000

(1) These warrants are issued to Cornerstone Capital Limited, a company of which Mr S Hunt is both a Director and shareholder (refer to note 21.3).

Further details on the Directors' Warrants are provided in note 18**.**

6. Substantial shareholding interests

The following shareholdings of 3% or more of the Ordinary Share capital of the Company are set out in the register of members of the Company as at 17 June 2016:

	Number	%
Marine Investments (WA) Pty Limited (1)	35,897,654	27.04
John Molyneux	22,500,000	16.95
Global Pearl Ltd	13,277,838	9.97
Hatfield Nominees Pty Limited (2)	5,000,383	3.75

(1) Includes 866,667 Ordinary Shares held by Mrs Diana Lalor and 100,000 Ordinary Shares held by Mr Peter Lalor and 60,000 Ordinary Shares held by Blackwood Consolidated Pty Limited. Marine Investments (WA) Pty and Blackwood Consolidated Pty Limited are both controlled by Mr P Lalor.

(2) Includes 1,966,633 Ordinary Shares in the name of Hatfield Nominees Pty Limited, 16,500 shares in the name of Galgo Investments Pty Limited and 1,016,500 Ordinary Shares in the name of Finmont Pty Limited and 3,750 Ordinary Shares in the name of Jacobs Ladder Investments Pty Limited

7. Corporate governance

As an AIM-quoted company, the Company is not required to comply with the UK Corporate Governance Code, issued by the Financial Reporting Council in September 2012 (the 'Governance Code'). However, the Directors recognise the importance of sound corporate governance and observe the guidance provided by the Quoted Companies Alliance (the 'QCA Code') to the extent they consider it appropriate in the light of the Company's size, stage of development and resources.

The Company holds regular Board meetings at which reports relating to the Group's operations, together with financial reports, are considered. The Board is responsible for formulating, approving and reviewing the Group's strategy, budgets, major items of expenditure and senior personnel appointments. The Company has formed certain sub-committees of the Board to deal with specific matters as set out below.

Audit committee

The audit committee comprises the Executive Chairman and David Paull and is chaired by the Executive Chairman. The audit committee receives and reviews reports from management and from the auditor relating to the interim and annual accounts and to internal controls and risk management systems.

The audit committee reviews reports from management and the Company's auditor on the financial accounts and internal control and risk management systems used throughout the Group. The audit committee monitors the Company's procedures for detecting and preventing bribery and fraud.

AIM Rules Compliance committee

The committee comprises the Executive Chairman and John Molyneux and is chaired by the Executive Chairman. The committee ensures that procedures, resources and controls are in place with a view to ensuring the Company's compliance with AIM rules.

The committee ensures that all announcements made have been verified and approved by the Company's Nominated Adviser. The committee has particular responsibility for questioning the Directors in the event of any unusual, substantial movement in the Company's share price.

Remuneration committee

The remuneration committee comprises two of the Company's non-executive Directors being John Molyneux and Andrew Richards. The purpose of the remuneration committee is to ensure that the executive Directors are fairly rewarded for their individual contributions to the overall performance of the Company, to determine all elements of the remuneration of the executive Directors and to demonstrate to the Company's Shareholders that the remuneration of the executive Directors is set by a Board committee whose members have no personal interest in the outcome of the committee's decision and who will have appropriate regard to the interests of the Shareholders.

Finance Committee

The finance committee comprises the Executive Chairman and David Paull and is chaired by the Executive Chairman. The committee is responsible for the integrity of the Company's financial reporting and reviews and reports to the Board on any significant financial reporting issues which they contain having regard to matters communicated to it by the Company's auditors. The committee implements any recommendations of the auditors and keeps under review the adequacy and effectiveness of the Company's internal financial controls and internal control and risk management systems, oversees the Company's cash-flows, oversees the Company's responses to cash calls in relation to the Company's mining exploration project in Peru and oversees the extent to which the Company is complying with or exceeding budgets for expenditure and other items.

8. Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2015 (2014: £nil).

9. Events subsequent to the balance sheet date

Details of events subsequent to the balance sheet date which are considered by the Directors to be material and require disclosure in these financial statements are provided in note 23.

10. Independent auditor and statement of provision of information to the independent auditor

Mazars LLP have expressed their willingness to continue in office as the independent auditor of the Company and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is not aware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

11. Additional information

Additional information on the Company can be found on the Company's website at www.hunter-resources.com.

Approved by the Board and signed on its behalf by:

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Simon Hunt
Director and Executive Chairman
Date: 24 June 2016

The Directors are responsible for preparing the Annual Report comprising the Report of the Executive Chairman, the Directors' Report, and Group and Company financial statements prepared in accordance with applicable laws and regulations. The Directors have elected to prepare the financial statements of the Company and the Group in accordance with International Financial Reporting Standards ('IFRSs') as issued by the IASB. Isle of Man company law requires the Directors to prepare such financial statements in accordance with relevant accounting standards and the Companies Act 2006.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as issued by IASB; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business; and

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and the Group, for the system of internal control, for safeguarding assets, for taking reasonable steps for the prevention and detection of fraud, and other irregularities and for the preparation of a Directors' Report which complies with the requirements of the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the company website. Legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the financial statements of Hunter Resources Plc for the year ended 31 December 2015 which comprise the Consolidated and Company Income Statements, the Consolidated and Company Statements of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements, and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as issued by the IASB.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the Company's members as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

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 Company circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the parent Company's affairs as at 31 December 2015 and of the Group's and the parent Company's loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as issued by the IASB.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3.2.1.1 to the financial statements concerning the Group and parent Company's ability to continue as a going concern. The Group incurred a net loss of £210,000 during the year ended 31 December 2015. This, along with the requirement to obtain additional future funding and other matters explained in note 3.2.1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group and parent Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent Company were unable to continue as a going concern.

Mazars LLP
Chartered accountants and Statutory Auditor
Tower Bridge House
St Katharine's Way
London
E1W 1DD
June 2016

CONSOLIDATED AND COMPANY INCOME STATEMENTS

	Note	**2015 Group £'000**	2014 Group £'000	**2015 Company £'000**	2014 Company £'000
CONTINUING OPERATIONS					
Administrative expenses		**(213)**	(320)	**(162)**	(307)
Share based payments	**18.2**	**-**	(148)	**-**	(148)
Investment revenues	**8**	**3**	-	**18**	3
Finance costs	**9**	**-**	(8)	**-**	(8)
Loss before taxation	**5**	**(210)**	(476)	**(144)**	(460)
Taxation	**10**	**-**	-	**-**	-
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**(210)**	(476)	**(144)**	(460)
LOSS PER SHARE					
Basic and diluted loss per share	**11**	**(0.16)**	(0.56)	**(0.11)**	(0.54)

CONSOLIDATED AND COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Note	**2015 Group £'000**	**2014 Group £'000**	**2015 Company £'000**	**2014 Company £'000**
Loss for the year		**(210)**	(476)	**(144)**	(460)
Items that will be reclassified subsequently to profit or loss:					
Foreign exchange translation differences	**17.5**	**(2)**	(1)	**-**	-
Other comprehensive income for the year		**(2)**	(1)	**-**	-
Total comprehensive income for the year attributable to owners of the parent Company		**(212)**	(477)	**(144)**	(460)

	Note	**2015 Group £'000**	2014 Group £'000	**2015 Company £'000**	2014 Company £'000
ASSETS					
Non-current assets					
Investment in subsidiary undertakings	**12**	**-**	-	**199**	199
Exploration and evaluation assets	**13**	**495**	353	**-**	-
Amounts due from subsidiary undertakings	**14**	**-**	-	**377**	172
		495	353	**576**	371
Current assets					
Prepayments		**7**	13	**6**	9
Other receivables		**6**	25	**6**	16
Cash and cash equivalents		**96**	478	**95**	471
		109	516	**107**	496
TOTAL ASSETS		**604**	869	**683**	867
LIABILITIES					
Current liabilities					
Trade and other payables	**15**	**27**	80	**21**	61
TOTAL LIABILITIES		**27**	80	**21**	61
NET CURRENT ASSETS		**82**	436	**86**	435
NET ASSETS		**577**	789	**662**	806
Share capital	**17**	**2,170**	2,170	**2,170**	2,170
Share premium	**17**	**5,406**	5,406	**5,406**	5,406
Currency translation reserve	**17.5**	**468**	470	**471**	471
Accumulated losses		**(7,467)**	(7,257)	**(7,385)**	(7,241)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**577**	789	**662**	806

These financial statements were approved by the Board of Directors and authorised for issue on 24 June 2016. Signed on behalf of the Board of Directors by:

Simon Hunt
Director and Executive Chairman
24 June 2016

	Note	Share capital £'000	Share premium £'000	Convertible loan note reserve £'000	Currency translation reserve £'000	Accumulated losses £'000	Total £'000
GROUP							
Balance at 1 January 2014		1,216	5,187	5	471	(6,899)	(20)
Loss for the year		-	-	-	-	(476)	(476)
Other comprehensive income:							
Exchange translation loss on foreign operations		-	-	-	(1)	-	(1)
Total comprehensive income for the year		-	-	-	(1)	(476)	(477)
Share based payments	**18.2**	-	93	-	-	108	201
Issue of Ordinary Shares	**17**	954	464	-	-	-	1,418
Expenses incurred in issuing Ordinary Shares	**17**	-	(338)	-	-	-	(338)
Allocation of proceeds received from the issue of convertible loan notes	**16**	-	-	5	-	-	5
Transfer to accumulated loss on conversion of convertible loan notes	**16**	-	-	(10)	-	10	-
Balance at 31 December 2014		2,170	5,406	-	470	(7,257)	789
Loss for the year		**-**	**-**	**-**	**-**	**(210)**	**(210)**
Other comprehensive income:							
Exchange translation loss on foreign operations		**-**	**-**	**-**	**(2)**	**-**	**(2)**
Total comprehensive income for the year		**-**	**-**	**-**	**(2)**	**(210)**	**(212)**
Balance at 31 December 2015		**2,170**	**5,406**	**-**	**468**	**(7,467)**	**577**
COMPANY							
Balance at 1 January 2014		1,216	5,187	5	471	(6,899)	(20)
Loss and total comprehensive income for the year		-	-	-	-	(460)	(460)
Share based payments	**18.2**	-	93	-	-	108	201
Issue of Ordinary Shares	**17**	954	464	-	-	-	1,418
Expenses incurred in issuing Ordinary Shares	**17**	-	(338)	-	-	-	(338)
Allocation of proceeds received from the issue of convertible loan notes	**16**	-	-	5	-	-	5
Transfer to accumulated loss on conversion of convertible loan notes	**16**	-	-	(10)	-	10	-
Balance at 31 December 2014		2,170	5,406	-	471	(7,241)	806
Loss and total comprehensive income for the year		-	-	-	-	**(144)**	**(144)**
Balance at 31 December 2015		**2,170**	**5,406**	**-**	**471**	**(7,385)**	**662**

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	Note	**2015 Group £'000**	2014 Group £'000	**2015 Company £'000**	2014 Company £'000
Cash flows from operating activities					
Loss for the year		**(210)**	(476)	**(144)**	(460)
Adjustments for:					
Share based payments	**18**	**-**	148	**-**	148
Investment revenues	**8**	**(3)**	-	**(18)**	(3)
Finance costs	**9**	**-**	8	**-**	8
Foreign exchange gain		**(13)**	(7)	**(13)**	(7)
Operating cash flows before movements in working capital		**(226)**	(327)	**(175)**	(314)
(Increase) / decrease in receivables		**26**	(26)	**13**	(13)
(Decrease) / increase in trade and other payables		**(50)**	53	**(37)**	34
Cash used in operating activities		**(250)**	(300)	**(199)**	(293)
Cash flows from investing activities					
Advances to subsidiary undertakings	**14**	**-**	-	**(177)**	(159)
Acquisition of intangible exploration and evaluation assets		**(131)**	(154)	**-**	-
Net cash used in investing activities		**(131)**	(154)	**(177)**	(159)
Cash flows from financing activities					
Proceeds from the issue of new Ordinary Shares	**17**	**-**	883	**-**	883
Issue expenses of new Ordinary Shares	**17**	**-**	(164)	**-**	(164)
Proceeds from the issue of Convertible loan notes	**16**	**-**	190	**-**	190
Issue expenses of Convertible loan notes	**16**	**-**	-	**-**	-
Net cash provided by financing activities		**-**	909	**-**	909
Net (decrease) / increase in cash and cash equivalents		**(381)**	455	**(376)**	457
Effects of exchange rate changes on the balance of cash held in foreign currencies		**(1)**	9	**-**	-
Cash and cash equivalents at the beginning of the year		**478**	14	**471**	14
Cash and cash equivalents at the end of the year		**96**	478	**95**	471

1. GENERAL INFORMATION

Hunter Resources Plc is a company incorporated and domiciled in the Isle of Man, under the Companies Act 2006, with registered number 011261V. Further details, including the address of the registered office, are given in the section of this report entitled 'Company Information and Advisers'. The nature of the Company and Group's operations and its principal activities are set out in the Directors' Report. Details of the Company's subsidiary undertakings, including the name, country of incorporation, operation and ownership interest are given in note 12.

As permitted by the AIM Rules for Companies, the financial statements have been prepared in accordance with IFRSs as issued by the IASB as they apply to the financial statements of the Company and Group for the year ended 31 December 2015.

The consolidated financial information is a consolidation of the Company and its subsidiary. These financial statements are presented in thousands of GBP. Foreign operations are included in accordance with the policies set out in note 3.5.

2. ADOPTION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

2.1. New Standards and Interpretations adopted with no significant effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may impact the accounting for future transactions and arrangements.

IAS 19	Amendment 2013	Defined benefit plans: Employee contributions
Improvements to IFRS	Amendments 2012	Annual improvements 2010-2012
Improvements to IFRS	Amendments 2013	Annual improvements 2011-2013

2.2. New Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations are in issue but not yet effective:

IAS 12	Amendment 2016	Recognition of deferred tax assets for unrealised losses
IAS 16	Amendment 2014	Acceptable methods of depreciation and bearer plants
IAS 38	Amendment 2014	Acceptable methods of amortisation
IAS 41	Amendment 2014	Amendment to bring bearer assets into IAS 16
IFRS 9	New 2009, Amendment 2010, 2011, 2013 and 2014	Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)
IFRS 10, IFRS 12, IAS 27 and IAS 28	Amendment 2014	Sale or contribution of assets and application of the consolidation exemption
IFRS 11	Amendment 2014	Acquisition of an interest in a joint operation
IFRS 14	New 2014	Regulatory deferral accounts
IFRS 15	New 2014	Revenue from Contracts with Customers
IFRS 16	New 2016	Accounting for leases
Improvements to IFRS	Amendments 2014	Annual improvements September 2014
Disclosure initiative	Amendments 2014	Amendments resulting from the disclosure initiative

The Directors do not anticipate that the adoption of these Standards and Interpretations will have a material impact on the Group's financial statements in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

The Group's and the Company's financial statements are prepared on the historical cost basis. The Group's and the Company's accounting policies have been consistently applied to the results, gains and losses, assets, liabilities and cash flows of entities included in the financial statements.

3.2. Critical accounting judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires the Directors to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current and future years. Other than as discussed below in this note there are no critical accounting judgments that are considered to be material by the Directors. There are also no critical accounting estimates as at 31 December 2015.

3.2.1.1. Going concern

The Company and Group financial statements have been prepared on a going concern basis, which contemplates the continuity of business activity.

As at the date of this report the Company and Group has available cash balances of approximately £53,000. The Group has £50,000 of borrowing facilities which will become available to it, subject to the passing of certain resolutions relating to the Company's share capital structure at the Company's forthcoming annual general meeting. Further details on these borrowing facilities are included in note 23.2. The available cash balances are insufficient to enable the Company to continue in operation for a period of twelve months from the date of this report and to fund the Group's ongoing activities in Peru. To remain a going concern, the Company will need to access the conditional borrowing facility of £50,000 (which requires the approval of certain resolutions at the Company's forthcoming annual general meeting) and additional sources of funding which in all likelihood will involve the issue of additional new Ordinary Shares or convertible loan notes. The attractiveness of the Company's Ordinary Shares or convertible loan notes as an investment opportunity will depend on a number of factors, including but not limited to, the quality and experience of its management team, the nature of the existing or new projects it identifies and the anticipated return available to Shareholders once existing obligations are discharged.

The Directors have obtained non-binding expressions of interest from existing and potential new investors to fund up to an additional £200,000 which is expected to be sufficient for the Company to continue in operation for a period of at least twelve months from the date of this report. The Directors, having consulted with the Company's financial advisers, believe that this additional funding will be available under terms that are acceptable to the Company and therefore believe that there is a reasonable possibility that the Company will be able to access funding in the short term to allow the Company to continue in operation.

There can however be no certainty that funding will be available, or if available, whether the terms will be acceptable to the Company. The Directors acknowledge that there is therefore a material uncertainty over the Company's ability to raise the necessary funding in the timeframe required.

As a result of the above factors, the Directors acknowledge that material uncertainties exist which may cast significant doubt on the Company and the Group's ability to continue as a going concern and, therefore, to realise its assets and discharge its liabilities in the normal course of business. Nevertheless after making enquiries, and considering the uncertainties described above, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

3.2.1.2. Exploration and evaluation activities

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions. The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to profit or loss in the period when the new information becomes available.

No impairment has been recorded against the Group's Exploration and evaluation assets as at 31 December 2015 or 31 December 2014 due to the early stage of exploration of those assets and the initial work completed at Pampamali and Prospero which provides comfort on the existence of economically viable resources, and the reasons disclosed in note 3.2.1.3.

3.2.1.3. Impairment of the Group's 'Exploration and evaluation assets', and the Company's 'Investment in subsidiary undertakings' and 'Amounts due from subsidiary undertakings'

The recoverability of the Group's 'Exploration and evaluation assets' (note 13), and the Company's 'Investment in subsidiary undertakings' (note 12) and 'Amounts due from subsidiary undertakings' (note 14) is currently dependent on the successful economic development of the Pampamali Project and, to a lesser extent, the Prospero Project. The development of the Pampamali Project is dependent, inter alia, on the Group obtaining control of the Pampamali Project, and obtaining funding for the exploration, evaluation and subsequent development and mining activities on the property (refer to note 3.2.1.1 for matters relating to the Company's funding requirements). The process by which the Group can obtain control of the Pampamali Project is summarised in note 20; the next stage requires the Vendors to transfer ownership of the Pampamali Project to a new company and to issue Hunter with 51% of the ownership of this new company. Despite the Company complying with all of the terms of the Farm in Agreement (as amended), as at 31 December 2015 and the date of this report, the Vendors have not transferred the Pampamali Project into this new company, nor has the 51% interest been issued to the Company. Subsequent to the year end, and as more fully described in note 23.1, the Group has initiated arbitration proceedings against the Vendors to enforce the terms of the Farm in Agreement (as amended).

The Directors are confident that the Group has complied with all requirements of the Farm in Agreement (as amended) and believe that the Vendors will comply with the terms of this agreement. Accordingly, the Directors believe that the Group's 'Exploration and evaluation assets' (note 13), and the Company's 'Investment in subsidiary undertakings' (note 12) and 'Amounts due from subsidiary undertakings' (note 14) are recoverable and no provision for impairment is required as at 31 December 2015. If the Group is unsuccessful in its negotiation with the Vendors or through the arbitration proceedings and any subsequent legal action that it may take, then the Group will need to provide against the Group's 'Exploration and evaluation assets' (note 13) and, in all likelihood, provide in full against the Company's 'Investment in subsidiary undertakings' (note 12) and 'Amounts due from subsidiary undertakings' (note 14). If this provision for impairment was recorded as at 31 December 2015, the Group's loss for the year then ended would increase by £495,000 and the Company's loss would increase by £576,000.

3.3. Basis of consolidation and discontinued operations

The Consolidated financial statements (comprising the balances and transactions identified as 'Group' within these financial statements) incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for resale in accordance with IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceed the cost of the business combination, the excess is recognised immediately in profit or loss.

3.4. Revenue recognition

The Group did not recognise any revenue from the sale of goods or services in either period presented. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3.5. Foreign currencies

In preparing the financial statements of the individual companies in the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded 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 on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when 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 profit or loss in the year in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non GBP functional currency entities are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of, or abandoned.

3.6. Taxation

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

3.7. Exploration and evaluation

3.7.1. Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

3.7.2. Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Exploration and evaluation activities include, *inter alia*:

i. Licence costs paid in connection with a right to explore in an existing exploration area
ii. Researching and analysing historical exploration data
iii. Gathering exploration data through geophysical studies
iv. Exploratory drilling and sampling
v. Determining and examining the volume and grade of the resource
vi. Surveying transportation and infrastructure requirements
vii. Conducting market and finance studies

Once the legal right to explore a license areas has been acquired, exploration and evaluation expenditure is capitalised, and classified according to its nature as either a tangible or an intangible asset.

Exploration and evaluation assets are subsequently assessed for impairment when facts and circumstances indicate that the carrying amount of the Exploration and evaluation asset may exceed its recoverable amount. The impairment review is conducted in accordance with the policy disclosed below in 3.9.

When the technical and commercial feasibility of a project is determined, the related Exploration and evaluation asset is transferred to property, plant and equipment and depreciated on a units of production basis.

3.8. Investment in subsidiary

The investment in subsidiary undertakings in the Company only financial statements is stated at cost, less any provision for impairment.

3.9. Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets (including Exploration and evaluation assets), and the Company further reviews the carrying amount of its investment in subsidiary undertakings, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

3.10. Financial instruments

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

3.10.1. Loans and other receivables

Trade receivables, loans and other receivables, including amounts due from subsidiary undertakings, that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would not be material.

All of the Group's financial assets are classified as 'loans and receivables'.

3.10.2. Other financial liabilities

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

3.10.3. Compound instruments

The component parts of compound instruments, which comprised convertible loan notes issued by the Company and converted into Ordinary Shares during the year ended 31 December 2014, are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated. For convertible loan notes, this amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component on initial measurement from the fair value of the compound instrument as a whole. This is recognised and included in equity and is not subsequently re-measured.

3.10.4. Impairment of financial assets

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

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the Consolidated income statement.

3.11. Share-based payments

Equity-settled share-based payments with employees and others providing similar services, which include share options, warrants and other similar instruments, are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of an appropriate valuation model, generally Black-Scholes. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. Where there is no vesting period, the fair value is expensed immediately.

At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

4. SEGMENT REPORTING

IFRS 8, *Operating Segments*, requires operating segments to be identified on the basis of internal reports of the Group that are regularly reviewed by the Group's chief operating decision maker ('CODM'). The CODM of the Group is considered to be the Board. The Directors consider there to be one business segment, being the exploration and evaluation of mineral resources, currently undertaken exclusively in Peru through the Company's subsidiary undertaking, Gold Hunter. All income and expenditure is allocated to this activity which accounts for all of the Group's assets and liabilities as at 31 December 2015 and 31 December 2014 and all of the Group's results and cash flows for the 12 month periods then ended.

5. LOSS BEFORE TAXATION

Loss before taxation is stated after (crediting) / charging:

	2015 Group £'000	2014 Group £'000	**2015 Company £'000**	2014 Company £'000
Exchange gain	**(13)**	(7)	(13)	(7)
Staff costs (note 6)	**41**	95	41	95
Operating lease rentals	**-**	1	-	-
Auditor's remuneration [1]	**15**	25	15	25

[1] The auditor's remuneration relates to fees payable for the audit of the Company's accounts. No fees were payable in either period presented for the audit of the Company's subsidiary companies, or for non-audit services.

The Company's Ordinary Shares were re-admitted to trading on AIM in the preceding financial year 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 17.3.1).

During 2014 the Company incurred expenditure of £345,000 in connection with the Re-admission (excluding commissions related directly to the funds raised), principally comprising legal, geological, reporting accountants, corporate finance and other related fees and expenses. Of this expenditure, £115,000 was settled by the issue of 7,666,666 new Ordinary Shares in the Company (note 17) and £10,000 represented the fair value of 1,327,784 warrants issued to Allenby (note 18.4.2). As required by IFRS, this expenditure was 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. Accordingly, £118,000 (of which £43,000 was settled through the issue of new Ordinary Shares or warrants) was expensed to profit and loss and £227,000 (of which £82,000 was settled through the issue of new Ordinary Shares or warrants) was recorded within the Share Premium account. No expenditure of this nature was incurred in the current financial year.

6. STAFF NUMBERS AND COSTS

The average number of persons employed during the year, by category, was as follows:

	2015 Group and Company No.	2014 Group and Company No.
Executive Directors	1	1

The costs incurred in respect of this employee were:

	2015 Group and Company No.	2014 Group and Company No.
Wages and salaries	41	61
Share based payments (note 18.2)	-	34
	41	95

Staff costs exclude non-executive Director's emoluments. Information on the remuneration of the Directors, including executive and non-executive Directors is provided in note 7.

7. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

The Directors' remuneration (who are the key management personnel) in respect of both the Group and the Company is as follows:

	Basic Salary £'000	Fees £'000	Total 2015 £'000	Total 2014 £'000
Executive Director:				
Simon D Hunt[(1)]	36	5	41	95
Non-executive Directors:				
John Molyneux	12	-	12	25
David Paull	12	-	12	25
Andrew Richards	12	-	12	20
	72	5	77	165

(1) Of the amounts reported above, £36,000 (2014: £36,000) was in respect of executive fees and £5,000 (2014: £5,000) was in respect of additional days. During the year ended 31 December 2014, an additional £20,000 was paid in respect of fees in connection with the Company's re-admission to AIM in July 2014 and a further £34,000 was recorded for the fair value of share based payments granted and vested in that financial year. All amounts were paid to Cornerstone Capital Limited, a company of which Mr S Hunt is both a Director and shareholder (refer to note 21.3).

8. INVESTMENT REVENUES

	2015 Group £'000	2014 Group £'000	2015 Company £'000	2014 Company £'000
Interest income on loans to subsidiary companies	-	-	15	3
Other interest income	3	-	3	-
	3	-	18	3

9. FINANCE COSTS

	2015 Group and Company £'000	2014 Group and Company £'000
Interest expense on Convertible loan notes (note 16)	-	8

10. INCOME TAX EXPENSE

10.1. Company

The Income Tax (Amendment) Act 2006 provides that a standard zero rate of income tax applies to the Company in the Isle of Man for 2006/07 and subsequent years of assessment. Therefore no provision for liability to Isle of Man income tax has been included in these accounts for the Company.

10.2. Group

	2015 Group £'000	2014 Group £'000
Loss before tax	**(210)**	(476)
Tax credit at the Peru corporation tax rate of 32% applicable to extractive industries	**67**	152
Tax effect of different tax rates	**(46)**	(147)
Tax effect of losses not recognized	**(21)**	(5)
Tax expense	**-**	-

The tax reconciliation has been prepared using a 32% tax rate (2014: 32%), the corporate income tax rate in Peru applicable to mining and extractive industries, as this is where the Group's principal assets are located. As at 31 December 2015, the Group has unrecognised taxable losses in Peru which may be available for offset against future taxable profits amounting to approximately £81,000 (31 December 2014: £16,000), with a tax value of approximately £26,000 (31 December 2014: £5,000). No deferred tax asset has been recognised for these tax losses as the requirements of IAS 12, *'Income taxes'*, have not been met.

11. LOSS PER ORDINARY SHARE

There is no difference between the diluted loss per share and the basic loss per share presented as the Group and Company are loss making in all periods presented and instruments that are in issue which could result in the issue of new Ordinary Shares, being the warrants disclosed in note 18, are anti-dilutive.

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

	2015 Group	2014 Group	**2015 Company**	2014 Company
Loss for the year - £'000	**(210)**	(476)	**(144)**	(460)
Weighted average number of Ordinary Shares	**133,195,035**	84,800,486	**133,195,035**	84,800,486
Basic and diluted loss per Ordinary Share – pence	**(0.16)**	(0.56)	**(0.11)**	(0.54)

12. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS - COMPANY

As at 31 December 2015, the Company has the following direct investments in subsidiary companies:

Subsidiary undertaking	Proportion held	Country of incorporation	Nature of business
Green Energy Madagascar sarl	100%	Madagascar	Dormant
Gold Hunter SAC	100%	Peru	Minerals exploration and evaluation

Movements in the carrying value of investments in subsidiary undertakings during the year were as follows:

	£'000
Cost	
At 1 January 2014	2,169
Investment in the period in Gold Hunter SAC	199
At 31 December 2014 and 31 December 2015	**2,368**
Provision for irrecoverable amounts	
At 1 January 2014, 31 December 2014 and 31 December 2015	**2,169**
Net book value	
31 December 2015	**199**
31 December 2014	199

The investment in Gold Hunter SAC during the year ended 31 December 2014 was satisfied by the issue of 13,277,838 new Ordinary Shares in the Company, with a fair value on the date of issue of £199,000.

The Company's investment at cost in Green Energy Madagascar sarl is £2,169,000. The investment is fully provided against in all periods presented.

Further details on risks and uncertainties regarding the recoverability of the Investment in subsidiary undertakings is provided in note 3.2.1.3.

13. EXPLORATION AND EVALUATION ASSETS - GROUP

	Intangible assets £'000
COST AND NET BOOK VALUE	
At 1 January 2014	**-**
Additions	**353**
At 31 December 2014	**353**
Additions	**131**
Foreign exchange gain	**11**
At 31 December 2015	**495**

Exploration and evaluation assets comprise the Group's initial investments to participate in exploration and evaluation projects, including the Pampamali Project and the Prospero Project, related legal and other expenditure, and expenditure incurred by the Group in the initial and ongoing exploration and evaluation of the resource at these projects. Initial exploration and evaluation expenditure includes, *inter alia*, the initial geological assessment and environmental impact assessment of the project, geological analysis, drilling, trenching, sample analysis and similar expenditure. Ongoing exploration and evaluation expenditure is expenditure which is directly attributable to the exploration and evaluation of the Group's license sites, such as geological analysis, drilling, trenching, sample analysis and similar expenditure.

Expenditure incurred in the Group's general administrative activities in Peru is expensed to profit and loss as incurred.

Further details on risks and uncertainties regarding the recoverability of the Exploration and evaluation assets is provided in note 3.2.1.3.

14. AMOUNTS DUE FROM SUBSIDIARY UNDERTAKINGS - COMPANY

'Amounts due from subsidiary undertakings' represents amounts due to the Company from Gold Hunter. The amounts due are unsecured, bear interest at 5% per annum, and are repayable by 31 December 2019 (31 December 2014: repayable by 31 December 2016). Movements in the carrying value during the period are as follows:

	£'000
At 1 January 2014	**-**
Advances made in the year	**159**
Interest income	**3**
Foreign exchange gain	**10**
At 31 December 2014	**172**
Advances made in the year	**177**
Interest income	**15**
Foreign exchange gain	**13**
At 31 December 2015	**377**

Further details on risks and uncertainties regarding the recoverability of the Amounts due from subsidiary undertakings is provided in note 3.2.1.3.

15. TRADE AND OTHER PAYABLES

	2015 Group £'000	2014 Group £'000	**2015 Company £'000**	2014 Company £'000
Trade payables	**6**	36	**1**	17
Other payables	**1**	8	**-**	8
Accrued expenses	**20**	36	**20**	36
	27	80	**21**	61

The amounts reported above principally comprise amounts outstanding for recurring expenditure of the Group, such as audit, accounting and company secretarial fees. The amounts are stated at their invoiced value, or amount payable based on the Directors assessment of obligations incurred but not yet invoiced.

16. CONVERTIBLE LOAN NOTES

16.1. Carrying value

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

	Liability £'000	**Equity £'000**	**Total £'000**
At 1 January 2014	26	5	31
Initial measurement	185	5	190
Interest charge	8	-	8
Interest transferred to accruals upon conversion	(4)	-	(4)
Conversion of loan notes	(215)	(10)	(225)
At 31 December 2014 and 31 December 2015	**-**	**-**	**-**

16.2. Convertible Loan Notes in Issue

During the year ended 31 December 2014, the Company had three convertible loan notes in issue with Marine, the principal terms of which are summarised below. The convertible loan notes were all converted into Ordinary Shares of the Company on Re-admission resulting in the issue of 15,223,601 new Ordinary Shares (refer to note 17.3).

16.2.1. The First Loan Note

In January 2013, the Company secured the placing of The First Loan Note raising gross proceeds of £26,000 before expenses. The First Loan Note, as amended, carried no interest charge, was unsecured and repayable by 31 December 2014 and was 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 the First Loan Note was converted in full into 2,586,800 new Ordinary Shares.

16.2.2. The Second Loan Note

In March 2014 the Company issued The Second Loan Note with a face value of £100,000, which was drawn down in full during the year ended 31 December 2014. The Second Loan Note, as amended, carried 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), was unsecured and repayable, if not converted, on Re-admission. The Second Loan note was convertible in whole or in part at the note holder's request into Ordinary Shares at the price at which new Ordinary Shares were issued pursuant to the fundraise completed upon Re-admission.

Upon Re-admission the Second Loan Note was converted into 6,666,667 new Ordinary Shares. In accordance with the terms of the Second Loan Note, upon conversion, the Company issued 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 were raised on AIM upon Re-admission plus 15%, for three years from the date of conversion of the New Loan Notes.

16.2.3. The Third Loan Note

In March 2014 the Company issued The Third Loan Note with a face value of $150,000, which was drawn down in full during the year ended 31 December 2014. Other than for the face value of the instrument, The Third Loan Note, as amended, has the same terms as The Second Loan Note.

Upon Re-admission $150,000 of the Third Loan Note was converted into 5,970,134 new Ordinary Shares at an agreed exchange rate of $1.675 per £1.0. Warrants were also issued under the same basis as for The Second Loan Note.

16.3. Measurement and conversion

While in legal form the Loan Notes were liabilities of the Group, the Loan Notes included components with liability and equity features as defined under IFRS. IAS 32, *'Financial Instruments: Presentation'*, required 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 were identified as the host debt contract and a holder call option to convert to Ordinary Shares. The fair value of the host debt component was 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 was estimated at 25%. The balance of the gross proceeds received was established as the equity component of the Loan Notes. Where applicable, issue expenses were allocated pro-rata to the initial carrying value of each component. The liability component was 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 was not re-measured.

Upon conversion, the carrying value of the Loan Notes liability at that date (which equated to the face value of the Loan Notes) was transferred to the share capital and share premium accounts. The balance on the Convertible loan note reserve was reclassified to accumulated losses.

17. SHARE CAPITAL, SHARE PREMIUM AND RESERVES

There have been no changes to the Company's share capital during the year, nor have any new Ordinary Shares been issued. Details on changes during the year ended 31 December 2014 are included below.

17.1. 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 at that date were consolidated into 37,729,678 Ordinary Shares of £0.01 each on a one for ten basis; and
2. 93,164,834 issued Deferred Shares of £0.009 each at that date were consolidated into 9,316,483 Deferred Shares of £0.09 each on a one for ten basis.

17.2. Authorised share capital and rights attaching to shares

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

	At 31 December 2014 and 31 December 2015	
	No.	**£**
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**

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.

17.3. Shares in issue, Share capital and Share premium

The table below presents a reconciliation of the Company's Ordinary Shares and Deferred Shares in issue and the Company's Share capital and Share premium accounts, adjusted for the share consolidation:

	Number of Ordinary Shares Issued and Fully Paid	Number of Deferred Shares Issued and Fully Paid	Share capital £'000	Share premium £'000
Balance at 1 December 2014	37,729,678	9,316,483	1,216	5,187
New Ordinary Shares issued in July 2014:				
Subscription	36,408,467	-	**364**	**182**
Placing	22,472,133	-	**225**	**112**
Conversion of the Loan Notes	15,223,601	-	**152**	**63**
Marine Mandate	5,333,333	-	**53**	**27**
Commission and other Re-admission fees settled in Ordinary Shares	2,749,985	-	**27**	**15**
Acquisition of Gold Hunter	13,277,838	-	**133**	**66**
Cost of capital raising, net of share based payments credits	-	-	-	**(246)**
Balance at 31 December 2014 and 31 December 2015	**133,195,035**	**9,316,483**	**2,170**	**5,406**

17.3.1. The Subscription and Placing

On 4 July 2014 the Company's Ordinary Shares were re-admitted to trading on AIM. On that date 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 and the July 2014 Funding, including fees due to Marine under the Marine Mandate Agreement (refer below) were approximately £479,000 of which £121,000 was settled through the issue of 8,083,333 new Ordinary Shares, £112,000 represents the fair value of warrants issued to Allenby and Marine, and £246,000 was settled in currency. The total fees and expenses were allocated directly to equity or profit and loss where appropriate, with common fees and expenses allocated pro-rata to equity and profit and loss as more fully described in note 5.

17.3.2. 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 16):

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.

17.3.3. Marine Mandate

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.

17.3.4. Acquisition of Gold Hunter

On 4 July 2014 the Company acquired the entire issued share capital of Gold Hunter SAC through the issue of 13,277,838 new Ordinary Shares in the Company, with a fair value on the date of issue of £199,000. Refer to note 12 and 20.

17.4. Share Premium reserve

The Share Premium reserve represents the premium over the nominal value of Ordinary Shares raised on the issue of Ordinary Shares by the Company, less expenses incurred directly in connection with the issue of new Ordinary Shares.

17.5. Currency translation reserve

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non GBP functional currency entities are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising are taken to the 'Currency translation reserve'.

18. SHARE-BASED PAYMENTS

18.1. Equity-settled share options and warrants

The Company and Group have two share option schemes for Directors and executives of the Group. Options and warrants over Ordinary Shares in the Company are also issued to Directors for services rendered and certain service providers. These instruments are not granted under the terms of the Share Plan. There are no share options in issue as at 31 December 2014 and 31 December 2015.

18.2. Charge in the period

The total charge recorded in profit and loss for share based payments in the year ended 31 December 2015 was £nil (31 December 2014: £148,000) of which £nil (31 December 2014: £74,000) arises in respect of the Directors Warrants (refer to note 18.4.3 below), £nil (31 December 2014: £6,000) arises in respect of the Allenby Warrants and the pro-rata allocation of the Allenby Re-admission Warrants (refer to note 18.4.2 below), £nil (31 December 2014: £29,000) arises in respect of the Marine Consultancy Warrants, and £nil (31 December 2014: £39,000) arises in respect of the allocation to profit and loss of expenses incurred in relation to the Re-Admission which were settled in Ordinary Shares. A further £nil was charged to the Share premium account (31 December 2014: £185,000, representing £109,000 for the fair value of the Underwriting Warrants, the Marine Convertible Warrants and the pro-rata allocation of the Allenby Re-admission Warrants, and £76,000 for the allocation to profit and loss of expenses incurred in relation to the Re-admission which were settled in Ordinary Shares.

18.3. Summary of share options and warrants accounted for as share based payments

Details of the number of Ordinary Shares that may be issued to satisfy warrants which are accounted for as share based payments are as follows:

	No.[1]	Weighted average exercise price GBp
At 1 January 2014	10,100,000	4.822
Issued in the period	32,937,224	1.725
Terminated in the period	(10,100,000)	4.822
At 31 December 2014 and 31 December 2015[2]	**32,937,224**	**1.725**

(1) Where applicable, the number of Ordinary Shares that may be issued to satisfy warrants has been adjusted for the Share Consolidation (refer to note 17.1).

(2) As at 31 December 2014 and 31 December 2015, all warrants are exercisable at the price of £0.01725 per Ordinary Share until 3 July 2017

18.4. Warrants issued during the year ended 31 December 2014

18.4.1. Warrants issued to Marine

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.

In addition, 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), 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 (the 'Marine Consultancy 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.

Further, and in connection with the conversion of the Loan Notes (refer to note 16), the Company issued Marine with warrants over 10,109,440 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 (the 'Marine Convertible Warrants').

18.4.2. Warrants issued to Allenby

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.

In addition to the above warrants, 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 (the 'Allenby Re-admission Warrants').

18.4.3. Directors' 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 had 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) was 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.

18.5. Fair value

The cancellation and replacement of the Underwriting Warrants, the Allenby Warrants and the Director Warrants was accounted for in the year ended 31 December 2014 as a modification to the terms of those warrant instruments. Accordingly, the fair value of the modified instruments was determined at the date of effective modification (being the Re-admission date) and compared to the fair value, at that date, of the instruments had they not been modified. The difference was expensed immediately to profit and loss for the Allenby Warrants and the Director Warrants, and to Share Premium for the Underwriting Warrants. This reflects the nature of the services provided and the fact that all service vesting conditions had been met.

The fair value of the Marine Consultancy Warrants, the Marine Convertible Warrants and the Allenby Re-admission Warrants was determined at the date of grant (i.e. the Re-admission date) and expensed immediately to the Share Premium account for the Marine Convertible Warrants, to profit and loss account for the Marine Consultancy Warrants and pro rata allocated between profit and loss and Share Premium for the Allenby Re-admission Warrants. This reflects the nature of the services provided and the fact that all service vesting conditions had been met.

The fair value of the warrants granted, or modified, in the year ended 31 December 2014, and the fair value of the Director's Warrants immediately preceding the change under the original conditions, has been determined using a Black-Scholes valuation model with the following inputs:

	Warrants granted or modified	**Directors' Warrants under original conditions**
Weighted average share price – GBp	**1.60**	**5.00**
Weighted average exercise price – GBp	**1.73**	**1.60**
Expected volatility - %[2]	**70.9**	**89.1**
Expected life – years[1]	**3**	**1.65**
Risk free rate - %	**1.49**	**0.91**
Expected dividend yield - %	**-**	**-**

(1) Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

(2) The volatility assumption has been determined based on the historical volatility of the Company's Ordinary Share price, where applicable adjusted for periods of abnormal volatility.

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

19.1. Financial risk management objectives

The Company and Group manage the risks arising from their operations, and financial instruments at Board level. The Board has overall responsibility for the establishment and oversight of the risk management framework and to ensure that the Company and Group have adequate policies, procedures and controls to manage successfully the financial risks that they face.

While the Group does not have a written policy relating to risk management of the risks arising from any financial instruments held, the close involvement of the Executive Chairman in the day to day operations of the Group ensures that risks are monitored and controlled in an appropriate manner for the size and complexity of the Group. Financial instruments are not traded, nor are speculative positions taken. The principal risks that the Group faces as at 31 December 2015 and 31 December 2014 with an impact on financial instruments are summarised below.

19.2. Risk exposure

The principal risks arising from financial instruments that affect the Group and Company are credit risk on its balances held at bank and liquidity risk. The Group and Company have no significant exposure to market risk, where market risk is the risk that changes in interest rates, foreign exchange rates, equity prices and other rates, prices, volatilities, correlations or other market conditions, will have an adverse impact on the Group and Company's financial position or results.

19.2.1. Credit risk

The Group and the Company's principal financial assets are bank balances and cash, and recoverable VAT assets. In addition the Company has receivable balances from its subsidiary companies. The Group and Company has two significant concentrations of credit risk being (1) cash balances held with its bank and, (2) recoverable VAT assets from Her Majesty's Revenue and Customs in the United Kingdom. Credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Credit risk on VAT recoverable assets is limited because of the credit standing of the counterparty. The Company has further concentration of credit risk on its balances with its subsidiary companies – the Company does not hedge this risk which is considered limited as the Company controls its subsidiaries.

19.2.2. Liquidity risk and managing capital

Liquidity risk is the risk that the Company and Group will not be able to meet their financial obligations as they fall due. The Company raises funds as and when required on the basis of forecast expenditure and inflows. When funding is required, the Company balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain competitive market interest rates. The Company aims to optimise the Group's capital structure by holding an appropriate level of debt relative to equity in order to maximise shareholder value. The appropriate level of debt is set with reference to a number of factors and financial ratios including expected operating and capital expenditure cash flows, contingent liabilities and the level of unrestricted cash as well as the general economic environment. The Company aims to control its capital structure by issuing new Ordinary Shares and raising debt finance to the extent that it is possible on commercially acceptable terms. The Group's developing nature and the economic conditions prevailing are restricting the Company's ability to raise traditional bank debt finance and exert any significant degree of control over its gearing ratio. As a result, the Company has been financed using a combination of equity and debt instruments that are convertible into equity.

As at 31 December 2015, the Group and Company have limited liquidity risk with net current assets in excess of the current and short term forecast cash requirements. However, this situation will change in the event that future expenditure is not covered by the proceeds of future fund raisings. The Group and Company's liabilities are due as follows:

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
1 month	**7**	77	**1**	58
2 to 3 months	**1**	-	**1**	-
3 to 6 months	**19**	3	**19**	3
	27	80	**21**	61

Note 3.2.1.1 provides further information on the planned future liquidity and the Going Concern basis of the Company and Group.

19.2.3. Currency risk

On its on-going trading activities the Company and Group undertake a number of transactions in currencies other than GBP. At the end of both periods presented, all of the Group's material financial assets and liabilities are denominated in the functional currency of the relevant group entity and accordingly the Group has no material exposure to currency risk. The Company's balance receivable from subsidiary undertakings is denominated in US$ and accordingly the Company is subject to currency risk on fluctuations in the US$ to GBP exchange rate on this balance. As at 31 December 2015, a 10% increase / decrease in the US$ to GBP exchange rate would result in a foreign exchange loss / gain of £34,000 (31 December 2014: £16,000) and a corresponding decrease / increase in equity of £34,000 (31 December 2014: £16,000).

19.2.4. Interest rate risk

Interest rate risk arises when interest rates move. Neither the Group nor the Company have any interest bearing borrowings (refer to note 16 for details on the Company's convertible loan notes outstanding during the prior year). The Group and Company hold cash balances on deposit but do not hedge or fix these rates given the scale and nature of the Group and the Company's operations. All amounts are carried at amortised cost, and, other than cash in hand, are interest bearing assets, with interest rates arranged with counterparty financial institutions based on commercial negotiations, reflecting the term, currency and amount of each deposit. As at 31 December 2015 and 31 December 2014 all bank balances were held in current accounts or deposit accounts with a maturity of less than one month. Interest income or expense and the related changes in interest rates are accordingly insignificant to the carrying value of the Company and Group's financial instruments and interest rate risk is not material to the Company or Group.

19.3. Categories and classes of financial instruments

19.3.1. Financial assets

The Group's financial assets comprise the amounts disclosed in the Statement of Financial Position as 'Cash and cash equivalents' and 'Other receivables'. The Company has further financial assets in the balance of 'Amounts due from subsidiary undertakings'. Based on the application of the accounting policies with respect to financial instruments, these financial assets are accounted for as loans and receivables. The financial assets are considered one class of financial instrument based on the risk profile to which they expose the Company and Group, being credit risk. The maximum exposure to credit risk is the carrying value of the class. Further details are provided in note 19.2.1. None of the Group's and Company's financial assets are past due, or impaired, nor has the Group or Company provided against any financial assets.

19.3.2. Financial liabilities

The Company's and Group's financial liabilities comprise the amounts disclosed in the Statement of Financial Position as 'Trade and other payables'. Based on the application of the accounting policies with respect to financial instruments, these financial liabilities are accounted for as financial liabilities at amortised cost.

'Trade and other payable' are considered one class of financial instrument based on the risk profile to which they expose the Company and Group, being liquidity risk. Further details are provided in note 19.2.2.

19.3.3. Fair value of financial assets and financial liabilities

The carrying amount of the Company's and Group's financial instruments approximates to their fair value due to their short maturity.

20. ACQUISITION OF GOLD HUNTER IN THE YEAR ENDED 31 DECEMBER 2014

On 4 July 2014 and pursuant to a sale and purchase agreement dated 2 June 2014 and Re-admission, the Group acquired 100 per cent of the issued share capital of Gold Hunter S.A.C.. Gold Hunter is registered and operates in Peru, and was acquired to provide the Group with access to the Pampamali Project through the Farm In agreement between Gold Hunter, Compania Minera Pampamali ('CMP'), H&P Contratistas Mineros S.A.C. ('H&P), American Gold S.A.C. and Sociedad Minera de Responsibilidad Limitada Desiree (collectively the 'Farm In agreement parties'). Gold Hunter was established by Global Pearl for the sole purpose of entering into the Farm In agreement and as at 4 July 2014 had no assets or liabilities, other than the right to participate in the Pampamali project through the Farm In agreement (refer below). The consideration paid for the acquisition of Gold Hunter was 13,277,838 new Ordinary Shares in the Company which, at the acquisition date, had a fair value of £199,000 based on the market price of the Company's Ordinary Shares on Re-admission, being a Level 1 fair value measurement in the IFRS 13 fair value hierarchy. For Group purposes, this fair value was reported within Exploration and Evaluation Assets. There were no direct cash flows pertaining to the acquisition of Gold Hunter. Gold Hunter contributed £13,000 to the Group's loss in the year ended 31 December 2014. Had the acquisition been completed on 1 January 2014, the contribution would have been unchanged.

The Farm In agreement

The Farm In agreement provides Gold Hunter with the right, but not the obligation, to obtain an interest in the Pampamali Project. The Farm in agreement was renegotiated by the Group in March 2015. Under the terms of the initial Farm In agreement and in the first year, Gold Hunter was granted the right to earn a 20 per cent. interest in the mining concessions comprising the Pampamali Project. To exercise this option, Gold Hunter was required to pay $40,000 to CMP and H&P (which was paid during the year ended 31 December 2014) and incur aggregate expenditure of not less than $150,000 during the first year of operations, to include at least one thousand metres of drilling. Due to delays in completing the necessary environmental impact assessment, reflecting delays in obtaining the necessary community approvals to permit access by the Group, the drilling activities have not yet started. Due to this, and other factors, the Farm In agreement was amended in March 2015. Under the Farm In agreement (as amended), Gold Hunter has the option to acquire a 51% in a new company ('HOLDCO') into which the mining concessions comprising the Pampamali Project would be transferred, in one further step by paying CMP and H&P $90,000 in aggregate and agreeing to take on the obligation to pay $34,000 by way of outstanding 2014 tenement costs. This is in addition to showing that it has incurred at least $150,000 in expenditure on the project but without the commitment for one thousand metres of drilling. Once Gold Hunter owns 51% of HOLDCO it has the option to acquire an additional 49% on completion of a feasibility study and a payment of $1,500,000 to CMP and H&P as before.

Gold Hunter will be the operator at the Pampamali Project concessions during the period covered by the Farm In agreement (as amended) afterwards so long as it is the largest shareholder in HOLDCO. If Gold Hunter, CMP or H&P wishes to dispose of an interest in the JV Agreement or shares in HOLDCO, it must first give the others a right to purchase before offering such interest or shares to any third party. Should CMP's, Gold Hunter's or H&P's shareholding in HOLDCO fall below five per cent., that shareholder shall be deemed to have transferred its shares in HOLDCO to the other shareholders pro rata to their respective holdings and in return it will receive a net smelter royalty. The royalty is for one per cent. of gross proceeds received from the sale of minerals less any deductions for the costs associated with further processing of those minerals. In the event that more than one party becomes entitled to the royalty, the aggregate amount of the royalty will remain at one per cent. and it will be shared between those parties pro rata to their respective shareholdings in HOLDCO before they transferred them.

Gold Hunter exercised its option to acquire the 51% of HOLDCO on 30 June 2015 and the $34,000 payment for outstanding tenement costs was made during the year ended 31 December 2015, and is included within Exploration and Evaluation Assets of the Group. Despite all efforts by the Group, the vendors of the Pampamali Project have not, as of the date of this report, complied with their obligations and in particular, the title for the Pampamali tenements has not as yet been transferred to HOLDCO, nor has HOLDCO been incorporated. No funds are due to the vendors until such transfer has taken place. The Group has now initiated formal arbitration proceedings through the American Chamber of Commerce in Peru to resolve the matter while continuing to attempt a resolution directly with the vendors – refer to note 23.1.

21. RELATED PARTIES

21.1. Subsidiary undertakings

Details of the Company's subsidiary undertaking are provided in note 12. Details of the advances made to subsidiary undertakings are provided in note 14. Details of interest charged to subsidiary undertakings are provided in notes 8 and 14.

21.2. Remuneration of key management personnel

Remuneration of key management personnel of the Company and Group, which comprise the Directors of the Company, is provided in note 7. Details of warrants issued to the Directors' are provided in note 18.

21.3. Other transactions with related parties

Trading transactions

The Company paid £41,000 (2014: £61,000), by way of salary and fees for Mr S Hunt's services under an agreement with Cornerstone Capital Limited ('Cornerstone'), a company in which Mr S Hunt is a shareholder and a director. The contract is based on normal commercial terms. As at 31 December 2015, the Company owed Cornerstone Capital Limited £nil (2014: £4,000).

The Company paid £3,000 (2014: £8,000) to ARC Resources (Pty) Ltd for geological services rendered in connection with the Pampamali project, and £nil (2014: £6,000) for the re-imbursement of expense incurred. ARC Resources (Pty) Ltd is a company in which Mr A Richards is a shareholder and director. The transaction was on normal commercial terms. The balance due to ARC Resources (Pty) Ltd at 31 December 2015 was £nil (31 December 2014: £2,000).

Loans and Subscription of Ordinary Shares

There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.

During the year ended 31 December 2014 and as more fully described in notes 16 and 17, Marine subscribed for £190,000 of Convertible Loan Notes under the Second and Third Loan Notes. Collectively with the First Loan Note, £215,000 outstanding under the Loan Notes were converted into 15,223,601 new Ordinary Shares on 4 July 2014. As at 31 December 2014 and 31 December 2015, £3,000 is outstanding to Marine in respect of interest due in cash on the Loan Notes. In addition to the conversion of the Loan Notes, Marine subscribed for an additional 1,000,000 new Ordinary Shares for £15,000, and the Diana Lalor Superannuation Fund subscribed for an additional 666,667 new Ordinary Shares for £10,000 in the July 2014 Subscription. Diana Lalor is a close family member of Peter Lalor who controls Marine. Further, the Company issued the Marine Consultancy Warrants and the Marine Convertible Warrants, as well as modifying the terms of the Underwriting Warrants, with a collective fair value of £115,000 (refer to note 18).

In the year ended 31 December 2014, in July 2014 and as part of the Subscription, Mr Simon Hunt, Mr J Molyneux, Mr D Paull and Mr A Richards subscribed for respectively 433,333, 22,500,000, 1,278,599 and 350,000 new Ordinary Shares.

22. 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.

23. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

23.1. Initiation of arbitration proceedings in Peru

On 2 March 2016 the Company announced that that it had not yet reached agreement with the Vendors following the Company legally exercising the Option because the Vendors continued to obstruct the legal process in Peru. As a consequence the Company commenced formal arbitration proceedings through the American Chamber of Commerce of Peru (the 'Arbitration'). In addition to the Arbitration the Company has continued to negotiate with the Vendors to try to reach a settlement and thus complete the legal formalities of the transfer of the title of the Pampamali tenements to HOLDCO.

23.2. New convertible loan facility

On 14 June 2016 the Company agreed a new financing facility with Marine to provide an interim funding facility to the Company. The Facility comes in two parts. The terms of the first part of the Facility (the 'Initial Facility') are as follows:

- an initial loan amount of £50,000;
- interest payable at 8% per annum on the amount of the Initial Facility;
- it is unsecured; and
- the Initial Facility is for a term of 3 months.

The Initial Facility was drawn in full on 22 June 2016.

Subject to the approval by shareholders of certain resolutions relating to the share capital of the Company at its forthcoming annual general meeting, details of which will be published and sent to shareholders during June 2016, then the second part of the Facility will be entered into on the day following the annual general meeting. The terms of the second part of the Facility are as follows:

- a total loan amount of £100,000, including a rolling over of the Initial Facility;
- interest payable at 8% per annum on the full amount of the Facility;
- it is unsecured;
- for a term of 2 years;
- the Facility is convertible into new ordinary shares in the Company at a price of 0.157 pence per ordinary share (being a 15% discount to the closing mid-market price on 14 June 2016) at any time up until maturity; and
- warrants to be issued on the basis of one warrant for every two ordinary shares issued on conversion. The warrants will entitle Marine to subscribe for new ordinary shares in the Company at a price of 0.157 pence per ordinary share during the 3-years following conversion.

'2014 Financial Statements'	the Group and Company audited financial statements for the year ended 31 December 2014;
'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;
'Allenby Re-admission Warrants'	warrants issued to Allenby over 1,327,784 new Ordinary Shares as more fully described in note 18.4.2;
'Allenby Warrants'	warrants issued to Allenby over 300,000 new Ordinary Shares as more fully described in note 18.4.2;
'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;
'Directors Warrants'	warrants issued to the Directors over 11,000,000 new Ordinary Shares as more fully described in note 18.4.3;
'Facility'	The convertible loan note facility as more fully described in note 23.2;
'Farm In agreement'	the agreement dated 26 May 2014, full details of which are provided in the Admission Document dated 6 June 2014) and note 20;
'Farm In agreement (as amended)'	the Farm In agreement as amended in March 2015, full details of which are provided in note 20;
'First Loan Note'	the £26,000 loan note issued by the Company to Marine, further details of which are provided in note 16.2.1;
'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;
'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;
'Marine Consultancy Warrants'	warrants issued to Marine over 4,000,000 new Ordinary Shares as more fully described in note 18.4.1;
'Marine Convertible Warrants'	warrants issued to Marine over 7,880,596 new Ordinary Shares as more fully described in note 18.4.1;
'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;
'Prospero Project'	additional mineral exploration concessions covering approximately 5,000 hectares to the North West of Pampamali;
'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 16.2.2;
'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 16.2.3;
'Underwriting Warrants'	warrants issued to Marine over 6,200,000 new Ordinary Shares as more fully described in note 18.4.1;